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I am pleased to present the Denali Commission's (Commission's) revised detailed budget request for Fiscal Year 2010. This letter supercedes our budget letter dated May 7, 2009. The Commission supports the President's recommendation of \$16 million.

The Denali Commission was established by The Denali Commission Act of 1998 (Title III, P.L. 105-277, 42 USC 3121), which recognized the need for a coordinated approach to address the vital health and infrastructure needs of Alaska communities, particularly isolated Native villages and other communities lacking access to the national highway system, affordable power, adequate health facilities, and other contributors to achieving economic self-sufficiency.

The Commission's programs promote the health, safety, and sustainability of Alaskan communities. Because of geographic isolation and economic challenges, significant portions of our rural population still live without basic infrastructure, proper health standards, and adequate public facilities.

This FY 2010 request will allow the Commission to deliver critical energy projects to Alaska's communities. With diesel fuel topping \$8.00 a gallon in many of Alaska's rural communities, the Commission's active engagement in developing alternative and renewable energy supplies is more critical than ever. These projects, which include hydropower, in-river turbines, wind generation, and geo-thermal power plants, directly complement President Obama's call to reduce dependence on foreign oil sources and diversify our energy portfolio. The Commission's energy program also funds the planning, design, and construction of bulk fuel tanks and rural power systems, which helps isolated Alaskan communities reduce energy costs and bring their facilities up to code.

The Denali Commission will continue planning, designing, constructing, and equipping health facilities located in rural Alaska communities. In support of these infrastructure projects, the FY 2010 request will also provide funding for critical economic development and workforce development projects, creating jobs and improving employability for hundreds of Alaska residents. Several of these program activities also correlate with President Obama's "green jobs" initiative.

Since its inception the Commission has actively participated in approximately 1,820 projects. Of that total, there are currently 1,200 projects at various stages of active status ranging from creation to close-out process.

In addition to successful program delivery, the Commission continues to make improvements and receive recognition of its administrative and operational services. The Commission utilizes the Office of Management and Budget Centers of Excellence in human resources, travel and procurement. In FY 2008 the Commission successfully transitioned to the Grants Line-of-Business and is in the process of migrating to the Finance Line-of-Business, a change which will be fully implemented by October 1, 2009.

The table below enumerates the budgeted line items for Fiscal Year 2010 in accordance with our requested \$16 million.

<b>FY 2010 Budget Request</b>	<b>Discretionary</b>	<b>Trans-Alaska Pipeline Liability</b>	<b>Total</b>
<i>10 Personnel Compensation and Benefits</i>	590,000.00	210,000.00	<b>\$800,000.00</b>
<i>20 Contractual Services and Supplies</i>			
<i>30 Acquisition of Assets</i>			
<i>40 Grants and Reimbursable Agreements</i>	11,210,000.00	3,990,000.00	<b>\$15,200,000.00</b>
<i>[Energy, Health &amp; Training]</i>			
<b>Total</b>	<b>\$11,800,000.00</b>	<b>\$4,200,000.00</b>	<b>\$16,000,000.00</b>

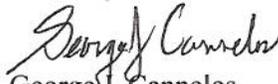
The *Inspector General Act Amendment of 1988 (P.L. 100-504)* requires the Commission to maintain an independent Office of Inspector General (OIG), which reports to the Federal Co-Chair and Congress.

Per a revised budget by the Office of Inspector General, the Inspector General requests \$418,000 for the expenses of a two-person staff, related expenses, and required contract audit, investigative, and legal support. This amount includes \$10,000 for training. In October 2008, Congress passed *The Inspector General Reform Act (PL 110-409)*. This legislation placed increased requirements on the office of each Inspector General. This budget reflects the increased costs associated with complying with this legislation. Inspector General activities will continue to emphasize the effectiveness and efficiency of program operations and compliance with laws and regulations affecting grant programs. This includes review and evaluation activities in connection with the GPRA, the Single Audit Act, and GISRA, as well as coordination and cooperation with other oversight offices on crosscutting issues and legislated reviews. Audit activities enable the Commission to produce audited financial statements, as other agencies are required to do under the Accountability of Tax Dollars Act.

The OIG FY10 request includes \$51,000 to cover the costs of the financial audit. Until this year, audit costs were placed in the agency's administrative budget.

The Denali Commission would like to thank you for your support. Should you have any questions, please do not hesitate to contact me.

Sincerely,



George J. Canelos  
Federal Co-Chair