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Bailey/Kane
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CS FOR HOUSE BILL NO. 182(ENE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Greater Railbelt Energy and Transmission Corporation and**
2 **relating to the corporation, including transition terms, financial planning, reporting**
3 **requirements, and planning for the initial business operations of the corporation;**
4 **authorizing the Alaska Energy Authority to convey the Bradley Lake Hydroelectric**
5 **Project and the Alaska Intertie to the corporation; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** AS 24.20.271 is amended to read:

8 **Sec. 24.20.271. Powers and duties.** The legislative audit division shall

9 (1) conduct a performance post-audit of boards and commissions
10 designated in AS 44.66.010 and of those programs and activities of agencies subject to
11 termination as determined in the manner set out in AS 44.66.020 and 44.66.030, and
12 make the audit, together with a written report, available to the legislature not later than
13 the first day of the regular session of the legislature convening in each year set out

1 with reference to boards, commissions, or agency programs whose activities are
2 subject to termination as prescribed in AS 44.66; the division shall notify the
3 legislature that the audit and report are available;

4 (2) audit at least once every three years the books and accounts of all
5 custodians of public funds and all disbursing officers of the state;

6 (3) at the direction of the Legislative Budget and Audit Committee,
7 conduct performance post-audits on any agency of state government;

8 (4) cooperate with state agencies by offering advice and assistance as
9 requested in establishing or improving the accounting systems used by state agencies;

10 (5) require the assistance and cooperation of all state officials and
11 other state employees in the inspection, examination, and audit of state agency books
12 and accounts;

13 (6) have access at all times to the books, accounts, reports, or other
14 records, whether confidential or not, of every state agency;

15 (7) ascertain, as necessary for audit verification, the amount of agency
16 funds on deposit in any bank as shown on the books of the bank; no bank may be held
17 liable for making information required under this paragraph available to the legislative
18 audit division;

19 (8) complete studies and prepare reports, memoranda, or other
20 materials as directed by the Legislative Budget and Audit Committee;

21 (9) have direct access to any information related to the management of,
22 [THE UNIVERSITY OF ALASKA] and have the same right of access as exists with
23 respect to every other state agency, to each of the following:

24 (A) the University of Alaska; and

25 (B) the Greater Railbelt Energy and Transmission

26 Corporation;

27 (10) conduct an audit every two years of information found in the
28 annual reports required under AS 42.05.211 and AS 42.06.220 regarding compliance
29 by the Regulatory Commission of Alaska with the requirements of AS 42.05.175(a) -
30 (e) and of the timeline extensions made by the commission under AS 42.05.175(f),
31 and of other performance measures adopted by the commission.

1 * **Sec. 2.** AS 42 is amended by adding a new chapter to read:

2 **Chapter 50. Greater Railbelt Energy and Transmission Corporation.**

3 **Sec. 42.50.010. Greater Railbelt Energy and Transmission Corporation.**

4 (a) The Greater Railbelt Energy and Transmission Corporation is established.

5 (b) The purpose of the corporation is to

6 (1) plan for and provide adequate, reliable, safe, and stable wholesale
7 electric power to greater Railbelt electric utilities, on a non-discriminatory basis, at the
8 lowest feasible cost;

9 (2) procure adequate fuel supply, fuel storage, and fuel resources
10 required to meet the short-term and long-term electric power needs of the greater
11 Railbelt region service territory; and

12 (3) ensure that adequate generation and transmission assets exist to
13 prudently meet the electric power needs of the electrically interconnected greater
14 Railbelt region service territory.

15 (c) The corporation shall operate on a nonprofit basis.

16 (d) The corporation is exempt from the provisions of AS 10.15 (Alaska
17 Cooperative Corporation Act), AS 10.20 (Alaska Nonprofit Corporation Act), and
18 AS 10.25 (Electric and Telephone Cooperative Act).

19 (e) The corporation has a separate and independent existence from the state.
20 The corporation may not be considered the state, a state agency, an administrative unit
21 of the executive branch of state government, a public corporation of the state, a
22 municipal corporation, or a political subdivision of the state.

23 (f) The exercise by the corporation of the powers granted by this chapter is
24 considered to be for a public purpose.

25 **Sec. 42.50.020. Board of directors.** (a) The corporation shall be governed by a
26 board of directors consisting of not more than 13 members, including the following:

27 (1) the chief executive officer of each greater Railbelt utility or the
28 chief executive officer's designee, and

29 (2) an individual appointed by the governing body of each utility;

30 (3) a public director appointed by the governor; the public director
31 shall have an electric power background and be familiar with the greater Railbelt

1 region service territory and public utility financing.

