

Kake - Petersburg Intertie Update

March 14, 2014
Juneau – Mid-Session Summit

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There is a Need for the Intertie

- Kake has an isolated electric system
- Local generation is diesel fueled
 - 2.6 MW installed capacity currently (3 units)
- Electricity is crucial to economic development
 - High cost of retail electric service
(as high as 64 cents/kWh with market fluctuations)
 - Average residential consumption very low, 366 kWh/mo
 - PCE reduces cost to residential, but not commercial users



Project Funding

- Approximately \$5M is Available to Develop the Project so that it is Permitted and Construction Ready
- Additional Funds are Required for Construction



Project Progress

- MOU signed by SEAPA, AEA and IPEC
 - SEAPA agreed to assume the Intertie ownership role provided the project is already 100% funded
- MOU between Metlakatla and Kake for hydro
- A project management office has been established
 - Commonwealth Associates, Inc.
- Environmental Impact Statement underway, Tetra Tech
- D. Hittle January 2010 report being updated



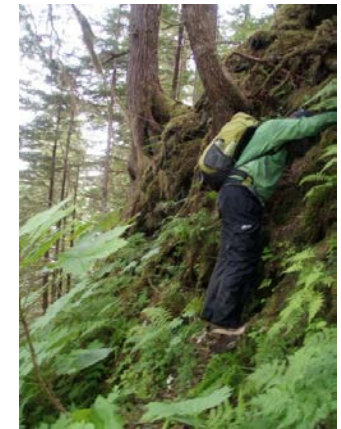
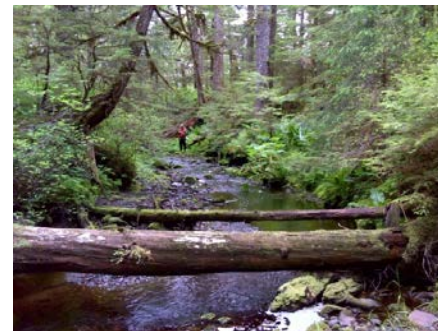
Project Details



- Single wood pole overhead construction
- 69 kV or 138 kV
- Follow existing USFS roads where possible
- Fiber Optic Cable
- 2-3 year construction period

EIS Progress

- Public scoping meetings April/May 2010
- Completed environmental fieldwork Fall 2010 and Summer 2011
- Draft Resource Reports to USFS May/June 2012
 - Wildlife
 - Aquatics
 - Botany
 - Wetlands
 - Scenery
 - Soils and Geology
 - Biological Assessment/Biological Evaluation for Wildlife
 - Biological Evaluation for Botany
 - Invasive Plant Risk Assessment



