ALASKA POWER & TELEPHONE COMPANY
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MAY 1 2003

April 28, 2003

Ms. Kathleen Prentki
Denali Commission
510 "L" Street, Suite 410
Anchorage, AK 99501

RE: Project No. 0073-DC-2002-I26 Prince of Wales Island Upgrades
Report Period: January 1, 2003 to March 31, 2003

In compliance with the Denali Commission Grant Award Conditions, Alaska Power Company (APC) submits the following documents for first quarter 2003:

1. Narrative Summary of Project Status
2. Financial Status Worksheet
3. Photographic Documentation

Alaska Power Co. has resumed work on this grant and expenses have now surpassed the previous overdraw of the funding account by approximately $37,000. Due to the time that has passed since the last draw in August 2002, I will re-establish the ASAP account procedures and plan on requesting a draw for this amount. Further draws will be requested when I receive firm documentation of expenses.

Every effort has been made to provide the necessary information. Please contact me if questions arise or if additional information is required.

Respectfully submitted,

Dusty Nellis
Assistant Controller

Alaska Power Comp[any
Denali Commission Grant
Mergers and Consolidation Project No. 0073-DC-2002-I26
Financial Status Report
January 1 through March 31, 2003

4/28/03
Dusty Nellis

Work Description	Total Project Budget	Budget 1st Qtr	1ST QUARTER 2003 ACTUAL ALLOWABLE COSTS: Direct Labor	Fringe Benefits @ 52%	Direct Costs	Heavy Vehicle @ 46%	Light Vehicle @ 26%	G & A Overhead @ 25%	Total 1st Qtr Project Expense	GRANT Project to Date Expenses Beg 4/1/02	APC Project to Date Expenses Beg 1/1/02	APC Cost % of Total Budget
Klawock:												
C245 Replace deteriorated poles	118,500.00		5,216.67	2,712.67	662.92	4,174.29	-	3,102.90	15,869.45	48,807.44	59,255.17	50.00%
C246 Replace undersized poles	125,000.00		21,607.85	11,236.08	(5,938.25)	10,864.73	-	9,722.72	47,493.13	179,473.04	179,473.04	143.58%
C242 Correct NESC violations	10,500.00			-		8.74	-	1.75	10.49	220.25	220.25	2.10%
C244 TV cable/Raptor protection	17,000.00			-		1,248.05	-	249.61	1,497.66	10,782.91	15,328.99	90.17%
C243 OCP scheme and implementation	9,000.00			-		104.29	-	20.86	125.15	2,891.64	2,891.64	32.13%
C247 Re-route distribution on Anchorage Ave.	10,000.00		136.00	70.72		78.61	-	70.53	355.86	741.06	741.06	7.41%
C241 Extend 3 phase power to 3 areas	10,000.00		-	-	-	-	-	-	-	2,884.32	10,382.28	103.82%
Total Klawock	300,000.00	-	26,960.52	14,019.47	(5,275.33)	16,478.71	-	13,168.37	65,351.74	245,800.66	268,292.43	89.43%
Kasaan:												
C238 Upgrade switchgear (C207 added))	35,000.00		2,894.50	1,505.14	1,885.99	1,050.49	-	1,576.22	8,912.34	41,607.88	44,402.26	126.86%
Map URD (underground) system	5,000.00			-		-	-	-	-	-		0.00%
Insulate power plant building	10,000.00			-		-	-	-	-	-		0.00%
Replace non-compliant parts of URD system	50,000.00			-	-	-	-	-	-	-		0.00%
Total Kasaan	100,000.00	-	2,894.50	1,505.14	1,885.99	1,050.49	-	1,576.22	8,912.34	41,607.88	44,402.26	44.40%
Thorne Bay:												
Replace 3 transformers with 1-750 KVA unit	25,000.00			-		-	-	-	-	-	-	0.00%
Rebuild non-compliant substation	60,000.00			-		-	-	-	-	-	-	0.00%
Replace 480V breakersw/4.16 kV OCRs	60,000.00			-		-	-	-	-	-	-	0.00%
Replace 480V distribution	30,000.00			-		-	-	-	-	-	-	0.00%
Correct NESC violations	10,000.00			-		-	-	-	-	-	-	0.00%
Remove abandoned TV cable	15,000.00			-		-	-	-	-	-	-	0.00%
Total Thorne Bay	200,000.00	-	-	-	-	-	-	-	-	-	-	0.00%
Total Grant	600,000.00	-	29,855.02	15,524.61	(3,389.34)	17,529.20	-	14,744.59	74,264.08	287,408.54	312,694.69	52.12%

