

HOUSE BILL NO. 56

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE FOSTER

Introduced: 2/18/21

Referred: Community and Regional Affairs, Finance

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to power cost equalization; relating to the power cost equalization**
 2 **endowment fund; and providing for an effective date."**

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

4 * **Section 1.** AS 42.45.070(a) is amended to read:

5 (a) The power cost equalization endowment fund is established as a separate
 6 fund of the authority. The fund consists of **money appropriated to the fund by the**
 7 **legislature, including**

8 (1) [LEGISLATIVE] appropriations to the fund that are not designated
 9 for annual expenditure for the purpose of power cost equalization;

10 (2) [ACCUMULATED] earnings of the fund **accumulated before**
 11 **July 1, 2021; and**

12 (3) gifts, bequests, contributions of money and other assets, and federal
 13 money given to the fund that are not designated for annual expenditure for power cost
 14 equalization [; AND

(4) REPEALED].

* **Sec. 2.** AS 42.45.070 is amended by adding new subsections to read:

(d) The authority shall separately account for the earnings of the fund accumulated on or after July 1, 2021. The legislature may appropriate the earnings of the fund to the fund.

(e) The authority may expend money appropriated to the fund for the purposes of the fund described in AS 42.45.085 without further appropriation.

* **Sec. 3.** AS 42.45.080(c) is amended to read:

(c) On July 1 of each year, the commissioner shall determine

[(1) THE MONTHLY AVERAGE MARKET VALUE OF THE FUND FOR THE PREVIOUS THREE CLOSED FISCAL YEARS; AND

(2)] the earnings of the fund for the previous closed fiscal year.

* **Sec. 4.** AS 42.45.085(a) is amended to read:

(a) **Each fiscal year, the legislature may appropriate an amount from the fund** [FIVE PERCENT OF THE AMOUNT DETERMINED BY THE COMMISSIONER OF REVENUE ON JULY 1 OF EACH YEAR UNDER AS 42.45.080(c)(1) MAY BE APPROPRIATED] for the following purposes:

(1) [FUNDING THE POWER COST EQUALIZATION AND RURAL ELECTRIC CAPITALIZATION FUND (AS 42.45.100);

(2)] reimbursement to the Department of Revenue for the costs of establishing and managing the fund; and

(2) [(3)] reimbursement of other costs of administration of the fund.

* **Sec. 5.** AS 42.45.085(d) is amended to read:

(d) If the earnings of the fund for the previous closed fiscal year, as calculated under **AS 42.45.080(c)** [AS 42.45.080(c)(2)], exceed the **amount of the transfer** [APPROPRIATION] under **(e)** [(a)] of this section for the current fiscal year, the legislature may appropriate 70 percent of the difference between the earnings of the fund for the previous closed fiscal year, as calculated under **AS 42.45.080(c)** [AS 42.45.080(c)(2)], and the **transfer** [APPROPRIATION] made under **(e)** [(a)] of this section for the current fiscal year as follows:

(1) if the amount calculated under this subsection is less than

1 \$30,000,000, that amount to a community revenue sharing or community assistance
2 fund; or

3 (2) if the amount calculated under this subsection is \$30,000,000 or
4 more,

5 (A) \$30,000,000 to a community revenue sharing or
6 community assistance fund; and

7 (B) the remaining amount, not to exceed \$25,000,000, to the
8 renewable energy grant fund established under AS 42.45.045, to the bulk fuel
9 revolving loan fund established under AS 42.45.250, or for rural power system
10 upgrades or to a combination of the funds or purposes listed in this
11 subparagraph.

12 * **Sec. 6.** AS 42.45.085 is amended by adding a new subsection to read:

13 (e) Each fiscal year, the authority shall transfer the amount necessary to pay
14 each eligible electric utility the amount determined under AS 42.45.110 to the power
15 cost equalization and rural electric capitalization fund (AS 42.45.100).

16 * **Sec. 7.** AS 42.45.100(b) is amended to read:

17 (b) The fund shall be administered by the authority as a fund distinct from the
18 other funds of the authority. The fund is composed of

19 (1) money appropriated to provide power cost equalization to eligible
20 electric utilities and to provide grants for utility improvements;

21 (2) money appropriated from the National Petroleum Reserve - Alaska
22 special revenue fund under AS 37.05.530(g);

23 (3) money **transferred** [APPROPRIATED] from the power cost
24 equalization endowment fund (AS 42.45.070) under **AS 42.45.085(e)**
25 [AS 42.45.085(a)];

26 (4) gifts, bequests, contributions from other sources, and federal
27 money; and

28 (5) interest earned on the fund balance.

29 * **Sec. 8.** AS 42.45.110(i) is amended to read:

30 (i) The authority shall review the report required under (h) of this section.
31 After review and approval of the report, the authority shall [, SUBJECT TO

1 APPROPRIATION,] pay to each eligible electric utility an amount equal to the power
2 cost equalization per kilowatt-hour determined under (a) and (c) of this section,
3 multiplied by the number of kilowatt-hours eligible for power cost equalization that
4 were sold during the preceding month to all customers of the utility under (b) of this
5 section. Payment shall be made by the authority within 30 days after receipt from the
6 utility of the report required under (h) of this section. [IF APPROPRIATIONS THAT
7 HAVE BEEN MADE FOR THE PURPOSE BY JULY 1 OF A FISCAL YEAR ARE
8 INSUFFICIENT FOR PAYMENT IN FULL, THE AMOUNT PAID TO EACH
9 ELECTRIC UTILITY SHALL BE REDUCED ON A PRO RATA BASIS. IN
10 MAKING THE PRO RATA REDUCTIONS REQUIRED BY THIS SUBSECTION,
11 THE AUTHORITY MAY NOT CONSIDER ANY POTENTIAL SUPPLEMENTAL
12 APPROPRIATION UNTIL THE APPROPRIATION HAS BEEN ENACTED.]

13 * **Sec. 9.** AS 42.45.085(c) is repealed.

14 * **Sec. 10.** This Act takes effect June 30, 2021.