

CS FOR HOUSE BILL NO. 238(FIN)

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

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/27/01

Referred: Rules

Sponsor(s): REPRESENTATIVE LANCASTER

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the powers of the Alaska Energy Authority; and providing for the**
2 **power transmission intertie loan program of the Alaska Energy Authority."**

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

4 *** Section 1.** AS 44.83.080 is amended to read:

5 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
6 purposes, the authority has the following powers in addition to its other powers:

7 (1) to sue and be sued;

8 (2) to have a seal and alter it at pleasure;

9 (3) to make and alter bylaws for its organization and internal
10 management;

11 (4) to adopt regulations governing the exercise of its corporate powers;

12 (5) to improve, equip, operate, and maintain power projects;

13 (6) to issue bonds to carry out any of its corporate purposes and
14 powers, including the establishment or increase of reserves to secure or to pay the

1 bonds or interest on them, and the payment of all other costs or expenses of the
 2 authority incident to and necessary or convenient to carry out its corporate purposes
 3 and powers;

4 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
 5 encumber in any manner by mortgage or by creation of any other security interest, real
 6 or personal property owned by it, or in which it has an interest, when, in the judgment
 7 of the authority, the action is in furtherance of its corporate purposes;

8 (8) to accept gifts, grants, or loans from, and enter into contracts or
 9 other transactions regarding them, with any person;

10 (9) to deposit or invest its funds, subject to agreements with
 11 bondholders;

12 (10) to enter into contracts with the United States or any person and,
 13 subject to the laws of the United States and subject to concurrence of the legislature,
 14 with a foreign country or its agencies, for the **construction**, financing, operation, and
 15 maintenance of all or any part of a power project **or bulk fuel storage facility**, either
 16 inside or outside the state, and for the sale or transmission of power from a **power**
 17 project or any right to the capacity of it or for the security of any bonds of the
 18 authority issued or to be issued for the project;

19 (11) to enter into contracts with any person and with the United States,
 20 and, subject to the laws of the United States and subject to the concurrence of the
 21 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
 22 transmission, or use of power from a project, or any right to the capacity of it;

23 (12) to apply to the appropriate agencies of the state, the United States,
 24 and to a foreign country and any other proper agency for the permits, licenses, or
 25 approvals as may be necessary, and to maintain and operate power projects in
 26 accordance with the licenses or permits, and to obtain, hold, and use the licenses and
 27 permits in the same manner as any other person or operating unit;

28 (13) to enter into contracts or agreements with respect to the exercise
 29 of any of its powers, and do all things necessary or convenient to carry out its
 30 corporate purposes and exercise the powers granted in this chapter;

31 (14) to recommend to the legislature

1 (A) the pledge of the credit of the state to guarantee repayment
2 of all or any portion of revenue bonds issued to assist in construction of power
3 projects;

4 (B) an appropriation from the general fund

5 (i) for debt service on bonds or other project purposes;

6 or

7 (ii) to reduce the amount of debt financing for the

8 project;

9 (15) to carry out the powers and duties assigned to it under AS 42.45;

10 **(16) to make grants or loans to any person and enter into contracts**

11 **or other transactions regarding the grants or loans.**

12 * **Sec. 2.** AS 44.83 is amended by adding a new section to read:

13 **Article 5A. Power Transmission Intertie Loan Program.**

14 **Sec. 44.83.550. Power transmission intertie loan program.** (a) A power
15 transmission intertie fund is established in the Alaska Energy Authority to carry out
16 the purposes of this section. The fund consists of money appropriated to it by the
17 legislature.

18 (b) The fund may be used by the authority to

19 (1) extend and upgrade power transmission interties in the state; and

20 (2) make loans to public utilities and other entities for

21 (A) acquisition, design, and construction of power transmission
22 interties in the state;

23 (B) acquisition, design, and construction of regional power
24 projects; and

25 (C) retirement of capital construction debt of electric utilities
26 related to the acquisition, design, and construction of power projects.

27 (c) A loan for a project or intertie issued under (b)(2) of this section is
28 contingent on the execution of a written agreement entered into by the borrower and
29 the Alaska Energy Authority in which the borrower agrees to

30 (1) pay the design, construction, and other costs related to the power
31 project or power transmission intertie that exceed the amount of the loan;

1 (2) pay the operation and maintenance costs of the power project or
2 power transmission line; and

3 (3) provide for the allocation of costs that may reasonably be charged
4 to other utilities for use of the power project or power transmission intertie.

5 (d) In setting the terms and conditions with respect to a loan from the power
6 transmission intertie fund, the authority may include the terms and conditions it
7 considers advisable, including making loans for which no interest is charged.

8 (e) The authority shall deposit repayments of loans made under this section in
9 the Railbelt energy fund (AS 37.05.520).