



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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- Lorali Simon
- John Sturgeon
- Jan Trigg

BREAKFAST MEETING

Thursday, February 7, 2013

1. Call to order – Tom Maloney, Past President
2. Head table Introductions
3. Staff Report – Rick Rogers, Executive Director
4. Program and Keynote Speaker:

Creating a competitive climate for long-term investment in new oil production
 Bruce Tangeman, Deputy Commissioner, Alaska Department of Revenue

Upcoming Breakfast Meeting

Thursday, February 21: Alaska Projects and Issues Update, Lt. Colonel Bobby Stone, Deputy Commander, Alaska District, U.S. Army Corps of Engineers

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- Governor Sean Parnell



FOR IMMEDIATE RELEASE

No. 13-003

**Governor Parnell Submits Plan to Increase Oil Production
Better Protects Alaskans Against Falling Oil Prices**

January 15, 2013, Juneau, Alaska – Governor Sean Parnell today submitted legislation designed to increase oil production and attract new investment. The bill was developed with four guiding principles, which Governor Parnell reiterated earlier this month:

- Tax reform must be **fair to Alaskans**
- It must encourage **new production**
- Oil taxes must be **simple** so that they **restore balance** to the system
- A tax structure must be **competitive** for the **long term**

"Alaska's North Slope is rich with oil," Governor Parnell said. "We have billions of barrels of proven reserves in existing fields, with billions more in resources yet to be discovered. Below ground, we are resource-rich. It's above ground where the challenge has been. We do not have a tax system at high oil prices that creates opportunity for economic growth."

Compared to current law, Governor Parnell's legislation better protects Alaskans at lower oil prices, and substantially reduces the risk to the state treasury by restructuring the credit system. It simplifies the tax system by eliminating the monthly "progressivity tax," restructuring tax credits, and maintaining the flat, base tax rate of 25 percent. The legislation encourages new production by focusing incentives on actual oil production.

The current progressive tax rate structure creates highly variable tax rates, and limits the upside for investors at high oil prices. Additionally, the generous tax credits currently allowed for capital expenditures support spending by companies, but not necessarily spending that leads to new production. In this fiscal year alone, the cost of tax credits will exceed \$1 billion, exposing the state to material financial risks. These aspects of the state's fiscal system combine to encourage short-term spending, while discouraging long-term investment in new production.

"Encouraging new production by lowering tax rates and simplifying the current system will promote growth in the economy and provide a more stable and long-term revenue stream for the state," Governor Parnell added.

The governor's bill and transmittal letters will be available tomorrow. A fact sheet on the governor's proposed legislation is available at:

http://gov.alaska.gov/parnell_media/resources_files/factsheet_011513.pdf

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Oil Tax Reform

Fair, Simple, Balanced, New

The Urgent Need for Legislation

Alaskans are well aware that current oil production from legacy fields is declining. Not because we are running out of oil, but because we are running behind the competition. Alaska's North Slope has billions of proven barrels of oil, but we do not have a tax system designed to attract new investment for more production. At high oil prices, the current progressive tax rate structure creates highly variable tax rates, collected monthly, and takes far more profit from investors than other competing jurisdictions like North Dakota, Alberta, and Texas. Investors take their money where they get a greater return, and they are investing new capital elsewhere. Legislation is necessary to drive new investment to create new Alaska production and new opportunities for Alaskans.

Under current law, the generous tax credits for capital expenditures support a company's spending now, not necessarily resulting in new production. Consequently, the State experiences the short-term risk of writing large checks from the treasury for those credits with no corresponding increase in production. Legislation is necessary to mitigate this risk, and focus private sector investment on new, long-term Alaska production.

Guiding Principles

Tax policy must be **fair** to Alaskans. Any changes to oil taxes should, when taken together, be geared to foster **new** production. Changes should result in a more **simple** tax system and restore **balance** to our fiscal system.

Tax policy must make Alaska **competitive** for the long-term. If these guiding principles are met, we will more fully maximize the benefit of Alaska's oil resources for Alaskans.

Legislation Summary

The bill ends the monthly progressivity tax and maintains a 25 percent base tax rate with a 20 percent gross revenue exclusion for new oil. It also eliminates the qualified capital expenditure credits for North Slope costs. The bill reforms the remaining credits so that they are taken when there is production.

