



City and Borough of Sitka

Electric Department

105 Jarvis Street, Sitka, Alaska 99835

(907) 747-3294, FAX (907)747-3208

www.cityofsitka.com

C. Mike Prewitt, Ph.D., Blue Lake Project Relicensing Consultant
cmikeprewitt@aol.com, (206)525-3483

Date: March 27,2006

To: Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Subject: Transmittal of Final Application for New License, **Blue Lake Hydroelectric Project, FERC No. 2230**, City and Borough of Sitka, Alaska, Licensee.

Ms. Salas:

Enclosed please find an original and 8 copies of the subject License Application, prepared by the City and Borough of Sitka Electric Department, relicensing agent. The Application package is in two volumes: Volume I contains the Application and Exhibits A through H, and Volume II is the Final Draft Environmental Assessment (FDEA).

The City and Borough of Sitka wishes that the Commission consider its request for a 50-year, rather than a 30-year license. Rationale for this request is on the following page.

If you have questions or comments regarding this submittal, please do not hesitate to contact Charlie Walls, City and Borough of Sitka Electric Department Utility manager, at 907-747-1870 or charlie@cityofsitka.com.

Thanks to the FERC staff for their assistance throughout this relicensing process.

Sincerely

C. Mike Prewitt, relicensing consultant, **for:**
Charlie Walls, Utility Director.

2 enclosed volumes

Request for 50- Rather Than 30-Year License Term:

On behalf of the Licensee, the City and Borough of Sitka Electric Department hereby proposes that this Application be for a license term of 50, rather than 30, years. We recognize that the 30-year license period is the standard under FPA regulations, but believe that the following circumstances warrant issuance of a longer term:

- The City of Sitka is a small, isolated community fully dependent on its own electric generation facilities for power. There are no interconnections or other generating resources other than the transmission and generation system of which the Blue Lake Project is a part;
- Costs of all actions taken by the community to install, maintain, upgrade and authorize/reauthorize energy facilities in Sitka are borne entirely by the ratepayers;
- The cost of living in Sitka is 40% above the national average, while wages are substantially below the Alaska average;
- Economic growth in Sitka is challenged by high cost of living and employment downturns, especially loss of the timber industry in 1992;
- Sitka seeks to encourage new industry and employment in light of these factors. Controlling the costs and uncertainty surrounding the City's energy base are significant City Administration goals, both of which would be advanced if, over several decades, the overall frequency and cost of relicensing were reduced;
- The City believes that, as renewable resources, the Blue Lake hydro Project and the bulk of Sitka's energy generation base are qualified for positive recognition under current national energy policies. We believe, based on wording in recently-adopted federal policies, that such recognition should include cost incentives and assurances of stability, both of which would be provided by the requested longer license term;
- In light of the above considerations, the City recognizes that the usual justification for a longer license term is the need for more time to repay relicensing associated costs. Our request for the longer term of new license is essentially the same, but in the sense of avoidance of those costs.

The Blue Lake Project is and will remain a solid component of Sitka's quality of life; it is environmentally and economically sound and its value will only increase over time. In requesting the longer licensing term, we are only seeking to maximize those attributes for the long-term benefit of the people of Sitka. The City therefore respectfully requests consideration of this application for a 50-year term of license.