

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON ENERGY**

February 15, 2011

3:05 p.m.

**MEMBERS PRESENT**

Representative Neal Foster, Co-Chair  
Representative Lance Pruitt, Co-Chair  
Representative Bob Lynn  
Representative Kurt Olson  
Representative Dan Saddler  
Representative Pete Petersen  
Representative Chris Tuck

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 103

"An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 103

SHORT TITLE: POWER PROJECT; ALASKA ENERGY AUTHORITY

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/11 (H) READ THE FIRST TIME - REFERRALS  
01/18/11 (H) ENE, FIN  
02/15/11 (H) ENE AT 3:00 PM BARNES 124

**WITNESS REGISTER**

SARA FISHER-GOAD, Executive Director

Alaska Energy Authority (AEA)

Department of Commerce, Community & Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Introduced an overview of HB 103 and presented a sectional analysis.

CHRIS RUTZ, Procurement Officer

Alaska Energy Authority (AEA)

Department of Commerce, Community & Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Testified and answered questions during discussion of HB 103.

BRIAN BJORKQUIST, Senior Assistant Attorney General

Labor and State Affairs Section

Civil Division (Anchorage)

Department of Law (DOL)

Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during discussion of HB 103.

**ACTION NARRATIVE**

[3:05:43 PM](#)

**CO-CHAIR LANCE PRUITT** called the House Special Committee on Energy meeting to order at 3:05 p.m. Representatives Pruitt, Lynn, Petersen, Tuck, and Foster were present at the call to order. Representatives Olson and Saddler arrived as the meeting was in progress.

**HB 103-POWER PROJECT; ALASKA ENERGY AUTHORITY**

3:06:13 PM

CO-CHAIR PRUITT announced that the first order of business would be HOUSE BILL NO. 103, "An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

3:07:13 PM

SARA FISHER-GOAD, Executive Director, Alaska Energy Authority (AEA), stated that HB 103 authorized AEA to construct and own new energy projects, to hire staff, and to adopt its own procurement code. She shared that HB 103 would empower AEA to pursue a large hydroelectric project for the Lower Watana area on the Susitna River. She referred to the renewable energy goal, adopted by the legislature, for 50 percent of electric power to be renewable by 2025. She declared that a large hydro project was "critical to meet this goal." She noted that the model would be the Bradley Lake hydrologic project. She stated that the governor had requested, through the capital budget, that the Railbelt energy fund be appropriated to AEA as a start to the process. She listed the first steps for AEA were to have the power to construct and to own the project, to file a preliminary permit application with Federal Energy Regulatory Commission (FERC), and to start discussions with the federal agencies. She pointed out that the filing of preliminary permit applications indicated to the federal agencies, especially the resource agencies, which studies would need to be updated. She noted that this would also assist in the formation of a project timeline and the refinement for a project cost estimate.

[3:12:29 PM](#)

REPRESENTATIVE TUCK asked to clarify that AEA was not able to currently file the applications with FERC.

MS. FISHER-GOAD replied that AEA could not file.

REPRESENTATIVE TUCK asked whether the State of Alaska could file with FERC.

MS. FISHER-GOAD replied that AEA had not explored whether another state agency could file; however, she pointed out that any agency would need the legislative authority for project ownership in order to issue bonds for the project.

[3:13:24 PM](#)

REPRESENTATIVE PETERSEN asked about the balance of the Railbelt Energy Fund.

MS. FISHER-GOAD replied that about \$65.7 million was available, with the balance of the funds already appropriated to other programs.

CO-CHAIR PRUITT asked if the \$65.7 million had any other appropriation or would it all be allocated to AEA.

MS. FISHER-GOAD replied that the capital budget designated those funds for AEA to pursue the Susitna hydroelectric project.

[3:14:37 PM](#)

CO-CHAIR PRUITT asked if there were any stipulations on the project.

MS. FISHER-GOAD offered her belief that the funds were for the FERC licensing and the project design.

[3:15:05 PM](#)

REPRESENTATIVE TUCK asked to clarify the availability of the \$65.7 million.

MS. FISHER-GOAD replied that this was the unobligated balance of the more than \$100 million in the overall fund.

REPRESENTATIVE TUCK asked to clarify that \$25 million of this was not obligated to the Fire Island wind farm project.

