



April 13, 2010

The Honorable Mike Chenault
Speaker of the House
State Capitol, Room 208
Juneau, Alaska 99801-1182

Dear Speaker Chenault:

I am writing you today regarding CSSB 277 regarding the proposed exemption of certain types of renewable energy facilities from direct regulation by the Regulatory Commission of Alaska. As you know, Cook Inlet Region, Inc. (CIRI) is the project proponent behind the Fire Island Wind Project, a facility that would be exempted from regulation by CSSB 277.

An important aspect of the Fire Island Wind Project is the currently available federal grant in lieu of tax credit program which provides for a cash grant for up to 30% of allowable cost from certain types of renewable energy projects. CIRI has publicly promised to pass through the full benefit of that programmatic federal grant to the Railbelt utilities that purchase the project's power, currently estimated to be worth more than \$45 million to the purchasing utilities and their respective ratepayers. It is also important for context to understand that there is no legal obligation to pass through the full benefit of this federal subsidy. In other parts of the United States, the developer and the purchasing utilities negotiate over the allocation of this federal money. In this case, CIRI has offered the full benefit in order to drive down the cost of power and make the project attractive to the Railbelt utilities. We have publicly made this commitment a number of times and we reaffirm that commitment to you today by way of this letter. We respectfully request that you make this letter a part of the formal public record for CSSB 277.

While we stand behind our word, we do not expect you to take our promise without more. We fully expect that the utilities to whom this promise is also made will require sufficient financial data, including project cost data, to validate and verify that the benefit of this federal money is being passed through to them in the cost of power. Accordingly, we anticipate an "open book" negotiation of power purchase agreements between the Fire Island project and the purchasing utilities. Because of this open book process the purchasing utilities will have the data necessary to validate and verify that they and their respective ratepayers are receiving the full benefit of our promise.

Thank you for your consideration of this important project and CSSB 277, a bill which will enable it to become a reality.

Sincerely,

Cook Inlet Region, Inc.

A handwritten signature in blue ink, reading "Margie Brown". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Margie Brown
President and CEO