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December 16, 2020

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

Subject: Alaska Electric Light and Power Company  
Tariff Advice Letter No. 494-1  
Amendatory Agreement No. 4 to  
AELP-Princess Interruptible Energy Contract

Dear Commissioners:

On behalf of Alaska Electric Light and Power Company (“AELP”), the tariff filing described below is transmitted to you for filing in compliance with the Alaska Public Utilities Regulatory Act (AS 42.05) and 3 AAC 48.200 — 3 AAC 48.430. This filing is for approval of an amendment to a special contract and does not require revisions to any AELP tariff sheet.

**I. Summary.**

By this filing, AELP requests approval of Amendatory Agreement No. 4, dated December 15, 2020 (“Amendment No. 4”)<sup>1</sup> to the Agreement for the Sale and Purchase of Interruptible Energy, dated March 14, 2001, as amended (“Interruptible Energy Contract”) between AELP and Princess Cruise Lines, Ltd. (“Princess”). Amendment No. 4 revises Section 1 (Recitals) and Section 2 (Definitions) to change the definition “Tourist Season” from May through September to April through October to reflect the times of the year that Princess expects to have cruise ships docked in Juneau during the remainder of the term of the Interruptible Energy Contract. AELP requests that Amendment No. 4 be approved February 1, 2021 upon expiration of the 45-day statutory notice period.

**II. Background.**

The Interruptible Energy Contract was approved by the Regulatory Commission of Alaska (“Commission”) in Letter Order No. L0100520, TA300-1 (May 30, 2001). Amendatory

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<sup>1</sup> Amendment No. 4 is enclosed as Exhibit 1.

Agreement No. 1 to that contract was approved by the Commission in Order No. U-10-026(2) (Oct. 25, 2010). In Letter Order No. L1600147, TA442-1 (Mar. 29, 2016), the Commission approved Amendatory Agreement No. 2 to the contract, which extended the term of the Interruptible Energy Contract. In Letter Order No. L1600335, TA449-1 (Jul. 8, 2016), the Commission approved Amendatory Agreement No. 3, which clarified the quantity of energy to be used in the calculation of the \$/kWh energy charge under the contract. The Interruptible Energy Contract and Amendment Nos. 1 through 3 are enclosed as Exhibit 2.

The Interruptible Energy Contract provides for AELP to sell to Princess, and for Princess to purchase, hydroelectric energy that is in excess of the requirements of AELP's firm service customers.<sup>2</sup> Thus, the hydroelectric energy that is sold to Princess is energy that would otherwise be wasted as "spilled water" from hydroelectric project reservoirs. Whenever such excess hydroelectric energy is not available, whether due to inadequate water levels, transmission line outages, firm service customer load growth, or other causes, AELP interrupts or curtails Princess hydroelectric energy sales, and Princess meets its remaining load requirements from its own on-board generation. AELP may interrupt or curtail such sales at any time and for any reason.<sup>3</sup>

All revenue received from the Interruptible Energy Contract flows through AELP's Cost of Power Adjustment ("COPA"), thereby directly reducing the rates charged to AELP's firm service customers.<sup>4</sup> Since 2001, the interruptible energy sales to Princess have reduced what AELP firm service customers would have otherwise paid by almost \$9 million. The Interruptible Energy Contract allows Princess to reduce its reliance on shipboard electric generators, which rely on fossil fuels, thereby reducing undesirable air emissions and visible smoke while the vessels are docked in Juneau.

### **III. Amendment No. 4.**

When they drafted the original Interruptible Energy Contract, the parties expected Princess cruise ships to dock in Juneau during the months of May through September each year and designated that period as the "Tourist Season."<sup>5</sup> Since then, Princess cruise ships have also considered docking in Juneau during the shoulder months of April and October in some years. For that reason, AELP and Princess entered into Amendment No. 4 to include those months in the

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<sup>2</sup> Interruptible Energy Contract §3(a).

<sup>3</sup> The only reason for which AELP cannot interrupt sales to Princess is if it is for the purpose of serving "subsequent interruptible customers"—customers that begin taking interruptible energy on or after the effective date of the Interruptible Energy Contract. Interruptible Energy Contract § 3(a), (c).

<sup>4</sup> See AELP Tariff Schedule 98 § c.6, Sheet Nos. 167-68.

<sup>5</sup> See Interruptible Energy Contract § 1 (First Recital), § 2(t), and § 3(a).

period specified for the provision of interruptible energy under the Interruptible Energy Contract when such energy is available. Amendment No. 4 revises the definition of “Tourist Season” in the first recital to “April through October” and in Section 2(t) to “The months of April, May, June, July, August, September, and October during any year of this agreement.” Approval of Amendment No. 4 will provide the parties with greater flexibility in planning seasonal interruptible energy sales under the Interruptible Energy Contract and better ensure that AELP will be able to sell interruptible energy to Princess when such energy is available.

**IV. Requested Effective Date.**

AELP requests that Amendment No. 4 be approved effective February 1, 2021 upon expiration of the 45-day statutory notice period.

**V. Compliance with 3 AAC 48.270(a) and 3 AAC 48.390(b) and (d).**

AELP provides the following information:

*3 AAC 48.270(a) – Name and return address of the filing utility:*

Alaska Electric Light and Power Company  
5601 Tongard Court  
Juneau, Alaska 99801-7201

*3 AAC 48.270(a) – Name, return address, and electronic mail address of the utility’s representative authorized to issue tariffs:*

Constance Hulbert  
President and General Manager  
5601 Tongard Court  
Juneau, Alaska 99801-7201  
E-mail: [Connie.Hulbert@aelp.com](mailto:Connie.Hulbert@aelp.com)

*3 AAC 48.270(a)(1) – List the tariff advice letter number:*

See page 1.

*3 AAC 48.270(a)(2) – Specify the statutes, regulations or commission order that the filing is made under:*

See page 1.

*3 AAC 48.270(a)(3) – List the tariff sheets, special contracts, agreements, or other documents required by commission order that are being filed:*

See Amendment No. 4 enclosed as Exhibit 1.

*3 AAC 48.270(a)(4) – Summarize the proposed tariff revisions, including an explanation about whether the filing proposes to implement rules, rates, or both:*

Amendment No. 4 does not require revising any other tariff sheet and will not “implement new tariff rules or rates.”

*3 AAC 48.270(a)(5) – Include a statement setting out whether the filing will impact any current customers and the estimated number of customers or shippers that will be affected:*

Princess is the only customer that will be directly affected by Amendment No. 4, but all of AELP’s approximately 17,386 firm service customers will be favorably affected by the continued flow-through of Interruptible Energy Contract revenues in AELP’s COPA.

*3 AAC 48.270(a)(6) – If applicable, include a request for the tariff filing to take effect before the end of the statutory notice period:*

AELP does not request that approval of Amendment No. 4 take effect before the expiration of the statutory notice period.

*3 AAC 48.270(a)(7) – If applicable, include a request for interim approval:*

If this filing is suspended into a formal investigatory docket, AELP requests that Amendment No. 4 be approved on an interim and refundable basis while the formal proceeding is pending to allow interruptible energy sales to Princess beginning in April 2021.

