

2023-2024 Diesel Emissions Reduction Act (DERA) State Program

Work Plan and Budget Narrative Template

INSTRUCTIONS: States and territories applying for 2023-2024 DERA State Program funds should use this template to prepare their Work Plan and Budget Narrative.

Please refer to the 2023-2024 DERA State Program Guide full program details, eligibility criteria and funding restrictions, and application instructions.

SUMMARY PAGE

Project Title: Alaska DERA State Grant Project FFY 23-24

Project Manager and Contact Information

Organization Name: Alaska Energy Authority

Project Manager: Ashley Streveler

Mailing Address: 813 W Northern Lights Blvd. Anchorage, AK 99503

Phone: 907-771-3000

Direct: 907-771-3011

Fax: 907-771-3044

Email: afstreveler@akenergyauthority.org

Project Budget Overview:

DERA FFY 2023-2024	2023	2024	Total
EPA Base Allocation	\$ 410,159.00	\$ 379,963.00	\$ 790,122.00
Mandatory Cost Share (RPSU & VW)	\$ 410,159.00	\$ 379,963.00	\$ 790,122.00
EPA Match Incentive	\$ 205,080.00	\$ 189,981.50	\$ 395,061.50
Voluntary Cost Share (VW Fund)	\$ 205,080.00	\$ 189,981.50	\$ 395,061.50
Total	\$ 1,230,478.00	\$ 1,139,889.00	\$ 2,370,367.00

3-Year Project Period for 2023-2024 State DERA Grants¹

FY2023 First Phase: July 1, 2024 – June 30, 2025

FY2024 Incremental Amendments: July 1, 2025 – June 30, 2026

2023-2024 Project Period Close Out: June 30, 2027

¹ FY2024 funds will be dispersed as an incremental amendment to existing 2023 DERA State Grants or, if a state does not have a 2023 grant, a new award.

Summary Statement

Alaska Energy Authority (AEA) will issue up to **five** sub-award grants to replace up to **ten** prime-power diesel engines in rural Alaska communities. A prioritized list of potential communities is attached to the work plan.

AEA will consult with the Alaska Department of Environmental Conservation (ADEC) Division of Air Quality and will comply with all applicable emissions regulations.

AEA supports 82,000 Alaskans in 193 remote isolated grid communities throughout the state. These communities are primarily dependent on diesel-fueled electric power generation. Small diesel power plants provide each community with power. These plants have at least one diesel engine running continuously. Rural Alaska communities rely on these engines for their prime power; however, many of these power plants use older technology, high emitting engines.

This grant will support the replacement of up to **ten** non-certified and lower-tier diesel engines with marine Tier 2, marine and nonroad Tier 3, and low PM emitting nonroad engines. These engines will be installed given their low emissions and proven reliability, they meet State DERA programmatic requirements, and comply with EPA's emissions regulations.

Past DERA State Grant projects can be found at:

<https://www.akenergyauthority.org/What-We-Do/Rural-Energy/Diesel-Emission-Reduction-Act-Program>

This work plan includes AEA's approved Waiver Request signed July 2, 2024. A copy of the waiver request is submitted with application and summarized below:

1. Reduced mandatory cost-share using the 2022 Tribal DERA cost-share requirements for projects benefiting rural Alaska Tribes.
2. Replace lower tier stationary prime power Engines and Equipment with certified marine Tier 2 engines subject to BAT analysis, and waive BAT analysis requirements for marine and nonroad Tier 3 engines.
3. Replace larger stationary prime power nonroad Engines and Equipment (generally 550 hp and larger) with Tier 0, Tier 1, and Tier 2 low PM emitting engines.
4. Exceed administrative cost cap due to Alaska's unique logistic and technical support requirements.

SCOPE OF WORK

The Alaska Energy Authority (AEA) will use DERA funds to complete up to **ten** diesel engine repower and/or replacements. These installments replace antiquated mechanically governed and lower-tier prime power diesel genset engines with newer Tier 2 marine, Tier 3 marine and nonroad, as well as low PM emitting nonroad engines. These engines are equipped with electronically controlled governors, which improves performance and reduces emissions.

