



January 6, 2014

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Susitna-Watana Hydroelectric Project, Project No. 14241-000

**Request for Extension of Time for Submission of Initial Study Report and
Modification of Integrated Licensing Process Schedule**

Dear Secretary Bose:

The purpose of this letter is to request an extension of time and propose a new plan and schedule for submission of the Alaska Energy Authority's (AEA) Initial Study Report (ISR), pursuant to 18 C.F.R. § 5.15(a), for AEA's proposed Susitna-Watana Hydroelectric Project No. 14241 (Project). Under the Federal Energy Regulatory Commission's (Commission) current Integrated Licensing Process (ILP) schedule for this project, the ISR is due on February 3, 2014. AEA proposes to extend this deadline until June 3, 2014 (an extension of 120 days). AEA also requests similar modifications to the overall ILP schedule to accommodate the additional time to prepare and file the ISR, as set forth in the proposed schedule in Attachment A.

To help AEA, resource agencies, and other licensing participants plan for the next steps in the licensing process, AEA respectfully requests the Commission to grant this request by January 24, 2014. Prior to filing this request with the Commission, AEA consulted with federal and state resource agencies and several other licensing participants on the proposed plan and schedule and received strong support. We understand participants in this process may respond directly to the Commission by January 17, 2014,¹ regarding this request.

The State of Alaska, through AEA, remains fully committed to the timely licensing and development of the Project. Calendar year 2013 was a busy and productive year for the licensing effort. Extensive field study work was conducted in the 2013 study season as the State committed over \$95.2 million to the Project, in addition to the \$77 million appropriated in previous years. The environmental study and analysis effort and associated data are being reviewed and summarized for the ISR.

¹ See 18 C.F.R. § 385.213(d) (establishing a 15-day period to answer a motion). AEA notes that its request for expedited treatment of this extension request does not at all compress the time period for resource agencies and other licensing participants to timely respond.

AEA believes that the requested extension of time will benefit the process by allowing AEA, federal and state resource agencies, and other licensing participants additional time to review and analyze the tremendous amount of data collected through the 58 individual studies during the 2013 study season, and to work together in developing plans for completing the licensing studies in 2015. However, for the reasons detailed below, AEA believes that good cause warrants this requested extension and proposed schedule modification.²

Factors Warranting Extension of Time and Schedule Modification

AEA remains fully committed and engaged in helping the State meet its goal of deriving 50 percent of Alaska's electrical energy from renewable sources by 2025. The Project is the central resource that will help the State achieve this ambitious objective. AEA staff and consultants are working tirelessly to complete environmental studies and file a license application with the Commission on the earliest practicable date.

Recognizing unique factors at this point in the process, however, AEA believes that: (i) a limited extension of the ISR due date, and (ii) a modification of the remaining ILP schedule to accommodate a 2015 study season, are necessary and desirable. These factors include:

Focus and Reprioritize 2014 Study Plan

The Governor's \$10 million proposed Project budget for Fiscal Year (FY) 2015 demonstrates a continued strong commitment to the Susitna-Watana Hydroelectric Project. This amount is short of the \$110 million required to complete the Commission's approved study plan and prepare its license application during FY 2015. The Governor and Alaska State Legislature may choose to provide AEA additional funds for FY 2015 based on recent progress regarding land access negotiations. AEA must prioritize its Project activities based on funds currently available in FY 2014 and the proposed FY 2015 budget request.

AEA will work with stakeholders to further prioritize necessary studies and will shift field studies originally planned for the 2014 study season to the 2015 study season. With remaining FY 2014 funds and the proposed FY 2015 budget, AEA can continue its analysis of the 2012 and 2013 data in comparison to the extensive data collected in the 1980s and prioritize certain field activities in 2014.

AEA has endeavored to prioritize the Project budget for FY 2015 and determine available funding for Project-related licensing studies for the 2014 and early 2015 study seasons. This effort is ongoing as of the date of this extension request and will remain fluid until the completion of the 2014 legislative session. Accordingly, the 120-day extension provides an opportunity for AEA to consult with resource agencies and other licensing participants regarding the specifics of the 2014 study effort, and to finalize plans for 2014 as AEA's budget and study opportunities become more concrete.

² *Id.* § 385.2008(a).

While AEA expects the details of the 2014 study effort to be developed in consultation during the 120-day extension period, several key factors will guide AEA in its decision on the studies to be undertaken during 2014:

- *Field Logistics.* Logistical support for fieldwork in an expansive, remote area of Alaska (e.g., establishment of base camps; helicopter and other transport of field personnel, equipment, and supplies; and ground support) is one of the most significant cost drivers in AEA's licensing study program. Many of these costs are fixed *regardless* of the number of personnel in the field or the actual work conducted. AEA will place a high priority on deferring work that requires sustained, expensive field support until 2015. Such an approach is cost-effective and reasonable, as it defers high fixed costs until necessary to support a more robust and complete field effort.
- *Seasonal Requirements.* AEA will place a high priority on work that, in accordance with the Commission's approved study plan, requires a winter study component during early 2014.
- *Installed Equipment.* AEA will place a high priority on ongoing activities where it already has installed equipment, such as ongoing monitoring work and wildlife tracking.
- *Modeling.* Due to the significant time required to develop and calibrate analytical models for the Project, AEA will place a high priority on continuing this effort during 2014.

