

January 20, 2026

The Honorable Gary Stevens
President of the Senate
Alaska State Legislature
State Capitol Room 111
Juneau, AK 99801

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

Dear Senate President Stevens and Speaker of the House Edgmon,

As required by Alaska Statute 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, Administrative Order (AO) 271 issued by then-Governor Walker, sent the Project to abeyance and all discretionary spending came to an end by the close of calendar year 2017. AEA closed out the project yet preserved the value of the State of Alaska's investment and maintained the public value of the data collected through careful, thorough archiving. The Federal Energy Regulatory Commission's (FERC) updated Study Plan Determination (SPD) provides the State with certainty on what is needed for a complete FERC license application if the project is 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 baseline conditions, FERC ruled 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 the information necessary for a license application and demonstrates 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 into 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 would have been the 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 the removal of the fiscal restraint previously ordered. This order has not changed the status of the project.

As part of AEA's continuous and ongoing operational work in furtherance of its mission to "reduce the cost of energy in Alaska" AEA was significantly involved in the Alaska Energy Security Task Force in providing technical information. The Task Force recommended:

- Update Susitna-Watana Hydroelectric Project Management Plan with focus on approach, budget, and schedule to complete licensing activities.
- Update construction cost and economics.
- Determine licensing approach and studies necessary to conduct National Environmental Policy Act (NEPA) process and make licensing decision.
- Make a go/no-go decision for FERC licensing.

In January 2024, the Alaska Center for Energy and Power (ACEP) published a report titled "Alaska's Railbelt Electric System: Decarbonization Scenarios For 2050". Per appendix R of ACEP's report, adjustments were made to AEA's 2014 construction cost estimate of \$5,512 billion. The resulting amount is \$9.019 billion in 2023 dollars. The assumed Susitna-Watana fixed O&M equals \$26.5 million per year in 2014 dollars adjusted by the U.S. CPI to \$34.2 million 2023 dollars per year.

In May of 2025 the Railbelt Utilities sent a letter to the Governor (copy attached), expressing support for the Susitna-Watana hydroelectric project.

AEA has spent no state funds on the development of the Susitna-Watana project since the issuance of AO No. 309 in 2019.

The Susitna-Watana dam would be a concrete dam with an approximate height of 705 ft. and a maximum capacity of 618 Megawatts. It would produce about 60% of the current electric demand and move the Railbelt to 80% renewable energy. Central location enables power to be readily accessible all along the Railbelt. The project would directly and indirectly create over 32,000 jobs and create \$11 billion (2014\$) in savings by replacing natural gas generation.

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

Respectfully Submitted,



Curtis W. Thayer
Executive Director

Cc: Alaska Energy Authority Board
Alaska State Legislature