*3 AAC 48.390(b):*

As required by 3 AAC 48.390(b), the parties agree that Amendment No. 4 does not take effect without prior Commission approval and is, at all times, subject to revision by the Commission.<sup>6</sup>

*3 AAC 48.390(c):*

As required by 3 AAC 48.390(c), revising the definition of “Tourist Season” in the Interruptible Energy Contract does not provide Princess an “unreasonable preference or advantage” or subject it to an “unreasonable prejudice or disadvantage” in relation to the terms and conditions under which AELP “offers a comparable service under comparable conditions” in

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<sup>6</sup> See Amendment No. 4 § 5.

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its tariff. Through its prior approval of the Interruptible Energy Contract, the Commission has already determined that the Interruptible Energy Contract is reasonable and nondiscriminatory. Amendment No. 4 does not change any provision of the Interruptible Energy Contract other than including the months of May and October in the definition of "Tourist Season."

**VI. Conclusion.**

AELP respectfully requests approval of Amendment No. 4. Please direct any questions regarding this filing to the undersigned at (907) 277-1604 or ddt@khe.com.

Sincerely yours,

KEMPEL, HUFFMAN AND ELLIS, P.C.  
Counsel for Alaska Electric Light and  
Power Company

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:tmt

Enclosures

# **Exhibit 1**

**AMENDATORY AGREEMENT NO. 4**

**to**

**AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY**

**between**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY  
and  
PRINCESS CRUISE LINES, LTD.**

This Amendatory Agreement No. 4 to Agreement for the Sale and Purchase of Interruptible Energy (“Amendment No. 4”) is entered into effective on the the Amendment No. 4 Effective Date, between Alaska Electric Light and Power Company (“AELP”) and Princess Cruise Lines, Ltd. (“Princess”). AELP and Princess may be referred to herein individually as “Party” and collectively as the “Parties.”

**RECITALS**

A. AELP, as seller, and Princess, as purchaser, previously entered into an Agreement for the Sale and Purchase of Interruptible Energy, dated March 14, 2001 (“Interruptible Energy Contract”).

B. On May 3, 2010, AELP and Princess entered into Amendatory Agreement No. 1 to the Interruptible Energy Contract (“Amendment No. 1”), which went into effect on May 17, 2010.

C. On February 3, 2016, AELP and Princess entered into Amendatory Agreement No. 2 to the Interruptible Energy Contract (“Amendment No. 2”), which went into effect on March 29, 2016.

D. On May 18, 2016, AELP and Princess entered into Amendatory Agreement No. 3 to the Interruptible Energy Contract (“Amendment No. 3”), which went into effect on July 8, 2016.

E. AELP and Princess desire to amend the definition of the “Tourist Season” during which sales under the Interruptible Energy Contract will occur from May through September of each year to April through October.

**AGREEMENT**

In consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. This Amendment No. 4 shall become effective on the date on which it has been signed by both Parties and approved by the Regulatory Commission of Alaska (“RCA”) (“Amendment No. 4 Effective Date”).

2. Unless otherwise defined herein, all capitalized terms in this Amendment No. 4 that are defined in the Interruptible Energy Contract shall have the meaning set forth in the Interruptible Energy Contract. Capitalized terms that are not defined in the Interruptible Energy Contract shall have the meaning set forth in this Amendment No. 4.

3. In Section 1, the first recital is amended to replace “May through September” with “April through October.”

4. Section 2(t), defining “Tourist Season,” is amended to read: “The months of April, May, June, July, August, September, and October during any year of this agreement.”

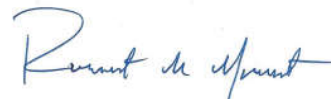
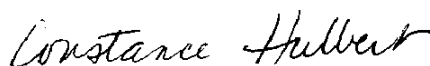
5. Except for the revisions set forth in Sections 3 and 4 above, all provisions of the Interruptible Energy Contract, as previously amended, shall remain in full force and effect.

5. Pursuant to 3 AAC 48.390(a), the Parties agree that this Amendment No. 4 does not take effect without the prior approval of the RCA and is, at all times, subject to revisions by the RCA.

6. This Amendment No. 4 may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding the Parties hereto, notwithstanding that the Parties are not signatories to the original or to the same counterpart. Delivery of a photocopy, facsimile copy, or scanned copy of a signed original of this Amendment No. 4 or any other documents referred to herein shall be treated the same as delivery of the original.

ALASKA ELECTRIC LIGHT  
AND POWER COMPANY

PRINCESS CRUISE LINES, LTD.



Constance Hulbert  
President & General Manager

Robert Morgenstern  
Senior Vice President  
Shore Excursions/Port Operations

Date: 12/15/2020

Date: 12/15/2020

AMENDATORY AGREEMENT NO. 4 TO  
AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY

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# **Exhibit 2**

AGREEMENT FOR THE SALE AND PURCHASE

OF

INTERRUPTIBLE ENERGY

between

ALASKA ELECTRIC LIGHT AND POWER COMPANY

and

PRINCESS CRUISE LINES, Ltd.

March 14, 2001

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**Section 1. RECITALS**

THIS AGREEMENT is entered into on the 14 day of March 2001, between Alaska Electric Light and Power Company (“AELP”), an Alaskan corporation whose mailing address is 5601 Tongard Court, Juneau, Alaska 99801, and Princess Cruise Lines, Ltd. (“Princess”), a Bermuda corporation, whose mailing address is 2815 2nd Avenue, Suite 400, Seattle, WA 98121 (each a “Party” and collectively “Parties”).

WITNESSETH:

WHEREAS, Princess operates cruises to Southeast Alaska from May through September (“Tourist Season”); and

WHEREAS, Princess’s cruise ships stop in the City of Juneau (“Juneau”) as a port of call; and

WHEREAS, Princess currently satisfies the electric energy needs of its vessels while the vessels are in port by operating shipboard steam boilers and electric generators, both of which use fossil fuels; and

WHEREAS, the operation of shipboard boilers and generators while the vessels are in port may result in visible smoke and other emissions; and

WHEREAS, AELP currently has surplus electric energy available from the Snettisham Hydroelectric Project (“Snettisham”); and

WHEREAS, by connecting to the AELP electrical system and by purchasing energy from AELP as shore power while its vessels are in port in Juneau, Princess will

reduce the operation of shipboard boilers and generators and thereby reduce smoke and other emissions; and

WHEREAS, Princess has agreed to bear the cost of the additional delivery facilities that are needed in order to allow its vessels to receive energy from AELP; and

WHEREAS, AELP has determined that selling interruptible electric energy to Princess under the terms and conditions of this Agreement will benefit AELP's other customers;

NOW, THEREFORE, in consideration of the mutual covenants herein set forth, the Parties agree as follows:

## **Section 2. DEFINITIONS**

(a) Advances in Aid of Construction. Funds made available by Princess to AELP and used by AELP to pay for electrical equipment and facilities the cost of which, by agreement, are to be borne by Princess, as further described in this Agreement.

(b) Contribution in Aid of Construction. Payments, other than by AELP and Princess, that are made for the purpose of defraying any portion of the costs (other than O&M costs) of the Franklin Dock Electrical Facilities.

(c) Cost of Power Adjustment, or COPA. A rate adjustment mechanism, administered and supervised by the Regulatory Commission of Alaska ("RCA"), the purpose of which is to reflect in the rates paid by AELP's tariffed customers the fluctuations in the amounts of certain revenues received and costs incurred by AELP.



(d) Delivery Points. The physical locations at which Interruptible Energy is delivered by AELP to Princess and received by Princess from AELP, as specified in **Exhibit C** (Delivery Facilities & Equipment).

