

CS FOR HOUSE BILL NO. 103(ENE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

Offered: 3/10/11

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Railbelt energy fund and relating to the fund; relating**
2 **to and repealing the Railbelt energy fund; relating to the quorum of the Alaska Energy**
3 **Authority; relating to the powers of the Alaska Energy Authority regarding employees**
4 **and the transfer of certain employees of the Alaska Industrial Development Export**
5 **Authority to the Alaska Energy Authority; relating to the acquisition or construction of**
6 **certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility**
7 **study' in the Alaska Energy Authority Act; and providing for an effective date."**

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

9 * **Section 1.** AS 37.05.520 is amended to read:

10 **Sec. 37.05.520. Railbelt energy fund.** There is established in the general fund
11 the Railbelt energy fund. The fund consists of money appropriated to it by the
12 legislature and interest received on money in the fund. The **Department of Revenue**
13 [DEPARTMENT OF REVENUE] shall manage the fund. The legislature may

1 appropriate money from the fund **to capitalize the Alaska Railbelt energy fund**
 2 **(AS 42.45.035)** or for programs, projects, and other expenditures to assist in meeting
 3 Railbelt energy needs, including projects for retrofitting state-owned buildings and
 4 facilities for energy conservation.

5 * **Sec. 2.** AS 39.25.110 is amended by adding a new paragraph to read:

6 (44) the executive director and other staff of the Alaska Energy
 7 Authority appointed under AS 44.83.040.

8 * **Sec. 3.** AS 42.45 is amended by adding a new section to read:

9 **Sec. 42.45.035. Alaska Railbelt energy fund.** (a) The Alaska Railbelt energy
 10 fund is established as a separate fund. The fund consists of

11 (1) money appropriated to the fund by the legislature;

12 (2) gifts, bequests, contributions from other sources, and federal
 13 money;

14 (3) interest earned on the fund balance; and

15 (4) investments, to be managed by the Department of Revenue, which
 16 shall be the fiduciary of the fund under AS 37.10.071.

17 (b) The fund is not a dedicated fund.

18 (c) The legislature may appropriate money from the fund to conduct feasibility
 19 studies on, license, permit, acquire, construct, or make grants for power projects and
 20 electrical transmission lines and interties that serve the Railbelt region.

21 (d) In this section, "Railbelt region" means the service territories of the
 22 electrically interconnected electric utilities that serve Fairbanks, Wasilla, Palmer,
 23 Anchorage, the Kenai Peninsula, and other electrically interconnected communities.

24 * **Sec. 4.** AS 44.83.040(a) is amended to read:

25 (a) The chair and vice-chair of the Alaska Industrial Development and Export
 26 Authority shall serve as officers of the Alaska Energy Authority. The powers of the
 27 Alaska Energy Authority are vested in the directors, and **four** [THREE] directors of
 28 the authority constitute a quorum. Action may be taken and motions and resolutions
 29 adopted by the Alaska Energy Authority at a meeting by the affirmative vote of a
 30 majority of the directors. The directors of the Alaska Energy Authority serve without
 31 compensation, but they shall receive the same travel pay and per diem as provided by

1 law for board members under AS 39.20.180.

2 * **Sec. 5.** AS 44.83.040 is amended by adding a new subsection to read:

3 (e) The authority may appoint persons as staff, including an executive
4 director, and may employ professional advisors, counsel, technical experts, agents, and
5 other employees. The executive director and employees of the authority are in the
6 exempt service under AS 39.25.110.

7 * **Sec. 6.** AS 44.83.080 is amended to read:

8 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
9 purposes, the authority has the following powers in addition to its other powers:

10 (1) to sue and be sued;

11 (2) to have a seal and alter it at pleasure;

12 (3) to make and alter bylaws for its organization and internal
13 management;

14 (4) to adopt regulations governing the exercise of its corporate powers;

15 (5) to improve, equip, operate, and maintain power projects and bulk
16 fuel, waste energy, energy conservation, energy efficiency, and alternative energy
17 facilities and equipment;

18 (6) to issue bonds to carry out any of its corporate purposes and
19 powers, including **the acquisition or construction of a project to be owned or**
20 **leased, as lessor or lessee, by the authority or by another person or the**
21 **acquisition of an interest in a project or a right to capacity of a project,** the
22 establishment or increase of reserves to secure or to pay the bonds or interest on them,
23 and the payment of all other costs or expenses of the authority incident to and
24 necessary or convenient to carry out its corporate purposes and powers;

25 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
26 encumber in any manner by mortgage or by creation of any other security interest, real
27 or personal property owned by it, or in which it has an interest, when, in the judgment
28 of the authority, the action is in furtherance of its corporate purposes;

29 (8) to accept gifts, grants, or loans from, and enter into contracts or
30 other transactions regarding them, with any person;

31 (9) to deposit or invest its funds, subject to agreements with

1 bondholders;

