

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: 07/01/2024 - 06/30/2029 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

The Rural Power System Upgrades (RPSU) program will invest \$27.5 million in rural communities in FY2025. 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, improvement projects, training for operations, and planned maintenance have become critical.

Funding:	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
1002 Fed Rcpts	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000		\$125,000,000
1003 G/F Match	\$2,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000		\$32,500,000
Total:	\$27,500,000	\$32,500,000	\$32,500,000	\$32,500,000	\$32,500,000	\$0	\$157,500,000

<input checked="" 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
20% = 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:

Sec14 Ch1 SLA2023 P83 L4 HB39 \$32,500,000
 Sec11 Ch11 SLA2022 P85 L20 HB281 \$20,000,000
 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
 Sec1 Ch2 SLA2016 P2 L20 SB138 \$1,446,142
 Sec18 Ch2 SLA2016 P35 L28 SB138 \$1,053,858
 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

Project Description/Justification:

The Alaska Energy Authority (AEA) is working in partnership with the Denali Commission for the FY2025 work plan to identify projects for funding. The projects preliminarily identified are the following communities: Red Devil, Karluk, Chalkytsik, and Koyukuk. AEA and the Denali Commission will

continue to refine project selection and cost estimates.

In FY2025 it is anticipated that federal receipt authority will be required for new funding sources such as competitive Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) funding opportunities.

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 over the long term.

State matching funds are required for Denali Commission funded construction projects, 20 percent for distressed communities and 50 percent 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. Since FY2011, any available federal funds for construction projects now require a 20 - 50 percent match, depending on whether the community is considered distressed.

The deferred maintenance need for RPSU is estimated at approximately \$350 million.