

01/22/15
PROJECT STATUS:
AMBLER ROAD -
SUSITNA-WATANA
- KNIK ARM
BRIDGE - ALASKA
STAND ALONE
PIPELINE -
KODIAK LAUNCH
COMPLEX

<TARGET><BILL></BILL><SUBJECT>01-22-15 DISCUSSION OF
PROJECT STATUS AMBLER ROAD - SUSITNA-WATANA - KNIK ARM
BRIDGE - ALASKA STAND ALONE PIPELINE - KODIAK LAUNCH
COMPLEX</SUBJECT><COMM>HTRA29</COMM></TARGET>



Administrative Orders

FROM THE OFFICE OF THE GOVERNOR OF ALASKA



Bill Walker
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 26, 2014

ADMINISTRATIVE ORDER NO. 271

I, Bill Walker, Governor of the State of Alaska, under the authority of Article III, Sections 1 and 24 of the Constitution of the State of Alaska, implement this fiscal restraint order to all State agencies.

PURPOSE

With the extensive drop in market oil prices contributing to a large budget deficit, there is a need to take immediate and responsible action to ensure the State remains in a healthy fiscal position. Consequently, pending further review, I am directing all State agencies to halt to the maximum extent possible discretionary expenditures for the following projects (each a "Project"):

- A. Ambler Road Project (Alaska Department of Transportation and Public Facilities, Alaska Department of Natural Resources);
- B. Juneau Access Project (Alaska Department of Transportation and Public Facilities);
- C. Susitna-Watana Dam Project (Alaska Energy Authority);
- D. Kodiak Launch Complex (Alaska Aerospace Corporation);
- E. Knik Arm Crossing Project (Knik Arm Bridge and Toll Authority, Alaska Department of Transportation and Public Facilities); and
- F. Alaska Stand Alone Pipeline Project (Alaska Gasline Development Corporation).

ORDER

Under the authority of Article III, Sections 1 and 24 of the Constitution of the State of Alaska, I order that each agency working on a Project shall:

- A. Immediately cease all discretionary spending on the Project and
 - (1) not incur new or additional expenses or obligations including hiring personnel or entering into or amending any contracts (unless entering or amending a contract would reduce agency costs);
 - (2) not spend any unobligated or unencumbered funds that have been appropriated to the agency by the Alaska Legislature;
 - (3) not spend funds received from the federal government or from other sources through contracts, grants, donations, or other instruments or transfer, unless such funds have been obligated or encumbered by the agency.

- B. To the extent spending is non-discretionary, such as contractually required spending and salaries of existing agency personnel, continue to work on the Project until further notice.
- C. Submit to the director of the Office of Management and Budget by 5:00 p.m. on January 5, 2015, a report that includes the following information for the Project:
 - (1) a spreadsheet of discretionary funding obligations subject to this Administrative Order;
 - (2) a spreadsheet of non-discretionary funding obligations, including contracts, and the sources of funds for payment of those obligations, and potential costs to delay, suspend or terminate each contract or obligation;
 - (3) budgeted personnel costs for the remainder of Fiscal Year 2015; and
 - (4) operating costs status to date.

OTHER PROVISIONS

This Order takes effect immediately.

Dated at Juneau, Alaska, this 26th day of December, 2014

/s/Bill Walker
Governor

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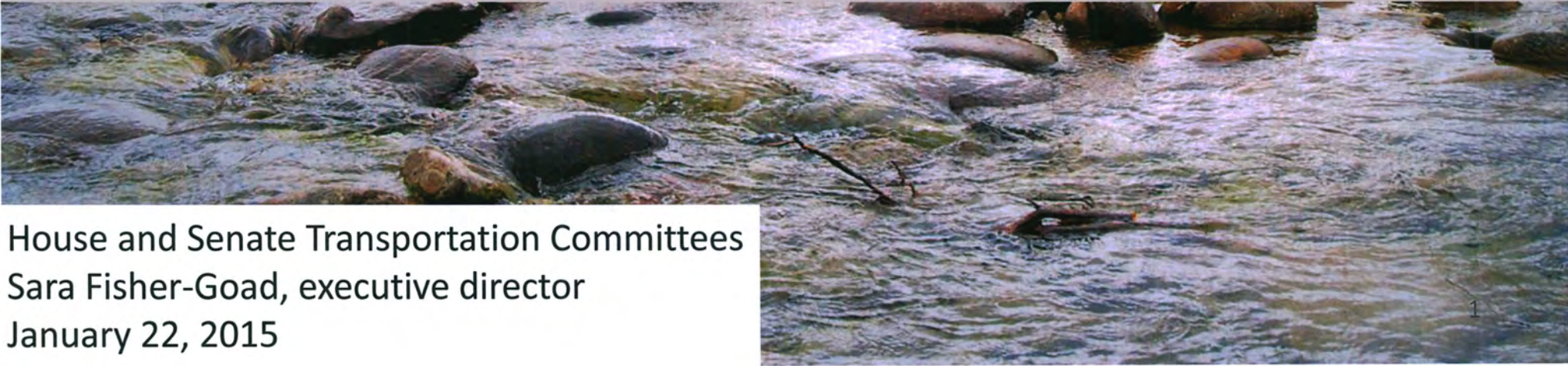
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SUSITNA-WATANA HYDRO

Clean, reliable energy for the next 100 years.

