

Original sponsors: Rogers and Buchholdt

Offered: 5/10/82

1 IN THE HOUSE

BY THE RULES COMMITTEE

2 SENATE CS FOR CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 9 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority; and
7 providing for an effective date."

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

9 * Section 1. AS 44.83.110 is amended by adding a new subsection to read:

10 (h) If the authority decides to issue bonds secured by a capital
11 reserve fund, the bonds may not be issued until 10 days after the
12 authority has mailed notification to the State Bond Committee and the
13 Legislative Budget and Audit Committee by certified mail of its inten-
14 tion to establish a capital reserve fund to secure the bond issue. The
15 notification shall include the amount of the capital reserve fund to be
16 established, the amount of bonds proposed to be issued, and the total
17 cost of the project for which the bonds are to be issued. The notifica-
18 tion shall be accompanied by an estimate by the authority of the need to
19 withdraw money from the capital reserve fund during the term of the bond
20 issue, the amount that it may be necessary to withdraw, and the time at
21 which withdrawals are estimated to be needed. The authority shall
22 annually prepare a revised estimate, considering the same factors, and a
23 statement of all withdrawals that have occurred from the date of issuance
24 of the bonds to the end of the calendar year. The revised estimate and
25 statement shall be submitted to the State Bond Committee and the Legis-
26 lative Budget and Audit Committee by January 30 of the succeeding year.

27 * Sec. 2. AS 44.83.181(b)(1) is amended to read:

28 (1) information about the proposed project, including but not
29 limited to estimates of total project construction costs, total project

1 operating costs, the costs of transmission systems and reserve power
2 requirements, the timing and amount of anticipated returns from the
3 completed project, a benefit-to-cost ratio, the potential effect of the
4 project on the environment of the area which will be served by the
5 project when completed, and the availability of alternative government
6 financing;

7 * Sec. 3. AS 44.83.183 is amended by adding a new subsection to read:

8 (e) The report required by (c) of this section shall include a fi-
9 nancial analysis of the proposed project of the authority that evaluates
10 proposed bond resolutions or other financial arrangements or financial
11 plans, security plans and arrangements, cost and demand uncertainties,
12 and debt volume, as they relate to the total direct and indirect indebt-
13 edness of the state. In preparing the financial analysis required by
14 this section the division of budget and management may use the services
15 of outside agencies or institutions that are not otherwise involved in
16 the project.

17 * Sec. 4. AS 44.83.185(c) is amended to read:

18 (c) The legislature shall consider and must approve all proposed
19 new projects except proposed new projects that are exempt under AS 44.-
20 83.187. The legislature may approve a proposed new project only by
21 enacting law that authorizes the project and approves a maximum con-
22 struction cost for [AUTHORIZING] that project.

23 * Sec. 5. AS 44.83 is amended by adding a new section to read:

24 Sec. 44.83.186. FINAL COST ESTIMATE AND REAUTHORIZATION BY THE
25 LEGISLATURE. If a project is approved under AS 44.83.185(c), the
26 authority shall obtain a final cost estimate for the project from an
27 independent source qualified to make such an estimate. If the final
28 cost estimate, adjusted for inflation, does not exceed the cost estimate
29 presented by the authority to the legislature under AS 44.83.185 by more

1 than seven and one-half percent, the authority may proceed with the
2 construction of the project. If the final cost estimate, adjusted for
3 inflation, exceeds the cost estimate presented by the authority to the
4 legislature under AS 44.83.185 by more than seven and one-half percent,
5 the authority shall revise its feasibility study and, if it determines
6 that the project remains feasible, the authority shall submit the revised
7 feasibility study and the independent cost estimate to the legislature.
8 A proposed project that is returned for reconsideration by the legisla-
9 ture under this section may not be constructed unless the legislature
10 reauthorizes it by enacting law for that purpose.

11 * Sec. 6. AS 44.83.189 is amended by adding a new subsection to read:

12 (b) A contractor who is responsible for the preparation of the
13 feasibility study or the preliminary design of a project may not parti-
14 cipate in the engineering design, construction management, or construc-
15 tion of that project. A contractor who is responsible for the engineer-
16 ing design of a project may not participate in the construction manage-
17 ment or construction of that project.

