

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Homer Electric Association, Inc.****Federal Tax ID: 92-0014079****Project Title:****Project Type: Equipment and Materials**

Homer Electric Association, Inc. - Replacement of Seldovia Emergency Generators

State Funding Requested: \$3,500,000**House District: Kenai Areawide (28-30)**

One-Time Need

Brief Project Description:

The project would replace two stand-by generators that provide emergency power to south Kachemak Bay communities.

Funding Plan:

Total Project Cost:	\$3,500,000
Funding Already Secured:	(\$0)
FY2014 State Funding Request:	<u>(\$3,500,000)</u>
Project Deficit:	\$0

Detailed Project Description and Justification:

Project: Replacement of emergency generators in Seldovia

Cost: \$3.5 million

Project Justification: Homer Electric Association provides service to the remote area on the south side of Kachemak Bay. The area includes the communities of Halibut Cove, Seldovia, Port Graham, and Nanwalek. The primary electrical service for the area is via a submarine cable that crosses Kachemak Bay and comes ashore at McKeon Flats. At McKeon Flats, overhead electric power lines transfer the power north to Halibut Cove and south and west along the coast line to Nanwalek.

The terrain traversed by the power lines is very rugged. There are several water crossings, steep mountains, and large trees along the route. In addition, the area encounters extreme weather, especially during the winter months. These factors result in power outages that can often take several hours, even days, to repair depending on the location of the damage to the power line. The response to a power outage is complicated by the fact that access to south Kachemak Bay is only by boat or aircraft and often weather conditions can cause delays in the crew getting on site.

To ensure that south Kachemak Bay residents are not left without power for an extended period of time, Homer Electric Association has two 1,259 kilowatt standby generators located at the Gerry Willard Generation Plant in Seldovia. The two generators are used to supply power to the area when central station power is not available. They are critically important to the area, especially in the winter when an extended power outage is not uncommon. The existing back-up generation system in Seldovia is in need of replacement.

The two refurbished generators are beyond their expected operating life and are in constant need of attention while running. Many of the parts needed to repair these generators are no longer available and, in past cases, have had to be fabricated overseas and at great expense. The potential for a breakdown is increasing each year and the consequences of a malfunction can be very serious if the weather is bad and the temperatures are cold.

Project Description: The replacement of the generators is expected to cost approximately \$3.5 million and will include the following:

- Removal of the existing generators and switchgear
- Construction of a new generator building
- Installation of a new 2 megawatt generator and switchgear
- Upgrades to the system used to remotely operate and control the equipment
- Connect the generator to the existing distribution circuits in Seldovia.
- Upgrades to the older underground distribution lines in the Seldovia area

Project Supporters (see attachments):

- Kenai Peninsula Borough
- City of Seldovia
- Seldovia Village Tribe
- Seldovia Native Association
- Seldovia Chamber of Commerce
- Port Graham Village Council
- Nanwalek IRA Council

Project Timeline:

The project construction and expenditures would take place in 2013 and 2014.

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

Homer Electric Association, Inc.

Grant Recipient Contact Information:

Name: Joe Gallagher
 Title: Public Relations Coordinator
 Address: 280 Airport Way
 Kenai, Alaska 99611
 Phone Number: (907)398-3478
 Email: jgallagher@homerelectric.com

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



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

PHONE: (907) 262-4441 • FAX: (907) 262-1892

www.borough.kenai.ak.us

MIKE NAVARRE
BOROUGH MAYOR

Alaska State Legislature
State Capitol
Juneau, Alaska 99801

Subject: Kenai Peninsula Borough support for funding of Homer Electric Association's
Project to replace emergency generators in Seldovia

To Whom It May Concern:

The Kenai Peninsula Borough supports Homer Electric Association's (HEA) funding request to replace obsolete, unreliable backup generators supplying the remote communities of Nanwalek, Port Graham, Halibut Cove and Seldovia. That area is only accessible by boat and air with access being weather dependant year round. Winter storms can limit, and sometimes prohibit access for extended periods of time. About 1,000 residents live there year round, with many more populating the area seasonally.

The primary electrical service is a submarine cable crossing Kachemak Bay and then distributed by overhead power lines. Very rugged terrain and extreme weather, especially during the winter months, contribute to outages that can often take days to repair, depending on the power line damage location.

