

AP/AL: Appropriation

Project Type: Energy

Category: Development

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Curtis Thayer

Estimated Project Dates: 07/01/2020 - 06/30/2025

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Brief Summary and Statement of Need:

The Bulk Fuel program upgrades non-compliant bulk fuel tank farms in rural communities and invests \$13 million in rural Alaska in FY2021. 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. The program upgrades meet code compliance standards improving life, health, and safety of the community.

Funding:	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Total
1002 Fed Rcpts	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$45,000,000
1169 PCE Endow	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$33,000,000
Total:	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$78,000,000

<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"/> Ongoing
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

Prior Funding History / Additional Information:

- Sec1 Ch19 SLA2018 P2 L19 SB140 \$17,000,000
- 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 timely. As a result, 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. Of 178 communities needing bulk fuel upgrades, 118 bulk fuel projects have been completed.

Project Description/Justification:

The Bulk Fuel program upgrades non-compliant bulk fuel tank farms in rural communities. State funds leverage federal funds to expand the number of communities served and advance sustainable, efficient energy infrastructure projects that decrease energy costs in rural Alaska over the long term.

Alaska Energy Authority (AEA) works in partnership with the Denali Commission to identify projects for funding. The projects preliminarily identified are in the following communities: Shaktoolik, Ewok, Shageluk, and Marshall. AEA and the Denali Commission continue to refine the project selection and cost estimates.

State matching funds are required for Denali Commission funded construction projects. A match of 20% is required for distressed communities, and 50% is required 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