Susitna-WatanaHydro.org



House and Senate Transportation Committees
Sara Fisher-Goad, executive director
January 22, 2015

2014 Licensing Milestones

- Initial Study Report (ISR) Filed with FERC
 - More than 8,000 pages
 - 2013 results for 51 studies
- 32 Technical Memorandums on 2014 Environmental Study Results Filed with FERC
- Data collection completed on 13 FERC-approved studies
- Report to the Legislature made available January 20, 2015



2014 Environmental Program

Safe and Effective Field Season

- More than 200 in the field, with one OSHA-recordable incident

Increasing Understanding of Susitna Basin

- Advancing the state of science for agencies to better manage resources (fish, wildlife, birds)
- Publicly-available data and imagery
- Multi-agency collaboration



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2014 Environmental Program

Advancing the State of Science for agencies to better manage resources:

- Wildlife, recreation, subsistence surveys
- Documented distribution of invasive Northern Pike in the Lower Susitna River
- Contributed more than 4,500 tissue samples to the ADF&G Gene Conservation Lab
- Expanded distribution data for Chinook salmon and Lake and Rainbow Trout

Partnerships to maximize value of state investments, especially in fisheries research



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2014 Environmental Program

Data collection and trends similar to 1980s

- Fish distribution
- Chinook salmon only documented anadromous fish above Devils Canyon
- Water chemistry and seasonal changes in chemistry
- Geomorphically stable river system
- Magnitude of bird migration and breeding distribution

Defining potential areas of impacts

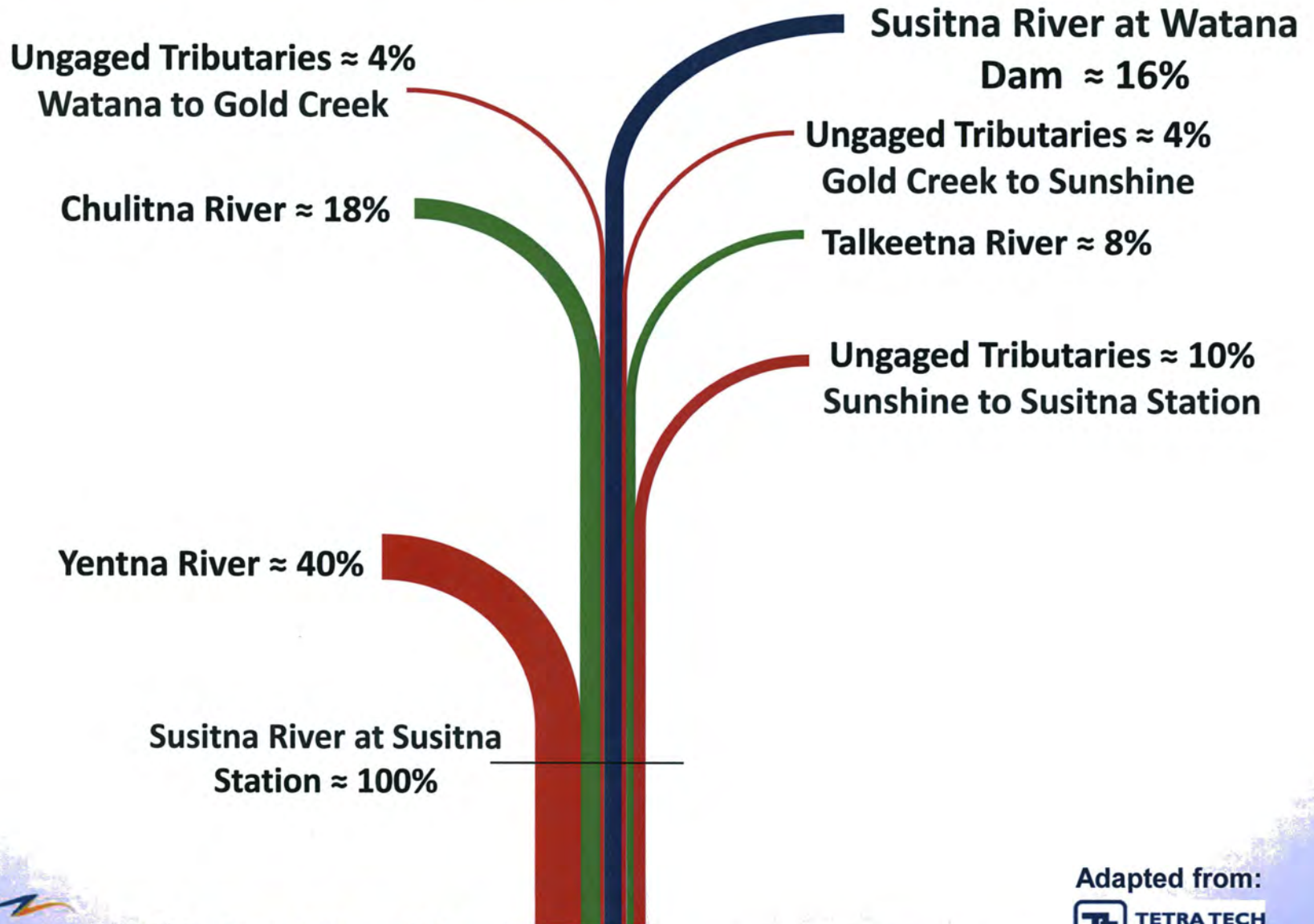
- Insignificant water quality or geomorphic impacts below Yentna River Confluence- No further modeling proposed
- Minor impacts on main channel geomorphology in Middle River-Dam site to Chulitna River