2 (b) The term of a director representing a utility under (a)(1) or (2) of this
3 section expires on the earlier of the date

4 (1) the individual no longer holds the position that qualified the
5 individual to be a director; or

6 (2) the utility notifies the corporation that the utility's representative on
7 the board has been replaced.

8 (c) The term of the director appointed by the governor under (a)(3) of this
9 section is four years. If a vacancy occurs, the governor shall appoint a public director
10 to serve the remaining term of the director.

11 (d) The board may remove a director for cause on two-thirds majority vote of
12 the full board. The bylaws must provide a mechanism for a utility to appoint an
13 alternate director if the chief executive officer of the utility is removed from the board.

14 (e) A majority of the directors constitutes a quorum for the transaction of
15 business and the exercise of the powers and duties of the board.

16 (f) The directors shall annually elect from among the directors a chair and
17 vice-chair and other board officers as may be provided in the corporation's bylaws.

18 (g) The directors may not receive a salary, but may receive per diem and
19 travel expenses paid by the corporation not to exceed the maximum amounts allowed
20 for members of boards and commissions under AS 39.20.180.

21 **Sec. 42.50.030. Board meetings open; exceptions.** (a) A meeting of the board
22 may be attended by the public. The bylaws of the corporation must provide for public
23 participation at board meetings. Except when a voice vote is authorized, a vote shall
24 be conducted in a manner that the public may know the vote of each person entitled to
25 vote. The board may conduct a meeting by teleconference or similar communications
26 equipment if the board gives reasonable notice of the meeting and if the public is able
27 to attend the meeting and hear the meeting. This section applies only to a meeting at
28 which a quorum of the board participates.

29 (b) Before holding an executive session, the board must convene in a regular
30 or special meeting. The board may hold an executive session to discuss matters that
31 come within the exceptions contained in (c) of this section on a majority vote of the

1 board. A subject may not be considered at the executive session except those
2 mentioned in the motion calling for the executive session unless auxiliary to the main
3 question. Formal action may not be taken during the executive session of the board.

4 (c) The following excepted subjects may be discussed in an executive session:

5 (1) matters the knowledge of which would clearly have an adverse
6 effect on the finances of the corporation;

7 (2) subjects that tend to prejudice the reputation and character of a
8 person; however, the person may request a public discussion;

9 (3) matters discussed with an attorney for the corporation, the
10 knowledge of which could have an adverse effect on the legal position of the
11 corporation;

12 (4) matters that by law are required to be confidential;

13 (5) matters pertaining to a plan, a program, or procedures for
14 establishing, maintaining, or restoring security, or to a detailed description or
15 evaluation of systems, facilities, or infrastructure in the corporation, but only to the
16 extent that the discussion of the matter in public

17 (A) could reasonably be expected to interfere with the
18 implementation or enforcement of the security plan, program, or procedures;

19 (B) would disclose confidential guidelines for investigations or
20 enforcement and the disclosure could reasonably be expected to risk
21 circumvention of the law; or

22 (C) could reasonably be expected to endanger the life or
23 physical safety of an individual or to present a real and substantial risk to the
24 public health and welfare.

25 (d) Notice shall be given for all regular or special meetings of the board as
26 provided in the bylaws of the corporation.

27 **Sec. 42.50.040. Officers and employees.** (a) The board shall employ a chief
28 executive officer. The chief executive officer may not be a member of the board and
29 serves at the pleasure of the board.

30 (b) The board shall appoint officers of the corporation as required by the
31 corporation's bylaws and as the board determines to be necessary for the effective

1 operations of the corporation. An executive, operating, administrative, or other
2 salaried officer of the corporation may not be a member of the board.

3 (c) The chief executive officer may hire employees of the corporation as
4 necessary for the efficient performance of the functions of the corporation. The board
5 shall approve the range of compensation for employees. Employees of the corporation
6 are not employees of the state and are not considered to be employees of a public
7 organization for the purposes of AS 39.35.

8 **Sec. 42.50.050. Bylaws.** The board may adopt bylaws for the corporation for
9 the governance and management of the affairs of the corporation, and may alter,
10 amend, or repeal them. The bylaws shall be consistent with this chapter and other laws
11 that apply to the corporation.