Fair to Alaskans and Fosters New Production

The legislation provides more downside price protection for Alaskans in exchange for more upside price revenue to the companies. Under the current tax system, State revenues depend primarily on the price of oil, but the current qualified capital expenditure credits depend on the level of company spending. If prices fall, State revenues are reduced, but the State retains the obligation to pay credits. Further, if additional development occurs, under the current system, the credit obligation could grow substantially. Given the State's other obligations like public safety and schools, this imbalance exposes the State to substantial financial risks. By reforming the credit system, this bill rebalances the current tax structure to ensure revenues to the State in low price environments.

continued on next page

More Simple, Restores Balance

The bill simplifies the oil and gas production tax by repealing the progressive tax rate structure in Alaska's current tax system by levying a flat rate tax of 25 percent on oil and gas production statewide, subject to current tax ceilings on certain oil and gas, for production beginning January 1, 2014. The repeal of the progressive tax rate structure in this bill encourages the type of long-term planning and investment needed to promote new investment in new production in Alaska.

Long-Term Competitiveness

By shifting the incentives away from spending and toward new production, we ensure these tax changes are for the long run. Producers get the benefit of tax changes later – after they produce new oil when they can offset earlier liabilities against new production. Additionally, by giving back more of the high side at high oil prices (while better protecting Alaskans against the downside of lower oil prices), we ensure companies will make their investments for the long haul because they are more likely to take short-term risk with capital if they are ensured greater return over time at higher prices.



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SEAN PARNELL

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Alaska Dispatch

News and voices from the Last Frontier

Published on *Alaska Dispatch* (<http://www.alaskadispatch.com>)

[Home](#) > Oil tax cut allies turn out en masse for Alaska governor's proposal

[Pat Forgey](#) ^[1]

January 29, 2013

Main Image:

[Alaska governor Sean Parnell 8](#) ^[2]

Main Image Credit:

Main Image Caption:

JUNEAU -- Industry turned out in force at a legislative hearing Tuesday in support of Gov. Sean Parnell's oil tax cut proposal, with timber, mining, and other industries rallying behind their colleagues in the oil and gas industry.

Only about 30 seconds into the hearing came the first mention of North Dakota, the first of repeated assertions that if Alaska would offer more competitive tax rates, it would see boom that North Dakota has experienced from its Bakken oil shale.

"We're nervous about our economy, watching production decline," said Scott Thorson of Anchorage's Network Business Systems. His company recently expanded to North Dakota to take advantage of the boom there, he said.

Texas is the top oil-producing state in the country with North Dakota second. Production in both those states is increasing, while Alaska's has been declining more than a decade.

Cruz Construction expanded to North Dakota three years ago, said Palmer's Dave Cruz. Exploration companies there can begin producing oil in a few months after beginning work -- a far cry from what happens when they try to do the same thing in Alaska, he said.

"These folks go out and do exploration wells, they're 10 years (before production) because of all the roadblocks we have," he said.

Lynden Logistics is very supportive of Parnell's oil tax bill, added company's Vice President Jeanine St. John. More oil production is the key to a strong economy, she said. "The decline is truly attributed to our tax regime," she said.

CIRI's Ethan Schutt, senior vice president for land and energy at the Alaska Native Regional Corporation based in Anchorage, said it is investing in numerous places outside Alaska, where profits are higher.

"Private capital follows to places where it is welcomed and rewarded," he said.

A dissenting voice came from former state Sen. Joe Paskvan, D-Fairbanks, defeated last fall in his bid for re-election. He said Parnell's tax bill will harm efforts to boost investment in Alaska by taking away tax credits, and will enable the state's oil producers to go into "super-harvest mode."

"Throughput decline started in 1989 and has nothing to do with tax policy," he said.