(e) Effective Date. The date on which this Agreement, having first been executed by the Parties, receives the last of any Necessary Approvals.

(f) Firm Energy. Electric energy (kilowatthours) the production of which is assured, or, as the context may require, electric energy the delivery of which AELP is not entitled to interrupt, suspend, or curtail except for reasons of force majeure.

(g) Franklin Dock Electrical Facilities. The facilities and equipment for the delivery and receipt of Interruptible Energy supplied to and used by Princess's vessels (or supplied to Princess's steam generator ashore) when Princess vessels are moored in Juneau at the Franklin Dock, as such facilities and equipment are described in **Exhibit C**.

(h) Interruptible Customers. Customers or loads that AELP normally meets with electric power service that AELP is entitled, by provisions of tariff or contracts, to curtail or suspend (whether with notice or not) for reasons in addition to force majeure.

(i) Interruptible Energy. Electric energy (kilowatthours) that AELP delivers and sells to customers, including Princess, with no assurance of continued delivery at any time except as specifically provided by applicable tariff or contract.

(j) Necessary Approvals. Approvals of this Agreement by governmental authorities or agencies that, by law, must be obtained in order for (i) the Agreement to become effective, or (ii) amendments or modifications to the Agreement to become effective.

- (k) O&M. Operations and maintenance.
- (l) Party or Parties. AELP or Princess (each a Party), or both (Parties).
- (m) Prior Interruptible Customers. Interruptible Customers who began taking energy from AELP under applicable tariffs or contracts before the Effective Date, and who continue to do so at times relevant to this Agreement.
- (n) Rate 41. AELP's tariff for "Manufacturing and Processing" loads, or any successor rate or tariff, in effect and approved by the RCA. The current Rate 41 is set forth in **Exhibit F** (Rate 41).
- (o) Regulatory Cost Charge. An expense imposed on AELP by the RCA to help defray the RCA's operating costs, which is passed through to AELP's customers on a cost-per-kilowatthour basis.
- (p) RCA. The Regulatory Commission of Alaska, or any successor established by statute.
- (r) Snettisham. The Snettisham Hydroelectric Project, a generating facility from which AELP obtains energy, including Interruptible Energy.
- (s) Subsequent Interruptible Customers. Interruptible Customers, other than Princess, who begin taking energy from AELP under applicable tariffs or contracts on or after the Effective Date.
- (t) Tourist Season. The months of May, June, July, August, and September during any year of this Agreement.
- (u) Uncontrollable Force. Any cause beyond the control of a Party and which by the exercise of due diligence that Party is unable to prevent or overcome, including but

not limited to an act of God, fire, flood, volcano, earthquake, explosion, sabotage, and an act of the public enemy, civil or military authority, including court orders, injunctions and orders of governmental agencies of competent jurisdiction (including delay or denial of necessary permits), insurrection or riot, an act of the elements, failure of equipment, of the inability to obtain or transport equipment or materials because of the effects of similar causes on carriers or shippers. Strikes, lockouts, and other labor disturbances shall be considered Uncontrollable Forces, and nothing in this Contract shall require either party to settle a labor dispute against its best judgment.

### **Section 3. ELECTRIC SERVICE TO BE PROVIDED**

(a) Interruptible Energy. AELP will sell and deliver to Princess, and Princess will purchase and receive from AELP, at the Delivery Points, Interruptible Energy during Tourist Season, but only if and to the extent that such Energy is available to AELP from Snettisham at times appropriate for delivery by AELP and receipt by Princess. The physical delivery and receipt of Interruptible Energy may be interrupted, curtailed, or suspended at any time and for any reason by either Party; provided that the interrupting Party shall give the other Party as much advance notice of such interruption, curtailment, or suspension as is reasonably practical under the circumstances.

(b) Resale of Interruptible Energy prohibited. Interruptible Energy is provided to Princess solely for Princess's own use and consumption. The amount of Interruptible Energy provided hereunder shall be limited at all times to the amount of Princess's own electric load at the Delivery Points. Princess shall not be entitled to resell or otherwise dispose of Interruptible Energy to others.

(c) Priority to Interruptible Energy. If available Interruptible Energy is insufficient at any time to meet the Interruptible Energy requirements of all Interruptible Customers, then (1) Prior Interruptible Customers shall have priority over Princess, and (2) Princess shall have priority over Subsequent Interruptible Customers, for the sale and delivery of such Interruptible Energy as may be available to AELP and delivered by AELP to Interruptible Customers.

(d) Effect of Lake Dorothy Hydroelectric Project. When and if electric power is available to AELP from the Lake Dorothy Hydroelectric Project, then (i) AELP will no longer supply Princess any Interruptible Energy from Snettisham under this Agreement, but (ii) Princess shall be entitled, if it chooses, to purchase Interruptible Energy from AELP at the price paid by AELP for Firm Energy from Lake Dorothy under the power sales agreement for Lake Dorothy power approved by the RCA, with no demand charge or other requirement to pay for capacity. If Princess so chooses, then this Agreement shall not terminate, and AELP shall thereafter deliver and sell such Firm Energy to Princess at the Delivery Points, and the provisions of this Agreement shall thereafter be construed to apply to such Firm Energy rather than to Interruptible Energy (with such additional changes being implied as may reasonably be required by this change).

(e) Power specifications. The electric service to be provided shall consist of three-phase alternating current, at the voltages and transformer capacities (MVA) that the Parties have agreed upon for the respective Delivery Points and have set forth in **Exhibit C**.

#### **Section 4. RATES & CHARGES; METERING & BILLING**

(a) Applicable rate: Rate 41 energy charge. The basic monthly rate or charge for Interruptible Energy delivered in any billing month shall equal the product of (i) the number of kilowatthours of Interruptible Energy delivered to Princess in that month, multiplied by (ii) the energy charge per kilowatthour in AELP's then-effective Rate 41 (Manufacturing and Processing). In addition to this basic monthly rate or charge, AELP will also include in its bills or invoices to Princess, and Princess will also pay or reimburse AELP for, the following: (i) specified taxes under Section 4(e), (ii) facilities and equipment expenses under Section 6, (iii) O&M costs under Section 7, including the annual cost of insurance expense borne in the first instance by AELP under Section 7, (iv) power factor penalties under Section 4(c) and any late payment charges, if applicable, (v) connection and disconnection services under Section 4(d), and (vi) a charge per kilowatthour for the Regulatory Cost Charge imposed by the RCA.

(b) No added customer charge, demand charge, or COPA adjustments. Because of the interruptible nature of the energy provided under this Agreement, and because Princess will bear the costs of all necessary delivery facilities and the costs of applicable O&M and related services, AELP will not include in Princess's rates and charges (i) a customer charge, (ii) any amounts for electric capacity (demand), or (iii) any adjustments reflecting upward or downward changes in AELP's balancing account under AELP's COPA.

