

DOYON UTILITIES TRANSITION UPDATE

March 14, 2008

MILESTONES MET

- DU received quotes on the 138/12.47 transformer for Fort Wainwright and the 138/24.9 transformer for Fort Greely. We expect to purchase the transformers soon to meet the delivery timeline of the 4th quarter of 2008.
- We have completed an internal use GIS map for Fort Wainwright. This map was created using data from the 2007 utility study that was conducted by the Corps of Engineers.
- As promised we have provided results of the electrical characterization studies to the appropriate military representatives. We will use the results of these studies to determine conductor sizing and to develop the priority order of the reconstruction of feeders at each of the bases.
- The Right of Entry permit has been received for substation geotech study at Fort Greely and the permit for the study at Fort Wainwright is in process.
- The Heating Distribution System Main Line and Service Lateral Standard Specifications have been completed. The specifications went through multiple drafts to meet the needs of all interested parties.

MILESTONE APPROACHING

- Final testing for the Fort Richardson Substation will be performed April 14th. The 15 kV Substation will ship from Corona, California on April 16th and is expected to arrive at Fort Richardson on April 28th.

154 Days Until Transition

FYI

- Robert “Bob” Zacharski has been hired as the Fort Richardson Site Manager and will start on March 31st. He will spend some time in Fairbanks to get acquainted with the team and our progress thus far, then he will head to Fort Richardson on Friday, April 4th, accompanied by Dave Dean, Acting Director of Administrative Services. The addition of Bob completes the hiring of the site managers for the three installations.
- Our Engineers have begun planning the water main and fire protection project for the AAAF Rotary Wing JP-4 Refueling System at Fort Greely.
- Tim Wallis, Vice President of Doyon Utilities, along with our Regulatory Attorney, Aimee Oravec and Jeff Hoppe with C.H. Guernsey, traveled to Anchorage this week to meet with the Regulatory Commission of Alaska regarding our twelve Certificate of Public Convenience and Necessity applications.
- We are currently advertising for the following positions:
 - Environmental Program Manager
 - GIS Analyst
 - Administrative Assistant (FWA)
 - Administrative Assistant (FGA)
 - Administrative Assistant (FRA)



PERMITTING

The permitting process plays a vital role in the transfer of the twelve Utilities on August 15th. There is a lot of work that goes into this process of transferring permits and we have already come a long way. Currently, we are on track for

what we hope will be a seamless transition of the transfer and acquisition of the necessary permits. Below is a synopsis of where we are in the process - as you will see, we are moving right along.

FORT WAINWRIGHT

Title V

Fort Wainwright proactively split up their Title V Air Permit into two permits; one for our (Doyon Utilities) sources and one for sources remaining with the Army. These applications were timely and await an ADEC third party contractor award.

Title I

Fort Wainwright has been working to revise and split up this permit according to ownership. Once the two separate permits are issued, a simple administrative change will be required to change the name on our permit. We've been told that the name change is a simple administrative change and that it can be completed in as little as one day.

FORT GREELY

Title V

Fort Greely was already at the end of a two year negotiation with ADEC on its disaggregation of its Title V Air Permit into 5 separate air permits. These applications have already made their way through the public notice process and EPA review and are now ready for signature. Once ADEC signs these permits we will be able to proceed with splitting off the portion of the permits for the Utilities that we will own.

Title I

We attempted to persuade ADEC that administrative changes are the only necessary actions that need to take place for the Title I permitting. ADEC did not agree and have indicated that the permits must be split and then the name can be changed administratively.

NPDES

Permit application is in process after analysis and clarification of EPA rules regarding "Industrial Wastes".

FORT RICHARDSON

Title V

We are on track in the process of disaggregation of the Title V permit, which will be a substantive benefit for all involved. Fort Richardson's Title V will be rescinded upon issuance of the 14 separate Title I Air Permits.

Title I

Preparation for the application of 14 separate Title I Air Permits is currently taking place. We've been informed that our path forward for the Title I disaggregation looks good.