

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

Date: May 16, 2008

AEL&P OFFERS TO FUND ENERGY CRISIS REVIEWS CBJ to oversee audit and “lessons learned” report

In an effort to reassure the community, AEL&P today offered to fund two initiatives dealing with the current energy crisis. In a letter addressed to Mayor Bruce Botelho, Tim McLeod, President of AEL&P, proposed to contribute up to \$30,000 to the City and Borough of Juneau to conduct an independent audit of the cost of power adjustment expenses and collections.

The contribution would also be used to fund a consultant to report on “lessons learned” during this crisis. The consultant would also make recommendations on contingency planning for similar events in the future. The consultant would be advised and directed by a three-member panel to be appointed by the Mayor.

The \$30,000 contribution would come from the company’s funds, and would not be passed on to the ratepayer.

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ALASKA ELECTRIC LIGHT AND POWER COMPANY

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May 16, 2008

Mayor Botelho
City and Borough of Juneau
155 South Seward St.
Juneau, AK 99801

Dear Mayor Botelho,

Reflecting on our conversations of recent days, I agree with you that we – Alaska Electric Light and Power Company and the City and Borough of Juneau – need to do everything possible to answer the public's questions and fears during and after this energy crisis. Like you, I value the public's trust, and AEL&P wants to do whatever it can to help restore that trust.

To achieve that goal, I want to propose an initiative intended to reassure the public of AEL&P's financial integrity. I also want to propose a second initiative, this one intended to ensure that the utility and the City and Borough of Juneau learn from this event and our responses to it.

AEL&P would contribute up to \$30,000 of its funds to the City and Borough to fund the two initiatives. This money would come from the company and would not be included in the charges passed on to ratepayers. I would ask that the municipality use the money as follows:

As mayor, you would select a certified public accounting firm to conduct a fully independent audit of AEL&P's cost of power adjustment expenses and collections during the rate adjustment period to ensure that the utility collected only what was necessary to cover its higher diesel fuel bills during the period. The audit should be designed to assure ratepayers that all of their money was properly accounted for during this period of high electrical rates and that the company did not unduly profit from the rate adjustment. I propose that this audit be conducted separately from any audit or similar accounting review the utility may prepare for its annual financial report or its rate filings with the Regulatory Commission of Alaska, to ensure its total independence.

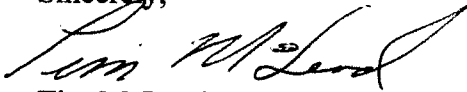
And, as mayor, you would select a three-member volunteer commission to advise a consultant of your choosing to investigate and report back to AEL&P, the City and Borough and its residents on lessons learned during this crisis. I believe the commission and its consultant could finish their work and present their report to you three months after power is fully restored at Snettisham. In addition to reviewing the lessons learned, I believe it would be useful if the commission and its consultant could also make

recommendations on contingency planning for any similar event in the future. Such an educational report is essential if we are to rebuild public confidence in the utility. Please understand that any recommendations received by AEL&P will be evaluated for feasibility of implementation within the confines of our strictly regulated environment, and will take into account a cost/benefit analysis for the effect on our electric customers.

Under this proposal, AEL&P would have no control over the CPA audit, the commission or its consultant, and would exercise no oversight or management responsibilities in either initiative. We would cooperate fully with both efforts and would look to you for direction if any questions arise.

Please let me know your thoughts on this offer and the initiatives. I appreciate all you have done during this crisis to help the community, and I look forward to working with you to the successful conclusion of our rebuilding efforts at Snettisham and with the public.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim McLeod". The signature is fluid and cursive, with a large initial "T" and "M".

Tim McLeod, President
Alaska Electric Light and Power