(c) Power factor. Princess shall endeavor to maintain, as nearly as practical, a unity power factor. If power factor falls below ninety-five percent (95%) lagging, Princess shall take corrective steps to return power factor to 95% or higher. If the

necessary corrective steps include installation of corrective facilities and/or equipment at the Franklin Dock substation, then Princess shall bear the expense of such facilities and/or equipment, including any installation and O&M expense. AELP will charge Princess a power factor penalty of one percent (1%) of the then-applicable Rate 41 energy charge for each one percent (1%) or fraction thereof (measured against unity) by which Princess's power factor is less than 95% lagging, on average, for that month. The formula for determining Princess's average power factor in any given month shall be:

$$PF = \text{KWH divided by } \sqrt{(\text{KWH squared} + \text{KVARH squared})}$$

Where

$$PF = \text{Average monthly power factor}$$

and

$$\text{KWH} = \text{kilowatthours of Interruptible Energy delivered in a month}$$

$$\text{KVARH} = \text{reactive kilovar hours for that month}$$

(d) Connection & disconnection charges. AELP shall provide connection and disconnection services for Princess at the Delivery Point(s) using AELP employees or contract personnel; provided, that AELP may in its discretion authorize Princess personnel to perform some or all of these services at some or all times. Princess shall reimburse AELP for such services if provided by AELP employees or contract personnel, and AELP will invoice Princess for such services, in accordance with the provisions of **Exhibit A** (Hourly Rates) attached hereto and incorporated herein.

(e) Sales taxes. AELP will also bill Princess, and Princess will pay AELP, for any sales or other taxes (other than income taxes) imposed on or collected from AELP as a result of the sale of Interruptible Energy to Princess.

(f) Regulatory Cost Charges. AELP will include in its bills to Princess, and Princess will pay to AELP, the then-applicable Regulatory Cost Charge for each kilowatthour of Interruptible Energy sold to Princess.

(g) Metering and billing. Metering and billing shall be in accordance with the provisions of **Exhibit B** (Metering and Billing) attached hereto and incorporated herein.

#### **Section 5. TERM**

(a) Effective Date. This Agreement shall become effective on the first date when, having been executed by the Parties, it has received all Necessary Approvals. AELP does not intend to commence delivery of Interruptible Energy, however, until Princess has provided AELP the funds needed for all Advances In Aid Of Construction hereunder.

(b) Initial term. This Agreement shall be effective for a period of fifteen (15) years from the Effective Date, unless earlier terminated in accordance with Section 5(d).

(c) Potential extension of initial term. The Parties may agree to extend this Agreement at any time; provided that no extension of the Agreement shall be effective unless and until it receives any Necessary Approvals.

(d) Right to terminate. Princess shall be entitled to terminate this Agreement at any time by giving AELP advance written notice of termination, effective on the date specified in such notice; provided that Princess shall remain obligated to pay any

amounts accrued and owing hereunder as of the date of termination. AELP shall be entitled to terminate this Agreement in accordance with the provisions of Section 7(c).

**Section 6. DELIVERY FACILITIES & PAYMENT THEREFOR**

(a) Delivery facilities and equipment. The delivery facilities and equipment (“Franklin Dock Electrical Facilities”) that AELP will install and maintain for Princess in order to implement this Agreement (all of which AELP shall own) shall be those described in **Exhibit C** (Delivery Facilities & Equipment) attached hereto and incorporated herein. The Parties agree that, because the Franklin Dock Electrical Facilities have not yet been installed or operated, it may prove necessary or desirable to change the configuration, features, or components of such facilities and equipment prior to, during, or after installation. Consequently, the Parties agree that Exhibit C may be changed by written agreement of the Parties. No Necessary Approvals shall be required in order for such change(s) to Exhibit C to be effective.

(b) Princess’s delivery facilities and equipment. Princess shall be responsible for the design, procurement, installation, and maintenance of, and shall own/lease and operate (i) all delivery facilities and equipment aboard any Princess ship that takes delivery of Interruptible Energy; and (ii) the electrical connection (including all facilities and equipment thereof) between the manual disconnect switch on the Franklin Street dock and the ship. AELP’s responsibility for electric service to the steam generator located on Franklin Street dock land shall end at the manual disconnect switch at the steam generator. Princess shall be responsible for the steam generator, and for all steam equipment and facilities to or aboard its ships.



(c) Payment for delivery facilities and equipment. Princess will pay for the procurement and installation by AELP of the Franklin Dock Electrical Facilities listed in **Exhibit C** by making Advances in Aid of Construction, in accordance with the procedures set forth herein; provided that AELP and not Princess will bear the agreed amount of one hundred eight thousand dollars (\$108,000.00) of the capital cost of the new Franklin Dock substation, because AELP can use certain electrical equipment associated with the Franklin Dock Electric Facilities to serve other customers at times when capacity is available.

(d) Contingent reductions in Princess's net cost of facilities and equipment.

(i) If the City & Borough of Juneau ("CBJ") or other party elects to contribute funds to pay for all or part of the Franklin Dock Electrical Facilities (specifically identified on Page 3 of Exhibit C), then the Parties agree that Princess will receive (including, if appropriate, in the form of a refund from AELP), on a dollar for dollar basis, an amount equal to the total of the funds so contributed by the CBJ or such other party.

(ii) If, within the term of this Agreement or any extension thereof, another cruise ship customer begins using the Franklin Dock Electrical Facilities (specifically identified on Page 3 of Exhibit C) on a regular or scheduled basis, then AELP will require that customer to pay (in the form of a Contribution in Aid of Construction) a fair and equitable portion of the costs of such Facilities, such portion to be based on such customer's projected use of the Facilities relative to that of Princess. AELP shall notify Princess of its determination of such portion,

and shall submit such determination to the RCA for review and approval on the record in an RCA proceeding. Any amount so paid by such customer shall with RCA approval be refunded by AELP, on a dollar for dollar basis, to Princess. This subparagraph (ii) shall not apply to the extent that the cost of such Facilities has been paid for by the CBJ or by a party other than Princess under subparagraph (i).

#### **Section 7. MAINTENANCE**

(a) Maintenance of Franklin Dock Electrical Facilities. AELP will perform customary, routine maintenance of the Franklin Dock Electrical Facilities at no charge to Princess. Such maintenance will consist of inspections and security checks, transformer oil sampling, painting, insulator and circuit breaker cleaning, vegetation control, and the like. Princess will, however, reimburse AELP (on a parts and labor basis) for any extraordinary maintenance, replacements or repair expense of the substation and such facilities.

(b) Insurance. AELP will maintain property, liability, and other insurance for the Franklin Dock Electrical Facilities (to the extent not maintained by Princess under terms and conditions acceptable to AELP), in the amounts and with the features set forth in **Exhibit D (Insurance)** attached hereto and incorporated therein. Princess will reimburse AELP for (i) the annual cost of such insurance, and (ii) the cost of repairs, replacements, claims, judgments, settlements or other amounts paid that are not covered by insurance proceeds. The Parties may from time to time agree in writing to change the provisions of Exhibit D without such changes being considered modifications or amendments to this Agreement that require Necessary Approvals.

(c) Corrective actions. If AELP determines that major maintenance, replacement, or repairs to the Franklin Dock Electrical Facilities are needed, AELP will so inform Princess (in writing, if time reasonably allows). At the same time, AELP will notify Princess of the corrective action AELP recommends. The notice will include an estimate of the time required to complete the corrective action, and an estimate of the costs of the corrective action, to the extent those costs exceed available insurance coverage. If Princess elects to have AELP proceed with the corrective action, it shall promptly so notify AELP, and shall provide AELP with funds to cover the estimated costs of such corrective action in excess of available insurance proceeds. AELP shall refund any portion of such funds not required for the corrective action, and Princess shall upon completion of the corrective action pay AELP any additional amounts that prove to be required for the corrective action. If Princess fails to promptly so notify AELP, then AELP shall be entitled, upon ten (10) days advance written notice to Princess, to terminate this Agreement. Nothing in this Agreement shall prevent AELP from taking and being reimbursed by Princess for the costs of immediate corrective action, without notice to Princess, if AELP reasonably believes that immediate corrective action is required for the safety of human life and limb.