12 **Sec. 42.50.060. Indemnification of directors, officers, and employees.** The
13 corporation may indemnify directors, officers, and employees, or may purchase and
14 maintain insurance on behalf of directors, officers, and employees. The
15 indemnification and purchase and maintenance of insurance must comply with
16 AS 10.06.490.

17 **Sec. 42.50.070. General powers of the corporation.** The corporation may

- 18 (1) sue and be sued in its name;
19 (2) have perpetual existence;
20 (3) adopt a corporate seal and alter it;
21 (4) participate with state departments and agencies in formulating and
22 implementing electric power policy and in planning for the development, construction,
23 and operation of adequate electric power generation and transmission facilities for the
24 greater Railbelt region service territory;
25 (5) engage in programs to support the efforts of the greater Railbelt
26 electric utilities and affiliated electric utilities in order to enhance the development,
27 efficiency, reliability, safety, and price stability of electric power in the greater
28 Railbelt region service territory;
29 (6) generate, manufacture, purchase, acquire, accumulate, transmit,
30 meter, and economically dispatch electric power, and sell at wholesale, supply, and
31 dispose of electric power to greater Railbelt electric utilities and affiliated electric

1 utilities;

2 (7) procure fuel supplies, fuel storage capacity, and fuel transmission
3 resources;

4 (8) construct, buy, lease, or otherwise acquire, and equip, maintain,
5 and operate, and sell, assign, convey, lease, mortgage, pledge, or otherwise dispose of
6 or encumber land, buildings, structures, electric power lines or systems, dams, plants
7 and equipment, and any other real or personal property, tangible or intangible, that is
8 necessary, convenient, or appropriate to accomplish the purpose for which the
9 corporation is organized;

10 (9) buy, lease, or otherwise acquire, and use, and exercise and sell,
11 assign, convey, mortgage, pledge, or otherwise dispose of or encumber franchises,
12 rights, privileges, licenses, and easements;

13 (10) borrow money and otherwise contract indebtedness, issue
14 evidence of indebtedness, and secure the payment of the indebtedness by mortgage,
15 pledge, or deed of trust of, or any other encumbrance on its real or personal property,
16 assets, franchises, or revenue;

17 (11) construct, maintain, and operate electric transmission lines, along,
18 on, under, and across publicly owned land and public thoroughfares, including,
19 without limitation, all roads, highways, streets, alleys, bridges, and causeways;

20 (12) exercise the power of eminent domain under AS 42.05.631,
21 except that the corporation may not exercise the power of eminent domain to take an
22 electric power generation or transmission asset, excluding rights-of-way, from an
23 original greater Railbelt electric utility or affiliated electric utility;

24 (13) acquire by purchase, lease, bequest, devise, gift, exchange, the
25 satisfaction of debts, the foreclosure of mortgages, or otherwise, personal property,
26 rights, rights-of-way, franchises, easements, and other interests in land, and acquire by
27 appropriation water rights that are located in the state, taking title to the property in the
28 name of the corporation;

29 (14) hold, maintain, use, operate, improve, lease, exchange, donate,
30 convey, alienate, encumber, or otherwise grant a security interest in, or authorize use
31 or dispose of, land or personal property, subject to other provisions of this chapter;

1 (15) contract with and accept transfers, gifts, grants, or loans of funds
2 or property from the United States or from the state or its political subdivisions,
3 subject to other provisions of federal or state law or municipal ordinances;

4 (16) undertake and provide for the management, operation,
5 maintenance, use, repair, renovation, and control of all of the property of the
6 corporation;

7 (17) apply to the state, the United States, and foreign countries or other
8 proper agencies for the permits, licenses, rights-of-way, or approvals necessary to
9 construct, maintain, and operate electric power and related services, and obtain, hold,
10 and reuse the licenses and permits in the same manner as other similar operators;

11 (18) enter into agreements with the state or a state agency or other
12 instrumentality of the state;

13 (19) adopt, amend, and repeal bylaws;

14 (20) make all contracts necessary, convenient, or appropriate for the
15 full exercise of its powers;

16 (21) conduct its business and exercise its powers inside or outside the
17 state;

18 (22) do and perform any other act and thing, and have and exercise any
19 other power that may be necessary, convenient, or appropriate to accomplish the
20 purpose for which the corporation is organized; and

21 (23) create subsidiary corporations, including subsidiary corporations
22 organized under AS 10.20.

