



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

SENATE BILL NO. 301

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/26/10

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the power project fund; authorizing the Alaska Energy Authority to
2 charge and collect fees relating to the power project fund; authorizing the Alaska
3 Energy Authority to sell and authorizing the Alaska Industrial Development and Export
4 Authority to purchase loans of the power project fund; providing legislative approval
5 for the sale and purchase of loans of the power project fund under the memorandum of
6 understanding dated February 17, 2010; and providing for an effective date."

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

8 * **Section 1.** AS 42.45.010(a) is amended to read:

9 (a) The power project fund is established as a separate fund. The fund shall be
10 distinct from any other money or funds of the authority and includes only money
11 appropriated by the legislature, proceeds from the sale of loans, and money
12 deposited under (g) of this section.

13 * **Sec. 2.** AS 42.45.010(d) is repealed and reenacted to read:

1 (d) The authority may adopt regulations to establish the standards, criteria, and
 2 procedures for making loans under this section, including regulations to establish
 3 reasonable fees for applications and loan origination, and charges for reimbursement
 4 of the costs of analyzing the feasibility of a project.

5 * **Sec. 3.** AS 42.45.010 is amended by adding new subsections to read:

6 (k) The authority may collect the fees and charges established under (d) of this
 7 section and shall deposit the money in the general fund.

8 (l) The authority may sell loans of the power project fund with legislative
 9 approval. The authority may use money in the power project fund to repurchase loans
 10 sold under this subsection which default. Money received by the authority from the
 11 sale of loans under this subsection shall be deposited into the power project fund under
 12 (a) of this section.

13 * **Sec. 4.** AS 44.88.080 is amended by adding a new subsection to read:

14 (30) with legislative approval and notwithstanding AS 44.88.060, to
 15 purchase from the Alaska Energy Authority as an investment of the revolving fund,
 16 loans of the power project fund established under AS 42.45.010.

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

19 LEGISLATIVE APPROVAL FOR THE SALE AND PURCHASE OF CERTAIN
 20 POWER PROJECT FUND LOANS. (a) The Alaska Energy Authority may sell, and the
 21 Alaska Industrial Development and Export Authority may purchase as an investment of the
 22 revolving fund, loans of the power project fund, under the memorandum of understanding
 23 dated February 17, 2010.

24 (b) Subsection (a) of this section is the legislative approval required by
 25 AS 42.45.010(l), enacted by sec. 3 of this Act, for the Alaska Energy Authority to sell, and
 26 required by AS 44.88.080(30), enacted by sec. 4 of this Act, for the Alaska Industrial
 27 Development and Export Authority to purchase as an investment of the revolving fund, loans
 28 of the power project fund.

29 (c) In this section, unless the context otherwise requires,

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

31 (2) "Alaska Industrial Development and Export Authority" means the

1 authority created in AS 44.88.020;

2 (3) "loans of the power project fund" means loans made by the Alaska Energy
3 Authority under AS 42.45.010, as amended by sec. 1 of this Act;

4 (4) "memorandum of understanding dated February 17, 2010" means the
5 agreement between the Alaska Energy Authority and the Alaska Industrial Development and
6 Export Authority dated February 17, 2010, under which the Alaska Energy Authority agrees
7 to sell, and the Alaska Industrial Development and Export Authority agrees to purchase,
8 certain loans of the power project fund:

9 (5) "power project fund" means the fund established under AS 42.45.010;

10 (6) "revolving fund" means the fund of the Alaska Industrial Development and
11 Export Authority established under AS 44.88.060.

12 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).