#### **Section 8. OPERATIONS**

(a) Connection/disconnection procedures. The procedures for connecting Princess to, and disconnecting Princess from, the Interruptible Energy delivery facilities, and procedures for related matters (including synchronization, transfer of loads, communications, safety, among others) will be set forth in a written Operating

Agreement to be agreed upon and signed by the Parties. The Parties may from time to time agree in writing to change the provisions of the Operating Agreement without such changes or the Operating Agreement itself being considered modifications or amendments to this Agreement that require Necessary Approvals. AELP shall not be obligated to deliver Interruptible Energy under this Agreement until the Operating Agreement is signed.

(b) Annual estimates of Interruptible Energy requirements and availability. Not later than October 1 of 2002 and each year thereafter, Princess shall provide AELP a written estimate of Princess's requirements for Interruptible Energy for each month of the next year's Tourist Season. Not later than February 1 of 2003 and each year thereafter, AELP shall provide Princess a written estimate of the (i) the availability of Interruptible Energy, and (ii) the necessary limits, if any, on Princess's instantaneous demand for such Energy (i.e., the total size of Princess's electric load on AELP at any given time), during each month of that year's Tourist Season. Not later than fifteen (15) days prior to each month during Tourist Season, AELP will provide Princess an update of such written estimate for that month.

(c) Consequences of mis-estimates by Princess.

(i) Overestimates by Princess may result in AELP failing to sell some or all of its otherwise available energy to Subsequent Interruptible Customers, to the detriment of those Customers and other AELP customers. Consequently, if, during any Tourist Season, Princess fails to purchase at least seventy-five percent (75%) of the Interruptible Energy it estimated under Section 8(b) that it would

require during that Tourist Season, other than for reasons of Force Majeure, then for the next and all subsequent Tourist Seasons, Princess shall lose its priority rights to Interruptible Energy under Section 3(c), but only vis-a-vis any Subsequent Interruptible Customers who received or requested Interruptible Energy during the Tourist Season in which Princess so failed to purchase such Interruptible Energy.

(ii) Princess shall be entitled to a priority over Subsequent Interruptible Customers for all the interruptible energy Princess needs up to Princess's estimate for the year, plus 10%. Princess may take energy beyond 110% of such estimate if it is available after serving all other Interruptible Customers.

#### **Section 9. PROTECTING EQUIPMENT & POWER QUALITY**

(a) Princess's protection of AELP's quality of power. Princess shall at all times design, install, operate and manage its facilities and equipment (including generation and loads) to avoid adverse impacts on the quality and reliability of power available to AELP and AELP's other customers. AELP shall be entitled to prescribe reasonable protective measures to implement this requirement. Such provisions, if any, shall be set forth in **Exhibit E** (Protective Measures), to be attached hereto and incorporated herein. AELP may from time to time reasonably change the provisions of Exhibit E without such changes being considered modifications or amendments to this Agreement that require Necessary Approvals.

(b) Protection by Princess of its own equipment and machinery. During operation of its facilities, equipments, and loads, Princess will at all times take all

necessary steps (including complying with requirements reasonably imposed by AELP for this purpose) to prevent adverse impacts on Princess's equipment and machinery. Princess shall, for example, have sole responsibility to provide, install, inspect, and maintain suitable protective devices (including suitable motors) for equipment aboard Princess's vessels, including but not limited to:

- (i) Line starting and overload protective devices;
- (ii) Devices to protect against under- and over-voltage, and under- or over-frequency;
- (iii) Devices to protect three-phase equipment from single-phase operation and phase reversal.

(c) Ready availability of Princess's own generating equipment. Princess will at all times maintain in a state of ready availability sufficient operable generating capability (including fuel, parts, operators, etc.) to meet Princess's then-existing entire demand for electric capacity and entire requirements for electric energy, in the event that the delivery of Interruptible Energy is for any reason interrupted at any time and for any duration. AELP will not be obligated to provide Interruptible Energy to Princess at any time when Princess lacks the generating capability required by this Section 9(c).

**Section 10. PROVISIONS RELATING TO LEGAL MATTERS**

(a) Covenant of Good Faith and Fair Dealing. Each Party to this Agreement covenants and agrees to act in good faith and with fair dealing under this Agreement and its terms.

(b) Events of Force Majeure. In the event either Party, by reason of an Uncontrollable Force, is rendered unable, wholly or in part, to perform its obligations under this Agreement (other than its obligations to pay money), then upon said Party giving notice and particulars of such Uncontrollable Force, its obligation to perform shall be suspended or correspondingly reduced during the continuance of any inability so caused, but in no greater amount than required by the Uncontrollable Force and for no longer period, and the effects of such cause shall, so far as possible, be remedied with all reasonable and prompt dispatch.

(c) Indemnification. Each Party shall, as to all actions taken relevant to this Agreement, indemnify and hold harmless the other Party, its directors, officers, and employees, against all loss, damage, legal expense and liability to third persons arising from any injury to, or death of, persons or injury to property to the extent caused by any negligent act or omission of the indemnifying Party, or its directors, officers, or employees in connection with such Party's construction, ownership, operation or maintenance of, or the failure of, any of its works or facilities used in connection with this Agreement.

(i) If any legal proceeding shall be instituted, or any claim or demand made, against any Party hereto (hereinafter called the “Indemnified Party”) with respect to which the other Party (hereinafter called the “Indemnifying Party”) may be liable hereunder, the Indemnified Party shall give prompt written notice thereof, and promptly deliver a true copy of any summons or other process, pleading or notice to the Indemnifying Party. The Indemnifying Party shall have the absolute right, at its sole expense and without the consent of the Indemnified Party, to defend and settle any such legal proceeding, claim or demand. However, the Indemnifying Party shall give notice, if possible, to the Indemnified Party of any proposed settlement. The Indemnified Party may, if it sees fit, participate in defense of any such legal proceeding, at its own expense.

(ii) If the Indemnified Party, without the prior consent of the Indemnifying Party (which consent, if requested, shall not be unreasonably withheld), makes any settlement with respect to any such legal proceeding, claim or demand, the Indemnifying Party shall be discharged of any liability hereunder with respect thereto.

(iii) The Indemnifying Party shall pay all reasonable costs incurred by the Indemnified Party in any successful enforcement of this indemnity.

(d) Waiver. Any waiver at any time by either Party to this Agreement of its rights with respect to any default of the other Party, or with respect to any other matter arising in connection with this Agreement, shall not be considered a waiver with respect to any prior or subsequent default, right, or matter.



(e) Necessary Approvals. The approval of the Agreement by the RCA shall constitute a Necessary Approval. The Agreement is at all times subject to revisions by the RCA. The Parties are not aware of any other Necessary Approvals.

