

Introduced: 3/6/68
Referred: Commerce and
Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 HOUSE BILL NO. 670

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Power Pool Authority."

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

8 * Section 1. AS 44 is amended by adding a new chapter to read:

9 CHAPTER 58. ALASKA POWER POOL AUTHORITY.

10 Sec. 44.58.010. AUTHORITY CREATED. There is created within the
11 Department of Commerce the Alaska Power Pool Authority consisting of the
12 commissioner of commerce and two residents of Anchorage, two residents
13 of Fairbanks and two residents of the railbelt area to be appointed by
14 the governor. The term of office of a board member, other than the
15 commissioner of commerce, is three years and the terms of office shall
16 be staggered.

17 Sec. 44.58.020. CORPORATE STATUS OF AUTHORITY. The Alaska Power
18 Pool Authority is a public corporate authority of the state.

19 Sec. 44.58.030. QUORUM. Four members constitutes a quorum.

20 Sec. 44.58.040. OFFICERS AND EMPLOYEES. The members shall select
21 a chairman and a vice chairman from among its members. The authority
22 may employ an executive director, technical experts, and other officers
23 agents and employees it requires.

24 Sec. 44.58.050. MEMBERS OR EMPLOYEES PROHIBITED FROM ACQUIRING
25 INTEREST. No member or employee of the authority may acquire an
26 interest, direct or indirect, in a public service corporation engaged
27 in generating, distributing or selling power to the public generally in
28 this state for profit, nor may a member have an interest in any business
29 that may be adversely affected by the operation of the authority in the

1 discharge of its duties. If a member or employee owns or controls an
2 interest, he shall immediately disclose the interest in writing to the
3 authority. Failure to make disclosure constitutes misconduct in office.

4 Sec. 44.58.060. POWERS OF AUTHORITY. The authority has all powers
5 necessary to carry out the purposes of this chapter including but not
6 limited to the power to

- 7 (1) sue and be sued;
- 8 (2) adopt a seal;
- 9 (3) have perpetual succession;
- 10 (4) adopt, amend and repeal bylaws, rules and regulations;
- 11 (5) make and execute contracts and other instruments;
- 12 (6) in its own name, own, exchange, transfer, lease, rent,
13 convey, or acquire by eminent domain under AS 09.55.240 - 09.55.460, or
14 otherwise, real and personal property;
- 15 (7) insure any real or personal property or operations of
16 the authority against any risk or hazards;
- 17 (8) invest in property or securities in which banks or trust
18 companies may legally invest any funds held in reserves or sinking
19 funds or funds not required for immediate disbursement;
- 20 (9) purchase its bonds at a price not more than the principal
21 amount and accrued interest, all bonds so purchased to be canceled;
- 22 (10) bargain for, take and receive, in its own name electric
23 power developed from the waters of the state by the state or the United
24 States or an agency thereof which by provisions of state or United
25 States law, agreement or regulation may be made available, or allotted
26 to the state;
- 27 (11) acquire or construct and operate electric transmission
28 systems, standby or auxiliary plants and facilities and generate,
29 produce, sell at wholesale, transmit and deliver electric power to

1 purchasers;

2 (12) enter into agreements for interconnection or pooling
3 with projects, plants, systems or facilities of other distributors of
4 electric power;

5 (13) purchase, transmit or deliver for the state, or any
6 person or operating unit, power generated or produced from projects or
7 works owned by the United States or an agency thereof, or any state,
8 person or operating unit;

9 (14) formulate and proceed to accomplish plans and develop-
10 ment programs for the practical, equable and economical utilization of
11 electric power placed under its supervision and control;

12 (15) make application for, obtain, hold and use permits and
13 licenses from the United States or any of its agencies for power sites,
14 rights-of-way, rights and uses and other privileges;

15 (16) establish and revise electric rates;

16 (17) designate certain sections of main transmission lines
17 and facilities in the state for delivery of electric power, including
18 lines to be constructed or acquired by the authority and any trans-
19 missions lines and facilities which may become available through the
20 United States or any of its agencies, or other public or private sources.

