

**Agency: Commerce, Community and Economic Development**

**Grants to Named Recipients (AS 37.05.316)**

**Grant Recipient: Southeast Conference**

**Federal Tax ID: 92-0089028**

**Project Title:**

**Project Type: Planning and Research**

# Southeast Conference - Energy Program Coordination

**State Funding Requested: \$260,000**  
One-Time Need

**House District: Southeast Region (1-5)**

**Brief Project Description:**

Regional facilitation and administrative support for community and village alternative energy projects throughout Southeast Alaska.

**Funding Plan:**

**Total Cost of Project: \$260,000**

	<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>
Local Funds	\$20,000	FY10				
<b>Total</b>	<b>\$20,000</b>					

*Explanation of Other Funds:*

*The Energy Program is currently being funded through savings and contributions from the regional utilities. This request will fund the program and position for two years.*

**Detailed Project Description and Justification:**

Southeast Conference's core mission is to undertake and support activities that promote strong economies and healthy communities in SE Alaska. We are the State's recognized regional development organization (ARDOR) and have been established as the Federal Economic Development District as well as the USDA Resource Conservation and Development District. As such we have a standing mandate to assist the region's communities - many of whom do not have the administrative resources to provide such services for themselves.

Significant progress has been made to develop the SE Intertie and expand the capacity of hydroelectric resources in the region. Much more work needs to be done to reduce dependence on fossil fuels and bring affordable energy to rural communities - especially on Chichagof Island and other rural communities.

Southeast Conference and its member communities considers it essential to develop and implement a regional energy plan for Southeast Alaska. We are working with the Alaska Energy Authority and our member communities to develop an energy plan and implement opportunities that exist throughout the region. Substantial progress has been made and it is important to keep the momentum of this program moving forward. We also serve as a resource for information for regional communities, the Legislature and Administration.

The Southeast Conference energy program is a vital asset for southeast Alaska. Some of the tasks the Conference is currently working on and pledges to continue are:

*For use by Co-chair Staff Only:*

\$255,500  
Approved

6:23 PM 5/4/2010

1. Develop a Southeast energy plan that includes both short term and long term solutions.
2. Build a database inventory of regional energy projects.
3. In cooperation with the Alaska Energy Authority, develop a regional governance model.
4. Work with member communities and utilities to secure permits and funding for energy projects.
5. Work with stakeholders to advance the Reynolds Creek Hydro to completion.
6. Work with federal and state funding agencies to construct the Kake to Petersburg intertie.
7. Support and assist IPEC's efforts to develop alternative energy resources for Hoonah and Angoon.
8. Assist geothermal development efforts on Chichagof Island (Tenakee Springs and near Hoonah).
9. Serve as a resource of information for the membership, public, Legislature and Administration.

### Project Timeline:

The Southeast Conference Energy Program is already underway and expenditures will occur upon authorization. Regional public meetings focused on developing alternative energy resources have been held in Petersburg, Kake, Angoon, Wrangell and Hoonah as well as monthly teleconferences. Every community participates in the Southeast Conference's energy program and is benefited by its continuation.

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

Southeast Conference

### Grant Recipient Contact Information:

Name: Shelly Wright, Executive Director  
 Address: PO BOX 21989  
 Juneau, AK 99802  
 Phone Number: (907)523-4351  
 Email: shellyw@seconference.org

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



Alaska State Legislature  
State Capital  
Juneau, AK 99801

Re: Planning and Research Grant Request

Dear Legislators:

Southeast Conference has provided a vital function on behalf of the region and state in advancing the collective interests of the people, communities and businesses of southeast Alaska. As the State's ARDOR for southeast, Southeast Conference has worked for over 50 years to help develop strong economies, healthy communities and a quality environment throughout the region.

This is a critical time for many of our communities in southeast. The economic downward trends of the past decade continue and rising energy costs threaten to tear apart the business and social fabric of our smaller communities and destabilize what were once vibrant centers of commerce in the larger cities.

One hope has been the Southeast Conference Energy Program. We have been able to work throughout the region and facilitate efforts to promote and create energy infrastructure and encourage efficiency measures that can help stimulate lackluster economies. Our Energy Coordinator has been an integral part of legislative efforts to propose energy policies that will guide future efforts within the region and state. We also work very closely with the Alaska Energy Authority to assist in their efforts within the region. But our work, while similar in some respects, is very unique and "ground-level" at the community level. Our program provides facilitation and technical assistance for many communities that have no way to provide for themselves. The Chichagof Island communities, our villages of Angoon, Kake, Metlakatla and many others have immediate need for the continuation of the Southeast Conference Energy Program.

