

HOUSE BILL NO. 182

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/12/09

Referred: House Special Committee on Energy, Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

"An Act establishing the Greater Railbelt Energy and Transmission Corporation and relating to the corporation; relating to transition, financial plan, and reporting requirements regarding planning for the initial business operations of the Greater Railbelt Energy and Transmission Corporation; relating to a report on legislation regarding the Regulatory Commission of Alaska and the Greater Railbelt Energy and Transmission Corporation; authorizing the Alaska Energy Authority to convey the Bradley Lake Hydroelectric Project and the Alaska Intertie to the Greater Railbelt Energy and Transmission Corporation; and providing for an effective date."

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

*** Section 1.** AS 42 is amended by adding a new chapter to read:

Chapter 50. Greater Railbelt Energy and Transmission Corporation.

Sec. 42.50.010. Greater Railbelt Energy and Transmission Corporation.

1 (a) There is established the Greater Railbelt Energy and Transmission Corporation.

2 (b) The purpose of the corporation is to plan for and

3 (1) provide adequate, reliable, safe, and stable wholesale electric
4 power to Greater Railbelt electric utilities, on a non-discriminatory basis, at the lowest
5 feasible cost;

6 (2) procure adequate fuel supply, fuel storage, and fuel resources
7 required to meet the short- and long-term electric power needs of the Greater Railbelt
8 region service territory; and

9 (3) take all actions necessary to ensure that adequate generation and
10 transmission assets exist to prudently meet, both locally and regionally, the short- and
11 long-term electric power and reliability needs of the electrically interconnected
12 Greater Railbelt region service territory.

13 (c) The corporation shall operate on a nonprofit basis.

14 (d) The corporation is exempt from the provisions of AS 10.15 (Alaska
15 Cooperative Corporation Act), AS 10.20 (Alaska Nonprofit Corporation Act), and
16 AS 10.25 (Electric and Telephone Cooperative Act) in its structure and operations and
17 in the exercise of the powers granted by this chapter.

18 (e) The corporation has a separate and independent existence from the State of
19 Alaska. The corporation may not be considered or constitute the state, a state agency,
20 an administrative unit of the executive branch of state government, a public
21 corporation of the state, a municipal corporation, or a political subdivision of the state.

22 (f) The exercise by the corporation of the powers granted by this chapter is
23 considered to be for a public purpose.

24 **Sec. 42.50.020. Board of directors.** (a) The corporation shall be governed by a
25 board of directors consisting of up to 13 individuals, including the following:

26 (1) two representatives from each Greater Railbelt electric utility; one
27 representative director shall be the chief executive officer of the utility or the chief
28 executive officer's designee, and the second representative director shall be appointed
29 by the governing body of the utility;

30 (2) one public director appointed by the governor.

31 (b) The term of a director representing a utility immediately expires on the

1 earlier of the date when the individual no longer holds the position that qualified the
 2 individual to be on the board, or the date when the corporation is notified that the
 3 individual has been replaced as a utility representative on the board.

4 (c) The term of the director appointed by the governor is four years. The
 5 governor may reappoint to the board the director described in this subsection.

6 (d) The board may remove a director of the board for cause upon two-thirds
 7 majority vote of the full board. The bylaws shall provide a mechanism for a Greater
 8 Railbelt electric utility to appoint an alternative director if the chief executive officer
 9 of the utility is removed from the corporation board.

10 (e) A majority of the members of the board constitutes a quorum for the
 11 transaction of business and the exercise of the powers and duties of the board.

12 (f) The members of the board shall annually elect from among themselves a
 13 chair and vice-chair and other board officers as may be provided in the corporation's
 14 bylaws.

15 (g) The directors of the board shall receive no salary, but the corporation may
 16 pay directors per diem and travel expenses up to the maximum amounts permitted to
 17 be paid to members of boards and commissions under AS 39.20.180.

