

Presented by: The Manager
Introduced: 05/16/88
Drafted by: K.C.R.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1311

A RESOLUTION SUPPORTING THE MERGER OF THE ALASKA ELECTRIC LIGHT AND POWER COMPANY AND THE GLACIER HIGHWAY ELECTRIC ASSOCIATION AND URGING THE ALASKA PUBLIC UTILITIES COMMISSION TO APPROVE THE TRANSACTION AS SOON AS POSSIBLE.

WHEREAS, the City and Borough of Juneau is served by the Alaska Electric Light and Power Company (hereinafter "AELP") and the Glacier Highway Electric Association (hereinafter "GHEA"), two electric utilities that are very small by national standards, and

WHEREAS, it makes sense for the city and borough to be served by a single electric utility because:

(1) GHEA's rates, which are now double those of AELP, would be reduced to the same level as AELP;

(2) Merger would eliminate "preference" rights for the purchase of Snettisham hydroelectric energy by GHEA, thereby enhancing the prospects for promoting industrial development within the city and borough;

(3) A single utility could establish a uniform electric energy policy within the city and borough;

(4) Merger would enhance the prospects for the transfer of ownership of the Snettisham hydroelectric project from the United States to the State of Alaska;

(5) Rate reduction would put six to seven million dollars into the pockets of local consumers for circulation into the local economy, and

WHEREAS, negotiations aimed at creating a single electric utility have been conducted sporadically since 1979 and all obstacles for consolidation have been overcome, including:

(1) A plan of operations and method of purchasing GHEA assets by AELP has been prepared and will result in AELP rates rising by no more than 3.2 percent for a range of economic and financial assumptions through 1996;

(2) Employment by AELP has been offered to all GHEA employees;

(3) On March 31, 1988, a vote of the GHEA membership was held to approve the sale of GHEA; out of 1245 members eligible to vote, 915 cast ballots and 773 voted in favor of the sale;

(4) GHEA and AELP have signed an asset sales agreement dated May 9, 1988, and

WHEREAS, the Juneau Energy Advisory Committee, a standing committee of city and borough citizens appointed by the Assembly to provide advice on energy matters within the city and borough, has investigated this proposed transaction very carefully and recommends that it be consummated, and

WHEREAS, on May 9, 1988, GHEA and AELP by joint application requested the Alaska Public Utilities Commission to approve the AELP purchase of the GHEA assets and the transfer of the GHEA service territory to AELP's certificate of public convenience and necessity;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the City and Borough of Juneau supports the AELP-GHEA merger as beneficial to the entire community.

2. That the Assembly urges the Alaska Public Utilities Commission to approve the sale of the GHEA assets and transfer of the GHEA service territory to the AELP certificate of public convenience and necessity as soon as possible and without conditions that could hinder or prevent the transaction.

3. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 16th day of May, 1988.



Mayor

Attest:



Clerk