21 Sec. 44.58.070. COOPERATION WITH PUBLIC AGENCIES. The authority,
22 in the acquisition, construction or operation of electrical transmission
23 systems and other related facilities, shall cooperate with established
24 and existing organizations and with the Department of the Interior of
25 the United States or any other federal agency or department for use,
26 interconnection or utilization of suitable transmission lines or other
27 facilities for distribution and operating purposes. The authority
28 shall when practical bargain and negotiate with the United States and
29 its departments or agencies for the inauguration, construction or opera-

1 tion of new projects or enlargement of works or facilities, and shall
2 provide for repayment of the work or project costs accruing to the
3 federal department or agency concerned by the application of revenue
4 produced from the operation of the works or projects.

5 Sec. 44.58.080. BONDS OF THE AUTHORITY. (a) Subject to (f) of
6 this section, the authority may borrow money for any of its corporate
7 purposes, including the payment or securing of any of its obligations,
8 and may issue bonds therefor, including but not limited to bonds on
9 which the principal and interest are payable

10 (1) exclusively from the income and receipts or other money
11 derived from the project financed with the proceeds of the bonds,

12 (2) exclusively from the income and receipts or other money
13 derived from designated projects whether or not they are financed in
14 whole or in part with the proceeds of the bonds, or

15 (3) from its income and receipts or other assets generally,
16 or a designated part or parts of them.

17 (b) Bonds shall be authorized by resolution of the authority, and
18 shall be dated and shall mature as the resolution may provide, except
19 that no bond shall mature more than 40 years from the date of its issue
20 Bonds shall bear interest at the rate or rates, be in the denominations
21 be in the form, either coupon or registered, carry the registration
22 privileges, be executed in the manner, be payable in the medium of pay-
23 ment, at the place or places, and be subject to the terms of redemption
24 which the resolution or a subsequent resolution may provide.

25 (c) All bonds, regardless of form or character, shall be negotiable
26 instruments for all the purposes of the Uniform Commercial Code.

27 (d) All bonds may be sold at public or private sale in the manner
28 for the price or prices, and at the time or times which the authority
29 may determine.

1 (e) The superior court shall have jurisdiction to hear and determine
2 suits, actions or proceedings relating to the authority, including suits,
3 actions or proceedings brought by or for the benefit or security of a hold-
4 er of its bonds or by a trustee for or other representative of the holders.

5 (f) The powers of the authority granted by this section may be used
6 only for projects approved by the legislature by concurrent resolution
7 before the exercise of those powers.

8 Sec. 44.58.090. TRUST INDENTURES AND TRUST AGREEMENTS. In the dis-
9 cretion of the authority, an issue of bonds may be secured by a trust
10 indenture or trust agreement between the authority and a corporate trustee
11 (which may be a trust company, bank, or national banking association, with
12 corporate trust powers, located inside or outside the state) or by a
13 secured loan agreement or other instrument or under a resolution giving
14 powers to a corporate trustee (referred to in this section as trust agree-
15 ment) by means of which the authority may

16 (1) make and enter into any and all the covenants and agreements
17 with the trustee or the holders of the bonds which the authority may
18 determine to be necessary or desirable, including, without limitation,
19 covenants, provisions, limitations and agreements as to

20 (A) the application, investment, deposit, use and disposi-
21 tion of the proceeds of bonds of the authority or of money or other
22 property of the authority or in which it has an interest;

23 (B) the terms and conditions upon which additional bonds of
24 the authority may be issued;

25 (2) pledge, mortgage or assign money, leases, agreements,
26 property or other assets of the authority either presently in hand or to
27 be received in the future, or both; and

28 (3) provide for any other matters of like or different character
29 which in any way affect the security or protection of the bonds.

1 Sec. 44.58.100. VALIDITY OF PLEDGE. It is the intention of the
2 legislature that a pledge made in respect of bonds shall be valid and
3 binding from the time the pledge is made; that the money or property so
4 pledged and thereafter received by the authority shall immediately be
5 subject to the lien of the pledge without physical delivery or further
6 act; and that the lien of the pledge shall be valid and binding as
7 against all parties having claims of any kind in tort, contract or
8 otherwise against the authority irrespective of whether the parties have
9 notice. Neither the resolution, trust agreement nor any other instru-
10 ment by which a pledge is created need be recorded or filed under the
11 provisions of the Uniform Commercial Code to be valid, binding or effec-
12 tive against the parties.

