



Power Project Fund Loan Program

The Power Project Fund (PPF) loan program provides loans to local utilities, local governments or independent power producers for the development, expansion or upgrade of electric power facilities, including distribution, transmission, efficiency and conservation, bulk fuel storage and waste energy.

The loan term is related to the productive life of the project, but cannot exceed 50 years. Interest rates vary between tax-exempt rates at the high end and zero on the low end. The tax-exempt rate is equal to the average weekly yield of municipal bonds for the 12 months preceding the date of the loan application. As of September 12, 2016 this rate is 3.64 percent. The interest rate can be adjusted downward in certain circumstances to improve financial feasibility. Loan requests of more than \$5 million require legislative approval.

Current Status:

- King Cove: AEA closed a \$1.975 million, 40-year 4.34 percent interest rate, loan to King Cove to finish the financing package for the Waterfall Creek hydro project. King Cove is also using Alaska Bond Bank funds to finance the project which is expected to be complete winter 2016/17.
- Haida Energy: This \$20 million loan is in the fixed line of credit period as the Hiilangaay hydro project on Prince of Wales Island will be in construction phase until winter of 2018.
- Pelican: The loan committee approved a \$61,000 loan to provide a 20 percent match to a federal grant to stabilize the lower penstock of the hydroelectric facility located in Pelican. The community received the federal award in August and is preparing for loan closing.
- Akhiok: The loan committee approved a \$37,500 loan to Akhiok to put AMPY meters in every residential home in the community.
- Arctic Village: This \$100,000 loan for powerhouse and distribution system improvements is converting to a Term Note with a maturity date in 2024.
- Kipnuk: AEA staff is working with Kipnuk to evaluate their financing/funding options to stabilize and improve their powerhouse.
- Tanacross: AEA staff is working with Tanacross to evaluate their financing/funding options to complete the community biomass project.

(over)

Revised: September 13, 2016

813 W Northern Lights Blvd
Anchorage, AK 99503
(907) 771-3000

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Program Progress:

As of August 31, 2016, the outstanding balance of AEA’s Power Project loans was approximately \$6.2 million. There were no pending Power Project Loan applications.

As of August 31, 2016:	
Cash balance	\$43,784,481
Outstanding undisbursed commitments	\$22,320,620
Operating budget commitment (FY17)	\$ 963,685
Legislatively restricted fund capitalization	\$10,000,000
Uncommitted Cash Balance	\$10,500,176