



Financial Assistance Award

DENALI COMMISSION
 510 "L" Street, Suite 410
 Anchorage, Alaska 99501
 (907) 271-1414

Project Number 0023-DC-2001-15		
Denali Commission Accounting Code		
95670000	FY 2001 USDA-RUS Funding	\$14,250,000
95670000	FY 2001 TAPL Funding	\$3,604,400
Total Commission Funding		\$17,854,400

Recipient Name & Address

Alaska Village Electric Cooperative, Inc.
 4831 Eagle Street
 Anchorage, AK 99503

Phone (907) 561-1818
 Fax (907) 562-4086

Cost Share Distribution			
	Denali Commission	AVEC	Totals
Bulk Fuel	\$11,510,400	\$611,600	\$12,122,000
Power generation	\$6,344,000	\$2,100,000	\$8,444,000
Totals	\$17,854,400	\$2,711,600	\$20,566,000

Authority 112 Stat 1854	Project Title Bulk Fuel and Power Generation Upgrades	Award Performance Period From: Jan 1, 2001 To: Jan 1, 2006
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This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions indicated below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Award.

- EDA Standard Terms and Conditions Public Works and Implementations Construction Components, dated 3/99
- Special Award Conditions and Attachments
- Line Item Budget
- 15 CFR 24, Uniform Admin Requirements for Grants/Cooperative Agreements to State and Local Governments (www.access.gpo.gov/nara/cfr/waisidx_99/15cfr24_99.html)
- OMB Circular A-87, Cost Principles for State and Local Governments and Indian Tribal Governments (www.whitehouse.gov/OMB/circulars/a087/a087-all.html)
- OMB Circular A-133, Audits of States, Local Governments and Indian Tribal Governments (www.whitehouse.gov/OMB/circulars/a133/a133.html)
- 15 CFR, Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Nonprofit, and Commercial Organizations (www.access.gpo.gov/nara/cfr/waisidx_99/15cfr14_99.html)
- OMB Circular A-122, Cost Principles for Nonprofit Organizations (www.whitehouse.gov/OMB/circulars/a122/a122.html)
- OMB Circular A-21, Cost Principles for Educational Institutions (www.whitehouse.gov/OMB/circulars/a021/a021.html)
- EDA Standard Terms and Conditions Capacity Building Programs
- Department of Commerce Financial Assistance Standard Terms and Conditions, dated 10/98

Signature of Authorized Official - Denali Commission 	Typed Name and Title Jeffrey B. Staser, Federal Co-Chair	Date 3/6/01
Signature of Authorized Official 	Typed Name and Title Meera Kohler, President & CEO	Date 2/23/01

Award Conditions to the Financial Assistance Award
Project No. 0023-DC-2001-15
Bulk Fuel & Power System Upgrades
Alaska Village Electric Cooperative, Inc.

1. The scope of work under this financial assistance award is set forth in the December 7, 2000 letter and spreadsheet from the Alaska Village Electric Cooperative, Inc. (hereafter referred to as AVEC), which is attached hereto and a part hereof. Any surplus of funds (on one or more of the projects funded under this Agreement) may be used on other projects identified under this Agreement that may be experiencing a project shortfall. The intent is not to set aside a specific sum of Commission funding to a particular project, but rather that the projects, identified under this Agreement, are all completed successfully.
2. Expenditures made by AVEC on these projects prior to the date of this Financial Assistance Award will be recognized for purposes of AVEC's financial contribution. Expenditures made by AVEC on these projects after the date of this Financial Assistance Award are eligible for reimbursement under this financial assistance award.
3. The Project Officer for the Alaska Village Electric Cooperative, Inc. is Ms. Meera Kohler. The Project Officer for the Denali Commission is Mr. Charles Y. Walls.
4. AVEC is to establish a schedule and budget for each project funded under this agreement within 30 days of the date of the financial assistance award. AVEC shall thereafter submit written progress reports to the Commission Project Officer quarterly (March 31-June 30-September 30-December 31). The reports are due within 30 calendar days of the end of the quarter. Interim reports are required in the event of significant project events that may extend the project schedule and/or impact the project budget. Quarterly progress reports shall include a narrative summary of the project status and accomplishments to date, and address the following questions: is the project on schedule, is the project on budget, and what actions are planned to address any project problems? Shifting of costs between project budget line items by AVEC is allowed provided there is no increase in the total funding provided by the Commission under this Financial Assistance Award. The Commission Project Officer is to be copied on all revisions to the AVEC project schedules and budgets.
5. Four forms of project financial and labor reports are required.
 - A. Project financial status reports shall be submitted to the Commission Project Officer quarterly (included as part of the quarterly progress reports). For each project that includes funding from the Denali Commission, the quarterly financial status report shall show the following:

