

**HOUSE BILL NO. 163**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE KELLY

Introduced: 2/18/05

Referred: House Special Committee on Economic Development, Trade and Tourism, Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act directing the sale of certain power projects acquired or constructed by the  
2 Alaska Industrial Development and Export Authority and the Alaska Energy Authority  
3 by the State of Alaska to a joint action agency composed of three or more Railbelt  
4 electric utilities; and providing for an effective date."

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

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

8 PURPOSE AND FINDINGS. (a) The purpose of this Act is to promote and support  
9 the voluntary creation of a unified generation and transmission system for the electrically  
10 interconnected Railbelt area by authorizing the transfer of ownership of certain state-owned  
11 electric power projects to a joint action agency formed by three or more Railbelt electric  
12 utilities under AS 42.45.300 and 42.45.310.

13 (b) The legislature finds that

14 (1) AS 42.45.310 was enacted specifically to allow creation of joint action

1 agencies formed by two or more public utilities that purchase power from a power project  
2 acquired or constructed as part of the former energy program for Alaska and owned by the  
3 Alaska Energy Authority under AS 44.83.396;

4 (2) all certificated Railbelt area interconnected electric utilities are public  
5 utilities that purchase power from a power project acquired or constructed as part of the  
6 former energy program for Alaska and owned by the Alaska Energy Authority under  
7 AS 44.83.396;

8 (3) transfer of the Bradley Lake hydroelectric project, the Alaska intertie, and  
9 the Healy clean coal project to a joint action agency formed voluntarily under AS 42.45.300  
10 and 42.45.310 is the most effective way to promote creation of a unified system for the  
11 operation of existing and future electrical energy generation and transmission infrastructure of  
12 the electrically interconnected Railbelt area and should facilitate integrated resource planning  
13 and development and implementation of a rational, long-term energy plan designed to reliably  
14 meet future electric power needs;

15 (4) because the Railbelt area utilities currently have responsibility for  
16 operations of the Bradley Lake hydroelectric project and the Alaska intertie project, transfer  
17 of the projects to a joint action agency will increase the efficient operation of those facilities;

18 (5) transferring ownership of existing state-owned Railbelt area generation  
19 and transmission assets to a joint action agency could benefit the state by freeing up bonding  
20 capacity and relieving the state of significant financial risks and obligations;

21 (6) experience with the Four Dam Pool indicates that creation of a voluntary  
22 joint action agency will allow the members to cooperatively develop fair pricing for electric  
23 energy produced by joint action agency assets;

24 (7) joint action agency ownership of key Railbelt area power projects will act  
25 as a catalyst to expedite upgrading and extension of the transmission infrastructure to  
26 communities not currently part of the electrically interconnected Railbelt area.

27 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
28 read:

29 **SALE OF ELECTRIC POWER PROJECTS.** (a) The Alaska Energy Authority is  
30 directed under AS 42.45.310(a) to negotiate the transfer of ownership of the state-owned  
31 electric power projects known as the Bradley Lake hydroelectric project, the Alaska intertie,

1 and the Healy clean coal power project to a joint action agency formed under AS 42.45.300  
2 and AS 42.45.310 by three or more interconnected certificated Railbelt area municipally  
3 owned electric utilities or electric cooperatives formed under AS 10.25.

4 (b) An ownership transfer under (a) of this section must include assignment of the  
5 obligations and rights of the state under the Bradley Lake Power Sales Agreement and the  
6 Alaska Intertie Agreement. This Act does not affect any other party's rights or obligations  
7 under those agreements.

8 (c) The full and exclusive compensation to the state, including the Alaska Industrial  
9 Development and Export Authority, for the transfer of the three projects shall be assumption  
10 by the joint action agency described in (a) of this section of all existing outstanding Bradley  
11 Lake hydroelectric project construction debt, and an appropriation to the Alaska Industrial  
12 Development and Export Authority for the Healy clean coal project debt.

13 \* **Sec. 3.** This Act takes effect July 1, 2005.