

From: Larry Markley

Date: May 10, 2019 at 9:33:55 AM EDT

Subject: DC meeting summary

After our Washington, DC, meetings this week (see below), I believe the Department of Agriculture (USDA) is the most promising path forward for financial assistance for Sitka's three major capital projects: 1) a secondary water treatment plant, 2) a submarine cable interconnection between Blue Lake Hydro and the proposed new SEARHC hospital, and 3) relicensing of Green Lake Hydro and upgrade and/or replacement of its generation units. Hydro is the common denominator for all three projects.

Given that the congressional earmark moratorium remains in effect and there is little such funding at the State level, based on our DC meetings Sitka should proceed expeditiously in exploring financial assistance through two USDA agencies -- the Rural Utilities Service (RUS, formerly the Rural Electrification Administration) and the Natural Resources Conservation Service (NRCS, formerly the Soil Conservation Service).

Our meeting Tuesday with RUS Assistant Administrator-Electric Chris McLean and his staff was particularly encouraging. RUS personnel indicated that all three Sitka projects might qualify for some form of financial assistance, including possible refinancing of Sitka's \$120 million in bond debt associated with the raising of the Blue Lake dam.

McLean encouraged Sitka to contact the USDA's rural development director for Alaska, Jerry Ward. Within a half-hour after our DC meeting, McLean sent an email to Ward outlining Sitka's needs and requesting that the state director work with Sitka. Ward immediately responded affirmatively. Keith will be following up. I will be available as necessary, including meetings. USDA's rural development office is in Palmer, with a satellite office in Anchorage. My sense is that, if Sitka proceeds with RUS, it will be interacting with personnel in Alaska, Washington State and DC headquarters.

One RUS program that came up during our Tuesday meeting was the High Cost Energy Grant Program, conceived about 10 years ago by then-Senator Stevens, as a means of offsetting expensive electric power, mostly in rural areas. Unfortunately, the program will not help Sitka, for two reasons: 1) The eligibility threshold is around 30 cents/kwh for local retail rates, and 2) there is only about \$10 million available nationally this year, with relatively low awards so as to spread grant assistance around.

The possibility of assistance through NRCS was raised in our RUS and EPA meetings. EPA personnel noted that the omnibus Farm Bill enacted earlier this year contains increased funding for NRCS. This ought to be broached initially with Ward. As mentioned, it's fortuitous that RUS and NRCS are both USDA agencies.

In our EPA meeting, staff noted that their water treatment programs pass largely through state agencies (DEC in Alaska's case) and that most are loan programs. Sitka did make good contacts with EPA's headquarters staff, and was given additional contacts in the agency's Regional 10 office (Seattle) and in Alaska. Region 10 and Alaska staff participated in our meeting by teleconference.

We met individually with Senator Murkowski, Senator Sullivan, Congressman Young and their staffs, including those specializing in appropriations, energy, water and Secure Rural Schools (SRS) /Payment in Lieu of Taxes (PILT). The latter staffer noted that PILT funding is relatively secure but nearly every year is a slog to acquire SRS money. Murkowski, who serves on the Senate Appropriations Committee, reinforced this but said it is a continuing high priority for her and her counterparts from SRS states. Sullivan and Young told us the same thing.

All three of our congressionals pledged support for Sitka, as did Kip Knudson, DC -based director of federal/state relations for Governor Dunleavy. All offered assistance as Sitka pursues agency funding. We acknowledged the lack of federal earmarks, and suggested the possibility of program

funding with generic project description rather than specific mention of Sitka. Our congressionals said they would keep that in mind during the FY20 appropriations process. I will be following up on this.

From: Larry Markley

Sent: 5/9/2019 8:39:43 PM Eastern Standard Time

Subject: Final revision to the DC meeting schedule -- May 8-9

Here's a **FINAL UPDATE** to the schedule of our Washington, DC, meetings yesterday and today, to reflect several last-minute time changes and addition of a Department of Agriculture meeting. As earlier noted, Senator Murkowski was leaving for a congressional trip but was kind enough to attend our meeting just before she left for the airport.

WEDNESDAY, MAY 8

8:30 a.m. Meet in hotel restaurant

9:30 a.m. Kip Knudson, director of federal/state relations, and Associate Director Dottie Ochoa, Governor's Office DC, 444 North Capitol Street NW, Suite 336, telephone 202-624-5858

Noon Lunch, restaurant to be determined

2:30 p.m. Environmental Protection Agency: Nick Chamberlain, lead, Drinking Water State Revolving Loan Fund Program; John Ravenscroft, Office of Science and Technology, Office of Water, Water Reuse Action Plan; Clean Water program staff and legislative liaison staff (in person); and Region 10 Seattle and Alaska staff (teleconference), 1200 Pennsylvania Avenue NW, telephone 202-302-9109

4:00 p.m. Department of Agriculture, Rural Utilities Service Assistant Administrator-Electric Chris McLean and staff, 1400 Independence Avenue SW, Wing III, telephone 202-720-9546

THURSDAY, MAY 9

9:30 a.m. Meet in hotel lobby

10:15 a.m. Senator Dan Sullivan and staff, 302 Hart Senate Office Building, telephone 202-224-3004

11:00 a.m. Congressman Don Young and staff, 2314 Rayburn House Office Building, telephone 202-225-5765

12:30 p.m. Senator Lisa Murkowski and staff, 522 Hart Senate Office Building, telephone 202-224-6665