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1 IN THE HOUSE

BY CHUCKWUK AND ROGERS

2 HOUSE BILL NO. 289

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regional energy authorities."

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

8 * Section 1. AS 18.57.010 is amended to read:

9 CHAPTER 57. REGIONAL ENERGY [ELECTRICAL] AUTHORITIES.

10 Sec. 18.57.010. FINDINGS [FINDING] AND PURPOSE. The legislature
11 finds that an acute shortage of adequate, safe, reliable energy gener-
12 ation and transmission [ELECTRICAL] facilities exists in the rural
13 areas of the state and that adequate energy generation and transmission
14 [ELECTRICAL] systems cannot be provided by the private sector due to
15 inadequate projected system revenues and economic depression in certain
16 areas or by local governments of the state since the boundaries required
17 for boroughs under art. X, sec. 3, of the Alaska Constitution and the
18 boundaries of cities necessary to effectively operate as cities would,
19 in many cases, not be adequate to provide economic, adequate, safe and
20 reliable energy generation and transmission [ELECTRICAL] service. The
21 legislature further finds that adequate housing, public facilities and
22 economic development are heavily dependent upon adequate, safe and
23 reliable energy generation and transmission [ELECTRICAL] facilities.
24 These conditions are inimical to the safety, health, welfare and pros-
25 perity of the residents of the state and to the sound growth of rural
26 communities. The legislature further finds that a reasonable means of
27 accomplishing the purpose of providing adequate, safe and reliable
28 energy systems is the creation of regional energy [ELECTRICAL] author-
29 ities which are not local governments. It is the purpose and intent of

1 the legislature to provide a means for [WHEREBY] public corporations to
2 serve as regional energy [ELECTRICAL] authorities [MAY BE FORMED].

3 * Sec. 2. AS 18.57.020 is amended to read:

4 Sec. 18.57.020. CREATION OF AUTHORITIES. (a) An association
5 authorized by AS 18.55.996(a) to form a regional housing authority is
6 given the authority to form a regional energy [ELECTRICAL] authority
7 which shall be [. THERE IS CREATED WITH RESPECT TO EACH OF THE ASSOCI-
8 ATIONS NAMED IN AS 18.55.996(a)] a public body corporate and politic
9 and [AS] a political subdivision of the state which functions [TO
10 FUNCTION] in the operating area [AREAS] of the individual association
11 [ASSOCIATIONS]. Each authority may exercise all powers conferred by
12 this chapter.

13 (b) A regional energy [ELECTRICAL] authority may not transact
14 business or exercise powers granted to it until the governing body of
15 the association has, by resolution, declared there is a need for the
16 authority to function, given it the authority to function and appointed
17 persons to serve as the board of commissioners of the authority. The
18 number of members of the board of commissioners, their terms of office
19 and the filling of vacancies in office shall be determined by resolution
20 of the governing body of the association. However, specialists shall
21 serve on the board of commissioners including at least two engineers,
22 one energy planner, one land use planner, one commercial fisherman,
23 one person with experience in the transportation industry, one person
24 engaged in subsistence hunting or fishing as his primary occupation.
25 The governing body of the association has discretion to determine
26 whether a person is qualified to serve on the board of commissioners
27 as a specialist.

28 (c) The regional energy [ELECTRICAL] authority has jurisdiction
29 to operate in all or part of the operating area of the individual

1 association as determined by resolution of the governing body of the
2 association. The governing body may, by resolution, add to or subtract
3 from the area served. The authority may operate within the service
4 area of a certificated rural electrical cooperative or within the
5 corporate limits of a municipality only with consent, by resolution, of
6 the governing body of the municipality or cooperative; however, if an
7 authority is operating within an area which becomes part of a munici-
8 pality or has a certificate of convenience and necessity from the
9 Alaska Public Utilities [UTILITY] Commission to operate in an area
10 which becomes part of a municipality, no consent is necessary.

11 (d) A municipality, electrical cooperative or other provider of
12 electrical service may transfer all or part of its electrical system
13 including, without limitation, lands and rights in land, equipment and
14 certificates or franchises, to a regional energy [ELECTRICAL] authority
15 by resolution of the governing board upon terms agreed upon with the
16 authority; however, approval by resolution, of the board of commis-
17 sioners of the authority shall be obtained. Unless otherwise provided
18 by law no other approvals to transfers are required.

19 (e) An association listed in AS 18.55.996(a) may, by three-
20 fourths majority vote of the authorized membership of its governing
21 body, delegate its power to form a regional energy authority under (a)
22 of this section to a regional housing authority formed by the associ-
23 ation under AS 18.55.996, a certificated rural electrical cooperative,
24 or a nonprofit hospital or health facility licensed under AS 18.20.-
25 010 - 18.20.130.

