

**Alaska Energy Cost Reduction Program
Progress Report**

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

Project Name: APC South Fork Hydro Project

Grant # 2195156

Period of Report December 1 to December 31, 2004

Project activities completed:

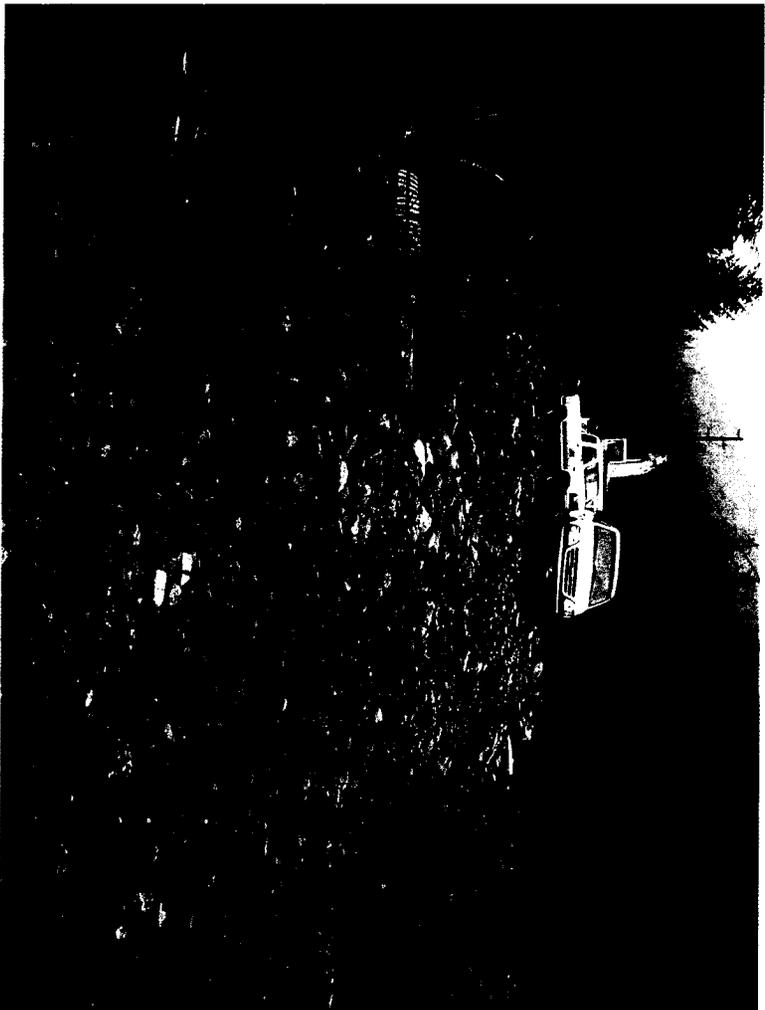
- The east sluiceway wall was formed and poured.
- The south valve house wall was formed and poured
- Forming of the north valve house wall incorporating the valve house door and stairwell is 95% complete. Concrete pour cannot take place until weather improves.
- Five of the water velocity breakers on the spillway have been poured.
- Temporary repairs were made to Black Bear access road for the culvert washout.
- Maintained erosion control measures as needed.

Project existing or potential problems:

Winter weather conditions continue to hamper productivity with and holiday breaks compounding the problems. In addition, a higher than normal water washed out an access road culvert and required temporary repairs. Sealaska, USFS and ADFG are still investigating permanent solutions for this crossing but have allowed temporary repairs. Completion of the diversion dam is critical during the low flow period of the year. The local concrete supplier modified their operations to supply concrete during below freezing weather but remain unproven. A local carpenter has been hired to replace an employee that separated from APC. Another local carpenter/laborer is expected to begin in January. This will provide enough manpower to split the crew and begin the powerhouse foundation.