HB 411 and SB 301

An Act relating to the power project fund

Sectional Analysis

Section	Analysis
1	AS 42.45.010(a) is amended to allow proceeds from the sale of power project loans to be deposited into the power project fund (PPF).
2	AS 42.45.010(d) repeals and reenacts AEA authority to adopt regulations relating to the loan program by specifically allowing AEA to establish fees for applications and loan originations.
3	AS 42.45.010 is amended by adding new subsections – (k) to provide that fees collected will be deposited into the general fund. (l) provides authority to AEA to sell loans of the PPF with legislative approval, allows AEA to repurchase loans sold under this subsection which default, allows proceeds received to be deposited into the fund.
4	AS 44.88.080 is amended by adding new subsection (30) allowing AIDEA to purchase from AEA, as an investment of the revolving fund, PPF loans.
5	Uncodified law is amended by adding a new section providing for legislative approval for AEA to sell and AIDEA to purchase certain power project fund loans. This section references the 2/17/10 MOU between AIDEA and AEA that memorializes the proposed terms of the sale and purchase.
6	Provides for an immediate effective date

Prepared by AEA

Exhibit A

Alaska Energy Authority Power Project Loans as of 2/9/10

Payment Period	Loan #	Loan Name	Outstanding Commitment	Current Balance	Next Due Date	Interest Rate	Payment Amount	Maturity Date
Annually								
	40901044	QINARMIUT CORP	\$0.00	\$84,841.03	10/1/10	0.00	\$12,266.17	10/1/16
	40901045	CORDOVA ELEC CO OP	\$0.00	\$742,857.13	6/11/10	0.00	\$28,571.43	6/11/35
	40901047	ST PAUL, CITY OF	\$0.00	\$97,306.42	10/1/10	3.00	\$8,614.18	10/1/23
	40901048	WRANGELL, CITY OF	\$0.00	\$78,553.50	7/1/10	2.00	\$27,238.92	7/1/12
	40901050	PELICAN UTILITY DISTRICT	\$0.00	\$15,161.70	7/1/10	5.61	\$2,191.43	7/1/19
	40901057	ST PAUL, CITY OF	\$0.00	\$1,260,000.00	10/1/10	0.00	\$90,000.00	10/1/23
Total for Annually				\$2,278,719.78			\$168,882.13	
SemiAnnually								
	40901009	SITKA, CITY OF	\$0.00	\$9,178,074.93	7/1/10	4.00	\$307,037.96	1/1/33
	40901049	GWITCHYAA ZHEE UTILITY	\$0.00	\$145,384.29	7/1/10	6.16	\$9,844.52	1/1/20
	40901051	AP&T TOK DOT LAKE	\$0.00	\$232,837.77	7/1/10	0.00	\$12,254.63	7/1/19
	40901052	AP&T (TETLIN)	\$0.00	\$172,614.56	7/1/10	4.20	\$11,121.71	7/1/19
	40901059	AP&T (PRINCE OF WALES PROJECT)	\$0.00	\$893,333.30	7/1/10	0.00	\$20,000.00	1/1/37
	40901060	ELFIN COVE, COMMUNITY OF	\$0.00	\$550,325.15	7/1/10	0.00	\$13,102.98	1/1/31
	40901061	SOUTHERN ENERGY	\$0.00	\$517,673.38	7/1/10	5.60	\$21,480.18	7/1/30
	40901062	YAKUTAT, CITY & BOROUGH OF	\$0.00	\$125,792.95	7/1/10	3.00	\$7,325.59	1/1/20
	40901065	AVEC NIGHTMUTE	\$0.00	\$205,283.22	7/1/10	0.00	\$10,804.38	7/1/19
	40901068	AP&T (SKAGWAY)DYEA LINE EXTENSION	\$0.00	\$114,153.48	7/1/10	2.00	\$6,052.95	7/1/20
	40901071	TUNTUTULIAK COMMUNITY SERVICES A	\$0.00	\$129,509.64	7/1/10	0.00	\$5,396.23	1/1/22
	40901072	GUSTAVUS ELECTRIC COMPANY	\$0.00	\$118,626.84	7/1/10	5.40	\$10,288.01	1/1/17
	40901076	NAPASKIAK ELEC UTILITY	\$0.00	\$6,304.97	7/1/10	5.80	\$1,669.45	1/1/12
	40901079	TDX SAND POINT GENERATING INC	\$0.00	\$203,984.12	7/1/10	4.00	\$10,109.49	1/1/23
	40901080	AK POWER CO-POW SWITHGEAR PROJ.	\$0.00	\$167,889.70	7/1/10	5.45	\$7,639.46	1/1/27
	40901081	AK POWER CO-SKAGWAY LINE EXT	\$0.00	\$187,093.47	7/1/10	5.45	\$6,660.67	1/1/37
	40901084	AK POWER CO-SOUTH FORK HYDRO	\$0.00	\$1,576,590.23	7/1/10	5.45	\$57,000.66	1/1/36
	40901085	ADAK, CITY OF (DOWNSIZE GEN)	\$0.00	\$85,577.88	7/1/10	5.39	\$6,648.22	1/1/18
	40901086	TDX NORTH SLOPE GENERATING INC	\$0.00	\$796,539.85	7/1/10	3.00	\$34,972.27	1/1/24
	40901090	TDX NORTH SLOPE GENERATING INC	\$0.00	\$746,334.45	7/1/10	5.15	\$35,901.66	1/1/25
	40901091	TDX SAND POINT GENERATING INC	\$0.00	\$120,251.45	7/1/10	5.11	\$5,454.25	7/1/26
	40901092	AK POWER CO	\$0.00	\$63,010.57	7/1/10	5.11	\$2,912.94	1/1/26
	40901093	PORT HEIDEN, CITY OF	\$0.00	\$38,730.34	7/1/10	5.09	\$2,403.24	7/1/20
	40901094	YAKUTAT, CITY & BOROUGH OF	\$0.00	\$224,977.15	7/1/10	4.92	\$17,225.39	1/1/18
	40901095	TDX NORTH SLOPEGENERATING, INC	\$0.00	\$1,193,582.30	7/1/10	4.92	\$53,356.61	7/1/26
	40901096	CHENA POWER LLC	\$0.00	\$530,138.84	7/1/10	5.02	\$23,729.86	7/1/26
	40901097	CRAIG, CITY OF	\$0.00	\$482,653.23	7/1/10	5.05	\$19,908.31	1/1/29
	40901100	GUSTAVUS ELECTRIC, INC	\$0.00	\$928,029.76	7/1/10	4.69	\$29,659.32	7/1/38
	40901102	CHIGNIK LAGOON POWER UTILITY	\$0.00	\$30,920.85	7/1/10	4.62	\$5,599.19	1/1/13
	40901104	ALASKA WIND POWER, LLC	\$0.00	\$143,502.81	7/1/10	4.88	\$7,176.84	1/1/14
	40901106	NUSHAGAK ELECTRIC & TELEPHONE CO	\$0.00	\$12,010.97	7/1/10	4.99	\$4,820.30	1/1/15
	40901107	TDX NORTH SLOPE GENERATING, INC.	\$0.00	\$2,500,000.00	7/1/10	5.46	\$104,892.75	1/1/30
Total for SemiAnnually				\$22,421,732.45			\$872,450.02	
Grand Total				\$24,700,452.23				

