

Alaska Power Association
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Anchorage, Alaska 99503-6650
907-561-6103
Fax: 907-561-5547
www.alaskapower.org

April 2, 2012

Senator Bert Stedman, Co-Chair, Senate Finance Committee
Senator Lyman Hoffman, Co-Chair, Senate Finance Committee
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Senators Stedman and Hoffman:

Alaska Power Association (APA) is the statewide trade association representing utilities that supply power to a majority of Alaskans from Barrow to Unalaska, through the Interior and Southcentral, and down the Inside Passage.

APA supports Senate Bill 25, establishing a \$250 million energy loan program at the Alaska Industrial Development and Export Authority (AIDEA).

In furtherance of the goals set forth in recent years by the legislature through the Alaska Sustainable Energy Act, state energy policy, and the renewable energy program, the Alaska electric utility sector needs sources of capital for power supply infrastructure — both generation and transmission. The energy loan program envisioned by Senate Bill 25 will help ensure that our state's electric utilities have access to affordable financing to keep us moving forward with much needed infrastructure statewide. Additionally, the AIDEA program under Senate Bill 25 will have the tangible benefit of keeping interest payments for power supply loans within Alaska instead of going to lenders in other states, as is currently the case.

APA and its members urge the legislature to pass Senate Bill 25.

Sincerely,

Marilyn Leland
Executive Director

cc: Senator Lesil McGuire

Copper Valley Electric



Copper Valley Electric Association, Inc.

P.O. Box 45 • Glennallen, Alaska 99588 • www.cvea.org

Telephone: 907-822-3211 • Facsimile: 907-822-5586 • Valdez: 907-835-4301

February 13, 2012

email: wilkinson@cvea.org

Senator Lesil McGuire
Alaska State Legislature
120 4th Street, State Capitol, Room 3
Juneau, Alaska 99801-1182

SUBJECT: Senate Bill 25 Letter of Support

Dear Senator McGuire:

Copper Valley Electric Association enthusiastically supports your recently introduced sponsor substitute for SB 25 establishing the Sustainable Energy Transmission and Supply Development Program within the Alaska Industrial Development & Export Authority.

CVEA is the certificated electric utility serving Valdez and the Copper River Basin along 260 miles of the Richardson and Glenn Highways. I refer you to the attached brochure which provides background about the cooperative and summary information about the Allison Creek Run of the River Hydroelectric Project that we are currently developing.

With the growing number of energy infrastructure projects contemplated or in the development stage throughout our State, the financing program under SB 25 fills a significant void in state energy policy. Presently, many electric utilities and other energy project developers are able to secure funding for reconnaissance, feasibility and other preliminary studies through the Renewable Energy Fund but no source of construction funding exists for viable medium sized projects such as the \$40 million Allison Creek Hydro.

Large grants are becoming increasingly scarce and on the federal level are almost non-existent. Reliance on sufficient, reasonably priced credit will certainly increase. For energy projects such as CVEA's, we must rely on specialized lending institutions out of State. Our payments go to banks in the Washington, DC area, when those dollars could be retained in Alaska for reinvestment.

SB 25 will go a very long way toward resolving the dual issues of tailored credit sources and of keeping our money in-state while providing for Alaskans' long term energy needs, in most cases with renewable resources. SB 25 is tailored to the needs of the electric industry and other energy providers in the following ways:

- meaningful funding (\$250 million authorized)
- meaningful amounts available for individual projects (up to one third of capital costs, or \$20 million)
- longer amortization (up to 50 years for hydro or transmission projects)
- AIDEA ability to defer principal payments, permit capitalized interest, and interest rebate incentives of up to one percent for renewable energy projects

As the Legislature knows, much of Alaska electric power supply infrastructure is aging and in need of replacement, at the very time renewable and alternative energy technology offers cleaner and more efficient ways to generate and transmit this vital resource. Moreover, continued dependence on fossil fuel sources drains valuable resources from communities which instead could be used to support development of renewable energy. At CVEA we applaud your initiative to provide a program to support this difficult and costly transition away from oil in favor of renewable energy. SB 25 could not have come at a more opportune time. CVEA urges lawmakers to enact this law without delay.