(f) Severability. The provisions of this Agreement are not intended to be considered in isolation, and each such provision represents a portion of the consideration agreed upon among the Parties for each other provision of this Agreement. The Parties believe that it would be impossible, in general, to invalidate or sever any particular provision of this Agreement without working a potentially great hardship on one or the other of the Parties, and without denying one or more of the Parties of important, bargained-for consideration. Thus, if after this Agreement has become effective any article, paragraph, clause or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction or a regulatory agency with jurisdiction over the Parties to be invalid or unenforceable, or if any administrative agency with authority over the Parties shall require changes to this Agreement, then the Parties shall in good faith meet promptly to negotiate lawful amendments or modifications to this Agreement that will effectuate the original intent of this Agreement and return the Parties as near as possible to the position that each would have enjoyed in the absence of such judicial, regulatory, or administrative action.

(g) Successors and Assigns. This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of the respective successors and assigns of the Parties hereto; provided, that AELP intends to contract only with Princess, and therefore no assignment or other transfer of this Agreement or any interest hereunder

by Princess shall be effective without AELP's prior written consent. Any assignee must, in the commercially reasonable opinion of the other Party, be capable of assuming and performing the assignor's obligations under this Agreement. In addition, and notwithstanding any assignment by Princess, no assignment by Princess shall constitute a novation, and AELP shall not be required to release Princess as a secondary obligor for all of Princess's obligations arising from this Agreement if assigned, and no consent by AELP to any such assignment shall constitute such a release.

(h) Default and Dispute Resolution.

(i) Upon failure of either Party to perform any obligation hereunder, the Party to whom such performance is due shall make demand in writing upon the defaulting Party. If such failure, other than a failure to pay AELP when such payment is due, is not cured within thirty (30) days from the date of such demand it shall constitute a default at the expiration of such period. AELP's bills to Princess shall constitute a written demand for payment for purposes of this paragraph, and Princess shall be considered to be in immediate default of its payment obligations if such bills are not fully paid in timely fashion. Disputed portions of AELP's bills may not be withheld pending resolution of the dispute.

(ii) Pending resolution of any dispute, each Party shall continue to perform its obligations under this Agreement, including, in Princess's case, the obligation to pay bills submitted by AELP. Each Party shall be entitled to seek immediate judicial enforcement of this continued performance obligation notwithstanding the

existence of a dispute. Application for such enforcement shall be made either to the RCA or to the Superior Court for the State of Alaska, Juneau District.

(iii) After notice is delivered and before default occurs under Section 10(h)(i), the Parties shall in good faith endeavor to meet promptly and to resolve any dispute through good faith negotiation. If a Party has met its obligation of good faith under this Section 10(h)(iii), and if the dispute has not been resolved before default occurs, then that Party shall be entitled at any time thereafter to seek immediate enforcement of this Agreement either by the RCA or by the Superior Court for the State of Alaska, Juneau District, by bringing any proceeding, suit or action, at law or in equity, including without limitation mandamus, injunction, damages and action for specific performance, as may be necessary or appropriate to enforce any covenant, agreement or obligation of this Agreement.

(i) Remedies Cumulative. No remedy conferred upon or reserved to the Parties hereto is intended to be exclusive of any other remedy available hereunder or now or hereafter existing at law, in equity, by statute or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other such remedy. The pursuit by either Party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other, whether provided hereunder or by law, equity, or statute, but where this Agreement requires a Party to take a particular action (e.g., consultation with another Party) or to pursue a particular remedy prior to pursuing any other remedy, such requirement shall be binding and enforceable.

(j) Right of Access. Each Party will have access to the premises, records, facilities, or property of the other Party at all reasonable times for any purpose necessary or appropriate to the performance of this Agreement.

(k) Access to Records. Upon request from the other Party, but only at reasonable times and during normal business hours, each Party shall afford the other Party with access to data and information that are maintained and compiled in the ordinary course of business (or which have in fact been compiled or prepared) and which are reasonably necessary to permit the requesting Party to determine whether this Agreement is being performed in the manner intended by the Parties.

(l) Applicable Law. The Parties agree that the interpretation and application of this Agreement shall be governed by the laws of the State of Alaska.

(m) Modification or amendment. No modification or amendment of this Agreement shall be valid unless it is (i) in writing, (ii) signed by the Parties, and (iii) has received all Necessary Approvals; provided that written changes to the Exhibits to this Agreement shall not be considered modifications or amendments that require Necessary Approvals.

(n) Section Headings. The section headings in this Agreement are for convenience only, and (except for the section heading of this section) do not purport to and shall not be deemed to define the subject matter, or limit or extend the scope or intent, of the sections to which they pertain.

(o) Mutual Covenants and Warranties. Each Party covenants and warrants to the other that it (i) has the legal authority and ability to enter into and perform, and (ii) will at

all times maintain the practical and financial ability to perform, this Agreement and each obligation assumed by such Party under this Agreement. Each Party also covenants and warrants that prior to executing this Agreement it has taken all actions necessary to permit its execution of this Agreement to be fully effective and legally binding in accordance with its terms.

(p) Execution in Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be considered a duplicate original and shall have the same effect as if the counterparts had been a single document executed simultaneously by both Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first above written.

ALASKA ELECTRIC LIGHT  
AND POWER COMPANY

By D. Williams A. Collins

Title President

Address 6501 Inaugural Court  
Juneau, AK 99801

<sup>Luxury</sup>  
PRINCESS CRUISES, ~~INC~~ (T/A)

By [Signature]

Title VICE PRESIDENT, PUBLIC AFFAIRS

Address 2515 2<sup>nd</sup> Ave, Suite 400  
Seattle, WA 98121

**AMENDATORY AGREEMENT NO. 1**

to

**AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY**

between

**ALASKA ELECTRIC LIGHT & POWER COMPANY  
and  
PRINCESS CRUISE LINES, LTD.**

**SECTION 1. RECITALS**

This Amendatory Agreement No. 1 ("Amendment") is entered into on the 3rd day of May, 2010, between Alaska Light and Power Company ("AELP"), an Alaska Corporation, whose mailing address is 5601 Tonsgard Court, Juneau, Alaska 99801 and Princess Cruise Lines, Ltd. ("Princess"), a Bermuda Corporation, with a mailing address of 2815 2nd Avenue, Suite 400, Seattle, WA 98121 (each a "Party" and collectively "Parties").

WHEREAS, AELP, as seller, and Princess, as purchaser, entered into a contract dated March 14, 2001 ("Interruptible Energy Contract"), for the sale and purchase of Interruptible Energy; and

WHEREAS, at the time of entering into the Interruptible Energy Contract, the Parties anticipated the possibility that at some time in the future Lake Dorothy Hydro, Inc., a sister company to AELP, would develop a hydroelectric project ("Project") at Lake Dorothy near Juneau, Alaska, and that Lake Dorothy Hydro, Inc., and AELP would enter into a contract whereby AELP purchased the electric energy produced by the Project; and

WHEREAS, the Parties anticipated that the availability of electric energy from the Project would significantly impact AELP's sources of electric energy, its cost structure, and the appropriate rates to charge to Princess; and

WHEREAS, accordingly, Section 3(d) of the Interruptible Energy Contract sets forth the agreement of the Parties relating to the option for Princess to continue to purchase Interruptible Energy at the price paid by AELP to Lake Dorothy Hydro, Inc., for Firm Energy produced by the Project; and

WHEREAS, in the process of financing and preparation for construction of the Project it became necessary to transfer the ownership and right to develop the Project from Lake Dorothy Hydro, Inc. to AELP; and

WHEREAS, the Project became operational on August 31, 2009; and

WHEREAS, due to changes in ownership of the Project not contemplated at the time of the Interruptible Energy Contract, the Parties agree that the Interruptible Energy Contract must be amended in order to accommodate the Parties' mutual desire to continue the purchase and sale of Interruptible Energy; and

WHEREAS the Parties therefore desire to amend the Interruptible Energy Contract on the terms and conditions set forth herein. Capitalized terms without an attendant definition in this Amendment shall have the meaning given to them in the Interruptible Energy Contract.