Prepared by AEA

Memorandum of Understanding

This Memorandum of Understanding ("MOU") is entered into this 17th day of February, 2010, between the Alaska Energy Authority ("AEA") and the Alaska Industrial Development and Export Authority ("AIDEA").

Recitals

- A. The power project fund ("PPF") is established as a separate fund of AEA under AS 42.45.010(a).
- B. AEA may make PPF loans for financing various activities related to the development of energy generation and transmission projects, bulk fuel storage facilities, waste energy, energy conservation, or alternative energy facilities, or may make loans to the bulk fuel revolving loan fund for the purposes described in AS 42.45.250(l).
- C. The Renewable Energy Grant Fund was established under AS 42.45.045 to finance certain energy projects in Alaska, with an emphasis on feasible energy projects that provide a cost benefit to Alaska ratepayers, and projects that will serve areas in which the average cost of energy exceeds the average cost of energy in other areas of the state.
- D. AEA makes PPF loans available to assist project developers meet their matching fund obligations under the Renewable Energy Fund Grant Recommendation Program. By doing so, AEA is able to leverage the funding available from each program to better promote the development of cost efficient, renewable energy projects for the benefit of Alaska ratepayers.
- E. The PPF currently has less than \$5,000,000 available for serving the purposes of the fund.
- F. AEA desires to sell, and AIDEA desires to purchase, the outstanding PPF loans identified in the attached Exhibit A.
- G. In this MOU, in order to maximize the amount AIDEA would be willing to pay for the PPF loans identified in Exhibit A and minimize financial risk to AIDEA from purchasing the PPF loans, AEA agrees to repurchase from AIDEA any outstanding loan if the borrower has a payment default after the sale.
- H. The outstanding PPF loans identified in Exhibit A have a combined current balance as of February 9, 2010, of \$24,700,452.23, and earn interest at annual rates that range from 0% to 6.16%.