Sincerely,



Robert A. Wilkinson
Chief Executive Officer

Attachment

Copper Valley Electric Association

Vision: To reduce or eliminate our dependence on fossil fuel and stabilize the Cooperative's cost of generation with regional, sustainable resources

Mission: To provide exceptional customer service through safe, reliable, cost-effective electric service and programs

January 2012

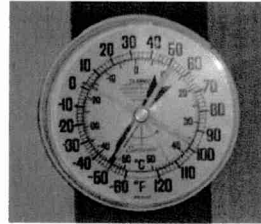
About CVEA

- CVEA provides electric service to over 3,800 business and residential customers in the Copper River Basin and Valdez regions of the state
- CVEA covers a large area: 160 miles north to south and 100 miles east to west; we provide service from Valdez to Kenny Lake to Sourdough to Sheep Mountain
- Dependent on fossil fuel (50% of the annual generation requirement)
- CVEA does not participate in the Power Cost Equalization program
- CVEA is not interconnected electrically to any other utility

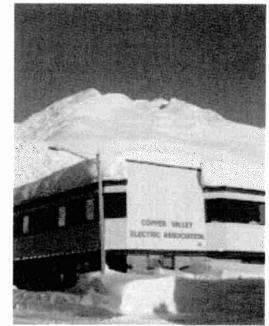
CVEA Assets

- 45 Alaskan employees
- Over 500 miles of distribution and transmission line
- 8 substations
- Solomon Gulch hydro, Cogen Plant, 2 Diesel Plants
- SCADA system with remote control of all four generating plants from one main station
- Density of 9 customers per mile

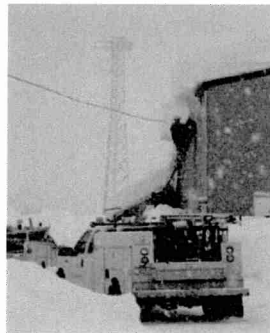
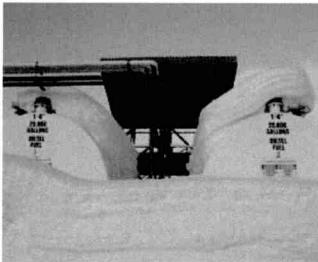
The Winter of 2011-2012



In the Copper Basin we get COLD!



In Valdez we get SNOW!



Major Undertakings

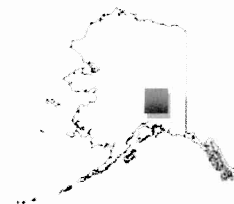
- Build Allison Creek
- Move transmission line out of avalanche zone in Thompson Pass
- Implement 2011 Rate Study
- Evaluate mid-system hydro opportunity
- Participate in Regional Energy Plan
- Find ways to deal with fuel costs

Web: www.cvea.org

Jim Manning, President Board of Directors
Robert A. Wilkinson, Chief Executive Officer
P.O. Box 45, Glennallen, AK 99588
Phone: (907) 822-3211 Fax: (907) 822-5586
Email: Wilkinson@cvea.org

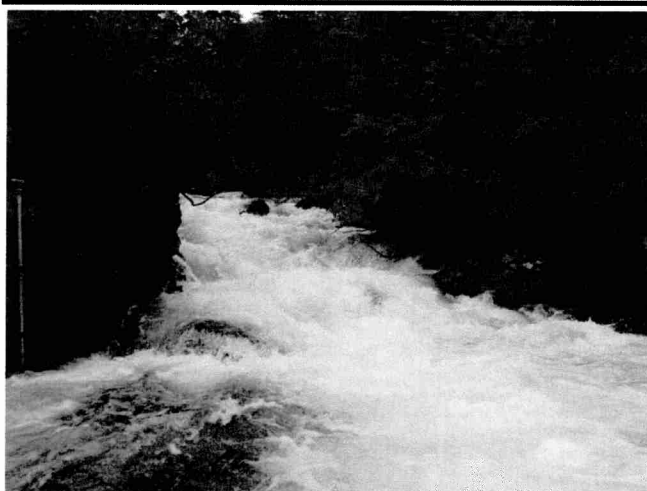


Copper Valley Electric Association



January 2012

ALLISON CREEK HYDROELECTRIC PROJECT – Will provide members of the Cooperative with 23 million kilowatt hours of sustainable, environmentally clean energy

