

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

KAKE TRIBAL CORPORATION D/B/A PELICAN UTILITY DISTRICT
AND) PROJECT NO. 10198
CITY OF PELICAN

JOINT APPLICATION FOR APPROVAL OF TRANSFER OF LICENSE

Pursuant to 18 C.F.R. Section 9.3, Kake Tribal Corporation d/b/a Pelican Utility District (“Transferor”) and the City of Pelican (“Transferee”) hereby apply for an order authorizing the transfer of the license for the Pelican Hydroelectric Water Project (FERC Project No. 10198) (“Project”) from Transferor to the Transferee. Transferor and Transferee request the instrument of such approval by the Commission be made effective as of the date of the Commission’s order, and in support thereof show the Commission the following:

I. Background

A minor license was issued for the Project in 1988 to the Pelican Utility Company. In 1997 Pelican Utility Company changed ownership to Kake Tribal Corporation and the utility was renamed Pelican Utility District. On August 27, 1997, the Commission issued an order noting the license for the Pelican Hydroelectric Project was amended to change the licensee’s name from Pelican Utility Company to Pelican Utility District.

II. Application for Transfer of License

In support of this application, the Applicants make the following showing and provide the following information required by 18 C.F.R. Section 131.20:

- (1) The Transferor, licensee under the license for Project No. 10198, and
- (2) The Transferee,
- (3) Hereby jointly and severally apply for the written approval by the Federal Energy Regulatory Commission of the transfer of the aforesaid license from the Transferor the Transferee and request the instrument of such approval by the Commission be made effective as of the date conveyance of the project properties; and in support show the Commission as follows:

- (4) The said Transferee is a municipality (first class city) organized under the Alaska Statutes and has legislative powers conferred by law. Proof of such organization is submitted herein at **Exhibit A**.
- (5) With respect to its compliance with all applicable State laws as required by section 9(a)(2) of FPA, the City of Pelican verifies that, to the best of its knowledge, it is and will continue to be in compliance with all applicable state laws.
- (6) The transferee will submit certified copies of all instruments of conveyance whereby title to the project properties is conveyed to it, upon the completion of such conveyance, if and when the Commission shall have given its approval to the proposed transfer;
- (7) If and when the Commission shall have given its approval to the proposed transfer, and upon completion of conveyance of the project properties to the transferee, the transferor will deliver to the transferee and the transferee will accept and permanently retain all license instruments and all maps, plans, specifications, contracts, reports of engineers, accounts, books, records, and all other papers and documents relating to the original project and to all additions thereto and betterments thereof;
- (8) The transferor certifies that it has fully complied with the terms and conditions of its license, as amended, and that it has fully satisfied and discharged all of its liabilities and obligations thereunder to the date hereof, and obligates itself to pay all annual charges accrued under the license to the date of the transfer;
- (9) Contingent upon the final written approval by the Commission of the transfer of the license, the transferee accepts all the terms and conditions of the said license [as amended] and the act, and agrees to be bound thereby to the same extent as though it were the original licensee thereunder;
- (10) The name, title, and post-office address of the person or persons to whom correspondence in regard to this application shall be addressed are as follows:

For the City of Pelican:

Donald W. Edwards, Attorney
Russell Wagg Gabbert & Budzinski, P.C.
510 L Street, Suite 300
Anchorage, AK 99501
(907) 258-1747

For Kake Tribal Corporation:

Shannon Heim
Dorsey & Whitney, LLP
50 S. Sixth Street
Minneapolis, MN 55402
(612) 340-8899

III. Transfer is in the Public Interest

Under 18 C.F.R. Section 9.2 of the Commission's regulations, applications for transfer and acquisition of a licensed project must "set forth in appropriate detail the qualification of the transferee to hold such license and to operate the property under the license", as required by the original applicant for license.

The public convenience and necessity are established by the continuing need of this community for electric power – provided reliably and at a reasonable cost. The Regulatory Commission of Alaska has received comments from many of the citizens of Pelican that are overwhelmingly supportive of the transfer of the electric utility to the City. The personal stories in those emails are testament to the strong feelings of the local populace that City ownership is needed and to the high impact that the cost of electric power has on Pelican's citizens.