## **SECTION 2. AGREEMENT**

**2.1 Amendment of the Interruptible Energy Contract.** Section 3(d) is deleted in its entirety and replaced with the following:

**(d) Effect of Lake Dorothy Hydroelectric Project.**

(i) For Princess' cruise seasons after electric power is available to AELP from Phase 1 of the Lake Dorothy Hydroelectric Project ("Lake Dorothy"), the initial energy charge portion of Princess' rate for Interruptible Energy shall be computed using values calculated by AELP for each variable in the formula set forth in (iii) below. Those values shall reflect appropriate actual and/or estimated (as the case may be) cost and performance data for Lake Dorothy at the time of commercial operation, based upon the capital cost of Lake Dorothy upon completion and a projected first year of project operation. AELP shall make available to Princess and the RCA in readily accessible form the numerical data for these values and the method AELP uses to compute them, including all relevant underlying data, which Princess and the RCA shall have the right to audit. The energy charge that AELP computes in accordance with such formula shall become and remain effective unless/until and to the extent that AELP adjusts the computation (a) in response to a request from Princess or an order of the RCA, or (b) to reflect more recent cost and performance data, the latter adjustment to take place not more than once every twelve (12) months. Princess shall be entitled to seek RCA review of the energy charge and any subsequent revision to that charge, and AELP shall cooperate fully in any RCA process or proceeding commenced as a result of Princess' request for RCA review.

(ii) Subject to the receipt of all Necessary Approvals (including RCA approval) of this Agreement or any amendment hereto, AELP shall not be required to seek RCA review and approval prior to making or adjusting Princess' actual rates under this Agreement, but AELP recognizes (a) Princess' rights to invoke the dispute resolution

AMENDATORY AGREEMENT NO. 1

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provisions of this Agreement and/or to seek RCA review of such rates once made or adjusted, and (b) the RCA's jurisdiction to order AELP to adjust such rates, in order to assure that the rates AELP actually charges Princess conform to the rate provisions of this Agreement at all times.

(iii) After electric power is available to AELP from Lake Dorothy, the Rate 41 energy charge referenced in Section 4(a) shall no longer apply, but, for clarity, the Parties agree that the excluded charges in Section 4(h) will still apply. Subject to the limitation set forth in (5) below, the energy charge for Interruptible Energy shall be determined in accordance with the formula set forth in (1) through (4) below.

(1) Formula. The formula for determining the energy charge portion of the rate for Interruptible Energy shall be:

Rate per kWh =  $L/E$ , where

$L$  = Annual cost of energy for Lake Dorothy,

and

$E$  = Average annual energy available from Lake Dorothy, namely 74,500,000 kilowatt hours/year.

(2) Annual Cost of Energy for Lake Dorothy ("L").

$L$ , the annual cost of energy from Lake Dorothy in the foregoing formula, is computed using the following sub-formula:

$L = O + D + T + (K \times B)$ , where

$O$  = Operating and maintenance expenses of Lake Dorothy (direct + allocated share of AELP's otherwise unallocated generation O&M expense)

$D$  = Depreciation applicable to Lake Dorothy capital investment

$T$  = Income taxes accrued by AELP on or appropriately allocated to Lake Dorothy

$K$  = Weighted average cost of capital applicable to Lake Dorothy (set forth below)

and



B = The capital cost of Lake Dorothy, calculated using a rate base methodology (set forth below).

(3) Capital Cost of Lake Dorothy ("B") For Purposes Of Computing "L".

The calculation of B, at any given time, will be

- the dollar amount of gross plant for Lake Dorothy (exclusive of any amount specifically disallowed by RCA), plus
- the RCA's annual allowance to AELP for working capital for Lake Dorothy (12.5 percent of Lake Dorothy annual O&M amount), minus
- accumulated depreciation on Lake Dorothy, and minus
- accumulated deferred taxes, if any, attributable to Lake Dorothy.

(4) The Weighted Average Cost of Capital ("K") For Purposes Of Computing "L".

The calculation of K, namely the weighted average cost of capital for Lake Dorothy, will equal:

- the equity percentage of Lake Dorothy's total capitalization multiplied by AELP's allowed return on equity, plus
- the debt percentage of Lake Dorothy's total capitalization multiplied by the interest rate on the Lake Dorothy debt.

(5) Initial Rate Limitation.

During the initial term of the Agreement as set forth in Section 5(b), if the total rate computed in accordance with (1) through (4) above (exclusive of power factor penalties under Section 4(c), taxes under Section 4(e), and Regulatory Cost Charges under Section 4(f)) would otherwise exceed ten (10) cents per kilowatt hour, then the rate actually charged (exclusive of the power factor penalties, taxes, and Regulatory Cost Charges noted above) will be limited to ten (10) cents per kilowatt hour. This rate limitation shall not apply during any extension of the term of this Agreement in accordance with Section 5(c) of the Agreement.

**2.2 Effect on Interruptible Energy Contract.** Except as specified herein, all of the remaining terms and provisions of the Interruptible Energy Contract shall remain in full force and effect.

**2.3 Counterparts and Signatures.** This Amendment may be executed in one or more identical counterparts, each of which shall be considered a duplicate original and shall have the same effect as if the counterparts had been a single document executed simultaneously by both parties. The parties also agree that a facsimile copy of a party's signature may be accepted and shall be binding on the party who provided the facsimile signature.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed the day year first above written.

**ALASKA ELECTRIC LIGHT & POWER, INC.**

By: Timothy D. McLeod  
Timothy D. McLeod  
Its: President

**PRINCESS CRUISE LINES, LTD.**

By: Charles Ball  
Charles Ball  
Its: VP

**RECEIVED**  
FEB 11 2016  
STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

**AMENDATORY AGREEMENT NO. 2**

to

**AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY**

between

**ALASKA ELECTRIC LIGHT AND POWER COMPANY  
and  
PRINCESS CRUISE LINES, LTD.**

This Amendatory Agreement No. 2 to Agreement for the Sale and Purchase of Interruptible Energy ("Amendment No. 2") is entered into as of the Amendment No. 2 Effective Date, between Alaska Electric Light and Power Company ("AELP") and Princess Cruise Lines, Ltd. ("Princess"). AELP and Princess may be referred to herein individually as "Party" and collectively as the "Parties."

**RECITALS**

A. AELP, as seller, and Princess, as purchaser, previously entered into an Agreement for the sale and purchase of Interruptible Energy, dated March 14, 2001 ("Interruptible Energy Contract").

B. On May 3, 2010, AELP and Princess entered into Amendatory Agreement No. 1 to the Interruptible Energy Contract.

C. Under Section 5(b) of the contract, the initial term of the Interruptible Energy Contract expires on May 14, 2016;

D. AELP and Princess desire to extend the term of the Interruptible Energy Contract in accordance with Section 5(c) of the contract.

**AGREEMENT**

In consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. The Interruptible Energy Contract is hereby amended to provide for extension terms as set forth in this Amendment No. 2.