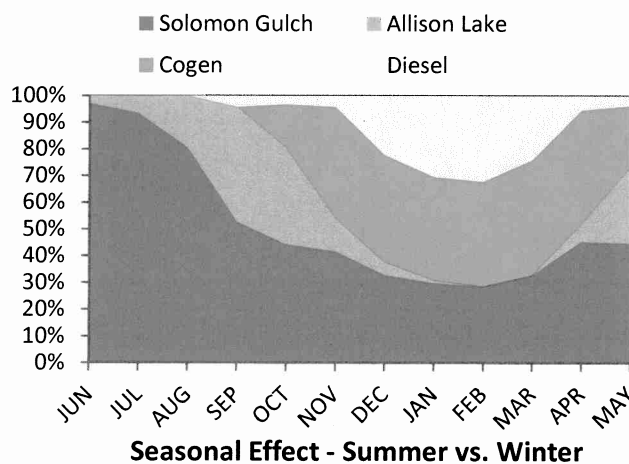


2011 Progress & Milestones

- CVEA chose Run of River alternative in October 2010
- Retooled engineering and environmental effort in early 2011
- Formed Aquatic Resources Task Force to focus on fish issues
- FERC review of preliminary draft application for license, found complete
- Filed application for original license on August 29, 2011
- FERC noticed application for filing on August 30, 2011
- FERC found application acceptable for filing on December 9, 2011
- Final design underway, procurement strategy being developed
- Plan of Finance development is ongoing

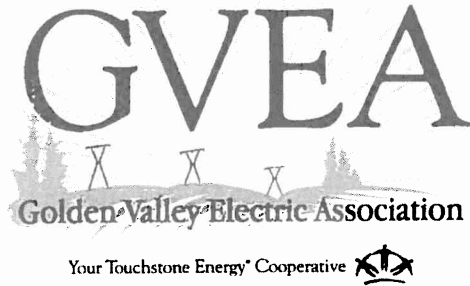
Renewable Energy Benefits

- Allison Creek will displace 1.1 million gallons of fuel annually when it is commissioned in 2015
- Allison Creek will eliminate 13,000 tons per year (TPY) of carbon dioxide, 9 TPY of carbon monoxide, 39 TPY of nitrogen oxide, and 6 TPY of sulfur dioxide annually
- At current fuel cost (\$.25/kwh) Allison Creek will lower annual power cost by \$1.44 million per year



Project Economics

- In 2010 dollars, the project is expected to cost \$39 million
- \$14 million of project financing is in place including a \$10 million State grant obtained in 2011
- CVEA estimates the first year cost of power to be 16¢/kwh
- This cost assumes borrowing \$25 million at 7%
- A 1% reduction in interest rates would reduce power cost by .6¢; every \$1 million in grant funds received reduces power cost by .5¢



March 9, 2012

Senator Lesil McGuire
State Capitol Building
120 4th Street, Room 3
Juneau, Alaska 99801

Re: Senate Bill 25

Dear Senator McGuire:

Golden Valley Electric Association (GVEA) would like to express its support for the passage of Senate Bill 25, "An Act establishing the sustainable energy transmission and supply development program in the Alaska Industrial Development and Export Authority."

The expansion, rehabilitation and replacement of energy generation and distribution infrastructure are critical if we are to grow the state's economy. SB 25 proposes to help address these needs by expanding the power of AIDEA to finance, or facilitate the financing of, energy projects. This increased authority is paired with additional flexibility that may be necessary as the state's energy players develop new options. The ability for the state to assist with the financing of more energy infrastructure means the interest paid by Alaska communities would be retained in-state and made available for additional Alaska investments.

GVEA appreciates the time and effort you and your staff have dedicated to the introduction and advancement of this legislation. If passed and signed into law, it will do much to restore the state's ability to support commercially viable energy projects.