2 (10) to enter into contracts with the United States or any person and,
3 subject to the laws of the United States and subject to concurrence of the legislature,
4 with a foreign country or its agencies, for the construction, financing, **acquisition,**
5 operation, and maintenance of all or any part of a power project or bulk fuel, waste
6 energy, energy conservation, energy efficiency, or alternative energy facilities or
7 equipment, either inside or outside the state, and for the sale or transmission of power
8 from a project or any right to the capacity of it or for the security of any bonds of the
9 authority issued or to be issued for the project;

10 (11) to enter into contracts with any person and with the United States
11 [,] and, subject to the laws of the United States and subject to the concurrence of the
12 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
13 transmission, or use of power from a project, or any right to the capacity of it;

14 (12) to apply to the appropriate agencies of the state, the United States,
15 and a foreign country and any other proper agency for the permits, licenses, or
16 approvals as may be necessary, **to acquire, construct,** maintain, and operate power
17 projects in accordance with the licenses or permits, and to obtain, hold, and use the
18 licenses and permits in the same manner as any other person or operating unit;

19 (13) to enter into contracts or agreements with respect to the exercise
20 of any of its powers, and do all things necessary or convenient to carry out its
21 corporate purposes and exercise the powers granted in this chapter;

22 (14) to recommend to the legislature

23 (A) the pledge of the credit of the state to guarantee repayment
24 of all or any portion of revenue bonds issued to assist in construction of power
25 projects;

26 (B) an appropriation from the general fund

27 (i) for debt service on bonds or other project purposes;

28 or

29 (ii) to reduce the amount of debt financing for the
30 project;

31 (15) to carry out the powers and duties assigned to it under AS 42.45;

1 (16) to make grants or loans to any person and enter into contracts or
2 other transactions regarding the grants or loans;

3 (17) to promote energy conservation, energy efficiency, and alternative
4 energy through training and public education;

5 **(18) to acquire power projects, whether by construction, purchase,**
6 **gift, or lease;**

7 **(19) to perform feasibility studies and engineering and design with**
8 **respect to power projects.**

9 * **Sec. 7.** AS 44.83 is amended by adding a new section to read:

10 **Sec. 44.83.085. Creation of subsidiaries.** The authority may create one or
11 more subsidiary corporations for the purpose of constructing, financing, acquiring,
12 owning, operating, or maintaining power projects. A subsidiary corporation created
13 under this section may be incorporated under AS 10.20.146 - 10.20.166. The authority
14 may transfer assets of the authority to a subsidiary corporation created under this
15 section. A subsidiary corporation created under this section may borrow money and
16 issue bonds as evidence of that borrowing and has all the powers of the authority that
17 the authority grants to it. Unless otherwise provided by the corporation, the debts,
18 liabilities, and obligations of a subsidiary corporation created under this section are not
19 the debts, liabilities, or obligations of the authority.

20 * **Sec. 8.** AS 44.83.090 is amended by adding a new subsection to read:

21 (c) In this section, "authority" includes a subsidiary corporation created under
22 AS 44.83.085.

23 * **Sec. 9.** AS 44.83.396(a) is amended to read:

24 (a) A power project that was acquired or constructed **under AS 44.83.080(18)**
25 **or** as part of the former energy program for Alaska is owned, and shall be
26 administered, by the authority.

27 * **Sec. 10.** AS 44.83.396 is amended by adding a new subsection to read:

28 (f) In this section, in reference to a specific power project, "authority" means
29 the subsidiary corporation created under AS 44.83.085, if the authority has created a
30 subsidiary corporation under AS 44.83.085 to construct, finance, acquire, own, or
31 operate the specific power project.

1 * **Sec. 11.** AS 44.83.990(3) is amended to read:

2 (3) "feasibility study"

3 (A) means a study conducted for the purpose of establishing the
4 economic and environmental practicality of completing a proposed power
5 project [UNDER FORMER AS 44.83.181];

6 (B) includes engineering and design work to meet the
7 requirements for submission of a license application for a proposed new
8 project to the Federal Energy Regulatory Commission;

9 * **Sec. 12.** AS 37.05.520 is repealed.

10 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 TRANSITION: CERTAIN STATE EMPLOYEES. The Alaska Energy Authority and
13 the Alaska Industrial Development and Export Authority shall jointly identify the employees
14 of the Alaska Industrial Development and Export Authority who will be transferred as staff to
15 the Alaska Energy Authority. The transfer of employees to the Alaska Energy Authority shall
16 be completed not later than December 31, 2011.

17 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the
20 heading of AS 44.83.040 from "Officers; meetings; quorum" to "Officers; meetings; quorum;
21 employees."

22 * **Sec. 15.** Section 12 of this Act takes effect, if it takes effect, the day after the unexpended
23 and unobligated balance in the Railbelt energy fund (AS 37.05.520) is appropriated and
24 transferred to the Alaska Railbelt energy fund (AS 42.45.035), created by sec. 3 of this Act, or
25 is appropriated and expended on other authorized purposes. The commissioner of the
26 Department of Administration shall notify the lieutenant governor and the revisor of statutes
27 when the conditions described in this section are met.

28 * **Sec. 16.** Except as provided in sec. 15 of this Act, this Act takes effect immediately under
29 AS 01.10.070(c).