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Members of the Alaska State Legislature,

The purpose of this letter is to express Upper Tanana Energy's strong support of House Bill 78, an act bearing the short title of the Alaska Competitive Energy Act of 2015 (ACEA).

About Upper Tanana Energy

Upper Tanana Energy (UTE) is a company formed in 2014 by Alaska Power & Telephone Company (AP&T) – an Alaska utility – to develop, build, own, operate, and maintain the 1.5MW Yerrick Creek Hydropower project. Yerrick Creek is located on ANCSA lands owned by Tanacross Inc., the ANCSA Corporation for the Tanacross community. The Yerrick Creek project is a low impact hydropower project designed to provide clean, affordable energy to the Tok utility region, which is currently 100% reliant upon diesel-fired generation of electricity.

AP&T, Tanacross Inc., and the Native Village of Tanacross have executed a MOU expressing all parties' willingness and intent to develop the Yerrick Creek project utilizing a unified approach which leverages each entity's best qualities, unique competencies, and funding options. Together, our entities have been working collaboratively to raise public support and awareness, advance development activities, apply for grants, and ensure environmental and cultural interests are protected, so that together we can enable this important project to be developed for the benefit of ratepayers in the upper Tanana region.

While AP&T is currently the sole owner of Upper Tanana Energy, we have invited Tanacross Inc. and the Native Village of Tanacross to consider becoming vested owners of UTE, through a unique IPP partnership structure incorporating all three entities. Tanacross Inc. and the Native Village of Tanacross are currently considering this ownership option.

This JV arrangement between AP&T and local partners would potentially be modeled on another AP&T IPP joint venture entity – Haida Energy. Haida Energy is an IPP established to build,

own, and operate the Reynolds Creek hydropower project on Prince of Wales Island. Haida Energy is 50% owned by Haida Corporation (an ANCSA corporation), and 50% owned by Alaska Power & Telephone, and will sell energy to AP&T's subsidiary Alaska Power Company.

ACEA Supports Partnership, Competition, and Collaboration – Alaskan Values

Upper Tanana Energy believes that the Yerrick Creek project is an important and successful example of an incumbent Alaskan utility encouraging diverse partnership, and meaningful IPP development within its own service area.

Upper Tanana Energy is an example of how Alaskans can partner and collaborate to bring together the best assets and qualities of a variety of entities for the ultimate benefit of all ratepayers. Our partnership combines AP&T's hydropower development experience and private capital; Tanacross Inc.'s cultural values, ANCSA lands, and business experience; and the Native Village of Tanacross' strong abilities in fund-raising, stewardship, and leadership.

Upper Tanana Energy supports an approach based upon collaboration, competition, and non-discriminatory treatment of all parties. We believe that these are fundamental Alaskan values. The suite of reforms proposed within ACEA are designed to benefit ratepayers, and the State, and prohibit IPPs and utilities from attempting to disadvantage one another.

ACEA will have no adverse impact on utilities and IPPs which are already partnering and competing according to non-discriminatory principals. Meanwhile, the benefits to utilities and IPPs which are struggling or failing to compete and collaborate effectively will be immense. Although some entities' business practices may need to change in order to become more inclusive and competitive, these types of changes will ultimately be of terrific benefit to Alaska's ratepayers.

Comments submitted on ACEA by Alaska Power & Telephone describe the fact that while Alaska has some of the most significant renewable energy potential in the US, our state also has the highest energy rates, and the lowest levels of private investment in America. This is a stunning juxtaposition of facts. With so many excellent resources, Alaska should be a world leader in affordable energy production. Similarly, with so much interest in and passion for our State's energy future – by tribes, ANCSA corporations, private developers, and incumbent utilities – Alaskans should be leading the way in competitive production of energy, and in implementation of unique collaborative business models. ACEA provides reforms which are greatly needed to ensure that all Alaskans compete and collaborate in a manner which assures the most affordable energy possible Alaska's ratepayers, in accordance with the public's best interest.

Upper Tanana Energy is grateful that the Yerrick Creek project is supported and advanced by three diverse partners who are willing to work together. This cooperative approach will be of immense benefit to the Tok region's ratepayers. However, not all projects or utility regions in Alaska are so fortunate. In other regions, incumbent utilities place special emphasis on their own self-build projects, and ANCSA corporations, tribes, and other developers are not afforded opportunities to compete and collaborate within regional energy markets. ACEA helps ensure

that all parties have equal opportunity to bring their best resources to bear to benefit ratepayers, and that energy resource decisions in Alaska are made through competitive procurement.

Please Support the Alaska Competitive Energy Act

Upper Tanana Energy believes that resource planning and procurement should be based entirely on objective factors such as risk, reliability, and price, and agnostic in regard to ownership, politics, ideology, emotions, or subjective judgments. Competitive procurement on a level playing field, grounded in non-discriminatory, objective factors is in the best interest of utilities, ratepayers, and the State of Alaska.

Thank you for your consideration. UTE hopes you will agree that adoption of ACEA supports the best interests of the State of Alaska, ratepayers, incumbent utilities, and independent power producers alike.

Please vote "yes" on HB 78.

Sincerely,



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