As SB 25 proceeds through the committee process, please do not hesitate to contact me if I may be of assistance to you.

Sincerely,

Brian Newton
President and CEO



c/o Matanuska Electric Association, Inc. Post Office Box 2929, Palmer, Alaska 99645 (907) 761-9212

Board of Directors

Rick Schikora
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Brad Janorachke
Vice Chairman

Janet Kincaid
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Joe Griffith
President

Debbie Debnem
Willard Dunham
Brad Evans
John Foutz
Brian Newton
Doug Robbins

February 15, 2012

Senator Lesil McGuire
Alaska State Legislature
120 4th Street, State Capitol, Room 3
Juneau, Alaska 99801-1182

SUBJECT: Senate Bill 25

Utility Members

Chugach Electric Assn., Inc.
(907) 563-7484

City of Seward, Light & Power
(907) 224-4073

Golden Valley Electric Assn., Inc.
(907) 452-1151 or
Toll free (800) 770-4832

Homer Electric Assn., Inc.
(907) 236-8551

Matanuska Electric Assn., Inc.
(907) 761-9300 or
Toll free (800) 478-3121

Dear Senator McGuire:

The Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) wholeheartedly supports SB 25. As you know, ARCTEC has developed a plan to implement Generation and Transmission for the Railbelt.

ARCTEC's rationale is to pursue three elements that benefit the entire Railbelt.

1. Mitigate the current fuel supply problem in Cook Inlet
2. Seek funding for class 1 transmission upgrades (those transmission systems that directly support multiple electric systems in the Railbelt)
3. Support large scale renewable energy projects

Our investment plan includes utilities and independent power producers (IPP). We feel strongly that SB 25 is excellent investment legislation that will allow AIDEA to invest in commercially feasible projects such as ours.

If ARCTEC can provide further support, please contact our President, Joe Griffith (MEA) at 761-9263.

Sincerely,

Rick Schikora
Chairman



February 15, 2012

Senator Lesil McGuire
Alaska State Legislature
120 4th Street, State Capitol, Room 3
Juneau, Alaska 99801-1182

SUBJECT: Senate Bill 25

Dear Senator McGuire:

As you are aware the energy infrastructure in Alaska is in need of much repair and upgrades. Senate Bill 25 is crafted with the electric utilities in mind and tailored to meet the needs of other energy providers. I applaud your introduction of the concept.

We offer our strong support of SB 25 and believe that this bill is an excellent investment tool that will permit AIDEA to support commercially viable energy projects as has not been done by the state since 1993. SB 25 fills a major void by creating a revolving loan fund through AIDEA for energy projects that will help remove politics from project funding.

Implementation of this concept will take us back to the days when energy infrastructure projects were enthusiastically supported by the state through the Alaska Energy Authority.

Sincerely,

Evan J. Griffith
General Manager

Z:\JOE\2012\MEA Correspondence\021512 McGuire - SB 25.docx



Homer Electric Association, Inc.

Corporate Office
3977 Lake Street
Homer, Alaska 99603-7680
Phone (907) 235-8551
FAX (907) 235-3313

Central Peninsula Service Center
280 Airport Way
Kenai, Alaska 99611-5280
Phone (907) 283-5831
FAX (907) 283-7122

February 16, 2012

Senator Lesil McGuire
Alaska State Legislature
120 4th Street, State Capitol, Room 3
Juneau, Alaska 99801-1182

RE: Senate Bill 25

Dear Senator McGuire,

Homer Electric Association would like to add its name to the list of supporters of Senate Bill 25. This legislation is important in respect to both its timing and its scope.

The 2010 Railbelt Integrated Resource Plan estimates long term capital spending on Railbelt energy projects at between \$13 and \$21 billion. It is critical that the Railbelt utilities are able to obtain favorable financing terms as they pursue these important projects.

One of the key components of SB 25 is the creation of a fund within the Alaska Industrial Development and Export Authority (AIDEA) that would be used to finance qualified energy projects. This is an excellent opportunity to use existing state financial assets to help address the energy needs of Alaska.

