

p. 177 9-31 and
pg. 178 ln. 1-3

September 26, 2005

Honorable Lyda Green
Co-Chair, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801

Honorable Kevin Meyer
Co-Chair, House Finance Committee
State Capitol, Room 515
Juneau, AK 99801

Dear Senator Green and Representative Meyer:

A rare opportunity exists for this session of the Legislature to appropriate funds intended for Railbelt Energy projects in a manner that accomplishes the top priorities of both the Administration and the major electric utilities of Alaska's Railbelt.

The remaining balance in the Railbelt Energy Fund, which was established using funds left over after the Susitna Dam project was abandoned, is approximately \$28.5 million. The fund was intended to benefit the electric ratepayers of Alaska's interconnected Railbelt, from the Kenai Peninsula to Fairbanks. An additional \$40 million appropriated from the Railbelt Energy Fund for the Southern Intertie project remains available after the project was abandoned, and these funds are at AIDEA. Thus, a total of \$68.5 million is available for appropriation or reappropriation by the Legislature.

Previous allocations from the Railbelt Energy Fund have proven beneficial to consumers in different regions of the Railbelt. For example, in 1993 Golden Valley Electric Association received \$42 million (plus \$22 million in interest) to construct the Northern Intertie. In 2002, \$20.3 million was appropriated to AIDEA to upgrade the Anchorage to Fairbanks Intertie, thus increasing the capacity of Golden Valley Electric Association to purchase economy energy from utilities in Anchorage. Also in 2002, Anchorage Municipal Light & Power received \$19.8 million to upgrade its transmission line running from Anchorage to the Eklutna Power Plant.

We endorse a distribution of the remaining \$68.5 million in a manner that is mutually agreeable to the undersigned, and which will "zero out" the fund so that the Legislature and Administration will not be faced with incessant lobbying for competing uses of these monies.

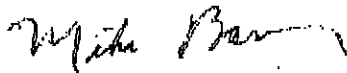
Page 2 of 2

We respectfully urge the Legislature to appropriate/reappropriate the remaining funds to the Alaska Energy Authority and allocate the monies for the following purposes:

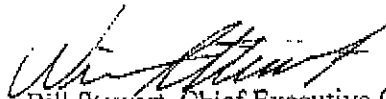
- Sec 62(a)* A) \$4.5 million to Copper Valley Electric Association for debt reimbursement for costs incurred in cogeneration projects. *pg 177 Ln 9-1*
- Sec 62(e)* B) \$14 million to AIDEA for a 115 kV transmission line from the Douglas substation to the Stevens substation, to be transferred as a grant to Matanuska Electric Association prior to being energized. *pg 177 Ln 28*
- Sec 62(b)* C) \$12.5 million to Chugach Electric Association for new substations and transmission lines, generation site acquisition and infrastructure development. *pg 177 Ln 13-17*
- Sec 62(e)* D) \$12.5 million to Homer Electric Association for augmentation of existing, and or, new generation at HEA's Nikiski facility and upgrade of bulk transmission facilities within the Kenai Peninsula Borough subdivision. *pg 177 Ln 18*
- Sec 62(d)* E) \$12.5 million to Matanuska Electric Association for new substations and transmission lines, generation site acquisition and infrastructure development. *pg 177 Ln 23-27*
- Sec 62(f)* F) \$12.5 million to AIDEA for restart of the Healy Clean Coal Plant. *pg 177 Ln 1-3*

The allocation of funds as proposed above has been agreed to after thorough discussion and deliberation among the parties that are signatory to this letter. We urge your favorable consideration.

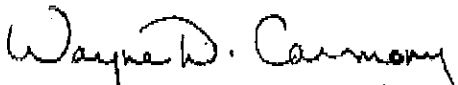
Sincerely,



Mike Barry
AIDEA/AEA



Bill Stewart, Chief Executive Officer
Chugach Electric Association



Wayne D. Carmony, General Manager
Matanuska Electric Association



Brad Janorschke, General Manager
Homer Electric Association, Inc.

JUN-20-2006 TUE 02:08 PM SENATOR GARY STEVENS

FAX NO. 9074653517 p178 L 4 P. 02

Page 1 - #2 OMB List - Seward Electric System - New Back-up Generator - \$1,000,000 ✓

Memorandum

Date: March 8, 2006
 Through: Clark Corbridge, City Manager
 To: Senator Paul Seaton
 Topic: Electric Utility State Requests



*AMS ✓
 SS ✓
 SS2 ✓*

BACKGROUND & JUSTIFICATION:

The City of Seward's Electric Utility Department's State priority is requesting funding for replacement of two generators. This request takes precedence over any Transmission line extension projects for the City of Seward.

The City Of Seward is seeking funding for the emergency replacement of two standby generators, at a cost of \$2 million each.

When Hurricane Katrina hit the Gulf Coast, it caused severe flooding. One of the businesses that were flooded was our parts supplier for our Alco generators. We were told by our supplier that they would not reopen. This has left the City in a position of trying to provide reliable electric power to our citizens during cold and adverse weather conditions and no readily available supply of parts.

2006 City of Seward State Legislative Priorities



Project Title: REPLACEMENT OF TWO ELECTRIC GENERATORS
Priority: #1 Infrastructure
Funding Needed: \$4 million
Funding Source: To be determined

Project Description/ Justification:

The City Of Seward is seeking funding for the emergency replacement of two standby generators, at a cost of \$2 million each.

When Hurricane Katrina hit the Gulf Coast, it caused severe flooding. One of the businesses that were flooded was our parts supplier for our Alco generators. We were told by our supplier that they would not reopen. This has left the City in a position of trying to provide reliable electric power to our citizens during cold and adverse weather conditions and no readily available supply of parts.

RE: SB 231 backup

pg 178 L-13

800.D

Subject: RE: SB 231 backup
From: Heather Nobrega <Heather_Nobrega@legis.state.ak.us>
Date: Wed, 21 Jun 2006 11:32:40 -0800
To: Joan Brown <joan_brown@gov.state.ak.us>

Joan,

I don't have any backup to send you but Rep. Rokeberg wanted you to know the following:

The intention of this appropriation is to fund a study and implementation of a "unified operating system," i.e. an independent authority to manage the railbelt energy grid. This idea has been in the works for some time. This would depoliticize and unify the operation and maintenance of the grid, combining a single authority to dispatch power throughout the railbelt energy grid. There have been many local issues which have impeded the efficient delivery of electrical power to consumers along the railbelt.

This was part of an agreement between the electrical authorities in order to access the railbelt energy funds. It is also the desire of a number of key legislators, including the House Rules Chairman, to see this done.

Hope this helps.

Heather

-----Original Message-----

From: Joan Brown [mailto:joan_brown@gov.state.ak.us]
Sent: Wednesday, June 21, 2006 9:54 AM
To: Heather Nobrega
Subject: SB 231 backup

Heather,

I understand that Rep. Rokeberg added the AEA railbelt electrical grid authority study. Do you have any backup on it that you can fax to me at 465-2090?

Thanks.
Joan