Contact Pat Forgey at [pat\(at\)alaskadispatch.com](mailto:pat(at)alaskadispatch.com) ^[3]

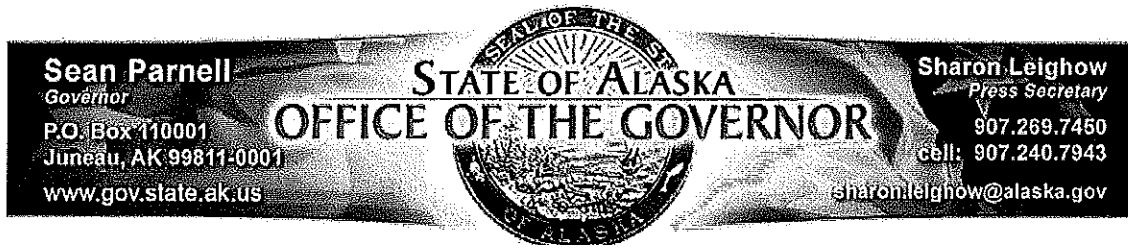
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Links:

[1] <http://www.alaskadispatch.com/authors/678572>

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[3] <mailto:pat@alaskadispatch.com>



FOR IMMEDIATE RELEASE

No. 13-019

**Governor Parnell in Wall Street Journal:
An Alaskan Challenge for 'All of the Above' Energy**

February 5, 2013, Juneau, Alaska – Over the weekend, Governor Sean Parnell took to the pages of the *Wall Street Journal* to make the case why a marine-transportation accident should not be used for political purposes to derail offshore development in Alaska.

An Alaskan Challenge for 'All of the Above' Energy

By SEAN PARNELL

President Obama often says that he wants to make energy a major focus of his second-term agenda. In the coming days, his administration will have an opportunity to prove it.

The Obama administration is currently undertaking a 60-day "Expedited Assessment of 2012 Arctic Operations," an Interior Department investigation that will dictate whether one oil company, Shell, can continue pursuing Outer Continental Shelf drilling in Alaska's Beaufort and Chukchi Seas off the state's North Slope. Shell has invested more than \$4 billion in Alaska, although the company hasn't yet been allowed to drill even one well into an oil or gas formation.

With billions of dollars of private investment at stake, the focus of the Interior investigation is an unfortunate marine-transportation accident, the grounding of the drilling ship Kulluk in a storm on Dec. 31. The ship ran aground on a small island off the Alaska coast, 1,000 miles away from any oil and gas exploration work. But the accident is being exploited for political purposes in an effort to halt offshore exploration in Alaska. As the governor of the state, I hope—for the sake of America's national and economic security—that the effort fails.

Responsible resource development off Alaska's coasts is hardly a new phenomenon. The state has seen hundreds of exploration and development wells drilled offshore, including wells in both the Beaufort and Chukchi Seas.

Surely, the Interior investigation of the Kulluk grounding is appropriate, but it must be a fair one. Investigators—and the public—should keep in mind that the incident occurred in bad weather and the recovery was accomplished quickly, with no loss of life and no impact on the environment. By way of comparison, according to the U.S. Coast Guard, in 2012 there were 592 vessel casualties in Alaska. In nearly every one of these cases, there was no Interior Department review. The 60-day Kulluk study ends March 8.

Environmental activists, many of whom have never been to Alaska, are attempting to use this transportation incident as an excuse to pressure the White House to suspend offshore-drilling permits.

Two facts are often overlooked by these activists:

First, no one cares about Alaska's environment more than the Alaskans who live there. Second, oil producers want to maximize their profit, and mishaps like Kulluk grounding hurt their bottom line. Maritime accidents are in no one's interest.

For Alaska's economy and America's energy security, I hope Shell and other energy producers choose to keep their drilling operations in Alaska. But they are rightly concerned about federal hurdles (in the form of permitting delays, investigations, etc.) as they consider whether to drill in Alaska or move investment dollars abroad under more favorable regulatory conditions.