SB 25's inclusion of an incentive interest rate for "renewable energy development" is also supported by Homer Electric Association as we continue to work on the licensing of a small scale hydro project at Grant Lake on the Kenai Peninsula.

Thank you for your work in developing energy solutions for the State of Alaska.

Sincerely,

Bradley P. Janorschke
General Manager



February 7, 2012

Senator Lesil McGuire
State Capitol Room 125
Juneau AK, 99801

Re: AIPPA support for Senate Bill 25 -Alaska Sustainable Strategy for Energy
Transmission and Supply (ASSETS) Act.

Dear Senator McGuire,

The Alaska Independent Power Producers Association (AIPPA) is a membership organization comprised of Alaska's leading Alaska Independent Power Producers and developers. Our members' locations span Alaska and are invested or interested in geothermal, wind, biomass, hydrokinetic and hydropower developments. Our membership recently met and went over Senate Bill 25 and we would like to support this important piece of legislation that will assist our State in developing energy infrastructure to serve our citizens.

Alaska comprises one third of the land mass of the United States and is blessed with the equivalent reserves of vast and rich energy resources. The Alaska Center for Energy and Power at UAF funded by National Renewable Energy Laboratory just released its Preliminary Overview of Stranded Renewable Energy Resources of Alaska. This is a statewide investigation of the huge amount of renewable energy that is stranded in Alaska. I have attached the entire presentation for your review and showcase the excellent work being done by the University of Alaska via the ACEP. Hopefully, you will continue to support their research efforts to put these stranded resources to work for Alaska and our Nation. I would like to point out some of the information contained in the preliminary overview by ACEP.

1. Alaska has over 677 MW of known geothermal capacity a good portion is located in SE Alaska.
2. Alaska has the largest amount of Class 7 wind in the United States
3. Alaska possesses 90% of the tidal potential and 50% of the wave energy potential of the US.
4. Alaska has tremendous hydropower potential with a huge and well researched amount located in SE.

Unfortunately, Alaska also has some of the highest energy costs paid by some of our citizens. We believe that the Senate Bill 25 is excellent investment legislation that will allow AIDEA to invest in commercially feasible projects that will provide competitive cost energy to Alaskans. We think it is wise to have project funding and investment decisions made on the merits and feasibility of a particular project.

In addition, AIPPA and its members dream of a future where the currently stranded renewable energy resources of Alaska are made available to the rest of our Nation. It is not very often that an organization gets the chance to participate in the challenge of removing the technical, logistical and economic barriers and it the process creates a new industry that will bring badly needed jobs, tax base and economic well-being in the residents of Alaska. Senate Bill 25 will greatly assist in these efforts and your foresight and vision is greatly appreciated in this regard.

Senate Bill 25 supports our 2010 Declaration of State Energy Policy (HB 306-2010), specifically:

(2) encourage economic development by

(A) promoting the development of renewable and alternative energy resources, including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy, for use by Alaskans;

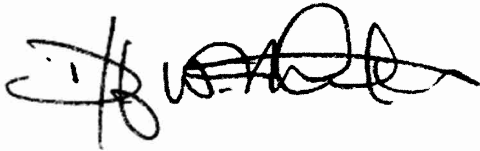
(B) promoting the development, transport, and efficient use of nonrenewable and alternative energy resources, including natural gas, coal, oil, gas hydrates, heavy oil, and nuclear energy, for use by Alaskans and for export;

(C) working to identify and assist with development of the most cost-effective, long-term sources of energy for each community statewide;

If we were to make suggestions for improvements, we would ask that the fund amount be increased from \$500 million to a billion dollar fund since projects built at economies of scale that produce competitive power are quite expensive. Secondly we would suggest the bill continue to look for ways to ensure and safeguard that politics stay out of the business and investment decision making process.

AIPPA and our members are pleased to support your efforts and will monitor SB 25 through the process to assist you in this wise bill that will help Alaska meet its renewable energy goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Duff Mitchell", with a stylized, cursive script.

