Volkswagen Environmental Mitigation Trust

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

State of Alaska Project 009 – Alaska Clean Diesel Project FY23 FY24

Prepared by

ALASKA ENERGY AUTHORITY

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary **Alaska**

Lead Agency Authorized to Act on Behalf of the Beneficiary **Alaska Energy Authority**

(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

Action Title:	**Alaska Clean Diesel Project FY23 FY24**
Beneficiary's Project ID:	**34040**
Funding Request No:	**009**
Request Type: (select one or more)	ⓞ Reimbursement ⓞX Advance ⓞ Other (specify):
Payment to be made to: (select one or more)	ⓞX Beneficiary ⓞ Other (specify):
Funding Request & Direction (Attachment A)	ⓞX Attached to this Certification ⓞ To be Provided Separately

SUMMARY

Eligible Mitigation Action ⓞ Appendix D-2 item (specify): _____
Action Type ⓞX Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): Non-road Engine for Power Production

Explanation of how funding request fits into Beneficiaries Mitigation Plan (5.2.1):

As described in the Alaska Beneficiary Mitigation Plan, Alaska intends to allocate State Trust funds for the replacement of diesel generators used for prime power, to be distributed over a period of five federal fiscal years' worth of EPA State DERA funding. Project 009 represents the fifth federal fiscal year and will utilize the remaining VW Trust funds.

Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):

AEA will use DERA funds to complete up to ten (10) diesel engine repower and/or replacements. The repowers/replacements will replace antiquated mechanically governed and lower tier prime power diesel generator engines with newer, more fuel-efficient Tier 2 and Tier 3 marine and low PM emitting non-road engines. These new engines are equipped with electronically controlled governors, which improves performance and reduces emissions. A complete, detailed work plan is attached.

Estimate of Anticipated NOx Reductions (5.2.3):

The estimated reduction in NOx emissions is 5.5 tons annually for the estimated 10 year life of the engines. Once the replacement engines are chosen, the anticipated reduction in NOx will be calculated again and provided in the semi-annual report.

Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):

Alaska Energy Authority

Describe how the Beneficiary will make documentation publicly available (5.2.7.2).

AEA will follow the guidance set forth in Appendix D-3. AEA will make records related to the VW Trust publicly available on AEA's website (http://www.akenergyauthority.org/programs/vwsettlement). Any VW Trust records not posted on AEA's website will be made available to the public under the Alaska Public Records Act (AS 40.25) and the Act's implementing regulations (2 AAC 96), unless one of the following applies: (1) the records are not "public records," as defined in AS 40.25.220(3); (2) the records are protected under state or federal law or otherwise exempt from disclosure under AS 40.25.120(a); (3) the records are excluded from the Act under another state statute; or (4) the records are readily available for public inspection—e.g., available on the Internet or "during state business hours in an agency's office or in a public library," 2 AAC 96.100(b). (The Alaska Public Records Act does not require AEA "to compile or summarize" records or "to manipulate its data to create new records." 2 AAC 96.210.)

Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).

As shown below, each engine replacement will be funded by a portion of EPA State DERA (50%), State of Alaska Capital Funds (38%), and Volkswagen Trust Funds (11%). A detailed budget is included in attached DERA workplans for FY23 FY24.