All of our member communities have been unanimous in their support of the energy program. The Southeast Conference Board of Directors sees its continuation as critical to the success of many of the other initiatives we are undertaking. The regional utilities have all supported the program financially to show their recognition of the vital service this program provides. I would respectfully request that you add your support for this important program as you consider the state's funding priorities.

On behalf of the Board of Directors,

Maxine Thompson  
President

# Southeast Conference Energy Program

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## Legislative Report – January 2010

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**Maxine Thompson:** SEC Board President  
**Shelly Wright:** SEC Executive Director  
**J.C. Conley:** SEC Energy Committee Chair  
**Robert Venables:** SEC Energy Coordinator

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## Executive Summary

### MISSION STATEMENT

The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska. Southeast Conference works to advance the collective interests of the people, communities, and businesses of Southeast Alaska and is the Alaska Regional Development Organization (ARDOR), Federal Economic Development District (EDD), and USDA Resource Conservation and Development (RC&D) Council for the region.

### ENERGY COMMITTEE MISSION

Our vision for Southeast Alaska is to reduce, to the maximum extent possible, the use of diesel as a primary fuel source for the generation of electricity. This will be accomplished through the utilization of the region's plentiful hydroelectric potential and the development of an interconnected transmission system to share the resources throughout the region.

### 2010 - 2011 Funding Priorities:

Southeast Conference, working with its member communities and utilities, has been successful in developing regional plans and priorities for many energy projects in the region. Our energy committee represents communities, utilities and organizations throughout the region. This is a "working committee" dedicated to solving the region's energy problems. While every community has energy projects of importance, the following projects have an immediate regional impact and have risen to the top of the priority list:

#### *Intertie Construction*

- Kake-Petersburg Transmission Intertie: Final design and permitting underway with the U.S. Forest Service as lead agency for the NEPA process. This 1-2 year process will lead directly into construction. Construction funds needed, approximately \$33 million (final cost to be determined once design/permitting is complete).
- Metlakatla - Ketchikan Transmission Intertie: This construction-ready project is partially funded with construction commencing in spring 2010. Additional funding per MP&L of approx. \$9 million is still needed for the 1 mile, 34.5kv submarine cable and connectivity needs to KPU's Mountain Point substation.

#### *Generation Projects*

- Reynolds Creek Hydro: This hydroelectric facility is a joint project between Haida Corp. and AP&T. This 5 MW hydro is partially funded and ready to construct this year. The project is applying for financing from the State's Power Project Loan Fund that will necessitate Legislative approval by April 24, 2010 to proceed.
- Three other hydro projects are positioned for construction: IPEC has a dual-river hydro project in Hoonah, Kootznoowoo's Thayer Creek Hydro in Angoon and AP&T's Neck Lake Hydro for Whale Pass on POW Island

#### *Top Priority Need for Determining the Region's Energy Needs*

- To best assist the State of Alaska, southeast communities, utilities and funding agencies in determining the next set of energy infrastructure resources to develop, an Integrated Resource Plan is essential. This Plan will identify the future resource portfolio of generation and transmission facilities as well as demand-side improvements, including non-economic measures such as environmental concerns and social needs that will ensure the general public will benefit through a well researched and documented public process.

#### *Other Funding Needs that will Reduce Community Electrical Rates*

- Construction debt relief for IPEC and Gustavus Electric will have an immediate effect on electrical rates in Kake, Angoon, Hoonah, Klukwan, Chilkat Valley and Gustavus (rates were as high as \$0.64 kwh last year).

## Southeast Conference Energy Program FY10 -11

### *FUNDING OVERVIEW*

To maintain its Energy program, Southeast Conference is working to locate short-term funding and to identify long-term (and sustained) sources of income. The immediate goal is to secure funding for two years to maximize the effectiveness of the energy program and assist communities in their ongoing efforts to reduce energy costs and increase efficiencies.