Duff Mitchell
Executive Director



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975
Executive Director

Rick Rogers
2011-2012 Executive Committee
Tom Maloney, President
Phil Cochrane, Sr. Vice President
L.F. "Len" Horst, Vice President
Eric Fjelstad, Treasurer
Ralph Samuels, Secretary
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Thomas Mack
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Stephanie Madsen
Sam Mazzeo
Ron McPheters

James Mery
Denise Michels
Hans Neidig

Judy Patrick
Charlie Powers
Mike Satre

Mary Sattler
Keith Silver
Lorali Simon

John Sturgeon
Dan Sullivan
Peter Taylor

Michael Termini
Jan Trigg

Ex-Officio Members
Senator Mark Begich
Senator Lisa Murkowski

Congressman Don Young
Governor Sean Parnell

February 17, 2012

Senator Dennis Egan, Chair
Senate Labor and Commerce Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: SB25, AIDEA Sustainable Energy Program

Dear Senator Egan:

On behalf of the Resource Development Council for Alaska, Inc., (RDC), I am writing in support of SB25, which expands the authority of AIDEA to make loans to energy projects and establishes a dedicated fund for the purpose of capitalizing

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Energy production and transmission projects are vital to grow our economy and provide the needed energy for resource development projects and community development. SB25 builds on the success of AIDEA in providing a means for in-state financing of a portion of the capital needs for energy projects. This bill provides a new financing strategy to do more with less, a welcome tool in helping capitalize needed projects in a climate of declining revenues and increasing demands on the treasury.

We encourage the Committee to vote in favor of this bill. Thank you for your consideration.

Sincerely,

Rick Rogers
Executive Director



Associated Builders
and Contractors, Inc.

Alaska Chapter

March 26, 2012

Senator Lesil McGuire
Alaska State Senate
State Capitol, Room 125

RE: CSSSSB 25(L&C)

Dear Senator McGuire:

On behalf of the Associated Builders and Contractors of Alaska (ABC of Alaska), a construction trade organization that represents the merit shop construction industry in Alaska, I submit this letter of support for CSSSSB 25(L&C).

ABC of Alaska supports policy initiatives that will assist in lowering the long term cost of energy in Alaska communities. The high cost of energy is causing financial hardship for many Alaska families and has a profound impact on business in our state. It is imperative to the health of our overall economy to have access to reliable, affordable energy. Reducing the high cost of energy will foster economic development and growth for our state.

The passage of SB 25 will extend AIDEA's existing authority to finance, or facilitate the financing of energy infrastructure projects through Alaska. We think that this is a positive departure from the current path that the State of Alaska has been on in awarding grants to entities and local communities to fund energy infrastructure projects. By making credit available, communities and project sponsors assume a greater stake in the project's success or failure. As each loan is repaid, the capital becomes available to recycle into new loans, creating a financing mechanism to assist with Alaska's aging infrastructure, as well as provide for new energy projects aimed at lowering overall energy costs in our state.

The Alaska State Legislature has made energy policy a priority issue and has focused a significant amount of state resources on finding solutions to the problems that plague our communities, businesses, and families. ABC of Alaska believes that SB 25 will provide an additional tool for Alaska communities and energy project sponsors working towards affordable energy solutions.

Thank you for your consideration of this matter.

Sincerely,


Suzanne Armstrong
President
ABC of Alaska, Inc.



ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 Schoon Street • Anchorage, Alaska 99518
Telephone (907) 561-5354 • Fax (907) 562-6118

3750 Bonita Street • Fairbanks, Alaska 99706
Telephone (907) 452-1809 • Fax (907) 456-8599

February 11, 2012

Senator Lesil McGuire
State Capitol, Room 125
Juneau, AK 99801-1182

Re: SB 25

Dear Senator McGuire: *lesil*

On behalf of the Associated General Contractors of Alaska, a construction trade association of over 650 business members, representing the majority of the construction industry in Alaska, thank you for your sponsorship of SB 25.

SB 25 would establish and capitalize a revolving loan program within AIDEA and give them the authority to finance energy projects.

This model departs from the more traditional Alaska model of outright grants for projects, by making credit available for project owners and sponsors. This assures that others have a stake in the success of the project. It also assures that there be more eyes of due diligence on the investment thus minimizing the risk to AIDEA and the State.