The Susitna River is a Stable System



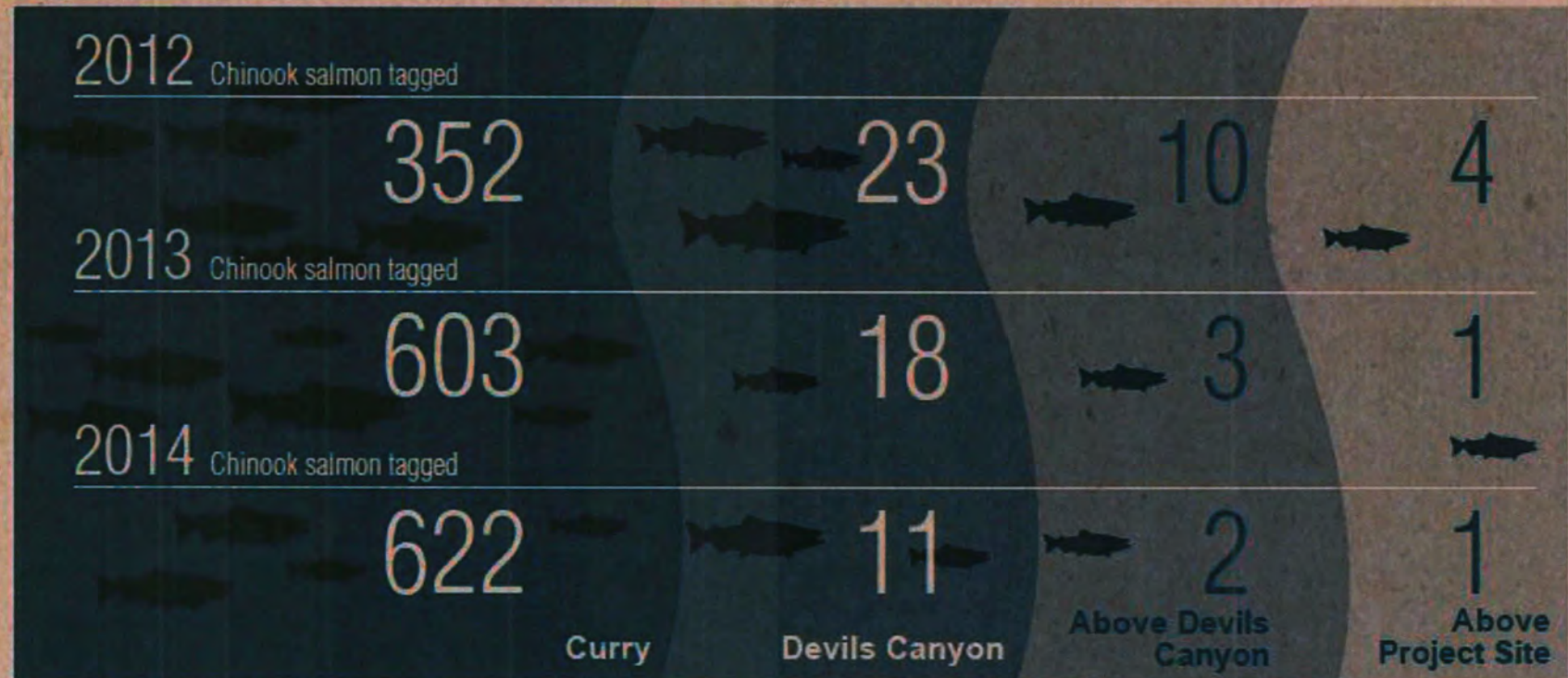
Average Annual Flow Contributions



Chinook Salmon and Devils Canyon

Tagged Chinook Salmon and Devils Canyon

Only one salmon species has been documented within 30 miles of the project site.



