



Jason Custer
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Alaska Power & Telephone
136 Misty Marie Lane
Ketchikan, AK 99901

Date: March 11th, 2016

RE: Alaska Power & Telephone Company Support for SB 193

Dear Senator McGuire

The purpose of this letter is to express Alaska Power & Telephone Company's support for SB 193: "An Act extending the exemption from regulation by the Regulatory Commission of Alaska for certain facilities or plants generating energy from renewable energy resources."

AP&T is an employee- and investor-owned business which was founded in Skagway, Alaska in 1957. Since that time, our business has grown to include a presence in 40 Alaskan communities, where we provide a variety of utility services, including regulated and non-regulated electrical generation, transmission, and distribution services. AP&T has the unique distinction of serving both as an incumbent utility, and an Independent Power Producer engaged in the development and operation of numerous hydropower and other facilities throughout rural Alaska.

AP&T supports the simple and effective language of SB 193, which extends the period during which small, independent power producers are exempt from State regulation. As you and many of your colleagues know, the federal government and all other 49 states in Alaska exempt small power producers from State regulation. The additional regulatory burden Alaska imposes upon independent power producers is unique, and is a deterrent to many private developers willing to assume project development risks, and invest private debt and equity to help build the energy generation infrastructure that residents of Alaska require.

You and other members of the legislature are well aware that despite the abundance and diversity of renewable resources present in Alaska, many Alaskan communities remain completely dependent on diesel-based generation of electricity. As a result, rural communities throughout Alaska are challenged by some of the highest consumer energy prices in the nation. Adverse consequences of high energy prices include poverty, lack of economic opportunities and associated employment, rural population outmigration, and the host of social ills that attends joblessness. It is contrary to the public interest to permit these conditions to continue to exist.

In recent years, the State of Alaska has sought to promote conversion from diesel-based generation to locally available renewable energy resources through grant-driven programs which help offset the costs of renewable energy development. Due to the recent global collapse in oil prices, the State of

Alaska is now facing severe revenue shortfalls which leave little public funds available for investment in renewable generation assets, and other electrical infrastructure. Private funding is available in abundance for financing energy projects; however, energy sector investment opportunities span America and the globe, and investors and developers prioritize markets and opportunities which offer them a supportive project development environment with the most favorable mix of risks and rewards. It is necessary that Alaska do everything possible to remain competitive and attractive within the greater context of global opportunity.

AP&T therefore strongly supports SB 193 as a way to ease the regulatory burden for small power producers, to help encourage renewable energy development and production in rural Alaska in accordance with State policy, and the best interests of the public.

Thank you for your consideration.



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