

1 IN THE SENATE

BY THE SPECIAL COMMITTEE ON THE
ALASKA PERMANENT FUND

2 SENATE BILL NO. 511

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the division of energy and power
7 development; and providing for an effective date."

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

9 * Section 1. AS 44.33.030 is amended to read:

10 Sec. 44.33.030. DIVISION OF ENERGY AND [SECTION OF] POWER DEVELOP-
11 MENT IN DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT. There is a
12 division of energy and [SECTION OF] power development in the Department
13 of Commerce and Economic Development to conserve, develop, and use the
14 water and other electric power resources of the state, to make an abun-
15 dant supply of electric power and energy available to the people of the
16 state at the lowest possible rates compatible with sound business prin-
17 ciples, and to promote and extend the use of electric power and energy
18 in the state for industrial, agricultural, commercial, residential, and
19 other purposes.

20 * Sec. 2. AS 44.33 is amended by adding a new section to read:

21 Sec. 44.33.035. POWERS. (a) To promote, develop and advance the
22 general prosperity and economic welfare of the people of the state by
23 providing a means of constructing, acquiring, financing and operating
24 hydroelectric and fossil fuel generating projects, the division of
25 energy and power development in the Department of Commerce and Economic
26 Development may

27 (1) accept gifts and grants and enter into contracts or other
28 transactions regarding them, with a federal agency or an agency or in-
29 strumentality of the state, municipality, private organization or other

1 source;

2 (2) enter into contracts with the United States or any person
3 and, subject to the laws of the United States and subject to concurrence
4 of the legislature, with a foreign country or its agencies, for the
5 construction, acquisition, operation and maintenance of all or any part
6 of a power project, either inside or outside the state, and for the sale
7 or transmission of power from a project or any right to the capacity of
8 it;

9 (3) enter into contracts for the purchase, sale, exchange,
10 transmission, or use of power generated by a project, or any right to
11 it;

12 (4) enter into contracts for the purchase, sale, exchange,
13 transmission, or use of power generated by a project, or any right to
14 the capacity of it with any person and with the United States, and,
15 subject to the laws of the United States and subject to the concurrence
16 of the legislature, with a foreign country or its agencies;

17 (5) apply to the appropriate agencies of the state, the
18 United States and to a foreign country and any other proper agency for
19 the permits, licenses, or approvals as may be necessary;

20 (6) perform feasibility studies with respect to hydroelec-
21 trical and fossil fuel power generating projects;

22 (7) enter into contracts or agreements with respect to the
23 exercise of any of its powers, and do all things necessary or convenient
24 to carry out the purposes and exercise the powers granted in this sec-
25 tion.

26 (b) The division shall, in addition to other methods which it may
27 find advantageous, provide that municipal electric, rural electric, co-
28 operative electric, or private electric utilities and regional electric
29 authorities or other persons authorized by law to engage in the dis-

1 tribution of power may secure a reasonable share of the power generated
2 by a project, or any interest in it, or any right to the capacity of it
3 and shall sell the power or cause the power to be sold at prices repres-
4 enting cost of generation, plus capital and operating charges, plus a
5 fair cost of transmission, all as determined by the director, subject to
6 conditions which assure the resale of the power to retail consumers at
7 the lowest possible price and subject to review by the Alaska Public
8 Utilities Commission. A contract for the sale, transmission and dis-
9 tribution of power generated by a project or any right to the capacity
10 of it shall provide

11 (1) for payment of all operating and maintenance expenses of
12 a project and costs of renewals, replacements and improvements of it;

13 (2) for interest on and amortization charges sufficient to
14 retire bonds of the authority issued for the project and reserves for
15 them, plus a debt service coverage factor as may be determined by the
16 director to be necessary for the marketability of its bonds;

17 (3) for continuous control and operation of the project by
18 the division or its agents;

19 (4) for full and complete disclosure to the division of all
20 factors of cost in the transmission and distribution of power, so that
21 rates to any persons may be fixed initially in the contract and may be
22 adjusted from time to time on the basis of true cost data;

23 (5) for periodic revisions of the service and rates to per-
24 sons on the basis of accurate cost data obtained by the accounting
25 methods and systems approved by the director and in furtherance and
26 effectuation of the policy declared in this section;

27 (6) for the cancellation and termination of a contract upon
28 violation of its terms by any person;

29 (7) for security for performance as the director may consider

1 practicable and advisable, including provisions assuring the continuance
2 of the distribution and transmission of power generated by a project,
3 the use of its facilities for these purposes, and the continuance of an
4 outlet and adequate market for the power generated by the project;

5 (8) other terms not inconsistent with the provisions and
6 policy of this section as the director may consider advisable.

7 * Sec. 3. AS 44.56.010 - 44.56.240 are repealed.

8 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).

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