13 Sec. 44.58.110. NONLIABILITY ON BONDS. (a) Neither the members
14 of the authority nor a person executing the bonds is liable personally
15 on the bonds or subject to personal liability or accountability by
16 reason of the issuance of the bonds.

17 (b) The bonds issued by the authority may not constitute an
18 indebtedness or other liability of the state or of a political subdivi-
19 sion of the state, except the authority, but shall be payable solely
20 from the income and receipts or other funds or property of the authority.
21 The authority may not pledge the faith or credit of the state or of a
22 political subdivision of the state (except the authority) to the pay-
23 ment of a bond and the issuance of a bond by the authority shall not
24 directly or indirectly or contingently obligate the state or a political
25 subdivision of the state to apply money from, or levy or pledge any
26 form of taxation whatever to the payment of the bond.

27 Sec. 44.58.120. PLEDGE OF THE STATE. The state does hereby
28 pledge to and agree with the holders of bonds issued under this chapter
29 and with the federal agency which loans or contributes funds in respect

1 of a project, that the state will not limit or alter the rights and
2 powers vested in the authority by this chapter to fulfill the terms of
3 any contract made by the authority with the holders or federal agency,
4 or in any way impair the rights and remedies of the holders until the
5 bonds, together with the interest on them, with interest on unpaid
6 installments of interest, and all costs and expenses in connection with
7 any action or proceeding by or on behalf of the holders, are fully met
8 and discharged. The authority is authorized to include this pledge and
9 agreement of the state, insofar as it refers to holders of bonds of the
10 authority, in a contract with the holders, and insofar as it relates to
11 a federal agency, in a contract with a federal agency.

12 Sec. 44.58.130. EXEMPTION FROM TAXATION. The real and personal
13 property of the authority and its assets, income and receipts are
14 declared to be property of a political subdivision of the state and,
15 shall be exempt from all taxes and special assessments of the state or
16 a political subdivision of the state, including, without limitation,
17 all boroughs, cities, municipalities, school districts, public utility
18 districts and other taxing units. All bonds of the authority are
19 declared to be issued by a political subdivision of the state and for
20 an essential public and governmental purpose and to be a public instru-
21 mentality and the bonds, and the interest on them, the income from them
22 and the transfer of the bonds, and all assets, income and receipts
23 pledged to pay or secure the payment of the bonds, or interest on them,
24 shall at all times be exempt from taxation by or under the authority of
25 the state, except for inheritance and estate taxes and taxes on trans-
26 fers by or in contemplation of death.

27 Sec. 44.58.140. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
28 bonds of the authority are securities in which all public officers and
29 bodies of the state and all municipalities and municipal subdivisions,

1 all insurance companies and associations and other persons carrying on
2 an insurance business, all banks, bankers, trust companies, savings
3 banks, savings associations, including savings and loan associations
4 and building and loan associations, investment companies and other
5 persons carrying on a banking business, all administrators, guardians,
6 executors, trustees and other fiduciaries, and all other persons what-
7 soever who are now or may hereafter be authorized to invest in bonds or
8 other obligations of the state, may properly and legally invest funds
9 including capital in their control or belonging to them. Notwithstand-
10 ing any other provisions of law, the bonds of the authority are also
11 securities which may be deposited with and may be received by all public
12 officers and bodies of this state and all municipalities and municipal
13 subdivisions for any purpose for which the deposit of bonds or other
14 obligations of the state is now or may hereafter be authorized.

15 Sec. 44.58.150. DEFINITIONS. In this chapter

16 (1) "authority" means the Alaska Power Pool Authority;

17 (2) "operating units" means district, state agencies, federal
18 agencies, cities and towns;

19 (3) "power" means electric power or electric energy, or both

20 (4) "project" or "work" or "works" means each and every
21 facility necessary or convenient for producing, generating, firming or
22 transmitting power, and all rights of way, lands or interests in land,
23 the use or occupancy of which are necessary or appropriate in the main-
24 tenance and operation of all such facilities;

25 (5) "transmission lines or systems" means each and every
26 facility necessary or convenient for receiving electric energy from
27 production or transmission systems and transmitting it to wholesale
28 customers.

29 Sec. 44.58.160. REGULATIONS. The authority may adopt regulations

to implement the purposes of this chapter.

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