23 **Sec. 42.50.080. Public utility powers and regulation.** The corporation shall
24 have all of the powers and duties of a regulated electric public utility under AS 42.05,
25 except as follows:

26 (1) the corporation is not required to obtain a certificate under
27 AS 42.05.221; and

28 (2) the corporation may not make retail sales of electric power.

29 **Sec. 42.50.090. Integrated resource plan.** (a) The corporation shall adopt an
30 integrated resource plan for the corporation to use in conjunction with the long-range
31 fuel supply plan for determining the need for, and selection of, electric generation and

1 transmission projects to ensure delivery of safe, reliable, and sustainable electric
2 power to greater Railbelt electric utilities at the lowest feasible long-term cost. The
3 corporation, in adopting and updating the plan, shall evaluate and consider
4 recommendations made in any applicable state energy plan or state integrated resource
5 plan. If the corporation's integrated resource plan deviates from other state energy or
6 resource plans, the corporation's plan must include a report explaining the reasons for
7 the deviation.

8 (b) The board shall annually review the integrated resource plan and update
9 the plan at least once every five years.

10 (c) The integrated resource plan and updates to the plans must be made
11 available on the Internet to greater Railbelt electric utilities, the governor, the
12 legislature, and the public.

13 **Sec. 42.50.100. Long-range fuel supply.** (a) The corporation must adopt a
14 long-range fuel supply plan for the corporation to use in conjunction with the
15 integrated resource plan for determining the need for and selection of fuel supplies to
16 be used by electric generation projects for delivery of safe, reliable, and sustainable
17 electric power to greater Railbelt electric utilities at the lowest feasible long-term cost.
18 In adopting and updating the long-range fuel supply plan, the corporation shall
19 evaluate recommendations made in any applicable state energy plan or state integrated
20 resource plan. If the corporation deviates from recommendations in a state plan, the
21 adopted or updated long-range fuel supply plan must include a report explaining the
22 reasons for the deviation.

23 (b) The board shall annually review, and regularly update the long-range fuel
24 supply plan at least once every five years.

25 (c) The board shall make all long-range fuel supply plans available on the
26 Internet to the greater Railbelt electrical utilities, the governor, the legislature, and the
27 public

28 **Sec. 42.50.110. Long-range capital improvement plan.** (a) The corporation
29 shall adopt a long-range capital improvement plan. The plan must describe the manner
30 in which the corporation intends to accomplish the purposes of this chapter and
31 anticipated capital improvements during each of the following 10 years. The plan shall

1 be based on the principle of providing safe, reliable, and sustainable electric power to
2 greater Railbelt electric utilities at the lowest feasible long-term cost.

3 (b) The board shall annually review, approve revisions to, and update the
4 long-range capital improvement plan on or before September 30 of each year.

5 (c) The long-range capital improvement plan and any update shall be made
6 available on the Internet to greater Railbelt electric utilities, the governor, the
7 legislature, and the public.

8 **Sec. 42.50.120. Long-range capital management plan.** (a) The corporation
9 shall adopt a long-range capital management plan. The plan must describe the manner
10 in which the corporation intends to accomplish the purposes of this chapter and the
11 corporation's plans for acquisition, accumulation, and issuance of equity and debt for
12 each of the following 10 years. The plan shall be based on the principle of providing
13 safe, reliable, and sustainable electric power to greater Railbelt electric utilities at the
14 lowest feasible long-term cost.

15 (b) The board shall annually review, approve revisions to, and update the
16 long-range capital management plan on or before September 30 of each year.

17 (c) The long-range capital management plan and any update shall be made
18 available on the Internet to the greater Railbelt electric utilities, the governor, the
19 legislature, and the public.

20 **Sec. 42.50.130. Pledge of the state.** (a) The state pledges to and agrees with
21 any lender to the corporation that the state will not limit or alter the rights and powers
22 given to the corporation by this chapter to fulfill the terms of a contract made by the
23 corporation with the lender to the corporation, or in any way impair the rights and
24 remedies of the lender to the corporation. The corporation is authorized to include this
25 pledge and agreement of the state in a contract with any lender to the corporation.

26 (b) The pledge of the state is limited to the express provisions of (a) of this
27 section and is not a guarantee, surety, promise, undertaking, or assurance of repayment
28 or performance of any obligation of the corporation.