18 **Sec. 42.50.030. Board meetings open; exceptions.** (a) A meeting of the board
 19 may be attended by members of the corporation and the public. Except when voice
 20 votes are authorized, a vote shall be conducted in a manner that the public may know
 21 the vote of each person entitled to vote. The board may conduct a meeting by
 22 teleconference or similar communications equipment if the board gives reasonable
 23 notice of the meeting and if members of the corporation and the public are able to
 24 attend the meeting and hear the meeting. This section applies only to a meeting at
 25 which a quorum of the board participates.

26 (b) If excepted subjects are to be discussed at a meeting, the meeting must first
 27 be convened as a regular or special meeting, with an opportunity for general public
 28 comment first given to members of the corporation and the public. The question of
 29 holding an executive session to discuss matters that come within the exceptions
 30 contained in (c) of this section is determined by a majority vote of the board. A subject
 31 may not be considered at the executive session except those mentioned in the motion

1 calling for the executive session unless auxiliary to the main question. Formal action
2 may not be taken during the executive session of the board.

3 (c) The following excepted subjects may be discussed in an executive session:

4 (1) matters the knowledge of which would clearly have an adverse
5 effect on the finances of the corporation;

6 (2) subjects that tend to prejudice the reputation and character of a
7 person; however, the person may request a public discussion;

8 (3) matters discussed with an attorney for the corporation, the
9 knowledge of which could have an adverse effect on the legal position of the
10 corporation;

11 (4) matters that by law, municipal charter, or ordinance are required to
12 be confidential;

13 (5) matters pertaining to a plan, program, or procedures for
14 establishing, maintaining, or restoring security, or to a detailed description or
15 evaluation of systems, facilities, or infrastructure in the corporation, but only to the
16 extent that the discussion of the matter in public

17 (A) could reasonably be expected to interfere with the
18 implementation or enforcement of the security plan, program, or procedures;

19 (B) would disclose confidential guidelines for investigations or
20 enforcement and the disclosure could reasonably be expected to risk
21 circumvention of the law; or

22 (C) could reasonably be expected to endanger the life or
23 physical safety of an individual or to present a real and substantial risk to the
24 public health and welfare.

25 (d) Notice shall be given for all regular or special meetings of the board as
26 provided in the bylaws of the corporation.

27 **Sec. 42.50.040. Officers and employees.** (a) The board shall employ a chief
28 executive officer. The chief executive officer may not be a member of the board and
29 serves at the pleasure of the board.

30 (b) The board shall appoint those officers of the corporation that are provided
31 for in the corporation's bylaws and as the board determines to be necessary for the

1 effective operations of the corporation. An executive, operating, administrative, or
 2 other salaried officer of the corporation may not be a member of the board.

3 (c) The chief executive officer may hire employees of the corporation as may
 4 be determined necessary for the efficient performance of the functions of the
 5 corporation. The board shall approve the range of compensation for employees.
 6 Employees of the corporation are not employees of the state and are not considered to
 7 be employees of a public organization for the purposes of AS 39.35.

8 **Sec. 42.50.050. Membership.** The members of the corporation are the
 9 ratepayers of the Greater Railbelt electric utilities. The members are represented in the
 10 governance of the corporation through their electric utility. The corporation provides
 11 all member benefits and credits solely to the Greater Railbelt electric utilities and
 12 affiliated electric utilities.

13 **Sec. 42.50.060. Bylaws.** The board may adopt bylaws for the corporation for
 14 the governance and management of the affairs of the corporation, and may alter,
 15 amend, or repeal them. The bylaws shall be consistent with this chapter and other laws
 16 that apply to the corporation.

17 **Sec. 42.50.070. Indemnification of directors, officers, and employees.** The
 18 corporation may indemnify directors, officers, and employees, or may purchase and
 19 maintain insurance on behalf of directors, officers, and employees. The
 20 indemnification and purchase and maintenance of insurance must comply with
 21 AS 10.06.490.

