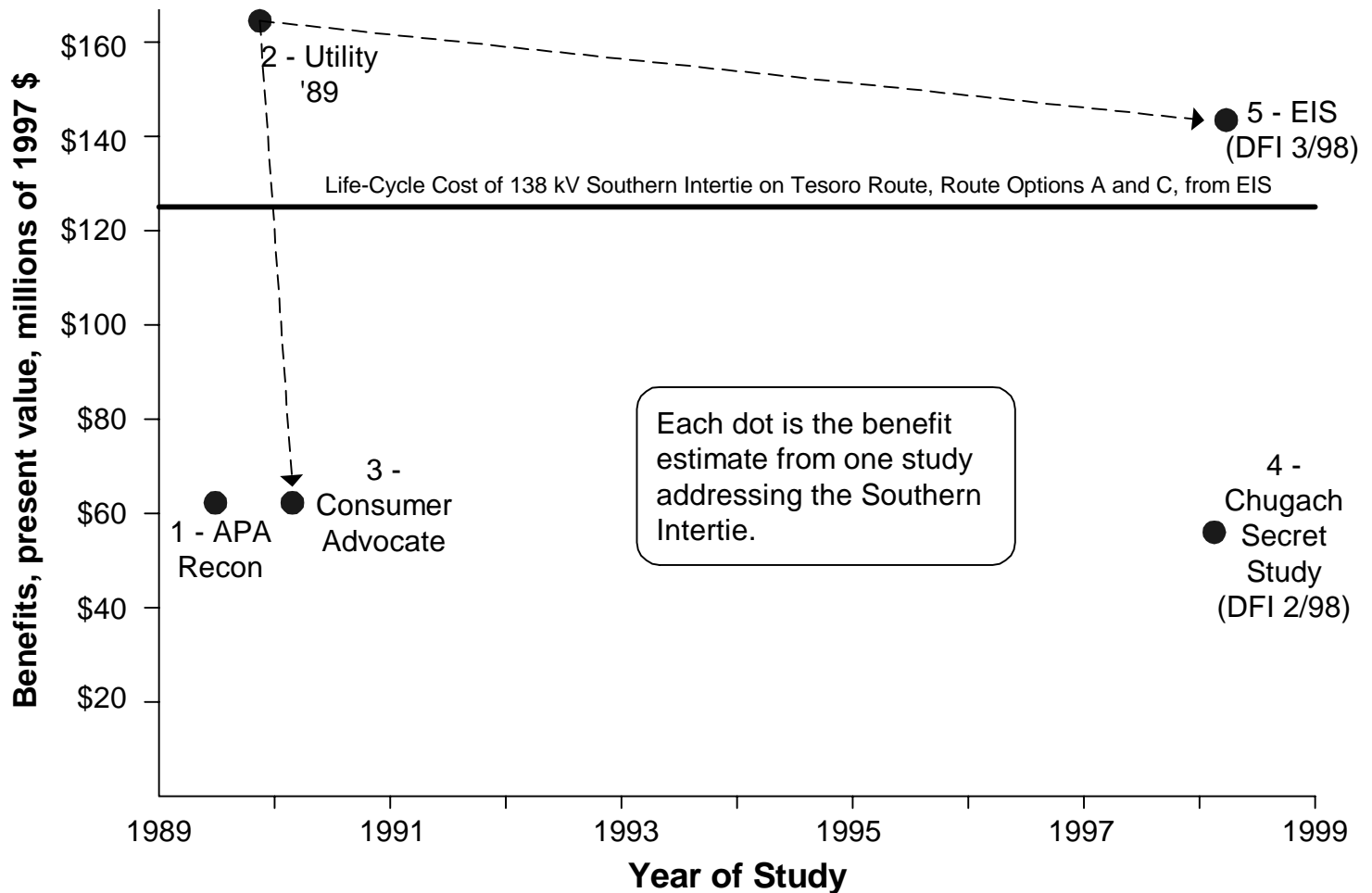


# Southern Intertie Benefit/Cost Studies



**1 - Railbelt Intertie Reconnaissance Study,** funded by Alaska Power Authority, June 1989

Eight Railbelt Energy Projects were analyzed, including interties, energy efficiency programs, and a natural gas pipeline from Anchorage to Fairbanks. The Southern Intertie was shown to be uneconomic and had the worst benefit to cost ratio of all eight projects analyzed.

**2 - Economic Feasibility of the proposed 138 kV Transmission Lines in the Railbelt,** funded by Railbelt Utilities, Dec 1989

Disappointed with the results of the APA Reconnaissance Study, the Railbelt Utilities hired the same consulting firm, Decision Focus Inc. (DFI), to reanalyze the intertie projects. Astonishingly, the benefit estimate of the Southern Intertie increases by a factor of 2.6 relative to the study six months prior.

**3 - A Review of "Economic Feasibility of the ...",** funded through Utility Consumer Advocacy contract, Feb 1990

Analysis North, who held the Utility Consumer Advocacy contract at that time, reviewed the Utility-funded study (2). 4 major method errors (including a \$25 million arithmetic error) plus additional questionable assumptions were identified. The review concluded that the Utility-funded study grossly overstated the benefits of the Southern Intertie project and that the Southern Intertie does not justify its cost.

**4 - Ratepayer Impacts of Proposed Transmission Projects, Feb 16, 1998, funded by Chugach Electric, held Confidential until Dec 2002**

After having received poor quality information on the impacts of the Northern Intertie on Chugach from Chugach management, the Chugach board wanted to make sure they had accurate benefit/cost information about the Southern Intertie before spending ratepayer dollars. Once again DFI was hired (at the suggestion of Chugach management) to perform the study. Contrary to recent statements by Chugach management, the study analyzed benefits for *all* Railbelt utilities. DFI claimed then and still claims now that this study is more accurate than prior studies. The study showed that the benefits of the Southern Intertie are substantially short of its costs, when all costs are considered (including state-funded costs). Chugach kept this study confidential, for obvious reasons, until a former Chugach board member resisted legal intimidation by management and demanded its release in November 2002.

**5 - Update and Reevaluation of Economic Benefits of Southern Intertie Project, March 1998**

This study was used in the EIS process for the Southern Intertie. The study was not a new study; it was an update of the '89 Utility study, accounting for changes in fuel prices and changes in the need and cost of new generating capacity. Although this study was published after (4), the Secret Study, the consultant states that the work was actually performed prior to the Secret Study. The benefits shown in this study are 2.5 times as high as those in the Secret Study (4). Again, DFI states that the Secret Study is the more accurate study.

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