

HOUSE BILL NO. 453

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

BY REPRESENTATIVE HEINZE

Introduced: 2/16/04

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act exempting from regulation under the Alaska Public Utilities Regulatory Act**
2 **wholesale agreements for the sale of power by joint action agencies and contracts related**
3 **to those agreements, and joint action agencies composed of public utilities of political**
4 **subdivisions and utilities organized under the Electric and Telephone Cooperative Act."**

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

6 * **Section 1.** AS 42.05.431(c) is amended to read:

7 (c) Notwithstanding (b) of this section,

8 (1) a wholesale agreement for the sale of power from a project licensed
9 by the Federal Energy Regulatory Commission on or before January 1, 1987, and
10 related contracts for the wheeling, storage, regeneration, or wholesale repurchase of
11 power purchased under the agreement, entered into between the Alaska Energy
12 Authority and one or more other public utilities or among the utilities after October 31,
13 1987, and before January 1, 1988, and amendments to the wholesale agreement or
14 related contract, and the wholesale agreement or related contract assigned by the

1 Alaska Energy Authority to a joint action agency formed under AS 42.45.310 that
 2 purchases the project from the Alaska Energy Authority, are not subject to review or
 3 approval by the commission until all long-term debt incurred for the project is retired,
 4 or, for a wholesale agreement or related contract assigned to a joint action agency
 5 formed under AS 42.45.310, until all long-term debt incurred to pay the purchase price
 6 to the Alaska Energy Authority is retired; [AND]

7 (2) **a wholesale agreement for the sale of power from a project**
 8 **owned by a joint action agency to one or more public utilities, and any contracts**
 9 **related to the wholesale agreement, including those for the wheeling, storage,**
 10 **regeneration, or wholesale repurchase of power purchased under the wholesale**
 11 **agreement, are not subject to review or approval by the commission; for**
 12 **purposes of this paragraph, "joint action agency" means a joint action agency**
 13 **established under AS 42.45.300 that is exempt from regulation under**
 14 **AS 42.05.711(o); and**

15 (3) a wholesale agreement or related contract described in (1) **or (2)** of
 16 this subsection may contain a covenant for the public utility to establish, charge, and
 17 collect rates sufficient to meet its obligations under the contract; the rate covenant is
 18 valid and enforceable.

19 * **Sec. 2.** AS 42.05.711(o) is amended to read:

20 (o) A joint action agency established under AS 42.45.310 is exempt from
 21 regulation under this chapter, including the requirement to obtain a certificate of
 22 public convenience and necessity under AS 42.05.221, for the operation of, sale of
 23 power from, and other activities related to the power project the joint action agency
 24 purchases from the Alaska Energy Authority until the wholesale agreement and any
 25 related contract assigned by the authority becomes subject to review or approval by
 26 the commission under AS 42.05.431. The exemption provided by this subsection
 27 extends to repairs and improvements to the power project the joint action agency
 28 purchases from the authority but does not extend to any other power project or other
 29 activity of the joint action agency. **A joint action agency established under**
 30 **AS 42.45.300 that is formed by public utilities owned by a political subdivision of**
 31 **the state or cooperatives organized under AS 10.25 or a combination of the two is**

- 1 **exempt from regulation under this chapter, including the requirement to obtain a**
- 2 **certificate of public convenience and necessity under AS 42.05.221.**