

**Alaska Energy Cost Reduction Program
Progress Report**

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

Project Name: APC Automated Controls Project

Grant # 2195136

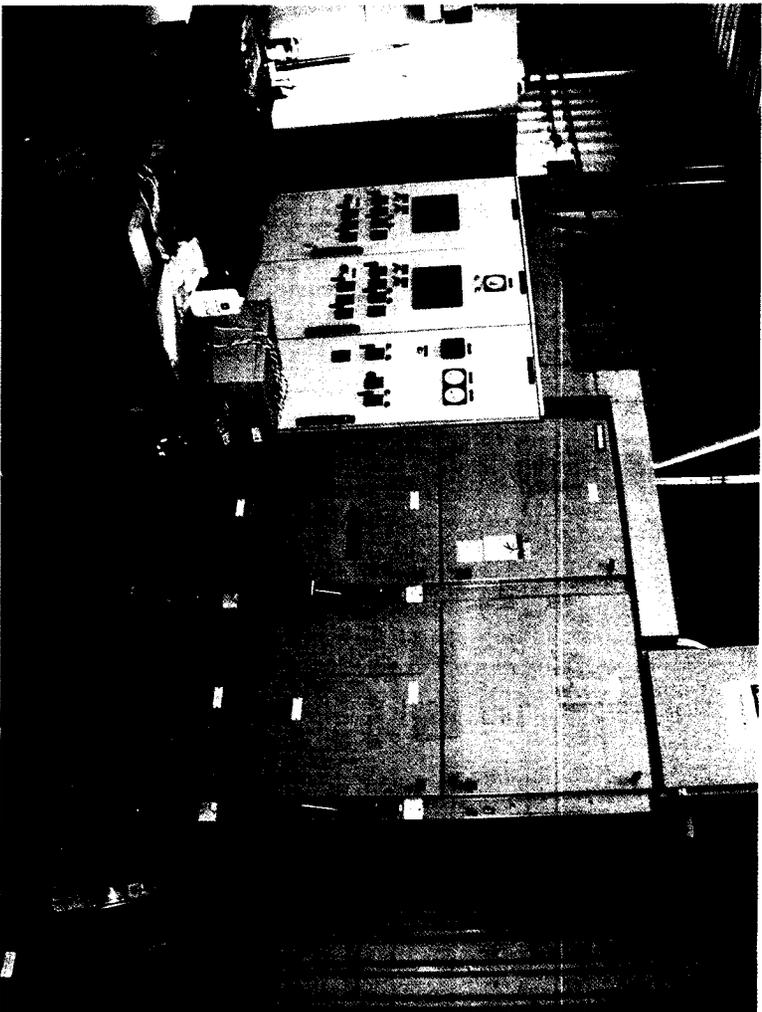
Period of Report: Third Quarter 2004

Project activities completed: The new switchgear and switchboard assemblies have been installed and connected at the Hydadaburg plant. The two main engines, numbers 1 and 5 were connected and commissioned. A separate controller has been installed for engine number 3 as backup. The plant is operational and drawings have been revised "as-installed".

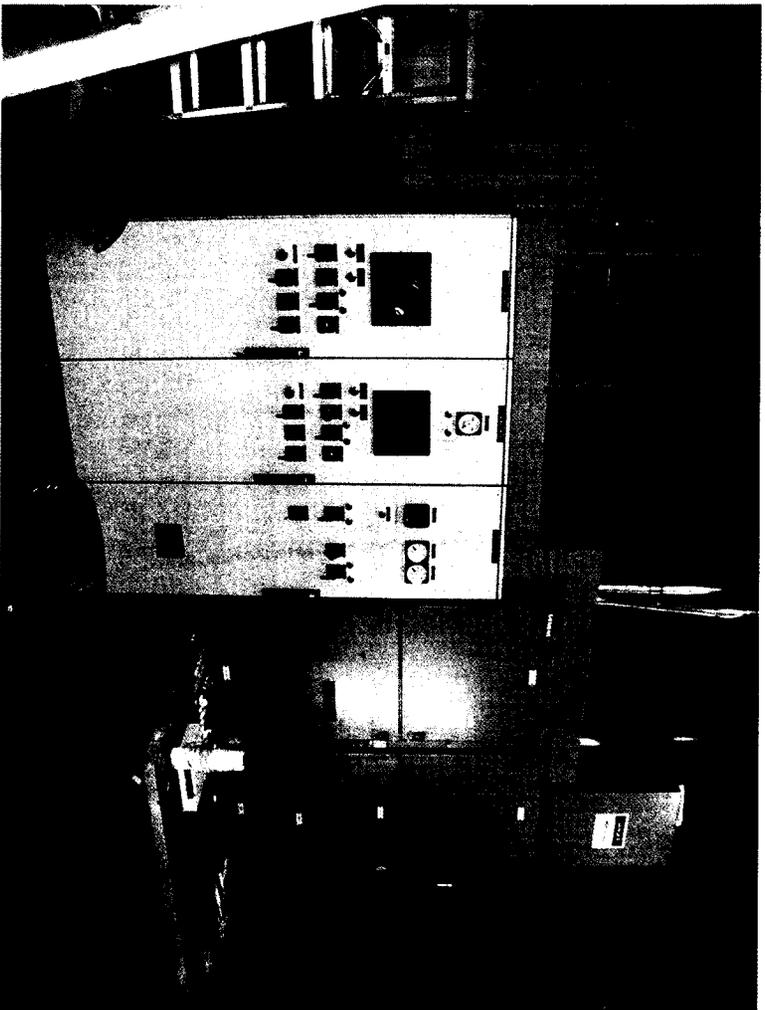
Options for the Coffman Cove and Thorne Bay power plants are part of the bimonthly engineering discussions.

Project existing or potential problems: No problems exist to date. All material is within budgeted amounts.

Activities targeted for Next Reporting Period, Fourth Quarter 2004: It is anticipated that engineering will finalize material for Coffman Cove and Thorne Bay.



C219-1 The newly installed equipment in Hydadburg.



C219-2 The newly installed equipment in Hydadburg.