



**Denali Commission**  
510 L Street, Suite 410  
Anchorage, AK 99501

907.271.1414 *tel*  
907.271.1415 *fax*  
888.480.4321 *toll free*  
[www.denali.gov](http://www.denali.gov)

October 5, 2005

Carl Dock, President  
Kugkaktlik Limited  
PO Box 36  
Kipnuk, Alaska 99614-0036

RE: Kipnuk Fuel Project

Dear Mr. Dock,

Thank you for your letters of September 20, 2005 and October 4, 2005 concerning the Conceptual Design Review (CDR) being conducted by the Alaska Energy Authority (AEA). The Authority, as our program partner, is presently in the conceptual phase, gathering comments from community members and organizations in Kipnuk concerning a potential upgrade to the community fuel farm. This process began in late 2004 when AEA initially corresponded with your fuel manager, Mr. Nelson Anavar and others in the community, requesting comments on the concept design. I understand Mr. Lockard, AEA's project manager, plans to return to Kipnuk later this month to continue this dialogue.

The concerns listed in your earlier letters may have merit and the CDR phase is the proper time to address them. I regret that I will be out of town on October 18<sup>th</sup> when you requested to meet with us. Additionally, the 18<sup>th</sup> is a State of Alaska holiday, so to my knowledge our state partners are also unavailable.

The Commission and AEA commit to working with all bulk fuel stakeholders in Kipnuk to ensure everyone has input into the project design, to include its location within the community. AEA will not proceed to final design until this occurs. However, in order for this potential project to be successful, we need all community members and stakeholders to work cooperatively with AEA. The Commission and AEA look forward to working with you, the Traditional Council, and the community members of Kipnuk to ensure a successful outcome that benefits the community for years to come.

Sincerely,

A handwritten signature in black ink that reads "Roger B. Marcil". The signature is fluid and cursive.

Roger B. Marcil  
Executive Director

Cc:  
Alaska Energy Authority  
Alaska Federation of Natives

# Kugkatlik, Ltd.

P.O. Box 036  
Kipnuk, Alaska 99614  
Phone: 907-896-5414  
Fax: 907-896-5140



September 20, 2005

Roger Marcil  
Denali Commission  
510 L Street, 4th Floor  
Anchorage, Alaska 99501

**via fax & mail: 907-271-1414**

Dear Executive Director Marcil:

On behalf of the Kugkatlik, Ltd. Board of Directors (BOD) and shareholders, I am requesting that the Denali Commission consider the input of the BOD and its' shareholders in selecting a site for the Kipnuk Tank Farm Consolidation Project (tank farm project). Kugkatlik, Ltd. is considered one of the main participants in the present tank farm project conceptual plan designed by LCMF for the Alaska Energy Authority who is the main recipient of the conceptual plan grant for Kipnuk's tank farm project.

The BOD was not aware that the conceptual plan for the tank farm project involved the use of Kugkatlik's main fuel tanks. The BOD was never invited to participate in any of the meetings that took place in Kipnuk regarding the tank farm project. The input of the shareholders of Kugkatlik, Ltd. and tribal members of the Native Village of Kipnuk should be solicited during the formulation of the "Conceptual Plan" for the tank farm project.

BODs was not aware that the conceptual plan had already been completed and published. On August 10, 2005 during a regular BOD meeting, the General Manager informed the BOD that he came across a copy of the tank farm project conceptual plan at the U.S. Post Office in the public entry way. No formal documents in attention of Kugkatlik, Ltd. were ever received either from LCMF or AEA regarding the tank farm project in Kipnuk.

Written public notices have never been published by the Kipnuk Traditional Council regarding any public meetings to the village residents, including this tank farm project. They wait until the last minute to inform the public to these kind of meetings, as was the case regarding the reported meeting in June '05.

The BOD has several questions on how the AEA plans to proceed with the tank farm project:

1. When and how was the site selected by LCMF without first involving the participation by the residents of Kipnuk who are intended to be the main end users of this facility?
2. When and how many meetings were there regarding the tank farm project proposal involving the residents of the community? Why weren't public notices put up in the community 10, 20, 30 days in advance informing the public in Kipnuk that LCMF is putting together the conceptual plan for the tank farm project in Kipnuk?
3. Kugkatlik, Ltd. is identified as the main participant in the tank farm project for Kipnuk. Why wasn't the BODs informed about the pending "conceptual plan" formulation/design prior to its publication?
4. Other viable locations/sites are available and need to be considered and discussed with the village residents for this tank farm project.

5. Proposed pipeline traversing through a residential neighborhood was never presented to the community for their input. Why is the pipeline going through a residential neighborhood without any input from the community residents?