29 **Sec. 42.50.140. Fuel supply.** The corporation may acquire long-term fuel
30 supplies as required to ensure electric power generation facilities can operate without
31 fuel-related interruption, including direct ownership of fuel supply production,

1 transportation, and storage facilities as required to meet the corporate purpose stated in
2 AS 42.50.010(b). The corporation may acquire long-term fuel supplies under this
3 section in conjunction with other persons acquiring long-term fuel supplies for any
4 lawful purpose.

5 **Sec. 42.50.150. Tax exemption.** The real and personal property of the
6 corporation and the assets, income, and receipts of the corporation are exempt from all
7 taxes and special assessments of the state or a political subdivision of the state.

8 **Sec. 42.50.160. Reports and publications.** The board shall publish on the
9 Internet an annual report for the greater Railbelt electric utilities. The report shall be
10 made available to the governor, the legislature, and the public. The report must include
11 financial statements audited by independent outside auditors, a discussion of the
12 corporation's circumstances and operations during the period covered by the report,
13 and any other information that the board believes would be of interest to the governor,
14 the legislature, and the public, or that the legislature requests the board to include. The
15 board may publish other reports considered appropriate to its purposes.

16 **Sec. 42.50.170. Right to examine books and records.** (a) Except as provided
17 in (c) of this section, greater Railbelt electric utilities and the public may, at a
18 reasonable time and for any proper purpose, examine and make copies of the books
19 and records of the corporation at the principal office of the corporation.

20 (b) The corporation may charge a requestor an amount equal to the actual cost
21 of duplicating documents requested under this section.

22 (c) The corporation may withhold books and records concerning the following
23 subjects:

24 (1) records required to be kept confidential by law, municipal charter,
25 or ordinance;

26 (2) personnel records;

27 (3) records that are proprietary, privileged, or a trade secret;

28 (4) records or information pertaining to a plan, a program, or
29 procedures for establishing, maintaining, or restoring security, or to a detailed
30 description or evaluation of systems, facilities, or infrastructure of the corporation, but
31 only to the extent that the production of the records or information

1 (A) could reasonably be expected to interfere with the
2 implementation or enforcement of the security plan, program, or procedures;

3 (B) would disclose confidential guidelines for investigations or
4 enforcement and the disclosure could reasonably be expected to risk
5 circumvention of the law; or

6 (C) could reasonably be expected to endanger the life or
7 physical safety of an individual or to present a real and substantial risk to the
8 public health and welfare;

9 (5) specific matters that were prepared for or during an executive
10 session of the board and not subsequently made public by the corporation.

11 **Sec. 42.50.180. Audits and examinations of the corporation.** (a) At the
12 direction of the Legislative Budget and Audit Committee, the legislative auditor may
13 conduct an audit of the corporation in the manner and under the conditions established
14 under AS 24.20.271.

15 (b) The legislative auditor and the auditor's employees may not disclose
16 information acquired in the course of an audit of the corporation concerning the
17 particulars of the business or affairs of a borrower of the corporation or another
18 person, unless the information is required to be disclosed by law or under a court
19 order.

20 (c) The corporation shall be audited annually by an independent outside
21 auditor. The legislative auditor may confer with the outside auditor and review the
22 work papers of the audit. The board shall engage the outside auditor, who shall be
23 responsible to the board. The corporation shall submit copies of each report of the
24 outside auditor to the legislative auditor within 30 days after receipt of the report by
25 the corporation.

26 **Sec. 42.50.190. Dissolution, merger, consolidation, and disposition of**
27 **assets.** Without legislative approval, the corporation may not

28 (1) dissolve;

29 (2) merge or consolidate; or

30 (3) dispose of corporate assets other than in the ordinary course of
31 business.

1 **Sec. 42.50.490. Definitions.** In this chapter, unless the context otherwise
2 requires,

3 (1) "affiliated electric utilities" means an electric utility that is wholly
4 owned by one or more greater Railbelt electric utilities and by or through which one or
5 more greater Railbelt electric utilities obtain electric power or electric generation or
6 transmission services;

7 (2) "board" means the board of directors of the corporation;

8 (3) "corporation" means the Greater Railbelt Energy and Transmission
9 Corporation;

10 (4) "electric power" means electric energy and capacity;

11 (5) "greater Railbelt electric utilities" means

12 (A) Homer Electric Association, Inc.;

13 (B) the City of Seward, Electric Utility Department;

14 (C) Chugach Electric Association, Inc.;

15 (D) the Municipality of Anchorage d/b/a Municipal Light and
16 Power Utility;