### *PROGRAM GOALS*

- Reduce dependence of fossil fuels. This is critical in light of the recent price increases in oil.
- Bring affordable hydro power to communities where this is technically and economically feasible.
- Develop a regional electrical grid interconnecting Southeast communities and utilities with hydroelectric generation.
- Work with member communities/utilities to develop adequate energy infrastructure including alternative energy sources (geo-thermal, biomass, wind, tidal, hydrogen) to meet future needs.
- Reduce and stabilize costs to rate payers and communities and increase economic development opportunities.

### *PRIORITIES / TASKS*

- Coordinate inter-agency and community efforts to design and permit Kake-Petersburg Intertie.
- Work with Haida Corp. and AP&T to advance the Reynolds Creek Hydro to completion.
- Work with federal, state funding agencies to construct Kake-Petersburg Intertie.
- Support and assist IPEC's efforts to develop alternative energy resources for Hoonah and Angoon.
- Work with member communities and utilities to secure permits and funding for hydro and other alternative energy project development.
- Assist geo-thermal development efforts on Chichagof Island (Tenakee Springs and near Hoonah).
- Build a database inventory of regional energy projects.
- Develop Southeast energy plan that includes both short-term "band-aids" (PCE to businesses, schools) and long-term solutions (hydro, interties),
- Facilitate AEA activities, as needed, in implementing the Southeast Energy Plan and develop a regional governance model.
- Serve as a resource of information for the membership, public, Legislature and Administration.

Southeast Conference feels it is essential to develop and implement a regional energy plan for Southeast Alaska. We are working with the Alaska Energy Authority (AEA) to develop a regional energy plan and working with the communities to implement the opportunities that exist in their areas. Substantial and measurable progress has been made, and it is important to keep the momentum of this program moving forward. The Southeast Conference Board of Directors has voted to maintain its energy coordinator position and its energy program as a core program within Southeast Conference and voted to support its staff in the pursuit of these goals. The energy program is currently being funded primarily from savings and by membership dues and donations.

## Southeast Alaska Community Resource Development A Snapshot of Current Operations and Future Development Plans

During the past year, Southeast Conference (SEC) has been working with the Alaska Energy Authority (AEA) in preparing the State Energy Plan for 2010. As part of that project, SEC has contacted Southeast communities and regional utilities to identify current and future energy plans that may exist. This document provides information gathered from energy planners in southeast regarding local preferred resources for development and issues needing to be addressed.

### **Metlakatla**

Metlakatla, population 1,400, is located on the Annette Islands Reserve approximately 15 miles from Ketchikan, Alaska. The local utility's power generation consists of four hydro generators, one diesel generator and one battery energy storage system. The combined hydros at Chester Lake and Purple Lake generate surplus power that could be dispatched to Ketchikan or to Kake via the SEAPA intertie system if extended to Metlakatla.

The community has identified two projects for development. The Metlakatla-Ketchikan Intertie will be a 34.5 kV transmission line that will connect the electric systems of the two municipalities. The intertie will include 16 miles of overhead line and 1 mile of submarine cable terminating at Ketchikan's Mountain Point substation. This project is partially funded by AEA and Denali Commission grant funds.

The second proposed resource development project is the Triangle Lake hydro facility. This resource is located along the proposed intertie route and would consist of a single turbine generating unit with a capacity of 4.0 MW (17,324 MWh annually). Project costs estimated at \$17.7 million (per MP&L).

### **Ketchikan**

Ketchikan Public Utilities (KPU) owns Ketchikan Lakes Hydro, Beaver Falls Hydro, and Silvis Hydro. Total local hydro capacity is 13 megawatts. KPU's Bailey Plant has four peaking/standby diesel units (24 MW) and there are two standby units at the North Point Higgins substation capable of generating 3.2 MW. SEAPA can supply up to 24 MW of power from Swan Lake and Tyee via intertie. Local peak energy demand is growing faster than anticipated which will result in future diesel power dependence unless more hydro is developed soon.