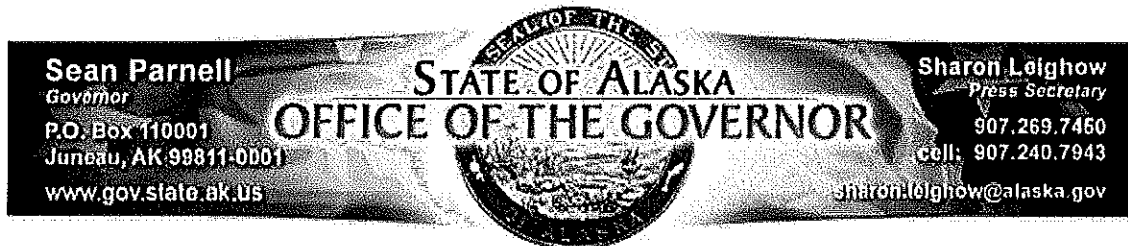
Interior Secretary Ken Salazar, who is leaving his post in March, has repeatedly said that Arctic oil exploration is an important part of the Obama administration's "all of the above" energy strategy.

In this case, with America's national-security interests and its economic interests in jobs and energy on the line, we will learn whether the Obama administration is truly committed to that "all of the above" approach.

Mr. Parnell is the governor of Alaska.

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FOR IMMEDIATE RELEASE

No. 13-017

Governor Parnell Says Federal Decision Against Road Threatens King Cove Residents

February 5, 2013, Juneau, Alaska – Governor Sean Parnell expressed deep frustration with the U.S. Fish and Wildlife Service's (USFWS) selection of a "no action" alternative in the final Environmental Impact Statement (EIS) for the King Cove to Cold Bay access project.

"I cannot fathom why the Fish and Wildlife Service prioritized a perceived risk to birds over an existing threat to human life," Governor Parnell said. "After years of good faith efforts by the State of Alaska, the Alaska Legislature, the Aleutians East Borough, the City of King Cove, the King Cove Corporation, the Agdaagux Tribe, the Belkofski Tribe, and local residents to work with the federal government, the USFWS chose to deny King Cove residents access to basic services, like all-weather medical evacuation."

The road alternatives in the EIS require roughly 200 acres of federal land for a nine-mile road corridor to complete a 25-mile link between King Cove and Cold Bay. In a land exchange that depends on a road being built, the state and King Cove Corporation offered approximately 56,000 acres to be added to the Izembek and Alaska Peninsula National Wildlife Refuge.

The road alternatives would complete a 25-mile link between King Cove and Cold Bay's all-weather airport. The community of King Cove and the Aleutians East Borough have sought the road for many years as an alternative to a weather-dependent hovercraft. Operation of the hovercraft has proven very expensive and unreliable in bad weather. A road link is particularly important when residents of King Cove have medical emergencies and need to be evacuated by air ambulance.

"The weather in that region is some of the most dangerous in the world," Governor Parnell added. "The residents need and deserve a safe, reliable transportation option. A road will save lives, and is the only workable long-term solution."

The state urges the USFWS to reconsider the selection of the "no action" alternative before they complete the record of decision.

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February 6, 2013

The Honorable Pete Kelly, Co-Chair
The Honorable Kevin Meyer, Co-Chair
Alaska State Senate, Finance Committee
State Capitol Room 532
Juneau, AK 99801

Re: House Bill 80 – An Act relating to the regulation of wastewater discharge from commercial passenger vessels in state waters; and providing for an effective date.

Dear Senator Kelly and Senator Meyer:

The Resource Development Council for Alaska (RDC) is writing to support the timely passage of HB 80 by the Senate Finance Committee.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

It is a top legislative priority of RDC to encourage the state to promote and defend the integrity of Alaska's permitting process and advocate for predictable, timely, and efficient state and federal permitting processes based on sound science and economic feasibility.

RDC applauds the tireless work of the Cruise Ship Science Advisory Panel (SAP). The SAP group has met at least 15 times to help provide information that can help shape a more rational wastewater discharge policy for the cruise industry.

The SAP findings clearly show that attaining current water quality standards at the point of discharge from cruise ships is not feasible and not necessary to protect public health and aquatic species. RDC would not be supporting HB 80 if it jeopardized the health and productivity of our fisheries.

HB 80 establishes a policy that is based on sound science and economic feasibility. Many technological and management advances have been made by the cruise industry to protect the environment. The advanced systems on the cruise ships are far cleaner than existing municipal systems and other vessels plying Alaska's waters.

Adjusting the statutory requirements for cruise ship discharge based on the findings of three years of objective study is sound governance, and the type of permitting adjustments that lead to a stronger economy while protecting Alaska's renewable resources.