Additional Time for Licensing Participants to Review 2013 Study Results

AEA's implementation of the Project's study plan during the 2013 field season was a success, with massive amounts of data collected and compiled as provided in the Commission-approved study plan. Currently, AEA is completing review, compilation, and organization of the vast amount of data from the 58 individual studies, and expects that such data will be relied upon in the ISR and available to Commission staff, resource agencies, and other licensing participants. An extension of the ISR deadline will give licensing participants sufficient time to review this data before their formal comments on the ISR are due.

Opportunity to Develop 2015 Study Plans in Cooperation with Licensing Participants

The extension of time as requested in this letter would defer the majority of the second-season studies until 2015 and create an opportunity for AEA to work in close consultation and cooperation with resource agencies and other licensing participants in adjusting the remaining study program. As set forth in the proposed schedule detailed in Attachment A, AEA proposes to file a draft ISR with the Commission by the original February 3 deadline. The draft ISR will include information regarding the 2013 study season, but will defer discussion of AEA's plans for the 2014 and 2015 study seasons as those will be the subject of the stakeholder consultations to follow. AEA's proposed

schedule would allow a month for participants to review the information in the draft ISR and on AEA's website prior to participating in a series of consultation meetings in March. Following those initial meetings, AEA would continue to work with the participants, distributing additional 2013 datasets as they become available, in an attempt to achieve consensus on the scope and schedule for remaining work.

In the event disagreements remain following this cooperative effort, the proposed schedule in Attachment A includes the standard ILP process for Commission resolution of disagreements. Such resolution would occur in sufficient time for AEA to prepare and budget for its implementation of the second-season studies beginning in early 2015.

Conclusion

AEA appreciates the Commission's consideration of this request for extension of time and proposed modification of the ILP schedule. AEA looks forward to working with Commission staff, federal and state resource agencies, and other licensing participants in reviewing 2013 study results and developing plans for the 2015 study season, as set forth in Attachment A. If you have any questions related to this matter or need additional information, please do not hesitate to contact the undersigned at wdyok@aidea.org or (907) 771-3955.

Sincerely,



Wayne Dyok
Project Manager
Alaska Energy Authority

Attachment
cc: Distribution List

Attachment A

**Proposed ILP Schedule
Susitna-Watana Hydroelectric Project No. 14241**

Responsible Party	Pre-Filing Milestone	Date	FERC Regulation
AEA	File Draft ISR and Post on Project Website (www.susitna-watanahydro.org)	2/3/2014	--
All Licensing Participants	Review Draft ISR and Study Data	2/3/2014 – 3/3/2014	--
All Licensing Participants	Initial Consultation Meetings on Plans for Second- Season Studies	3/3/2014 – 3/14/2014	--
All Licensing Participants	Additional Meetings and Other Consultation for Second-Season Studies	3/15/2014 – 5/16/2014	--
AEA	Initial Study Report Filed	6/3/2014	5.15(c)(1)
All Licensing Participants	Initial Study Report Meeting	6/18/2014	5.15(c)(2)
AEA	Initial Study Report Meeting Summary	7/3/2014	5.15(c)(3)
All Licensing Participants	Any Disputes/Requests to Modify Study Plan	8/2/2014	5.15(c)(4)
All Licensing Participants	Responses to Disputes/Amendment Requests	9/1/2014	5.15(c)(5)
FERC	Director's Determination on Disputes/Amendments	10/1/2014	5.15(c)(6)
AEA	Second Study Season	2015	5.15(a)
AEA	Updated Study Report Filed	2/1/2016	5.15(f)
All Licensing Participants	Updated Study Report Meeting	2/16/2016	5.15(f)
AEA	Updated Study Report Meeting Summary	3/2/2016	5.15(f)
All Licensing Participants	Any Disputes/Requests to Modify Study Plan	4/1/2016	5.15(f)
All Licensing Participants	Responses to Disputes/Amendment Requests	5/1/2016	5.15(f)
FERC	Director's Determination on Disputes/Amendments	5/31/2016	5.15(f)
AEA	File Preliminary Licensing Proposal or Draft License Application	7/5/2016	5.16(a)
All Licensing Participants	Preliminary Licensing Proposal/Draft License Application Comments Due	10/3/2016	5.16(e)
AEA	File Final License Application	12/1/2016	5.17