17 (E) Matanuska Electric Association, Inc.;

18 (F) Golden Valley Electric Association, Inc.; and

19 (G) an entity holding a certificate of public convenience and
20 necessity issued by the Regulatory Commission of Alaska, that succeeds to the
21 entity named in (A) - (F) of this paragraph as the result of a merger or
22 acquisition; if two or more of the entities named in (A) - (F) of this paragraph
23 merge or otherwise combine under this subparagraph, the list of entities that
24 make up the greater Railbelt electric utilities is reduced to include only the
25 succeeding entity;

26 (6) "greater Railbelt region service territory" means the combined
27 service territories identified in the certificates of public convenience and necessity
28 issued by the Regulatory Commission of Alaska for each of the greater Railbelt
29 electric utilities.

30 * **Sec. 3.** AS 24.20.271(9)(B); AS 42.50.010, 42.50.020, 42.50.030, 42.50.040, 42.50.050,
31 42.50.060, 42.50.070, 42.50.080, 42,50.090, 42.50.100, 42.50.110, 42.50.120, 42.50.130,

1 42.50.140, 42.50.150, 42.50.160, 42.50.170, 42.50.180, 42.50.190, and 42.50.490 are
2 repealed.

3 * **Sec. 4.** AS 42.50.490(5)(A), enacted by sec. 2 of this Act, is repealed.

4 * **Sec. 5.** AS 42.50.490(5)(B), enacted by sec. 2 of this Act, is repealed.

5 * **Sec. 6.** AS 42.50.490(5)(C), enacted by sec. 2 of this Act, is repealed.

6 * **Sec. 7.** AS 42.50.490(5)(D), enacted by sec. 2 of this Act, is repealed.

7 * **Sec. 8.** AS 42.50.490(5)(E), enacted by sec. 2 of this Act, is repealed.

8 * **Sec. 9.** AS 42.50.490(5)(F), enacted by sec. 2 of this Act, is repealed.

9 * **Sec. 10.** Sections 11 - 13 of this Act are repealed.

10 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 TRANSITION: TRANSITION AND FINANCE PLAN; REPORT; TERM OF
13 INITIAL PUBLIC DIRECTOR. (a) The Greater Railbelt Energy and Transmission
14 Corporation shall organize and, jointly with the Alaska Energy Authority, develop on or
15 before January 19, 2010, a transition and finance plan to enable the corporation to eventually
16 become an all-requirements supplier of electric power and transmission services to greater
17 Railbelt electric utilities. The transition and finance plan must include the following:

18 (1) a phased commitment agreement among the Alaska Energy Authority, the
19 corporation, and two or more greater Railbelt electric utilities that

20 (A) identifies commitments by the corporation, the state, and the
21 utilities, that are necessary to enable the corporation to achieve the corporate purpose
22 stated in AS 42.50.010(b); and

23 (B) includes commitments by which the utilities will, over time,
24 contract to obtain from the corporation electric power and transmission services;

25 (2) provisions to address the equity and creditworthiness of the corporation
26 and the greater Railbelt electric utilities to secure repayment of existing and new intermediate
27 and long-term financing for the construction or acquisition of electric power generation and
28 transmission assets needed in the greater Railbelt region service territory; the provisions made
29 under this paragraph must include provisions to

30 (A) repay debt associated with any electric power generation or
31 transmission asset transferred to the corporation;

1 (B) secure adequate financing for a new electric power generation or
2 transmission asset that becomes necessary before the corporation becomes fully
3 functional; and

4 (C) create a capital defeasance fund to secure repayment of new or
5 existing debt associated with electric power generation and transmission assets;

6 (3) a plan to development the business organization of the corporation;

7 (4) a plan to eventually acquire ownership of, or operational control over,
8 greater Railbelt region service territory electric power generation and transmission assets
9 necessary for the corporation to fulfill its corporate purposes;

10 (5) provisions to ensure that the transition

11 (A) does not negatively affect the ability of any greater Railbelt
12 electric utility to operate and generate sufficient revenue to meet all obligations to
13 ratepayers, creditors, and lenders; and

14 (B) includes adequate mechanisms to build sufficient equity to provide
15 for the financing of and for the construction or acquisition of generation and
16 transmission assets needed in the greater Railbelt region service territory before the
17 corporation becomes the all-requirements supplier of electric power and transmission
18 services to greater Railbelt electric utilities;

19 (6) reliability standards for electric power generation and transmission
20 services provided by the corporation based on national loss of load probability for forced
21 outage rates and outage duration for the greater Railbelt region service territory; and

22 (7) recommendations for statutory changes to improve the ability of the
23 corporation to achieve the corporate purpose stated in AS 42.50.010(b), enacted by sec. 2 of
24 this Act.

