

MINUTES
SENATE FINANCE COMMITTEE
February 22, 2006
9:15 a.m.

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately [9:15:52 AM](#).

PRESENT

Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice Chair
Senator Fred Dyson
Senator Bert Stedman

Attending via Teleconference: From Offnet Sites: RON MILLER, Executive Director, Alaska Industrial Development & Export Authority/Alaska Energy Authority, Department of Commerce, Community and Economic Development; DAVID CARLSON, Chief Executive Officer, Four Dam Pool Power Agency

SUMMARY INFORMATION

HB 243-SWAN LAKE-TYEE LAKE INTERTIE

Testimony was provided from the Alaska Industrial Development & Export Authority/Alaska Energy Authority and the Four Dam Pool Power Agency. The bill reported from Committee.

Under separate business, Co-Chair Wilken distributed a report titled "FY 05 Wages and Average Employment" [copy on file] relating to unorganized boroughs in the State. He, assisted by the Department of Labor and Workforce Development, has been compiling this information since approximately 1998. The format of the report would allow for year-to-year comparisons. The report, which utilizes W-2 records, indicates that in the year 2005, 17,676 people earned total wages of \$534,168,915 in unorganized boroughs.

Co-Chair Wilken noted that the report depicts both government and private employment and wages. A year-to-year look-back would reflect that the number of people employed by government entities has decreased and the people employed by private enterprise has increased. "We're moving in the right direction."

Senator Stedman noted that the fact that the average monthly employment is 48 percent government and 52 percent private "would surprise some people" who might anticipate there being less government employment "in the hinterlands".

Senator Bunde stated that the information is "interesting"; "it might be useful" to future [unspecified] legislation.

Co-Chair Wilken agreed.

[9:18:44 AM](#)

#hb243

CS FOR HOUSE BILL NO. 243(FIN)
"An Act relating to the financial plan for the intertie between the Swan Lake and Tye Lake hydroelectric projects; and providing for an effective date."

This was the third hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken stated that this bill is sponsored by the Rules Committee by Request of Governor Frank Murkowski. The bill would provide "Legislative approval to amend the Memorandum of Understanding (MOU) authorizing the sale of the Four Dam Pool hydroelectric project. The amendment addresses an escrow agreement signed by the Four Dam Pool Agency and the Alaska Energy Authority (AEA)." Version 24-GH1138\X is before the Committee.

[9:19:39 AM](#)

RON MILLER, Executive Director, Alaska Industrial Development & Export Authority/Alaska Energy Authority, Department of Commerce, Community and Economic Development testified via teleconference from an offnet site. As authorized by Chapter 60 SLA 2000, an agreement and MOU for the sale and purchase of the AEA owned Four Dam Pool hydroelectric projects to the Four Dam Pool Power Agency was developed that included establishing a Power Cost Equalization (PCE) endowment, authorized Alaska Industrial Development & Export Authority (AIDEA) financing of the sale, and the incorporation into law of the MOU dated April 11, 2000 between AEA and the purchasing utilities. The April 2000 MOU and the agreement for the sale "were amended with the escrow agreement that AEA and the Four Dam Pool Power Agency entered into."

Mr. Miller noted that the sale price of \$73 million was established and a five million dollar credit was authorized "contingent on certain" conditions. One of those conditions was that by April 11, 2005, the Four Dam Pool Power Agency must have provided to AIDEA "an approved financing plan that demonstrated committed funds sufficient to complete" the Swan Lake and Tye Lake hydroelectric projects. The plan also required the Four Dam Pool Power Agency to provide five million dollars to the PCE endowment. Those conditions were not met, and the Four Dam Pool Power Agency requested additional time in which to complete the financing plan. An agreement was subsequently made that provided the Four Dam Pool Power Agency additional time in which to complete their financing provided they deposited five million dollars into an interest bearing escrow account.

Mr. Miller stated that this bill would provide Legislative approval allowing that amendment to apply to the original purchasing/sale agreement in the MOU. Were sufficient funds to complete the project not forthcoming, the principal and interest in the escrow account would be deposited in the PCE endowment fund. Were the financing completed, the principal and interest would be earmarked to provide the final funding of the project.

[9:22:58 AM](#)

DAVID CARLSON, Chief Executive Officer, Four Dam Pool Power Agency, testified via teleconference from an offnet site and informed the Committee that once the Four Dam Pool Power Agency completes a 57 mile intertie segment linking the Tye Lake and Swan Lake hydroelectric projects, a power transmission line would be available between Southeast Alaska communities from Ketchikan to Petersburg. "It has been a difficult project". As stated by Mr. Miller, one of the provisions in the original MOU was that a financial plan should have been presented by April 11, 2005, which was five years after the original agreement was signed. That had not occurred. This legislation would extend that date and would allow the five million dollars provided by the Four Dam Pool Power Agency to be applied toward the construction of the Swan Lake and Tye Lake intertie. This project "is important" to both the Four Dam Pool Power Agency and Southeast Alaska.

[9:24:11 AM](#)

Senator Bunde moved to report the bill from Committee with individual recommendations and accompanying fiscal note.

There being no objection, SCS CS HB 243(FIN) was REPORTED from Committee with a new zero fiscal note dated February 1, 2006 from

the Department of Commerce, Community and Economic Development.

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ADJOURNMENT

Co-Chair Gary Wilken adjourned the meeting at [9:24:59 AM](#).