With the acceptance of AEA's waiver request, DERA funds will be used to purchase engines, generators, and associated equipment. Equipment includes freight, labor, engineering, and materials needed to install the cleaner engines and implement required upgrades to interface the engines with the existing power plant cooling, fuel, switchgear, and exhaust systems. Where remanufactured or rebuilt engines are used they will be "certified Tier compliant" by conformance with **40 CFR 1068.120** as explained in the **EPA-420-F-12-052** documents.

The repowered and replacement gensets will continue to perform the same function as the existing non-certified engine. Engines for generator repower and replacement will be selected to provide the optimum reliability for the available engine horsepower.

AEA has developed a community priority list of potentially eligible engines for DERA replacement. Should a selected community drop out, an engine not meet DERA requirements or an appropriate replacement engine cannot be procured, AEA will select another community from the priority list. When a new community is identified, a community-specific emission table and budget will be submitted to the EPA Project Officer for approval. AEA is matching the **2023 and 2024 EPA grants** with state, local, and other funding as available.

For engines temporarily out of service, the utility's intent to return the engine to service will be documented, in addition to the FFY23/24 eligibility requirements, via a signed EPA State DERA Engine Eligibility certification form. The replaced engine blocks will be decommissioned and disposed of in the local landfill.

In rural Alaska, communities are not connected to an electric grid and must generate power locally. Small diesel power plants are used across the state for this purpose. These plants have at least one diesel engine running continuously. The engines and generators must be reliable to provide consistent power to ensure residents' health and welfare.

Although the air quality in rural Alaska is typically quite good, power plants are often located in the center of these communities, exposing residents to pollution. This grant will assist AEA in taking action to meet the goal of reducing exposure to criteria and hazardous air pollutants, increasing energy reliability, while maintaining the economic vitality of the state.

AEA will consult with the Alaska Department of Environmental Conservation (ADEC)

Division of Air Quality to ensure compliance with applicable emissions regulations. ADEC requested AEA take over as the lead granting authority to administer Alaska's State DERA State Program per the letter from State Commissioner Larry Hartig to EPA Administrator Gina McCarthy dated April 15, 2016. EPA approved this request by letter dated May 11, 2016.

AEA's Circuit Rider and Technical Assistance group works with rural communities that own and operate the electric utility. Many utilities are very small, serving less than one hundred customers. Utilities often experience technical and administrative challenges due to the lack of economies of scale or specialized skills.

AEA maintains a database of the electric utilities it supports through its Rural Power System Upgrade (RPSU) program. The RPSU database was updated in 2021 and AEA continues to supplement the database as it visits utilities. The RPSU database provides essential information used to prioritize and select sites for the DERA projects.

Most rural communities in Alaska are federally recognized, Alaskan Native Tribes. This work plan is based on AEA's waiver request submitted to the EPA that includes the use of 100% of EPA funds, as allowed for in the Tribal DERA State Grant. However, AEA will provide matching funds as described in the budget below.

AEA will issue sub-award grants using a combination of funding from DERA, state funds, and other contributions when available. AEA on behalf of the grantee will use these funds to contract an engineering firm with expertise in remote Alaska power generation and DERA programmatic requirements to select DERA eligible replacement engines, prepare specifications, assist with materials and engine/generator procurement, and integrate the electronically controlled engines into the existing power plant switchgear. AEA Rural Energy Program Manager Chris McConnell, AEA Project Manager Ashley Streveler, and AEA Grant Coordinator Wendy Sturdivant will oversee the grant to ensure the communities comply with all DERA State Grant Program requirements.

Throughout the project, AEA will provide administrative project management and in the case of a managed sub-award grant, AEA procurement staff will prepare the request for proposals or invitation to bid. AEA will also manage the EPA DERA State Grant to ensure all grant requirements are met.