22 **Sec. 42.50.100. General powers of the corporation.** The corporation may

- 23 (1) sue and be sued in its name;
- 24 (2) have perpetual existence;
- 25 (3) adopt a corporate seal and alter it;
- 26 (4) participate with state departments and agencies in formulating and
 27 implementing electric power policy, and in planning for the development,
 28 construction, and operation of adequate electric power generation and transmission
 29 facilities, for the Greater Railbelt region service territory;
- 30 (5) engage in programs to support the efforts of the Greater Railbelt
 31 electric utilities and affiliated electric utilities in order to enhance the further

1 development, efficiency, reliability, safety, and price stability of electric power in the
2 Greater Railbelt region service territory;

3 (6) generate, manufacture, purchase, acquire, accumulate, transmit,
4 meter, and economically dispatch electric power, and sell at wholesale, supply, and
5 dispose of electric power to Greater Railbelt electric utilities and affiliated electric
6 utilities;

7 (7) procure fuel supplies, fuel storage capacity, and fuel transmission
8 resources;

9 (8) construct, buy, lease, or otherwise acquire, and equip, maintain,
10 and operate, and sell, assign, convey, lease, mortgage, pledge, or otherwise dispose of
11 or encumber lands, buildings, structures, electric power lines or systems, dams, plants
12 and equipment, and any other real or personal property, tangible or intangible, that is
13 necessary, convenient, or appropriate to accomplish the purpose for which the
14 corporation is organized;

15 (9) buy, lease, or otherwise acquire, and use, and exercise and sell,
16 assign, convey, mortgage, pledge, or otherwise dispose of or encumber franchises,
17 rights, privileges, licenses, and easements;

18 (10) borrow money and otherwise contract indebtedness, and issue
19 evidences of indebtedness, and secure the payment of the indebtedness by mortgage,
20 pledge, or deed of trust of, or any other encumbrance upon its real or personal
21 property, assets, franchises, or revenues;

22 (11) construct, maintain, and operate electric transmission lines, along,
23 upon, under, and across publicly owned lands and public thoroughfares, including,
24 without limitation, all roads, highways, streets, alleys, bridges, and causeways;

25 (12) exercise the power of eminent domain under AS 42.05.631;

26 (13) acquire by purchase, lease, bequest, devise, gift, exchange, the
27 satisfaction of debts, the foreclosure of mortgages, or otherwise, personal property,
28 rights, rights-of-way, franchises, easements, and other interests in land, and acquire by
29 appropriation water rights that are located in the state, taking title to the property in the
30 name of the corporation;

31 (14) hold, maintain, use, operate, improve, lease, exchange, donate,

convey, alienate, encumber, or otherwise grant a security interest in, or authorize use or dispose of, land or personal property, subject to other provisions of this chapter;

(15) contract with and accept transfers, gifts, grants, or loans of funds or property from the United States or from the state or its political subdivisions, subject to other provisions of federal or state law or municipal ordinances;

(16) undertake and provide for the management, operation, maintenance, use, repair, renovation, and control of all of the property of the corporation;

(17) apply to the state, the United States, and foreign countries or other proper agencies for the permits, licenses, rights-of-way, or approvals necessary to construct, maintain, and operate electric power and related services, and obtain, hold, and reuse the licenses and permits in the same manner as other similar operators;

(18) enter into agreements with the state or a state agency or other instrumentality of the state;

(19) adopt, amend, and repeal bylaws;

(20) make all contracts necessary, convenient, or appropriate for the full exercise of its powers;

(21) conduct its business and exercise its powers inside or outside the state;

(22) do and perform any other act and thing, and have and exercise any other power that may be necessary, convenient, or appropriate to accomplish the purpose for which the corporation is organized; and

(23) create subsidiary corporations, including subsidiary corporations organized under AS 10.20.

