



City of Gustavus

P.O. Box 1

Gustavus, AK 99826

Phone: (907) 697-2451

November 14, 2022

Senator Lisa Murkowski

800 Glacier Ave

Suite 101

Juneau, AK 99801

Via Email to: Herndon, Dana (Murkowski) Dana_Herndon@murkowski.senate.gov

Dear Senator Murkowski:

Subject: Startup of the Gustavus Hydroelectric Intertie to NPS Facilities in Glacier Bay National Park is Long Overdue

Our Plea

We write to you today, asking your help in breaking the logjam at the Department of the Interior and the National Park Service (NPS) that is inexplicably delaying the startup of the electric power intertie between the Gustavus Falls Creek Hydroelectric Facility and the NPS headquarters at Bartlett Cove. The intertie was completed and tested in November 2021, but a year later it stands idle. The benefits to the global environment of avoided carbon emissions and to the community of Gustavus of substantially lower electric rates remain unrealized. The system operator Alaska Power and Telephone Company (AP&T) has been prepared to feed power to Bartlett Cove since construction and testing were complete. Local NPS officials also have been eager to shut down their diesel generators and draw clean electrical power from the hydro source. Sadly, final approval of commercial agreements has been stalled by bureaucrats at higher levels of the NPS and Department of the Interior. For nearly a month we understand the agreement has been “under review” in the legal offices of the Department of the Interior. It is rumored that further approval steps remain after the legal review. *Our view:* Delays don’t stop carbon emissions or reduce ratepayer bills. It is long past time that the NPS turn off their diesels and begin drawing carbon-free hydropower from AP&T so that the community and the NPS can finally enjoy the economic and environmental benefits promised by the taxpayers’ investment in the intertie. No more delays—startup the system now!

Background

With your steady encouragement and support over a decade, the NPS spent over \$9.1 million to design and construct the intertie between the Gustavus utility grid and off-grid NPS facilities in Bartlett Cove. The project’s objective was to allow the NPS to access clean, renewable energy from the Falls Creek hydroelectric plant and to offset

what the NPS estimates to be 38,000 gallons of diesel fuel per year and an annual emission of 600 tons of carbon dioxide.¹

The failure to utilize the intertie has been costly to Gustavus ratepayers. In preparation for this project, AP&T modified its tariffs so that the revenue derived from sale of power to the NPS will directly benefit energy consumers in Gustavus through a credit to the Cost of Power Account applied in billing. Thus, all the economic benefits of NPS power purchases flow to Gustavus residents rather than to the utility. Based on this provision, AP&T estimates that once the intertie is utilized, Gustavus residential consumers should save \$0.11 to \$0.12 per kilowatt hour (kWh).²

The cost to Gustavus ratepayers—and to our environment—of having not done so is clear. The Falls Creek hydroelectric plant's capacity is 800 kW. Assuming that the average load over the past year has been 300 kilowatts (kW), the plant's average daily production is 7,200 kWh. During the 12-month period that the intertie has been available but not utilized, the plant has generated some 2.6-million-kilowatt hours. Based on a Gustavus ratepayer savings of 11 cents per kWh, the failure of the NPS and AP&T to reach an agreement and utilize the intertie has cost residents and businesses here nearly \$300,000 over the past year. And the NPS diesel generators have emitted 600 tons of carbon dioxide unnecessarily.

We understand the NPS and AP&T are negotiating two agreements: 1) a utility service agreement for energy purchases and 2) an agreement under which AP&T would help to operate and maintain the NPS diesel plant. While these agreements will be helpful to have in place on a long-term basis, finalizing them should not prevent the NPS from immediately utilizing the intertie.

Nothing precludes startup now

The NPS can begin using the intertie now under AP&T's existing tariff rates. Federal acquisition regulations allow the NPS to purchase \$250,000 of utility services per year without a utility service agreement. The NPS could immediately purchase up to this amount per year and, by extension, save Gustavus community members up to \$250,000 per year in energy costs. The NPS would also save money; diesel-based generation is extremely expensive, particularly given the current price of diesel fuel. Additionally, the NPS would prevent an average of 1.64 tons of carbon dioxide emissions per day.³

Purchasing power now would be consistent with Federal Acquisition Regulations (at 41.201) that state: “[I]t is the policy of the Federal Government that agencies obtain required utility services from sources of supply which are most advantageous to the Government in terms of economy, efficiency, reliability, or service.”

¹ Per NPS benefits listed here: <https://www.nps.gov/gba/learn/news/digging-begins-to-provide-park-with-green-power.htm>

² <https://www.bloomberg.com/press-releases/2021-10-14/alaska-power-telephone-completes-construction-of-the-gustavus-intertie>

³ NPS estimate of 600 tons per year, divided by 365 days.

Immediate use of the intertie would also be consistent with the March 22, 2022 recommendations of Southeast Conference (the regional economic development organization for Southeast Alaska), Renewable Energy Alaska Project, and the Alaska Center for Energy and Power to Secretary of Interior Deb Haaland, NPS Director Charles Sams, and Glacier Bay National Park Superintendent Philip Hooge requesting that the NPS prioritize "Transitioning off-grid facilities to use renewable grid power."⁴ Use of the intertie would also be consistent with Presidential Executive Order 13990, which directs federal agencies to confront the climate crisis and recognize climate considerations as an essential element of US foreign policy and national security.⁵

We understand that the NPS would like eventually to develop a utility service agreement and an O&M agreement, but we believe neither of these agreements should be a precondition to purchasing energy today. Furthermore, two agreements should be administratively separate, so that finalizing the O&M contract does not delay the filing of the utility service agreement with the Regulatory Commission of Alaska.

In May 2022, the NPS asked the City of Gustavus for a resolution clearing concerns around City expectations regarding generating back-up power. We immediately drafted our resolution and passed it at a special meeting to speed the process. NPS officials said that the resolution was just what they needed to move the agreement forward. We in the City hoped to see hydropower reaching Bartlett Cove within 30 days. Six months later we are still waiting!

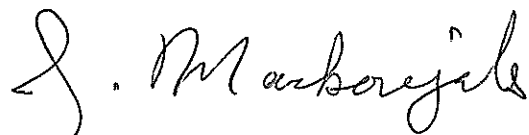
Our COP 27 Promise

Last week at the COP 27 conference in Egypt, President Biden reestablished US leadership toward battling climate change. He committed us to major reductions in greenhouse gas emissions this decade. The Inflation Reduction Act recently passed aims to combat both climate change and cost-of-living inflation burdening US consumers. *We can do our part here in Gustavus.* Starting the Intertie serves all these goals. It ends unnecessary carbon emissions at Bartlett Cove and saves local ratepayers about \$250,000 annually on their electric bills. And, it's not just a plan or a shovel-ready project. *It's a finished project needing only to be turned on!*

Respectfully submitted,



Mike Taylor
Mayor, City of Gustavus



Jim Mackovjak
Council Member & Former Mayor

⁴ The SE Conference / REAP / ACEP letter of March 22nd is attached.

⁵ <https://www.federalregister.gov/documents/2021/01/25/2021-01765/protecting-public-health-and-the-environment-and-restoring-science-to-tackle-the-climate-crisis>