Activities targeted for the Next Reporting Period, January 2005:

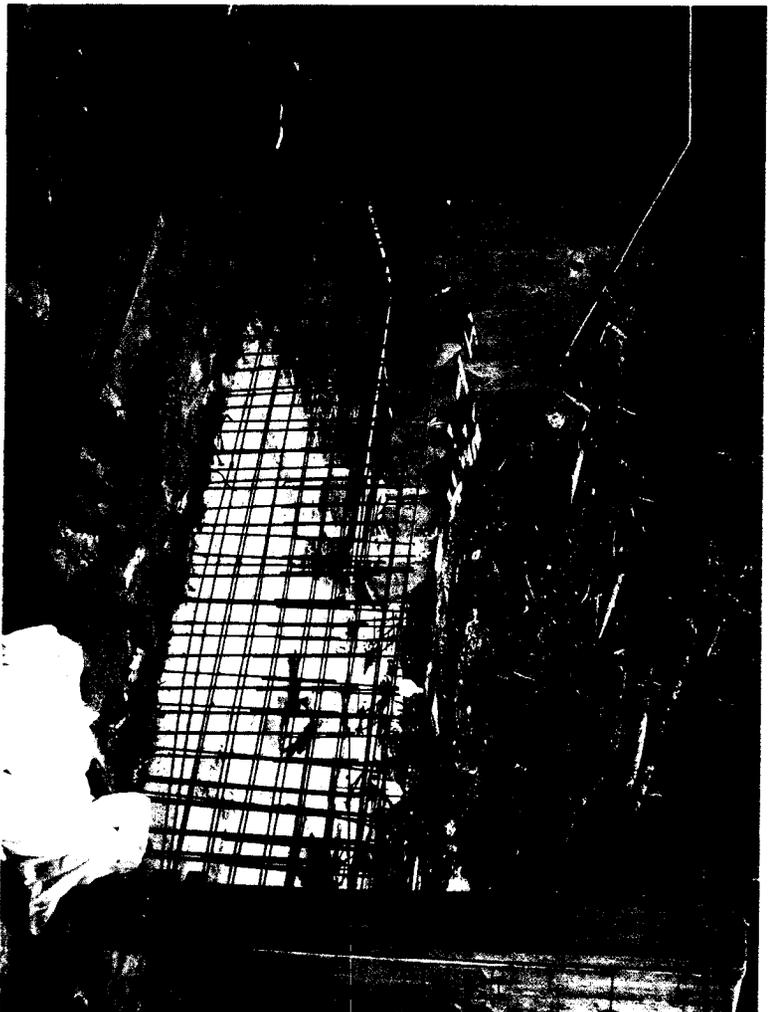
- Continue to follow all environmental plans and any requirement of the Environmental Compliance Monitor.
- Finish forms on north valvehouse wall and pour, continue forming other walls.
- Assemble intake transition, 42" inlet valve, reducer and transition to penstock.
- Extend the transmission line from the BBL powerhouse to the South Fork powerhouse.



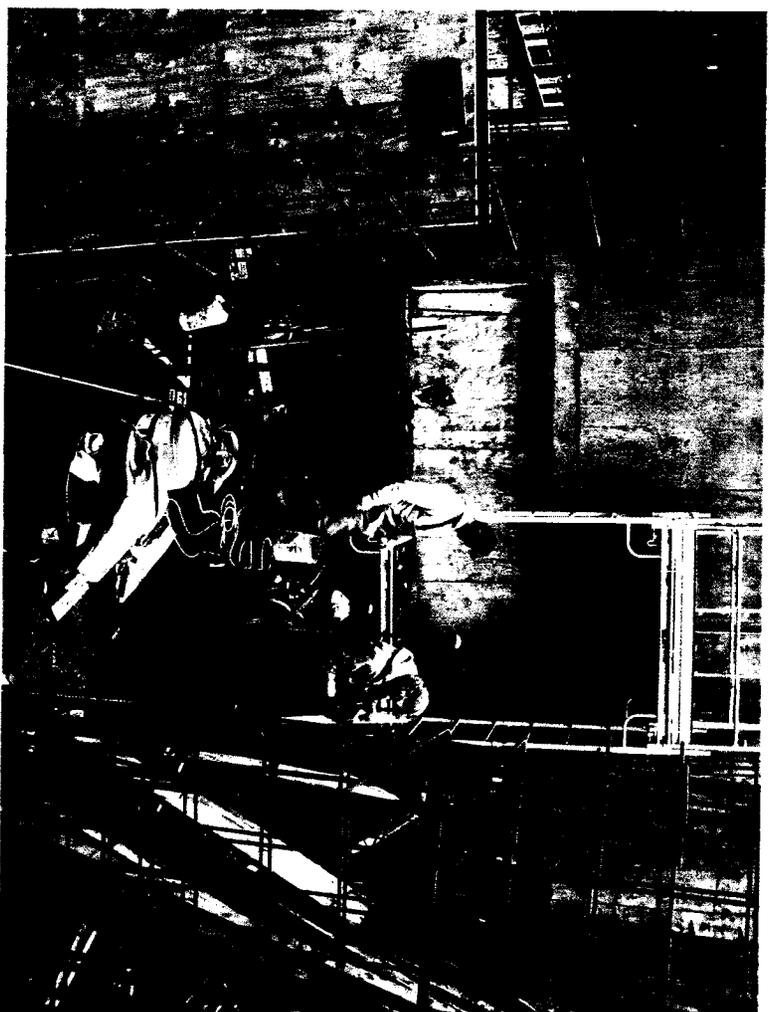
Repaired culvert washout on Black Bear Lake access road