SUSITNA-WATANA HYDRO

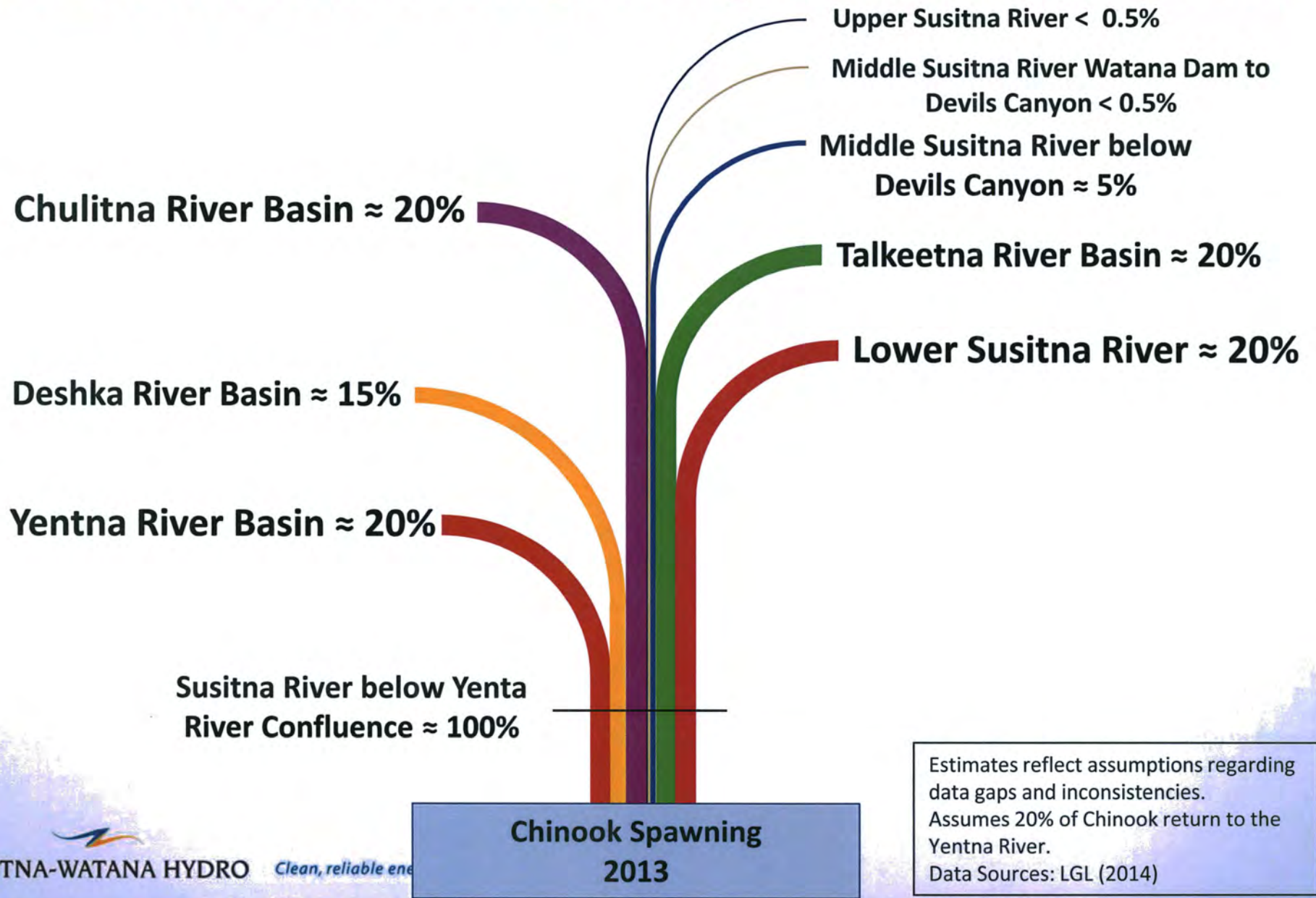
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Salmon, Tributaries and Devils Canyon

