

Power Project Loan Fund Application (AS 42.45.010)

Applicant Information:

Applicant Legal Name: _____

Applicant Business Name: _____
(if different from legal name / name used in doing business as – DBA)

Applicant Business Address: _____
(Address, City, State, Zip)

Applicant Mailing Address: _____
(If different from above)

Primary Contact Information:

Contact Name: _____ Contact Phone: _____

Contact Title: _____ Contact Email: _____

Contact Address: _____
(Address, City, State, Zip)

Eligible Applicant Type (check all that apply):

Electric Utility		Regional Electric Authority	
Regional or Village Corporation		Independent Power Producer (IPP)	
Borough or Municipal Government		Village Council	

PPF Loan Type (check all that apply):

Powerhouse production facility		Alternative energy facilities and equipment	
Transmission or distribution system		Heat recovery	
Supply side efficiency and conservation		Bulk fuel storage facility	
Reconnaissance or feasibility study		Other:	

Loan Request Information:

Loan Amount Requested (\$): _____ Total Project Cost (\$): _____

Term Request (years): _____ Interest Rate Request (%): _____

Payment Frequency Requested (check one): Monthly ____, Quarterly ____, Semi-Annual ____, Annual ____

Please submit this cover sheet with your completed loan application package. The loan application instructions that follow should be read carefully and followed step-by-step. The Alaska Energy Authority ("AEA" or "Authority") will not begin review of a loan application until all required application documents, and the application fee, are received.

Power Project Fund (PPF) Loan Application Instructions

Please read this document carefully and provide all of the required information stated and/or described below. Applications will not be evaluated until all of the following are received by the Authority: (i) cover sheet, (ii) all required information detailed below, and (iii) the application fee is received.

1. Authorization

Provide a certified copy of the resolution or other official action by the governing/authorized body of the applicant authorizing this loan application.

2. Applicant Officers

State the names and titles of the principal officers of the applicant, including the Chief Executive Officer or General Manager.

3. Advisors and/or consultants

State the name(s) and address(es) of the engineer, legal counsel, financial advisor or consultant, and any management, engineering, design, economic, or other advisors or consultants which the applicant may have for this project.

4. Project Description

- I. Provide the geographic location of the project (i.e. physical address, latitude / longitude coordinates, etc...)
- II. Provide a comprehensive statement clearly demonstrating the public need for the project and the project's eligibility under AS 42.45.010.
- III. Provide a budget which shows proposed allocation of loan money to each purpose and/or each phase of the project.
- IV. Provide a detailed description of the project, including the purposes of the project, a timeline/schedule and description of the project phases, and the estimated annual operating costs and revenues of the project once project operations commence.
- V. If applicable, describe additional funding sources that will be used to finance the project including amounts and sources.
- VI. If the proposed loan will be entered into under a "leveraged lease financing arrangement" as described in AS 42.45.010(b)(2), describe the leveraged lease financing arrangement for the project, identify the party that will be responsible for the project, demonstrate that the leveraged lease financing arrangement results in lower costs for consumers than alternative financing arrangements, and provide written documentation of the leveraged lease agreement signed by participants.

5. Technical Feasibility

For a loan to construct, equip, modify, or expand a project, provide information from which the Authority can determine technical feasibility as follows:

- I. Information on design and engineering for the project, including drawings and specifications from the vendor(s) as appropriate, current and projected loads, any efficiency measures underway or completed, existing conditions of power systems, current or future consultants who will assist in the project;
- II. Information to determine that a project or piece of equipment complies with applicable rules and regulations governing use and will perform as presented in the application: such as the equipment make and model, serial numbers for powerhouse equipment, efficiency data, availability of equipment and replacement parts;
- III. Information regarding:
 - i. environmental impact
 - ii. land use and
 - iii. land ownershipfrom which the Authority can determine if other steps are necessary before the project can start.
- IV. Schedule and timing to design, procure, ship, and install the equipment

6. Financial Feasibility

Provide information from which the Authority can determine financial feasibility as follows:

- I. If funds in addition to the requested PPF loan are needed to complete the project, identify the amount of additional funds required and document that the additional funds are available to the applicant.
- II. Document the expected impact of the project on annual operations and maintenance costs, including changes in fuel costs, and state the project's useful life, along with any relevant supporting documentation for use in verification by the Authority.
- III. Demonstrate that sufficient revenue will be available to the applicant in the future to repay all project debts, including but not necessarily limited to the PPF loan requested, without causing unreasonable increases in consumer costs, and identify the source or sources of such revenue. Include projections of the impact on rates associated with servicing the debt associated with the PPF loan being requested, assuming that the terms (length of loan and interest rate) requested are used.
- IV. Identify all viable alternatives to financing the project other than the PPF program.
- V. Provide information on all of the applicant's outstanding loan debts. Include: lender name, original amount of loan, current balance on loan, date of issuance, date of maturity, amount and frequency of payments, and indicate if payments are current.

7. Financial Statements and Credit References

- I. Attach financial statements of the applicant and any other party or parties acting as guarantor(s) of the loan. At a minimum, such financial statements must be provided for the most recent two complete calendar or fiscal years. Three years of financial information is preferred. Financial statements must include balance sheets and profit-loss statements and, if available, be financial statements audited by an independent certified public accountant.
- II. Attach any related management reports.

- III. List at least two credit references, including name, address, e-mail address, and telephone number, as reasonably available.
- IV. Attached a signed *Authorization to Obtain Credit Information* form provided at the end of this document for each credit reference. Please provide an original signed form for each credit reference.

8. Interest Rate Justification

For applicants requesting a rate lower than set forth in AS 42.45.010(F)(2)(A), provide information sufficient for the Authority to determine:

- I. The financial impact on non-industrial ratepayers;
- II. If the project improves stability and sustainability of local energy or heat systems; and
- III. Whether the project will help meet new load demands or diversify the generation source portfolio.
- IV. For applicants requesting a reduced interest rate under AS 42.45.010(m), applicant must provide:
 - i. information sufficient for the Authority to verify that the cumulative monetary involvement in the project from the State of Alaska, through loans, grants, and bonds, is at least \$5,000,000.
 - ii. Information sufficient for the Authority to determine that the project qualifies as a "renewable energy resources" project under AS 42.45.045(l), defined as being a project which is characterized as project which generates electricity or heat from the following sources:
 - i. Wind, solar, geothermal, wasteheat recovery, hydrothermal, wave, tidal, river in-stream, or hydropower; or
 - ii. Low-emission nontoxic biomass based on solid or liquid organic fuels from wood, forest and field residues, or animal or fish products; or
 - iii. Dedicated energy crops available on a renewable basis; or
 - iv. Landfill gas and digester gas.

9. Owner's Business History

In the case of a borrower other than a governmental entity or a cooperative, provide a business history of any person or entity owning or controlling 10 percent or more of the applicant's stock or business.

10. Permits

State the status of any proceedings undertaken by the applicant to obtain permits, certificates or other authorizations from any federal, state, local, or legal agency necessary to begin, complete, and operate the project.

11. Waiver of Sovereign Immunity

If the applicant is a Native Village Council, a resolution waiving sovereign immunity on a form provided by the Authority.

12. Fees and charges

As a matter of policy, the Authority only accepts payment of all loan fees and charges via Automated Clearing House (ACH) payments or bank wire transfer.

- I. Application fee – the PPF loan application fee is non-refundable and applications will not be reviewed until the Authority is in receipt of the application fee. The loan application fee schedule is provided in Table 1 below.

Table 1: PPF Loan Application Fee Schedule (ref. 3 AAC 106.150(a))

Loan Amount Requested (\$)	PPF Loan Application Fee (\$)
Up to and including \$100,000	\$200
More than \$100,000 and not more than \$500,000	\$1,000
More than \$500,000 and not more than \$1,000,000	\$2,000
More than \$1,000,000	\$5,000

- II. The Authority may require the applicant to enter into an agreement obligating the applicant to reimburse the Authority for the Authority's cost to conduct feasibility analyses of the loan application or project.
- III. If the Authority approves an application, the borrower shall pay a closing fee of one-percent of the total approved loan amount at the time of closing. At the request and election of the applicant, the closing fee may be added to the balance of the loan at closing. The application fee (see section 12.I) will be credited toward the loan closing fee (ref. 3 AAC 106.150(d)).
- IV. If the Authority entered into an agreement with the applicant for reimbursement of the Authority's costs (see section 12.II), the Authority may add the cost of the Authority's feasibility analyses to the balance of the loan at closing.
- V. All payments made by the applicant in satisfaction of those fees and charges under this section, in addition to loan payments made by a borrower under an executed PPF loan agreement and/or related documents, shall be made by ACH payment or bank wire transfer to the AEA bank account provided in Table 2 below. The applicant should note the reason for the payment in the payment memo (i.e. PPF loan application fee, PPF loan closing fee, etc...).