Many small businesses and communities rely on the business activity the cruise industry generates. Each year, about 60 percent of Alaska's visitors arrive in the state via cruise ship. This action to increase cruise ship visits will increase benefits to Alaskan businesses, while not causing harm to the environment.

Moreover, RDC discourages the setting standards for discharges through the initiative process, regardless of the industry. Investment in Alaska must be encouraged, by allowing reasonable and attainable standards for all industries. Alaska regulators should be provided with the tools to use the best available science, as they do with all industries in Alaska, to establish safe discharge limits that will protect Alaska's clean water.

RDC supports quick passage of HB 80 to ensure reasonable permit standards are in place for the upcoming 2013 season and forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director



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Governor Sean Parnell

February 1, 2013

The Honorable Mike Chenault
The Honorable Mike Hawker
Alaska House of Representatives
Capital Room 208
Juneau, AK 99801

RE: HB 4

Dear Speaker Chenault and Representative Hawker,

On behalf of the Resource Development Council for Alaska, Inc., (RDC), I am writing in support of HB 4, which empowers the Alaska Gasline Development Corporation (AGDC) to further advance an in-state gas pipeline.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Reliable and affordable energy supplies are critically important to Alaska residents and are vitally needed to grow our economy and provide energy for resource development projects and community development. RDC has consistently supported the development of commercially-viable energy from diverse sources, including coal, natural gas, hydroelectric and other renewable and nonrenewable alternatives. RDC has also supported public policies and fiscal decisions to improve the commercial viability of developing Alaska's North Slope and Interior natural gas resources. HB 4 removes constraints identified by AGDC in moving an in-state gas line development project forward: funding the project to an open season; providing needed confidentiality for collaboration with private entities and information sharing; and establishing contract carrier status to support firm commercial transportation commitments.

The economics of natural gas delivery are inversely proportionate to line capacity, and a 500 MCF or smaller line faces significant economic challenges. HB 4 requires any line to stand on its own, underpinned by capacity commitments and without incurring

future financial liabilities to the State. Future appropriations, loan guarantees or other underwriting of an AGDC gas line project would require legislative approval. Should such become necessary, RDC would evaluate the appropriateness of public financial support carefully. The ultimate determination of whether to commit additional public funds would need to be based on the project's merits, the impacts on competing sources of energy, and the burden such a project may put on the fiscal health of the State.

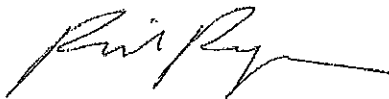
The best case for Alaska is a large capacity line serving both in-state and export (or Lower 48) markets. While market forces will dictate the viability of a large capacity line, HB 4 allows AGDC to participate in a large diameter gas line project. AGDC could add value to such a project by providing for the in-state gas infrastructure to meet our growing energy needs, both residential and industrial.

HB4 establishes AGDC as a stand-alone agency with a specific mission to deliver gas to Alaskans at the most affordable price. Given the growing concern we have with regard to the long-term fiscal sustainability of our State, we encourage the AGDC enabling legislation to sunset the agency should future circumstances render its mission obsolete or unachievable.

RDC looks forward to passage of HB 4. Ultimately free market forces will allow project economics to dictate the best energy solutions for Alaska consumers considering both price and reliability. HB4 provides an appropriate balance by providing public sector support in early stages sufficient to bring the project to an open season where economics will determine the project's fate.

RDC applauds your leadership as cosponsors of this legislation, and we appreciate the opportunity to share our views of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director

House Resources Committee on HB 77, Feb. 6, 2013
Testimony of Rick Rogers, Executive Director,
Resource Development Council

Good afternoon co-chairs Feige, Saddler and members of the committee. My name is Rick Rogers, Executive Director of the Resource Development Council. RDC is a statewide business association representing forestry, oil and gas, mining, tourism, and fishing industries. Our mission is to grow Alaska through responsible resource development.

A top legislative priority of RDC is to encourage the state to promote and defend the integrity of Alaska's permitting process and advocate for predictable, timely, and efficient state and federal permitting processes based on sound science and economic feasibility.

