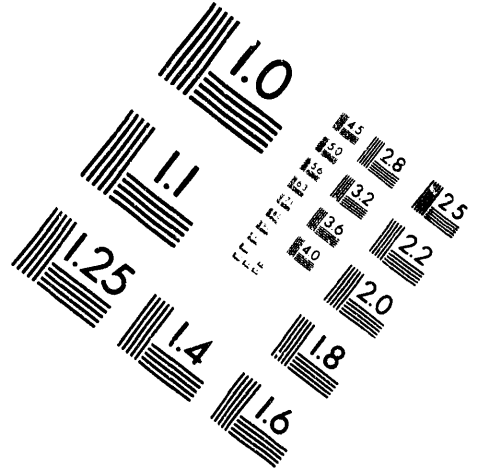
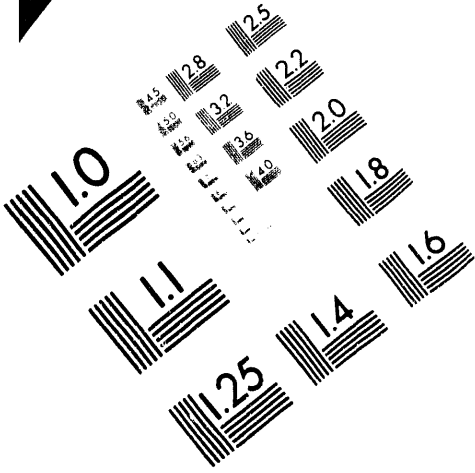




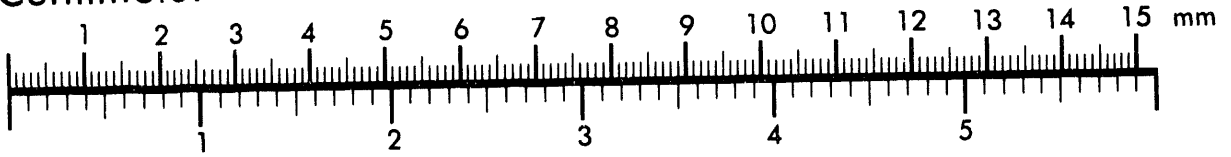
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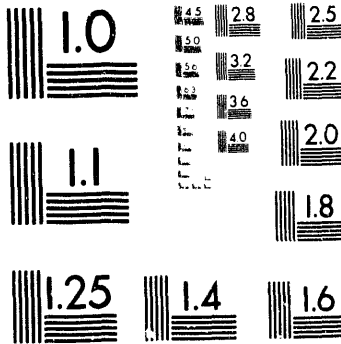
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Silver Spring, Maryland 20910  
301/587-8202



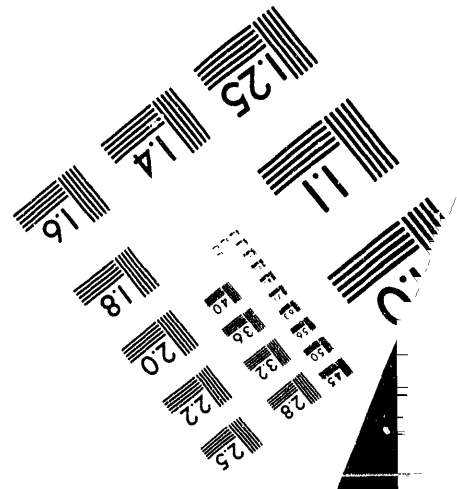
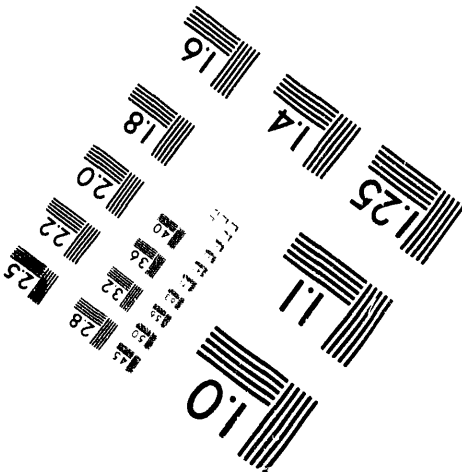
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BY APPLIED IMAGE, INC.



