



Alaska Power Association  
703 West Tudor Road, Suite 200  
Anchorage, Alaska 99503-6650  
(907) 561-5700  
Fax: (907) 561-5547  
[www.alaskapower.org](http://www.alaskapower.org)

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The Honorable Tammie Wilson  
Representative  
Alaska House of Representatives  
State Capitol Room 412  
Juneau, Alaska 99801

Dear Representative Wilson,

Thank you for meeting with Alaska Power Association last week and outlining your priorities. We appreciated the opportunity to share with you some of our concerns with House Bill 78, which proposes statutory changes that would materially affect Alaska electric utilities, qualifying facilities (QFs), independent power producers (IPPs) and, likely, the Regulatory Commission of Alaska (RCA). We look forward to a more expansive discussion of the legislation with you, your fellow legislators, and your staff, at your convenience.

Based on our review thus far, we are very concerned that the bill would increase utility costs and consumer rates and create regulatory uncertainty for utilities and the RCA. We believe that many of the proposed changes are unnecessary and redundant in light of rights and obligations already provided for by existing statutes, regulations, and RCA procedures. Some of the proposed amendments appear to address matters that are currently pending in an RCA rulemaking proceeding (Docket R-13-002).

There are sections in the bill that could expose electric utilities to unjustified financial risk related to interconnection and joint use studies and cost recovery disallowance in RCA rate cases. Also, various sections appear to attempt to extend to non-QF IPPs the same (or greater) preferential treatment that currently applies only to QFs. Specifically, non-QF IPPs would not have to satisfy the fuel source, size, efficiency, or any other public interest standard that would justify such preferential treatment.

Thank you for your consideration of these initial comments. As mentioned above, we stand ready to provide more detailed information to assist you and your colleagues in your deliberations on this complicated topic.

Sincerely,

Crystal Enkvist  
Executive Director  
Alaska Power Association