

CS SB 42(FIN) Work Draft E
April 15, 2011
Sectional Analysis

Section 1: Would increase from 3 to 4 the quorum requirement for meetings of the AEA board of directors in reaction to statutory amendments made in 2010. Those amendments increased the size of the AIDEA board from 5 to 7. The AIDEA board serves as the board of AEA. The proposed amendment would correct the quorum for meetings of AEA's board of directors.

Section 2: Would expand AEA's powers to allow AEA to apply for permits and licenses to acquire and construct new projects, to construct or otherwise acquire a power project on the Susitna River, to conduct feasibility studies of new power projects. This authority would enable AEA to initiate the FERC licensing process for the Watana hydroelectric project on the Susitna River. Authorizes AEA to acquire property rights by eminent domain under AS 09.

Section 3: Would require AEA to submit to the legislature an annual report summarizing the status of the Susitna River power project.

Section 4: Would provide that AEA must exercise for new power projects, existing statutory authority regarding the management of AEA owned power projects. AS 44.83.396 addresses how AEA administers the power project and contracts for operators, and includes provisions providing for AEA to contract with qualified utilities for the operation of a power project. The statutory provisions are currently limited to power projects from the pre-1993, "former energy program for Alaska."

Section 5: Would amend the definition of "feasibility study" under AS 44.83.990(3) so that the term is not limited to only pre-1993 power projects.

Section 6: Would provide legislative approval for AEA to make two power project loans. The first loan is for up to \$11,000,000 for the Haida Energy, Inc. Reynolds Creek hydroelectric project. This authorization would be in addition to the legislative approval given for a \$9,000,000 loan for the project under sec. 6, ch. 70, SLA 2010; for a total approved power project loan of up to \$20,000,000. The second loan is for \$5,000,000 for the Cordova Electric Cooperative Humpback Creek hydroelectric project. Under AS 42.45.010(j), the legislature must approve the project and power project loan amount if the cumulative state monetary support from loans, grants, and bonds for the project equals or exceeds \$5,000,000.

Section 7: Would provide for an immediate effective date.