RDC is in support of HB77. The Alaska Legislature, to its credit, provided DNR with additional resources to address what had become an untenable backlog of permits and authorizations. Such backlogs negatively affect our resource industries as well as individual Alaskans seeking required state authorizations. We understand that while a backlog still exists, DNR has made real progress in catching up on that work.

Ramping up staff to adjudicate the backlog is addressing the symptom, however systemic improvements to what has become a very complex set of statutes authorizing DNR's work is also needed to help prevent future backlog and delays.

The Governor, with support from DNR Commissioner Sullivan and his staff, has identified specific means of improving the efficiency of our complex permitting system. The administration should be applauded for proposing numerous changes to the DNR enabling statutes in order to make their processes more timely and efficient. Adapting our key DNR statutes to ensure we are adjudicating our land and resource authorizations in a more timely and efficient manner is overdue.

We encourage this committee to support the administration's efforts to more efficiently manage DNR's tremendous workload as the reach of the department affects a broad cross section of Alaska businesses, resource industries and individuals.

Thank you for the opportunity to comment.

House Resources Committee on SB 26, Feb. 6, 2013
Testimony of Rick Rogers, Executive Director,
Resource Development Council

Good evening, Madam Chair Giessel and members of the committee. My name is Rick Rogers, Executive Director of the Resource Development Council. RDC is a statewide business association representing forestry, oil and gas, mining, tourism, and fishing industries. Our mission is to grow Alaska through responsible resource development.

A top legislative priority of RDC is to encourage the state to promote and defend the integrity of Alaska's permitting process and advocate for predictable, timely, and efficient state and federal permitting processes based on sound science and economic feasibility.

RDC is in support of SB26. The Alaska Legislature, to its credit, provided DNR with additional resources to address what had become an untenable backlog of permits and authorizations. Such backlogs negatively affect our resource industries as well as individual Alaskans seeking required state authorizations. We understand that while a backlog still exists, DNR has made real progress in catching up on that work.

Ramping up staff to adjudicate the backlog is addressing the symptom, however systemic improvements to what has become a very complex set of statutes authorizing DNR's work is also needed to help prevent future backlog and delays.

The Governor, with support from DNR Commissioner Sullivan and his staff, has identified specific means of improving the efficiency of our complex permitting system. The administration should be applauded for proposing numerous changes to the DNR enabling statutes in order to make their processes more timely and efficient. Adapting our key DNR statutes to ensure we are adjudicating our land and resource authorizations in a more timely and efficient manner is overdue.

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Thank you for the opportunity to comment.



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February 6, 2013

Ms. Allison Banks
Environmental Protection Specialist
Glacier Bay National Park and Preserve
P.O. Box 140
Gustavus, AK 99826

Via email to: Allison_Banks@nps.gov

Re: 2014 Glacier Bay Park and Preserve Quota for Ships

Dear Ms. Banks:

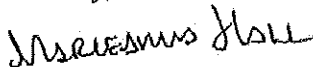
The Resource Development Council for Alaska, Inc. appreciates the opportunity to comment on the proposed 2014 use quota for ships entering into Glacier Bay Park and Preserve.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC supports increased access, by visitors and residents alike, to scenic wonders like Glacier Bay. The proposal to maintain the same quota as 2013 is adequate. However, RDC supports increasing the number of ships allowed entrance to Glacier Bay, in an effort to promote the expansion of cruise itineraries and ultimately increase the number of passengers. Each year, 60 percent of Alaska's visitors arrive in the state via cruise ship. Taking action to increase access will increase benefits to Alaskan businesses, with no adverse impact to the environment.

Thank you for the opportunity to comment on this important issue.

Sincerely,


Marleanna Hall
Projects Coordinator



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Testimony of Marleanna Hall • Projects Coordinator, Resource Development Council
Donlin Gold EIS Scoping Meeting • Tuesday, January 22, 2013 Anchorage, AK

Good evening. My name is Marleanna Hall and I am a Projects Coordinator at the Resource Development Council for Alaska.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

The Donlin project is located in a region of Alaska that experiences some of the highest unemployment rates and has very few other opportunities. Through the exploration stages, Donlin has shown a strong commitment to local hire and for supporting communities and cultures in the region. A project like this truly is a rare opportunity to improve the local economy where few other opportunities exist.

