

**Alaska Ratepayers, Inc.**  
**P. O. Box 210556**  
**Anchorage, AK 99521**  
**907-952-1502**  
**Affordable and Predictable Electric Rates for Alaska**

**REVISED TESTIMONY** Feb. 24, 2011 by Richard G. Wilson on behalf of Alaska Ratepayers, Inc. before the House Energy Committee on HB 103/SB 42 on Feb. 24, 2011:

Based on further research following submitting testimony on Feb 17, 2011 (attached), Alaska Ratepayers finds that amending HB 103/SB 42 to add certain powers to AEA will fall short of meeting the goals of ratepayers: affordable, predictable electricity.

Instead, **a separate Susitna Power Authority is required.** A substitute bill to HB 103/SB 42 with the required powers is attached (“Susitna Power Authority”). We previously provided this draft to the Committee and understand it is in Committee packets.

Our reasoning follows:

Building Susitna (Watana) Hydro has been determined by the State of Alaska as the only way of reaching the goal of 50% renewable sources of electric energy by 2050.

Because Alaska Power Authority statutory authority to build and own projects was eviscerated in 1993, forward motion awaits action by the Legislature to reenact authority in the Executive Branch. The proposed House Bill 103 (SB 42) adds certain authority to the current Alaska Energy Authority, but falls short.

**Alaska needs to create a separate Susitna Power Authority, with its own Board and staff, and with fully restored project development and financing powers.** Typically an authority sponsoring a major hydro development project, like some of our State entities, has a Board with fixed terms and project appropriate qualifications; ability to pay competitive compensation and efficiently secure its resources.

Alaska Ratepayers’ research concludes this authority is necessary for the Board of the Susitna Power Authority to accomplish the following:

- Focus effort, and avoid distractions that a multi-function agency must deal with
- Narrow the mission to delivering Susitna electricity affordably and timely
- Clarify and simplify management, financial, and bonding responsibilities
- Enable timely completion, avoiding unnecessary project delays
- Achieve lowest cost energy to ratepayers
- Comply with large hydro industry best practices standards

- Models used by BC Hydro and New York Power Authority are typically used, creating an autonomous hydro authority empowered to efficiently design, responsibly secure permits, and deliver low cost electricity. This **avoids wasteful delays, saves money, and ultimately brings rates down.**
- **Transmission projects too.** Planning, designing and licensing Watana dam is under way and will take several years. But critical transmission line improvements (reliability) are needed now. These near term projects require the same legislative authority as are required to build a hydroelectric dam. So postponing or phasing in required authority does not make economic sense.

In its three years Alaska Ratepayers has found we can all learn from visiting other hydro projects in the U. S. and Canada. We recommend arranging a legislative visit to two or three large hydro projects to confirm or deny our findings.

One might wonder about our credibility in offering such bold recommendations. Alaska Ratepayers is a volunteer group of Alaskans who give their time--with no outside funding--to see a landmark improvement in lives of our neighbors and their children. Our members' experience includes decades of service in public administration as electric utility board members, State commissioners, lawyers, city managers and project developers, as well as decades of business experience in engineering, resource development, fisheries and other forms of business.

We are available to work with the Committee Chairs on specific authorizing language and thank you for allowing us to present ratepayer views.

Attached: "Susitna Power Authority," Alaska Ratepayers' draft substitute bill to HB 103/SB 42