Denali Grant Prince of Wales Island Upgrade Project Budget	600,000.00	100.00%
Total allowable grant project expenditures @3/31/03	287,408.54	47.90%
Total Denali Funds used @ 3/31/03	250,000.00	41.67%
Expenses not yet Drawn from Project	37,408.54	

Alaska Energy Cost Reduction Program
Progress Report

Grantee: Alaska Power Company (a/k/a Alaska Power and Telephone Company)

Project Name: APC Mergers and Consolidation Project, Prince of Wales Island (POW Upgrades)

Grant # 0073-DC-2002-I26

Period of Report: JANUARY 1, 2003 through MARCH 31, 2003

Project activities completed:

Undersized and Deteriorated Pole replacement in Klawock is ongoing.

Additional work on the Kasaan Switchgear upgrade was completed.

Project existing or potential problems:

No problems existing or indicated at this time.

Activities targeted for Next Reporting Period, April 1 through June 30, 2003:

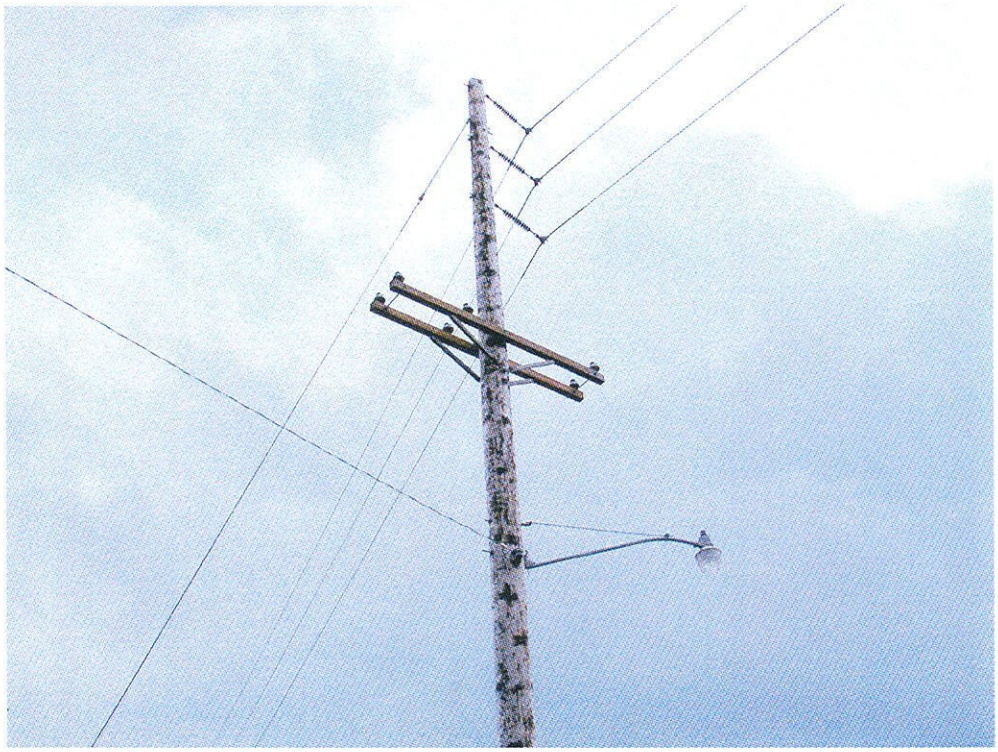
Continue with replacement of deteriorated and undersized poles in Klawock.

Complete Raptor protection on Harbor View Drive by June 30.

Complete design on replacement of Thorne Bay Substation.

Complete design on replacement of 480 volt breakers with 4.16 kV OCRs.

Klawock - The new pole on the right has been set and framed for the re-build of distribution on Anchorage Ave. There are two new poles in total for this portion along with the framing of existing transmission poles for running the distribution lines under the existing transmission lines.



Klawock - Example of one of the new completed poles.

Klawock - This new pole will be complete when the phone cable is transferred from the old pole.

Another deteriorated pole being replaced in Klawock.

Klawock – The top photo (9/30/02) and the one below (3/31/03) are before and after examples of replacing undersized poles. The distribution line on the short pole was transferred to the new pole as an "under-build" to the transmission line strung through the top set of insulators of the pole on the left.