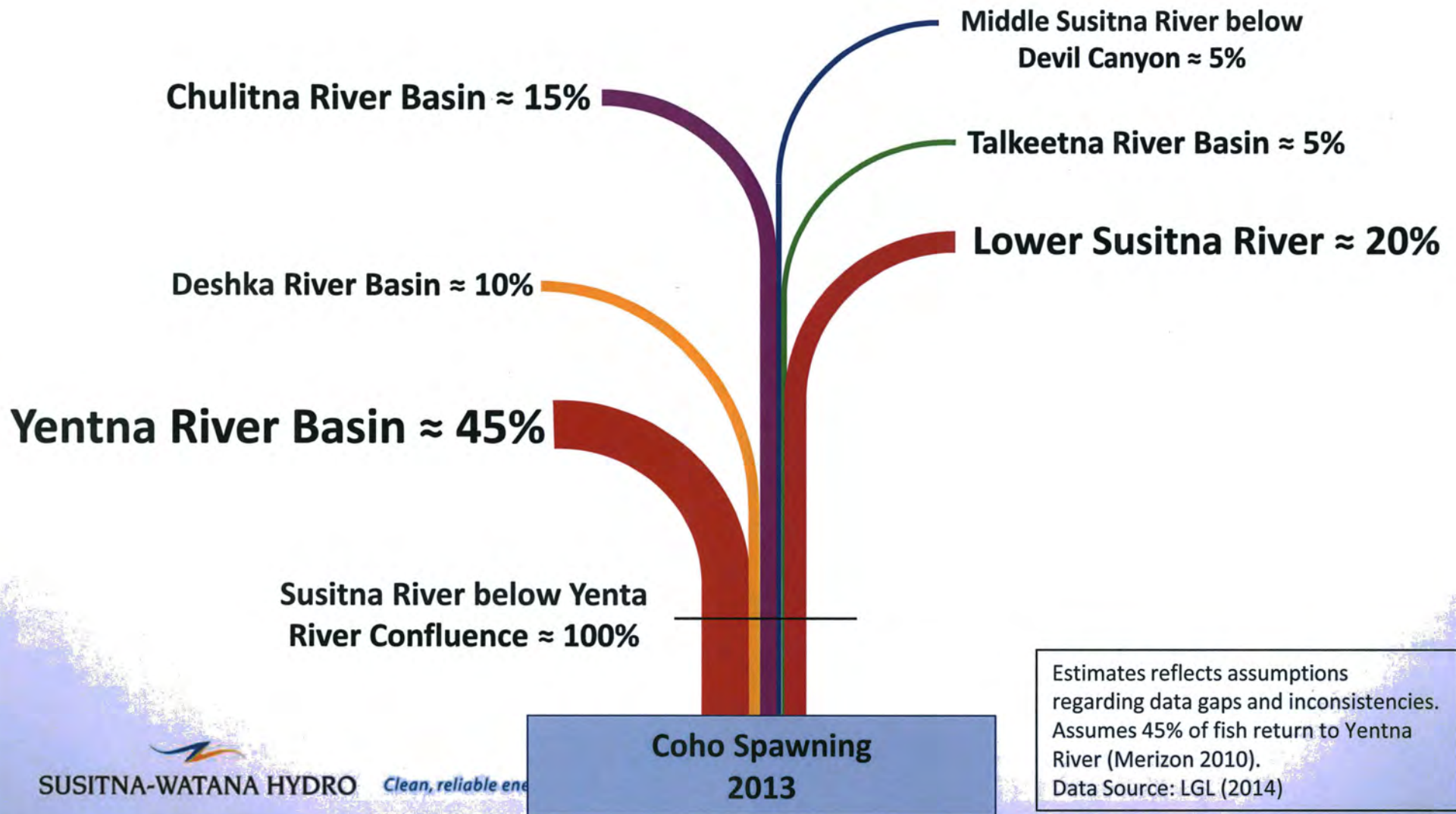
- Salmon spawn in tributaries and off-channel habitats
- Chinook Salmon only anadromous fish documented above Devils Canyon
 - Less than 0.5% total Susitna River Chinook escapement
- 97-99% of Chinook tagged in Lower River spawned in tributaries
 - 0.6 to 2.7% spawn in mainstem Susitna River, below Three Rivers Confluence
- 93-97% of Coho tagged in Lower River spawned in tributaries
 - 2.8 to 6% spawn in mainstem Susitna River below Three Rivers Confluence



2013 Chinook Salmon Spawning Contributions by Basin



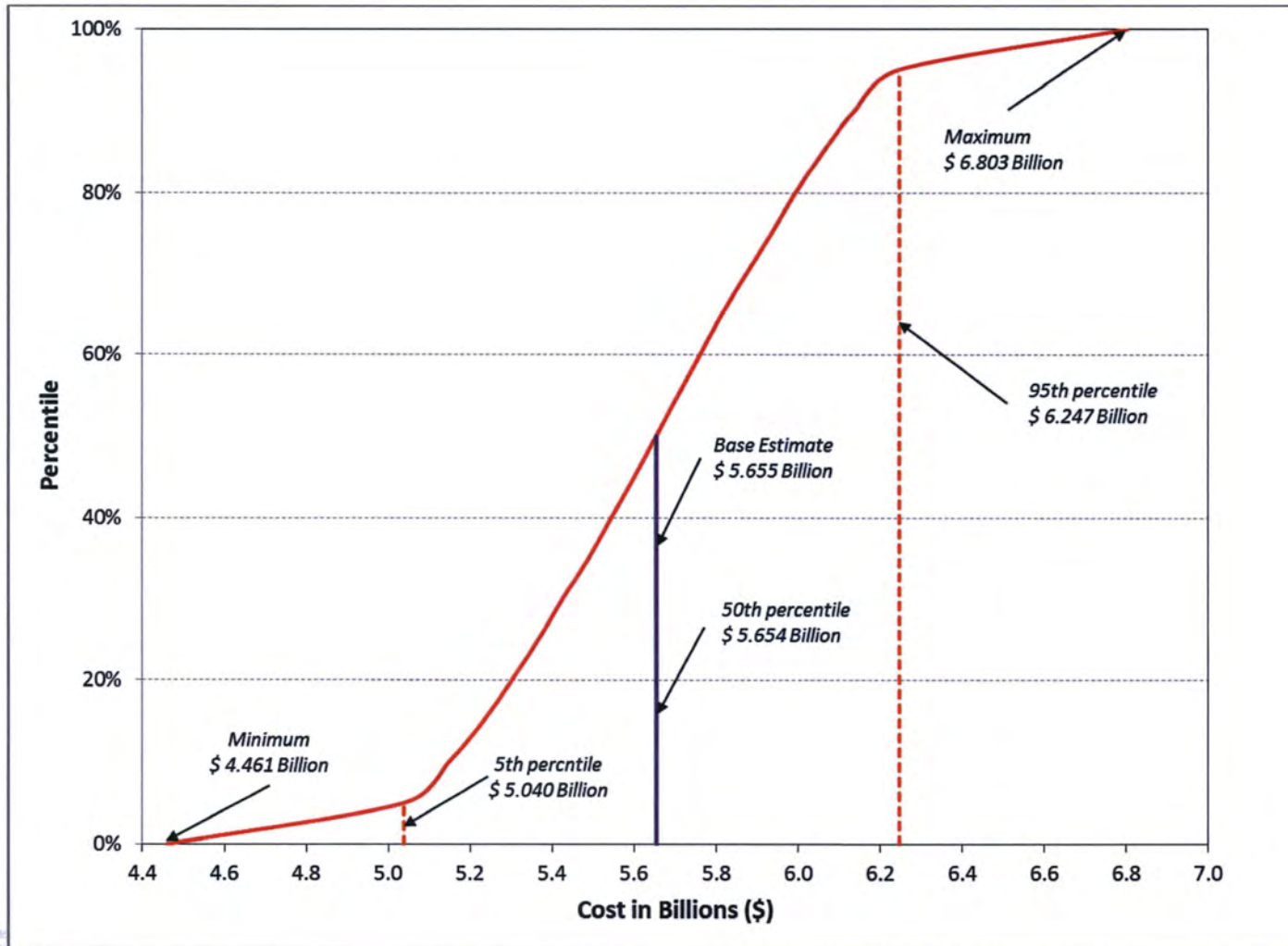
2013 Coho Salmon Spawning Contributions by Basin



