

UAF Combined Heat and Power Plant Replacement Information Item

The consulting team of Stanley Consultants and SLR, Inc. has been advancing work toward the major deliverables of a cost estimate and air permit application. The preliminary design was submitted at the end of July 2012 and the air permit application was submitted on February 5, 2013. UAF has received preliminary comments on the application and a response has been prepared and submitted. It is anticipated that a draft permit will be issued for public comment between July 2013 and September 2013.

The preliminary cost estimate exceeded an earlier Order of Magnitude estimate by a significant margin. This estimate was reviewed further and an independent estimating effort was performed. The current Total Project Cost for the proposed replacement Combined Heat and Power Plant is \$245M. Value engineering will be performed once the cost estimate is finalized to explore potential cost savings without affecting the performance parameters of the proposed facility.

In addition to pursuing the solid fuel option, a cost estimate is being prepared for a natural gas option for UAF should reasonably priced natural gas becomes available. This is being prepared as a contingency as there does not appear to be a reliable, reasonable cost natural gas supply available to UAF in the next 5-10 years. It is anticipated that a natural gas option will be about 60 percent of the cost of a solid fuel plant, but annual