The preferred resource development project for the City of Ketchikan is the Whitman Lake Hydro project, located approximately four miles from town with an estimated generating capacity of 4.6 MW (16,000,000 kWh annually). This project will operate in conjunction with the Whitman Lake Hatchery and will provide the hatchery with much needed improvements. Pipelines will lead to a new powerhouse containing two hydro generating units. Unit 1 will generate power with water that would otherwise be spilled; Unit 2 will generate power from water delivered to the hatchery located next to the proposed hydro project. Projected costs (per KPU) at \$19,050,000. The Whitman Lake Project is licensed and construction-ready and is needed to meet Ketchikan's real and imminent energy needs

### **Other Resources Near Ketchikan**

Five miles NE of Ketchikan is the proposed 9.6 MW Mahoney Lake Hydroelectric project. This joint-venture (Cape Fox, AP&T, City of Saxman) proposes the installation of a tap into Upper Mahoney Lake, a 1,700-foot-long upper tunnel, a value house, a buried bypass pipe, a 1,370-foot-long vertical shaft, an 8-foot-diameter, 3,350-foot-long lower tunnel, a semi-underground powerhouse, a 200-foot-long tailrace channel, 1.5 miles of buried, and 3.1 miles of overhead, transmission line, a switchyard, and 2.6. miles of new access road.

Other resources in the area include Connell Lake (2.0 MW), Lake Shelokum (AP&T, 7 MW) and Lake 3160 (AP&T, 4.9 MW). AP&T has expressed a concern about "stranded" resources in the area without open access to transmission corridors. Biomass resources are abundant and looked to for space heating solutions.

### **Prince of Wales Island**

AP&T has developed an extensive intertie network throughout the island connecting most of the communities to its hydroelectric facilities at Black Bear Lake (4.5 MW, 1995) and South Fork Hydro (2 MW, 2006). Funds are in hand to construct a 48 mile transmission line to Naukati Bay and Coffman Cove. Construction should be completed in 2010, placing all POW communities (except Whale Pass) onto the hydroelectric grid.

Hydro resources yet to be developed on the island include the Reynolds Creek hydro near Hydaburg and the Neck Lake hydro in Whale Pass. The Reynolds Creek hydro is a 5 MW facility partially funded and nearly ready for construction. It will be jointly owned and operated by AP&T and the Haida Corporation. The proposed 0.3 MW Neck Lake hydro is intended to displace 100% of the diesel-generated power for Whale Pass and will be owned and operated by AP&T.

Prince of Wales Island is in a unique situation with its abundant timber resources and operating mills. Discussions with the Prince of Wales Community Advisory Council (POWCAC) showed strong support from the communities for further development of biomass energy resources. The City of Craig has successfully implemented a district heating system with the wood waste products from the local sawmill. The communities have also been in discussion with the US Forest Service about timber harvest levels that could support expanded development of energy related ventures.

### **Southeast Alaska Power Agency**

The three member utilities of the Southeast Alaska Power Agency (SEAPA) own and operate the Tye Lake hydro near Wrangell and the Swan Lake hydro near Ketchikan. Construction is now complete on the 57 mile Swan-Tye Intertie which has been a long-planned project and interconnects the Swan Lake and Tye Lake hydroelectric projects. As a result, all of the member utilities (Ketchikan, Wrangell and Petersburg) are interconnected for the first time and the hydroelectric projects are more efficiently operated. Existing surplus power from the Tye Lake project will be used to displace diesel generation in Ketchikan.

There are multiple resources throughout the SEAPA network region including Thoms, Sunrise and Anita Lakes (7.5 MW, 4 MW and 8 MW respectively) near Wrangell, and the Thomas Bay hydro projects to the north of Petersburg (80 MW Cascade Creek, 40 MW Scenery Creek and 20 MW Ruth Lake). There is also geo-thermal potential at Bell Island.

SEAPA is pursuing a system-wide Integrated Resource Plan (IRP) to determine which resource(s) should be developed next. This regional priority will identify the future resource portfolio of generation and transmission facilities that will ensure the general public will benefit through a well researched and documented public process.

### **Hyder**

AP&T is proposing the development of a 75 MW hydro at Soule River near Hyder, AK. This 1,000-foot long, 160-foot high dam that would create an approximately 950-acre reservoir, with water flowing down a 2.08 mile pipe (penstock) spinning two generators in a tidewater-level powerhouse, producing an annual average of 270 gigawatt hours of electricity that would travel about 11 miles via underwater cable and overhead power line to connect with the British Columbia Transmission Corp.'s transmission system at Stewart, British Columbia. Projected costs are estimated at \$200 million (per AP&T).

### **Inside Passage Electrical Cooperative (IPEC)**

IPEC has actively pursued reduced and stable priced electric rates on behalf of its member owners for many years. The high and volatile price of diesel has both hurt and helped in their quest – hurt because rates necessarily climb to cover increasing costs of fuel, and helped because they now have a State grant program dedicated to assist with the mission to become diesel independent. Following is an activity update for each of IPEC's communities.