Two significant areas of reductions in its cost structure will occur immediately on transfer of the CPCN to Pelican. First, by incorporating the PUD administrative and general functions into existing City functions, Pelican can achieve significant economies of scale not available to the PUD so long as it is separately owned and operated. Second, Pelican will be able to eliminate costs associated with rate regulation. These conservative assumptions about savings resulting from a transfer of the CPCN to Pelican allow Pelican to confidently project that rates will be significantly lower after transfer than are possible today.

Pelican has a strong commitment to assuring long term sustainability of the PUD. Before, during and after its efforts began to acquire the PUD, Pelican built strong relationships and contacts with the Alaska Energy Authority (AEA), the agency responsible for grants to develop the electric utility and fuel supply facilities in Pelican. As result of the City's efforts, AEA is proceeding with a grant-funded project to repair and upgrade the small hydro-electric power plant which is currently not operable. Once the new hydro-electric facility is operating, the majority of Pelican's power can be supplied from this facility which will help to substantially

lower the cost of power and increase the sustainability of stably-priced electric power resources in Pelican.

Pelican recognizes that it is essential that the PUD be brought into compliance with the sustainability requirements in the grant funding agreements by building reserve accounts for Operation and Maintenance (O&M) and for Renewal and Replacement (R&R) for grant funded plant. The reserve accounts serve the critically important function of assuring that when major maintenance, renewal or replacement of plant is required, the funding sources are there for those critical tasks.

In aid of its transition to ownership of the PUD, the City of Pelican has prepared a short Electric Utility Expanded Business Plan that assesses plant and essential functions that an electric utility must perform and makes recommendations for taking over management of the utility. The essential business functions that are assessed and addressed in the Expanded Business Plan include:

- Physical Plant Assessment, including Generation and Distribution;
- Fuel Purchase Management;
- Needs Assessment;
- Performance/Operation and Maintenance (O&M) Reporting;
- Future Repair and Replacement Assessment;
- Capital Investment Planning;
- Management and Administration Assessment, including Accounting, Rates and Finance as well as Administration and Customer Service.

For the reasons outlined in this application, the Federal Energy Regulatory Commission can be assured that the City of Pelican is qualified to hold such license and to operate the property under the license after transfer of the license from the Transferor the Transferee. Additional information about this transfer request is available by contacting Donald W. Edwards at the address listed above. More detailed information is also available on the Regulatory Commission of Alaska's website at <http://rca.alaska.gov/> by searching for docket U-11-098 for the joint application for transfer of CPCN.

STATE OF ALASKA)
) ss
FIRST JUDICIAL DISTRICT)

Clint Bean, Being first duly sworn, on oath depose and say that he is the Mayor of the City of Pelican of the Transferee, the applicant therein; and that he has read the foregoing application and is familiar with the contents thereof; and that the statements therein contained are true to the best of his knowledge, information, and belief.

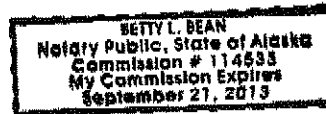
Clint Bean

Clint Bean, Mayor
City of Pelican

SUBSCRIBED AND SWORN TO before me this 29th day of November 2011.

Betty L. Bean

Notary Public in and for the State of Alaska
My Commission Expires: 09-21-13

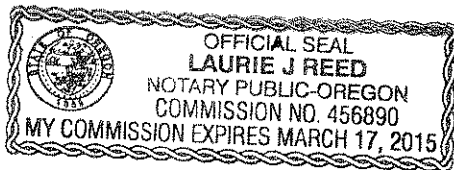


STATE OF ALASKA)
FIRST JUDICIAL DISTRICT) ss

Vicki Wolfe, Being first duly sworn, on oath depose and say that she is the Chief Financial Officer of the Transferor, the applicant therein; and that she has read the foregoing application and is familiar with the contents thereof; and that the statements therein contained are true to the best of her knowledge, information, and belief.

Vicki Wolfe
Vicki Wolfe, Chief Financial Officer
Kake Tribal Corporation

SUBSCRIBED AND SWORN TO before me this 18th day of November 2011.



Laurie J. Peet
Notary Public in and for the State of Alaska
My Commission Expires: March 17, 2015