



LASKA LEGISLATURE '93 SPEAKER GET BILL HER WAY - Anchorage Daily News (AK) - May 8, 1993 - page A1
May 8, 1993 | Anchorage Daily News (AK) | BRIAN O'DONOGHUE and RALPH THOMAS Daily News reporters Staff | Page A1

The state Senate bowed Friday to House Speaker **Ramona Barnes'** wishes and rewrote its plan to spend more than \$150 million on power projects around **Alaska**. The modified plan includes money for four big power interties. It also shifts the cost of rural electric subsidies to a new state loan fund and takes away the independence of the **Alaska Energy Authority**, which builds and operates power projects throughout the state.

Environmentalists and the **energy authority's** chief denounced elements of the late-breaking proposal, which rolled through the Senate hours after **Barnes** released it Friday. The bill appears to be on a fast track to clear the legislature in the final days of the session.

Ron Garzini, executive director of the **energy authority**, thinks the state's standing on Wall Street could be jeopardized by the sudden restructuring of his agency, which has issued hundreds of millions of dollars worth of bonds to finance past power projects.

"The way this is being handled, we look like a banana republic," Garzini said.

The **energy authority** would be stripped of its role managing Bush power programs and absorbed by the **Alaska** Industrial Development and Export **Authority** if the bill now passes the House and is approved by Gov. Wally Hickel.

"We have 70 employees in **Alaska Energy Authority** that are not needed anymore," **Barnes**, R-Anchorage, said of her consolidation plan. "All we have left to build are four interties and the utilities will build those."

Besides dismantling the **energy authority**, the latest power plan adds \$8 million worth of projects to the Senate's original version and makes loans rather than outright grants in some cases.

"I think it's got momentum," said Sen. Bert Sharp, R-Fairbanks, who introduced the original bill in the Senate.

That bill, passed by the Senate last month, provided \$153 million in cash grants to help build four large interties: \$90 million for two interties completing the Railbelt power network between Kenai and Fairbanks; \$35 million for a submarine power cable linking Wrangell and Ketchikan; and \$28

million to extend the Railbelt network from Sutton to Glennallen. The state money would cover up to 60 percent of the cost of the projects; power companies would pay the rest.

Barnes stopped the first Senate bill cold, banishing it to 15 House committees for review.

The new plan still provides cash grants for the Kenai-Anchorage and Healy- Fairbanks projects. But the other two interties would be financed by long- term, low-interest state loans: \$35 million for the Glennallen line; \$20 million for the Southeast cable.

Also new is a \$3 million loan to finish a smaller intertie project near Seward. And the bill now includes a \$5 million grant for a hydroelectric project pushed by Sen. George Jacko, D-Pedro Bay.

The whole concept of building interties was denounced by Russell Heath, executive director of the **Alaska** Environmental Lobby.

"This amounts to welfare for construction companies,"said Heath, who believes utilities should be forced to compare the cost benefits of the power-line projects with alternatives based on **energy** conservation.

The state has conducted at least three feasibility studies since 1989 on the interties. In each case, the state was projected to receive only marginal benefits from its costly investments in the big power-line projects.

Mike Kelly, manager of Golden Valley Electric Association in Fairbanks, said the interties will save his customers money in cold weather because the existing Anchorage-Fairbanks line can't handle the load when power demands are high. The situation will get worse if, as expected, a new gold mine north of Fairbanks begins operation, Kelly said.

Garzini said he has offered to work with lawmakers after the session on a plan to phase out the **energy authority**, without jeopardizing its \$300 million power-project bond portfolio.

"You have to go lightly killing the **energy authority**," Garzini said.

Don Grimes, the **energy authority**'s private financial consultant, echoed that warning in a May 6 letter.

"We believe such a quick legislative change would send the wrong signal to Wall Street and the federal government on the state's stability," said Grimes.

Members of the Senate's Democratic minority objected to the rush treatment given the **energy** package.

"It's ridiculous and it's wrong," said Sen. Jay Kerttula, D-Palmer.

Shelby Stastny, Hickel's budget chief, said the new plan should satisfy the governor.

"It seems to get the interties built and take care of rural **energy**," Stastny said. "That's what the governor wants done."

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