### **Angoon**

IPEC, along with members of Southeast Conference, the Alaska Energy Authority, the City of Angoon, Representative Bill Thomas, Senator Albert Kookesh, residents of Angoon and representatives of Kootznoowoo, Inc. held a community energy meeting in Angoon this past summer. The purpose of the meeting was to seek common ground in working together to build the Thayer Creek Hydro Project. Kootznoowoo has the rights to develop the project, and IPEC is the certificated and regulated electric provider for Angoon. It is conceived that IPEC will buy power from Kootznoowoo when the project is built as long as it is cheaper than diesel-generated power. Other resources such as wind, biomass and tidal may prove economical to develop in the future.

### **Hoonah**

IPEC had to abandon its decade-long effort to secure funding for the Hoonah-Juneau intertie after the price of submarine cable construction put the project at up to \$45 million. Submarine cable is expensive and risky, and the section of Chatham Strait to be crossed would be the deepest the cable manufacturer had ever attempted.

The new direction for lower cost renewable power for Hoonah is two-fold. First, is the development of two small hydro projects for Hoonah which would displace up to 60% of Hoonah's diesel-generated electricity (nearly 250,000 gallons of diesel annually). Second, IPEC and Sealaska, with the help of AEA, have submitted a grant to study the geothermal generation potential of a site at the head of Tenakee Inlet, known as site SE-3. Grant awards are pending, and exploration activities will begin as soon as funding is secured.

### **Other Chichagof Island Resources**

Southeast Conference and AEA have been facilitating planning efforts between IPEC and the communities of Chichagof Island for possible integrated corridor development (roads, communications and electric transmission grids) to serve multiple communities. This idea is in its infant stages, but could solve many problems for the island residents, including access to healthcare facilities, an airstrip, better and more transportation options, and improved communication services. There is an abundant hydro resource in Pelican that could be dispatched via an intertie to Hoonah. The island also holds vast amounts of biomass resources that could be utilized. While Tenakee Springs is known for its geo-thermal resources, its focus is now on a potential hydro resource at Indian River to displace 44,400 gallons of diesel used annually for power generation. Elfin Cove has been identified as an ideal location for tidal energy development as has Port Frederick near Hoonah where AP&T envisions a possible 400 kW facility can be constructed. These opportunities will be explored further during the Integrated Resource Planning.

### **Kake**

IPEC is working with the Alaska Energy Authority, Southeast Conference, the City of Kake, the City of Petersburg, AKDOT, OVK and SEAPA to construct a utility corridor (intertie project) between Kake and Petersburg. The intertie would allow IPEC to buy hydro power from SEAPA, which is the only existing power vendor for Kake today. Although progress seems slow, funding is secured for the environmental review and final design. The USFS is expected to begin the NEPA process in Feb. 2010.

### **Chilkat Valley/Klukwan**

IPEC is working to purchase the 10 Mile Hydro Project (northwest of Haines). Power is also being purchased from AP&T from its hydro generation facilities in Skagway and transmitted via interties. IPEC is also pursuing options to lower an enormous amount of construction-related debt which directly contributes to the high cost of electrical rates (recently as high as \$0.64 kwh).

## **Sitka**

Sitka ranks as the nation's 10<sup>th</sup> largest seafood port (by value) due in large part to the availability of an abundant source of clean, hydroelectric energy. However, economic growth and stability is threatened by the lack of growth in the development of hydro resources and the exhaustion of the current 124,000 MWh supply generated annually.

Sitka is undertaking a number of efficiency and conservation measures along with generation and distribution upgrades and the implementation of interruptible load programs. Sitka continues these types of initiatives while working to expand the Blue Lake hydro (can add up to 34,000 MWh) and develop the 28 MW hydro potential at Takatz Lake (scoping process underway). Also nearby are extensive geothermal resources that may be economical to develop in conjunction with Takatz. The IRP will detail how and when these resources should be developed.

## **Other Sitka Resource Development**

The Coast Guard is getting into the wood energy business with multiple partners on Japonski Island, where Station Sitka is located. The SEARHC hospital, Mt. Edgumbe High School, University of Alaska Southeast campus and the airport complex could join with the Coast Guard's Station Sitka in a central heating district fueled by biomass, collectively saving 450,000 gallons of heating oil annually.