Sec. 42.50.110. Public utility powers and regulation. The corporation shall have all of the powers and duties of a regulated electric public utility under AS 42.05, except as follows:

(1) the corporation is not required to obtain a certificate under AS 42.05.221;

(2) the corporation may not make retail sales of electric power.

Sec. 42.50.120. Integrated resource plan. (a) The corporation shall adopt an

1 integrated resource plan for the corporation to use in determining the need for, and
2 selection of, electric generation and transmission projects to ensure delivery of safe,
3 reliable, and sustainable electric power to Greater Railbelt electric utilities at the
4 lowest feasible long-term cost. The corporation in adopting and updating the plan shall
5 evaluate and consider recommendations made in any applicable state energy plan or
6 state integrated resource plan. If the corporation deviates from these state
7 recommendations, the adopted or updated integrated resource plan must include a
8 report explaining the reasons for the deviation.

9 (b) The board shall adopt a schedule to regularly review and update the
10 integrated resource plan.

11 (c) The integrated resource plan and any update shall be made available on the
12 Internet to Greater Railbelt electric utilities, members of the corporation, the governor,
13 the legislature, and the public.

14 **Sec. 42.50.130. Long-range capital improvement plan.** (a) The corporation
15 shall adopt a long-range capital improvement plan. The plan must describe the manner
16 in which the corporation intends to accomplish the purposes of this chapter, and
17 anticipated capital improvements during each of the following 10 years. The plan shall
18 be based on the principle of providing safe, reliable, and sustainable electric power to
19 Greater Railbelt electric utilities at the lowest feasible long-term cost.

20 (b) The board shall annually review, approve revisions to, and update the
21 long-range capital improvement plan on or before September 30 of each year.

22 (c) The long-range capital improvement plan and any update shall be made
23 available on the Internet to Greater Railbelt electric utilities, members of the
24 corporation, the governor, the legislature, and the public.

25 **Sec. 42.50.140. Long-range capital management plan.** (a) The corporation
26 shall adopt a long-range capital management plan. The plan must describe the manner
27 in which the corporation intends to accomplish the purposes of this chapter, and the
28 corporation's plans for acquisition, accumulation, and issuance of equity and debt for
29 the next 10 years. The plan shall be based on the principle of providing safe, reliable,
30 and sustainable electric power to Greater Railbelt electric utilities at the lowest
31 feasible long-term cost.

1 (b) The board shall annually review, approve revisions to, and update the
2 long-range capital management plan on or before September 30 of each year.

3 (c) The long-range capital management plan and any update shall be made
4 available on the Internet to Greater Railbelt electric utilities, members of the
5 corporation, the governor, the legislature, and the public.

6 **Sec. 42.50.150. Pledge of the state.** (a) The state pledges to and agrees with
7 any lender to the corporation that the state will not limit or alter the rights and powers
8 given to the corporation by this chapter to fulfill the terms of a contract made by the
9 corporation with the lender to the corporation, or in any way impair the rights and
10 remedies of the lender to the corporation. The corporation is authorized to include this
11 pledge and agreement of the state in a contract with any lender to the corporation.

12 (b) The pledge of the state is limited to the express provisions of (a) of this
13 section and is not a guarantee, surety, promise, undertaking, or assurance of repayment
14 or performance of any obligation of the corporation.

15 **Sec. 42.50.160. Fuel supply.** The corporation may acquire long-term fuel
16 supplies as required to ensure electric power generation facilities can operate without
17 fuel-related interruption, including direct ownership of fuel supply production,
18 transportation, and storage facilities as required to meet the corporate purpose stated in
19 AS 42.50.010(b). The corporation may acquire long-term fuel supplies under this
20 section in conjunction with other persons acquiring long-term fuel supplies for any
21 lawful purpose.

22 **Sec. 42.50.170. Tax exemption.** The real and personal property of the
23 corporation and the assets, income, and receipts of the corporation are exempt from all
24 taxes and special assessments of the state or a political subdivision of the state.

