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Susitna dam, other Alaska megaprojects inch forward despite moratorium

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7-9 minutes

Alaska Dispatch News

JUNEAU -- Alaska Gov. Bill Walker has lifted his moratorium on Susitna-Watana Hydroelectric Project work, a move that keeps the controversial project alive but doesn't close the book on whether the massive dam will ever be built.

The action has angered those who question the dam and want to see it ended sooner rather than later.

Final decisions on the project will come later -- maybe years later -- Walker's budget director Pat Pitney said in a memo sent to the Alaska Energy Authority lifting the moratorium.

Walker's action frees up the agency to spend \$6.6 million from past years' appropriations on advancing the dam toward a Federal Energy Regulatory Commission license. But actually

obtaining the license would take an estimated \$100 million in additional funding from state government and years more work.

Following that would be questions about actually financing and building the dam, which the authority estimates will cost a minimum of \$4.5 billion and as much as \$6.8 billion.

AEA budget data shows appropriations of \$192 million for Susitna-Watana since 2009, with the \$6.6 million a part of that.

The dam was one of several megaprojects for which new work was suspended by the governor just after he took office in December, as oil prices were declining.

Other megaproject moratoriums that have been at least partially lifted recently include those on the Knik Arm Crossing and the Juneau Access Project.

Former state Sen. Gary Wilken of Fairbanks, a member of the Alaska Energy Authority board of directors and a [strong supporter of the dam project](#), praised how Walker has handled the moratorium issue.

"As painful as it was, I think the governor did the right thing when he took office and oil was tumbling -- it just made sense to take a break," he said.

He also praised the decision to let the work now go ahead.

"I applaud him for that, it makes sense to move to at least the next step so what we've done so far isn't wasted," Wilken said.

But critics of the dam had hoped the moratorium would be the beginning of the end of a project they'd fought for years, and are angry at Walker for allowing it to go forward.

"At a time when the Walker administration considers asking working Alaskans to accept new taxes on their income and the things they buy, throwing more money at this project is a slap in the face," said Mike Wood, president of the Susitna River Coalition.

He said the state has already wasted too much on the dam, and said more spending would be fiscally irresponsible.

During the last legislative session Republican leaders kept the project alive by rejecting Democratic efforts to take back the remaining \$6.6 million that had previously been appropriated, but also did not provide the \$100 million the Alaska Energy Authority says it needs to get to the FERC license.

If Alaska gets the license it would still have to find a way to finance the billions in construction costs. Some Alaska economists, such as Steve Colt of the Institute for Social and Economic Research and independent economist Gregg Erickson have questioned the cost of power that would be generated by the project, and whether construction could even be financed.

But Wilken said hydroelectric projects, while initially costly, are great deals for the public for years to come.

"Hydropower just fights inflation, that feedstock doesn't get any more expensive, the cost just drifts down and down and down over time," he said.

Alaska Energy Authority spokesperson Emily Ford said the \$6.6 million will be used to keep the project alive by completing ongoing studies and analyzing data already collected. It won't be enough to replicate the costly work of past years, when

researchers were out in the field collecting the baseline data needed for the environmental impact studies.

"Our goal is not necessarily to pick back up where the previous field seasons were, but it is mainly to protect the investment that the state's already made," she said.

Rep. Matt Claman, D-Anchorage, said Walker shouldn't have allowed any more money to be spent on Susitna-Watana.

"He certainly should have kept the moratorium," Claman said.

Claman tried to persuade fellow legislators to cut the available \$6.6 million from AEA funding, and bring that money back into the general fund. The dam is unlikely to be built, and the state should stop spending money on projects it can't afford, he said.

Members of the Republican-led House majority caucus voted to reject that cut in the last session.

After the currently appropriated money is exhausted, Pitney, the state budget director, said the dam will need a new look.

"The project will be revisited in the context of the fiscal environment and other competing capital projects," she said in her memo to AEA.

Walker has also lifted the moratorium on work on the Juneau Access Project, the proposed 50-mile road north from Juneau up Lynn Canal.

In the case of that project, the environmental impact studies are nearly complete and are estimated to take \$900,000 to finish.

Walker's decision follows the recommendation of Transportation Commissioner Marc Luiken, said Department of Transportation

and Public Facilities spokesman Jeremy Woodrow.

Completion of the studies, he said, will ensure that \$17 million in federal money already spent on the project will not have to be repaid. Before the moratorium, the studies were to have been completed by the end of the year.

Finishing the studies will result in what's known as a "record of decision." That's the state's formal decision on how to best improve transportation in Lynn Canal, with the draft ROD recommending the road option, at a cost of about half a billion dollars.

The road would connect to a new ferry terminal that would handle shuttle ferries serving the upper Lynn Canal ports of Haines and Skagway.

Other alternatives being examined include taking no action, making improvements to ferry service, and other road and ferry combinations.

The delay of the project came as a surprise to both project supporters and critics, because DOT officials said previously they would be able to continue work with existing staff and resources, even under the moratorium.

Woodrow said the final questions surrounding the project, including some raised in public responses to the draft environmental impact study released in 2014, proved more difficult to answer.

The additional \$900,000 will enable hiring consultants to help answer those questions, but Woodrow said he was unsure how long that would take.

"It's definitely been pushed into 2016 but there's no new timeline that's been updated," he said.

After the final ROD, state leaders will decide whether to go forward with the road, if that is the eventual choice. Most of the road funding would come from the federal government.

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