



IPEC



INSIDE PASSAGE ELECTRIC COOPERATIVE

January 27, 2005

Mr. Mike Harper, Deputy Director
AIDEA/AEA
813 West Northern Lights Blvd.
Anchorage, AK 99503

Re: Hoonah Tank Farm Upgrade

Dear Mike:

It has been some time since Montgomery Watson Harza visited Inside Passage Electric Cooperative (IPEC), formerly Tlingit-Haida Regional Electrical Authority (THREA), to collect data for the design of a consolidated tank farm project in Hoonah. To date, I have not heard back from your office on the status of that initiative.

I know that a major goal of AIDEA/AEA's energy program is to improve and consolidate as many deficient rural Alaska fuel tank installations as possible, eliminating the deficiencies in as efficient manner as possible. As you know, Hoonah is one of the communities where such action is needed. The unconsolidated fuel tank situation in Hoonah includes IPEC's tank farm and, thus, I am renewing my request for assistance.

IPEC would like to replace its existing five tanks (two which are no longer used) totaling 34,000 gallons with two double walled 10,000 gallon tanks. We estimate the total cost to be in the \$225,000 to \$300,000 range, depending on whether the existing site is used or whether the existing site is decommissioned and new tanks are located to one side of the existing site.

IPEC currently rents the tank farm and electric generation site from the City of Hoonah, and there is no objection from the City to the upgrades I outlined above. Additionally, IPEC is in final negotiations with Wards Cove for our fuel supply needs. Wards Cove also welcomes the upgrade project.



IPEC



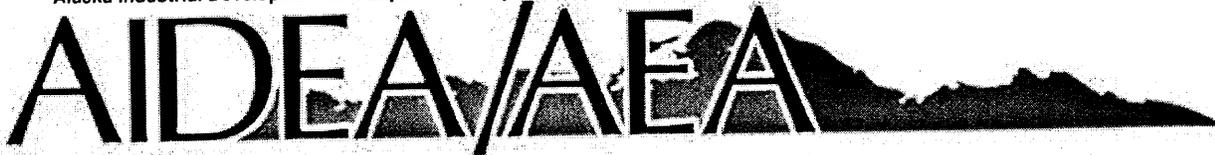
INSIDE PASSAGE ELECTRIC COOPERATIVE

Please give expedited attention to our request for Hoonah. This work is long overdue, and we would like to collaborate with your office to make it happen.

Sincerely,

Vern Rauscher
General Manager

Cc: Jeff Staser, Denali Commission Executive Director
Al Ewing, Denali Commission Chief of Staff
Mayor Wendy Skaflestad, City of Hoonah
Jan Supler, Wards Cove
Liv C. Gray, IPEC Board President



February 2, 2005

Vern Rauscher, General Manager
Inside Passage Electric Cooperative
P.O. Box 210149
Auke Bay AK 99821

Dear Mr. Rauscher:

Thank you for your 1/27/05 letter, in which you asked for assistance from the Alaska Energy Authority (AEA) with upgrading IPEC's powerhouse fuel storage facility in Hoonah. AEA started development of a fuel storage project in Hoonah several years ago, however it has been put on hold at different times due to private enterprise issues and lack of agreement between local fuel storage stakeholders.

Last summer, Jan Supler of Wards Cove Packing Company met with Chris Mello and David Lockard of the Alaska Energy Authority (AEA) to discuss a Hoonah fuel storage project. At that meeting Mr. Supler agreed to meet with Mayor Windy Skaflestad of Hoonah to prepare a proposal for a community-wide fuel storage project. I have attached a copy of the 8/12/04 e-mail summarizing that discussion. AEA has not received a proposal to date.

I encourage you to work with Mr. Supler, Mayor Skaflestad, and other bulk fuel stakeholders in Hoonah to develop a bulk fuel storage project proposal that conforms with Denali Commission policies and guidelines and also meets the needs of all stakeholders. David Lockard, the AEA bulk fuel project manager for Hoonah, is available to assist you with that process.

You may find it useful to review the Denali Commission's website at <http://www.denali.gov/>, particularly the energy policies and the community planning resources sections.

One of the issues to consider in determining Hoonah's fuel storage requirements will be the impact of the recently-funded Juneau/Greens Creek/Hoonah intertie on Hoonah's future fuel storage needs. Any insights you can provide into that impact would be helpful.

