



## **U.S. ENERGY DEPT. PROVIDES \$5 MILLION FOR SNETTISHAM HYDRO CABLE REPLACEMENT**

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The Alaska Industrial Development and Export Authority (AIDEA) has received \$5 million from the U.S. Department of Energy to help fund replacement of submarine cables connecting the Snettisham hydroelectric project with Juneau, Gov. Tony Knowles announced today.

"The primary reason AIDEA purchased the Snettisham hydroelectric project from the federal government was to bring more local control over this important energy source and help ensure stable energy rates for the Juneau area," Knowles said. "Stable electrical rates are critical to economic development. The \$5 million will be used to replace defective cables needed to maintain this hydro project as a stable source of power for Alaska's capital city."

On August 18, 1998, AIDEA issued \$100 million in bonds to purchase the Snettisham Hydroelectric project from the Alaska Power Administration, a federal agency of the U.S. Department of Energy. The purchase process took over 11 years, involved two Acts of Congress, and approval by the Alaska State Legislature. Alaska Electric Light and Power Company (AEL&P) operates the project under a power sales agreement with AIDEA.

Located 28 miles southeast of Juneau, the 78-megawatt Snettisham project provides 85 percent of the capital city's electrical needs. Four under sea cables are used to transmit power to Juneau. An independent review commissioned by AIDEA revealed one cable is no longer operational and the other three are in poor condition, putting the entire system at risk.

"Development projects that AIDEA owns are required to undergo a thorough due diligence process to ensure AIDEA's investment makes financial sense and will benefit Alaskans," said Randy Simmons, AIDEA's executive director. "When investigating the integrity of the Snettisham project, we found problems we felt the federal government should be responsible for--making a case for additional funding."

"This federal funding will allow the cable problem to be addressed quickly and economically for the benefit of Juneau residents," Knowles said. "I commend the hard work and cooperation of AIDEA, AEL&P, Alaska's Congressional delegation and my staff in Washington, D.C., in finalizing this agreement."

AEL&P recently let a contract to Alcatel, a French underwater cable supplier, to install the new cables this spring. With the sale of Snettisham, APA is in the process of closing down all operations and will present a final report to Congress this year.