Exhibit 1  
Page 1 of 3  
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Effective: March 29, 2016

**Exhibit 2**  
**Page 34 of 39**

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**FEB 11 2016**

STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

2. This Amendment No. 2 shall become effective on the date on which it has been signed by both Parties and approved by the Regulatory Commission of Alaska ("RCA") ("Amendment No. 2 Effective Date").

3. Unless otherwise defined herein, all capitalized terms in this Amendment No. 2 that are defined in the Interruptible Energy Contract shall have the meaning set forth in the Interruptible Energy Contract. Capitalized terms that are not defined in the Interruptible Energy Contract shall have the meaning set forth in this Amendment No. 2.

4. Immediately upon the expiration of the initial term referenced in Section 5(b) of the Interruptible Energy Contract, the Interruptible Energy Contract shall remain in effect for an extension term of five (5) years. Thereafter, the term of the Interruptible Energy Contract, as previously amended, shall automatically be extended for successive five-year (5-year) terms unless either Party provides written notice of termination to the other Party at least one (1) year prior to the end of the then-effective extension term. Nothing in this Amendment No. 2 is intended to limit or alter the Parties' other rights of termination provided for in the Interruptible Energy Contract.

5. The Parties' acknowledge that under Section 3(d)(iii)(5) of the Interruptible Energy Contract, as previously amended by Amendatory Agreement No. 1, the "initial rate limitation" referenced therein no longer applies after the expiration of the initial term on May 14, 2016. The Parties agree that nothing in this Amendment No. 2 is intended to have the effect of extending the applicability of the initial rate limitation.

6. Except for the term extension set forth in Section 4 above, all provisions of the Interruptible Energy Contract, as previously amended, shall remain in full force and effect.

7. Pursuant to 3 AAC 48.390(a), the Parties agree that this Amendment No. 2 does not take effect without the prior approval of the RCA and is, at all times, subject to revisions by the RCA.

8. This Amendment No. 2 may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding the Parties hereto, notwithstanding that the Parties are not signatories to the original or to the same counterpart. Delivery of a photocopy, facsimile copy, or scanned copy of a signed original of this Amendment No. 2 or any other documents referred to herein shall be treated the same as delivery of the original.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment No. 2 to be executed as of the Amendment No. 2 Effective Date, described above.

AMENDATORY AGREEMENT NO. 2 TO  
AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY  
Page 2 of 3

Exhibit 1  
Page 2 of 3  
TA442-1

Effective: March 29, 2016

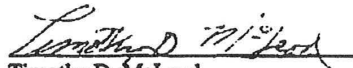
Exhibit 2  
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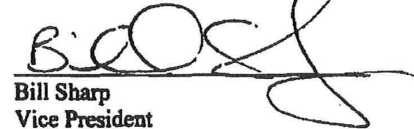
STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

ALASKA ELECTRIC LIGHT  
AND POWER COMPANY

  
Timothy D. McLeod  
President & General Manager

Date: 2-2-16

PRINCESS CRUISE LINES, LTD.

  
Bill Sharp  
Vice President  
Port & Shore Operations

Date: 2-3-2016

AMENDATORY AGREEMENT NO. 2 TO  
AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY  
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Exhibit 1  
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TA442-1

Effective: March 29, 2016

Exhibit 2  
Page 36 of 39

**AMENDATORY AGREEMENT NO. 3**

**to**

**AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY**

**between**

**ALASKA ELECTRIC LIGHT AND POWER COMPANY  
and  
PRINCESS CRUISE LINES, LTD.**

This Amendatory Agreement No. 3 to Agreement for the Sale and Purchase of Interruptible Energy ("Amendment No. 3") is entered into effective on the the Amendment No. 3 Effective Date, between Alaska Electric Light and Power Company ("AELP") and Princess Cruise Lines, Ltd. ("Princess"). AELP and Princess may be referred to herein individually as "Party" and collectively as the "Parties."

**RECITALS**

A. AELP, as seller, and Princess, as purchaser, previously entered into an Agreement for the Sale and Purchase of Interruptible Energy, dated March 14, 2001 ("Interruptible Energy Contract").

B. On May 3, 2010, AELP and Princess entered into Amendatory Agreement No. 1 to the Interruptible Energy Contract ("Amendment No. 1"), which went into effect on May 17, 2010. Among other things, Amendment No. 1 deleted and replaced Section 3(d) of the Interruptible Energy Contract and set forth a formula for determining the energy charge for Interruptible Energy Sales under the contract.

C. On February 3, 2016, AELP and Princess entered into Amendatory Agreement No. 2 to the Interruptible Energy Contract ("Amendment No. 2"), which went into effect on March 29, 2016.

D. AELP and Princess desire to further amend Section 3(d)(iii)(1) of the Interruptible Energy Contract to clarify the quantity of energy to be used in the calculation of the \$/kWh energy charge under the contract.

**AGREEMENT**

In consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

1. This Amendment No. 3 shall become effective on the date on which it has been signed by both Parties and approved by the Regulatory Commission of Alaska (“RCA”) (“Amendment No. 3 Effective Date”).

2. Unless otherwise defined herein, all capitalized terms in this Amendment No. 3 that are defined in the Interruptible Energy Contract shall have the meaning set forth in the Interruptible Energy Contract. Capitalized terms that are not defined in the Interruptible Energy Contract shall have the meaning set forth in this Amendment No. 3.

3. Section 3(d) of the Interruptible Energy Contract, as previously amended, is further amended to read as follows (new text is underlined; deleted text is show in strike-through):

(1) Formula. The formula for determining the energy charge portion of the rate for Interruptible Energy shall be:

Rate per kWh =  $L/E$ , where

$L$  = Annual cost of energy for Lake Dorothy,

and

$E$  = Average annual energy available from Lake Dorothy, which shall be determined by averaging the annual kilowatt hours generated from Lake Dorothy during the five most recent calendar years. namely 74,500,000 kilowatt hours/year.

4. Except for the revisions set forth in 3 above, all provisions of the Interruptible Energy Contract, as previously amended, shall remain in full force and effect.


5. Pursuant to 3 AAC 48.390(a), the Parties agree that this Amendment No. 3 does not take effect without the prior approval of the RCA and is, at all times, subject to revisions by the RCA.

6. This Amendment No. 3 may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same agreement, binding the Parties hereto, notwithstanding that the Parties are not signatories to the original or to the same counterpart. Delivery of a photocopy, facsimile copy, or scanned copy of a signed original of this Amendment No. 3 or any other documents referred to herein shall be treated the same as delivery of the original.

AMENDATORY AGREEMENT NO. 3 TO  
AGREEMENT FOR THE SALE AND PURCHASE  
OF INTERRUPTIBLE ENERGY

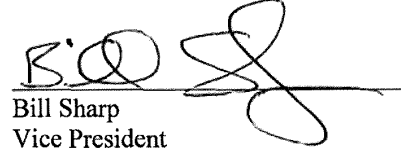
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ALASKA ELECTRIC LIGHT  
AND POWER COMPANY

  
\_\_\_\_\_  
Timothy D. McLeod  
President & General Manager

Date: 5-18-16

PRINCESS CRUISE LINES, LTD.

  
\_\_\_\_\_  
Bill Sharp  
Vice President  
Port & Shore Operations

Date: 5/12/16