**1 of 1**

# memorandum

DATE: June 23, 1993

REPLY TO

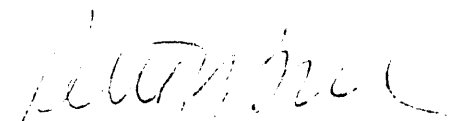
ATTN OF: EH-25

SUBJECT: Environmental Assessment for the Long-Term Allocation of Power from the Eklutna Project (DOE/EA-0862)

TO: Robert Cross  
Administrator  
Alaska Power Administration

On March 8, 1993, the Acting Assistant Secretary for Energy Efficiency and Renewable Energy submitted to us the Environmental Assessment (EA) for the Long-Term Allocation of Power from the Eklutna Project for review and approval. Authorization to release the EA to the State of Alaska was granted on April 16, 1993. On June 9, 1993, the Washington Environmental Liaison for Power Marketing Administrations advised the Office of NEPA Oversight that the State of Alaska had no comments and requested that we proceed with approval of the EA.

The Office of Environment, Safety and Health has reviewed the subject EA in accordance with DOE Order 5440.1E regarding compliance with the National Environmental Policy Act (NEPA). Based upon my staff's review and analysis, and after consultation with the Office of General Counsel, I have determined that the EA is adequate for publication. Further, based on the EA, I have determined that the proposed action is not a major Federal action significantly affecting the quality of the human environment, within the meaning of NEPA. Therefore, the preparation of an environmental impact statement is not required. Accordingly, I have approved this EA and signed the accompanying FONSI. Alaska Power Administration is responsible for providing public notice of the availability of the EA and FONSI as required by 40 CFR 1506.6. Please provide five copies of the EA and a record of distribution of the EA and FONSI to the Office of NEPA Oversight and send one copy of the EA and FONSI to the Public Reading Room in the Forrestal Building.



Peter N. Brush  
Acting Assistant Secretary  
Environment, Safety and Health

Attachments (2)

cc: Othalene Lawrence, EE-64  
NEPA Compliance Officer

Rob Waldman, APA  
NEPA Compliance Officer

RECEIVED  
JUN 21 1993  
OSTI

DEPARTMENT OF ENERGY

Alaska Power Administration

Long-Term Allocation of Power from the Eklutna Project

AGENCY: Alaska Power Administration, Department of Energy

ACTION: Finding of No Significant Impact for the Environmental Assessment for Long-Term Allocation of Power from the Eklutna Project, Alaska Power Administration.

SUMMARY: The Alaska Power Administration (APA) has prepared an Environmental Assessment (EA) (DOE/EA-0862) evaluating the Marketing Plan for the Eklutna Project that establishes long-term allocation and sales of power. The proposed long-term sales contract will replace long-term agreements that expire at the end of December, 1993.

The EA evaluates the proposed alternative and the no action alternative. The proposed alternative replaces the expiring contracts with new 20-year contracts with the same terms, conditions and allocations as the previous long-term contracts. No other alternatives were developed, as the three preference utilities are the only ones in the marketing area, and the ratio of power allocations with proposed alternative are the same as those contained in a divestiture purchase agreement signed among the power customers. The divestiture of this Federal project is expected to be approved by Congress; the power contracts signed under the marketing plan would remain in force after the sale to the three existing customers, who would then own the project in the same ratio as the power sales contracts.

The EA identified no actions associated with the proposal that will cause significant environmental or socio-economic impacts. The Marketing Plan for the Eklutna Project deals with replacement of expiring contracts. The

Marketing Plan does not include the addition of any major new resources, service to discrete major new loads, or major changes in operating parameters. No changes in rates are proposed in the Marketing Plan.

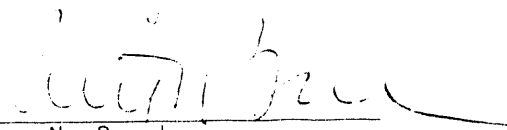
FOR FURTHER INFORMATION CONTACT: Rob Waldman, NEPA Compliance Officer, Alaska Power Administration, 2770 Sherwood Lane, Suite 2B, Juneau, Alaska 99801, phone (907) 586-7405.

For general information on the Department of Energy's (DOE) National Environmental Policy Act (NEPA) review procedures or status of a NEPA review, contact Carol M. Borgstrom, Director, Office of NEPA Oversight, EH-25, U.S. Department of Energy, 1000 Independence Avenue SW, Washington, DC 20585, phone (202) 586-4600 or (800) 472-2756.

PUBLIC AVAILABILITY: The EA and FONSI are available from APA at the address listed herein.

DETERMINATION: Based on the EA, DOE has determined that the proposed action will not significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, et seq. Therefore, the preparation of an Environmental Impact Statement is not required, and DOE is issuing this FONSI.

Issued in Washington, D.C., this 13<sup>th</sup> day of July, 1993.