TIMELINE AND MILESTONES:

Task 1: Community Selection - Confirm each rural community has a DERA-eligible engine, secure a signed EPA State DERA Engine Eligibility form, and submit emission tables and updated work plan & budget to the Project Officer.

Task 2: Design and Specifications – Procure contractual assistance for the design of the engine/generator installations and development of specifications specific to each installation.

Task 3: Long Lead Item Procurement – Due to ongoing supply chain issues, lead time can

be over 1-year for replacement engines, gensets, and other DERA project equipment and materials. AEA will procure long lead items that will be provided to the installation contractor as Owner Furnished Equipment (OFE). Providing long lead items as OFE reduces contractor markup and improves project completion dates by six months to a year.

Task 4: Contract procurement – Issue Invitation to Bid (ITB) to select a contractor that will install engines, generators, and associated DERA project equipment.

Task 5: Submittals – Contractor delivers submittals for AEA review and approval.

Task 6: Installation and commissioning – Install generator repowers/replacements, and integrate the electronically controlled engines with existing switchgear, fuel, exhaust, and cooling systems. AEA staff provides technical assistance and oversight during the startup and commissioning of the engines.

Task 7: Final closeout of the award with EPA – The project timeline shown below is based on an EPA DERA State Grant execution of July 1, 2024, to June 30, 2027 for FY23 with FY2024 overlapping.

DERA FY23-24																
	Task	Days*	Start	Finish	24	2025				2026				27		
Total	T1-T7	679	10/1/2024	6/30/2027	O	J	A	J	O	J	A	J	O	J	A	J
Task 1	T1	59	10/1/2024	12/30/2025												
Task 2	T2	183	10/1/2024	6/30/2025												
Task 3	T3	248	6/30/2025	6/30/2026												
Task 4	T4	248	6/30/2025	6/30/2026												
Task 5	T5	248	6/30/2025	6/30/2026												
Task 6	T6	473	8/1/2025	6/30/2027												
Task 7	T7	227	7/30/2026	6/30/2027												

*Days calculated as business days, excluding weekends and holidays.

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DERA PROGRAMMATIC PRIORITIES:

All projects proposed in this work plan will take place in rural Alaska Native communities. An outline of selection justification is summarized below using previous DERA program priorities:

1. Maximize public health benefits

Power generation in rural Alaska depends on diesel engines, frequently located in the center of a village, close to homes, workplaces, and schools. The proximity of power plants to these facilities poses an increased health risk. Replacing older, uncontrolled engines with newer engines that meet more stringent emission requirements reduce emissions production and emission exposure, resulting in achieving EPA's goal of cleaner and healthier air for all communities.

2. Most Cost-Effective

The engines selected for replacement are non-certified, mechanically governed, and lower-tier diesel engines that are inefficient and produce higher emissions compared to the DERA replacement engines. It is in the best interest of Alaska to support projects

that are cost-effective and meet the most urgent need.

3. Population density

Setting priorities based on the overall population in Alaska can be challenging. Seventy (70) percent of the population lives in urban areas facing air quality challenges similar to other areas in the country. The remaining thirty (30) percent live in remote isolated-grid communities, with some having severe air quality problems.

The communities benefiting from this DERA State Grant Program are not densely populated areas by U.S. urban standards; however, the proximity of the diesel power plant to residences, schools, and other community buildings exposes residents to greater emissions from the power plant than they would be in an urban city.

The AEA program targets communities with engines that fit within the DERA criteria and that are prioritized from AEA's project ranking list.

4. Disproportionate quantity of air pollution from diesel

Alaska is unique in its diesel use and reliance. Power in rural villages is typically generated from diesel in small systems, thus using a disproportionately large quantity of diesel.

5. Include certified engine configuration or verified technology that has a long-expected useful life

Given supply and transportation constraints, power generation in rural communities is more expensive than in urban areas. To help reduce costs, engines selected for the utilities must use technology that will last. All engines used under the DERA grant use Tier-certified engines that have been proven to be reliable and long-lived.

6. Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity

Record drawings will be prepared for each grantee documenting the completed work. Operations and Maintenance (O&M) manuals will be updated and incorporate the manufacturer's recommended maintenance and service intervals for all generation equipment and DERA project improvements. AEA will continue to provide technical support through its Circuit Rider Maintenance program to assist communities in maximizing the useful life of the installed generation equipment.

7. Conserve diesel fuel

Installing new certified more efficient engines will reduce the emissions per quantity of fuel combusted, and produce electricity more efficiently. In most rural communities, diesel costs anywhere from \$6 to \$12 per gallon. In some rural communities, the cost of diesel is significantly higher. Occasionally, a community may experience a fuel shortage if fuel delivery is delayed. Increased fuel efficiency can make existing stored supplies last longer, helping to reduce the chances of shortages.

COMMUNITY ENGAGEMENT:

The DERA Program, through AEA's strategic deployment, provides an opportunity for marginalized communities to provide valuable input prior to starting the project.

Additionally, AEA ensures a collaborative project initiation meeting, town hall meetings (as needed), and periodic meetings during project construction are conducted among tribal leaders, village council members, and community members. This not only allows project partners to contribute their ideas and concerns, but also empowers them to participate in the planning, design, decision-making process, and project performance.

In addition, AEA will continue to consult with its agency associates, the Alaska Department of Environmental Conservation (ADEC) Division of Air Quality, to ensure compliance with all applicable emissions regulations. AEA will continue to collaborate with the Denali Commission to support and expand the reach of the DERA program statewide.

AEA maintains updates on the DERA program on our website at:

<https://www.akenergyauthority.org/What-We-Do/Rural-Energy/Diesel-Emission-Reduction-Act-Program>. AEA will update the website with details on DERA funding within **60 days** of granting a sub-award. The posting will include the amount of the grant and a description of the technology being funded.

PROJECT SUSTAINABILITY:

The replacement of existing diesel engines reduces emissions in DERA project communities. Each sub-award grantee is responsible for maintaining and operating the engines. AEA provides a variety of technical assistance to support the community achieve the overall goal and continuity of diesel emission reduction.

The Federal Clean Air Act and state law in Title 44, Chapter 46, and Title 46, Chapter 3 and Chapter 14 establish the duties of the Division of Air Quality for controlling and mitigating air pollution and for conserving the clean air that is enjoyed in most locations of Alaska.

ADEC's Division of Air Quality, through its exhaustive air quality programs, works with local governments statewide to improve air quality by reducing automotive pollution. This includes but is not limited to air compliance, air monitoring and quality assurance, air non-point and mobile sources, and air permit program. In addition to this, ADEC's Division of Air Quality has an "Air Online Services" website that provides a centralized platform for any individual to subscribe to air alerts and information of their choosing, public notices and advisories, submit air quality complaints and comments electronically, and many other online tools. This supports and encourages continued community engagement in operations and projects that impacts air quality while publicly documenting policy or processes.

PROJECT RESILIENCE:

On a State level's adaptation to environmental risk, the Alaska State Legislature in conjunction with multiple government agencies, tribal, village, local government, and private sectors have adopted legislation, programs and plans to mitigate environmental threats. From hazard mitigation and impact assessment plans to permitting, implementation, and ensuring the sustainability and resilience of any project in the State.

To further climatic initiatives and efforts with a holistic approach, Governor Mike Dunleavy issued Administrative Order 344 on February 23, 2023, establishing the Alaska Energy Security Task Force to develop a comprehensive statewide energy plan that will evaluate energy generation, distribution, and transmission for the State of Alaska and its communities. The development of this plan includes collaboration with public and private stakeholders. This supports the State's overall resiliency development in mitigating environmental impacts.

Historically Alaska has been at the forefront of weather-related impacts due to its extreme seasonal changes and northern latitude. AEA through its Engineering Consultants includes an environmental hazard analysis during the design phase. A meticulous assessment of the community's current power plant condition where the engines will be installed is performed. This includes risk evaluation and mitigation from river and coastal erosions, permafrost thawing, and degradation, all of which are integrated into the design process.