18 * Sec. 7. AS 44.83.384 is amended by adding a new subsection to read:

19 (c) Notwithstanding (b)(1) of this section and AS 44.83.394 -
20 44.83.398, the fund may be used by the authority to provide money for
21 the cost of a power project that is constructed and owned by the United
22 States government if the requirements of this subsection are met. The
23 provisions of AS 44.83.177 - 44.83.187 do not apply to a power project
24 financed under this subsection. The authority may use money in the fund
25 for the cost of a power project under this subsection if

- 26 (1) the legislature enacts a law approving the project;
- 27 (2) the division of budget and management in the Office of
28 the Governor reviews a feasibility study and a plan of finance for the
29 project and determines that the feasibility study complies with the

1 requirements for a feasibility study submitted under AS 44.83.181(b) and
2 that the plan of finance complies with the requirements for a plan of
3 finance submitted under AS 44.83.181(c); and

4 (3) the project meets the other requirements of this chapter.

5 * Sec. 8. AS 44.83.398(b) is amended to read:

6 (b) The authority shall establish a wholesale power rate structure
7 applicable to sales of power to its customers at the busbar of a [THE]
8 power project as follows:

9 (1) The authority shall establish and maintain a separate
10 [SINGLE] wholesale power rate applicable to each [ALL] power project
11 [PROJECTS] that it has acquired or constructed under the energy program
12 for Alaska, other than a project described in (f) of this section. The
13 wholesale power rate shall be computed by the authority annually, or
14 more frequently as may be necessary, and shall equal the rate that the
15 authority estimates is necessary to produce revenue that is sufficient
16 to pay

17 (A) operation, maintenance, and equipment replacement
18 costs of the power project [PROJECTS];

19 (B) the power project's proportionate share of the debt
20 service on state loans and bonds for all [OF THE] power projects
21 in the energy program for Alaska, determined in accordance with (g)
22 of this section;

23 (C) safety inspections and investigations of the power
24 project [PROJECTS] by the authority.

25 (2) If, by July 1, 1986, the legislature has not appropriated
26 at least \$5,000,000,000 to the fund, in addition to appropriations to
27 the fund of interest earned on money in the fund, the authority shall,
28 beginning on that date, establish and maintain a separate [SINGLE]
29 wholesale power rate applicable to each [ALL] power project [PROJECTS]

1 that is [IT HAS] acquired or constructed under the energy program for
2 Alaska. The wholesale power rate shall be computed by the authority
3 annually, or more frequently as may be necessary, and shall be the
4 greater of

5 (A) 10 percent of the amount the authority has invested
6 in the power project [PROJECTS], including loans and grants made by
7 the state; or

8 (B) the rate that the authority estimates is necessary
9 to produce revenue sufficient to pay

10 (i) operation, maintenance, and equipment replace-
11 ment costs of the power project;

12 (ii) the power project's proportionate share of debt
13 service on state loans and bonds for all [OF] power projects
14 in the energy program for Alaska, determined in accordance
15 with (g) of this section [BY THE AUTHORITY]; and

16 (iii) safety inspections and investigations of the
17 power project [PROJECTS] by the authority.

18 * Sec. 9. AS 44.83.398(c) is amended to read:

19 (c) The authority shall transmit all the money that it receives
20 under (a) [(b)] of this section to the commissioner of revenue for
21 deposit in the state general fund except for [THE] money it has pledged
22 to secure bonds in accordance with contracts with bondholders [RECEIVES
23 UNDER (b)(1)(A) AND (B) AND (b)(2)(B)(1) AND (11), OR THE MONEY IT WOULD
24 HAVE RECEIVED UNDER (b)(1)(A) AND (B) AND (b)(2)(B)(1) AND (11) OF THIS
25 SECTION IF THOSE ITEMS HAD BEEN USED IN PART TO ESTABLISH THE WHOLESALE
26 POWER RATE IN EFFECT AT THE TIME THE MONEY IS RECEIVED BY THE AUTHORITY].

