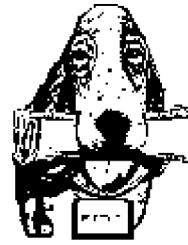


**MEA News**

MEA, other utilities purchase Eklutna power plant

PALMER -- Ownership of the Eklutna Hydroelectric Project was officially transferred Oct. 2 from the U.S. Department of Energy's Alaska Power Administration (APA) to a group composed of MEA, Chugach Electric Association, Inc. (CEA), and the Municipality of Anchorage's Municipal Light & Power (ML&P).

The [Eklutna Project](#) power plant is located at approximately mile 3 of the Old Glenn Highway. The project consists of a power plant with two hydroelectric generators, a 115,000-volt transmission line from Palmer to Anchorage, a dam and related waterworks at the outfall of Eklutna Lake in Chugach State Park, and various vehicles, structures, and ancillary equipment.

Water is supplied to the power plant via a tunnel from Eklutna Lake, for discharge into the Knik River. The power plant's tailrace is a popular fishing spot for Valley residents in the late summer and early fall, as salmon return to a nearby hatchery that utilizes water from the project.

The formal transfer of ownership concludes a process that began in 1989 with the execution of an agreement between the federal government and the purchasing utilities setting forth the terms under which the Eklutna Project would be sold, subject to Congressional authorization.

There followed a lengthy legislative process, led by the Alaska congressional delegation, that culminated in the passage of the Alaska Power Administration Asset Sale and Termination Act in late 1995. The Act provides for the sale of both the Eklutna Project (to MEA, CEA and ML&P) and the APA's other project, the Snettisham Hydroelectric Project near Juneau (which is being sold to Juneau-based Alaska Electric Light & Power). Upon completion of the Snettisham sale, APA will cease to exist and its Juneau office will be closed.



Under the terms of the 1989 Purchase Agreement, MEA acquired a 16.67% (or one-sixth) interest in the Eklutna Project. The remainder is split between CEA, with 30%, and ML&P, with 53.33%. The \$5.9 million total purchase price was split between the purchasers using these percentages. As part of the transaction, the federal government agreed to completely refurbish both of the generators in the power plant.

Although still new to the role of owner, MEA is no stranger to the Eklutna Project. In October of 1996, a year prior to officially taking title, the purchasers assumed full responsibility for operating the facility (except insofar as the federal government's efforts to refurbish the generators were concerned). As part of the ownership agreement between the utilities, MEA is responsible for operating the power plant, maintaining the transmission line between Palmer and Fort Richardson, keeping the books for the project, and maintaining the vehicle fleet.

ML&P assumes responsibility for major maintenance activities and for dispatching the power from the project, and CEA for maintaining the transmission line from Fort Richardson into Muldoon, as well as overseeing dam safety and environmental compliance matters. Each utility shares in the total cost of the project, and receives energy output from it, in proportion to its ownership share.

"Our Board of Directors and I are delighted with the successful conclusion of this transaction," said MEA General Manager Wayne Carmony. "The entire Alaska Congressional delegation -- Senator Stevens, Senator

Murkowski and Representative Young -- has worked together in delivering a great result, not just for MEA's membership but for virtually all of the electric consumers in Southcentral Alaska."

"This transaction could not have happened without our delegation's perseverance in obtaining passage of the enabling legislation," Carmony said.

"Along with the other purchasers, we now have a facility that is in like-new condition and should be capable of producing reliable, low-cost energy for generations to come," he said. "We look forward to working with our neighboring utilities in a spirit of cooperation, bringing the best skill sets of each organization together as we manage and operate this facility for the common benefit of our respective ratepayers."

[1/8/98]

History of the Eklutna Project



The Eklutna Project was authorized by the U.S. Congress in 1950. The U.S. Department of Interior, through the Bureau of Reclamation, established a new district office in Juneau to complete all the field investigation work; then construct, operate, and maintain the project. They

had the additional charge to investigate other potential hydroelectric sites in Alaska.

The Project was designed and built during the early 1950's, and placed in service in 1955.

The Eklutna Powerplant is located 34 miles northeast of Anchorage, and about 15 miles south of Palmer at Mile 4 on the Old Glenn Highway. It houses two hydro turbine-generator sets that have a rated output of 15,000 kilowatts each.

Water for generating electricity comes from glacier-fed Eklutna Lake via a 4.5-mile-long tunnel through Goat Mountain, and a 1,375-foot-long penstock. The tunnel is fully concrete lined and is 9 feet in diameter. The penstock is steel lined and its diameter varies from 90 to 72 inches.

Eklutna Lake is 7 miles long and serves as the Project's storage reservoir. Active storage capacity is 174,000 acre-feet. Three dams have been used on the Eklutna Lake to retain water during the summer. The initial structure was built in 1929, by private interests. It was replaced in 1939 with an earth and rock filled structure. This structure was weakened during the March 27, 1964 Anchorage earthquake. The Federal government then constructed the current dam in 1965.

Transmission lines of 115 kilovolts run from the plant to Anchorage and Palmer.

The current wholesale rate for Eklutna energy is \$0.017 per kilowatthour, the least expensive power in the area. Total revenues are approximately \$2.6 million annually, with operation and maintenance expenses of \$800,000.

(Excerpts from 1993 Alaska Power Administration brochure)

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