Itemized Project Budget

Budget Category	EPA Allocation (50%)	Mandatory Match (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
1. Personnel	$ 6 6,557.00	$ 44,371.31	$ 1 5,130.23	$ 7,055.46	$ 133,114.00
2. Fringe Benefits	$ 5 0,643.00	$ 33,761.99	$ 1 1,512.54	$ 5,368.48	$ 101,286.00
3. Travel	$ 15,200.00	$ 10,133.33	$ 3,455.38	$ 1,611.30	$ 3 0,400.00
4. Equipment	$ -	$ -	$ -	$ -	$ -
5. Supplies	$ -	$ -	$ -	$ -	$ -
6. Contractual	$ -	$ -	$ -	$ -	$ -
7. Other: Subaward Grants	$ 986,727.00	$ 657,817.72	$ 224,310.04	$ 104,599.24	$ 1,973,454.00
8. Total Direct Charges	**$ 1 ,119,126.50**	**$ 746,084.02**	**$ 254,408.07**	**$ 118,634.41**	**$ 2,238,253.00**
9. Indirect Charges	$ 6 6,057.00	$ 44,037.98	$ 1 5,016.56	$ 7,002.46	$ 132,114.00
10. Totals (Indirect+Direct)	**$ 1,185,183.50**	**$ 790,122.00**	**$ 269,424.63**	**$ 125,636.87**	**$ 2,370,367.00**

Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).

Pursuant to subparagraph 4.2.8, within 30 days of the filed Notice of Beneficiary Designation listing Alaska as a Beneficiary of the State Trust, the Alaska Energy Authority provided a copy of the State Trust agreement to all federal agencies that have custody, control, or management of land within or adjacent to Alaska (National Park Service, US Forest Service, US Fish and Wildlife Service, Bureau of Land Management) via certified mail**.**

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

In rural Alaska, communities are not connected to an electric grid and must generate power in their local community. 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 the residents to ensure 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 from them. This grant will assist AEA in taking action to meet the goal of reducing exposure to criteria pollutants and hazardous air pollutants and reducing greenhouse gas emissions while maintaining the economic vitality of the state.

ATTACHMENTS
(CHECK BOX IF ATTACHED)

X	**Attachment A**	Funding Request and Direction
X	**Attachment B**	Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).
X	**Attachment C**	Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).
X	**Attachment D**	Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding $25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding $25,000.]
X	**Attachment E**	DERA Option (5.2.12). [Attach only if using DERA option.]
N/A	**Attachment F**	Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]

CERTIFICATIONS

By submitting this application, the Lead Agency makes the following certifications:

1. This application is submitted on behalf of Beneficiary **Alaska**, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: 7/1/2025 | 2:25:41 PM AKDT

Signed by:
B4DC9352A25C4D2...

Audrey Alstrom
REEE Program Director

Alaska Energy Authority

[LEAD AGENCY]

for

Alaska

[BENEFICIARY]

ATTACHMENT B Project Management Plan

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. Rural communities in Alaska are not connected to the electrical grid and must generate their own electricity. Small diesel power plants are used for this purpose. 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, higher emissions, etc. This grant will partially fund the replacement of up to ten non-certified and lower-tier diesel engines with Tier 2 and 3 marine engines, and low PM emitting non-road engines. These engines will be installed because of their proven reliability, and fuel economy and they are as clean as or cleaner than non-road Tier 3 engines.

Schedule and Milestones

Program Milestones	Date
AEA directs funding	June 2025
Project sponsors enter contracts, purchase orders, etc. START	July 2025
Project sponsors enter contracts, purchase orders, etc. COMPLETE	August 2025
Project installations START	May 2026
Project installations COMPLETE	October 2026
AEA reports project completion	December 2026

Please see the attached FY23 & FY24 DERA work plan (Attachment E) for detailed project information.

Budget

Itemized Program Budget

Budget Category	EPA Allocation (50%)	Mandatory Match (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
1. Personnel	$ 66,557.00	$ 44,371.31	$ 15,130.23	$ 7,055.46	$ 133,114.00
2. Fringe Benefits	$ 50,643.00	$ 33,761.99	$ 11,512.54	$ 5,368.48	$ 101,286.00
3. Travel	$ 15,200.00	$ 10,133.33	$ 3,455.38	$ 1,611.30	$ 30,400.00
4. Equipment	$ -	$ -	$ -	$ -	$ -
5. Supplies	$ -	$ -	$ -	$ -	$ -
6. Contractual	$ -	$ -	$ -	$ -	$ -
7. Other: Subaward Grants	$ 986,727.00	$ 657,817.72	$ 224,310.04	$ 104,599.24	$ 1,973,454.00

