

Agency: Commerce, Community and Economic Development

Grants to Municipalities (AS 37.05.315)

Grant Recipient: King Cove

Federal Tax ID: 92-6001247

Project Title:

Project Type: Other

King Cove - Waterfall Creek Hydro Debt Forgiveness

State Funding Requested: \$600,000

House District: 37 / S

One-Time Need

Brief Project Description:

Provide the City with long-term debt relief as a viable substitution for no longer receiving a PCE subsidy

Funding Plan:

Total Project Cost:	\$6,500,000
Funding Already Secured:	(\$5,900,000)
FY2025 State Funding Request:	<u>(\$600,000)</u>
Project Deficit:	\$0

Funding Details:

\$600,000 grant + \$780,000 in cash and grants from the City and other sources will be used to completely pay-off the city's existing Power Project Fund loan of \$1.38 million. This will leave the City with \$1.5 million debt remaining on the Waterfall Creek hydro project.

AEA/REF Grants - \$2,800,000

AEB Grant - \$250,000

City Cash - \$700,000

City Debt(AK Municipal Bond Bank) - \$1,500,000

Detailed Project Description and Justification:

The City of King Cove is one of the most prolific producers of renewable hydro energy in rural Alaska. More than 85% of our annual 4.4MW demand for electric energy is produced from our two, run-of-the-river hydro facilities. Our first hydro facility, Delta Creek, came online in 1994. Our second hydro, Waterfall Creek, came online in 2017. However, bringing Waterfall Creek online became a financial challenge due to a number of changed financial and legislative decisions. The City's longstanding goal is to incur no more than \$1.95 million project debt as we did with our prior Delta Creek hydro facility. Instead, after considerable delay and fiscal concerns the City decided to move forward with the project in anticipation of being able to eventually improve our long-term debt position.

Our current debt of \$2.68 million (\$1.38 million AEA/PPF and \$1.3 million Alaska Municipal Bond Bank) exceeds our original goal and financial comfort level by \$700,000. This additional, annual debt cost does not allow the City any financial flexibility in dealing with unexpected debt reserves, unanticipated major repair & replacement costs, and weather-related impacts affecting the flow and amount of water from Waterfall Creek to produce energy.

Also, the City did not anticipate the loss of approximately \$125,000 in PCE funding for monthly residential subsidies and 70 kWh monthly for community facilities.

For use by Co-chair Staff Only:

**\$600,000
Approved**

12:20 PM 6/14/2024

Project Timeline:

Winter 2024 -- the \$1.38 million Power Project Loan will be completely paid off resulting in an annual savings of \$75,000 in debt obligation. This annual savings will be used to reduce all residential kWh rates by \$0.05 for the 180 household accounts that currently do not receive the PCE subsidy.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

The City of King Cove

Grant Recipient Contact Information:

Name: Amber Jusefowytch
Title: Assistant City Administrator
Address: 3380 C St, STE 205
King Cove, Alaska 99612
Phone Number: (907)830-7813
Email: amberj@kingcoveak.org

Has this project been through a public review process at the local level and is it a community priority? Yes No