

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

December 19, 2001
10:12 a.m.

COMMITTEE CALENDAR

UPDATE: FOUR DAM POOL DIVESTITURE

TAPES

01-74, SIDE A

CALL TO ORDER

REPRESENTATIVE LISA MURKOWSKI, Chair, convened the House Labor and Commerce Committee meeting at 10:12 a.m.

PRESENT

Committee members present were Representatives Murkowski, Halcro, and Rokeberg.

SUMMARY OF INFORMATION

CHAIR MURKOWSKI stated that the purpose of the day's meeting was to evaluate the status of the Four Dam Pool divestiture set to be complete December 31, 2001.

THERESA OBERMEYER, citizen, interrupted the meeting to discuss matters unrelated to the Four Dam Pool divestiture.

DAVE CARLSON, Divestiture Project Coordinator for Four Dam Pool, stated his pleasure to have the opportunity to update the committee on the progress they've made since the September 12, 2001, House Labor and Commerce Committee meeting. Mr. Carlson introduced Walter Sapp, Chairman of the Kodiak Electric Association and stated Mr. Sapp would be available for any questions.

MR. CARLSON reported that the group has made tremendous progress on all fronts. The memorandum of understanding outlines a closing date of December 31, 2001, and everything seems to be on schedule. Final closure depends on approval from governing bodies of the local utilities, which are of the cities of Wrangell, Petersburg, Ketchikan, Copper Valley, and Kodiak Electric Associations. Mr.

Carlson noted that this has been a very complex transaction with documents that are complex and voluminous. He offered his thanks to the governing bodies for educating themselves on this topic and approving it with ease.

MR. CARLSON mentioned that the governing bodies are in various stages of approval of the final divestiture. The city of Wrangell has completely signed off, Petersburg has passed it in its second reading. Third and final reading will occur December 27, 2001. The city of Ketchikan passed their first reading last week and will continue with second reading later this month, or if they can't get a quorum this month, they will meet the first Thursday in January. Copper Valley is having a work session tonight (December 19, 2001). Kodiak will take action tomorrow (December 20, 2001). Mr. Carlson noted that Ketchikan will be the only outstanding governing body, but because it is in the process of approval there won't be any problems meeting the necessary deadline.

MR. CARLSON stated that the Alaska Energy Authority (AEA) and Alaska Industrial Development and Export Authority (AIDEA) have approved the purchase and sale agreement as well as the loan and security agreement. Official closing will occur 30 days after Ketchikan passes their ordinance in second and last reading. The Federal Energy Regulatory Commission (FERC) licensing transfer process should go quickly without any problems. Mr. Carlson gave thanks to Bob Poe, Director of AIDEA and AEA for his cooperation.

MR. CARLSON noted that because of recent interest rate cuts, reinvestment rates are in the 2.5 to 3 percent range. If the agency does not get the letters of credit to make up for the negative arbitrage they'll have to borrow from the state to make up the difference. The agency is currently working on acquiring insurance for the project but insurance companies have been depressed since the September 11 events. He noted that gaining insurance has been difficult and more expensive than anticipated.

MR. CARLSON gave thanks to the congressional delegation for helping the agency gain a governmental entity status, which exempts them from federal income taxes. He closed his remarks by stating that everything seems to be going well and he does not foresee any events that prevent the governing bodies from approving divestiture of the Four Dam Pool power project.

ANNOUNCEMENTS

There were no committee announcements.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee was adjourned at 10:45 a.m.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Second Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.