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Governor Bill Walker
STATE OF ALASKA

August 4, 2016

The Honorable Norman C. Bay
Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Alaska Energy Authority, Susitna-Watana Hydroelectric Project No. 14241

Dear Chairman Bay:

The purpose of this letter is to update you regarding the State of Alaska's interest in seeking an abeyance of the Federal Energy Regulatory Commission (FERC or Commission) license for the Susitna-Watana Hydroelectric Project (Susitna-Watana or Project) after the completion of the study plan determination.

As you may be aware, I recently announced that due to the State's fiscal situation, the State would be closing down certain major infrastructure projects, including Susitna-Watana. In doing so, I made clear that the Project would be shut down in such a way that the extensive work done to date would be preserved. This was consistent with my previous directive to the Alaska Energy Authority (AEA) to utilize existing appropriations to advance the Project to the stage of an updated Commission Study Plan Determination (SPD), in order to complete and preserve the value of the FERC-required studies to this point.¹ In accordance with these directives, AEA's focus for the past 18 months has been to protect the State's nearly \$200 million investment in this Project by finalizing the open FERC-required studies and preparing for the Commission's next milestone in the licensing process: its determination as to whether the previously approved study plans would support a hydropower license application.

The Commission's December 2, 2015 scheduling order² granted AEA's request to continue the Integrated Licensing Process (ILP) and set a schedule for: Initial Study Report (ISR) public meetings; comments on the ISR by State and federal resource agencies, members of the public, and other stakeholders; AEA's and other stakeholders' response to comments; and the Commission's updated SPD. AEA held the public meetings in March, and commenters recently filed literally

¹ See Letter from Wayne Dyok, Alaska Energy Authority, to Kimberly D. Bose (August 26, 2015) (requesting the Commission to lift the Integrated Licensing Process abeyance).

² Letter from Ann Miles to Wayne Dyok (December 2, 2015).

hundreds of pages of detailed comments on the studies. AEA currently is in the process of reviewing those comments and preparing responses.

To assure the past investment is preserved, it is important to the State of Alaska that the Commission proceed with the ILP to the point of issuing its updated SPD, for the following reasons:

- FERC's updated SPD is a pivotal point in the licensing process, as it can require modification of existing study work or impose entirely new studies—all of which can significantly add to Project timing and cost. Alternatively, the updated SPD can affirm that Project studies are essentially on track to support a license application. Either way, the updated SPD is a necessary milestone.
- Many of the comments on the ISR question the integrity or usefulness of AEA's studies conducted to date. In order to preserve the value of the substantial amount of work that has been done, AEA needs to have the opportunity to respond to these comments and obtain the Commission's determination on the issues that have been raised.

The updated SPD protects existing information by obtaining FERC's position on the adequacy of methods implemented and data gathered to date. Following the Commission's updated SPD, I am requesting that the Commission issue an order holding the ILP in abeyance.

I understand that certain ILP participants have been raising questions about the schedule, in particular the August 22 deadline for responses to comments. AEA is currently hard at work preparing its responses. However, in light of the extensive comments, the recent schedule uncertainty, and the importance of the updated SPD to the State, I believe a 20 day extension of time to September 11, 2016 for all participants to file their responses would be appropriate. Please advise me as soon as possible if you are in agreement with this extension request.

The State greatly appreciates the significant commitment of time and resources of Commission Staff, federal and State resource agencies, Alaska Native entities, and other licensing participants in the ILP to date.

If you have any questions related to this matter, please do not hesitate to contact my office or Michael Lamb, AEA's Interim Executive Director, at mlamb@aidea.org or 907-771-3009

Sincerely,



Bill Walker
Governor

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cc: The Honorable Lisa Murkowski, United States Senate
The Honorable Dan Sullivan, United States Senate
The Honorable Don Young, United States House of Representatives
The Honorable Cheryl A. LaFleur, Commissioner, Federal Energy Regulatory Commission
The Honorable Tony Clark, Commissioner, Federal Energy Regulatory Commission
The Honorable Colette D. Honorable, Commissioner, Federal Regulatory Commission
Kimberly D. Bose, Secretary, Federal Energy Regulatory Commission