

Eklutna Hydropower Project – Background on Water Rights/Property Tax Issue

As part of the ongoing work in the once-in-a-generation effort to restore the Eklutna River, a secondary issue has arisen because the Project Owner's proposed Draft Fish and Wildlife Program would bind the Municipality's water rights for decades to come and put Municipal taxpayers on the hook for a large portion of the mitigation project.

Overview

- This issue is about **safeguarding the Municipality's water rights** for decades to come and **protecting taxpayers from a giant bill** issued by private utility companies for the Eklutna Hydroelectric Project.
- The Assembly has been jumping through hoops and using every legal option available because the **Municipality's voting seat in the Project Owners Group is vacant**, leaving two private entities to propose a deal that would increase property taxes for Anchorage residents and bind the Municipality's water rights for a generation.
- **These entities do not have the right to set property taxes** - that is the Assembly's authority. Furthermore, the plan put forward by Chugach Electric and Matanuska Electric for restoring the Eklutna River is incredibly expensive in relation to the return on investment it would provide.
- The Assembly is asking to pause the Draft Fish and Wildlife Program so the **Municipality can reclaim its voting seat at the table** and act in the public interest.

The Fine Print

- The Assembly is resorting to subpoenas and legal maneuvers because the Project Owners are concealing documents and information that the Assembly needs to serve the public.
- The Draft Plan will cost at least \$57 million dollars. The Project Owners want to pay for it with a rate increase of .65% for CEA ratepayers, .87% increase for MEA ratepayers, and an **annual \$0.54 increase per \$100k of assessed property value** for Anchorage taxpayers (see [slide 25](#)).
- This is about **transparency in government**. The Assembly is seeking transparency and a voice in a process that currently gives private utilities the ability to bind Anchorage's water rights today and develop a project that bypasses Assembly input, but ultimately leaves the Municipality to foot the final bill.

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Timeline

- As a body, the Assembly has a **long legislative record** on the topic, consistently supporting full restoration of the Eklutna River in the next 30 years:
 - In 2017, the body of the time approved [AR 2017-324\(S\)](#), titled: “A Resolution in Support of Efforts to Restore the Eklutna River.”
 - Then again in 2022, the Assembly approved [AR 2022–262, As Amended](#): “A Resolution of the Anchorage Municipal Assembly in Support of Efforts to Restore the Eklutna River.”
 - Last year, the Assembly passed [AO 2023-131, As Amended](#), to establish in code the official policy of the Municipality of Anchorage and the Anchorage Hydropower utility to restore the continuous water flow of the Eklutna River and the fish populations of the River and Eklutna Lake, to the greatest extent possible, subject to all provisions of the 1991 Agreement.
 - February 2024: passed [AR 2024-40, As Amended](#), submitting public comment on the Draft Fish & Wildlife Program.
 - April 2024: passed [AO 2024-28, As Amended](#) to require Assembly approval of actions to acquire or dispose of property rights to water, mineral, wind or solar resources, and of the Fish and Wildlife program for the Eklutna Hydropower Project and restoration of continuous water flows to the Eklutna river.
 - April 15, 2024: filed a petition motion with the Regulatory Commission of Alaska (RCA) requesting reinstatement of the Municipality’s voting rights on matters regarding implementation of the 1991 Fish and Wildlife Agreement.
- More informally, the Assembly has made every effort to be a collaborative and responsible partner, representing municipal interests to the Project Owners:
 - July 14, 2023 – [Worksession re Eklutna Hydroelectric Project Update \(youtube.com\)](#)
 - December 7, 2023 – [Joint Worksession of the Anchorage Assembly and the Native Village of Eklutna \(youtube.com\)](#)
 - February 1, 2024 – [Anchorage Assembly Member Press Conference on Public Comments to the Eklutna Hydroelectric Project on Vimeo](#)
- End of April deadline for Owners Group to submit package to the Governor – once this is done, if the Governor accepts it, Municipal taxpayers will be on the hook for project costs.

Glossary

- **Project Owners.** The Eklutna Hydroelectric Project owners include Chugach Electric Association (CEA), Matanuska Electric Association (MEA), and Municipality of Anchorage (doing business as Anchorage Hydropower).
- **1991 Agreement.** As part of the 1990s sale of the Eklutna Hydroelectric Project from the Federal government to the Project Owners, a binding agreement was entered into by the Project Owners, National Marine Fisheries Service (NMFS), U.S. Fish and Wildlife Service (USFWS), and the State of Alaska (collectively the “Parties”). The 1991 Agreement established three members of the Project Owners group: Chugach Electric Association, Matanuska

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Electric Association, and Municipality of Anchorage. Notably, the Native Village of Eklutna was left out as a party to the agreement, despite their long history and connection to the Eklutna River and the negative impacts to the Village as a result of the Hydroelectric Project.

- **The Draft Fish and Wildlife Program.** The 1991 Agreement requires the Project Owners to develop and propose to the Governor a Fish and Wildlife program to protect, mitigate damages to, and enhance fish and wildlife impacted by the development of the Hydroelectric Project every 30 years. And now, three decades after the agreement was signed, the Draft Fish & Wildlife Program is before us.
- **RCA Filing.** A request to the Regulatory Commission of Alaska (RCA) to modify their original 2020 order to allow the Municipality to appoint a person to serve as the voting member of the Project Owners group on the behalf of the Municipality on questions pertaining to the implementation of the Fish and Wildlife Program.
- **Binding Term Sheet.** An agreement executed between the Eklutna Owners and the Anchorage Water and Wastewater Utility. The term sheet would govern Anchorage's rights and access to drinking water from Eklutna Lake for the next 25 years, if the Alaska governor approves the Draft Fish and Wildlife Program. The Project Owners claim that the document is confidential according to the terms of a 2017 Common Interest Agreement and this is the source of Assembly actions to obtain the document for review. An amended term sheet was created in spring 2024, but it is being held as confidential.
- **2017 Common Interest Agreement.** Signed by the Municipality, Chugach Electric and Matanuska Electric, the 2017 Common Interest Agreement has been held as confidential, but we know it was it an agreement among the Project Owners attorneys' which would in theory allow them to confidentially exchange documents pertaining to the implementation of the 1991 Fish and Wildlife Agreement.