To ensure south Kachemak Bay residents are not without power for extended periods, HEA has two refurbished 1,259KW standby generators in Seldovia. The generators are the primary backup power to the area when central station power is lost. Their ability to function at all times is critically important, especially in winter when extended outages are not uncommon. They have served well beyond their expected operating life and need to be replaced. Parts are difficult to come by and sometimes have to be fabricated. Since the consequences of a malfunction can be critical in storm and severe cold conditions, they require continuous oversight when in operation.

Replacement is expected to cost approximately \$3.5 million and include a weatherproof building, a larger 2-megawatt generator and switchgear, upgrades to remote control functions, connectivity to distribution circuits serving Seldovia and upgrades of older underground distribution lines.

The Kenai Peninsula Borough believes this project is vital for both economic and safety reasons and fully supports Homer Electric Association's request for funding.

Sincerely,

Mike Navarre
Mayor



City of Seldovia

P.O. Drawer B, Seldovia, Alaska 99663
Phone: (907) 234-7643, Fax: (907) 234-7430

Email: citymanager@cityofseldovia.com

December 14, 2012

Homer Electric Association
Corporate Office
3977 Lake Street
Homer, Alaska 99603

To Whom It May Concern;

The City of Seldovia is located on the south side of Kachemak Bay. Our electrical service is provided to our area by Homer Electric Association.

In the event power supply is lost due to severe weather events, the community could be out of electric power for several hours or even days because of our remote location.

Homer Electric Association maintains standby generators to provide power in such circumstances. The need for dependable alternate generators located in our community is a matter of significant importance. It could make the difference between life and death in some situations.

The City Council, Mayor and City Manager are in full support of Homer Electric Association's efforts to keep dependable working generators for Seldovia as well as our remote neighbors.

Thank you

Sincerely,

Tim Dillon
City Manager



SELDOVIA VILLAGE TRIBE

Tradition Integrated with Technology

December 17, 2012

To Whom It May Concern,

As an organization committed to the well-being of our community, I wanted to share with you our support of Homer Electric Association's request for a state appropriation of \$3.5 million to replace the generators at the Gerry Willard Generation Plant in Seldovia.

The emergency generators are extremely important to the Seldovia area. The power line that serves Seldovia and neighboring communities travels across very rugged terrain and is subject to damage caused by wind, trees, snow, and ice. When outages occur, we rely on the back up emergency generators to provide power until a crew can access the area and make repairs. This can often take several days, depending on the weather and location of the damaged power line.

The current generators are well beyond their useful life and need to be replaced. A failure of the generators during a winter storm would have a very drastic effect on the residents of Seldovia and the south Kachemak Bay area. It is not uncommon in the winter for temperatures to be below zero and it is imperative that there be a reliable backup system to provide electricity during a lengthy power outage.

Thank you for your consideration of this very important project which is vitally important to the health and safety of our community.

Sincerely,

SELDOVIA VILLAGE TRIBE

Crystal Collier

Crystal Collier
President/CEO





SELDOVIA NATIVE ASSOCIATION, INC.

"Our People, Responsibly Managing Our Resources, For Now and the Future."

December 20, 2012

To Whom It May Concern:

Seldovia Native Association, Inc. the ANCSA Village Corporation for Seldovia, Alaska is writing to voice its' support for Homer Electric Association's efforts to gain funding from the State of Alaska for repairs and replacement of emergency power generators located in Seldovia at the Gerry Willard Power Plant. The existing generators are well worn and nearing the end of their useful life. These backup generators play an important public safety role in Seldovia and the surrounding area when transmission lines from Homer are damaged during storms as is frequently the case in winter.

Securing \$3.5 million in State funding will insure that the needs of Seldovia and several outlying areas will be met during periods of prolonged outages which during cold weather pose a risk to residents. Additionally having backup power generation adds a degree of certainty to residents who depend on electricity to run medical devices and other life critical utilities.

One of the biggest challenges facing Seldovia currently is a lack of economic development in the area. Businesses, especially those that might engage in processing natural resources, manufacturing, and merchandising all must have a reliable source of power before they can operate. As a local business, Seldovia Native Association, Inc. has future plans for developing economic opportunities in Seldovia, and having a reliable power generation system is a necessary requirement to achieve these plans.

We urge your support of Homer Electric Association's request to better serve the citizens of the Kachemak Bay.

Sincerely,

A handwritten signature in blue ink that reads "Leo Barlow".

Leo Barlow, CEO
Seldovia Native Association, Inc.

