

P R E S S R E L E A S E

May 3, 2010

AEL&P has filed for a rate increase with the Regulatory Commission of Alaska. The company is seeking an interim increase of 18.5% on total electric sales. The increase could be in effect for bills produced as early as June 18th, or 45 days from today.

AEL&P is also filing for a permanent rate increase of 22%. The regulatory review process could take up to 15 months to complete. If the Regulatory Commission of Alaska finds that the interim rates are higher than the permanent rates they approve, the company will refund the difference and pay interest.

The proposed interim rate will result in an average annual rate of 10.7 cents per kilowatt-hour for residential customers. A typical AEL&P residential customer uses 750 kilowatt-hours per month. Based on this, the interim rate increase will mean an average increase of \$13/month.

The proposed rate increase is needed to cover the higher cost of providing service since the last rate increase 5 years ago. The increase also includes costs related to the addition of the new Lake Dorothy Hydro Project. Lake Dorothy represents a 20% increase in Juneau's renewable energy resources.

Tim McLeod, President and General Manager, commented on the importance of Lake Dorothy to Juneau. "The new hydro project will save our customers money over time as it will reduce our dependency on diesel. Prior to the construction of Lake Dorothy, AEL&P's loads were approaching the average capacity of its hydro projects and diesel would otherwise have been used to provide for growth or as supplemental energy during periods of low precipitation. With the addition of Lake Dorothy, we can continue to provide nearly 100% renewable energy at a relatively low cost. The new hydro project has the potential to reduce fuel usage by more than 25,000 gallons a day."

Mr. McLeod added that "the community benefits by the sale of surplus energy. AEL&P sells surplus energy to Greens Creek Mine, Princess Cruise Lines and a number of dual fuel heating customers. Sales to the Greens Creek Mine alone could potentially save our customers tens of millions of dollars."

Connie Hulbert, Secretary-Treasurer, observed that even with this rate increase, Juneau residents still pay very favorable rates. "The national average residential rate is now 11.5 cents per kilowatt-hour, and with this proposed rate increase, our rates will still be below that and well below the average in Alaska."

AEL&P staff is sensitive to how any rate increase can cause hardship for customers. Customer service staff is available to help customers find low-cost ways to reduce their

bills, and will work with customers needing help adjusting to the new rates. Gayle Wood, Director of Consumer Affairs, adds, “the company’s website offers lots of ideas and website links for customers wanting to find more ways to reduce their use of electricity.”

AEL&P is also preparing to file two new incentive rates. The first is an experimental electric vehicle rate and the second is a Light Emitting Diode (LED) street light rate intended to promote energy efficiency. More information regarding those filings will be available soon.

Other press web resources:

See the RCA website for sample monthly bills from around the state, sample monthly rates for electricity in 2009, as well as the RCA’s annual reports and their library.

Sample rates: <http://rca.alaska.gov/RCAWeb/RCALibrary/RCAReports.aspx>

Note: Since AEL&P’s rates change seasonally, either the peak or off-peak season rates may have been used, rather than a blended average residential rate for the RCA’s purpose. For June 2009, the average annual residential bill for 750 kWh was \$75.76. Other larger electric utilities do not have seasonal rates.

See the Energy Information Agency for national rates for residential customers.
http://www.eia.doe.gov/cneaf/electricity/epm/table5_3.html

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