

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 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

Electric utility systems are essential infrastructure in 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. Deferred maintenance for Rural Power System Upgrades (RPSU) is estimated at approximately \$327,000,000.

Funding:	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total
1002 Fed Rcpts	\$10,000,000						\$10,000,000
1169 PCE Endow	\$10,000,000						\$10,000,000
Total:	\$20,000,000	\$0	\$0	\$0	\$0	\$0	\$20,000,000

<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 Ch1 SLA2021 P70 L21 HB69 \$17,500,000
 Sec5 Ch8 SLA2020 P64 L17 HB205 \$17,500,000
 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

Per AS 42.45.085 (B) up to \$25 million of Power Cost Equalization funds may be appropriated to the Renewable Energy Fund (REF), to the bulk fuel revolving loan fund, or for RPSU, or to a combination of the funds or purposes listed. This project includes federal receipts and state match for those funds, as well as \$10,000,000 of excess earnings from the PCE Fund that will be directed towards deferred maintenance projects.

Project Description/Justification:

The Alaska Energy Authority (AEA) is working in partnership with the Denali Commission for the FY2023 work plan to identify projects for funding. The projects preliminarily identified are in the following communities: Aniak, Bettles, Metlaktla, and False Pass. 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. Additionally, deferred maintenance costs for RPSU structures are estimated at approximately \$327 million.

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. 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.