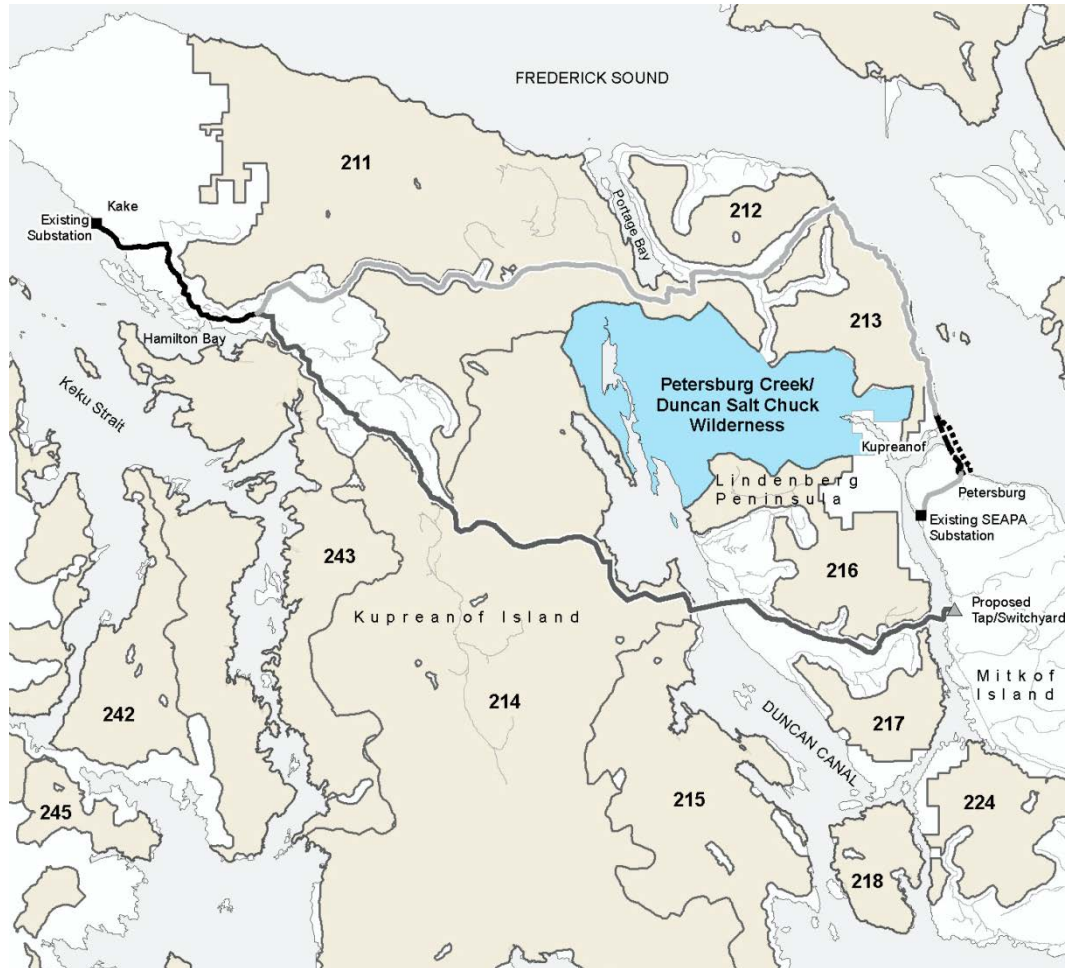
EIS Progress (cont'd)

- Preliminary Draft EIS Chapters Reviewed by USFS
- Comments Received
 - Petersburg Creek – Look for Other Alternatives
 - Roadless Areas - Shovel Trails Only
 - Fewer Options
 - Identify the Proposed Action
- Based on Comments and New Alternative through Petersburg, Complete PDEIS Submitted to USFS

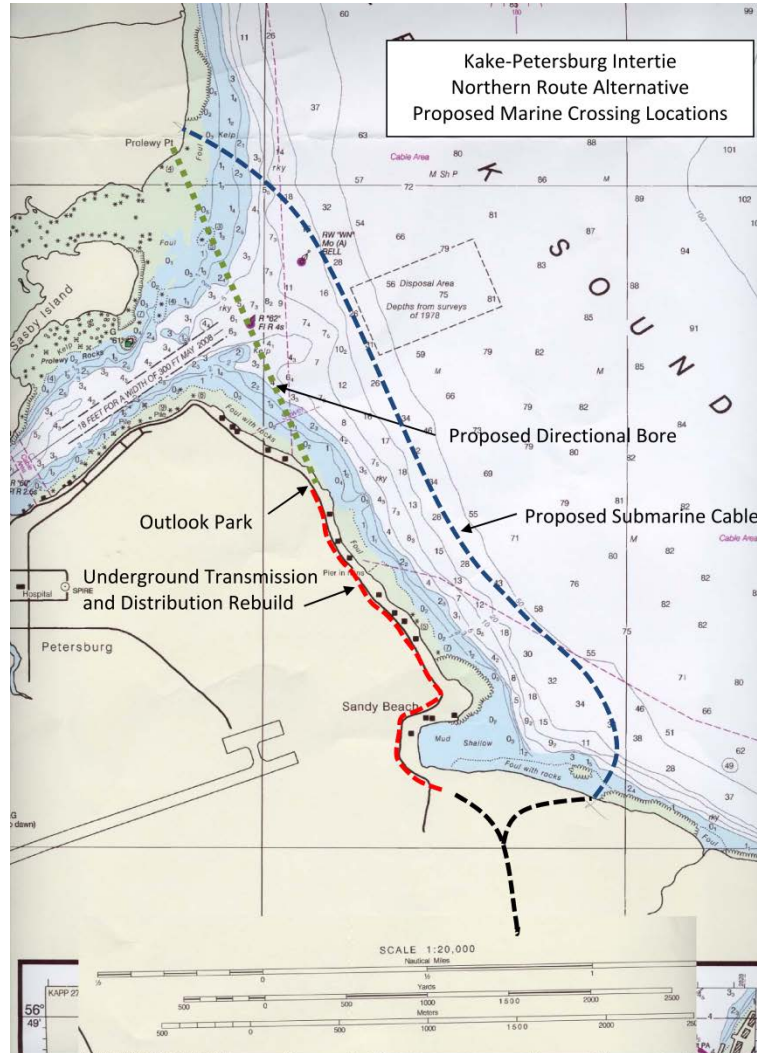
EIS Progress (Cont'd)