  
Peter N. Brush  
Acting Assistant Secretary  
Environment, Safety and Health

ENVIRONMENTAL ASSESSMENT  
FOR LONG-TERM ALLOCATION OF POWER FROM THE  
EKLUTNA PROJECT, ALASKA POWER ADMINISTRATION

This Environmental Assessment (EA) was prepared pursuant to the National Environmental Policy Act (NEPA), Council on Environmental Quality (40 CFR Parts 1500-1508), and Department of Energy (DOE) regulations (10 CFR Part 1021). The DOE regulations stipulate that the "establishment and implementation of contracts, policies, marketing plans, or allocation plans for the allocation of power for periods of five years or longer that do not involve (1) the addition of major (greater than 50 average megawatts) new generation resources, (2) service to discrete major (10 average megawatts or more over a 12 month period) new loads, or (3) major changes in the operating parameters of power generation resources" normally requires the preparation of an EA.

**Purpose and Need**

Alaska Power Administration (APA) needs to replace long-term power sales contracts for the Eklutna Project. The new contracts will replace existing long-term contracts which expire at the end of December, 1993. APA has developed a Draft Marketing Plan - Eklutna Project which details the plan for allocating energy and capacity from Eklutna (a copy of the plan is attached). The plan does not include the addition of any major new generation resources, service to discrete major new loads, or major changes in operating parameters.

**Background**

APA markets power and energy from the Eklutna Project. Revenues from the sale of power and energy are returned to the U.S. Treasury to repay the Federal investment in the Project. The Project was authorized by Congress in 1950 and construction was completed in 1955. Eklutna power and energy has been sold under long-term contract to the same three customer utilities in the Anchorage/Mat-Su area since construction of the Project in 1955. At the time it was completed, the project provided about 30% of the Anchorage area electrical supply. Since that time, the area has grown to the point that the Project now provides around 5% of the area's electrical energy. The existing power sales contracts were signed in 1979 and extended in 1988. The new long-term power sales contracts would be developed based on the Final Marketing Plan.

APA will publish a Draft Marketing Plan for Eklutna power, request public comments on the plan and hold a public meeting. Based on comments received, APA will publish a Final Marketing Plan for the Eklutna Project.

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for

### **Proposed Alternative**

APA proposes to continue the status quo. Under the policies proposed in the Draft Marketing Plan, the three existing customer utilities will continue to receive their existing allocations of firm energy and capacity. Electric rates for the Eklutna Project were approved by the Federal Energy Regulatory Commission (FERC) in 1991 for the period from October 1989 through September 1994. No changes in rates are proposed as part of the Marketing Plan. Rate actions are subject to separate NEPA review procedures.

### **The No Action Alternative**

The no action alternative would have the present long-term power sales contracts expire without being replaced. Since Federal law requires APA to repay the Federal investment in the Eklutna Project, APA would attempt to market power without long-term contracts.

### **Other Alternatives**

No other reasonable alternatives were identified. New power resources are not available from the Eklutna Project. No other preference utilities operate within the marketing area, and the ratio of allocations in the Proposed Alternative is consistent with prior practice, and with the divestiture purchase agreement among the affected utilities. Should Congress approve the proposed divestiture, the power contracts signed under the marketing plan would be binding on the purchasers of the project.

### **Impacts of Proposed Alternative**

The proposed alternative will continue the long-term power marketing arrangements that presently exist. The three customer utilities will have assurance of a long-term, dependable source of electricity for resale. APA will have long-term guarantees of a market for Eklutna power to be able to repay the Federal debt on the Project. No operational changes are anticipated which would result in additional impacts to the physical environment (changes in flow patterns, water surface elevation, etc.).

### **Impacts of the No Action Alternative**

If APA did not commit to secure power sales with a long-term contract, the customer utilities would likely make other arrangements for long-term generation to replace lost Eklutna power. New generation would be more expensive than Eklutna power with the resulting cost increases borne by the retail customers. The replacement generation would likely come from fossil fuel sources with the associated impacts on air quality, fuel transportation and storage, etc. APA would seek short-term agreements for power sales, but may not be able to charge a rate sufficient for project repayment.

## Attachment

### Marketing Plan - Eklutna Project

#### A. General

Alaska Power Administration (APA) is establishing new allocations of power and long-term power sales contracts for the Eklutna Project. The new contracts will replace contracts which have been in place since 1979 and which expire at the end of December 1993.

The Eklutna Project authorization establishes the general criteria for marketing project power and energy. This marketing plan describes APA's implementation policies for these legislated marketing criteria.

Department of Energy (DOE) regulations for the National Environmental Policy Act (NEPA) require that an Environmental Assessment (EA) normally be prepared for long-term power sales contracts. APA is preparing an EA. This NEPA process will be completed prior to signing the new contracts.

