



March 14, 2012

Patrick Pletnikoff, Mayor
St. George Municipal Electric Utility
P.O. Box 940
St. George Island, AK 99591-0940

RE: St. George Status Update

Dear Mayor Pletnikoff:

Per your request, the following is a summary status update of the power system projects for St. George.

Generator Upgrade and Logistics

The existing generator end that was in Dutch Harbor has been separated into two pieces enabling the Alaska Energy Authority (AEA) to fly the core to Anchorage to complete reliability upgrades which are done. The shell could not be flown due to weight constraints so it was barged and is currently en route to Anchorage and should arrive next week. It will be re-assembled and flown to St. George for installation on the existing low-time engine. Significant logistical obstacles have been overcome and, weather permitting, installation is planned for the second week in April.

New Power Module/Distribution/Wind Project

The Conceptual Design Report phase is nearing completion including the business plan which has been developed with community cooperation. The Final Design phase has started and is the production of all required contract documents required to build the project. These include design drawings and specifications, etc., required for the bidding and construction of the project.

The total project budget is \$5,204,000. Of that amount, \$1,700,000 has been designated to procure long-lead project items. AEA realizes the importance of this project and is doing everything possible to expedite the schedule for the benefit of the community. An additional \$1,300,000 has been committed for an integrated wind turbine which is an important part of this project. Economic and design considerations have limited the project to one wind turbine; however, the system is designed for future integration of additional wind turbine assets. There will be four 210kw diesel generators housed in the largest power house module. This module will also contain the heat recovery system, switchgear, controls and a separate operator's office. This configuration accommodates future power demand as the community expands its port facilities and other end users. At this time, over \$3,000,000 (\$ 1,700,000 and \$ 1,300,000) has been committed to the St. George project.

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Patrick Pietnikoff
March 14, 2012
Page 2 of 2

A trip to St. George is planned in mid-April for a five to seven member design team. The purpose of the visit is to gather information on the electrical distribution system, heat recovery, and other design items. This trip will be coordinated with the generator upgrade installation if possible. Should the community desire, an informational meeting could be held to provide information and answer questions.

An updated schedule will be provided as information becomes available regarding additional funding, long lead procurement, barging and other logistical considerations.

Please contact me directly if you have any questions.

Sincerely,

ALASKA ENERGY AUTHORITY


Timothy J. Sandstrom *for*
Project Manager

TJS:mc

cc: File