6. The Kipnuk Traditional Council (KTC) is identified as a potential primary owner of the tank farm. They will have responsibility to operate and maintain the facility. Recent year ('01-03) audit revelations

of KTC finances have resulted in loss of KTC's contract with BIA, and they owe the federal government several hundred thousand dollars. Based on the financial irregularities and the present population of KTC, the BOD's of Kugkaktlik Ltd will not be rushed to make commitments to place corporation assets under the auspices of KTC without first obtaining assurances in writing from KTC (or whoever they may contract) that Corporation asset(s) will not be compromised in any way. Will Denali Commission make an exception and forego the requirements of sustainability with a government that has a history of questionable operating procedures and unaccountability?

This tank farm project conceptual plan will be followed by the Rural Power System Upgrade/Wind (RPSU) conceptual plan. AEA must involve adequate participation of the community residents of Kipnuk in the process of this plan. The generator plant should be located physically closer to the tank farm for logistical reasons. There are two other sites located in the community where the tank farm and generator plant could be located.

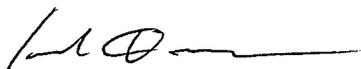
In closing, we will work with AEA to propose two other sites for consideration for the tank farm project in Kipnuk, and I hope that consideration for adequate input of our village residents will be seriously considered in future projects within the community. The KTC officials and administration have not been very effective in providing any information to the public or taking any input from the residents since 2001. They generally do not advertise or publicize council meetings. They may advertise some meetings as they did the June '05 Oen meeting only with a few minutes heads-up VHF radio announcement and generally no written public notice.

The meeting that Mr. Lockart set up with KTC and Kugkaktlik was not posted until 2 days before the meeting. This is not the proper amount of time to notify the Corporation in Kipnuk about any joint meeting. 2 hours is also not enough time to plan this kind of important meeting. Mr. Lockart, AEA Project Manager and Mr. Glen Oen, LCMF were planning to meet with KTC and Kugkaktlik on September 15, 2005 which they postponed until after October 9<sup>th</sup>, 2005. They were planning to come into Kipnuk for 2 hours and then leave. Consider accomplishing your goals for this magnitude of a project in 2 hours?. More time should be planned on a very important meeting like this. It's also easier to get more people together in the evenings. You can't get people in Kipnuk together in a meeting in one morning.

AEA received this funding on behalf of Kipnuk and they should use this grant to create a project for the benefit of Kipnuk with proper input from the community residents. Kugkaktlik, Ltd. has used over \$3,000 of its corporate resources, which by the way is a lot of money to us, towards this worthwhile project that the AEA should be footing with the grant that they received. The BOD feels that the time we've spent on discussing this issue has been worthwhile. We feel that our efforts will allow the AEA to consider the input of the Kipnuk residents, including the input that we provide on their behalf towards the Kipnuk tank farm project.

Thank you and we will look forward to your prompt response to our questions and input.

Sincerely,



Carl Dock  
BOD Chairman

# KUGKAKTLIK LIMITED

P.O. Box 36  
Kipnuk, Alaska 99614-0036

Phone No: (907) 896-5414 or 5415  
Fax No: (907) 896-5140

October 4, 2005

Roger Marcil, Executive Director  
Denali Commission  
510 'L' Street, Suite 410  
Anchorage, Alaska 99501  
VIA FACSIMILE: (907) 271-1415

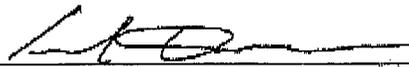
Re: Kipnuk Bulk Fuel Project

Dear Mr. Marcil,

Kugkaktlik Limited is an ANCSA village corporation with interests in the Kipnuk Bulk Fuel Project, a project which was awarded \$150,000 by the Denali Commission for its Conceptual Planning. Despite our bulk fuel tanks being incorporated into the Kipnuk Bulk Fuel Conceptual Plan the Kugkaktlik Limited Board of Directors were never contacted by LCMF or the Alaska Energy Authority. We have tried to work with the Recipient Project Manager in resolving this encroachment on our assets, but communications have become fruitless. Kugkaktlik Limited wants to see this project commence, but proper procedures and protocols have to be followed getting there.

Members of Kugkaktlik Limited will be in Anchorage on October 18, 2005 and would like to schedule a meeting with Kipnuk Bulk Fuel Project Contacts, of which includes; Kathy Prentki, Energy Program Manager, Rayna Swanson, Liaison/Program Manager, Chris Mello, Recipient Program Manager, and David Lockard, Recipient Project Manager. Please let me know if you will be available to accommodate our visit. Thank you.

Sincerely,  
Kugkaktlik Limited

  
Carl Dock, President

Cc: Kathy Prentki & Rayna Swanson, Denali Commission, FAX (907) 271-1415  
Chris Mello & David Lockard, AEA/LCMF, FAX (907) 269-3044