

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: Chugach Electric Association

Federal Tax ID: 92-0014224

Project Title:

Chugach Electric Association - Chugach Electric Power Line Relocation in Hope - Hazard Mitigation

State Funding Requested: \$ 200,000

House District: 32 - P

Future Funding May Be Requested

Brief Project Description:

Build 1.4 miles of new electric line along the Hope Highway (from Mile 0.3 - 1.7) and retire the existing section that traverses very difficult and outage-proned terrain that is located far from the road.

Funding Plan:

Total Cost of Project: \$200,000

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
Federal Funds			\$600,000	2008		
Denali Commission	\$100,000	2004				
Other			\$312,000	2007		
Total	\$100,000		\$912,000			

Explanation of Other Funds:

Chugach Electric continues to research various grants to assist with this multi-year, multi-million dollar effort, however, no monies have been granted as of this date. Currently they await approval of a \$312,000 grant from FEMA.

Detailed Project Description and Justification:

This grant will help defray the costs of the expected \$500,000 in capital projects planned for the Hope line in 2008. The project will build 1.4 miles of new line along the Hope Highway, retiring the existing section that runs through terrain that is difficult to reach and far from the road. This grant would effectively be 40% of the expected cost for this summer 2008 project.

The Hope area is served by a 17.7 mile distribution line that runs from the Hope Substation at Mile 56 of the Seward Highway to the community of Hope. The outage problems are largely due to the fact that the line runs through a narrow cut of forest, now filled with dead and dying spruce trees due to spruce bark beetle infestation. Outages are prolonged because of the difficulty of access to the lines when they malfunction. In 2006, Hope experienced 33 outages, averaging 7 hours each; in 2007 Hope customers suffered 28 outages, with an average down time of 4+ hours.

This grant request is part of the plan to improve the power line delivery system to make service more reliable consists of four phases. Phase One would target the first few miles of the line out of the substation and entail a combination of clearing, insert poles, new conductor and construction of a segment of a new line along the Hope Highway.

Project Timeline:

July 30, 2008 - June 30, 2009

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Chugach Electric Association

Grant Recipient Contact Information:

Contact Name: Brad Evans Acting Chief Executive Officer, Chugach Electric

Phone Number: 563-7494

Address: PO Box 196300, Anchorage, AK 99519-6300

Email: brad_evans@chugachelectric.com

Has this project been through a public review process at the local level and is it a community priority? Yes No

February 1, 2008

The Honorable Mike Hawker
Alaska State Capitol, Room 502
Juneau, Alaska 99801-1182

Dear Representative Hawker:

I am writing to ask for your support for a grant to help Chugach Electric Association improve electric service for residents in the Hope and Sunrise areas.

The area is served by a 17.7-mile distribution line that runs from the Hope Substation at Mile 56 of the Seward Highway to the community of Hope. Our problems are due in large part to the fact we have a long line that runs through a narrow cut in a tall forest full of dead and dying trees due to the spruce bark beetle infestation. Outages are often prolonged by the difficulty of accessing the line in areas where it is not close to a road.

As you know from prior conversations on this topic, customers in these areas have suffered outage times that far exceed the normal for the Chugach system. In 2006, Hope-area customers had 33 outages, with a mean outage time of more than 7 hours. In 2007, these customers had 28 outages with a mean outage time of more than 4 hours.

These outages are not only extremely inconvenient for our Hope-area customers, they have been expensive. In 2007, Chugach spent more than \$665,000 on maintenance and outage response for Hope, including nearly \$174,000 to power Hope and Sunrise on generators during extended outages.

In addition to these expensed costs, Chugach also spent approximately \$500,000 on capitalized projects on the Hope line in 2007. The costs of improving service to Hope-area customers are great in comparison to the revenue received. Chugach serves approximately 200 metered-locations from the Hope Substation. In 2007, the revenues from these customers totaled \$238,610.

Our twin goals are to improve reliability and reduce maintenance costs. We believe the way to do this is by implementing the specific actions outlined in the work plans at the back of our Hope Line Relocation Study. By spending on capital improvement projects we should be able to reduce annual maintenance expenses.

Chugach has been working on this issue for several years — and looking for help with the problem. Senator Stevens was able to provide an FY2004 grant through the Denali

how much?

Chugach Electric Association, Inc.

Commission that enabled Chugach to study the entire line, subdivide it into four sections for analysis, and produce a work plan to address issues in each section. The study was published in January 2006, and is available on our Web site at <http://www.chugachelectric.com/news/projects.html>. Chugach has been working collaboratively with the U.S. Forest Service on tree clearing and other activities identified in the plans. Chugach has also applied for different grants administered by the Alaska Division of Homeland Security and Emergency Management, but has not yet received any grant funds through these efforts. We will continue to pursue these opportunities and any others we may find. \$?

That is why I am writing to you, Representative Hawker. I respectfully ask that you consider sponsoring a grant request to help Chugach pay for the approximately \$500,000 in capital projects we have planned for the Hope line in 2008. Specifically, we intend to do one of the highest-priority projects identified in the study. We want to build 1.4 miles of new line along the Hope Highway (from Mile 0.3 to 1.7) and retire the existing section that traverses some of the worst terrain far from the road.

Any assistance would be appreciated, and we are not suggesting the state pay for all the costs of this project. I ask you to consider a \$200,000 grant for this project – or 40 percent of the estimated cost.

We will not be able to make all the needed improvements to the Hope line in a single year. This will be a multi-year, multi-million-dollar effort. I am hopeful that it can also be one with multiple parties working toward the goal of improving reliability for our customers and your constituents in the Hope and Sunrise areas.

Thank you for your consideration of this request. My staff and I would be happy to discuss it in more detail with you if you wish. You can reach me at 762-4767.

Sincerely,



Bradley W. Evans, Acting Chief Executive Officer
Chugach Electric Association, Inc.