

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 W. Thayer

Estimated Project Dates: 07/01/2022 - 06/30/2027

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Brief Summary and Statement of Need:

The Bulk Fuel Upgrades (BFU) program will invest \$13 million in rural Alaska in FY2023. The BFU program upgrades non-compliant bulk fuel tank farms in rural communities. This project reduces the cost of energy by reducing or eliminating fuel loss from leaks, spills, or catastrophic failure. By providing enough capacity for current & planned needs, communities may purchase fuel in larger quantities at a lower cost per gallon. Meets code compliance standards improving life, health, & safety of the community. This project includes more than the replacement of entire facilities. As funding availability diminishes, emphasis on mx & improvement projects & training for ops & planned mx have become critical.

Funding:	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
1002 Fed Rcpts	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000		\$37,500,000
1003 G/F Match	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000		\$27,500,000
Total:	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$0	\$65,000,000

<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	0
Totals:	0	0

Prior Funding History / Additional Information:

- Sec8 Ch19 SLA2021 P70 L19 HB69 \$13,000,000
- Sec1 Ch19 SLA2018 P2 L19 SB142 \$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. Recent emphasis has also been put on barge header projects to protect river and ocean side fuel systems.

Project Description/Justification:

This request includes federal receipt authority and state funds for bulk fuel tank farm upgrades. AEA is working in partnership with the Denali Commission on the FY2023 work plan to prioritize project selection. The projects preliminarily identified for construction are in the following communities: Venetie, Scammon Bay, Shungnak, and Ewok. Over the next few months, AEA and the Denali Commission will continue to refine the project selection and cost estimates.

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

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 include:

- 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

The deferred maintenance for BFU is estimated at approximately \$800 million.