25 **Sec. 42.50.200. Reports and publications.** The board shall publish on the
26 Internet an annual report for the Greater Railbelt electric utilities. The report shall be
27 made available to members of the corporation, the governor, the legislature, and the
28 public. The report must include financial statements audited by independent outside
29 auditors, a discussion of the corporation's circumstances and operations during the
30 period covered by the report, and any other information that the board believes would
31 be of interest to members of the corporation, the governor, the legislature, and the

1 public, or that the legislature requests the board to include. The board may publish
2 other reports considered appropriate to its purposes.

3 **Sec. 42.50.210. Right to examine books and records.** (a) Greater Railbelt
4 electric utilities, members of the corporation, and the public may, at a reasonable time
5 and for any proper purpose, examine and make copies of the books and records of the
6 corporation at the principal office of the corporation, except as provided in (c) of this
7 section.

8 (b) The corporation may charge the requestor an amount equal to the actual
9 cost of duplicating documents requested under this section.

10 (c) The corporation may withhold books and records concerning the following
11 subjects:

12 (1) records required to be kept confidential by law, municipal charter,
13 or ordinance;

14 (2) personnel records;

15 (3) records that are proprietary, privileged, or a trade secret;

16 (4) records or information pertaining to a plan, program, or procedures
17 for establishing, maintaining, or restoring security, or to a detailed description or
18 evaluation of systems, facilities, or infrastructure of the corporation, but only to the
19 extent that the production of the records or information

20 (A) could reasonably be expected to interfere with the
21 implementation or enforcement of the security plan, program, or procedures;

22 (B) would disclose confidential guidelines for investigations or
23 enforcement and the disclosure could reasonably be expected to risk
24 circumvention of the law; or

25 (C) could reasonably be expected to endanger the life or
26 physical safety of an individual or to present a real and substantial risk to the
27 public health and welfare;

28 (5) specific matters that were prepared for or during an executive
29 session of the board, and not subsequently made public by the corporation.

30 **Sec. 42.50.230. Audits and examinations of corporation.** (a) The legislative
31 auditor may cause the corporation to be audited in the manner and under the

conditions established by AS 24.20.271 for audits performed by the legislative audit division. The legislative audit division has free access to all books and papers of the corporation that relate to the business of the corporation and books and papers kept by a director, officer, or employee relating to or upon which a record of the business of the corporation is kept. The legislative audit division may summon witnesses and administer oaths or affirmations in the examination of directors, officers, or employees of the corporation or another person in relation to the affairs, transactions, and conditions of the corporation, and may require and compel the production of records, books, papers, contracts, or other documents by court order if not voluntarily produced. At the direction of the Legislative Budget and Audit Committee under AS 24.20.271, the legislative auditor may conduct an audit of the corporation.

(b) The legislative auditor and the auditor's employees may not disclose information acquired by them in the course of an audit of the corporation concerning the particulars of the business or affairs of a borrower of the corporation or another person, unless the information is required to be disclosed by law or under a court order.

(c) The corporation shall be audited annually by an independent outside auditor. The legislative auditor may confer with the outside auditor and review the work papers of the audit. The board shall engage the outside auditor, who shall be responsible to the board. The corporation shall submit copies of each report of the outside auditor to the legislative auditor within 30 days after receipt of the report by the corporation.

Sec. 42.50.900. Definitions. In this chapter, unless the context otherwise requires,

(1) "affiliated electric utilities" means an electric utility that is wholly owned by one or more Greater Railbelt electric utilities, and by or through which one or more Greater Railbelt electric utilities obtain electric power or electric generation or transmission services;

(2) "board" means the board of directors of the corporation;

(3) "corporation" means the Greater Railbelt Energy and Transmission Corporation;

(4) "electric power" means electric energy and capacity;

(5) "Greater Railbelt electric utilities" means

(A) Homer Electric Association, Inc.;

(B) the City of Seward, Electric Utility Department;

(C) Chugach Electric Association, Inc.;

