

DEC 13 1999

**JOINT PROJECT AGREEMENT
BETWEEN THE
ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
THE
RURAL DEVELOPMENT
AND THE
DENALI COMMISSION**

**FOR A TWO-PHASED STUDY -
STATEWIDE ENERGY PLAN &
EFFICIENT UTILITY OPERATION AND MAINTENANCE**

November 1999

I. PARTIES

This document constitutes an Agreement between the Alaska Industrial Development and Export Authority (a public corporation of the State of Alaska) hereinafter referred to as AIDEA, the Rural Development (an Agency of the U.S. Department of Agriculture) hereinafter referred to as RD and the Denali Commission hereinafter referred to as the Commission.

II. DEFINITIONS

For the purpose of this Agreement the following definitions of "sub-state" regions of Alaska shall apply:

Rural:

Those communities eligible for the Power Cost Equalization (PCE) program as administered by the State Division of Energy, and Metlakatla. (Note: The term "rural" is defined differently and more broadly by both RD and the Commission, but for the purposes of this Agreement this definition will be used.)

Railbelt:

Those communities not eligible for the PCE program and that are found on the Alaska Highway and/or Railroad system including but not limited to the following boroughs: Kenai, Mat-Su, Denali, Anchorage, and Fairbanks; as well as the following Rural Education Attendance Areas (REAA): Alaska Gateway REAA, Copper River REAA and Delta-Greely REAA.

Southeast/4 Dam Pool:

Those communities not eligible for the PCE program and not on the Alaska Highway or Railroad system including only the following communities: Ketchikan, Petersburg, Wrangell, Sitka, Juneau, Valdez, Glennallen, and Kodiak.

III. PURPOSE

The purpose of this Agreement is to complete a two-phased statewide energy plan. Phase I shall include a general description of energy systems, energy consumption and cost for the following energy related categories: (1) electricity, (2) heating and (3) bulk fuel storage. These categories will be examined for the following sub-state regions of Alaska: Rural, Southeast/4 Dam Pool and Railbelt. This effort will be followed by a description of major issues and problems in each energy related category along with possible solutions.

Phase II will entail four components. Since the parties concur that a major issue is rural utility operations and maintenance, the first component (Phase II-A) will examine in-depth the issue of operation and maintenance of utilities systems in Rural Alaska (including electric, sanitation facilities, and bulk fuel systems) and will analyze and recommend policy options for resolving operation and maintenance issues. Some smaller communities in the Railbelt and Southeast/4 Dam Pool regions may also be included in Phase II-A (Metlakatla and Dot Lake for example).

Phase II-B/C/D will entail an in-depth review and analysis of detailed solutions to other issues and problems first identified in Phase I by sub-state regions starting with (1) Rural, (2) Southeast/4 Dam Pool and (3) Railbelt and include recommended policy options for resolving these issues. All parties shall jointly approve the scope of work for Phase II-A and Phase II-B/C/D at a later date.

The two-phased study addresses the respective missions of all the parties for the development, support, management, and operation and maintenance of rural utility systems. Furthermore, it cannot be completed as effectively without the collective funding and participation of all the parties. Lastly, the parties will seek to involve the U.S. Department of Energy as well to bring to bear their specialized expertise and access to available agency resources.

IV. MUTUAL INTEREST OF THE PARTIES

This two-phased study is of mutual interest for all the parties for several reasons. First, the Governor of the State of Alaska has asked AIDEA to complete a Statewide energy plan. This energy plan and the subsequent Phase II-B/C/D is of particular interest to RD and the Commission as agencies that fund rural utility projects and various support functions as well.

Furthermore, all the parties are interested in the development, funding, construction and long-term operation of effective projects and programs for rural Alaskan communities. The outcome of Phase II-A shall help guide State and Federal policy makers on the selection, and prioritization of programs and projects that have the greatest possible potential for effective and significant improvement of rural utilities through enhanced operation and maintenance practices.

V. RESPONSIBILITIES OF THE PARTIES

AIDEA through an existing task-order A&F contract shall manage the contract for Phase I. AIDEA may also manage the contract(s) for Phase II upon the mutual consent of all parties at the conclusion of Phase I. In the event this does not occur, this Agreement will be amended to reflect which party shall assume this responsibility. The Phase II work will be subject to normal procurement procedures for the specific Agency selected to manage the Phase II contract(s). It is expected that the University of Alaska - Institute of Social and Economic Research (ISER) will be a subcontractor to the Phase II-A contractor to provide specialized operation and maintenance expertise.

The primary point of contact for AIDEA on this project shall be Mr. Lamar Cotton (907-269-3000, "lcotton@aidea.org")

The primary point of contact for RD on this project shall be Dr. Sheila Selkregg (907-745-2176, "sselkreg@rdmail.rural.usda.gov").

The primary point of contact for the Commission on this project shall be Mr. Al Ewing (907-271-1414, "Aewing@denali.gov").

All parties shall provide technical support by timely review of contract submittals from the AIDEA contractor for Phase I and the Phase II contractor(s). In addition, all parties shall participate in a technical advisory committee that will provide support and guidance in completion of the two-phased study. Representatives to this committee shall include participation from other parties other than AIDEA, RD and the Commission as mutually agreed to by the parties to this Agreement.

AIDEA shall take the lead in developing and coordinating the activities of this technical advisory committee.

VI. EQUITABLE APPORTIONMENT OF COSTS

The Commission shall provide funding of \$100,000 for Phase I of this project. The Commission shall provide funding to AIDEA on a schedule of payments agreeable to the Commission and AIDEA.

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RD shall provide funding of \$200,000 for Phase II of this project, subject to RD's FY2000 budget. In the event this funding is unavailable, all parties agree to revisit the funding schedule and corresponding scope of work for Phase II. RD shall provide the funding to AIDEA on a schedule of payments agreeable to RD and AIDEA in the event AIDEA administers the Phase II contract(s).

AIDEA will also provide \$200,000 of AIDEA funding for this project.

The cost of Phase I is expected to be \$100,000, or less. At the conclusion of Phase I a more detailed scope of work and cost estimate for Phase II-A and Phase II-B/C/D will be developed. The Phase II contract(s) will not be awarded until this/these detailed scope(s) of work and cost estimate(s) for Phase II is/are approved by all the parties.

VII. PERIOD OF AGREEMENT AND MODIFICATION/TERMINATION

This Agreement will become effective when signed by all parties. The Agreement will terminate upon the completion of the two-phased study, but may be amended at any time by mutual consent of the parties. Any party may terminate this Agreement by providing 60 days-advanced written notice to the other parties. In the event this Agreement is terminated, each party shall be solely responsible for the payment of any expenses it has incurred.

VIII. OTHER PROVISIONS

Nothing herein is intended to conflict with current directives of all the parties. If the terms of this Agreement are inconsistent with existing directives of any of the agencies entering into this Agreement, then those portions of this Agreement which are determined to be inconsistent shall be invalid; but the remaining terms and conditions not affected by the inconsistency shall remain in full force and effect. At the first opportunity for review of the Agreement, all necessary changes will be accomplished by either an Amendment to this Agreement or by entering into a new Agreement, whichever is deemed expedient to the interest of all parties.

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IN THE WITNESS WHEREOF, the parties have subscribed their names,

12/10/99
Date



D. Randy Simmons
Director, Alaska Industrial Development and Export Authority

11-29-99
Date



Dr. Sheila Selkregg
Director, Rural Development
Alaska Office

12/11/99
Date



Jeff Staser
Federal Co-Chair, Denali Commission