25 (b) The Greater Railbelt Energy and Transmission Corporation shall annually report
26 to the governor, the legislature, and, on the Internet, the public on progress made toward
27 implementing the transition and financing plan. The annual report must include a description
28 of

29 (1) progress made and action taken since the last annual report;

30 (2) actions taken to acquire existing electric power generation and
31 transmission assets from greater Railbelt electric utilities and affiliated electric utilities;

1 (3) action taken to plan for acquisition or construction of new electric power
2 generation and transmission assets, including project status relating to design, permitting,
3 construction, and financing;

4 (4) recommendations for financing the construction or acquisition of
5 necessary electric power generation or transmission assets, which may include the acquisition
6 of those services from independent power producers;

7 (5) action taken to develop or adopt an integrated resource plan;

8 (6) action taken to maintain reliability standards by each greater Railbelt
9 electric utility; and

10 (7) other information requested by the governor or legislature.

11 (c) Notwithstanding AS 42.50.020(c), enacted by sec. 2 of this Act, the term of the
12 initial public director appointed by the governor under AS 42.50.020(a)(3), enacted by sec. 2
13 of this Act, expires on June 30, 2012.

14 (d) In this section,

15 (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

16 (2) "corporation" has the meaning given in AS 42.50.490, enacted by sec. 2 of
17 this Act;

18 (3) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490,
19 enacted by sec. 2 of this Act;

20 (4) "Greater Railbelt Energy and Transmission Corporation" means the
21 corporation established in AS 42.50.010, enacted by sec. 2 of this Act;

22 (5) "greater Railbelt region service territory" has the meaning given in
23 AS 42.50.490, enacted by sec. 2 of this Act.

24 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 REPORT ON PROPOSED LEGISLATION REGARDING THE REGULATORY
27 COMMISSION OF ALASKA AND THE GREATER RAILBELT ENERGY AND
28 TRANSMISSION CORPORATION. (a) The Greater Railbelt Energy and Transmission
29 Corporation shall, on or before January 19, 2010, report to the governor and legislature on
30 proposed statutory changes regarding the scope of regulation of the corporation by the
31 Regulatory Commission of Alaska. The report must address the following:

1 (1) rates for electric power sales and transmission to enable the corporation to
2 recover its reasonable costs;

3 (2) a single, system-wide rate for electric power sales and transmission for
4 greater Railbelt electric utilities that become all-requirements purchasers of electric power and
5 transmission services from the corporation;

6 (3) system-wide rates for electric power sales and transmission and other
7 services for greater Railbelt electric utilities that become partial-requirements purchasers of
8 electric power and transmission and other services from the corporation;

9 (4) rates for electric power sales and transmission adequate to meet all
10 financial covenants contained in mortgages or other lending instruments of the corporation;

11 (5) the principles and practices regarding accounts, records, and reports
12 contained in AS 42.05.451 – 42.05.501 to ensure full disclosure of information necessary to
13 determine the revenue requirement of the corporation;

14 (6) statutory deadlines for the Regulatory Commission of Alaska to consider
15 and issue final orders on regulatory filings required from the corporation;

16 (7) the scope of Regulatory Commission of Alaska review of the capital
17 management, cash flow, and capital improvement plans of the corporation;

18 (8) a revenue requirement and rate for electric power sales and transmission to
19 be established annually by the corporation in a simplified rate making process at the end of
20 each rate year; a true-up system will credit or charge amounts to greater Railbelt electric
21 utilities; rate stabilization and renewal and replacement funds may be included in the revenue
22 requirement and rates established for electric power sales and transmission services.

23 (b) In this section, unless the context otherwise requires,

24 (1) "corporation" has the meaning given in AS 42.50.490, enacted by sec. 2 of
25 this Act;

26 (2) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490,
27 enacted by sec. 2 of this Act;

28 (3) "Greater Railbelt Energy and Transmission Corporation" means the
29 corporation established in AS 42.50.010, enacted by sec. 2 of this Act;

30 (4) "Regulatory Commission of Alaska" means the commission created in
31 AS 42.04.010.