WORKFORCE DEVELOPMENT:

The State recognizes the economic disparity rural communities experience due to their remoteness, lack of well-paying jobs and underdeveloped infrastructure, and high cost of living. All of which are adverse contributors to creating a more reformed economic opportunity and development. Multiple public and private agencies/entities have multiple programs and initiatives built into their planning and priorities to promote the enhancement of not just the quantity but also cultivating the quality of skilled personnel all across the workforce. This also includes creating a more competitive incentive and benefits to retain quality workers statewide.

AEA, along with its partner Alaska Vocational Technical Training Center (AVEC) have robust training and utility assistance programs that directly cater to rural Alaskan needs. Through this program and its funding partner, the Denali Commission, AEA offers free training to rural utility staff that provides adequate knowledge and skills to operate, troubleshoot, and maintain their local infrastructure. This includes power plant operator training, bulk fuel tank farm operator training, and other critical infrastructure. The goal of these programs is to teach local residents critical skills like engine maintenance, troubleshooting and theory, electrical systems and generators, introduction to electrical distribution systems, diesel-electric operation, control panels, paralleling generator sets, load management, fuel management, waste heat recovery, plant management, and power plant safety.

1. Outputs

The expected outputs from this project include:

- a. Decommission up to **ten** non-certified and lower-tier engines and replace them with certified marine Tier 2, marine and nonroad Tier 3, and low PM emitting nonroad engines,
- b. Reduce air pollutants, and

- c. Improve reliability and fuel efficiency

Upon final community selection AEA will produce emissions reduction tables for each community. The updated work plan with emissions data and Fleet Description form will be submitted to the EPA Project Officer for approval.

2. Outcomes

Expected outcomes will be submitted to the EPA project officer once sites have been confirmed and replacement engines selected. This report will include emission calculations using the EPA web-based DEQ tool and include estimated lifetime total project cost and cost-effectiveness. The installation of lower-emission gensets will benefit the selected communities by improving health and the environment. Fewer pollutants in the air lower the health risk for the community members.

- a. **Short-term outcomes** – Up to **ten** existing prime power, non-certified and lower-tier diesel engines will be taken out of service and replaced with cleaner, fuel-efficient certified marine Tier 2, marine and nonroad Tier 3, and low PM emitting nonroad engines. Engine replacements will produce an immediate reduction in emissions.
- b. **Medium-term outcomes** – The new electronically controlled certified marine engines and low PM emitting non-road engines will provide a reduction in exhaust emissions.
- c. **Long-term outcomes** – AEA anticipates that diesel engines will continue to be used for many years, in rural Alaska, for prime power generation. With proper maintenance the estimated useful life of a DERA engine in a prime power application is up to 60,000-hours, which is over 10 years. Replacing older technology engines with newer, cleaner engines will provide emission reductions, and health benefits for many years.

3. Performance Measures

AEA is in the unique position in that it administers the Power Cost Equalization (PCE) program. One hundred ninety-three (193) rural Alaskan communities participate in the PCE program, which provides monthly production and financial statistic reports. These reports allow AEA to monitor the performance and efficiency of engines replaced under the DERA program.

BUDGET NARRATIVE

Project Budget

AEA's FY23-24 DERA Work plan is based on AEA's approved waiver request that the EPA accepted July 2, 2024. Budget summary as follows:

Budget Category	EPA Allocation (50%)	Mandatory Match (33%)	Voluntary Match (17%)	Total
1. Personnel	\$66,556.50	\$44,371.01	\$22,185.49	\$133,113
2. Fringe Benefits	\$50,643.00	\$33,762.01	\$16,880.99	\$101,286
3. Travel	\$15,200.00	\$10,133.34	\$5,066.66	\$30,400
4. Equipment	\$0.00	\$0.00	\$0.00	\$0
5. Supplies	\$0.00	\$0.00	\$0.00	\$0
6. Contractual	\$0.00	\$0.00	\$0.00	\$0
7. Other: Subaward Grants	\$986,727.00	\$657,818.14	\$328,908.86	\$1,973,454
8. Total Direct Charges	\$1,119,126.50	\$746,084.49	\$373,042.01	\$2,238,253
9. Indirect Charges	\$66,057.00	\$44,038.01	\$22,018.99	\$132,114
10. Totals (Indirect+Direct)	\$1,185,183.50	\$790,122.50	\$395,061.00	\$2,370,367

