* 1. Socioeconomics: Regional Economic Evaluation
  2. Requestor of proposed study

AEA anticipates resource agencies will request this study.

* 1. Responses to study request criteria (18 CFR 5.9(b))
     1. Describe the goals and objectives of each study proposal and the information to be obtained.

The objectives of the regional economic evaluation are to assess economic conditions and determine possible changes in regional economic conditions resulting from development and operation of the Project.

* + 1. If applicable, explain the relevant resource management goals of the agencies and/or Alaska Native entities with jurisdiction over the resource to be studied.

To be provided by the requesting agency, Alaska Native entity, or other state or local agency.

* + 1. If the requester is a not resource agency, explain any relevant public interest considerations in regard to the proposed study.

Information on the economic effects of the Project will inform the Commission’s public interest determination with regard to the Project.

* + 1. Describe existing information concerning the subject of the study proposal, and the need for additional information.

The study will involve review and collection of baseline data and summarizing the existing conditions for income, employment, energy costs, and secondary economic effects such as changes in business opportunities and changes in tourism-related business employment and income. Some of this information is available in the PAD, but where the information is not presently available the study team will rely on a combination of sources including the U.S. Census Bureau, Alaska Department of Labor and Workforce Development, Alaska Department of Commerce, Community, and Economic Development, Alaska Energy Authority, Matanuska-Susitna Borough, Denali Borough, and other public agencies. In addition, a review other relevant published documents and information from public scoping meetings is useful to inform the study inputs and information collection. Finally, some interviews will be needed with businesses located in proximity to the Project to ascertain the potential for changes in business opportunities and changes in employment and income for tourism-related businesses.

* + 1. Explain any nexus between project operations and effects (direct, indirect, and/or cumulative) on the resource to be studied, and how the study results would inform the development of license requirements.

Construction and operation of the Project will have substantial effects on the regional and state economy from capital expenditures, mobilization and delivery of construction materials, employment, and by providing a major new source of generation.

* + 1. Explain how any proposed study methodology (including any preferred data collection and analysis techniques, or objectively quantified information, and a schedule including appropriate field season(s) and the duration) is consistent with generally accepted practice in the scientific community or, as appropriate, considers relevant tribal values and knowledge.

The proposed study methodology includes development of a set of model assumptions about the future, which are often the basis for reasonably foreseeable future actions that are used in the cumulative effects analysis. A set of interviews are conducted with persons knowledgeable about the regional and state economies and various industries in the state and the responses are used to develop a set of assumptions, with and without the Project, for use in a dynamic economic model. It would be appropriate to use a dynamic model developed by Regional Economic Models, Inc. (REMI) which has been calibrated to fit the state’s economy (or other similar model). The REMI model can provide projections to 2060 for all of the boroughs within the Railbelt area, including the Matanuska-Susitna Borough and the Denali Borough. This model also enables the study team to evaluate the effect of changes in electricity generation and improved reliability on consumers and the regional and state economy.

Using the REMI model, the study team can compare the effects of the proposed Project on business and residential savings, employment, gross regional (state) product, disposable personal income, and revenues to boroughs within the Railbelt and the state government. Forecasts for the With-Project condition will be compared to the Without-Project condition. Under the Without-Project case, the mix of electrical generation sources will be based on the most recent Railbelt Integrated Resource Plan (RIRP) and an appropriate alternative that does not include a large hydroelectric project. The With-Project condition will be based on the large hydroelectric alternative in the RIRP, adjusted as necessary to fit with the current Project description.

* + 1. Describe considerations of level of effort and cost, as applicable, and why any proposed alternative studies would not be sufficient to meet the stated information needs.

It is anticipated that completion of the work described above would require about six or seven months of effort in 2013 to provide a draft report for the Regional Economic Evaluation. The process described above should provide sufficient information for the licensing and environmental review of the Project. Based on the results of the 2012 work, there could be some addition analyses or model runs in 2014 to update input parameters that perhaps have changed as a result of changes to the Project plans or other changes as determined by AEA in collaboration with stakeholders.

* + 1. Literature Cited.

Black and Veatch. 2010. Alaska Railbelt Regional Integrated Resource Plan (RIRP) Study. Final Report. Prepared for the Alaska Energy Authority.

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HDR Alaska, Inc., August 2011. Susitna-Watana Hydroelectric Project Socioeconomic, Recreation, Air Quality, and Transportation Data Gap Analysis *Draft*. Published online at [http://www.susitna-watanahydro.org/documents/SusitnaWatanaSocioeconomicetc082511.pdf. Accessed April 2012](http://www.susitna-watanahydro.org/documents/SusitnaWatanaSocioeconomicetc082511.pdf.%20Accessed%20April%202012).

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