1 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 LEGISLATIVE AUTHORIZATION TO CONVEY. (a) Notwithstanding
4 AS 44.83.396, the Alaska Energy Authority may convey to the Greater Railbelt Energy and
5 Transmission Corporation the Bradley Lake Hydroelectric Project and the Alaska Intertie,
6 under terms and conditions acceptable to the Alaska Energy Authority, under a phased
7 commitment agreement negotiated and entered among the Alaska Energy Authority, the
8 Greater Railbelt Energy and Transmission Corporation, and two or more greater Railbelt
9 electric utilities. In the phased commitment agreement, the Alaska Energy Authority may
10 agree to convey either the Bradley Lake Hydroelectric Project or the Alaska Intertie after the
11 Alaska Energy Authority obtains necessary approvals, or after outstanding bonds or other
12 outstanding debt associated with the Bradley Lake Hydroelectric Project or with the Alaska
13 Intertie are paid, refinanced, or defeased. Nothing in this section precludes the Alaska Energy
14 Authority from contracting with the Greater Railbelt Energy and Transmission Corporation
15 for the operation or maintenance of either the Bradley Lake Hydroelectric Project or the
16 Alaska Intertie before completion of a conveyance authorized by this section.

17 (b) In this section, unless the context otherwise requires,

18 (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

19 (2) "Alaska Intertie" means the electric power transmission intertie owned by,
20 or subject to contractual rights of, the Alaska Energy Authority, and located between the
21 Teeland substation near Knik, Alaska, and Healy, Alaska;

22 (3) "Bradley Lake Hydroelectric Project" means the hydroelectric project
23 owned by the Alaska Energy Authority, and licensed as Project Number 8221 under 16
24 U.S.C. 792 – 823c (Federal Power Act);

25 (4) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490,
26 enacted by sec. 2 of this Act;

27 (5) "Greater Railbelt Energy and Transmission Corporation" means the
28 corporation established in AS 42.50.010, enacted by sec. 2 of this Act;

29 (6) "phased commitment agreement" means a phased commitment agreement
30 among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission
31 Corporation, and two or more greater Railbelt electric utilities, under which greater Railbelt

1 electric utilities plan to develop a contract under sec. 11 of this Act to obtain electric power
2 and transmission services from the Greater Railbelt Energy and Transmission Corporation to
3 be developed.

4 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 **CONDITIONAL EFFECT.** (a) The following sections of this Act take effect only if
7 the listed utility fails to deliver to the Alaska Energy Authority, not later than July 31, 2010, a
8 letter of intent in the form and substance acceptable to the Alaska Energy Authority, under
9 which the listed utility commits to enter a phased commitment agreement among the Alaska
10 Energy Authority, the Greater Railbelt Energy and Transmission Corporation, and the listed
11 utility. The listed utilities and applicable sections of this Act are as follows:

12 (1) Homer Electric Association, Inc., sec. 4 of this Act;
13 (2) the City of Seward, Electric Utility Department, sec. 5 of this Act;
14 (3) Chugach Electric Association, Inc., sec. 6 of this Act;
15 (4) the Municipality of Anchorage d/b/a Municipal Light and Power Utility,
16 sec. 7 of this Act;

17 (5) Matanuska Electric Association, Inc., sec. 8 of this Act;

18 (6) Golden Valley Electric Association, Inc., sec. 9 of this Act.

19 (b) If fewer than two of the listed utilities in (a) of this section meet the conditions
20 described in (a) of this section, secs. 10 - 13 of this Act take effect.

21 (c) The executive director of the Alaska Energy Authority shall notify the lieutenant
22 governor and the revisor of statutes when any of the conditions described in (a) and (b) of this
23 section are met.

24 (d) In this section, unless the context otherwise requires,

25 (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

26 (2) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490,
27 enacted by sec. 2 of this Act;

28 (3) "Greater Railbelt Energy and Transmission Corporation" means the
29 corporation established in AS 42.50.010, enacted by sec. 2 of this Act;

30 (4) "phased commitment agreement" means a phased commitment agreement
31 among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission

1 Corporation, and two or more greater Railbelt electric utilities, under which greater Railbelt
2 electric utilities plan to develop a contract under sec. 11 of this Act to obtain electric power
3 and transmission services from the Greater Railbelt Energy and Transmission Corporation.

4 * **Sec. 15.** This Act takes effect immediately under AS 01.10.070(c).