MS. FISHER-GOAD reported that \$65.7 million remained after the payment of the Fire Island project.

REPRESENTATIVE SADDLER asked if the \$65.7 million was subject to legislative oversight after it was transferred.

MS. FISHER-GOAD replied that the appropriation of funds was in the capital budget, and was independent of HB 103. She clarified that HB 103 created a new fund, which would not have any money until funds were appropriated.

REPRESENTATIVE SADDLER asked if the legislature had any oversight to the funds after it was appropriated.

MS. FISHER-GOAD said that HB 103, as written, allowed AEA to use the funds for these specific purposes.

[3:17:51 PM](#)

MS. FISHER-GOAD, in response, said that that AEA would have to abide by the statutory limitations. She related that the construction and ownership of projects was a power that AEA had previous to 1993. She reported that HB 103 would allow AEA to hire employees, adopt its own procurement code, and finance regional power projects through the newly formed Alaska Railbelt Energy Fund. She pointed out that AEA also had a Southeast Alaska Energy Fund, and that the new fund would model a similar alignment for powers and duties.

[3:19:52 PM](#)

MS. FISHER-GOAD reviewed the history of AEA: in 1976, it was created as the Alaska Power Authority; in the 1980s, its primary mission was energy resource development for economic diversification; in 1993, AEA was reorganized and the projects it owned were retained, while the grant programs and the rural energy programs were transferred to the Division of Energy, in the Department of Community and Regional Affairs (DCRA); the AEA board was disbanded, there were no longer any employees, and Alaska Industrial Development and Export Authority (AIDEA) took over the management; in 1999, DCRA was repealed and its Division of Energy programs were returned to AEA control; in 2008, AEA resumed its own executive directorship, energy policy and projects were renewed, and the renewable energy fund was established; in 2010, the Emerging Energy Technology Fund was established; and in 2011, AEA was identified for a key role in planning energy infrastructure and financing. She reported that the return of the executive director to AEA allowed for a focus on AEA priorities and its energy plan for communities.

[3:24:30 PM](#)

MS. FISHER-GOAD explained that AEA had a specific focus separate from AIDEA. AIDEA has a jobs and economic development mission, whereas the mission of AEA was to reduce the cost of energy for Alaskans. She reported that HB 103 provided for AEA to have subsidiary corporations as a financing tool for the development of the new hydro project. She pointed out that this bill would allow AEA to adopt its own procurement code and system, separate from the state.

[3:27:50 PM](#)

REPRESENTATIVE TUCK, referring to its history, asked if AEA was currently allowed to hire employees.

MS. FISHER-GOAD replied that all the AEA personnel were AIDEA employees. She pointed out that many of the fiscal notes to HB 103 were to allow for staff and money to be established in AEA, rather than AIDEA.

[3:29:13 PM](#)

MS. FISHER-GOAD, in response to Representative Tuck, replied that the AEA and the AIDEA executive directors had shared services, especially with regard to the finance staff. She explained that the staff was split to either AEA or AIDEA by project.

[3:30:53 PM](#)

REPRESENTATIVE TUCK asked if AEA had the authority to hire for the 42 positions not included in shared services.

MS. FISHER-GOAD replied that the two executive directors currently had a hiring agreement, which would be formalized with HB 103.

[3:31:56 PM](#)

REPRESENTATIVE PETERSEN asked if it was necessary for a separate AEA board membership.

MS. FISHER-GOAD replied that the current seven member board, which included five public members, had focused equitably on both AIDEA and AEA operations.

[3:33:45 PM](#)

REPRESENTATIVE LYNN, referring to the proposed separate AEA procurement code, asked about the necessity for changes.

CHRIS RUTZ, Procurement Officer, Alaska Energy Authority (AEA), in response to Representative Lynn, stated that this would give AEA an authority similar to other public corporations, and would allow for only one procurement process. He noted that any appeals would go to the Board of Directors, as opposed to the Department of Transportation & Public Facilities, for final decisions. He shared that most other processes would remain similar, but it would allow for a more streamlined approval process.

[3:36:39 PM](#)

MR. RUTZ added that business would still be conducted in much the same way, with the primary difference to be the authority to approve the waivers.