(D) the Municipality of Anchorage d/b/a Municipal Light and Power Utility;

(E) Matanuska Electric Association, Inc.;

(F) Golden Valley Electric Association, Inc.; and

(G) an entity holding a certificate of public convenience and necessity issued by the Regulatory Commission of Alaska, that succeeds to the entity named in (A) - (F) of this paragraph as the result of a merger or acquisition; if two or more of the entities named in (A) - (F) of this paragraph merge or otherwise combine under this subparagraph, the list of entities comprising the Greater Railbelt electric utilities is reduced to include only the succeeding entity;

(6) "Greater Railbelt region service territory" means the combined service territories identified in the certificates of public convenience and necessity issued by the Regulatory Commission of Alaska for each of the Greater Railbelt electric utilities.

* **Sec. 2.** AS 42.50.900(5)(A), enacted by sec. 1 of this Act, is repealed.

* **Sec. 3.** AS 42.50.900(5)(B), enacted by sec. 1 of this Act, is repealed.

* **Sec. 4.** AS 42.50.900(5)(C), enacted by sec. 1 of this Act, is repealed.

* **Sec. 5.** AS 42.50.900(5)(D), enacted by sec. 1 of this Act, is repealed.

* **Sec. 6.** AS 42.50.900(5)(E), enacted by sec. 1 of this Act, is repealed.

* **Sec. 7.** AS 42.50.900(5)(F), enacted by sec. 1 of this Act, is repealed.

* **Sec. 8.** The uncoded law of the State of Alaska is amended by adding a new section to read:

TRANSITION: TRANSITION AND FINANCE PLAN; REPORT. (a) The Greater Railbelt Energy and Transmission Corporation shall organize and, jointly with the Alaska Energy Authority, develop on or before January 19, 2010 a transition and finance plan to

1 enable the corporation to become an all requirements supplier of electric power and
2 transmission services to Greater Railbelt electric utilities. The transition and finance plan
3 must include the following:

4 (1) a phased commitment agreement among the Alaska Energy Authority, the
5 corporation, and one or more Greater Railbelt electric utilities that

6 (A) identifies commitments by the corporation, the state, and the
7 Greater Railbelt electric utilities, that will be necessary to enable the corporation to
8 achieve the corporate purpose stated in AS 42.50.010(b); and

9 (B) includes commitments by which the Greater Railbelt electric
10 utilities will, over time, contract to obtain from the corporation electric power and
11 transmission services;

12 (2) provisions to address the ability of the corporation and the Greater Railbelt
13 electric utilities to secure repayment of existing and new, intermediate and long-term
14 financing for the construction or acquisition of electric power generation and transmission
15 assets needed in the Greater Railbelt region service territory; the provisions made under this
16 paragraph must include provisions to ensure

17 (A) the repayment of debt associated with any electric power
18 generation or transmission asset transferred to the corporation;

19 (B) that adequate financing will be available for new electric power
20 generation or transmission asset projects that become necessary before the corporation
21 becomes fully functioning; and

22 (C) creation of a capital defeasance fund to secure repayment of new
23 or existing debt associated with new or existing electric power generation and
24 transmission assets;

25 (3) a plan for the development of the business organization of the corporation;

26 (4) a plan for the corporation to acquire ownership of, or operational control
27 over, Greater Railbelt region service territory electric power generation and transmission
28 assets necessary for the corporation to fulfill its corporate purposes;

29 (5) provisions to ensure that the transition

30 (A) does not negatively affect the ability of any Greater Railbelt
31 electric utility to operate and generate sufficient revenues to meet all obligations to

1 ratepayers, creditors, and lenders; and

2 (B) includes adequate mechanisms to provide for the financing and for
3 the construction or acquisition of generation and transmission assets needed in the
4 Greater Railbelt region service territory before the corporation becomes the all
5 requirements supplier of electric power and transmission services to Greater Railbelt
6 electric utilities; and

7 (6) a recommendation of proposed statutory changes to improve the ability of
8 the corporation to achieve the corporate purpose stated in AS 42.50.010(b), enacted by sec. 1
9 of this Act.

