

CSSB 42(RES) Sectional Analysis

Sections 1, 3, 12, 16 and 17: Collectively, creates a new Railbelt energy fund called the Alaska Railbelt Energy Fund, as a fund of AEA and repeals the existing Railbelt energy fund. **Section 1** would expressly authorize the legislature to appropriate amounts in the Railbelt energy fund to capitalize the new Railbelt energy fund, called the Alaska Railbelt energy fund. This would allow amounts to be appropriated and transferred from the existing Railbelt Energy fund into the new fund. **Section 3** would establish the new Railbelt energy fund, called the Alaska Railbelt energy fund of AEA. The legislature may appropriate money from the fund for feasibility studies, license, permit, acquire or construct, or to make grants for power projects and electric transmission lines and interties that serve the Railbelt region.

Section 12: Would repeal the existing Railbelt energy fund. **Section 16** Would make the repeal of the existing Railbelt energy fund, AS 37.05.520, contingently effective when an appropriation that becomes law appropriates the unexpended and unobligated balance of the fund to AEA for deposit into the new Alaska Railbelt energy fund (created by Section 3), or for other authorized purposes., and requires the Commissioner or the Department of Administration to notify the lieutenant governor and revisor of statutes when the conditions are met. **Section 17** would make the repeal effective on the date after the date the appropriation referenced in Section 16 becomes effective.

Sections 2 and 5: Would empower AEA to hire employees and advisors in the exempt service. This power to hire employees would be equivalent to powers the Alaska Industrial Development and Export Authority (AIDEA) currently possesses.

Sections 14 and 15: Are transitional sections related to AEA hiring employees. **Section 14:** would address the status of existing employees who perform AEA functions with the Alaska Industrial Development Export Authority. AEA has not possessed the statutory authority to hire its own staff since the reorganization of AEA affected by 1993 legislation (ch. 18, SLA 1993). Since the 1993 legislation, AEA programs have been implemented by AIDEA employees. AEA's executive director, for example, is an employee of AIDEA, but is independent from the executive director of AIDEA. The bill would authorize AEA to hire its own employees, and thereby assume greater control over the implementation of AEA programs. **Section 15:** would instruct the revisor of statutes to amend the statutory heading of AS 44.83.040 to reflect that the section would also address employees.

Section 4: 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.

Sections 6, 9, and 11: Would expand AEA's powers to allow AEA to acquire, construct, and conduct feasibility studies, engineering and design of new power projects. **Section 6** would amend the powers of AEA to add provisions related to new power projects. **Sections 9 and 11** would empower AEA to exercise for new power projects, existing statutory authority managing power projects which are currently limited to power projects from the pre-1993, "former energy program for Alaska." AS 44.83.396 (amended by **Section 9** of the bill) addresses how AEA administers the power project and contracts for operators. AS 44.83.990(3) (amended by **Section 11**) would define "feasibility study" so that it is not limited to only pre-1993 power projects.

Sections 7, 8, 10, and 13: Would empower AEA, if approved by law, to establish subsidiary corporations to support the acquisition, construction, ownership, and operation of power projects. **Section 7** would empower AEA to create subsidiary corporations for new power projects, and thereby potentially limit potential liability of AEA or strengthen the financial viability of a project. **Sections 8 and 10** of the bill would enable an AEA subsidiary to exercise powers currently granted to AEA. **Section 8** would amend AS 44.83.090 to exempt an AEA subsidiary from regulation by the Regulatory Commission of Alaska to the same extent as AEA is exempt (but would not exempt utilities contracting with the AEA subsidiary). **Section 10** would make AS 44.83.396 apply to AEA subsidiaries that own power projects . AS 44.83.393 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 the project. The amendment in Section 10 will impose these same duties on a subsidiary of AEA formed for a power project. **Section 13** would provide "approval by law" for AEA to form a subsidiary corporation for the Watana Hydroelectric Power Project, as required by AS 44.83.085, to be enacted by Section 7 of the bill.

Section 18: Would provide for an immediate effective date, excepting the contingent effective date for repeal of the existing Railbelt energy fund.

Prepared by Department of Law
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