

State of Alaska

POWER PROJECT FUND

(AS 42.45.010)

Loan Application Instructions



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ALASKA ENERGY AUTHORITY

Power Project Fund (AS 42.45.010)

Loan Application Instructions

PLEASE USE SEPARATE SHEETS OF PAPER TO REPLY TO ALL QUESTIONS AND INFORMATION REQUIREMENTS BELOW:

1. Borrower Eligibility

(a) State the legal name of the applicant.

(b) Applicant is:

* Electric Utility

* City

* Village Council

* Regional Electric Authority

* Regional or Village Corporation

* Non-profit Marketing Cooperative

* Municipality

* Borough

* Independent

Power Producer

2. Authorization

Provide a certified copy of the resolution or other official action by the governing body of the applicant authorizing this loan application.

3. Contact Person

State the name, title, and address of the official correspondent or representative of the applicant for purposes of this application.

4. Applicant's Officers

State the names and titles of the principal officers of the applicant, including the chief executive officer or general manager.

5. Advisors or Consultants

State the name and address of the engineer, legal counsel, financial advisor or consultant, and any management, engineering, design, economic, or other advisors or consultants which the applicant may have for this project.

6. Loan Amount and Term

- (a) State the total amount of loan requested.
- (b) State the number of years over which the applicant proposes to repay the loan. The maximum repayment term is the expected productive life of the project to be financed with the loan.

7. Project Description

- (a) Provide an overview of the project for which the loan is requested, describing what the project is, where it will be located, and why it is needed or what benefits it will provide.
- (b) Provide a project schedule including the planned start date, completion date, and dates for significant project milestones or completion of significant project tasks.
- (c) Provide a budget covering the expected total cost of the project, broken down by major task or cost component, and identifying all sources of funding and the amount of funding expected from each source.
- (d) If the proposed loan will be entered into under a “leveraged lease financing arrangement” as described in AS 42.45.010(b)(2), describe the leveraged lease financing arrangement for the project, identify the party that will be responsible for the project, demonstrate that the leveraged lease financing arrangement results in lower costs for consumers than alternative financing arrangements, and provide written documentation of the leveraged lease agreement signed by the participants.

8. Technical Feasibility

For a loan to construct, equip, modify, or expand a project, provide information from which the Authority can determine technical feasibility as follows:

- (a) Provide information on design and engineering for the project, including drawings and specifications as appropriate, from which the Authority can determine that the construction plan is technically sound.
- (b) Provide information on environmental impact, land use and land ownership, from which the Alaska Energy Authority can determine the significance of these factors and any related requirements that must be satisfied before the project can be constructed.

9. Financial Feasibility

Provide information from which the Alaska Energy Authority can determine financial feasibility as follows:

- (a) If funds in addition to the requested Power Project Fund loan are needed to complete the project, identify the amount of additional funds required and document that the additional funds are available to the applicant.

- (b) State the expected impact of the project on annual operations and maintenance costs, including fuel costs, and state the project's expected productive life.
- (c) Demonstrate that sufficient revenue will be available to the applicant in the future to repay all project debts without causing unreasonable increases in consumer costs, and identify the source or sources of such revenue. Include projections of consumer rates and charges beginning in the present year and extending for two years beyond the expected completion date of the project. For purposes of such projections, assume in one case that the Power Project Fund loan is approved at an interest rate of 6.0%; and assume in a second case that the loan is approved at zero percent (representing the minimum statutory interest rate).
- (d) Identify the legal authority under which the applicant plans to collect revenue to repay the loan.
- (e) Identify all viable alternatives for financing the project other than the Power Project Fund. Describe efforts made by the applicant to seek project financing from other sources, and describe the results of such efforts.
- (f) Describe how the Power Cost Equalization program, if reduced or eliminated, would affect the repayment of this loan.

10. Permits

State the status of any proceedings undertaken by the applicant to obtain permits, certificates or other authorizations from any federal, state or legal agency necessary to begin, complete, and operate the project.

11. Financial Statements and Credit References

Attach financial statements of the applicant and any other party or parties acting as guarantor of the loan for the most recent three years; these financial statements must include balance sheets and profit-loss statements and if available, be audited by an independent certified public accountant. Also attach a copy of the related management reports. In addition, list credit references of the applicant, to include name, address and phone number.

12. Owner's Business History

In the case of a borrower other than a governmental entity or a cooperative, provide a business history of any person or entity owning or controlling 10 percent or more of the applicant's stock or business.