

Alaska State Legislature

Juneau Delegation
Senator Kim Elton
Representative Beth Kerttula
Representative Andrea Doll



State Capitol
Juneau, Alaska
99801-1182

May 12, 2008

The Honorable Ralph Samuels, Chair
Legislative Budget & Audit Committee
State Capitol
Juneau, AK 99801

The Honorable Lyman Hoffman, Vice-Chair
Legislative Budget & Audit Committee
State Capitol
Juneau, AK 99801

Dear Representative Samuels and Senator Hoffman:

We respectfully request the Legislative Budget & Audit Committee initiate a legislative audit of the Alaska Industrial Development & Export Authority's (AIDEA) stewardship of the Snettisham hydroelectric project and associated power lines and facilities. In the wake of recent avalanches severing the power lines, there are a number of unanswered questions about the authority's care for this major state asset. We ask that the auditor assess whether AIDEA properly enforced and monitored the provisions of its agreements with Alaska Electric Light & Power (AEL&P), and generally exercised full diligence over Snettisham and related assets.


We would appreciate particular attention to the following items:

1) The Agreement for the Sale and Purchase of Electric Capability of the Snettisham Hydroelectric Project dated July 15, 1998 provides for establishment and maintenance of a repair and replacement fund, annual contributions to that fund, and periodic evaluation and assessment of the fund and contributions. The status of this fund is unclear.

2) The Operations & Maintenance Agreement dated July 15, 1997 requires insurance on functionally all the assets associated with Snettisham, including the transmission lines and towers. It requires consultation with the Division of Risk Management, and provides for waivers if insurance is not available or not reasonable. It does not appear that waivers were issued for uninsured transmission towers and lines.

Snettisham and its related transmission lines are public assets of tremendous value. We ask that your committee audit AIDEA's diligence in overseeing and protecting those assets.

Sincerely,


Sen. Kim Elton


Rep. Beth Kerttula


Rep. Andrea Doll