

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: SCS CSHB 243(FIN)  
 (S) Publish Date: 2/22/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title Financing Plan for Southeast Intertie RDU Alaska Energy Authority (453)  
 Component Power Cost Equalization  
 Sponsor Rules by Request of Governor  
 Requester Senate Finance Component No. 2602

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( 1169 )</b>	*					
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**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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 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.

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 Approved by: William C. Noll, Commissioner  
 Agency: Commerce, Community, and Economic Development

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 Date/Time 2/1/06 5:35 PM  
 Date 2/1/2006

## FISCAL NOTE # 3

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

BILL NO. SCS CSHB 243(FIN)

### ANALYSIS CONTINUATION

This bill provides for the required legislative approval of the August 17, 2005 First Amendment to the Agreement for the Purchase and Sale of the Four Dam Pool Project entered between the Alaska Energy Authority (AEA) and The Four Dam Pool Power Agency (TFDPPA). This Amendment accommodates TFDPPA's desire to complete the Swan Lake-Lake Tyee Southeast Intertie (the "Intertie") while protecting the interests of the Power Cost Equalization (PCE) Endowment Fund.

The purchase price of the Four Dam Pool Project was \$73 million. A \$5 million credit was provided contingent upon the construction of the Intertie. TFDPPA is obligated to repay the credit if TFDPPA 1) abandons efforts to complete the Intertie, 2) fails to provide the Alaska Industrial Development and Export Authority (AIDEA) by April 11, 2005 with an approved finance plan demonstrating committed funds sufficient to complete the Intertie, or 3) fails to commence field construction of the Intertie by April 11, 2010. Repayment of the credit will be deposited into the PCE Endowment Fund.

Item 1 of the repayment stipulations has yet to occur and since field construction has commenced, item 3 will not occur.

Item 2 has occurred because TFDPPA failed to provide by April 11, 2005, a financing plan that demonstrated sufficient funds to complete the Intertie. On March 10, 2005 TFDPPA instead submitted a plan based upon TFDPPA seeking \$41 million in additional federal and state grants. Because considerable development of the Intertie had already occurred, AIDEA and AEA proposed that the \$5 million be transferred to AEA for deposit into an interest-bearing escrow account to be available to support completion of the intertie. AIDEA and AEA's proposal was accepted and TFDPPA and AEA negotiated the First Amendment to the Agreement for the Purchase and Sale of the Four Dam Pool Project.

The \$5 million credit is held by AEA in an interest-bearing Escrow Account. The Escrow Account will be deposited to PCE Endowment Fund if TFDPPA abandons construction of the Intertie or if the Intertie is not completed by April 11, 2015. If the Legislature fails to approve SCS HB 243(FIN), the Escrow Account will be deposited into the PCE Endowment Fund on July 1, 2006.

AEA will disburse a portion or all of the amounts in the Escrow Account to reimburse TFDPPA for its out-of-pocket (non-state or federal grant portion) construction costs for the completed Intertie. Any portion of the Escrow Account not needed to reimburse TFDPPA for out-of-pocket construction costs will be deposited into the PCE Endowment Fund.