



March 28, 2024

**Re: Alaska Power & Telephone Support for the *Accelerating Clean Energy Savings in Alaska's Coastal Communities Program (ACES - AK)* Program**

To Whom it May Concern

The purpose of this letter is to express formal support by Alaska Power & Telephone Company (AP&T) for Southeast Conference and Alaska Heat Smart's application to the US EPA for Climate Pollution Reduction Grant (CPRG) funding for the *Accelerating Clean Energy Savings in Alaska's Coastal Communities Program (ACES - AK)*.

AP&T was founded in 1957, prior to Alaska's statehood. Today, the company provides regulated utility services to 40 communities in rural Alaska, spanning 1,100 linear miles. All of the communities AP&T serves are remote, islanded "microgrids" that lack transmission interconnections to the North American grid, and to each-other. In southeast Alaska, AP&T's generation is approximately 90% hydropower-based<sup>1</sup>, with various options available for future clean energy development. In some of its service areas, AP&T has considerable surplus hydropower available in excess of local community needs.<sup>2</sup> AP&T's service areas reflect a strong presence of many federally-recognized tribes, and both village and regional Alaska Native Corporations (ANCs). Without exception, these stakeholders prioritize clean energy technology.

The virtues of heat pumps include:

- Decreased carbon emissions.
- The potential for significant energy cost-savings.
- Retaining more money within local, rural economies.
  - o Much of AP&T's hydropower is generated on land owned by indigenous entities, who participate commercially in energy sales.
- Decreased risk of fuel spills and theft
- Energy security. During winter conditions, it can be very difficult, or even impossible, for fuel trucks to reach rural households.
- Air conditioning in the summer.
- Eliminates the risk of fuel theft – a significant problem in socioeconomically distressed communities.

Because AP&T - like all Alaska utilities - recovers the cost of its services on a volumetric basis, increasing the number of kilowatt hours sold through local utility microgrids helps distributed fixed costs across a greater sales base, helping to keep energy affordable for all consumers. Thus, heat pumps provide an opportunity to help support affordable rural energy, long-term.

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<sup>1</sup> The exact amount depends on community-specific energy use relative to weather patterns.

<sup>2</sup> For example, Prince of Wales Island – roughly the size of the State of Delaware – has 15,000,000 kWh of spare hydropower available.



AP&T would be well-pleased to support SE Conference and Alaska Heat Smart's efforts in the following ways:

- Utility coordination with project management activities
- Sharing information and data
- Utility-level analysis
- Investment in necessary transformers and utility-side grid upgrades in a manner consistent with AP&T's tariffs and operational processes
- Distributing information through social media, our website, and utility bill stuffers
- Consumer education
- And more

Additionally, AP&T is in the process of seeking regulatory approval for optional time of use rates, which may offer powerful additional synergies with heat pumps, depending on individual consumer energy use requirements.

Both SE Conference and Alaska Heat Smart have impeccable reputations, and highly skilled staff, who are capable of successfully implementing a program of this type. We strongly encourage you to support their funding request to the fullest extent possible.

Thank you for the consideration,

/s/

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