



March 12, 2015

Senator Cathy Giessel  
Chair, Senate Resources Committee  
State Capitol #427  
Juneau, Alaska 99801

Dear Senator Giessel:

The Alaska Railbelt Cooperative Transmission and Electric Company (ARCTEC) appreciates your sponsorship of SB 57 Clean Air Act Plan, and supports its passage.

Created in 2011, ARCTEC consists of four Railbelt utilities working collectively to solve the Railbelt's energy needs and challenges. The current members of ARCTEC are Chugach Electric Association, Matanuska Electric Association, Seward Electric System, and Golden Valley Electric Association.

The proposed suite of green house gas rules by the Environmental Protection Agency (EPA) creates great uncertainty. Alaska is unique, and the EPA's proposed rules do not properly fit Alaska's generation and transmission system. The rule will negatively impact Alaska's electricity consumers. The EPA's target reduction for Alaska is 26 percent. This is unrealistic and is based on flawed assumptions.

ARCTEC members understand the value of reducing carbon emissions. As you know, some Railbelt utilities have recently constructed new power plants. These are among the most advanced generators with the best available control technology that exists today. However, the EPA's proposed rule on regulating carbon dioxide emissions from existing power plants could force electric cooperatives to abandon their generation investments, unnecessarily increase electricity rates if forced to switch from lower cost energy to more expensive alternatives, and create grid instability.

Upon the EPA's finalization of this rule, the Alaska Department of Environmental Conservation (ADEC) will have to create a state implementation plan. While ADEC continues to work with the EPA on understanding Alaska's unique generation and transmission circumstances, SB 57 strengthens Alaska's position.

SB 57 sets parameters on that implementation plan which protect Railbelt ratepayers. As you know, electric cooperatives are charged with providing reliable, affordable power. Without the safeguards in SB 57, ARCTEC is uncertain if Alaska will be able to meet the EPA's target.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'D. Gillespie', with a long horizontal stroke extending to the right.

David Gillespie  
Chief Executive Officer,  
Alaska Railbelt Cooperative Transmission and Electric Company