8. Total Direct Charges	**$ 1,119,126.50**	**$ 746,084.02**	**$ 254,408.07**	**$ 118,634.41**	**$ 2,238,253.00**
9. Indirect Charges	$ 66,057.00	$ 44,037.98	$ 15,016.56	$ 7,002.46	$ 132,114.00
10. Totals (Indirect+Direct)	**$ 1,185,183.50**	**$ 790,122.00**	**$ 269,424.63**	**$ 125,636.87**	**$ 2,370,367.00**

Percentage totals are calculated as 0.333333192708133 (33%), 0.113663677396791 (11%), 0.05300313(5%)

Projected Trust Allocations

Project VW Trust Balance (as of June 2025)

	VW Trust Funds
1. Initial Allocation	$8,125,000.00
2. Attachment A Disbursements (prior)	$8,284,432.16
3. Approved Budget Amount	$8,284,432.16
4. Remaining Allocation (prior)	-$159,432.16
5. Interest Earnings from VW (6/23/25)	$428,856.79
6. Balance Prior (Line 4 + Line 5)	$269,424.63
7. Project 009 Advance	$269,424.63
8. Projected Net Trust Funds Remaining (Line 6 - Line 7)	$0.00

 ATTACHMENT C

Detailed Plan for Reporting on EMA Implementation

The Alaska Energy Authority (AEA) will provide detailed reporting on the Alaska Clean Diesel Project FY23 & 24 (Project 009) on its public VW website and will fulfill its reporting obligations to Wilmington Trust.

AEA's VW website (http://www.akenergyauthority.org/What-We-Do/Grants-Loans/Volkswagen-DieselSettlement-Grants) was created specifically to provide information related to the Trust, settlement documents, and Alaska's plans for disbursement, funding opportunities and implementation information. To provide transparency and accountability, AEA will post timely updates on information, including but not limited to:

- x General information on the Partial Consent Decrees and State Trust Agreement
- x Alaska Beneficiary Mitigation Plan x Request for Applications (RFAs) as funding opportunities arise
- x All public records supporting funding requests AEA submits to the Trustee and all public records supporting all expenditures of the Trust fund, subject to confidentiality laws and until the Termination Dates of the State Environmental Mitigation Trust Agreement.
- x Contact information

AEA will periodically evaluate the implementation of the Beneficiary Mitigation Plan and EMAs to determine if revisions to the plan are necessary to achieve the goals outlined in the plan. Any changes to the plan will be posted on AEA's VW website for at least 30 days prior to implementation.

In addition, the State will also comply with the reporting requirements listed in the Environmental Mitigation Trust Agreement for State Beneficiaries in subparagraph 5.3:

> *For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. … These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt.*

ATTACHMENT D

Detailed cost estimate Personnel:

Federal Fiscal Year 2023-2024 Personnel w/o Fringe Benefits					
	EPA (50%)	Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
Executive Director 10 hrs, 120.41/hr* FTE 1%	$ 614.00	$ 409.33	$ 139.58	$ 65.09	$ 1,228.00
Chief Operating Officer 30 hrs, 108.55/hr* FTE: 2%	$ 1,661.00	$ 1,107.33	$ 377.59	$ 176.08	$ 3,322.00
Director of Planning 8 hrs, 76.24/hr* FTE: 1%	$ 311.00	$ 207.33	$ 70.70	$ 32.97	$ 622.00
Director of Communications 8hrs $75.22/hr* FTE: 1%	$ 307.00	$ 204.67	$ 69.79	$ 32.54	$ 614.00
General Council 8 hrs, 95.38/hr* FTE: 1%	$ 389.00	$ 259.33	$ 88.43	$ 41.24	$ 778.00
Rural Programs Manager 300 hrs, $66.33/hr* FTE: 15%	$ 10,150.00	$ 6,766.66	$ 2,307.37	$ 1,075.96	$ 20,300.00
Project Manager 800 hrs, $58.25/hr* FTE: 41%	$ 23,769.00	$ 15,845.99	$ 5,403.34	$ 2,519.66	$ 47,538.00
Rural Assistance Manager 200 hr, $64.24/hr* FTE:10%	$ 6,553.50	$ 4,369.00	$ 1,489.79	$ 694.71	$ 13,107.00
Circuit Rider #1 500 hrs $44.53/hr* FTE: 26%	$ 11,356.50	$ 7,571.00	$ 2,581.64	$ 1,203.86	$ 22,713.00
Circuit Rider #2 400 hrs, $56.10/hr* FTE: 21%	$ 11,446.00	$ 7,630.66	$ 2,601.99	$ 1,213.35	$ 22,892.00
	$ 66,557.00	$ 44,371.31	$ 15,130.23	$ 7,055.46	$ 133,114.00