2014 Engineering Accomplishments

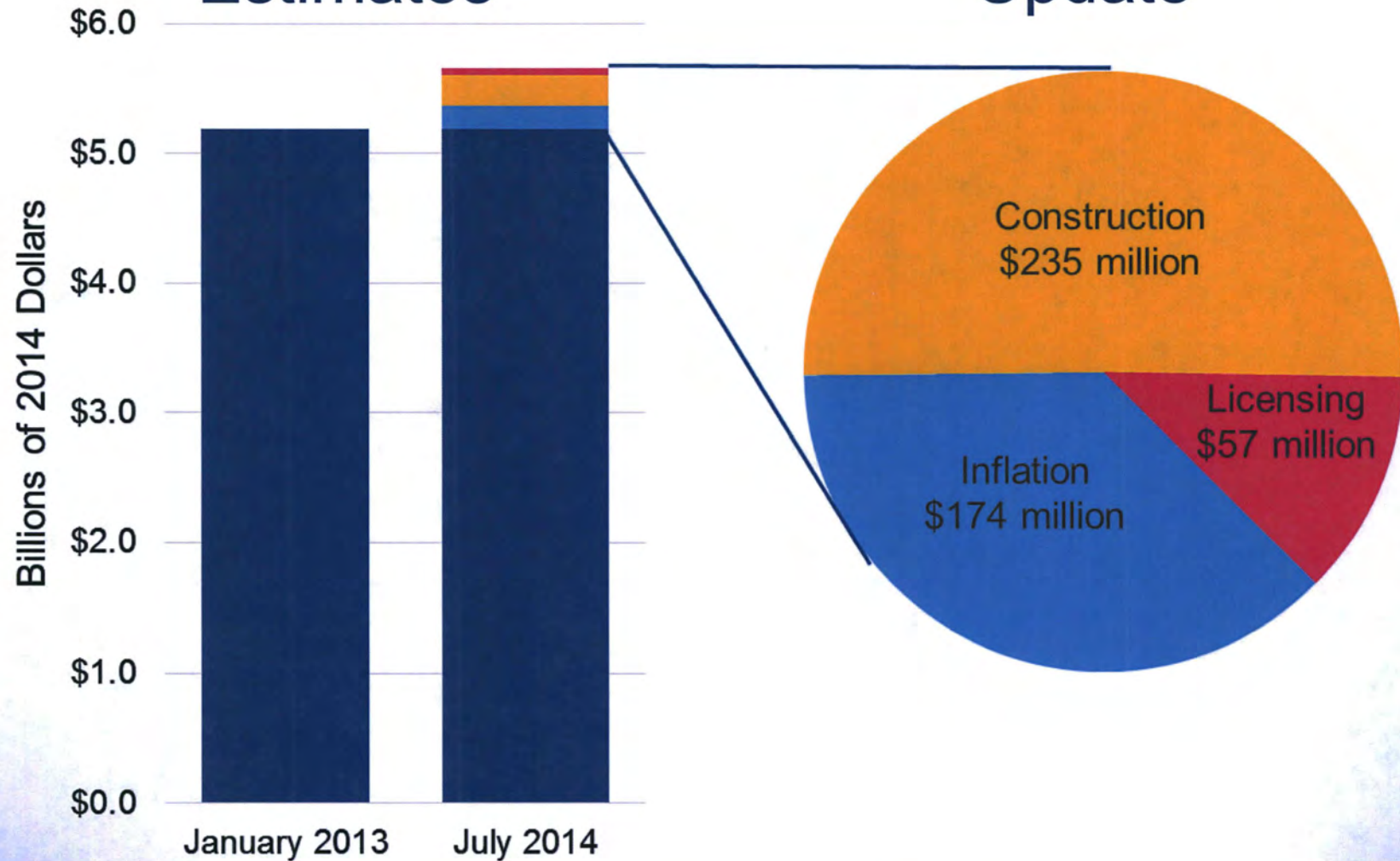
- Board of Consultants Endorsed Roller Compacted Concrete and Dam Configuration
- 2014 drilling confirmed no active faults found at dam site
- Mean Annual Energy - 2,800 Gigawatt Hours
- Engineering Feasibility Report - January 2015