10 (b) The Greater Railbelt Energy and Transmission Corporation shall annually report
11 on the Internet to the governor, the legislature, members of the corporation, and the public on
12 progress made towards implementing the transition and financing plan. The annual report
13 must include a description of

14 (1) progress made and actions taken since the last annual report;

15 (2) actions taken to acquire existing electric power generation and
16 transmission assets;

17 (3) actions taken to plan for acquisition or construction of new electric power
18 generation and transmission assets, including project status relating to design, permitting,
19 construction, and financing;

20 (4) recommendations regarding financing for the construction or acquisition of
21 necessary electric power generation or transmission assets, which may include the acquisition
22 of those services from independent power producers; and

23 (5) other information requested by the governor or legislature.

24 (c) In this section, unless the context otherwise requires,

25 (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

26 (2) "corporation" has the meaning given in AS 42.50.900, enacted by sec. 1 of
27 this Act;

28 (3) "Greater Railbelt electric utilities" has the meaning given in AS 42.50.900,
29 enacted by sec. 1 of this Act;

30 (4) "Greater Railbelt Energy and Transmission Corporation" means the
31 corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

(5) "Greater Railbelt region service territory" has the meaning given in AS 42.50.900, enacted by sec. 1 of this Act.

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT ON PROPOSED LEGISLATION REGARDING THE REGULATORY COMMISSION OF ALASKA AND THE GREATER RAILBELT ENERGY AND TRANSMISSION CORPORATION. (a) The Greater Railbelt Energy and Transmission Corporation shall on or before January 19, 2010 report to the governor and legislature with proposed statutory changes regarding the scope of regulation by the Regulatory Commission of Alaska over the corporation which shall include the following principles:

(1) rates for electric power sales and transmission will enable the full recovery of the revenue requirement of the corporation based upon its reasonable costs;

(2) a single, system-wide rate for electric power sales and transmission will be set for Greater Railbelt electric utilities that become all requirements purchasers of electric power and transmission services from the corporation;

(3) rates for electric power sales and transmission will be adequate to meet all financial covenants contained in mortgages or other lending instruments of the corporation;

(4) the principles and practices regarding accounts, records, and reports contained in AS 42.05.451 – 42.05.501 will apply to ensure full disclosure of information necessary to determine the revenue requirement of the corporation;

(5) statutory deadlines for the Regulatory Commission of Alaska to consider and issue final orders on regulatory filings required from the corporation will be established;

(6) the scope of Regulatory Commission of Alaska review of the capital management, cash flow, and capital improvement plans of the corporation will be established;

(7) a revenue requirement and rates for electric power sales and transmission will be established annually by the corporation in a simplified process; any true-up amounts at the end of each rate year will be credited or charged to Greater Railbelt electric utilities on a pro rata basis; rate stabilization and renewal and replacement funds may be employed, and included in the revenue requirement and rates for electric power sales and transmission.

(b) In this section, unless the context otherwise requires,

(1) "corporation" has the meaning given in AS 42.50.900, enacted by sec. 1 of

1 this Act;

2 (2) "Greater Railbelt electric utilities" has the meaning given in AS 42.50.900,
3 enacted by sec. 1 of this Act;

4 (3) "Greater Railbelt Energy and Transmission Corporation" means the
5 corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

6 (4) "Regulatory Commission of Alaska" means the commission created in
7 AS 42.04.010.

