

Bulk Fuel Upgrades**FY2013 Request: \$7,000,000****Reference No: 49734****AP/AL:** Allocation**Project Type:** Energy**Category:** Development**Location:** Statewide**House District:** Statewide (HD 1-40)**Impact House District:** Statewide (HD 1-40)**Contact:** Sara Fisher-Goad**Estimated Project Dates:** 07/01/2012 - 06/30/2017 **Contact Phone:** (907)771-3000**Appropriation:** Alaska Energy Authority - Energy Projects**Brief Summary and Statement of Need:**

This request addresses the federally funded Bulk Fuel Upgrades energy project. The project contributes to the department's mission of promoting a healthy economy and strong communities by providing economic growth in the communities it serves.

Funding:	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Total
Fed Rcpts	\$2,000,000						\$2,000,000
Gen Fund	\$5,000,000						\$5,000,000
Total:	\$7,000,000	\$0	\$0	\$0	\$0	\$0	\$7,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:

Refer to the funding matrix in the Energy Projects Appropriation

Project Description/Justification:

Bulk Fuel Upgrades: The goal of the Alaska Energy Authority (AEA) bulk fuel program is to upgrade non-compliant bulk fuel facilities in communities that meet program criteria. Upgrading bulk fuel facilities reduces the cost of energy by reducing or eliminating fuel loss from leaks and spills. By providing enough capacity for current and planned needs, communities may purchase fuel in larger quantities at a lower cost per gallon.

Most of the tank farms have serious deficiencies that typically included:

- Inadequate dikes to contain fuel spills
- Inadequate foundations, which could cause gradual tank movement and fuel leakage
- Improper piping systems and joints - the most common source of fuel leaks
- Improper siting near wells, beaches, and buildings, or within a flood plain
- Tanks that are rusted or damaged beyond repair
- Electrical code violations

Bulk Fuel Upgrades

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- Inadequate security

\$20 million is the estimated need to complete the bulk fuel upgrades for the remaining nine communities identified on the Bulk Fuel Deficiency list.

This program began in 1997 and has expanded since FY1999 with federal funding from the Denali Commission. In FY2013, AEA anticipates \$7 million in federal funds. AEA anticipates using approximately \$6 million in State funds for Bulk Fuel Upgrades.