Project Cost Range



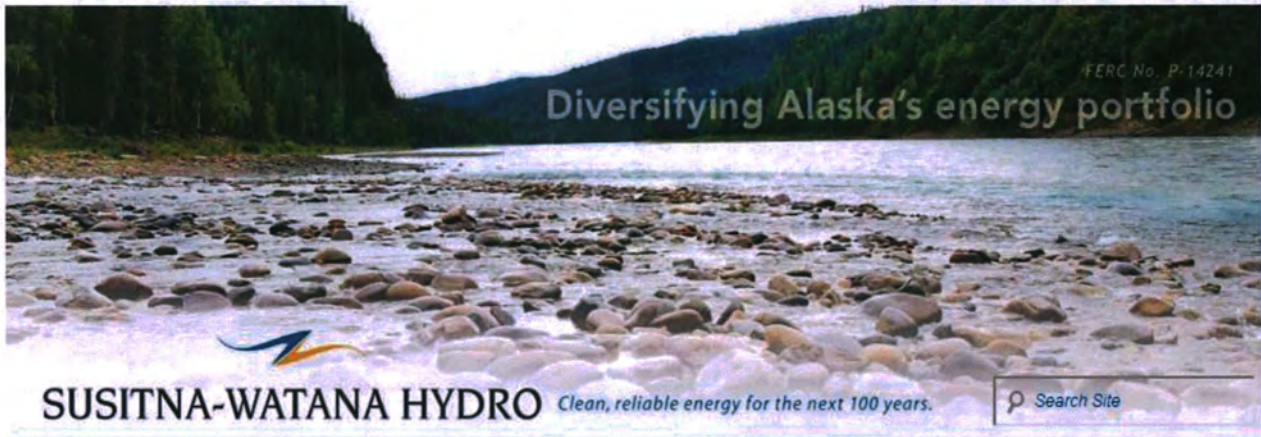
Comparing Cost Estimates

Components of Cost Update

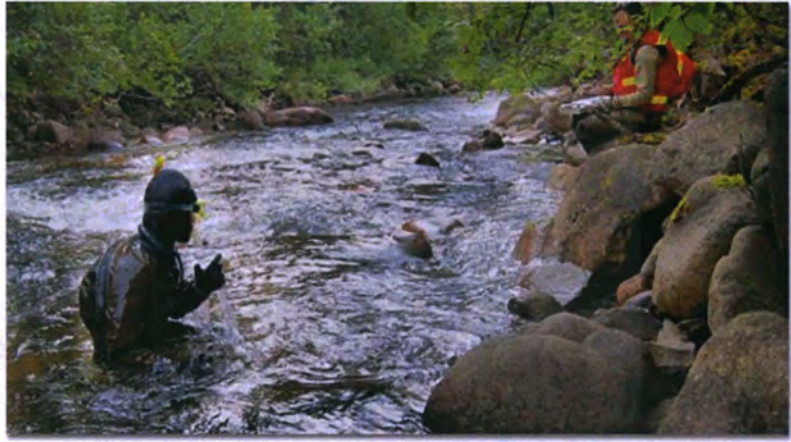


Comparing 3 Finance Options

- **Bond & RUS Financing**
 - AEA Revenue Bonds (30 years, 5% interest, refinanced)
 - RUS financing remainder of construction (35 years, 4% interest)
 - \$0.074/kWh 50 year average real price
- **All Bond Financing**
 - All construction financed with AEA Revenue Bonds (30 years, 5% interest, refinanced)
 - \$0.083/kWh 50 year average real price
- **State Loan & RUS**
 - State loans (30 year repayment beginning after RUS is paid off, 0% interest)
 - RUS financing remainder of construction (35 years, 4% interest)
 - Similar to Bradley Lake model
 - \$0.041/kWh 50 year average real price



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Project Highlights

Location: River mile 184, above Devils Canyon
Size: 750-foot high dam

Reservoir: 41-miles long, 2-miles wide (at widest)

Estimated Supply: Nearly 50 percent of Railbelt electrical demand

Installed Capacity: 600 MW

Annual Energy: 2,800,000 MWh

Licensing: Federal Energy Regulatory

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Joint Transportation Committee