Explanation of Budget Framework

1. Personnel

AEA personnel costs cover the staff time needed to manage the grant, including technical assistance, preparing and submitting regular reports to the EPA, preparing and submitting a final report to the EPA after the project, providing project and grant oversight, and completing site visits to document project completion. Included are AEA's Executive Director, Chief Operating Officer, General Counsel, Planning, Communications, Rural Programs Manager, Project Manager, Rural Assistance Manager, and Circuit Rider staff time to help the sub-award grantees, if requested, with start-up and commissioning, and connection of the engines/generators. The hourly billable wage totals for each staff position are shown in the following table; base rate values as of 2024, the total wage is calculated with annual 2% wage increases across the project performance period, 2024-2027.

Federal Fiscal Year 2023-2024 Personnel w/o Fringe Benefits				
Category	EPA	Mandatory Cost Share	Voluntary Cost Share	Total
Executive Director 10 hrs, 120.41/hr* FTE 1%	\$ 614.00	\$ 409.33	\$ 204.67	\$ 1,228.00
Chief Operating Officer 30 hrs, 108.55/hr* FTE: 2%	\$ 1,661.00	\$ 1,107.33	\$ 553.67	\$ 3,322.00
Director of Planning 8 hrs, 76.24/hr* FTE: 1%	\$ 311.00	\$ 207.33	\$ 103.67	\$ 622.00
Director of Communications 8hrs \$75.22/hr* FTE: 1%	\$ 307.00	\$ 204.67	\$ 102.33	\$ 614.00
General Council 8 hrs, 95.38/hr* FTE: 1%	\$ 389.00	\$ 259.33	\$ 129.67	\$ 778.00
Rural Programs Manager 300 hrs, \$66.33/hr* FTE: 15%	\$ 10,150.00	\$ 6,766.67	\$ 3,383.33	\$ 20,300.00
Project Manager 800 hrs, \$58.25/hr* FTE: 41%	\$ 23,769.00	\$ 15,846.00	\$ 7,923.00	\$ 47,538.00
Rural Assistance Manager 200 hr, \$64.24/hr* FTE:10%	\$ 6,553.50	\$ 4,369.00	\$ 2,184.50	\$ 13,107.00
Circuit Rider #1 500 hrs \$44.53/hr* FTE: 26%	\$ 11,356.50	\$ 7,571.00	\$ 3,785.50	\$ 22,713.00
Circuit Rider #2 400 hrs, \$56.10/hr* FTE: 21%	\$ 11,446.00	\$ 7,630.67	\$ 3,815.33	\$ 22,892.00
Total	\$ 66,557.00	\$ 44,371.34	\$ 22,185.66	\$ 133,114.00
Total Hours = 2264 1.16 FTE, 1950 hours/year				
*Hourly rate is listed as of 2024 base rate, total calculation includes 2% annual rate increase.				

- **Executive Director, Chief Operating Officer, and General Counsel:**
Will spend a minimal amount of time working on this award to ensure all regulations and requirements are being followed at the state and federal level. Will conduct meetings with the Governor, legislature, and federal partners as necessary. Will direct staff when needed.
- **Director of Planning:**
Will assist the team in organizing and setting up the program for success. Will ensure proper program and project controls are in place for compliance and distributing work.
- **Director of Communications:**
Will conduct outreach and education for the public, which includes press releases, social media, working groups, and other informational materials that the project management team will prepare.
- **Rural Programs Manager:**
Monitors the AEA staff and projects to ensure all regulations and requirements are being

followed at the state and federal levels. Provides high-level direction and guidance to Project Managers as needed. May travel to the sites for inspections and provide technical assistance when needed.