- I. AEA and AIDEA agree that the outstanding loans identified in Exhibit A have a projected present value as of the closing date (expected to be in July 2010) of approximately \$20.6 million. This present value is the value of projected loan payments over the life of the outstanding loans, discounted at 6.02%, which was AIDEA's return on investments for the three year period ended September 30, 2009.
- J. AEA and AIDEA agree that the sale and purchase of the outstanding PPF loans identified in Exhibit A at the present value of the loans will both adequately capitalize the Power Project Fund and provide a reasonable investment for the revolving fund of AIDEA.
- K. The sale and purchase of the outstanding PPF loans identified in Exhibit A will require, among other things, the enactment of legislation approving the sale and purchase.
- L. This MOU is intended to set forth the principal terms and conditions under which AEA would sell, and AIDEA would purchase, the outstanding PPF loans identified in Exhibit A. The parties intend that this MOU be incorporated into legislation to be submitted to the Alaska State Legislature authorizing the sale and purchase of the loans.

NOW, THEREFORE, in exchange for the mutual promises contained herein and for other consideration the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

- 1. AEA agrees to sell, and AIDEA agrees to purchase, the outstanding PPF loans identified in Exhibit A on the closing date, expected to be in July 2010, for a purchase price equal to the present value as of the closing date of all PPF loans identified in Exhibit A.
- 2. In this MOU, the "present value" of a PPF loan means the present value of all scheduled loan payments on the PPF loan over the entire remaining life of the PPF loan, using a discount rate of 6.02%.
- 3. Based upon the definition of "present value," AIDEA and AEA estimate that the purchase price of all PPF loans identified in Exhibit A on the closing date will be approximately \$20.6 million.
- 4. AEA shall repurchase from AIDEA any outstanding PPF loan if the borrower defaults on payment after the sale. The repurchase price shall equal the present value of the loan determined on the date of the payment default by the borrower, less any payments received by AIDEA after the payment default date. AIDEA may exercise the right to have AEA repurchase a PPF loan by sending notice to AEA of the payment default.

AEA shall pay AIDEA within 30 days of the notice of payment default from unencumbered and uncommitted funds in the Power Project Fund. If the PPF has an inadequate amount of unencumbered and uncommitted funds to repurchase the PPF loan from AIDEA within 30 days of the notice of default, AEA shall make payments to AIDEA with unencumbered and uncommitted funds as they become available in the Power Project Fund (through repayments from other PPF loans or otherwise), with interest on the unpaid balance at the annual rate of four percent (4%) from the date 30 days after the notice of default. Nothing in this paragraph precludes AIDEA from rescinding a notice of default.

WHEREFORE the parties have executed this Agreement as of the date first written above.

Alaska Energy Authority


by: Steve Haagenson
Executive Director

Alaska Industrial Development and Export Authority


by: Ted Leonard
Executive Director

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 301
 (S) Publish Date: 2/26/10

Identifier (file name): 0974-DOT-CO-01-04-10

Dept. Affected: DOT&P
 RDU Administration and Support Services
 Component Commissioner's Office

Title Power Project Fund

Sponsor _____
 Requester _____

Component Number 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on the Department of Transportation and Public Facilities

Prepared by: Mary Siroky, Legislative Liaison
 Division: DOT&PF, Commissioner's Office
 Approved by: Frank Richards
Deputy Commissioner, DOT&PF

Phone 465-4772
 Date/Time 1/4/10 5:25 PM
 Date 1/4/2010

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 301
 (S) Publish Date: 2/26/10

Identifier (file name): 0974-REV-TRS-1-6-10 Dept. Affected: Revenue
 Title AIDEA Power Project Fund RDU Taxation and Treasury
 Component Treasury
 Sponsor Rules
 Requester Request of Governor Component Number 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

The Department of Revenue anticipates no fiscal impact as a result of this legislation.