The availability and cost of energy is one of the largest expenses in Alaskan households. Energy, along with transportation, is also the greatest impediment to resource development. As you know, our hope of keeping a healthy economy in Alaska for our citizens depends on development of our resources.

While we'll never return to those halcyon days of cheap energy, as a State we can make wise investments that will help to hold down the inevitable future increases in energy costs for our residents.

Thank you for sponsoring SB 25.

Sincerely,

John MacKinnon
Executive Director
Associated General Contractors of Alaska



March 16, 2012

The Honorable Senator Lesil McGuire
Alaska State Legislature
State Capitol, Room 125
Juneau, AK 99801

Re: Senate Bill 25

Dear Senator McGuire:

Cook Inlet Region, Inc. (CIRI) supports the passage of SB 25, "An Act establishing the sustainable energy transmission and supply development program in the Alaska Industrial Development and Export Authority" by the Alaska Legislature. We appreciate your sponsorship of this legislation and believe that its passage would mark an important recognition of the role of private investment and financing of energy projects and energy infrastructure development.

Affordable and available energy is a vital component necessary to grow and sustain our economy. Much of our legacy energy system will need to be replaced, strengthened or rebuilt to achieve a comfortable availability and cost of energy in the Railbelt. Whole new systems will need to be built to achieve reasonably priced power in most rural communities. New tools will be needed to achieve these goals. SB 25 is one of those tools.

SB 25 would use AIDEA, and its expertise and track record in funding economic development projects in Alaska, to provide an in-state financing mechanism for a portion of the capital needs for energy projects. We support this approach and SB 25's private participation in project lending. We believe that project lending in which the State is but one of several lenders achieves two important objectives. Such syndicated lending spreads the State's finite resources further by limiting its lending to any one project. And it necessitates the robust and expert due diligence performed by banks and other private lenders in evaluating the project. We have found that the discipline required to obtain private lending for an energy project assures that assumptions are reasonable, all material issues have been thought through, risks are mitigated or insured, and generally that the project development plan is thorough and complete.

While we support SB 25, we encourage you to add several new subsections to the definition of "energy project" proposed for amendment of AS 44.88.900 as follows:

- (16) (G) gasification of coal or biomass into synthesis gas; or
- (H) the chemical, catalytic or biological upgrade of synthesis gas into methane; or

Senator Lesil McGuire
March 16, 2012
Page 2 of 2

(l) the manufacture of hydrogen from any feedstock, except the mechanical separation from air;

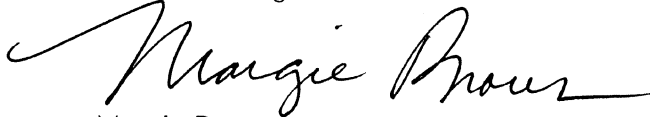
We would also ask you to consider rewording subsection 16(C) to read as follows:

(16) (C) the chemical, catalytic or biological upgrade or conversion of natural gas, coal, or biomass to hydrocarbon liquids;

We encourage prompt committee review and passage of this bill. We also support passage of SB 25 by the legislature. Thank you for your consideration.

Sincerely,

Cook Inlet Region, Inc.

A handwritten signature in black ink, reading "Margie Brown". The signature is fluid and cursive, with a long horizontal stroke at the end.

Margie Brown
President and Chief Executive Officer



CALISTA CORPORATION
www.calistacorp.com

February 22, 2012

Senator Lesil McGuire
Alaska State Capitol
Room 125
Juneau, AK 99801-1182

Dear Senator McGuire:

On behalf of Calista Corporation, this letter is to indicate support on Sponsor Substitute for Senate Bill 25 creating a Sustainable Energy Transmission and Supply (SETS) program by putting Alaska's financial assets to work.

All of rural Alaska, and in particular our Yukon Kuskokwim region is in dire need of stable, alternative energy--beyond diesel--lower cost energy and a transmission grid infrastructure which currently does not exist. It can be difficult if not impossible to obtain financing for rural projects without direct state participation due to high capital costs, remoteness, and small populations served. However rural citizens are important and those more remote areas are also the location of a majority of Alaska's developable resources needed for a healthy economy.