APA has an agreement with Anchorage Water and Wastewater Utility (AWWU) for diversion of water from Eklutna Lake for drinking water. These diversions are under a separate long-term agreement between APA and AWWU. This plan and allocations will not alter the agreement with AWWU.

#### B. Background

APA markets power and energy from the Eklutna Project. The project was authorized by Congress in 1950. Construction of the Project was completed by the U.S. Bureau of Reclamation in 1955. Since construction, Eklutna has served three customer utilities in the Anchorage/Mat-Su area, Anchorage Municipal Light and Power (AML&P), Chugach Electric Association (CEA), and Matanuska Electric Association (MEA). At the time it was completed, the Eklutna Project provided about 30% of the Anchorage area electrical supply. Since that time, the area has grown to the point that the project now provides around 5% of the area's electrical energy.

In 1986 the Federal government formally proposed the sale of the Eklutna Project. A purchase agreement for the Eklutna Project was negotiated and signed with the three customer utilities in 1989. The divestiture of the Federal project is awaiting congressional approval.

The Marketing Plan and the subsequent power sales contracts will be compatible with the divestiture proposal. Under terms of the Eklutna Purchase Agreement, the new owners will take over APA's rights and obligations under the new power sales contracts when they acquire ownership of the project.

#### C. Objectives

The objectives of this plan are to establish the criteria and process for allocating power from APA's Eklutna in accordance with provisions set forth in the Eklutna Project authorizing legislation. Such provisions include instructions to market power so as to (1) encourage the most widespread use; (2) do so at lowest possible rates to consumers consistent with sound business principles; and (3) give preference to Federal agencies, public bodies, and cooperatives. An additional objective of the plan is to facilitate implementation of the divestiture if and when Congress approves the measure.

#### D. Marketable Resources

This plan shall become effective on approval by APA's Administrator and will apply to all power marketed by APA from the Eklutna Project.

The energy production and generation capacity from the Eklutna Project is:

Firm energy	153 Gwh
Capacity	30 MW

The marketable resource was derived from the capacity of the Eklutna Project based on a average hydrologic conditions. Project requirements such as project use and transmission losses have been subtracted from this.

#### E. Market Area

The market area for power from the Eklutna Project is the Anchorage/Mat-Su area, i.e. the area served by ML&P, CEA, MEA.

#### F. Classes of Service

APA offers long-term firm energy with capacity. APA will market average energy as firm energy. Any portion of a contractor's allocation which cannot be delivered by APA due to hydrologic conditions may be carried over to the following year. APA offers no commitment which would require APA to purchase energy or capacity.

G. Proposed Allocations

Since construction of the Project, APA has served the three customer utilities with the same allocations of energy and capacity. Due to the relatively small size of the Eklutna Project and the limited nature of the resource, APA proposes to retain the existing allocations:

1. Anchorage Municipal Light & Power	81.6 gWh	16 MW
2. Chugach Electric Association	45.9 gWh	9 MW
3. Matanuska Electric Association	25.5 gWh	5 MW
Total	153 gWh	30 MW

All are preference customers within the market area. There is no new resource available from the Eklutna Project for increased allocations to existing customers or allocations to new customers. This allocation is consistent with the divestiture purchase agreement, which provides for sale and ownership of the project to these three utilities in this ratio.

H. Integrated Resource Plans

Requests for allocations must be accompanied by a statement outlining the requestor's intended activities under Integrated Resource Planning (IRP) or an equivalent process. A requirement for developing and updating IRP or equivalent plans will be incorporated into the long-term power sales contracts. IRP or an equivalent process is one which gives equal consideration to supply and demand side alternatives and methods of funding the appropriate investments to assure high levels of efficiency in all energy uses.

I. Contract Arrangements

Entities receiving an allocation of Eklutna resources will be offered an electric service contract for the allocated resource based on this Plan. Contracts will be for a period of up to twenty years and will include "take or pay" provisions or other arrangements subject to the integrity of the Project and availability of the resource.

Delivery points will be on the Eklutna transmission system. Normal delivery will be made at Eklutna transmission voltages. Deliveries may continue to be made at subtransmission voltages at powerplant, substation, and tap locations where contractors already have systems operating at such lower voltage levels.

All costs for delivery of energy beyond the Eklutna transmission system will be the responsibility of the contractor.

J.           Reallocations

Resources made available for marketing because an allocation(s) has been reduced or withdrawn may be administratively reallocated by APA's Administrator without further public process.

**DISCLAIMER**

This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.

**DATE  
FILMED**

9/21/93

**END**