## **Juneau**

With the completion of the 14.3 MW Lake Dorothy Hydroelectric project this past year, Juneau has over 100 megawatts of installed renewable energy generation capacity at five power plants, including Snettisham, Annex Creek, Salmon Creek, and Gold Creek. A second phase is planned for Lake Dorothy in the future.

Snettisham is the largest hydro project with a maximum peak output of 85 megawatts and an average annual energy output of 325 million kilowatt hours. This project is located about 28 air-miles southeast of downtown Juneau and provides 80-85% of Juneau's electric energy. Built by the federal government in 1973 and expanded in 1990, the Snettisham Project was sold to the State of Alaska in 1998. AEL&P operates and maintains the project under the provisions of a long-term power sales agreement with the State.

Two other smaller hydroelectric plants supply power year-round. The Annex Creek and Salmon Creek Power plants are historically tied to the gold mining days when low-cost power was needed to operate the mills. The two plants were engineering marvels for their day, built in 1914-16, and continue to provide low-cost, reliable power today. Both provide the remaining 6 megawatts of capacity and add an additional 50 million kilowatt hours of energy production yearly.

President Obama's executive order that mandates environmentally friendlier federal buildings has spurred the NOAA Fisheries Auke Bay research facility to install a 30 foot spinning tower (wind-powered electrical generator) that will produce 1.2 kilowatts of electricity. There has been interest expressed by others in developing wind and tidal resources as well as some bio-fuels. Heat pump systems, either ground-source or using seawater are also being installed at various facilities in Juneau.

## **Gustavus**

The recently completed Falls Creek hydro produces 800 kw of electricity for Gustavus. This facility is projected to meet the community's power needs for the foreseeable future. A waste-heat project is being examined to utilize excess water coming through the facility. The utility is pursuing construction-debt relief in order to lower rates to the consumer and is working with the US Park Service to initiate the process to connect the Glacier Bay Lodge to hydro power. This project is expected to take 3-5 years. The additional power load can be easily met by current production capacity and will help lower the rate base to consumers.

### **Yakutak**

Yakutak is totally dependent on diesel-generated power but has an active feasibility study underway for a biomass facility. The community is renowned by surfers for its large waves (Outside Magazine rated Yakutak one of the five best surf towns in America and Newsweek wrote their article about “surfing with sea otters”). The utility is wrapping up a feasibility study for a near shore wave generator patterned after Scotland’s energy farm. The wave generator is made up of connected sections which flex and bend as waves pass; it is this motion which is used to generate electricity and has a capacity to generate 650 kw of power. Yakutak’s hydro resources are located too far from the community to be developed economically.

### **Upper Lynn Canal**

The Upper Lynn Canal Power Supply System was formed by AP&T to coordinate electric utility operations currently serving Skagway and Haines. This intertie has been extended up the Haines Highway to connect IPEC’s system (Klukwan and Chilkat Valley) to the hydro resources generated from Skagway. If not for the intertie from Skagway, Haines would be almost totally dependent on diesel power. This has prompted the utility to examine hydro resources closer to Haines. The Connelly Lake Hydro Project is under a preliminary permit with the Federal Energy Regulatory Commission to develop and submit a license application. This storage project, which would include a small dam, would have a power plant generating up to 10 megawatts of power. Located up the Chilkoot River approximately 12 miles southwest of Skagway and 15 miles northeast of Haines, this project is still in the preliminary design stage.

The Haines Borough is also conducting a feasibility study for a biomass district heating project. The local Chilkoot Indian Association is doing a similar study in order to utilize resources from the 286,000 acre Haines State Forest.

The Upper Lynn Canal's energy cornerstone is the Goat Lake Project, a 4.0 MW hydroelectric facility located seven miles north of Skagway. The 204-acre glacially fed lake has the winter storage necessary to sustain year-round hydro generation. Goat Lake Hydro became operational in December 1997, and was interconnected with Haines via a 15-mile submarine cable in September 1998. The submarine cable was laid in Taiya Inlet, a fjord with depths up to 1,500 feet. This project allowed diesel-powered generators at both the Skagway and Haines plants to be quiet for the first time in nearly 80 years.

The 943 kw Dewey Lakes Hydro Project is located adjacent to downtown Skagway. This project was built in the early 1900's and has been operated by AP&T since 1957. In 2009 the 3 MW Kasidaya Creek run-of-river hydro project was constructed 3 miles south of Skagway.