- **Project Manager (PM):**

Will prepare an amendment to the DERA work plan and the project management plan, provide project oversight, and review and accept plans, procedures, deliverables and reports. The PM will be responsible for project communication between sub-grantees, consultants, and the AEA team. The PM will track specific contractual deliverables against the schedule to ensure contractors are on track to meet critical milestones. The PM will be the primary point of contact for the DERA award.

- **Rural Assistance Program Manager and Circuit Riders:**

Will offer quality assurance and quality control during each phase of construction in partnership with the consulting engineers. Perform periodic on-site inspections, and the Circuit Rider staff will be on-site for substantial completion and final testing and inspection.

2. Fringe Benefits

Fringe benefits applicable to direct salaries and wages are treated as direct costs. AEA's negotiated fringe benefit rate is 76.09%. This Indirect Cost Negotiation Agreement from the U.S Department of the Interior is attached to this work plan.

Federal Fiscal Year 2023-2024 Personnel Fringe Benefits				
Category	EPA	Mandatory Cost Share	Voluntary Cost Share	Total
Executive Director 10 hrs, 120.41/hr* FTE 1%	\$ 467.50	\$ 311.67	\$ 155.83	\$ 935.00
Chief Operating Officer 30 hrs, 108.55/hr* FTE: 2%	\$ 1,264.00	\$ 842.67	\$ 421.33	\$ 2,528.00
Director of Planning 8 hrs, 76.24/hr* FTE: 1%	\$ 236.50	\$ 157.67	\$ 78.83	\$ 473.00
Director of Communications 8hrs \$75.22/hr* FTE: 1%	\$ 233.50	\$ 155.67	\$ 77.83	\$ 467.00
General Council 8 hrs, 95.38/hr* FTE: 1%	\$ 296.00	\$ 197.33	\$ 98.67	\$ 592.00
Rural Programs Manager 300 hrs, \$66.33/hr* FTE: 15%	\$ 7,723.00	\$ 5,148.67	\$ 2,574.33	\$ 15,446.00
Project Manager 800 hrs, \$58.25/hr* FTE: 41%	\$ 18,086.00	\$ 12,057.34	\$ 6,028.66	\$ 36,172.00
Rural Assistance Manager 200 hr, \$64.24/hr* FTE:10%	\$ 4,986.50	\$ 3,324.33	\$ 1,662.17	\$ 9,973.00
Circuit Rider #1 500 hrs \$44.53/hr* FTE: 26%	\$ 8,641.00	\$ 5,760.67	\$ 2,880.33	\$ 17,282.00
Circuit Rider #2 400 hrs, \$56.10/hr* FTE: 21%	\$ 8,709.00	\$ 5,806.00	\$ 2,903.00	\$ 17,418.00
Total	\$ 50,643.00	\$ 33,762.01	\$ 16,880.99	\$ 101,286.00

3. Travel

This budget includes two trips for **two** persons to each of the **five** communities² to perform site visits and help the sub-award grantees and their contractors with any technical assistance needed. Travel is budgeted based on experience within the region. With these presumptions, costs are broken down as follows. Round trip airfare \$1200, ground transportation per visit \$100, per diem \$60/day, lodging \$150/night. Presumed each trip is for two days with an overnight stay (two days of per diem) a total of **ten** trips by AEA staff to the communities will be needed. The AEA staff that will travel to the sites include the technical Rural Electric Utility Worker (REUW) and Circuit Rider who may assist in commissioning the projects and may troubleshoot installation issues that could arise, and the AEA Program Manager and/or AEA Project Manager for a final inspection to ensure all the requirements of the funding have been met. The REUW or Program Manager would also have the expertise to perform a final inspection.