Total Hours = 2264 1.16 FTE, 1950 hours/year

*Hourly rate is listed as of 2024 base rate, total calcualtion includes 2% annual rate increase.

Federal Fiscal Year 2023-2024 Personnel Fringe Benefits					
Category	EPA (50%)	Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
Executive Director 10 hrs, $120.41/hr	$ 467.50	$ 311.67	$ 106.28	$ 49.56	$ 935.00
Chief Operating Officer 30/hrs, $108.55/hr	$ 1,264.00	$ 842.67	$ 287.34	$ 133.99	$ 2,528.00
Director of Planning 8 hrs, $76.24/hr	$ 236.50	$ 157.67	$ 53.76	$ 25.07	$ 473.00
Director of Communications 8hrs, $75.22/hr	$ 233.50	$ 155.67	$ 53.08	$ 24.75	$ 467.00
General Council 8 hrs, $95.38/hr	$ 296.00	$ 197.33	$ 67.29	$ 31.38	$ 592.00
Rural Programs Manager 300 hrs, $66.33/hr	$ 7,723.00	$ 5,148.66	$ 1,755.65	$ 818.69	$ 15,446.00
Project Manager 800 hrs, $58.25/hr	$ 18,086.00	$ 12,057.33	$ 4,111.44	$ 1,917.23	$ 36,172.00
Rural Assistance Manager 200 hr, $64.24/hr	$ 4,986.50	$ 3,324.33	$ 1,133.57	$ 528.60	$ 9,973.00
Circuit Rider #1 500 hrs $44.53/hr	$ 8,641.00	$ 5,760.66	$ 1,964.34	$ 916.00	$ 17,282.00
Circuit Rider #2 400 hrs, $56.10/hr	$ 8,709.00	$ 5,806.00	$ 1,979.79	$ 923.21	$ 17,418.00
Total	**$ 50,643.00**	**$ 33,761.99**	**$ 11,512.54**	**$ 5,368.48**	**$ 101,286.00**

Travel:

FFY 2023-2024 Travel Budget					
Category	EPA (50%)	Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	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	$ 2,727.93	$ 1,272.08	$ 24,000.00
Lodging: 2 trips per 5 sites (10), $150 per night for 2 people (20)	$ 1,500.00	$ 1,000.00	$ 340.99	$ 159.01	$ 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	$ 272.79	$ 127.21	$ 2,400.00
Transportation: 2 trips per 5 sites (10), $100	$ 500.00	$ 333.33	$ 113.66	$ 53.00	$ 1,000.00

Total	$ 15,200.00	$ 10,133.33	$ 3,455.38	$ 1,611.30	$ 30,400.00

Subaward Grant Summary:

For the 2023/2024 program sponsored by the EPA, the Alaska Energy Authority (AEA) plans to facilitate critical engine upgrades in three communities served by the Middle Kuskokwim Electric Cooperative (MKEC): Sleetmute, Stony River, and Chuathbaluk. These communities were identified as priorities based on AEA's comprehensive needs-based inventory and assessment, as well as findings from a recent MKEC Failure Mitigation Assessment Plan funded by the Denali Commission.

