

Future Heat and Energy Plans at Fort Wainwright



In July 2019 the Army published a notice in the Federal Register that it would prepare an Environmental Impact Statement (EIS) “to address heat and electrical generation and distribution upgrades at Fort Wainwright, Alaska.” The Army described the power plant as being in a deteriorated condition that could lead to a “near catastrophic” situation, i.e., loss of heat for the residents of Fort Wainwright requiring evacuation from the

post.

The Army has proposed three alternative energy solutions for Fort Wainwright: **Alt 1:** New Coal Fired power plant: **Alt 2:** Natural Gas heat and power plant: **Alt 3:** Distributed Natural Gas heat and purchase all electrical power from the local utility. A fourth alternative (**No Action Alternative**) serves as a baseline for comparison. The EIS does not select or identify an alternative as preferred but the EIS, and its underlying studies, indicate a clear preference for Alternative 3. The draft can be found at

https://home.army.mil/alaska/application/files/8416/0226/1458/Draft_Environmental_Impact_Statement_Addressing_Heat_and_Electrical_Upgrades_at_Fort_Wainwright_Alaska.pdf

If the Army does decide to replace the plant, Doyon believes strongly that the Army should honor the contractual commitment it made 12 years ago. Doyon, Limited has a long history of supporting our Armed Forces, and especially the soldiers and families at Fort Wainwright. The contract to provide utility services is a significant commitment of trust and resources and wasn’t entered into lightly by either party. It is a long-term commitment that required DU to buy the power plant, utilidors, and all utility infrastructure. DU invested in the infrastructure. It is now a highly reliable system. If the Army changes its mind on upgrading the plant, and now wants a different type of plant or heating system, Doyon Utilities should be the company that constructs, owns, and operates that plant.

A decision by the Army to replace the plant with a distributed heat system could impact Doyon, its shareholders, and the community. If a distributed heat system is installed and Doyon Utilities is not the owner, Doyon shareholders will be deprived of the benefit of future earnings from their investment in the plant.

Doyon Utilities believes the condition of the power plant is much better than the EIS suggests, that it serves reliably today, and that with modest investment it can continue to provide reliable service for many years to come. Having operated the plant for 12 years, DU has the best and most accurate understanding of the condition of the plant. Despite its age, it has been maintained well.

Doyon Utilities wants the Army to make an informed and prudent decision but is concerned it is rushing a decision with alternatives that present significant risk. The proposed timeline calls for implementation by 2026. That timeline is fraught with risk for both alternatives that call for natural gas – we don’t believe it will be available in sufficient quantity and with a secure supply chain, which is essential to the installation’s energy security.

Comments on the Draft EIS may be provided to the website above no later than Dec. 8, 2020.



Draft Environmental Impact Statement Addressing Heat and Electrical Upgrades at Fort Wainwright

About Doyon, Limited

Headquartered in Fairbanks, Doyon, Limited has more than 20,100 shareholders and was established under the 1971 Alaska Native Claims Settlement Act. Doyon has subsidiaries in oilfield services, government contracting, and tourism, is also the largest private landowner in Alaska and one of the largest in North America. Its mission is to continually enhance its position as a financially strong Native corporation in order to promote the economic and social well-being of its shareholders and future shareholders, to strengthen its Native way of life, and to protect and enhance its land and resources. For more information, visit www.doyon.com.

About Doyon Utilities

Doyon Utilities, LLC, (DU) joined the Doyon family of companies in 2007. Doyon, Limited teamed with Corix, a North American utility company headquartered in Vancouver, B.C., to compete for the Army's solicitation to privatize the utilities at Fort Wainwright, Fort Greely, and Fort Richardson, Alaska. DU took over ownership and operation of the utilities at those three installations in August 2008 in the largest Utilities Privatization (UP) contract awarded by the Department of Defense (DOD) to date. Doyon owns a 50% share of DU.

DU is a regulated utility under the Regulatory Commission of Alaska. Under the UP contract terms, DU purchased twelve utility systems at the three Army installations and operates them for the life of the contract. 38 years remain of the 50 year contract term. DU's regulated model allows DOD to leverage private capital for infrastructure upgrades and replacements and allows for payment over time through the rate base. Asset depreciation is reinvested in utility infrastructure without impact to rates.

DU employs 170 Alaskans across the three installations. Since inception, nearly 100 Doyon Shareholders and other Alaska Natives have been employed by DU, earning solid living wages and learning valuable job skills. DU currently employs 34 Doyon Shareholders.

Headquartered in Fairbanks, DU serves over 55,000 Soldiers, Airmen, families, and DOD civilians at Fort Wainwright, Fort Greely, and Joint Base Elmendorf-Richardson.

Community Impact (2019)

- **Annual Impact on the Alaskan Economy (including taxes and vendors): \$57.6 million.**
 - Fort Wainwright/Fort Greely: **\$35.9 million** to Fairbanks/Interior Alaska
 - JBER: **\$20.1 million** to Anchorage
- **Payroll.**
 - Total annual payroll of **\$18 million**
 - 2019 payroll to employees who are Doyon Shareholders: **\$2.7 million**
- **Charitable Contributions.**
 - Corporate contributions to the community over **\$70,000** annually.
 - Employee contributions through DU Cares nearly **\$100,000** in 2019.