FFY 2023-2024 Travel Budget				
Category	EPA	Mandatory Cost Share	Voluntary Cost Share	Total
Airfare: 2 trips per 5 sites (10), \$1,200 per trip. 10 round trip tickets x 2 people, (20 trips)	\$ 12,000.00	\$ 8,000.00	\$ 4,000.00	\$ 24,000.00
Lodging: 2 trips per 5 sites (10), \$150 per night for 2 people (20)	\$ 1,500.00	\$ 1,000.00	\$ 500.00	\$ 3,000.00
Per Diem: 2 trips per 5 sites (10), 2 days per trip (20) \$60 for two people (40 days per diem).	\$ 1,200.00	\$ 800.00	\$ 400.00	\$ 2,400.00
Transportation: 2 trips per 5 sites (10), \$100	\$ 500.00	\$ 333.33	\$ 166.67	\$ 1,000.00
Total	\$ 15,200.00	\$ 10,133.34	\$ 5,066.66	\$ 30,400.00

4. Equipment

There are **no** equipment costs associated directly with AEA with this project. DERA funding will be provided to the sub-award grantees via a grant agreement and therefore reported to EPA through the “Other” line. Please see line 7. “Other” section below for further breakout.

5. Supplies

There are **no** supply costs associated directly with AEA with this project. DERA funding will be provided to the sub-award grantees via a grant agreement and therefore reported to EPA through the “Other” line. Please see line 7. “Other” section below for further breakout.

6. Contractual

There are **no** contractual costs associated directly with AEA with this project. DERA funding will be provided to the sub-award grantees via a grant agreement and therefore reported to EPA through the “Other” line. Please see line 7. “Other” section below for further breakout.

7. Other (Sub-award)

AEA will issue sub-award grant agreements to up to five rural communities to cover the cost of labor, freight, contractual, material, engineering, and installation as part of the equipment costs associated with this grant³. These expenses will be reported to EPA through the “Other” line. Below is a breakout of the budget for these funds

AEA will sub-award grant funds to each eligible rural community per the priority list of potential sites. Cost efficiencies occur when multiple engines are purchased for one community or one utility. The Mandatory Cost Share funds will be in the form of State and VW Fund contributions.

Up to 83.25% of EPA grant funds and State of Alaska matching funds will go towards the engineering, freight, design modifications, purchase, and installation of DERA qualified equipment.

8. Direct Charges

Total direct charges for the project come to \$2,370,367.00. This includes funds from EPA DERA, the Denali Commission, Alaska RPSU State Capital Funds, and the VW Trust Fund. An estimated \$1,973,454.00 will be issued as sub-award grants to rural Alaskan communities. \$264,799.00 will be spent on AEA staff project management, technical assistance, and travel costs.

Indirect Charges

Total indirect charges for this project come to \$132,114.00. Alaska Energy Authority calculated indirect cost rate utilizes a negotiated cost rate agreement of 31.85%. This Indirect Cost Negotiation Agreement from the U.S Department of the Interior is attached to this work plan.

Administrative Costs Expense Cap

AEA's current FY23-24 DERA work plan is based on AEA's approved waiver request accepted July 2, 2024. This request included exceeding the 15% administrative cost cap. In order to appropriate an adequate amount for staff time, travel in rural Alaska, Fringe and indirect costs AEA's administrative costs would account for 16.75% of the project budget.

Matching Funds and Cost-Share Funds

The Mandatory Cost Share - \$410,159.00 for Fiscal Year 2023 and \$379,963.00 for Fiscal Year 2024, for a total of \$790,122.00, will be funded through a Denali Commission award designated for Non-Federal Match. AEA will use funds from State of Alaska RPSU budget, the VW Settlement Trust, and other funding sources as they become available to support the FY23/24 Voluntary Cost Share totaling \$395,061.50.

RPSU funds are a State of Alaska annual allocation through the state legislature. Matching funds will be available during the state fiscal year 2024-2027. Up to 83.25% of EPA funds, Denali Commission Award, and State Match will go towards eligible DERA State Grant project costs such as the repower and replacement equipment, which includes engineering, labor, material, engines, and freight.