[3:37:02 PM](#)

REPRESENTATIVE LYNN asked if this would be less costly and more efficient.

MR. RUTZ established that the internal process would become more efficient, as it would allow for one standard procedure.

[3:37:33 PM](#)

REPRESENTATIVE TUCK asked if it would be easier to streamline the appeal process.

MR. RUTZ offered his belief that it was not possible to designate authority back to AEA, and that AEA would also continue to be managed by DOT&PF for specification development guidelines on construction projects.

[3:39:58 PM](#)

REPRESENTATIVE TUCK observed that when the state received federal funding, the federal guidelines for procurement pre-empted state policy, and he opined that the same would be true for state funding to local municipalities.

MR. RUTZ replied that AEA would continue to comply with federal guidelines.

[3:41:03 PM](#)

REPRESENTATIVE TUCK asked about the need to align procurement policies with municipalities.

[3:41:58 PM](#)

BRIAN BJORKQUIST, Senior Assistant Attorney General, Labor and State Affairs Section, Civil Division (Anchorage), Department of Law (DOL), clarified that state rules would have priority over municipal rules, but that the intent of HB 103 was to align the AEA legislative processes with other public corporations of the state. He stated that when any federal funding was introduced, the federal rules applied.

[3:43:35 PM](#)

REPRESENTATIVE TUCK asked if there were multiple rules for AEA procurements.

MR. BJORKQUIST replied that the rules were dependent on the source of the money. He explained that if AEA was able to adopt rules similar to other public corporations, it could establish a unified set of rules to apply more broadly to its business in procurement.

[3:44:46 PM](#)

MR. BJORKQUIST offered to discuss and compare FERC regulation and licensing with that of the Regulatory Commission of Alaska (RCA). He stated that FERC had the responsibility to license a hydroelectric project, to estimate the cost of power, to review the construction and operational plans and the environmental issues, and to watch out for the public's interest. He observed that these licensing conditions could increase the cost of power. He pointed out that the RCA had no role with the oversight of FERC. He explained that after the license was issued, FERC was responsible for the compliance to the license conditions, but it did not engage in rate regulation.

[3:48:16 PM](#)

MR. BJORKQUIST summarized that the RCA role, should financing involve contracts between AEA and the utilities, would be to approve the power sales agreements. He shared that RCA would review the economic issues with a focus on the best interest of the ratepayer. Once a power sales agreement was approved, RCA may not invalidate sales under that agreement. He established

that, should a rate under an established contract be determined as too high, RCA could order the contract to be renegotiated or it could require dispute resolution between the parties. He affirmed that RCA had statutory regulation powers. These powers included review of the operations of services and facilities to determine if they were unsafe, inadequate, or insufficient, as well as the review of management practices to determine inefficient or unreasonable operations.

[3:51:03 PM](#)

MR. BJORKQUIST referred to a handout titled HB 103 Regulation by RCA [Included in members' packets]. He stated that under AS 44.83.090(b), AEA was not subject to jurisdiction by RCA; however, any of the utilities that dealt with AEA were subject to RCA regulations.

[3:52:06 PM](#)

REPRESENTATIVE TUCK asked if this was proposed or a current statute.

MR. BJORKQUIST replied that this was a current statute. He explained that a public utility which was owned and operated by a political subdivision was not subject to RCA regulation under AS 42.05.711(b), with limited exceptions, unless the political subdivision competed directly with another utility. He pointed to AS 44.83.090(a) which also mandated provisions for AEA power sales agreements. These provisions included that AEA monitor the project, provide for payment of operating and maintenance costs, and ensure full disclosure of all cost factors for determination of rates. He directed attention to AS 44.83.396(e) which mandated that an AEA contract for operation of a power project must include a review of the annual operation and maintenance budget, as well as assurance that the project was operating efficiently and consistently with national standards. He reported that these mandates were comparable to the RCA regulations for utilities. He noted that RCA also had the authority to investigate management, services, and facilities for efficiency and safety. He clarified that the statutory mandates on AEA "overlap" the RCA regulations. He

opined that confusion could arise if both AEA and RCA were mandated for comparable regulations.

