Meeting Agenda: Shungnak to Kobuk Tie Line Project

Denali Room 10:30 to 11:30 January 27, 2020

Meeting is to discuss and strategies possible pathways to relinquish the States liability of the Shungnak to Kobuk 12.47kV line.

Attendees:

1.0 Reference Documents

1.1 Specifications and Drawings for Project Erection & Materials (Record Drawings dated Jul 31, 1992) for the Shungak to Kobuk Tie Line Project

1.2 Surcharge Agreement between Alaska Energy Authority and the City of Kobuk, dba Kobuk Valley Electric Authority executed November 28, 1990

1.3 Division of Energy/ AEA O&M Scope of Work, January 5, 1994

1.4 AEA Accounting Data 2006 through 2011 by GL Account and Fund

1.5 PCE FY 2016 through 2019

1.6 Memorandum by Mr. David Lockard regarding Otz Telephone Request Regarding Kobuk-Shungnak Intertie (Fiber Install) and Action Recommendation, January 9, 2020.

2.0 Project Points

2.1 The current 10.5 mile 12.47kV line between Shungank to Kobuk replaced an older single-phase 7.2kV power which reconnected the two communities. The upgrade was commissioned in 1992, funded by AEA and energized on February 21, 1992. The original line was constructed in 1981 by DCED and DEPD under a RSA with the Power Authority.

2.2 In 2012 Alaska Energy Authority, Rural Energy Group issued a contract award to Alaska Line Builders, LLC to supply emergency service repairs necessary to return power to the two communities. Contract award amount to AK Line Builders, LLC was NTE $30,000 (REG Contract Number REG13-009).

3.0 Standing Agreements

3.1 March 6, 1992 Director of Rural Programs (SOA) put Kobuk on notice that because of the rebuild and re-energize of the Tie-Line the Surcharge Agreement with the City of Kobuk will be reactivated.
3.2 Reference Surcharge Agreement dated November 8, 1990. The agreement is between the City of Kobuk and the Alaska Energy Authority, Kobuk agrees to make monthly payments ($0.05/KWh) {price in the Surcharge Agreement contradicts the Memo from the Director of Rural Programs which noted $0.05/KWh vs $0.5/KWh}.

3.3 Per the Surcharge Agreement Sec. 1, Payments para 1: Payments will be collected by the Authority based on meter readings and records supplied by Alaska Village Electric Co-op (AVEC). Kobuk hereby agrees to the release of those records to the Authority and agrees to instruct AVEC to make them available to the authority on a monthly basis.

3.4 The Surcharge Agreement also notes in Sec. 2 Obligations of the Authority, para 1: The Authority agrees to maintain the Transmission in good repair.

3.5 The Authority will send an invoice to Kobuk on a monthly basis outlining any and all charges due per Surcharge Agreement, Obligations of the Authority Sec. 2, para 3.

3.6 For all parties named in 1990 Surcharge Agreement all terms therein expires on November 8, 2020.

4.0 Current Local Activity and Line Physical Condition

4.1 Northwest Arctic Borough (NAB) currently coordinating install of Solar PV/ Batteries in Shungnak/Kobuk. NAB has been in communications with AVEC Operations of best practice to incorporate the battery storage into the Tie-Line. NAB is also soliciting AEA for possible support funding for the project. (Ingemar Anugi Mathiasson, Energy Manager Correspondence January 17, 2020)

4.2 Otz Telephone is requesting authorization from AEA to install/ attach COMM fiber between the two communities. Project is to take place in March –April 2020. (Harold Lambert January 7, 2020)

4.3 What is not clear is if there has been any documented patrols of the line by AVEC or if there are any conductor or structure repairs required. Note: Available documentation within AEA indicates the last repair inspection took place in July 2012 by Alaska Line Builders, LLC.

5.0 AEA Strategy with the Line

5.1 Transfer of the Asset

5.1.1 Transfer via a Conveyance Agreement through AEA Procurement.

5.1.2 AEA to solicit Letters of Interest to obtain ownership by local (or outside) interested participants in the Tie-Line project.
5.1.3 Issue notification to The City of Kobuk that AEA will on XX/XX/XXXX will apply the 1990 Surcharge Agreement Terms.

5.1.4 Notify AVEC that AEA will be reinstituting the terms and condition noted in the 1990 Surcharge Agreement as of hour ending 1 January 1, 2020.

5.2 Liability of Maintain Ownership

5.2.1 Maintain insurance on the line without recouping costs.

5.2.2 Liability to AEA will any and all major maintenance needs of the aged line be funded and self-performed by AEA?

5.2.3 AEA will have to develop a Joint Use Agreement as well policy as to how we establish lines of demarcation with the local authorities. For example what is our responsibility to oversee the Solar PV/ Battery project NAB wants to do?

6.0 Possible Actions

6.1 Notify in writing to the City of Kobuk that AEA intends to execute the conditions set forth in the Surcharge Agreement. AEA is actively investigating SOA guidelines for publicly soliciting the 10.5 mile 12.47kV between Shugnak to Kobuk Tie Line.

6.2 Similar notification to AVEC as noted above for the City of Kobuk. Also we will want to highlight the need to have reliable metered data by the end of January (day 1 after the end of the Each Month)

6.3 Notify Otz Telephone that AEA is researching a Joint Use Agreement to install fiber on AEA structures. Also we should highlight that it is the intent of AEA to advertise the transfer the Tie Line to a public interested interested parties.

6.4 Draft a “letter of intent” to transfer the asset for our internal procurement group.

7.0 What should this internal Memo look like?

7.1 Notes:

7.2 Notes:

7.3 Notes:

7.4 Notes:
7.5 Notes:

7.6 Notes: