



Revised November 28, 2011

Project Fact Sheet: SNETTISHAM HYDROELECTRIC PROJECT

CURRENT STATUS: On Thanksgiving morning (Nov 24, 2011) two guy lines on the uphill tower failed causing it to lean over into the center tower disrupting power from the project to Juneau. Diesel generators were powered up in Juneau to replace the Snettisham energy. With good weather on Nov 26, 2011, AEL&P linemen and contractors were able to reconnect the guy lines, pull the leaning tower upright, and restore the energy from Snettisham. Both Snettisham lakes (Long and Crater) filled this year. Long Lake started spilling in late September. Power is being provided to Greens Creek mine.

Snettisham currently provides around 70% of Juneau's electrical energy needs down from 80% with the addition of Lake Dorothy hydro generation.

DESCRIPTION: The project is a 78,210kw hydroelectric project located in a remote area of Southeast Alaska, 28 air miles southeast of Juneau. The project consists of two reservoirs, a small flashboard dam, power tunnels, underground generating plant, switchyard, 44 miles of transmission line, and substation. Due to its remote location, the project has its own airstrip, boat dock, residential quarters, and utility system.

PURPOSE: The Snettisham project provides up to 60% of the Juneau-Douglas area electric needs at the lowest generation cost.

PARTICIPANTS: Under the Power Sales Agreement, 100% of the project capacity has been sold to the power purchaser Alaska Electric Light and Power Company.

BENEFITS: Authority ownership assures the Juneau-Douglas area of a long-term source of power at a stable cost and promotes economic development in the region. Delivery of surplus Snettisham energy to the Princess Cruise ships for electric power was completed in 2002. Delivery of surplus energy to Greens Creek mine started in 2006.

ADDITIONAL BACKGROUND: On August 19, 1998, the Authority completed the purchase of the Snettisham Hydroelectric Project. Prior to AIDEA's purchase, the Snettisham Hydroelectric Project was owned by the Alaska Power Administration (APA), a unit of the U.S. Department of Energy. In the mid-1980's, the federal government began exploring the merits of divesting its various power marketing agencies located throughout the United States. The Alaska Power Authority (currently known as the Alaska Energy Authority) entered into negotiations to purchase Snettisham, which ultimately resulted in the execution of a Snettisham Project Purchase Agreement (Purchase Agreement). The Purchase Agreement was amended to provide for the reassignment of the Agreement from the Alaska Energy Authority to AIDEA.

On November 28, 1995, President Clinton signed into law a bill that permitted the sale of APA's assets, including Snettisham. Provisions for the use of tax-exempt bonds were part of the Budget Reconciliation

Bill passed on August 20, 1996. AIDEA purchased the project and AEL&P purchases all the project power under a long-term power sales agreement.

In addition to this agreement, the parties entered into an agreement that allows for the operation and maintenance of the facility. Under the PSA and O&M agreements, AEL&P assumes all the project's financial and operational responsibilities and liabilities. On January 6, 1999, through the efforts of the Alaskan Congressional Delegation, AIDEA received \$5 million from the U.S. Department of Energy to help fund replacement of the submarine cables across Taku Inlet.

PROJECT COST: \$100 million. The Project acquisition was financed by the sale of tax-exempt bonds. The Purchase Agreement with the federal government (see Background) established the purchase price of \$82 million based on the present value of the remaining principal and interest payments due the federal government for Snettisham. The bond proceeds also provided funds for repair of the submarine cable system and for other elements of the overall project financing, such as repair and replacement funds, insurance and debt service reserves.

SOURCE OF FUNDS: Legislative authorization was provided in 1996 for AIDEA to issue bonds not to exceed \$100 million to fund the acquisition and related costs. AIDEA and AEL&P developed a business structure that did not require the use of the state's moral obligation for bond issuance.