

**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:** 07/01/2019 - 06/30/2024      **Contact Phone:** (907)771-3000

**Brief Summary and Statement of Need:**

Electric utility systems are part of the basic infrastructure of rural communities. The power plant and distribution systems in rural communities may not meet accepted utility standards for safety, reliability, and environmental protections. Due to high costs and limited economies of scale, most local communities cannot make the capital investments needed to meet accepted utility standards.

<b>Funding:</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>Total</b>
1002 Fed Rcpts	\$12,500,000						\$12,500,000
1169 PCE Endow	\$5,000,000						\$5,000,000
<b>Total:</b>	<b>\$17,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500,000</b>

<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
<b>Totals:</b>	<b>0</b>	<b>0</b>

**Prior Funding History / Additional Information:**

Sec1 Ch19 SLA2018 P2 L22 SB142 \$21,900,000  
 Sec18 Ch2 SLA2016 P35 L28 SB138 \$1,053,858  
 Sec1 Ch2 SLA2016 P2 L20 SB138 \$1,446,142  
 Sec1 Ch18 SLA2014 P6 L9 SB119 \$5,120,000  
 Sec1 Ch16 SLA2013 P4 L18 SB18 \$10,800,000  
 Sec1 Ch17 SLA2012 P6 L13 SB160 \$13,000,000

**Project Description/Justification:**

The Alaska Energy Authority is working in partnership with the Denali Commission for the fiscal year 2020 work plan to identify projects for funding. At this time, the projects preliminarily identified are in

the following communities: Rampart, Nikolai, Nelson Lagoon, and Napaskiak. 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% is required for distressed communities and 50% for non-distressed communities. The distressed community list is maintained by the Denali Commission.

This program concentrates on power production and delivery, including diesel powerhouse, heat recovery, and electrical distribution. Efficiency, reliability, safety and sustainability are primary drivers throughout the conceptual design, final design and construction process. It is not uncommon to see a 30-40 percent increase in fuel savings after a new powerhouse project is completed.

After completion of the project, the rural utility is required to employ a qualified operator to ensure that the system is properly operated and maintained. Alaska Energy Authority (AEA) provides training and technical assistance to assist the community with proper operation of the new facility.

This program began in 1997 and has expanded since FY1999 with federal funding from the Denali Commission. Federal funding for rural power systems upgrades have been in decline since FY2011 and any available federal funds for construction projects now require a 20% - 50% match, depending on whether the community is considered distressed.