8 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 **LEGISLATIVE AUTHORIZATION TO CONVEY.** (a) Notwithstanding
11 AS 44.83.396, the Alaska Energy Authority may convey to the Greater Railbelt Energy and
12 Transmission Corporation the Bradley Lake Hydroelectric Project and the Alaska Intertie,
13 under terms and conditions acceptable to the Alaska Energy Authority, under a phased
14 commitment agreement negotiated and entered among the Alaska Energy Authority, the
15 Greater Railbelt Energy and Transmission Corporation, and one or more Greater Railbelt
16 electric utilities. The Alaska Energy Authority may agree in the phased commitment
17 agreement to convey either the Bradley Lake Hydroelectric Project or the Alaska Intertie after
18 the Alaska Energy Authority obtains necessary approvals, or after outstanding bonds or other
19 outstanding debt associated with the Bradley Lake Hydroelectric Project or with the Alaska
20 Intertie are paid, refinanced, or defeased. Nothing in this section precludes the Alaska Energy
21 Authority from contracting with the Greater Railbelt Energy and Transmission Corporation
22 for the operation or maintenance of either the Bradley Lake Hydroelectric Project or the
23 Alaska Intertie before completion of a conveyance authorized by this section.

24 (b) In this section, unless the context otherwise requires,

25 (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

26 (2) "Alaska Intertie" means the electric power transmission intertie owned by,
27 or subject to contractual rights of, the Alaska Energy Authority, and located between the
28 Teeland substation near Knik, Alaska and Healy, Alaska;

29 (3) "Bradley Lake Hydroelectric Project" means the hydroelectric project
30 owned by the Alaska Energy Authority, and licensed as Project Number 8221 under
31 16 U.S.C. 792 – 823c (Federal Power Act);

(4) "Greater Railbelt electric utilities" has the meaning given in AS 42.50.900, enacted by sec. 1 of this Act;

(5) "Greater Railbelt Energy and Transmission Corporation" means the corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

(6) "phased commitment agreement" means a phased commitment agreement among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission Corporation, and one or more Greater Railbelt electric utilities, under which Greater Railbelt electric utilities will, over time, contract to obtain from the Greater Railbelt Energy and Transmission Corporation electric power and transmission services, to be developed under sec. 8 of this Act;

*** Sec. 11.** The uncodified law of the State of Alaska enacted by sec. 10 of this Act, is repealed.

*** Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT. (a) The following applicable sections of this Act take effect only if the listed utility fails to deliver to the Alaska Energy Authority on or before July 31, 2010 a letter of intent in the form and substance acceptable to the Alaska Energy Authority, under which the listed utility commits to enter a phased commitment agreement among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission Corporation, and the listed utility. The listed utilities and applicable sections of this Act are as follows:

(1) Homer Electric Association, Inc., sec. 2 of this Act;
 (2) the City of Seward, Electric Utility Department, sec. 3 of this Act;
 (3) Chugach Electric Association, Inc., sec. 4 of this Act;
 (4) the Municipality of Anchorage d/b/a Municipal Light and Power Utility, sec. 5 of this Act;

(5) Matanuska Electric Association, Inc., sec. 6 of this Act;

(6) Golden Valley Electric Association, Inc., sec. 7 of this Act.

(b) If none of the listed utilities in (a) of this section meet the conditions described in (a) of this section, sec. 11 of this Act takes effect.

(c) The executive director of the Alaska Energy Authority shall notify the lieutenant

1 governor and the revisor of statutes when any of the conditions described in (a) and (b) of this
2 section are met.

3 (d) In this section, unless the context otherwise requires,

4 (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

5 (2) "Greater Railbelt electric utilities" has the meaning given in AS 42.50.900,
6 enacted by sec. 1 of this Act;

7 (3) "Greater Railbelt Energy and Transmission Corporation" means the
8 corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

9 (4) "phased commitment agreement" means a phased commitment agreement
10 among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission
11 Corporation, and one or more Greater Railbelt electric utilities, under which Greater Railbelt
12 electric utilities will, over time, contract to obtain from the Greater Railbelt Energy and
13 Transmission Corporation electric power and transmission services, to be developed under
14 sec. 8 of this Act.

15 * **Sec. 13.** This Act takes effect immediately under AS 01.10.070(c).