Sincerely,

Mike Harper
Deputy Director

cc: Wendy Skaflestad, Mayor, City of Hoonah
Jan Supler, Vice President, Wards Cove Packing Company
Liv C. Gray, President, IPEC Board
Jeff Staser, Federal Co-Chair, Denali Commission
Al Ewing, Chief of Staff, Denali Commission
Kathy Prentki, Energy Program Manager, Denali Commission

Attachments: 8/12/04 e-mail from David Lockard to Jan Supler

David Lockard

From: David Lockard
Sent: Thursday, August 12, 2004 3:50 PM
To: 'JAN SUPLER-WARDS COVE'
Cc: Chris Mello; David Lockard
Subject: HOONAH BULK FUEL MEETING ON 8/9/04

Jan-

Thank you for taking the time to meet with me and Chris Mello on Monday. You mentioned at that meeting that the City of Hoonah and Ward's Cove are working together on a bulk fuel upgrade proposal to present to our agency. The Alaska Energy Authority would be happy to receive a joint proposal from the City of Hoonah and Ward's Cove. Please note that any project would be subject to current Denali Commission requirements such as business and community plans, as well as a financial due diligence review.

The Hoonah bulk fuel project is currently on hold. Work was done last year on the development of a conceptual design report, however it was not completed.

David



STORE & FUEL DIVISION

88 E. HAMLIN ST.
P.O. BOX 5030
SEATTLE, WA 98105-0030

PHONE (206) 323-3200

FAX (206) 726-3785

February 10, 2005

Via facsimile: (907) 269-3044

Mr. Mike Harper
Alaska Industrial Development and Export Authority
Alaska Energy Authority
813 West Northern Lights Boulevard
Anchorage, Alaska 99503

Dear Mr. Harper:

Thank you for copying Wards Cove Packing Company (WCP) regarding the Inside Passage Electrical Authority (IPEC) request for assistance in upgrading the bulk storage capacity at the IPEC Hoonah electrical generating facility.

In the past Wards Cove has opposed the proposed bulk fuel storage projects on the basis of conflict with private enterprise issues. We have discussed with IPEC their plans to install two 10,000-gallon tanks to supply diesel fuel to their generators. Wards Cove fully supports the current IPEC proposal for upgrading the storage tanks at the IPEC Hoonah powerhouse. These upgrades will improve safety and reduce environmental risk to IPEC and the community.

Sincerely,



Jan G. Supler
Vice President, Retail Operations

Cc: Vern Rauscher, General Manager, IPEC
Liv C. Gray, President, IPEC Board
Windy Skaflestad, Mayor, City of Hoonah
Jeff Staser, Federal Co-Chair, Denali Commission
Al Ewing, Chief of Staff, Denali Commission
Kathy Prentki, Energy Program Manager, Denali Commission

RECEIVED
DEC 17 2005

ALDEN/2005



City of Hoonah
P.O. Box 360
Hoonah, AK 99829-0360
Phone: 907-945-3663
Fax: 907-945-3445

December 15, 2005

Mike Harper, Deputy Director
Rural Energy Group
Alaska Energy Authority
813 W Northern Lights Blvd.
Anchorage, AK 99503

RE: Request for Funding for Conceptual Design Report

Dear Mr. Harper:

The City of Hoonah wishes to pursue construction of a bulk fuel facility in Hoonah, Alaska under the Denali Commission Bulk Fuel Program. The City has discussed a proposed bulk fuel project with Wards Cove Packing Company, owner of Hoonah Trading Company, the sole private fuel supplier in Hoonah, Alaska. The City and Wards Cove wish to work cooperatively on this project as contemplated by the Denali Commission Private Enterprise Policy because both parties believe such cooperation will result in a direct and substantial public benefit to the community of Hoonah, Alaska from a state of the art, environmentally code compliant facility.

By this letter, the City of Hoonah respectfully requests funding for a conceptual design report for a bulk fuel facility project in Hoonah, Alaska. Wards Cove supports this request.

Please contact me if you should have any questions.

Respectfully,

A handwritten signature in black ink that reads "Dennis H. Gray, Jr." in a cursive style.

Dennis H. Gray Jr.
Mayor

Cc: Jan Supler, Vice President-Retail Operations, Wards Cove Packing Company, dba Hoonah Trading Company