- i. the total project budget
 - ii. the project schedule with milestone dates for design and construction
 - iii. the total amount of Denali Commission funds committed to the project
 - iv. the total project expenditures as of the end of the most recent quarter
 - v. the total expenditure of Denali Commission funds for the project as of the end of the most recent quarter
 - vi. the percentage of expenditures to the total budget; and
 - vii. a project performance analysis on project line items, as defined by AVEC, showing budget costs compared to actual expenditures and obligations to date versus work performed to date (for each line item).
 - B. Monthly project expenditure summaries (or at other intervals as requested by the Commission Project Officer – but not more frequently than monthly) for each project and revolving fund account summary shall be provided to the Commission Project Officer.
 - C. A Financial Status Report (Standard Form 269 – www.whitehouse.gov/OMB/grants/index.html#forms) shall be submitted to the Commission Project Officer within 90 days after the end of each anniversary of the initial award date, and a final Financial Status Report shall be submitted within 90 days after the end of the Award Performance Period.
 - D. A Labor Type, Residence, and Wage Report shall be submitted to the Commission Project Officer at a minimum of two times annually. At a minimum, these two reports must be submitted on or near August 1st and December 1st each year to correspond with the Alaska construction season. A Labor Type, Residence, and Wage Report must include the following information by construction project for any person employed on the construction of that project: position, place of primary residence, first check date, last check date, rate of pay per hour, payroll earnings from inception of project to date.
6. The cost principles of OMB Circular A-122 are applicable to this award. Indirect costs are not allowable for financial assistance under this agreement. However, indirect costs may be recognized for purposes of quantifying AVEC's financial contribution.
 7. To receive payment, AVEC must submit a "Request for Advance or Reimbursement", Standard Form-270, to the Commission Project Officer. On Standard Form-270 AVEC will request that the Commission transfer the funds directly to a construction fund account ("Account") in the name of AVEC at a bank insured by the Federal Deposit Insurance Corporation. AVEC shall move Commission funds for this Agreement from the Account to reimburse AVEC for expenditures on approved projects, using rules developed by the USDA-RUS for electric cooperative RUS Construction Trustee Funds. These project-level fund transfers shall occur when project funds are required to make payment upon AVEC approved project invoices or when requesting project expenditure

advances. It is expected that AVEC will forecast by letter or spreadsheet format, Commission funds or project expenditure advances needed on a monthly (or as needed) basis for each project. The Commission reserves the right to consolidate project level payments into one payment. The Commission Project Officer may review all payments to determine if the expenditures made are justified and supported by appropriate records, invoices and other documentation. If discrepancies involving the Account funds arise, the Commission reserves the right to prohibit further payments to AVEC, until such time that the discrepancies are resolved to the satisfaction of the Commission.

