

HOUSE BILL NO. 235

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE WEYHRAUCH

Introduced: 4/2/03

Referred: House Special Committee on Oil and Gas, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Railroad; authorizing the Alaska Railroad Corporation**
2 **to provide for the acquisition, construction, improvement, maintenance, equipping, and**
3 **operation of facilities for the transportation and distribution of natural gas, propane air,**
4 **and manufactured gas within and outside the state; authorizing the Alaska Railroad**
5 **Corporation to issue bonds to finance certain public utility service facilities; and**
6 **providing for an effective date."**

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

8 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
9 to read:

10 FINDINGS, INTENT, AND PURPOSE. (a) The Alaska State Legislature finds that
11 (1) the Alaska Railroad Corporation is uniquely suited to serve essential
12 functions of the state by providing for financing and operation of facilities for the
13 transportation and distribution of certain gas products within and outside the state;

1 (2) providing financing for the facilities furthers the purposes of both the state
 2 and the Alaska Railroad Corporation by assuring that the state's natural gas resources will be
 3 transported to their appropriate markets and that Alaskans will have access to gas products,
 4 thus creating revenue for the Alaska Railroad Corporation and for the state and providing
 5 employment opportunities for residents of the state;

6 (3) these results are essential purposes of the state, and the achievement of
 7 these purposes is critical to the health and welfare of the state.

8 (b) A purpose of this Act is to clarify the statutory functions and powers of the Alaska
 9 Railroad Corporation by expressly including the power to provide financing for and operation
 10 of facilities for the transportation and distribution of natural gas, propane air, and
 11 manufactured gas.

12 (c) It is the intent of the legislature that

13 (1) this Act be construed broadly to permit the Alaska Railroad Corporation
 14 the greatest flexibility to accomplish the purpose described in (b) of this section within the
 15 limitations set out in this Act; and

16 (2) other provisions of AS 42.40 in existence before the enactment of this Act
 17 be similarly construed to complement the provisions of this Act.

18 * **Sec. 2.** AS 42.40.250 is amended by adding a new paragraph to read:

19 (31) provide financing for the acquisition, construction, improvement,
 20 maintenance, equipping, and operation of facilities for the transportation and
 21 distribution of natural gas, propane air, or manufactured gas within and outside the
 22 state without regard to whether the facilities may be owned in whole or in part by the
 23 corporation or located on land owned by the corporation, and provide for the operation
 24 of those facilities by the corporation or others.

25 * **Sec. 3.** AS 42.40.630 is amended by adding a new subsection to read:

26 (b) Before issuing bonds to provide the financing described in
 27 AS 42.40.250(31) for a facility to be owned in whole or in part by an entity other than
 28 the corporation, the corporation shall enter into a contract, lease, or other form of
 29 agreement that will, in the judgment of the corporation, provide sufficient
 30 consideration to

31 (1) pay the principal of and interest on the bonds as they become due;

1 (2) create and maintain the reserves for the payments that the
2 corporation considers necessary or desirable; and

3 (3) pay all costs necessary to service or additionally secure the bonds,
4 including trustee's fees and bond insurance premiums, unless these costs are to be paid
5 by a party other than the corporation.

6 * **Sec. 4.** AS 42.40 is amended by adding a new section to read:

7 **Sec. 42.40.695. Public purpose of bonds.** Bonds of the corporation issued to
8 finance facilities described in AS 42.40.250(31) are issued by a public corporation and
9 an instrumentality of the state for an essential public and governmental purpose.

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

12 **LEGISLATIVE AUTHORIZATION AND APPROVAL.** (a) Subject to the
13 requirements of AS 42.40.630(b), enacted by sec. 3 of this Act, the Alaska Railroad
14 Corporation is authorized to issue bonds under the power granted to it in AS 42.40 to finance
15 the acquisition, design, construction, inventory, and operation of facilities to provide natural
16 gas, propane air, or manufactured gas public utility service under Regulatory Commission of
17 Alaska Certificate of Public Convenience and Necessity No. 572 to the unified municipalities
18 of Juneau and Sitka, the boroughs of Haines, Ketchikan, Kodiak, and Yakutat, the cities of
19 Angoon, Cordova, Craig, Kake, Klawock, Petersburg, Skagway, Valdez, and Wrangell, and
20 the communities of Klukwan and Metlakatla. The maximum principal amount of bonds that
21 the Alaska Railroad Corporation may issue under this section is \$76,000,000. The Alaska
22 Railroad Corporation may issue the bonds in a single issuance or in several issuances, without
23 limitation as to number of issuances or timing, and as the Alaska Railroad Corporation
24 determines best furthers the purpose of financing the facilities described in this section. The
25 Alaska Railroad Corporation shall negotiate with the sponsors of the project and shall enter
26 into agreements with the sponsors to provide revenue sufficient to accomplish the purposes
27 described in AS 42.40.630.

28 (b) This section constitutes the approval required by AS 42.40.285 for the issuance of
29 the bonds described in this section.

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