**AGDC Response
AO 271**

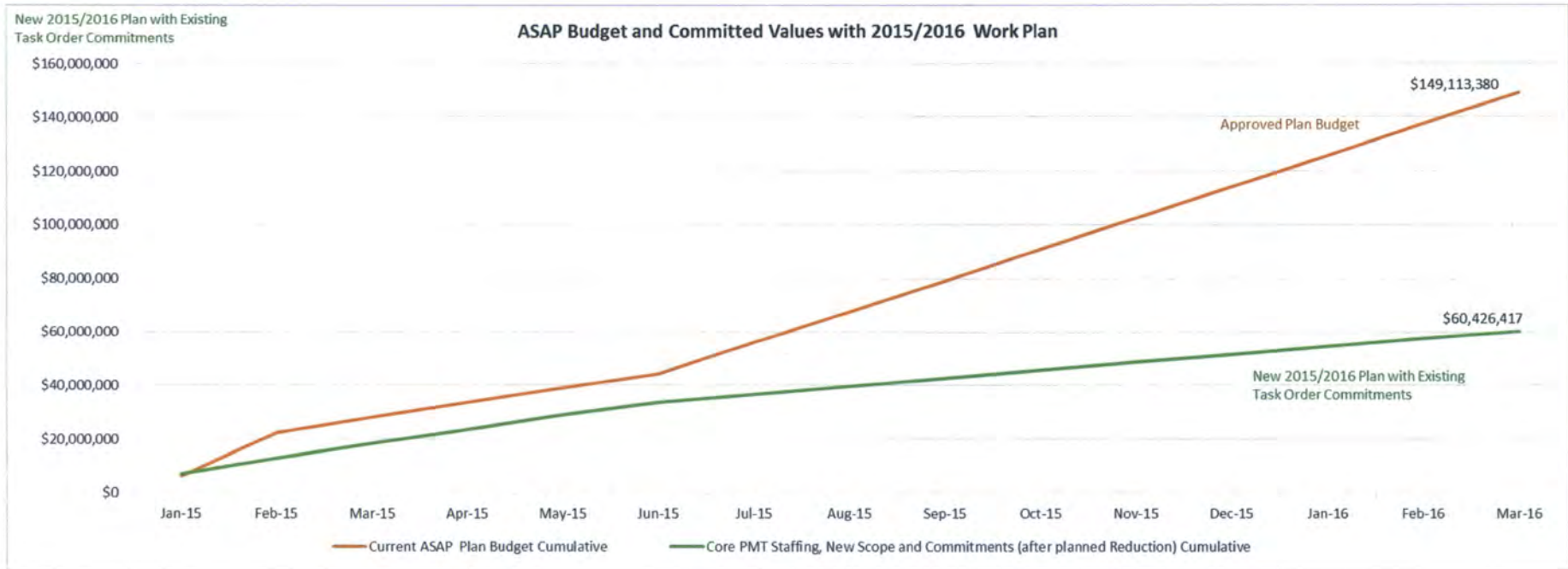
January 22, 2015



ASAP Response AO 271

- AGDC received \$355 mill legislative approp in 2013 to advance the Alaska Stand Alone Pipeline (ASAP) through open season and project sanction by 2016
- In response to State's 2014 decision to invest in the Alaska LNG initiative, AGDC initiated an extensive review of all ASAP related activities and schedules:
 - Align with anticipated 1Q2016 Alaska LNG FEED decision
 - Identify essential tasks, durable work and transferable data beneficial to either projects
 - Delay ASAP commercial activities: recourse tariff filing and open season
 - Scale activities to those necessary to maintain viability and readiness of ASAP if Alaska LNG does not continue
- Revised 2015/2016 work plan submitted to OMB Jan 5 and approved by AGDC board Jan 8

ASAP Revised 2015/2016 Spend Plan



- Original pre-Alaska LNG work plan through 1Q16 was **\$150 million**
- Revised work plan is **\$60 million**, a \$90 million or 60% reduction

ASAP Revised 2015/2016 Work Plan

- ASAP specific activities that will be delayed under the revised 2015/2016 work plan:
 - Recourse tariff filing
 - Open Season
 - Pipeline and facilities re-designs to meet shipper requirement
 - GCF re-design to accommodate Pt. Thompson gas
 - Design of intermediate compressor stations
 - Engineering, procurement, and construction contracting for final design execution
 - Procurement of long lead time items – pipe, modules, equipment
 - Construction execution contracting

ASAP Revised Schedule

Milestone	Original Timeline	Current Timeline
Alaska LNG FEED Decision	N/A	1Q 2016
ASAP Redesign Complete	N/A	2Q 2017
RCA Recourse Tariff Filing	4Q 2014	3Q 2017
Open Season Complete	3Q 2015	2Q 2018
Project Sanction	4Q 2016	1Q 2019
Project Complete/First Gas	4Q 2021	3Q 2024

- Work scaled and scoped to align with Alaska LNG FEED decision 1Q16
- ASAP commercial activities – tariff filing and open session – delayed until then
- If Alaska LNG doesn't proceed to FEED:
 - 1 year to finalize ASAP design and prepare RCA filing
 - Three and half years to construct
 - Project completion and first gas 3Q24

Questions

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