Other projects envisioned in the Municipality of Skagway are the Burro Creek Hydro (feasibility study for a run-of-river system of up to 2 MW) and the West Creek Hydro feasibility study of a 25 megawatt dam project that could supply power to cruise ships docking in Skagway.

This information is intended to demonstrate the many areas where the State of Alaska has, and can make an investment with significant impact and benefits to the region. These projects come from the communities and utilities and have been vetted through the public process. It is a work in progress and will be updated as more information comes to us from the communities.

More detailed information is available upon request.

# Southeast Conference

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(907) 463-5670 fax  
[www.seconference.org](http://www.seconference.org)

The Honorable Representative Bill Thomas  
Alaska State Capital Building  
Juneau, Alaska 99811

Re: Funding Request for SE Conference Energy Program

Dear Representative Thomas:

Southeast Conference would like to thank you for your leadership on energy issues in the region and throughout the state. Real progress is being made on much-needed energy projects. We would also like to thank you for working to pass an appropriation for Southeast Conference's energy program during the last session – even though the Governor eventually vetoed those funds. We have met with OMB director, Karen Rehfeld in order to address their concerns in order to avoid a veto in the future.

It is generally recognized that significant progress must be made over the next two years while funds are still available and before redistricting occurs. Southeast Conference has helped communities make major steps toward achieving success (Juneau-Green's Creek and Swan-Tyee Interties, Reynolds Creek and especially the Kake-Petersburg intertie) but there is still much work to be done.

Southeast Conference has the ability to facilitate the community needs, both individually and collectively, toward a cohesive regional system that will bring stability and economic opportunities to Southeast Alaska. We would ask your support to acquire funding for this two-year effort. Our communities, the energy committee and the Southeast Conference Board of Directors have all recognized the need for this program to continue and ask for your support during this next Legislative session. Many communities find themselves in desperate need. The mission of Southeast Conference is to develop strong economies and healthy communities with a quality environment in Southeast Alaska.

Thank you for your consideration of this request and for your continued efforts on our communities' behalf. If there are any questions regarding this request or our energy program, feel free to contact me or Energy Coordinator Robert Venables at any time.

Sincerely,



Shelly Wright  
Executive Director

Cc: Southeast Legislators  
Encl.

## **Southeast Conference Energy Committee Work Plan**

### **Energy Committee Mission**

Our vision for Southeast Alaska is to reduce, to the maximum extent possible, the use of diesel as a primary fuel source for the generation of electricity.

This will be accomplished through the utilization of the region's plentiful hydroelectric potential and the development of an interconnected transmission system to share these resources throughout the region.

### **PROGRAM GOALS**

1. Reduce dependence of fossil fuels. This is critical in light of the recent price increases in oil.
2. Bring affordable hydro power to communities where this is technically and economically feasible.
3. Develop a regional electrical grid interconnecting Southeast communities and utilities with hydroelectric generation.
4. Work with member communities/utilities to develop adequate energy infrastructure including alternative energy sources (geo-thermal, biomass, wind, tidal, hydrogen) to meet future needs.
5. Reduce and stabilize costs to rate payers and communities and increase economic development opportunities.

### **FY10 Energy Tasks and Work Plan**

1. Coordinate inter-agency and community efforts to design and permit Kake-Petersburg Intertie.
2. Work with Haida Corp. and AP&T to advance the Reynolds Creek Hydro to completion.
3. Work with federal, state funding agencies to construct Kake-Petersburg Intertie.
4. Support and assist IPEC's efforts to develop alternative energy resources for Hoonah and Angoon.
5. Work with member communities and utilities to secure permits and funding for hydro and other alternative energy project development.
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7. Build a database inventory of regional energy projects.
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9. Facilitate AEA activities, as needed, in implementing the Southeast Energy Plan and develop a regional governance model.
10. Serve as a resource of information for the membership, public, Legislature and Administration.

Southeast Conference is a private membership organization that works to advance the collective interests of the people, communities, and businesses of Southeast Alaska. It is the Alaska Regional Development Organization (ARDOR), Federal Economic Development District (EDD), and USDA Resource Conservation and Development (RC&D) Council for the region. The Conference's Mission is to help develop strong economies, healthy communities, and a quality environment in Southeast Alaska.