[3:55:57 PM](#)

MR. BJORKQUIST, directing attention to AS 42.05.431(b), stated that a wholesale power agreement between public utilities was subject to approval by RCA, and this would also apply to utilities purchasing from AEA. He noted that AS 42.05.431(c) allowed for some exemptions, and he listed the Bradley Lake Hydroelectric Project and the original Four Dam Pool Hydroelectric Project. He pointed out that this exemption eliminated one step in the process, RCA approval, and it eliminated litigation that could arise from the RCA decision. Referring back to AS 42.05.431(b), he commented that after RCA approved a wholesale power agreement, it could not invalidate that sale. He pointed to AS 42.05.431(a), which included provisions for a municipal utility to include debt covenants in rates, noting that RCA could not reject that rate, as it allowed utilities to finance projects.

[3:59:20 PM](#)

CO-CHAIR PRUITT, referring to the handout titled HB 103-FERC Oversight [Included in members' packets], directed attention to 3(c) and read: "FERC oversight might impact efficiency and costs, but is not focused on economic regulation." He cited the lack of an RCA role in an AEA owned project, noted that FERC did not focus on economic regulation, and asked about any economic oversight on an AEA project.

MR. BJORKQUIST clarified that only limited AEA wholesale power agreement projects, identified in the statute, were not subject to FERC approval. He pointed out that any wholesale power sales agreement would necessitate RCA agreement before any utility could buy power from a project. He stated that RCA would evaluate all the economic issues with a focus to the best interest of the ratepayers.

[4:02:22 PM](#)

CO-CHAIR PRUITT asked to clarify where the responsibility for oversight to cost overruns existed.

MR. BJORKQUIST replied that it was the obligation of AEA project management. He stressed that the decision to proceed with the project would be based on the best information available. He offered his belief that RCA, although approving costs, did not continue to monitor construction.

[4:05:18 PM](#)

MR. BJORKQUIST directed attention to the handout titled "HB 103 Updated Sectional Analysis by the Alaska Energy Authority" [Included in members' packets]. He explained that Section 1 of the bill would amend the procurement code to give AEA powers comparable to other public corporations for procurement. He noted that AEA would be obliged to:

Reflect competitive bidding principles and provide vendors reasonable and equitable opportunities to participate in the procurement process and must include procurement methods to meet emergency and extraordinary circumstances.

MR. BJORKQUIST clarified that this mandate was the same as other public corporations.

MR. BJORKQUIST explained Sections 2, 4, 13, and 16, which created a new Railbelt energy fund, the Alaska Railbelt Energy Fund, and repealed the existing Railbelt Energy Fund. He stated that Section 2 would appropriate the funds in the existing Railbelt Energy Fund to capitalize the new Alaska Railbelt Energy Fund. He noted that Section 3 and Section 6 empowered AEA to hire employees and advisors. He explained that Section 4 created the new Alaska Railbelt Energy Fund and its associated powers.

[4:08:01 PM](#)

REPRESENTATIVE SADDLER asked to clarify the names of the energy funds.

MR. BJORKQUIST replied that the current fund was the Railbelt Energy Fund and the proposed new fund would be the Alaska Railbelt Energy Fund.

MS. FISHER-GOAD clarified that it was necessary to create a new fund and that attempts had been made to avoid confusion.

[4:09:36 PM](#)

REPRESENTATIVE OLSON asked if this reflected the balance of the "old Southern Intertie Railbelt account."

MS. FISHER-GOAD, in response, said that the \$65.7 million appropriation in the capital budget was the unobligated balance of the existing Railbelt Energy Fund, which she opined was the remaining balance of the Susitna project from the 1980s.

[4:10:10 PM](#)

REPRESENTATIVE TUCK asked which department was the current overseer of the Railbelt Energy Fund.

MS. FISHER-GOAD replied that it was managed by Department of Revenue (DOR). She presented examples of current AEA funds managed by DOR, which included the Renewable Energy Fund and the Power Cost Equalization Endowment Fund, and she stated that the proposed Alaska Railbelt Energy Fund would also be managed by DOR.

REPRESENTATIVE TUCK asked if the fund management staff would be from DOR.

MS. FISHER-GOAD offered her belief that it would.

REPRESENTATIVE TUCK asked to clarify that DOR was the current fund overseer and manager, but that this fund would be closed, a new fund would be opened, and that DOR would manage the new AEA fund.