SSSB 25 as written will enable our state to invest in itself, and provide a tool to improve the ability of qualified rural projects to obtain the financing necessary to develop infrastructure solutions for some of our energy challenges. The bill will:

- Establish and capitalize a sustainable reserve fund to finance energy projects
- Utilize an existing entity--Alaska Industrial Development and Export Authority (AIDEA) to manage and utilize existing State financial assets in order to obtain financing on qualified energy projects in rural areas
- Allow the energy projects then repay their loans or investments from AIDEA
- Repayments to AIDEA then provide dividends back to the state
- Create a program that will finance hydroelectric and transmission project terms for up to 50 years (a standard life cycle)
- AIDEA can then access financial markets which are otherwise unreachable to make more credit and thus more Alaskan and particularly rural projects available
- And the program would still enable and require legislative authorization and approval on project financing over certain monetary limits

We believe there are two areas of the bill which could use some greater clarification for enabling rural energy projects. They are:

1. Clarify Line 27 Sec. 6 (d) (2) (B): Clarifying the language to indicate "with respect to the loan" since it currently is only implied in (i). Or separate the items (i) and (ii).
2. Add language to Line 30 Sec. 6 (d) (3): To add "future collateral on what's built" to the language. The



CALISTA CORPORATION
www.calistacorp.com

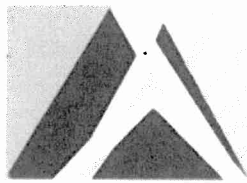
language as currently written concerns us due to the fact that rural projects generally have no hard assets until the energy project is actually built. As long as this is understood, then this line works but it should be clarified.

Calista Corporation is very supportive of the intent and efforts of this bill through SETS. Please feel free to contact my office if there is anything we at Calista can do to help.

Sincerely,

CALISTA CORPORATION

Andrew Guy
President & CEO



ALASKA PARTNERSHIP FOR ECONOMIC DEVELOPMENT

**A RESOLUTION OF THE ALASKA PARTNERSHIP FOR ECONOMIC DEVELOPMENT
BOARD OF DIRECTORS SUPPORTING SENATE BILL NUMBER 25;
"AN ACT ESTABLISHING THE SUSTAINABLE ENERGY TRANSMISSION AND SUPPLY
DEVELOPMENT PROGRAM IN THE ALASKA INDUSTRIAL DEVELOPMENT AND
EXPORT AUTHORITY: AND PROVIDING FOR AN EFFECTIVE DATE."**

Resolution #12-11

Whereas; the Alaska Regional Development Organizations (ARDOR) was established by the Alaska Legislature in 1988; and

Whereas; the ARDOR's statutory mandate is to encourage the formation of regions development organizations to prepare and implement regional development strategies; and

Whereas; the ARDOR's represent a diverse network of public, private and economic development groups that drive local initiatives and advance economic diversification through partnerships with state and local governments; and

Whereas; the ARDOR's established the Alaska Partnership for Economic Development, (APED), in 2009, to advance economic development and address initiatives affecting development and to help develop a state-wide comprehensive strategic plan; and

Whereas; the ARDOR/APED programs have established partnerships with more than 300 local, regional, private, municipal and public organizations to pool resources, decrease duplication and foster new businesses; and

Whereas; the APED now comes in support of the following legislation being considered by the Alaska State Legislature:

NOW THEREFORE BE IT RESOLVED; the Alaska Partnership for Economic Development supports *Senate Bill Number 25; "AN ACT ESTABLISHING THE SUSTAINABLE ENERGY TRANSMISSION AND SUPPLY DEVELOPMENT PROGRAM IN THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY: AND PROVIDING FOR AN EFFECTIVE DATE."*

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the SENATOR MCGUIRE, the prime sponsor of SB25.

APPROVED THIS 24th DAY of FEBRUARY 2012.

President 2/24/2012

Date

Kathryn E. Orndorff

ATTEST:

Secretary 2/24/2012

Date

Andy Van