

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Nikishka Bay Utilities, Inc.****Federal Tax ID: 41-2246374****Project Title:****Project Type: Maintenance and Repairs**

# Nikishka Bay Utilities, Inc. - Installation of Freeze Protection Measures

**State Funding Requested: \$70,000****House District: 34 / Q**

One-Time Need

**Brief Project Description:**

Install freeze protection measures to prevent significant thawing expenses and necessity of hauling water
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**Funding Plan:**

Total Project Cost:	\$70,000
Funding Already Secured:	(\$0)
FY2012 State Funding Request:	<u>(\$70,000)</u>
Project Deficit:	\$0

**Detailed Project Description and Justification:**

Work funded by previous legislative grants and drinking water fund loans have has successfully reduced system leakage to a minimum. In addition to reducing operation costs, this reduction has minimized potential for contamination via back siphonage events. However, because water now only flows during periods of system usage, portions of the system that do not have sufficient ground cover and flow are susceptible to freezing. This winter, the utility experienced a freezing episode that has resulted significant thawing expenses and necessity of hauling water to one customer until spring. These events are estimated to cost \$15,000 or nearly 25% of gross revenue. Although the utility can weather this one event, further freezing events could render the utility unviable.
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**Project Timeline:**

Begin work in mid-July 2011 and complete construction by September 30, 2011
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**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

Nikishka Bay Utilities
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**Grant Recipient Contact Information:**

Name:	David Kranich
Title:	Utility Manager
Address:	Box 233368 Anchorage, Alaska 99523
Phone Number:	(907)346-1901
Email:	David@nusalaska.com

Total Project Snapshot Report

2011 Legislature

TPS Report 56636v1

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

**Contact Name:** Tom Wright  
**Contact Number:** 465-6618

Page 2

*For use by Co-chair Staff Only:*

10:27 AM 5/27/2011

# Nikishka Bay Utilities, Inc.

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Managed by: Water Systems Services, LLC  
PO. Box 23-3368 Anchorage, AK 99523  
907-222-4084 Fax 907-346-1169

Date: February 17, 2011

To : Representative Mike Chenault  
Alaska State Legislature

RE: 2012 Legislative Grant Request

Dear Mr. Chenault,

Thank you for your continued and invaluable support in the formation and rehabilitation of the Nikishka Bay Utilities Water System. As you are aware, we have been working for the last few years to bring the Nikishka Bay Utility to a sustainable condition. To that end, in 2010, a \$1,900,000 ARRA grant was used to install a new main along Nikishka Beach rd. and to construct a reservoir and pumping system. The system now has the ability to provide fire flow and to provide uninterrupted service during power failures. With this addition, the fundamental infrastructure of the utility is now sound.

Thanks to previous legislative grants, corrosion control treatment has been installed, leaks and service connections have been repaired, water quality is now in compliance with Drinking Water Regulations, and rates have been approved at a level sufficient to provide long term sustainability. Collection rates are near 100%, and overall, the utility is nearly set for long term sustainable operation.

#### Unintended Consequences

This winter the utility has experienced a serious setback due to freezing of underground lines. Unbeknownst to us, there are some sections of line that have insufficient cover to prevent freezing. The unintended consequence of leak repair has been that lines are now more susceptible to freezing. In all, freezing in 2011 is anticipated to cost the utility \$15,000 in thawing fees and costs associated with temporary service connections and water hauling. (Weatherford Int. cannot be thawed, and is therefore hauling water) This unanticipated expense amounts to 25% of gross revenue, and although the utility can recover, we must ensure it does not happen again.

#### Legislative Grant Request

To ensure we do not experience the same freezing issues again, Nikishka Bay Utilities wishes to request a grant in the amount of \$70,000 to insulate areas we find to be shallow, and to install approved bleeder devices at dead ends. We believe this approach will adequately protect the system until lines are eventually replaced at appropriate depth. Of course we rely on your judgment in this regard. If you have any questions or concerns, please do not hesitate to contact us at your earliest convenience.

Sincerely,



David Kranich  
Utility Manager

# Nikishka Bay Utilities, Inc.

Managed by: Northern Utility Services, LLC  
PO. Box 23-3368 Anchorage, AK 99523  
907-222-4084 Fax 907-346-1169

Date: March 3, 2011

To: Representative Mike Chenault  
Alaska State Legislature

Re: 2012 legislative Grant Proposal

Dear Mr. Chenault,  
Nikishka Bay Utilities in Nikiski, Alaska respectfully requests your consideration and support of the following 2012 Legislative Grant Request.

Project Description:  
Installation of freeze protection measures within the utility distribution system.

Funding Plan:  
Due to the current expenses associated with this year's freezing events and insufficient time since implementation of sustainable utility rates to accumulate reserves, the utility does not have any other funding source to address this issue. Therefore, Nikishka Bay Utilities requests a total of \$70,000 for this effort.

Budget:

- |  |          |
|--|----------|
| • Excavate and add 4" insulation protection to a total of approximately 300' of line | \$36,000 |
| • Design and obtain ADEC approval for sanitary bleeder system                        | \$4,500  |
| • Construct and install 10 sanitary bleeder assemblies at dead end lines             | \$24,500 |
| • Project administration   | \$5,000  |

Total \$70,000

Justification:

Work funded by previous legislative grants and drinking water fund loans have successfully reduced system leakage to a minimum. In addition to reducing operation costs, this reduction has minimized potential for contamination via back siphonage events. However, because water now only flows during periods of system usage, portions of the system that do not have sufficient ground cover and flow are susceptible to freezing. This winter, the utility experienced a freezing episode that has resulted significant thawing expenses and necessity of hauling water to one customer until spring. These events are estimated to cost \$15,000 or nearly 25% of gross revenue. Although the utility can weather this one event, further freezing events could render the utility unviable.

Time Line:

Nikishka Bay proposes to commence work upon grant approval in mid-July, 2011, and complete construction by September 30, 2011.

Contact Info:

Nikishka Bay Utilities, Inc. Federal Tax ID # 41-2246374

Managed by:

Northern Utility Services LLC

Box 233368

Anchorage, AK 99523

Utility Manager

David Kranich [David@nusalaska.com](mailto:David@nusalaska.com)

907-632-0012 Cell

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Sincerely,  
David Kranich  
Utility Manager