

**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:** 07/01/2021 - 06/30/2026      **Contact Phone:** (907)771-3000

**Brief Summary and Statement of Need:**

Electric utility systems are part of the basic infrastructure of rural communities. New power systems are designed to meet accepted utility standards for safety, reliability, and environmental protections. Upgrading rural power generation and distribution systems includes more than the replacement of entire facilities. As funding availability diminishes emphasis on maintenance and improvement projects and training for operations and planned maintenance have become critical.

<b>Funding:</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>Total</b>
1002 Fed Rcpts	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000		\$62,500,000
1169 PCE Endow	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000		\$25,000,000
<b>Total:</b>	<b>\$17,500,000</b>	<b>\$17,500,000</b>	<b>\$17,500,000</b>	<b>\$17,500,000</b>	<b>\$17,500,000</b>	<b>\$0</b>	<b>\$87,500,000</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"/> 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	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

Declining funds available for Rural Power System Upgrades means that rural power systems are not upgraded timely. As a result, communities are left with aging systems that are at risk of failure.

**Project Description/Justification:**

The Alaska Energy Authority is working in partnership with the Denali Commission for the fiscal year 2022 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 project selection and cost estimates.

State funds are used to leverage federal funds to expand the number of communities served by this program and which advances sustainable, efficient energy infrastructure projects that decrease energy costs in rural Alaska over the long term.

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.

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.

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.