MS. FISHER-GOAD agreed, explaining that repealing one fund, while creating a new fund, was the easiest way to make it an AEA fund.

[4:13:24 PM](#)

CO-CHAIR PRUITT requested a list of the AEA funds.

[4:13:40 PM](#)

REPRESENTATIVE OLSON asked about accrued interest in the funds.

MS. FISHER-GOAD offered her belief that the fund had been amended to allow the interest to remain in the fund, although interest had not been accrued during the entire fund history.

REPRESENTATIVE OLSON requested details about the interest accrual for the AEA funds.

[4:15:03 PM](#)

REPRESENTATIVE FOSTER asked if any other group had expressed interest in this money.

MS. FISHER-GOAD replied that the Railbelt utilities would be those most attracted to the use of the fund.

[4:16:29 PM](#)

REPRESENTATIVE FOSTER asked for an estimate of prior fund expenditure.

MS. FISHER-GOAD replied that the Fire Island Intertie project was the most recent appropriation, though it was deemed a regional fund.

REPRESENTATIVE OLSON offered his belief that some money had been appropriated by Fairbanks.

MS. FISHER-GOAD affirmed that she would have to review the history of the fund appropriations.

REPRESENTATIVE OLSON reflected on the fund history.

[4:18:42 PM](#)

REPRESENTATIVE FOSTER asked about the general sentiment among the utilities.

MS. FISHER-GOAD reported that the fund had been more territorial during the time of smaller capital budgets, but that she was not aware of sentiments.

[4:20:43 PM](#)

MR. BJORKQUIST returned attention to Section 5, and explained that it was a provision to increase the AIDEA board to seven members. He explained Section 6, which empowered AEA to hire staff, and Section 7, which allowed AEA to acquire, construct, own, and operate new power projects. He stated that Section 7 also expanded AEA power to conduct feasibility, engineering, and design studies for power projects. He summarized Sections 8, 9, and 11, which empowered AEA to establish subsidiary corporations to support the acquisition, construction, ownership, and operation of power projects. He noted that this would shield AEA from liabilities, and allow each project to be isolated from the success or failure of other projects. He stated that Section 9 exempted AEA from RCA jurisdiction and imposed the obligations for entering power sales agreements. He confirmed that this would apply to the subsidiary development corporations, as well.

[4:25:10 PM](#)

REPRESENTATIVE SADDLER asked if the subsidiary corporations would have their own boards of directors.

MR. BJORKQUIST replied that each subsidiary would have its own board, and that these could be the same, or different, members than the AEA board.

REPRESENTATIVE SADDLER asked if there was a provision to determine either.

MR. BJORKQUIST replied that it would only have to be a non-profit corporation, and the decision would be made by the AEA board of directors. He pointed out that AEA would own and control the subsidiary, and could determine its management.

[4:26:42 PM](#)

CO-CHAIR PRUITT asked whether the AEA board of directors or the legislature determined the by-laws of the subsidiary corporation.

MR. BJORKQUIST replied that the board of directors made those decisions. He clarified that AEA could not grant powers to the subsidiary beyond its own powers. He moved on to explain that Section 10 amended AS 44.83.396(a) which addressed how AEA administered new power projects and contracts for operators. He declared that Section 11 was a new sub section, which provided that the subsidiary corporation for a new project was also included. He reported that Section 12 amended the definition of feasibility study. He announced that Section 13 repealed the existing Railbelt Energy Fund, while Section 16 made this contingent on the transfer of those appropriated funds to the new Alaska Railbelt Energy Fund, or to another approved project.

[4:29:55 PM](#)

MR. BJORKQUIST moved on to Section 14, explaining that this would instruct the revisor to amend the statutory heading to reflect that it would address employees. He said that Section 15 addressed the transfer of employees from AIDEA to AEA. He shared that Section 17 was the effective date for this bill.

[4:31:23 PM](#)

REPRESENTATIVE TUCK offered his belief that shared employees had efficiencies that would be lost when the groups were separated. He opined that the Department of Administration was proud of its

procurement policies and that a separate AEA procurement policy would be less efficient.

