

Kake-Petersburg Intertie

Grantees	Kwaan Electric Transmission Intertie Cooperative (Utility-Cooperative)
Technology Type	TRANSMISSION
Region	Southeast
AEDG Project Code	10032

REF Grants Received

Round	App	Grant Title	Grant #	AEA Project #	Phase	Start Date	End Date	Status
1	29	Kake-Petersburg Intertie Final Design	2195414	409019	Feasibility	8/20/08	6/30/16	Active

Grant 2195414: Kake-Petersburg Intertie Final Design

Project Scope: The Kwaan Electric Transmission Intertie Cooperative, Inc. (KWETICO) will use the Round I grant funds from the Renewable Energy Fund to continue environmental documentation and permitting work for the Kake-Petersburg Transmission Line project. This work was begun with a legislative grant to the Southeast Conference and this grant will continue these efforts in conjunction with work the Authority is also directing to complete the federal NEPA processes, permitting, and final design.

Initially, the applicant, along with the State Department of Transportation (AKDOTPF), proposed to build a road and 69-kv transmission line to connect the community of Kake with Petersburg. Funding for the road portion of the project has not been obtained; however, the grantee wants to continue the intertie project.

The Kake-Petersburg intertie will provide an interconnection between the Kake electric distribution system and the transmission system owned by Southeast Alaska Power Agency (SEAPA) and allow Kake to be served by SEAPA provided hydroelectric power. The Regulatory Commission of Alaska (RCA) regulated distribution utility Inside Passage Electrical Cooperative (IPEC) will continue to provide retail electricity to Kake ratepayers. IPEC will negotiate wholesale power purchase agreements with SEAPA. Savings from obtaining SEAPA power (presently being sold to SEAPA distribution utility customers at a wholesale rate of \$0.068/kWh) will be passed onto Kake ratepayers by IPEC.

Grant funds will allow KWETICO to assist IPEC, SEAPA, the Southeast Conference, AEA, and other affected parties to identify the best ownership form for the intertie, and who will be responsible for maintenance and operations of the transmission line and who will be responsible for the design and construction of the intertie. These arrangements will be defined in a participants' agreement between KWETICO, IPEC, SEAPA, and other affected parties, that KWETICO agrees to facilitate in cooperation with AEA. KWETICO agrees to author and sign an appropriate participants' agreement for the project. Completion of the participants' agreement, identifying an owner for the intertie and determining a preferred route acceptable to stakeholders and the Authority will be the first milestone for this grant. Grant funds of up to \$500,000 may be used to complete these tasks. Deliverables will include a fully-signed participants' agreement by all impacted parties identifying an owner for the intertie and a preferred route agreed to by all parties impacted. At a minimum the following parties shall be signatory to the agreement: Cities of Kake and Petersburg, SEAPA, IPEC, Southeast Conference and the Organized Village of Kake. KWETICO shall undertake all reasonable efforts to complete these tasks by December 31, 2010.

KWETICO will accomplish all necessary tasks to facilitate the federal NEPA process for the project, and accomplishment of design and permitting. It is understood that AEA has additional legislative appropriation funding to assist in bringing the project to completion of environmental analysis, permitting and design, and KWETICO will coordinate with AEA in its expenditure of grant funds for the project.

KWETICO will undertake two other specific tasks under this grant that will support the ongoing federal NEPA process for the project, and provide additional, needed input for a second federal register NEPA notice for the project as follows:

1. Work with SEAPA as a potential owner of the transmission line, to evaluate the northern intertie route and the southern routes have been analyzed in recent feasibility studies, to identify a preferred route that can be supported by SEAPA, IPEC, local governments in Kake and Petersburg, and Petersburg Municipal Power and Light, and others. Work with the US Forest Service to include this in the planned second Federal Register notice planned by the US Forest Service.
2. Work with SEAPA and others to develop an approach for ownership of the transmission line, and the means to reasonably recover the costs of ownership, operations and maintenance, that is satisfactory to AEA, local governments of Kake and Petersburg, and the ratepayers of Kake and SEAPA. Facilitate the naming of the project advocate in the planned second Federal Register notice planned by the US Forest Service.

Grant/Project management will be provided by the Southeast Conference, which has historically facilitated KWETICO's efforts in Southeast Alaska and has a Memorandum of Understanding with KWETICO for such cooperative efforts. A portion of the grant