



Department of Energy
Washington, DC 20585

September 5, 2024

SENT VIA ELECTRONIC MAIL

John Leach
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835
administrator@cityofsitka.org

SUBJECT: Negotiation for Maintaining and Enhancing Hydroelectricity Incentive Section 247 of
EPAAct 2005 (DE-FOA-0003088)

Dear John Leach:

Congratulations, your application has been recommended for negotiation of an incentive award by the Grid Deployment Office (GDO) within the U.S. Department of Energy (DOE) for the Maintaining and Enhancing Hydroelectricity Incentive (EPAAct 2005 Section 247) Program. This letter begins the negotiation process. DOE staff will be contacting you shortly to set up a meeting to discuss terms and conditions for your project. Please carefully read the information contained within this letter, and compile all of the requested information to submit by October 3, 2024.

This notification does not guarantee a DOE funded payment, as funding will only be obligated upon successful completion of negotiations and disbursed upon successful completion of the project.

Applicant: City and Borough of Sitka;
Project: Green Lake Rehabilitation Project;
Principal Contact: John Leach;
Control Number: 3088-1601.

DOE makes no commitment to issue an award and assumes no financial obligation with the issuance of this letter. Selectees will not receive an award until award negotiations are complete and GDO executes the funding agreement. Only an award document signed by GDO obligates DOE to support a project.

The negotiation process may take up to 120 days. You must be responsive during negotiations (i.e., provide requested documentation) and meet the stated negotiation deadlines. DOE reserves the right to terminate award negotiations at any time for any reason.

Negotiations Requirements:

Please complete each of the required information requests and forms, which are attached to this letter and summarized in Attachment 1. All forms should include the control number **3088-1601** in the header. Please submit any information and forms to the Hydroelectric Incentives Program at hydroelectricincentives@hq.doe.gov by 11:59 PM ET on **October 3, 2024**. Failure to submit the requested information and forms by the stated due date, or any failure to conduct award negotiations in

a timely and responsive manner, may cause GDO to cancel award negotiations and rescind this selection for negotiation. If you have any questions concerning the requested information, please contact the Hydroelectric Incentives Program at the aforementioned email address.

Davis Bacon Act compliance: The costs of monitoring for Davis-Bacon Act compliance may be considered an allowable cost so long as they are necessary, reasonable, allocable, and not otherwise unallowable. Please work closely with GDO staff to provide the relevant information to assist GDO in making this determination, as outlined in Attachment 1.

National Environmental Policy Act: Please note, GDO's decision on whether and how to distribute federal funds is subject to the National Environmental Policy Act (NEPA) and GDO must conduct a NEPA review for all proposed project activities prior to authorizing the use of federal funds. GDO has not issued a final NEPA determination for this project. You should carefully consider and seek legal counsel or other expert advice before taking any action related to the proposed project that would have an adverse effect on the environment or limit the choice of reasonable alternatives prior to GDO completing the NEPA review process. Nothing contained in the Program's guidance, DOE regulation, or this letter overrides the NEPA requirement to obtain the written authorization from GDO prior to taking any action that may have an adverse effect on the environment or limit the choice of reasonable alternatives for this project.

Incentive Payment Details:

GDO may issue a conditional award where federal funds are obligated but not released until successful completion of negotiations are reached to the satisfaction of GDO and successful demonstration of project completion. Performance against this award is, therefore, at the Selectee's own risk, and payments for costs incurred for the Selectee's project may not be made until the parties complete negotiations and the Selectee satisfies the requirements of this incentive award. GDO does not guarantee or assume any obligation to reimburse costs incurred by the Selectee during the negotiation process. Failure by the Selectee to provide an application with supporting documentation acceptable to GDO, or failure to complete negotiations or requirements of the incentive award, may be deemed noncompliance. Based on such noncompliance, GDO may unilaterally terminate or suspend this award and de-obligate all funds.

For eligible projects that have not reached completion, DOE may make an initial incentive payment, upon project approval, of a predetermined amount, determined on a case-by-case basis, not to exceed one-third of the total incentive payment for the capital improvement project (not to exceed 10 percent of total project costs or approximately \$1.66 M if the project meets the \$5 million cap).

In addition, DOE is under no obligation to make an award for pre-award costs if for any reason you do not receive an award or if the award is less than anticipated and inadequate to cover such costs. GDO does not guarantee or assume any obligation to reimburse costs where the costs were incurred prior to receiving the award document.

While hydropower incentives are not a contract under the Federal Acquisition Regulation, and also do not meet the definition of federal financial assistance under 2 CFR 200, in the absence of specific governing requirements and to ensure proper stewardship of taxpayer funds, GDO has invoked certain requirements, definitions, and principles contained in those regulations, as specifically referenced and incorporated in this letter. All costs must be allowable, allocable, and reasonable in accordance with the

cost principles contained in 2 CFR 200, 2 CFR 910, and/or FAR Part 31, as applicable based on the selectee's organizational type.

Informational Meeting:

An informational meeting will be held on **September 18, 2024, from 1:00 until 3:00 PM ET**. Please register at https://nrel.zoomgov.com/meeting/register/vJltc-2grigiGmAZB1b8g_EA-YuP3wN6m7A. If you are unable to attend, a recording of the informational meeting will be sent to all selectees after the meeting.

On behalf of GDO, I would like to congratulate you on your selection for award negotiations. I look forward to working with you to successfully complete negotiations. If you have any questions, please contact the Hydropower Incentives Program at hydroelectricincentives@hq.doe.gov.

Sincerely,

A handwritten signature in black ink that reads "Shana Wiseman". The signature is written in a cursive, flowing style.

Shana Wiseman
Hydroelectric Incentives Program Manager