MS. FISHER-GOAD replied that, in 2008, there was discussion about the separation of AEA and AIDEA. She opined that this would have been detrimental to the programs, but that the hiring of separate executive directors now allowed for leadership and focus for both programs. She explained that the proposed transfer of staff positions still recognized the strong value of shared services, specifically in the finance department, and would maintain the momentum and efficiency for both agencies. She noted the importance of recognizing the identity of each agency, while maintaining some necessary shared services.

[4:38:05 PM](#)

REPRESENTATIVE TUCK asked if HB 119 would allow AEA many of its requests.

MR. BJORKQUIST, in response to Representative Tuck, stated that HB 103 was necessary as AEA and AIDEA were separate, independent public corporations. He clarified that, as AIDEA powers could not be transferred to AEA, proposed HB 103 was necessary.

[4:39:23 PM](#)

REPRESENTATIVE TUCK asked if AEA would have the same authority as AIDEA, if there was not a separation.

MR. BJORKQUIST, in response, clarified that AEA was a separate, independent, public corporation, and not under AIDEA, although there were connections between the two corporations. He stressed that AEA could not use AIDEA statutory powers.

[4:41:29 PM](#)

MR. BJORKQUIST, in response to Co-Chair Pruitt, reported that employees could perform work for either public corporation, if they were directed, but that the statutory authority of AIDEA could not be transferred to an AEA project.

4:42:22 PM

REPRESENTATIVE TUCK asked which corporation had the stronger bonding ability, and whether the separation would affect the ability of AEA for bonding.

MR. BJORKQUIST replied that AIDEA had a much stronger bonding authority, as it had substantial assets. He clarified that AEA had "the ability to exercise the moral obligation of the state and that's the backing that the Alaska Energy Authority would be able to bring to a bonding."

4:43:28 PM

MS. FISHER-GOAD acknowledged the difficulties for defining the AEA program and the AIDEA program, as it was often misunderstood that AEA was a "subset of AIDEA, or somehow is within AIDEA, and it really is not." She agreed that the lack of a line item for personal services, as opposed to contractual costs, on the budget was confusing. She directed attention to the handout titled, "Fiscal Note Numbers:" [Included in members' packets], and explained that the center bar separated the AIDEA fiscal notes on the left side with the AEA fiscal notes on the right side. Addressing the first line, "Personal Services," she explained that this was a transfer of 42 staff positions from AIDEA to AEA, and a request for 1 new loan underwriting staff position for AIDEA, with a net change of 41 AIDEA staff positions. She explained that line 3, "Contractual," reflected an increase to AIDEA for shared services as it was not possible to "cut a PCN in half." She noted that AIDEA would no longer be responsible for \$5.3 million of cost for management of AEA programs, as reflected on line 3, "I/A Receipts," listed under "Funding Source." She noted that the staff office building was currently paid through the AIDEA budget, and that, although AIDEA would not charge rent to AEA, there would now be a facilities charge to AEA for upkeep and utilities. She expressed the desire for "a net zero change" to the AIDEA operating budget. She reported that the remainder of the fiscal notes were adjustments of other AEA components, and would house all the positions in one component. She directed attention to Fiscal Note 2 of 2, representing the need for additional staff,

which would be funded by the CIP (Capital Improvement Project) receipts. She offered her belief that HB 103 would allow for the [AEA] structure, but that there was still the need for a project office for the Lower Watana area hydroelectric project. She declared that there would be an increase of \$400,000 to the general fund.

[4:53:51 PM](#)

REPRESENTATIVE TUCK pointed out that HB [119] allowed AIDEA to own subsidiary corporations. He opined that it would be better for AIDEA to own AEA as a subsidiary corporation, which would allow for greater efficiency.

MR. BJORKQUIST replied that it would not work under existing statute. He explained that AIDEA could form a subsidiary within the boundaries of its statutory authority, but it could not add the statutory authority for AEA into a subsidiary.

[4:55:39 PM](#)

CO-CHAIR PRUITT asked if a change in statute to transfer AEA statutory authority to AIDEA would accomplish the same changes as proposed in HB 103.

MR. BJORKQUIST replied that it would work in the context of one organization that could do all of the programs of both corporations, but that the impact on the financial standing of AIDEA could be severe.

[4:56:30 PM](#)

HB 103 was held over.

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 4:56 p.m.