

January 17, 2020

The Honorable Cathy Giessel
President of the Senate
Alaska State Legislature
State Capitol Room 111
Juneau, Alaska

The Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol Room 208
Juneau, Alaska 99801

Dear President Giessel and Speaker Edgmon,

As required by Alaska Statute AS 44.83.085, the Alaska Energy Authority (AEA) provides an update to the Legislature on the status of the Susitna-Watana Hydroelectric Project each year.

On December 26, 2014, the project was halted by Administrative Order (AO) 271. Over the next several years, AEA closed out the project in a way that preserved the value of the State of Alaska's investment and maintained the public value of the data collected through careful, thorough archiving. Additionally, the Federal Energy Regulatory Commission's (FERC) updated Study Plan Determination (SPD) provides the State with certainty on what is needed to file a comprehensive FERC license application should the project be restarted.

With its SPD, FERC reaffirmed the scope of studies necessary for determining impact assessment and developing protection, mitigation, and enhancement measures. FERC validated the quality and integrity of work completed to date. To the extent which the project proposal does not change and the data gathered does not become stale or non-representative of baseline conditions, FERC ruled that AEA would not need to repeat the already-completed Integrated Licensing Process steps. If restarted, FERC may require additional scoping and/or modifications to the approved SPD.

The current status of the project is as follows:

- **Engineering** – The completed engineering feasibility report contains information necessary for a license application. The report demonstrates that the project is technically feasible.
- **Economics** – The benefit cost and economic impact analysis concluded that if constructed, the project would generate billions of dollars in energy savings for the Railbelt and would provide significant long-term benefit to the economy.
- **Financing** – AEA investigated various financing models, some of which resulted in an estimated \$0.066/kilowatt hour 50-year average real price in 2014 dollars.
- **Licensing** – AEA is approximately two thirds of the way through the Integrated Licensing Process. Had the project not been shut down following FERC's issuance of the updated SPD in June 2017, the next steps for the project would have been

implementation of the second study season, followed by preparation of final reports and a license application.

On February 22, 2019, Governor Dunleavy issued AO No. 309 rescinding, amongst others, AO No. 271, which resulted in removal of the fiscal restraint previously ordered. This issuance has not created a change in status of the project, and AEA has spent no further state funds during Fiscal Year 2019.

AEA is proud of the work completed to date to advance the Susitna-Watana Hydroelectric Project. The effort has yielded significant benefits in terms of the volume of knowledge produced and shared, as well as a better understanding of the potential of this resource to offer stable, low-cost power to Alaskans over the 100-year life of the project upon completion.

Sincerely,

Curtis W. Thayer
Executive Director

A handwritten signature in blue ink that reads "Curtis W. Thayer". The signature is fluid and cursive, with a long horizontal flourish at the end.

CC: Alaska Energy Authority Board
Alaska State Legislature