



March 18, 2010

The Honorable Lyman Hoffman  
The Honorable Bert Stedman  
Co-Chairs, Senate Finance Committee  
Alaska State Legislature  
State Capitol Room 516  
Juneau, Alaska 99801-1182

RE: SB 301, "An Act relating to the Power Project Fund"

Dear Senators Hoffman and Stedman:

On March 17, 2010, SB 301 (Companion Bill HB 411) passed the Senate Resources Committee and was referred to Senate Finance. This legislation is intended to allow the Alaska Energy Authority (AEA) to charge and collect fees relating to the Power Project Fund (PPF) and authorize AEA to sell and authorize the Alaska Industrial Development and Export Authority (AIDEA) to purchase loans of the PPF.

SB 301 allows AEA to charge and collect fees in administering the PPF, similar to the authority AEA has to charge and collect fees in administering the Bulk Fuel Revolving Loan Fund (BFRLF.) AEA charges an application fee and an origination fee for a loan of the BFRLF; AEA proposes to charge similar fees for a PPF loan application and loan.

SB 301 also authorizes AEA to sell and AIDEA to purchase certain loans from the PPF. The proposed sale of existing loans will recapitalize the PPF with approximately \$20.6 million. To maximize the price paid to AEA for the sale of the loans, the bill includes provisions for AEA to repurchase from AIDEA loans which later default. This repurchase provision substantially reduces financial risk to AIDEA and allows AIDEA to purchase the loans without significant discount.

We respectfully request you to schedule SB 301 for hearing in Senate Finance, and we urge favorable action on this bill. A copy of the Memorandum of Understanding between AIDEA and AEA, fiscal notes and sectional analysis are attached. We will be happy to meet with you and other members of the committee to provide any other information you may require. Thank you for considering our request.

Sincerely,

ALASKA ENERGY AUTHORITY

Steve Haagenson  
Executive Director

Attachments (4)

cc: Ted Leonard, AIDEA Executive Director