Table 2: AEA Deposit Account Information

Item	Description
Bank Name:	First National Bank Alaska
Bank Address:	101 West 36 th Avenue Anchorage, AK 99503-5904
Account Number:	31710114
Routing Number:	125200060
Remittance Email:	aeapayables@akenergyauthority.org

13. Required PPF Loan Application Approvals

- I. PPF loan applications require varying levels of approval as determined by the loan amount requested, and as described in Table 3 below.

Table 3: AEA Loan Approval Requirements

Loan Request Amount (\$)	Approval Required
Up to and including \$2,000,000	PPF Loan Committee

More than \$2,000,000 and less than \$5,000,000.	PPF Loan Committee and AEA Board of Directors
\$5,000,000 or greater. (i.e. "major projects") Per AS 42.45.010(j) The Authority may not enter into a loan from the power project fund for a major project unless it has legislative approval of the project and the amount. A "major project" is defined as a project in which the "cumulative state monetary involvement, through loans, grants, and bonds, is at least \$5,000,000 or a project for which a loan of more than \$5,000,000 has been requested". It is the responsibility of the applicant, and not of the authority to obtain the necessary approval by the Legislature (ref. 3 AAC 106.110(g)). Per AS 42.45.010(j), "An appropriation for the loan that names the project constitutes approval required by this subsection."	PPF Loan Committee, and AEA Board of Directors; and State Legislature.

14. Submission of PPF Loan Application

The applicant shall submit the completed PPF loan application package, including all necessary supporting documentation as stated in this loan application form by sending the completed PPF loan application package to the Authority per those methods provided below in Table 4. Please note that the applicant must include documentation by which the Authority may verify the receipt of payment of the loan application fee.

Table 4: Submission of Completed PPF Loan Application Package

Delivery Method:	Address:
Mail to:	Alaska Energy Authority Attn: Power Project Loan Fund 813 W Northern Lights Blvd Anchorage, AK 99503
E-mail to:	<u>Email Address:</u> cterickson@akenergyauthority.org <u>Subject Line:</u> [Applicant Name] + "PPF Loan Application"
Fax to:	(907) 771-3044 Please include fax cover sheet with applicant name and "PPF"

Authorization to Obtain Credit Information

By my signature below, I authorize any business, organization, and/or institution to release payment history and credit information concerning _____ (print prospective borrower name) to the Alaska Energy Authority ("AEA"). This authorization is given to assist AEA in its consideration of my loan request under its Power Project Fund ("PPF") loan program. Payment history and credit information may be obtained from any source named in this Authorization and from any credit-reporting agency. The original document, photo, electronic file format, fax, or photocopy of this form shall serve as authorization.

Authorized Representative of Prospective Borrower Signature

Printed Name and Title of Authorized Representative

Date

Printed Creditor or Vendor Name: _____

Note: Please provide account number if available, remainder of form to be completed by creditor/vendor

Account #	Date Opened	High Credit	Current Balance	Payment Amount & Frequency	Next Payment Date

In the past 24 months, please indicate the number of times payments made by _____ were:

30 to less than 60 days Late	60 to less than 90 days late	90 or more days late

Additional information which may be of assistance in determining applicant's credit worthiness:

Signature of Authorized Representative of Creditor/Vendor

Title of Creditor/Vendor Authorized Representative

Date signed

Return instructions:

It is kindly requested that this form be completed within 5 business days of receipt. Please send the completed credit verification form to AEA via e-mail to cterickson@akenergyauthority.org, or via fax to (907) 771-3044 attn: Power Project Loan Fund. Please attach a separate page if necessary.