

DOYON UTILITIES TRANSITION UPDATE

April 11, 2008

Milestones Met

- Final review of the 35% drawings for the Operation Depots at all three posts were completed this week. We should be receiving the signed construction right-of-entry permits next week.

FYI

- Rufus Bunch and George Ferree, our contractors with Aurora Energy, met with the Fort Wainwright CHPP mechanics to discuss concerns they have with respect to equipment and systems. Our next step is to start evaluating the comments to develop a list of possible capital projects that are needed.
- Several members of our team have been attending the bi-weekly foremen's and staff meetings.
- Meetings have started this week at each post and will continue into next week. The attendees included the Army, DPW, C.H. Guernsey, the Corps of Engineers, and Doyon Utilities personnel. The meetings will focus on upcoming Corps of Engineer projects and our integration into the process.
- Norman Sather, a Doyon Utilities Engineer, traveled to Anchorage this week to participate in the Child Development Center Charrette. The construction of the center will begin in May 2009 so now is the time for us to get involved to determine the utility needs of this exciting project.

Char · rette [shuh-ret]

A Charrette is a brief but intense design workshop in which stakeholders and interested citizens are invited to contribute to the work of an interdisciplinary team of urbanists during the earliest stages of design and planning.

Definition obtained from www.charrettecenter.com

126 Days Until Transition

Fort Greely Update

- The sub-station project is progressing with initial transmission line surveys in progress. In addition, the clearing and grubbing of the site is planned to start on April 15th and will be complete after about one week.
- The site surveying for the Operation Depot is complete and Nenana Lumber is staging equipment for the initial clearing.
- The 95% design drawings for the AAAF helicopter re-fueling project have been disseminated and our Engineering team is designing the required fire protection and electrical utility upgrades to support this Army project.

Milestones Approaching

- Shayne Coiley, our Fort Wainwright Project Manager, along with Marvin Riddle, of Riddle Consulting, will be heading to Corona, California this weekend to be at the Meyers Factory for the final testing for the Fort Richardson Substation. The 15 kV Substation will ship on April 16th and is expected to arrive at Fort Richardson on April 28th.
- The Fort Richardson transformer will be tested on April 14th or 21st. After testing, it will be moved to the pad at Fort Richardson and then retested again to remove the possibility of future warranty disputes. This schedule is dependent on road restrictions and the ability to get the pad poured prior to these dates.



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Air Permitting Update

Fort Richardson

The Title I application was submitted to ADEC on March 13th. We are working on obtaining a status update on this application.

Fort Greely

The Title I applications for SIC 97 and SIC 65 were submitted to ADEC on April 9th. Fort Greely has prepared their portion of the Title V renewal/revision application for our review.

Fort Wainwright

ADEC is currently processing the Title V applications through a third party contractor. On April 5th, an application was submitted to split the Title I permit into two permits - one for each owner. On April 2nd, an addendum to the Title V application, updating the list of generators, was submitted.

Utility Ratemaking Class

Jeff Hoppe, Senior Project Manager with C.H. Guernsey, presented a class on utility ratemaking to a room of over 15 people this week. Doyon Utilities staff was out in full force and there were also participants from the Corps of Engineers, C.H. Guernsey and DPW.

The class focused on five areas of ratemaking:

- Rate Study Process
- Regulation
- Accounting
- Operating Revenues, Expenses and Revenue Requirements
- Regulation Examples (including: weighted average cost of capital, inception rate development and forecasting statements)

By all accounts the class was extremely insightful and was helpful to those with various levels of knowledge of the ratemaking process - from the very experienced to the beginner.

$$RR = O\&M + A\&G + DE + OT + (COC \times RB) + IT$$

Above: Revenue Requirement = Operation & Maintenance Expense + Administrative & General Expense + Depreciation Expense + Other Taxes + (Cost of Capital X Rate Base) + Income Tax



Tim Wallis, Chairman of the Board and Vice President of Doyon Utilities, models our new company logo wear.

Staffing

- We are well on our way to having all position descriptions complete by the end of the month. Once we have the descriptions we will present them to all employees. The employee meeting at Fort Greely has already been scheduled for May 7th and we expect to schedule the Fort Richardson and Fort Wainwright meetings soon.
- Applications have been received and interviews will begin within the next few days for the Coordinator of Administrative Services.
- We anticipate conducting interviews for the location specific Administrative Assistant positions as well as the GIS role within the next couple of weeks.