8. To the maximum extent feasible, considering applicable laws, AVEC shall accomplish the work of this Agreement utilizing local labor and small, minority owned and disadvantaged businesses.
9. No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.
10. Project budget revisions shall be in accordance with 15CFR24.30(c)(2). Written request by letter from the AVEC Project Officer to the Commission Project Officer for concurrence is necessary for budget revision approval where projects are added or deleted or that would require additional Commission funds.
11. AVEC agrees to comply with the Commission's private enterprise policy, a draft of which is attached hereto and made a part hereof.
12. Based upon proposed Federal funding, project level environmental reviews in accordance with the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) are required for each project undertaken with Denali Commission funds. In accordance with NEPA and NHPA legislation, AVEC shall address all potential environmental concerns (specific and cumulative effects) associated with the projects, identified in this Agreement, in consultation with applicable Federal, State, and local authorities. If the scope of work is changed in the future, then AVEC will revisit the project level environmental reviews to determine if potential environmental concerns must be further addressed. In the interest of streamlining the project level environmental reviews and to avoid duplication of effort, any other Federal Agency environmental review process carried out by AVEC on projects, identified in this Agreement, shall meet the intent of this paragraph.
13. The electric utility systems and bulk fuel systems receiving the benefit of Commission funding must be sustainable. Work continues on the criteria for sustainability but in the interim the attached sustainability criteria based on established USDA-RUS regulations shall apply. As a precondition of FY2001 construction funding, a project must demonstrate that it is part of a sustainable electric utility or bulk fuel system.

14. There are many issues such as facility location, project ownership, construction costs, and compliance with sustainability criteria that require resolution prior to proceeding with full design and construction. If project issues cannot be resolved in a reasonable time frame, the Commission expects AVEC to move down its priority list(s) to projects that are ready to proceed to full design and construction. It is expected that the Commission and AVEC Project Officers will meet quarterly to review the progress of projects and collaboratively determine if reasonable progress is being made and what steps should be taken, if any, to deal with new developments encountered in the design and construction process.

PROJECTS PROPOSED TO THE DENALI COMMISSION
By Alaska Village Electric Cooperative
December 7, 2000

PRIORITY 1

Power System Upgrades	AVEC	Denali	Total
Kasigluk /Akula Heights back-up power	400,000*	450,000	850,000
Conversions to overhead – 7 communities	1,400,000 *	1,400,000	2,800,000
Efficiency upgrades – 6 communities	<u>300,000</u>	<u>900,000</u>	<u>1,200,000</u>
Sub Total	2,100,000	2,750,000	4,850,000
Fuel Projects			
Anvik fuel line/tank farm upgrade	52,500	472,500	525,000
Shungnak fuel line to airport	15,500	139,500	155,000
Ambler fuel line to airport	31,000	279,000	310,000
Noorvik tank farm phase two	110,000	990,000	1,100,000
Huslia gasoline fuel line/tank farm liner	<u>25,000</u>	<u>225,000</u>	<u>250,000</u>
Sub Total	234,000	2,106,000	2,340,000
Sub Total Priority 1	2,334,000	4,856,000	7,190,000

PRIORITY 2

Old Harbor pipeline and tank farm consolidation	50,000	1,250,000	1,300,000
Tununak tank farm consolidation	<u>70,000</u>	<u>1,780,000</u>	<u>1,850,000</u>
Sub Total Priority 2	120,000	3,030,000	3,150,000

PRIORITY 3

Three Projects Group

	AVEC	Denali	Total
Koyuk tank farm consolidation	97,600	2,398,400	2,496,000
power plant move		<u>250,000</u>	<u>250,000</u>
Koyuk Subtotal	97,600	2,648,400	2,746,000
 Brevig Mission tank farm consolidation	 80,000	 2,240,000	 2,320,000
power plant upgrade and move		<u>1,560,000</u>	<u>1,560,000</u>
Brevig Mission Subtotal	80,000	3,800,000	3,880,000
 Elim tank farm consolidation	 80,000	 1,736,000	 1,816,000
power plant upgrade and move		<u>1,784,000</u>	<u>1,784,000</u>
Elim Subtotal	80,000	3,520,000	3,600,000
 Subtotal Priority 3	 257,600	 9,968,400	 10,226,000
 Total Proposed Funding	 2,711,600	 17,854,400	 20,566,000

Proposed Funding by Category

Tank Farms and Pipelines	611,600	11,510,400	12,122,000
Power System Upgrades	2,100,000*	6,344,000	8,444,000

*AVEC has in-progress; in-kind or committed power system projects totaling \$1,800,000 for communities related to this funding request.