Prepared by: Ginger Blaisdell for Jerry Burnett, Deputy Commissioner
 Division: Treasury Division
 Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone 465-3669
 Date/Time 1/5/10; 9:48am
 Date 1/6/10; 1:49pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3 **CORRECTED**
 Bill Version: SB 301
 (S) Publish Date: 3/8/10

Identifier (file name): SB301-CED-AIDEA-3-2-10 Dept. Affected: DCCED
 Title: Power Project Fund Loan Portfolio Sale RDU: 125
 Component: AIDEA Operations
 Sponsor: Rules by Request of the Governor
 Requester: Senate Resources Committee Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the Alaska Energy Authority (AEA) to charge and collect fees relating to the power project fund (PPF.) See AEA's fiscal note for details.

In addition to authorizing the collection of fees, this bill allows AEA to sell and the Alaska Industrial Development and Export Authority to make a one-time purchase of substantially all loans from the PPF loan portfolio.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations
 Division: Alaska Industrial Development and Export Authority
 Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Phone 907-771-3012
 Date/Time 2/17/10 12:00 AM
 Date 3/2/2010

FISCAL NOTE 3 **CORRECTED**

**STATE OF ALASKA
2010 LEGISLATIVE SESSION**

BILL NO. SB 301 _____

ANALYSIS CONTINUATION

AEA and AIDEA have developed a memorandum of understanding outlining the terms of the sale. AIDEA will purchase outstanding loans at a discount rate equivalent to 6.02%, its return on investments for the 3-year period ended September 30, 2009. To maximize the price paid, AEA agrees to repurchase from AIDEA loans which later default. Estimated sale proceeds are approximately \$20.6 million. The closing date of the sale is anticipated to be in July 2010.

No additional operating costs are anticipated with this legislation.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 4 **CORRECTED**
 Bill Version: SB 301
 (S) Publish Date: 3/8/10

Identifier (file name): SB301-CED-AEA-3-2-10 Dept. Affected: DCCED
 Title Power Project Fund Loan Portfolio Sale RDU 453
 Sponsor Rules by Request of the Governor Component Statewide Project Development
 Requester Senate Resources Committee Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()	**							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the Alaska Energy Authority (AEA) to charge and collect fees relating to the power project fund (PPF.) Currently, AEA only collects funds from applicants relating to the direct cost of analyzing the feasibility of a project. All fees would be deposited into the general fund; however, AEA will request an annual appropriation to have collected fees be deposited into the PPF. A similar annual appropriation is requested for fees collected from bulk fuel loans. ** Estimated fees are indeterminate until regulations are adopted; however, as a reference, AEA charges a \$25 application fee and a .5% origination fee for loans from the Bulk Fuel Revolving Loan Fund.

In addition to authorizing the collection of fees, this bill allows AEA to sell and the Alaska Industrial Development (continued on page 2)

Prepared by: Sara Fisher-Goad, Deputy Director-Operations Phone 907-771-3012
 Division Alaska Energy Authority Date/Time 2/17/10 12:00 AM
 Approved by: Emil Notti, Commissioner Date 3/2/2010
Department of Commerce, Community and Economic Development

FISCAL NOTE 4 **CORRECTED**

**STATE OF ALASKA
2010 LEGISLATIVE SESSION**

BILL NO. SB 301

ANALYSIS CONTINUATION

and Export Authority to make a one-time purchase of substantially all loans from the PPF loan portfolio. AEA and AIDEA have developed a memorandum of understanding outlining the terms of the sale. AIDEA will purchase outstanding loans at a discount rate equivalent to 6.02%, its return on investments for the 3-year period ended September 30, 2009. To maximize the price paid, AEA agrees to repurchase from AIDEA loans which later default. Estimated sale proceeds are approximately \$20.6 million. The closing date of the sale is anticipated to be in July 2010.

No additional operating costs are anticipated with this legislation.