

The Alaska Energy Authority
(formerly the Division of Energy, Department of Community & Regional Affairs)

The Alaska Energy Authority (formerly the Division of Energy) is the lead State agency for the Bulk Fuel Consolidation program; the repair and upgrade of the Rural Power Systems program; and the review and application of alternative energy technologies under the Alternative Energy programs.

The Energy Authority has been actively involved in a program of repair and reconstruction of rural bulk fuel tank farms since major deficiencies were documented by the U.S. Coast Guard in 1991. Rural communities need the capability to store large quantities of fuel because they receive fuel only once or twice a year. There are approximately 1,000 above-ground tanks farms in 160 remote villages. Oil fuels are the only realistic way to supply heat, power and transportation in rural Alaska, and storage of these fuels throughout the winter is essential to the survival of the communities.

Most of the rural tank farms were initially established using second-hand equipment and with little regard to applicable standards and codes when they were constructed, beginning in the 1950s and 1960s. However, it was not until liability questions related to the transfer of fuel were raised in 1989-90 that tank farm deficiencies were first addressed in a comprehensive manner. An assessment by the U.S. Coast Guard posed the real threat that fuel deliveries would not be permitted to rural communities if the fuel was destined for tanks with deficient piping to and within the tank farm. The Energy Authority documented the extent of the problem and estimated \$200 million would be needed to correct tank farm deficiencies throughout rural Alaska.

In 1996, the Authority also began a three-year project to assess the condition of every tank farm in every community in rural Alaska. The information was entered into a comprehensive data base. The surveys showed that virtually all rural tank farms needed reconstruction, and that this could best be served by consolidating multiple community tank farms into a single, code-compliant facility where possible. To deal with the enormity of the task, the Energy Authority developed a project selection process to prioritize tank farm projects and schedule construction.

As the State of Alaska did not have the capital dollars to address the entire problem, the Authority's initial efforts for developing alternative funding was to apply on behalf of communities for federal block grants. This was successful and prompted the Authority to enter into discussions with the Environmental Protection Agency (EPA) which resulted in the dedication of additional funds. The formation of the Denali Commission in 1998 offered additional sources of revenue, given its mandate to address rural bulk fuel and electrical needs.

Between 1993 and 1997, the Authority replaced piping systems in about 60 communities and completed major tank farm construction projects in 20 communities. The Energy Authority currently has 14 bulk fuel projects either underway or in the planning stages. Funding for each project was drawn from all or part of the following: the Denali Commission, EPA, the U.S. Department of Housing and Urban Development (HUD), the State Department of Education, local contributions and the Energy Authority.