Anchorage Office: 700 East Dimond Boulevard, Anchorage, AK 99515 | Phone: (907) 868-8006 | Fax: (907) 868-8042

Seldovia Office: P.O. Drawer L, Seldovia, AK 99663 | Phone: (907) 234-7625 | Toll-free: (800) 478-7898 | Fax: (907) 234-7637

www.snai.com | info@snai.com



Seldovia Chamber of Commerce

Drawer F
Seldovia AK 99663
907-234-7612

Portal Websites: www.seldovia.com
www.seldoviachamber.org

2012-2013 Officers

Ian McGaughey, President
Rod Hilts, Vice-President
Brenda Barratt, Secretary
Darlene Crawford, Treasurer

Board of Directors:

Jenny Chissus, Paulie Carluccio,
Crystal Collier, Tim P. Dillon and
Suzie Stranik, Dave Rush

January 11, 2013

To Whom It May Concern,

On behalf of the businesses and members of the Seldovia Chamber of Commerce, I wanted to share with you our support of Homer Electric Association's request for a state appropriation of \$3.5 million to replace the generators at the Gerry Willard Generation Plant in Seldovia.

The two current generators are in constant need of attention while running. The potential for breakdown is increasing as time passes, and the consequences of a malfunction could be serious for the community and economy of Seldovia.

The emergency generators are extremely important to the Seldovia area. The power line that serves Seldovia and neighboring communities travels across very rugged terrain and is subject to damage caused by wind, trees, snow, and ice. When outages occur, we rely on the back up emergency generators to provide power until a crew can access the area and make repairs. This can often take several days, depending on the weather and location of the damaged power line.

The Chamber also believes that more attention should be made to deliver back-up power up the road to Jakolof Bay. Lengthy power outages are not uncommon, including a multi-day outage over this past Christmas holiday.

Thank you for your consideration of this very important project, which is vitally important to the health, safety and economy of our community.

Sincerely,

A handwritten signature in black ink, appearing to read "IAN MCGAUGHEY".

Ian McGaughey
President,
Seldovia Chamber of Commerce

Native Village of Port Graham

PORT GRAHAM VILLAGE COUNCIL

63998 GRAHAM ROAD, UNIT 1

P.O. BOX 5510 • PORT GRAHAM • ALASKA 99603-5510

907-284-2227 FAX 907-284-2222

January 30, 2013

To Whom It May Concern:

The Port Graham Village Council supports Homer Electric Association's request for a state appropriation of \$3.5 million to replace the generators at the Gerry Willard Generation Plant in Seldovia.

The emergency generators are the primary source of power for Port Graham residents when power is unavailable from the normal source. While there is a generator in Port Graham, emergency electric service for our village is typically provided by the generators in Seldovia.

It is not unusual for winter storms to disrupt electric service for an extended period of time. Without a reliable emergency generator in Seldovia, the village is at risk, especially when temperatures are well below freezing.

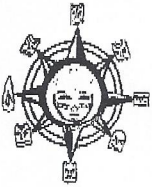
The current generators in Seldovia are well beyond their useful life and need to be replaced. A failure of the generators during a winter storm would have a very drastic effect on the residents of the south Kachemak Bay area

Thank you for your consideration of this very important project which is vitally important to the health and safety of our community.

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick Norman", with a long, sweeping underline.

Patrick Norman, Tribal Chief
Port Graham Village Council

**NANWALEK IRA COUNCIL**

100 Nikita Street P.O. Box 8028 Nanwalek Alaska 99603 Phone (907) 281-2274 Fax (907) 281-2252

To Whom It May Concern:

The Nanwalek IRA supports Homer Electric Association's request for a state appropriation of \$3.5 million to replace the generators at the Gerry Willard Generation Plant in Seldovia.

The emergency generators are the primary source of power for Nanwalek residents when power is unavailable from the normal source. It is not unusual for winter storms to disrupt electric service for an extended period of time. Without a reliable emergency generator, the village is at risk, especially when temperatures are well below freezing.

The current generators in Seldovia are well beyond their useful life and need to be replaced. A failure of the generators during a winter storm would have a very drastic effect on the residents of the south Kachemak Bay area.

Thank you for your consideration of this very important project which is vitally important to the health and safety of our community.

Also The Nanwalek IRA Council would appreciate the lines between Port Graham and Nanwalek to be upgraded for better service for our communities. The Nanwalek IRA Council is in the process of applying for a back-up generator for our community as well, for when the power goes out.

Sincerely,

John Kvasnikoff, Chief
Nanwalek IRA Council