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April 9, 2018

The Honorable Louise Stutes
Representative
State Capitol Room 406
Juneau, AK 99801

Dear Representative Stutes:

Thank you for inviting Alaska Power Association (APA) to comment on House Bill 199. APA is the statewide trade association for electric utilities in Alaska. Our members provide power for a half million Alaskans from Utqiagvik to Unalaska, through the Interior and Southcentral, and down the Inside Passage.

First, we would like to thank you and your staff for meeting with APA on specific issues we've had with HB 199. We recognize the changes that have been made in the bill to several items with which we had concerns.

Recognizing the work that has gone into HB 199, APA remains opposed to the bill. Our opposition to the bill is based on the increased permitting time and expense HB 199 will impose on electric utilities in the state that own or are pursuing hydroelectric projects.

Unfortunately, APA hasn't had sufficient time for our subject matter experts to conduct the usual technical review we have applied to past versions of HB 199. With that in mind, our comments focus on the overall impact of the bill.

It is important to point out that hydroelectric projects are already subject to rigorous oversight at the federal level. The Federal Energy Regulatory Commission (FERC) process, and even the FERC non-jurisdictional process, require years of field work, studies and other activities and can cost millions of dollars.

As an example, under existing FERC requirements to license a hydroelectric project, the project owner must coordinate with the U.S. Fish and Wildlife Service, the Alaska Department of Fish and Game, the National Oceanic and Atmospheric Administration, and multiple other state and federal agencies before a license approval can be considered. Each state and federal agency must indicate they have no objection to the project before regulators allow a project to move forward. This can take multiple years, and would be largely duplicated by the provisions of HB 199.

If HB 199 or the Stand for Salmon initiative pass, electric utilities in Alaska could face additional requirements that either make a hydroelectric project infeasible or pass the additional costs onto ratepayers. This is a losing outcome on all sides.

APA would support a carve-out in HB 199 for hydropower projects that must already undertake an environmental process required by a federal or state agency. That way, electric utilities in Alaska would not have a duplicative permitting regime for hydroelectric projects.

Hydropower is a clean, renewable, and stable source of power for Alaskans. Many utilities utilize hydropower to insulate themselves from fluctuations in the cost of fossil fuel-based generation. There are communities in the state that have significantly decreased their diesel generation in favor of stable hydropower.

APA urges the Legislature not to pass HB 199. If the bill sponsor continues work on the legislation over the interim, APA will be happy to weigh in on matters pertaining to the Alaska electric utility industry.

Sincerely,

A handwritten signature in blue ink, appearing to read "Crystal Enkvist".

Crystal Enkvist
Executive Director