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Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street N.E.  
Washington, D.C. 20426

Subj: Comments on Sweetheart Lake Hydroelectric Project Draft Application for License (FERC No. P-13563)

The Alaska Electric Light and Power Company (AELP) is the electric utility serving the City and Borough of Juneau (CBJ) under Certificate of Public Convenience and Necessity No. 1 as issued by the Regulatory Commission of Alaska. AELP presently holds two FERC licenses - Salmon Creek/Annex Creek (FERC No. 2307) and Lake Dorothy (FERC No. 12379). AELP also operates and maintains the Snettisham Hydroelectric Project, owned by the Alaska Industrial Development and Export Authority, an agency of the State of Alaska, under a long term take or pay contractual arrangement for the total Snettisham capability. Snettisham is an integral part of the AELP electrical system.

Juneau Hydropower Inc., (the Applicant) in its draft Application dated October 11, 2013, proposes to construct the Sweetheart Lake Hydroelectric Project (FERC No. P-13563). On page 11 of Exhibit D, the Applicant states that beginning in 2017 it will annually sell 90 GWH of firm energy to current and future residential and industrial customers and 26 GWH of non-firm energy to current and future interruptible customers.

#### The Need for Sweetheart

The Juneau area electric power system is isolated, i.e. not connected to any larger grid. As a result, the amount of generation we need is limited by the load that can be served. At this point there is no load in our system to justify the additional 90 GWH output of the Sweetheart project.

Applicant states on page D-13 that firm energy demand in the AELP system increased 5.66% from 2010 to 2011; it should be noted that this was an unusually high growth year. Firm loads increased 1% in 2012, and only 0.4% in 2013. We are not seeing load growth that would justify adding 90 GWH at this time.

Applicant also identifies the AJ and Kensington Mines as other potential loads. AELP believes the reopening of the AJ Mine is speculative at this juncture. The time to permit and

construct a large new energy project to service the AJ Mine, whether by Sweetheart or another alternative, will be far shorter than permitting and construction time required for the AJ Mine.

In order to serve the Kensington Mine, portions of the AELP transmission system will have to be upgraded and a 38 mile overhead/submarine transmission line constructed to connect the Mine with AELP's existing electrical facilities.

On Page D-11 Applicant refers to selling non-firm energy to two of three cruise ship docks not receiving electric service within the CBJ Harbor, switching interruptible customers from fuel oil to electric heat, replacing AEL&P diesel generation and electric vehicles. These are all very small loads and don't add up to the 26 GWH per year that the applicant is estimating. What's more, as far as additional cruise ships are concerned, a considerable investment is necessary to acquire land, construct substations, distribution lines and dock facilities to connect additional cruise ships. The ability of additional ships to accept shore power is unknown.

AELP intends to defend its right to serve the customers within its service territory as provided for in its Certificate of Public Convenience and Necessity. It will not allow Applicant access to its customer base so as cherry pick the most desirable electric loads.

#### Transmission Interconnection

Applicant's plan is to connect the Sweetheart Lake Project to the existing Snettisham transmission line and submarine cable for transmission of power to the Juneau area. AELP has contracted for the full capacity of the Snettisham transmission line, submarine cable, and step down transformers at the end of the line. AELP also invested funds for a larger submarine cable when it was replaced in 1999 to allow for transmission of Lake Dorothy power through the cable. Our understanding is that the transmission line, and particularly the submarine cable, does not have the capacity to carry the full output of Snettisham, Lake Dorothy Phases 1 and 2 and the Sweetheart Lake Project. Applicant should be required to determine through engineering studies whether the existing system that is planned to be used for transmission of power has adequate capacity for the output of the Snettisham, Lake Dorothy (Phases 1 and 2) and Sweetheart Lake projects.

Applicant has also omitted discussion of the fairly significant switchyard that would be required if it were determined that an interconnection with the Snettisham line were feasible. Applicant should include a discussion of that switchyard, including its size, location and the major equipment that would be included.

#### Impact on AELP Electric Rates

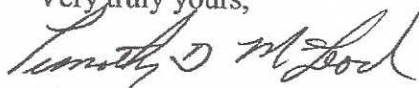
On Page D-11 Applicant states "The bulk of the output (90 GWH annually) is to be sold into the Juneau electrical market to meet current and future residential demand on a firm basis".

If AELP were forced to purchase such a large block of Sweetheart energy, on a long term take or pay basis, it would result in severe adverse consequences for its firm electrical customers. Applicant states the total cost of Sweetheart including construction, contingencies, engineering, permitting and financing is just under \$177 million. As of November 30, 2013 the unaudited book value of our Hydroelectric Net Plant was just over \$187 million (including Snettisham). These comparative numbers illustrate the magnitude of impact on AELP cost of service. For AELP to commit to a long term contract to annually purchase 90 GWH for which there is little if any load would have disastrous consequences for our rate payers.

Sweetheart Reliability Issues

Finally, Sweetheart proposes to interconnect with the AELP system at a point that will bypass a section of the transmission line susceptible to snow avalanches, but will still have the same exposure to failure as the remainder of the overhead transmission line and existing submarine cable. In addition, Sweetheart's planned point of connection with the AELP transmission system includes two additional salt water submarine cable crossings. AELP, like any other potential buyer, would be reluctant to sign a "take or pay" contract that would have to be honored even if Sweetheart energy was not available due to the failure of one or both of its additional submarine cables.

Very truly yours,



Timothy D. McLeod  
President