26 * Sec. 3. AS 18.57.030(a) is amended to read:

27 (a) Until June 5, 1995, a [A] regional energy [ELECTRICAL] author-
28 ity is exempt from payment of taxes or assessments on property owned by
29 the authority which is used for generation and transportation of energy

1 [ELECTRICITY FOR A PERIOD OF 20 YEARS FROM THE EFFECTIVE DATE OF THIS
2 ACT].

3 * Sec. 4. AS 18.57.030(c) is amended to read:

4 (c) All obligations or liabilities of a regional energy [ELECTRI-
5 CAL] authority remain its own and are not obligations or liabilities of
6 the state.

7 * Sec. 5. AS 18.57 is amended by adding a new section to read:

8 Sec. 18.57.035. DUTIES OF THE AUTHORITY. A regional energy
9 authority shall plan, study, develop, and finance energy and energy-
10 related projects, and assist individuals, corporations, and municipali-
11 ties in the planning, studying, developing, and financing of energy and
12 energy-related projects. For purposes of this section, an energy or
13 energy-related project includes, but is not limited to, a project to

14 (1) supply or generate electrical energy;

15 (2) convert raw materials, products, and waste materials
16 into energy;

17 (3) convert sunlight, wind, or falling water into useable
18 energy;

19 (4) conserve energy;

20 (5) recover mineral resources to be used to supply energy;

21 (6) use thermal properties of solids, fluids, and gases to
22 supply energy.

23 * Sec. 6. AS 18.57.040 is amended to read:

24 Sec. 18.57.040. POWERS OF THE AUTHORITY. A regional energy
25 [ELECTRICAL] authority has the general power to

26 (1) adopt, alter and use a corporate seal;

27 (2) prescribe, adopt, amend and repeal bylaws;

28 (3) sue and be sued in its own name;

29 (4) appoint officers, agents and employees and vest them

1 with powers and duties and to fix, change and pay compensation for
2 their services as the authority may determine;

3 (5) borrow money, make and issue bonds, notes and other
4 evidences of indebtedness of the authority for any of its corporate
5 purposes, and to secure payment of its bonds and of other obligations
6 by pledge of or lien on all or any of its assets, contracts, revenue
7 and income;

8 (6) make and issue bonds for the purpose of funding, refund-
9 ing, purchasing, paying or discharging any of the outstanding bonds or
10 obligations issued or assumed by it, or bonds or obligations the prin-
11 cipal or interest of which is payable in whole or in part from its
12 revenue;

13 (7) make and execute agreements, contracts and other instru-
14 ments necessary or convenient in the exercise of its powers and func-
15 tions, including contracts with a [ANY] person, firm, corporation,
16 government agency or other entity;

17 (8) receive, administer and comply with the conditions and
18 requirements of an appropriation, gift, grant or donation of property
19 or money;

20 (9) invest or reinvest money [OR FUNDS] held by the authority
21 in obligations or other securities or investments in which banks or
22 trust companies in the state may legally invest money [FUNDS] held in
23 reserves or sinking funds or money [FUNDS] not required for immediate
24 disbursement, and in certificates of deposits or time deposits;

25 (10) acquire, hold, use, lease, sell or otherwise dispose of
26 property of any kind, real, personal or mixed or an [ANY] interest in
27 it;

28 (11) acquire, produce, develop, manufacture, use, transmit,
29 distribute, supply, exchange, sell or otherwise dispose of [ELECTRIC]

1 energy and other supplies and services as the authority determines
2 [NECESSARY, PROPER, INCIDENTAL OR CONVENIENT] in connection with its
3 activities;

4 (12) determine, fix, alter, charge and collect rates, fees,
5 rentals and other charges for the use of the facilities of the authority
6 or for the service, [ELECTRIC] energy or other commodities sold, ren-
7 dered, or furnished by it;

8 (13) plan, design, construct, reconstruct, extend or improve
9 a [ANY] facility necessary or convenient in connection with its activi-
10 ties;

11 (14) enter on any land, water or premises for the purpose of
12 making surveys, soundings or examinations;

13 (15) exercise the powers of eminent domain in accordance with
14 AS 09.55.250 - 09.55.460;

15 (16) do all acts [AND THINGS] necessary, convenient or desir-
16 able to carry out the powers granted or implied in this chapter;

17 (17) adopt, amend and repeal regulations necessary for the
18 exercise [AND PERFORMANCE] of its powers and duties or to govern the
19 rendering of service, sale or exchange of [ELECTRICAL] energy.

20 * Sec. 7. It is the intention of the legislature that a regional electri-
21 cal authority in existence on the effective date of this Act shall continue
22 in existence as a regional energy authority, under this Act except that
23 members of the board of commissioners of the authority shall complete their
24 terms and additional members shall be appointed to the board in accordance
25 with AS 18.57.020(b) amended in sec. 2 of this Act 180 days after the effec-
26 tive date of this Act.
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