The assessment provided clear and specific guidance regarding the infrastructure challenges facing these utilities and highlighted the urgent need for equipment upgrades to ensure continued delivery of safe, reliable, and fuel-efficient power. The proposed engine replacements will not only improve system reliability and operational efficiency but also result in a meaningful reduction in emissions. By replacing aging, inefficient generators with modern, lower-emission models, the project will help reduce harmful air pollutants and align with broader environmental and public health goals.

Federal Fiscal Year 2023/2024 Subaward Summary					
Category	EPA (50%)	Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
Labor	$ -	$ -	$ -	$ -	$ -
Freight	$ 115,616.00	$ 77,077.30	$ 26,282.68	$ 12,256.02	$ 231,232.00
Contractual	$ 119,250.00	$ 79,499.97	$ 27,108.79	$ 12,641.25	$ 238,500.00
Material and Engines	$ 751,861.00	$ 501,240.46	$ 170,918.57	$ 79,701.97	$ 1,503,722.00
Total	$ 986,727.00	$ 657,817.72	$ 224,310.04	$ 104,599.24	$ 1,973,454.00

Subaward Chuathbaluk, Alaska					
Category	EPA (50%)	Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
Labor	$ -	$ -	$ -	$ -	
Freight	$ 28,904.00	$ 19,269.33	$ 6,570.67	$ 3,064.00	$ 57,808.00
Contractual	$ 39,750.00	$ 26,499.99	$ 9,036.26	$ 4,213.75	$ 79,500.00

Material and Engines	$ 223,381.00	$ 148,920.60	$ 50,780.61	$ 2 3,679.78	$ 446,762.00
Total	**$ 292,035.20**	**$ 194,690.05**	**$ 66,387.59**	**$ 3 0,957.56**	**$ 584,070.40**

Subaward Stony River, Alaska					
		Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
	-	$ -	$ -	$ -	0
	00	$ 19,269.33	$ 6,570.67	$ 3,064.00	$57,808
	00	$ 26,499.99	$ 9,036.26	$ 4,213.75	$79,500
Material and Engines	0	$ 146,514.94	$ 49,960.30	$ 23,297.26	$439,545
	0	$ 192,284.25	$ 65,567.23	$ 30,575.01	$576,853

Subaward Sleetmute, Alaska					
		Mandatory Cost Share (33%)	Voluntary Cost Share (VW 11%)	Voluntary Cost Share (State 5%)	Total
Labor	$ -	$ -	$ -	$ -	0
Freight	$ 57,808.00	$ 38,538.65	$ 1 3,141.34	$ 6,128.01	$115,616
Contractual	$ 39,750.00	$ 26,499.99	$ 9,036.26	$ 4,213.75	$79,500
Material and Engines	$ 308,707.50	$ 205,804.91	$ 70,177.66	$ 3 2,724.93	$617,415
Total	$ 406,265.50	$ 270,843.55	$ 92,355.26	$ 43,066.69	$812,531.00

United States Environmental Protection Agency

Office of Transportation and Air Quality
July 2023

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.

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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 Grants[1] 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

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-EmissionReduction-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.

[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.

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.

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 disproportionally 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-EmissionReduction- 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 nonpoint 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	$ 5 53.67	$ 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 calcualtion includes 2% annual rate increase.				

x **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. x **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. x **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. x **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.

x **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.

x **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** communities[2] 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 grant[3]. 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.

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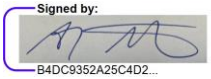
Audrey Alstrom adalstrom@akenergyauthority.org Director of AEEE Program Alaska Energy Authority Security Level: Email, Account Authentication (None)	Signed by:  B4DC9352A25C4D2... Signature Adoption: Uploaded Signature Image Using IP Address: 24.237.42.154	Sent: 7/1/2025 2:24:43 PM Viewed: 7/1/2025 2:25:02 PM Signed: 7/1/2025 2:25:41 PM
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