

**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: October 1 to October 31, 2005

Project activities completed:

- All powerhouse and diversion dam equipment installation completed.
- Repaired the damaged penstock and pressure tested the pipe.
- Test and commission project equipment. See problems to follow.
- The first phase of demobilization completed.

Project existing or potential problems:

During generator bearing temperature probes (RTD) testing, the thrust bearing RTD provided no temperature reading. The RTD inspection showed that the end of the probe was broken off. Turbine and generator package supplier and generator manufacturer, Gilkes and WEG, respectively, were contact resulting in instructions not rotate the unit until the missing parts were in place enabling thrust bearing temperatures monitoring. The broken RTD was discovered on October 5 and a WEG representative delivered a replacement RTD on October 31 creating a three-week delay.

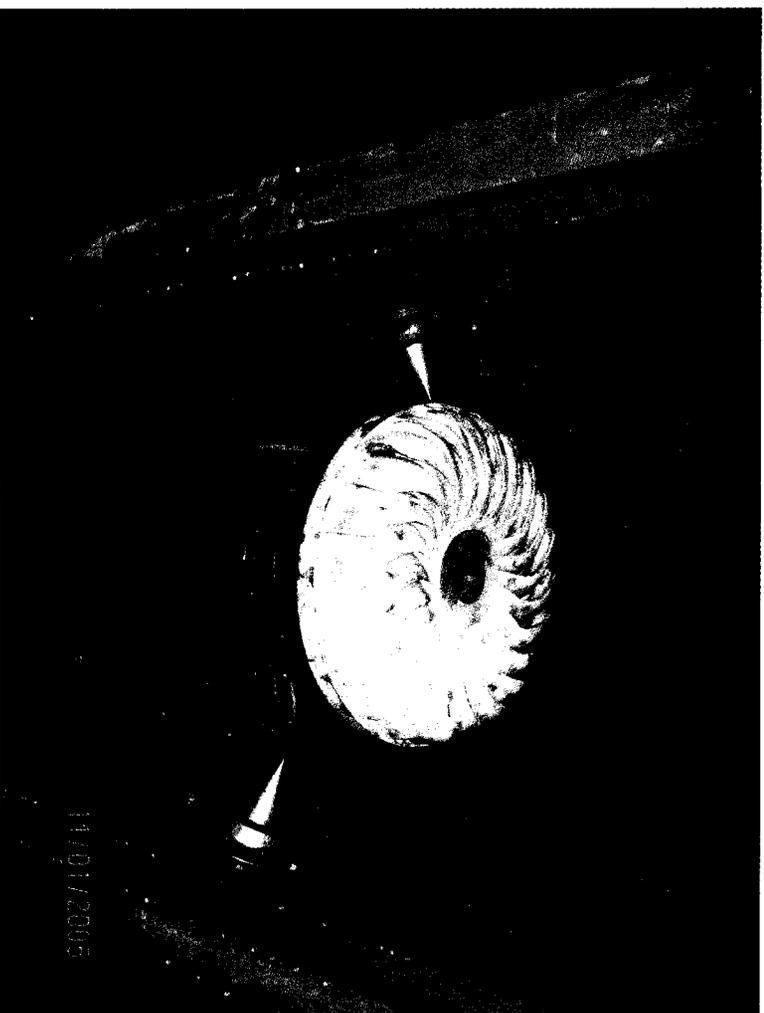
Hydraulic system testing revealed the deflector rate of travel could not be controlled. The hydraulic unit supplier is reviewing this condition and expects to have a solution that will not require any major modifications.

Activities targeted for the Next Reporting Period, November 2005:

- Replace thrust bearing RTD and inspect the bearing.
- Start the unit and complete the testing and commissioning of all systems.
- Test control interface between the BBL and SF hydro plants.
- Upgrade the BBL SCADA system to include the South Fork plant.
- Demobilize construction equipment.



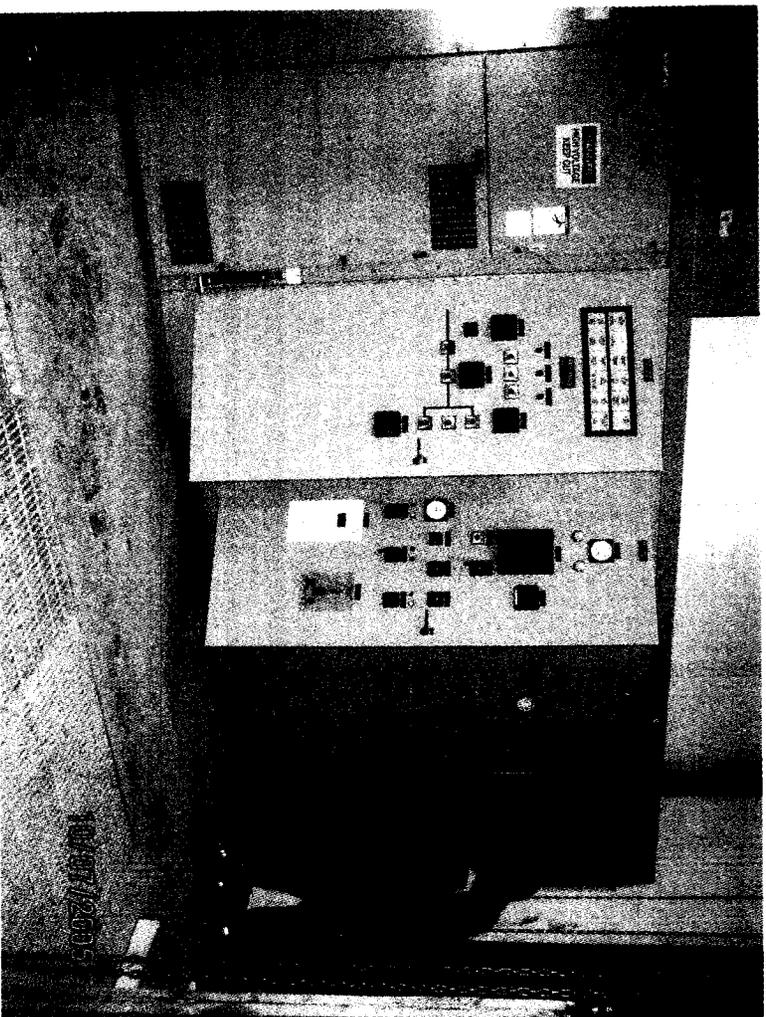
Broken generator bearing temperature probes (RTD).



Interior of turbine case



Turbine and Generator



Final testing of switchgear