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February 18, 2015

Representative Tammie Wilson
State Capitol, Room 412
Juneau, AK 99801

RE: Support for the Alaska Competitive Energy Act, HB 78

Dear Representative Wilson,

Juneau Hydropower, Inc. is a hydropower developer that will be producing independent power for the capital city of Juneau created through private investment and creating family wage jobs as envisioned and encouraged by our Alaska State Energy Policy¹. Much of our success and job creation will depend on whether we are granted non-discriminatory and open access for transmission services as directed in the Alaska Competitive Energy Act.

Some of the key components of our State Energy Policy, I would like to highlight:

Alaska to receive 50 percent of its electric generation from renewable and alternative energy sources by 2025;

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;

Encourage economic development by (D) creating and maintaining a state fiscal regime and permitting and regulatory processes that encourages private sector development of the state's energy resources;

4) coordinate governmental functions (A) by reviewing and streamlining regulatory processes and balancing the economic costs of review with the level of regulation necessary to protect the public interest;

The Alaska Competitive Energy Act, sponsored by you and co-sponsored by Rep. Cathy Munoz transforms our State Energy Policy from an "aspirational policy" to meaningful and "directed" legislative action. The Regulatory Commission of Alaska (RCA) has been reluctant to overhaul regulations and become "interventionist" by attempting to create new law or in deciphering

¹ Alaska State Energy Policy HB 306, 2011

legislative intent of the State Energy Policy albeit recognizing that our current regulations no longer meet the current needs of Alaskans. Therefore, the RCA needs and requires legislative guidance. In fact, absent of legislative guidance is harmful to Alaska businesses, utilities and ratepayers because the lack of clear and specific guidance means regulatory dockets consume valuable time and increase regulatory costs due to pontificating on what exactly is the legislative intent. The ACEA takes tangible steps to provide clear direction in AS 42.05.

A case in point is a recent example where the Independent Power Producers (along with many legislators) were shocked that a commonly shared and employed utility attorney representing Alaska utility interests insisted that the RCA should disregard and ignore the State Energy Policy in RCA docket matters because the State Energy Policy was “aspirational” and had no bearing on the RCA unless legislation specifically modified Alaska Statute AS 42.05 which provides authority and guidance to the RCA. This prominent utility attorney successfully argued that absent of directional language in AS 42.05 the RCA must disregard aspirational language. From the docket in question, “The general energy policy, the declaration of State energy policy that was adopted in 2010 and now codified is very general and aspirational. If the legislature wanted to require the RCA to do something it knows how to do that and it does it through amending 42.05²”. Alaska utility interests provided by this law firm have wisely illuminated the roadmap to incorporate our Alaska values embodied in our State Energy Policy; direct it through legislation in AS 42.05.

Therefore, the Alaska public, Alaska Independent Power Producers Association, Alaska industry, Alaska labor, and utilities that all support our Alaska State Energy Policy are requesting the Alaska legislature to take the next step and pass the Alaska Competitive Energy Act as introduced. The utility and RCA record is clear that legislatively direction is required to transform Alaska’s aspirational State Energy Policy into tangible and codified guidance provided in the Alaska Competitive Energy Act. This essential legislative step will provide the Regulatory Commission of Alaska the pathway to move Alaska into the modern era of regulated electric wholesale competition; open and non-discriminatory access to Alaska’s transmission assets, transparent and predictable business practices while simplifying, streamlining and shortening the regulatory processes.

As you are all too well aware, Alaskan’s already pay some of the highest cost energy in the United States. Alaska ranks last in the nations in providing competitive power from Independent Power Producers. The Alaskan public deserves wholesale competitive electrical generation to assist in lowering their industry, business and residential electrical rates like the rest of the United States already receives to make Alaska competitive. The Alaska Competitive Energy Act not only provides tangible and necessary direction to the RCA, but sends a simple and transparent legislative message to regulated utilities, the investment community, and the Alaska public *that Alaska is open for business* and welcomes private investment and capital crucial for Alaska’s future economic development. Our State Energy Policy *talks the talk* and now it is time for the legislature to pass the Alaska Competitive Energy Act to *walk the walk*.

² RCA Docket R-12-006 public hearing August 17, 2012

Alaska was built on competition, Alaskans believe in competition, Alaskans embody the competitive spirit and Alaskans expect nothing less but competition in our free market society. We ask that the legislature and Governor support the transformation of our electrical generation and transmission system from the current status quo of a cartel monopoly based electrical generation and transmission system to an open access and wholesale competition based system in alignment with Alaska competitive values that will serve Alaskans now and well into the future.

Sincerely,

A handwritten signature in cursive script, reading "D. Keith Comstock". The signature is written in dark ink and is positioned below the word "Sincerely,".

D. Keith Comstock
Chairman