

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 243(FIN)
 (H) Publish Date: 5/5/2005

Revision Date/Time (Note if correction): _____ Dept. Affected: COMMERCE
 Title Financing plan for Southeast Intertie RDU Alaska Energy Authority (453)
 Component PCE
 Sponsor Rules by Request of the Governor
 Requester House Finance Component No. 2602

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	**					
-------------------------------	----	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Indeterminate revenue impact to the Power Cost Equalization Endowment Fund. See attached analysis.

Prepared by: Sara Fisher-Goad, Financial Analyst
 Division: AIDEA and AEA
 Approved by: _____
 Agency: _____

Phone 907-269-4623
 Date/Time 5/5/05 12:58 PM
 Date 5/5/2005

FISCAL NOTE #2

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSHB 243(FIN)

ANALYSIS CONTINUATION

This bill allows for the Memorandum of Understanding between The Four Dam Pool Power Agency (TFDPPA) and the Alaska Energy Authority that authorizes the sale of the Four Dam Pool Hydroelectric Project to be amended to extend from April 11, 2005 to April 11, 2006 the time within which TFDPPA must provide the Alaska Industrial Development and Export Authority with an approved finance plan demonstrating committed funds sufficient to complete the Southeast Intertie.

The purchase price of the Four Dam Pool Project was \$73 million. A \$5 million credit was provided contingent upon the construction of the Southeast Intertie. On March 10, 2005 TFDPPA requested AIDEA approve its financing plan contingent upon TFDPPA receiving \$41 million in new federal and state grants. Since the plan did not demonstrate committed funds, AIDEA and AEA proposed that the \$5 million be transferred to AEA for deposit into an interest-bearing escrow account. If TFDPPA is able to secure committed funds to complete the project, the \$5 million plus interest will be available for reimbursement of construction costs. If the Southeast intertie project is abandoned rather than completed and made commercially operational, the \$5 million plus interest will be deposited into the PCE Endowment.

The fiscal impact is indeterminate since the PCE endowment will potentially lose interest earnings of the proposed interest-bearing escrow account. The current rate for a one-year treasury note is 3.3%. (\$165,000 of interest on \$5 million)