If developed, RDC believes it will be done in a way that creates opportunity for local employment and economic growth, while protecting the subsistence resources and culture of the region, and protecting the environment.

RDC urges the Corps to include the following in the EIS: the social and economic benefits of this project to the region, state, and to the nation; the potential for lower cost energy options to the region; and, job opportunities leading to reduced out-migration, which will help maintain rural schools.

RDC supports a rigorous permitting process that reviews and analyzes all potential impacts, including the positive economic ones. Alaska has seven existing large producing mines that were permitted under the rigorous review of NEPA and the scientifically based permitting process that includes over 60 major State and Federal permits and authorizations. Alaska's existing mines are operating to the highest standards and in harmony with our renewable resources. Donlin's project description demonstrates an understanding of environmental concerns, and features vigorous environmental management principles.

We look forward to participating in the public process for this project, which will likely provide responsible economic prospects for this region and for Alaska, while protecting the subsistence resources. Further, the EIS process gives Alaskans adequate time to fully review the project documents, and to provide input on the plans.

Thank you for the opportunity to comment on this important project.



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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January 17, 2013

Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

Re: Susitna-Watana Hydroelectric Project, Docket Number P-14241-000

To Whom It May Concern:

The Resource Development Council for Alaska, Inc., (RDC) is writing to support the Revised Study Plan for the Susitna-Watana Hydroelectric Project in Alaska. We urge the Federal Energy Regulatory Commission (FERC) to adopt the plan in a timely manner.

RDC is an Alaskan business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fisheries industries. Our membership includes all of the Alaska Native Regional Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to expand the state's economic base through the responsible development of our natural resources.

RDC believes the Susitna hydroelectric project is truly in the public's best interest. Alaska's Railbelt accounts for two-thirds of the state's population. Railbelt communities from Seward to Fairbanks are in need of a sustainable and reliable energy source to power homes and businesses. Susitna offers a long-term, cost-effective, and reliable power source at a constant price for decades.

The project will also help the State meet its established goal of deriving 50 percent of its electricity from renewable and alternative sources by 2025. Realistically, the only way to achieve that goal is for a new large hydro project to be built in the Railbelt region. Of the hydro projects examined, Susitna has the best chance of being built.

FERC's timely adoption of the Revised Study Plan is important to Alaska residents and the state's economy. Given projected energy shortages, there is little room for delay. Moreover, a delay in the adoption of the Revised Study Plan would impact the 2013 field season and the project overall.

RDC has found the Revised Study Plan to be thorough and we believe it strikes a balance between the need for long-term energy and environmental concerns. The plan was the result of an interactive public process, facilitated by the Alaska Energy Authority (AEA), which organized Technical Working Groups in key resource areas. A number of drafts of the plan were published in an effort to include stakeholder

input. In our view, AEA went above and beyond FERC regulatory requirements to reach consensus with participants.

In addition to AEA's field studies in 2012, the Revised Study Plan includes 58 individual studies. The plan builds upon significant historical information from the 1980s Susitna hydroelectric licensing effort where 3,000 individual reports were filed. This information is still fully relevant and provides a unique advantage for the new project.

Susitna hydro will diversify the Railbelt's energy portfolio, provide needed security, and flatten market fluctuations in energy prices. Price volatility and high cost of electricity are limiting factors in economic development.

The proposed project is important to economic growth in Alaska. The project will bring many benefits, including new jobs and an expanded and healthier economic base.

The Susitna project will include mitigation measures to stabilize Susitna River salmon runs, and protect moose and caribou populations. At a minimum, the project has the ability to help manage river flows that are favorable to fisheries. The Bradley Lake Hydro Project on the Kenai Peninsula is a model for fish and wildlife abundance and good public policy.

In concluding, I would like to note that a Hellenthal survey of Alaskan voters showed 60 percent support for the Susitna project. A Dittman Corporation poll revealed 63 percent support for Susitna in the Fairbanks area and 54 percent in Anchorage. Only 26 percent in Anchorage expressed opposition.

Thank you for the opportunity to provide comments on the Revised Study Plan for the Susitna-Watana Hydroelectric Project.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.



Carl Portman
Deputy Director