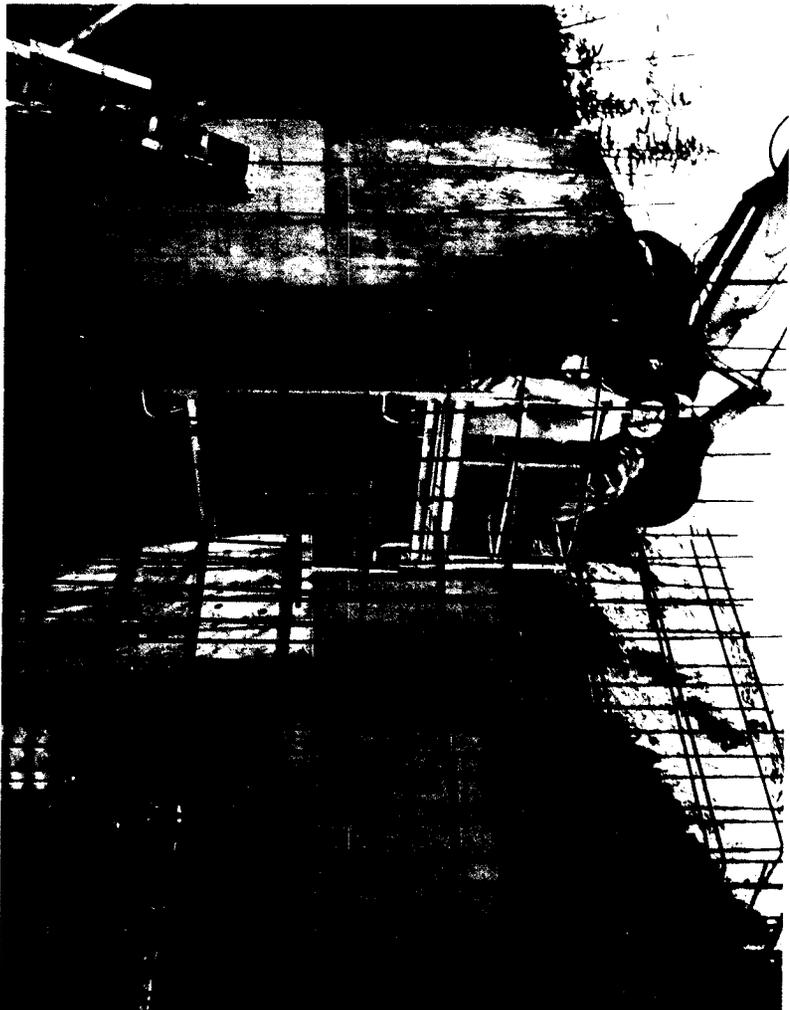
Ed Slattery (AP&T) removing forms form completed east sluiceway wall



Diversion Dam spillway and five force breakers



Ed Slattery and Joe Jester setting forming for South valve house wall



Ed Slattery and Gabe Hubble Removing south valve house wall forms