- USFS May 2013 – Roadless Rule Applies
- Under Secretary Letter – November 30, 2013
 - Clarified Roadless Rule Not Applicable
- Developed New Construction Approach
- Revised Construction Cost Estimates
- Revised EIS Schedule to Reflect Potential Impacts from the New Construction Approach

Route Alternatives



Marine Crossing Alternatives



EIS Analysis Alternatives

Alternative 1
No Action

Alternative 2
Northern
Route w/
Directional
Bore

Alternative 3
Northern
Route w/
Submarine
Cable

Alternative 4
Center South
Route

Proposed Action

Alternative 2 – Northern Route w/ Directional Bore

Three Options

(miles)

| | Alternative 2 Northern Route Directional Bore | Alternative 3 Northern Route Submarine Cable | Alternative 4 Center South Route |
|-----------------------|---|---|--|
| Total Length | 59.9 | 60.3 | 51.9 |
| Marine Crossings | 1.2 | 3.1 | 1.5 |
| Underground Length | 1.4 | -- | -- |
| Total Unroaded Length | 22.1 | 22.1 | 13.1 |

Estimated Construction Costs

- Updated cost estimates realistic
 - Acknowledge 2015-2016 Construction
- Information indicates inflation/escalation 4%/year
- Use of wide track vehicles for construction in roadless areas, with helicopter support
- Some helicopter construction due to rough terrain
- Kake substation moved five miles - close to town

Estimated Construction Costs

2015/16 Construction (\$000)

| | 69-kV Route Alternatives, Trails w/ helo support | | |
|-----------------------------|--|--------------------------------------|-----------------------------|
| | Northern Route | | |
| | Prolewy Pt. Dir. Bore (Alt. 2) | Petersburg Sub. Cable (Alt. 3) | Center South (Alt. 4) |
| Overhead Line | \$ 28,804 | \$ 28,804 | \$ 25,302 |
| Clearing, Trails, Helo Pads | 7,211 | 7,211 | 3,980 |
| Underground Construction | 3,144 | - | - |
| Submarine Cables | - | 13,471 | 13,197 |
| Directional Bore Crossings | 5,820 | - | - |
| Switchyards and Substations | 1,835 | 1,835 | 2,247 |
| Subtotal - Direct Costs | \$ 46,814 | \$ 51,322 | \$ 44,725 |
| Indirect Costs | \$ 5,017 | \$ 5,500 | \$ 3,578 |
| Contingency (15%) | 7,775 | 8,523 | 7,245 |
| Total Costs | \$ 59,606 | \$ 65,345 | \$ 55,548 |

Next Steps

| | |
|--|-----------------|
| Update January 2010 D. Hittle Intertie Study | April 2014 |
| Draft EIS Available for Public Review and Comment | June 2014 |
| Tentative Public Meetings on Draft EIS (Kake and Petersburg) | July 15-16 2014 |
| Preliminary Final EIS based on Public Comment/USFS Review | October 2014 |
| Submit Draft Record of Decision for USFS Review | December 2014 |
| Revise and Publish Final EIS and ROD | February 2015 |
| End of 45 Day Appeal Period – EIS Complete | March 2015 |
| Hire Design Engineers | |
| Hire Construction Contractors | |
| Schedule subject to USFS approval | |



Thank You,,,,,

