Alaska Energy Cost Reduction Program
Progress Report

Grantee: Alaska Power Company (a/k/a Alaska Power and Telephone Company)

Project Name: APC Skagway Line Extension Program

Grant # 2195137

Period of Report: April 1 to July 31, 2005

Project existing or potential problems:

State Department of Transportation road improvements concluded during the winter. Ordering materials proceeds toward finishing the installation of 9,000 foot of underground section during the third quarter 2005. Tentative agreement has been reached with a trenching contractor.

Activities targeted for Next Reporting Period, Third Quarter 2005:

Receive and prepare materials for installation. Maintain and repair existing remote diesel generators feeding the residential and business community of Dyea. Develop continuing maintenance records and performance data.

ALASKA POWER & TELEPHONE COMPANY
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August 23, 2005

Peter Crimp, Project Manager
Alaska Energy Authority
813 W. Northern Lights Blvd.
Anchorage, AK 99503

Dear Peter,

Enclosed are Alaska Power Company's quarterly reports for the Skagway Line Extension Project, Grant # 2195137. The documents include:

- Financial Report
- Project Progress Report

AP&T has scheduled construction on this project to resume during the late summer 2005. Materials have been ordered but nothing received and no work reimbursable expenses incurred. With no construction in progress, I have not submitting either an invoice or photographs at this time.

Every effort has been made to provide the necessary information. Please contact me if questions arise or if additional information is required.

Sincerely,

Karl B. Wood
Senior Accountant
Regulatory Affairs