27 * Sec. 10. AS 44.83.398(e) is amended to read:

28 (e) The legislature may, by law, annul or change a [THE] wholesale
29 power rate for sales of power that the authority adopts under (b) or (f)

1 of this section. However, if the authority makes an agreement with bond-
2 holders to maintain or increase a wholesale power rate, the rate estab-
3 lished remains in effect according to the terms of the agreement with
4 bondholders.

5 * Sec. 11. AS 44.83.398 is amended by adding new subsections to read:

6 (f) The provisions of (b) of this section do not apply to an
7 intertie. The authority shall establish and maintain a separate whole-
8 sale power rate applicable to each intertie that it has acquired or con-
9 structed under the energy program for Alaska. The wholesale power rate
10 shall be computed by the authority annually, or more frequently as may
11 be necessary, and shall equal the rate that the authority estimates is
12 necessary to produce revenue that is sufficient to pay

13 (1) operation, maintenance, and equipment replacement costs
14 of the intertie;

15 (2) debt service of the intertie; and

16 (3) safety inspections and investigations of the intertie by
17 the authority.

18 (g) For the purposes of (b)(1)(B) and (b)(2)(B)(ii) of this sec-
19 tion, a power project's proportionate share of debt service on state
20 loans and bonds for all power projects in the energy program for Alaska
21 is equal to the state's investment in the power project divided by the
22 state's investment in all power projects in the energy program for
23 Alaska and multiplied by the debt service on state loans and bonds for
24 all power projects in the energy program for Alaska. In this subsection

25 (1) "state's investment in the power project" includes all
26 state money invested in a power project, including loans, grants, and
27 proceeds from bonds, less the principal repayments on the project's
28 proportionate share of debt service on state loans and bonds;

29 (2) "state's investment in all power projects in the energy

1 program for Alaska" includes all state money invested in the power pro-
2 jects in the energy program for Alaska, including loans, grants, and
3 proceeds from bonds, less the principal repayments on bonds and state
4 loans issued for the power projects.

5 * Sec. 12. Section 14, ch. 118, SLA 1981 is amended to read:

6 Sec. 14. LOCATION OF TRANSMISSION SYSTEM IN DENALI STATE PARK.

7 The Alaska Power Authority may design, acquire a right-of-way for, and
8 construct a 345 KV high voltage electrical transmission system connect-
9 ing Anchorage and Fairbanks. The transmission line authorized by this
10 section shall be considered a use that is compatible with the purposes
11 of the Denali State Park within the boundaries of the Denali State Park.
12 The route of the transmission system authorized by this section may
13 [SHALL] be located within the Denali State Park in consultation with the
14 division of parks, Department of Natural Resources.

15 * Sec. 13. Subject to review of the feasibility study and the plan of
16 finance by the division of budget and management in the Office of the Gover-
17 nor under AS 44.83.384(c)(2), the Bradley Lake hydroelectric project is
18 approved as a project of the Alaska Power Authority under AS 44.83.384(c)(1).

19 * Sec. 14. Notwithstanding the provisions of AS 44.83.325, the Alaska
20 Power Authority may enter into contracts under AS 44.83.300 - 44.83.360 for
21 preliminary work without the approval required by AS 44.83.325. In this
22 section, "preliminary work" means the preparation of plans and studies and
23 the preparation and submission of license applications, as well as other
24 types of work, that must be completed before actual construction of the
25 Susitna River hydroelectric project, described in AS 44.83.300, may begin.
26 This section does not authorize the Alaska Power authority to enter into
27 contracts for the actual construction of the Susitna River hydroelectric
28 project or for the preparation of the site of the Susitna River hydroelectric
29 project without the approval required by AS 44.83.325.

1 * Sec. 15. AS 44.83.189(b), added in sec. 6 of this Act, applies only to
2 projects for which feasibility studies have not been commenced on or before
3 the effective date of this Act.

4 * Sec. 16. AS 44.83.398(b)(2) is repealed on the date on which sections
5 16 and 17 are added to art. IX, Constitution of the State of Alaska, as pro-
6 posed by a version of Senate Joint Resoluton No. 61 of the Twelfth Legisla-
7 ture.

8 * Sec. 17. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29