

AP/AL: Appropriation

Project Type: Energy

Category: Development

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: John Springsteen

Estimated Project Dates: 07/01/2018 - 06/30/2023

Contact Phone: (907)771-3000

Brief Summary and Statement of Need:

This project invests \$17 million to rural Alaska in FY2019 and \$56 million over the next three-year period. The Bulk Fuel program upgrades non-compliant bulk fuel facilities in rural communities. 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.

| Funding: | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | Total |
|-----------------|---------------------|---------------------|---------------------|---------------|---------------|---------------|---------------------|
| 1002 Fed Rcpts | \$12,000,000 | \$12,000,000 | \$16,000,000 | | | | \$40,000,000 |
| 1003 G/F Match | \$208,000 | | | | | | \$208,000 |
| 1140 AIDEA Div | \$4,792,000 | | | | | | \$4,792,000 |
| 1250 Maint Cap | | \$5,500,000 | \$5,500,000 | | | | \$11,000,000 |
| Total: | \$17,000,000 | \$17,500,000 | \$21,500,000 | \$0 | \$0 | \$0 | \$56,000,000 |

| | | | | |
|---|---|---------------------------------------|---|--|
| <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 | 0 |
| Totals: | 0 | 0 |

Prior Funding History / Additional Information:

- Sec1 Ch1 SLA2017 P2 L22 SB23 \$2,420,000
- Sec1 Ch2 SLA2016 P2 L18 SB138 \$1,300,000
- Sec1 Ch18 SLA2014 P3 L33 SB119 \$7,300,000
- Sec1 Ch16 SLA2013 P4 L14 SB18 \$6,000,000
- Sec1 Ch17 SLA2012 P6 L9 SB160 \$7,000,000

Declining funds available for bulk fuel upgrades in rural Alaska means that bulk fuel tanks are not upgraded as the fuel tanks age. Over time, communities are left with aging fuel tanks that may not meet the capacity needs of the community or are at risk of leaks, contamination, and/or failure.

Project Description/Justification:

This project includes federal receipt authority and matching state funds for bulk fuel tank farm upgrades. AEA is working in partnership with the Denali Commission on the FY2019 work plan to identify projects for funding. At this time, the projects preliminarily identified are in the following

communities: Tuluksak, Venetie, and Nunapitchuk. Over the next few months, AEA and the Denali Commission will continue to refine the cost estimates.

State matching funds are required for Denali Commission funded construction projects. A match of 20% for distressed communities and 50% for non-distressed communities. The distressed community list is maintained by the Denali Commission.

Most of the rural 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, which are 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
- Inadequate security