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1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE BILL NO. 25

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 energy projects and programs of
7 the Alaska Power Authority; and providing for an
8 effective date."

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

10 * Section 1. AS 44.83 is amended by adding new sections to read:

11 ARTICLE 8. RURAL ELECTRIFICATION REVOLVING LOAN FUND.

12 Sec. 44.83.361. RURAL ELECTRIFICATION REVOLVING LOAN FUND. (a)

13 The rural electrification revolving loan fund is established in the
14 Alaska Power Authority. The fund consists of

15 (1) appropriations made to the fund; and

16 (2) principal and interest payments on loans made under this
17 section.

18 (b) The authority may make loans from the rural electrification
19 revolving loan fund to electric utilities certified by the Alaska
20 Public Utilities Commission. A loan from the fund may be made only for
21 the purpose of extending new electric service into an area of the state
22 that an electric utility may serve under a certificate of public conven-
23 ience and necessity issued by the Alaska Public Utilities Commission.
24 A loan may be made from the fund to an electric utility if the utility
25 invests the money necessary to provide one pole, one span of line, one
26 transformer, and one service drop for each consumer for whom immediate
27 service would be provided by the extension of electric service. How-
28 ever, a loan may not be made from the fund unless

29 (1) the loan is recommended by a loan advisory committee

1 appointed under AS 44.83.363; and

2 (2) the extension of electric service would provide immediate
3 service to at least three consumers.

4 (c) A loan from the rural electrification revolving loan fund
5 shall bear an annual rate of interest of two percent of the unpaid
6 balance of the loan.

7 (d) When a loan is made by the authority under this section, the
8 electric utility receiving the loan

9 (1) shall, in addition to the rates that it is authorized to
10 charge, charge the consumers served by the electric service extended
11 with the loan proceeds an amount sufficient to pay the interest costs
12 of the loan;

13 (2) shall pay to the authority annually an amount equal to

14 (A) interest of two percent on the unpaid balance of
15 the loan; and

16 (B) payments on the unpaid balance of the principal of
17 the loan for each new consumer served by the electric service
18 during the preceding year for which the loan was made; payments on
19 the unpaid balance of the principal of the loan shall be made at a
20 rate equal to the difference between the actual cost of making the
21 service connection to the consumers and the minimum investment per
22 consumer required of the utility before a loan is made under (b)
23 of this section.

24 (e) The authority shall

25 (1) adopt regulations necessary to carry out the provisions
26 of this section;

27 (2) administer the rural electrification revolving loan
28 fund; and

29 (3) submit to the legislature within the first 10 days of

1 each regular legislative session a report of actions taken by the
2 authority under this section and an accounting of the rural electrifi-
3 cation revolving loan fund.

4 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application for
5 a rural electrification loan is submitted to the authority under AS 44.-
6 83.361, the authority shall appoint a local advisory committee from
7 persons residing in the area that the applicant utility is certified to
8 serve. The loan advisory committee shall consider the loan applica-
9 tion, and shall recommend whether the loan application is to be approved
10 or disapproved. A favorable recommendation from the loan advisory
11 committee shall be based on a determination that development in the
12 area of the proposed extension of electric service is likely to provide
13 for full repayment of the loan under AS 44.83.361(d) within 10 years.
14 In making that determination the committee shall consider

- 15 (1) permanence of the premises to be served by the exten-
16 sion;
17 (2) land use patterns in the area;
18 (3) access for the line that would be installed with loan
19 proceeds;
20 (4) availability of other utility service in the area; and
21 (5) the economic feasibility of the extension of electric
22 service with the proceeds of the loan.

23 ARTICLE 9. ENERGY PROGRAM FOR ALASKA.

24 Sec. 44.83.400. PROGRAM ESTABLISHED. (a) The energy program for
25 Alaska is established. The program shall be administered by the Alaska
26 Power Authority.

27 (b) The energy program for Alaska is a program by which the
28 authority may acquire or construct power projects with money appro-
29 priated by the legislature to the power development fund established in

1 AS 44.83.410. A power project may be acquired or constructed as part
2 of the energy program for Alaska only if the project is submitted to
3 and approved by the legislature in accordance with procedures set out
4 in AS 44.83.177 - 44.83.187.

5 (c) The provisions of AS 36.10.010 - 36.10.125 apply to power
6 projects constructed by the authority under AS 44.83.400 - 44.83.510.

7 Sec. 44.83.410. POWER DEVELOPMENT FUND ESTABLISHED. (a) A power
8 development fund is established in the Alaska Power Authority to carry
9 out the purposes of the energy program for Alaska (AS 44.83.400 -
10 44.83.510).

11 (b) The fund includes

12 (1) money appropriated to it by the legislature; and

13 (2) revenues collected from the sale of power that are not
14 required by law to be deposited into the general fund.

15 Sec. 44.83.420. USE OF FUND BALANCE. (a) The fund may be used
16 by the authority to provide money for

17 (1) reconnaissance and feasibility studies and power project
18 finance plans prepared under AS 44.83.177 - 44.83.181;

19 (2) the cost of a power project, including but not limited
20 to costs of acquiring necessary licenses, preparing engineering designs,
21 obtaining land, and constructing the power project;

22 (3) the defeasance of bonds, or the payment of debt service
23 on loans for or on an issue of bonds sold in connection with a power
24 project;

25 (4) the cost of operating and maintaining power projects;

26 and

27 (5) debt service on power projects.

28 (b) Money in the fund may be used under (a) of this section only
29 for a power project that

1 (1) meets the revenue requirements of AS 44.83.470; and
2 (2) provides the lowest reasonable power cost to utility
3 customers in the market area for the estimated life of the power pro-
4 ject, whether operated by itself or in conjunction with other power
5 projects in the market area, and that operates or will operate on one
6 or more of the following:

7 (A) renewable energy resources, including but not
8 limited to hydroelectric power, wind, biomass, geothermal, tidal
9 or solar energy, or a method that uses temperature differentials
10 or other physical properties of the ocean;

11 (B) coal or peat;

12 (C) energy derived from waste heat; or

13 (D) fossil fuel, including oil or natural gas.

14 Sec. 44.83.430. INVESTMENT OF FUND. The Department of Revenue
15 shall invest the money in the fund in accordance with AS 37.10.070 and
16 37.10.075. The Department of Revenue shall provide money in the fund
17 to the authority only after a cost for a project is incurred.

18 Sec. 44.83.440. ALLOTMENT TO PROJECTS. (a) The authority shall
19 maintain records of power project allocations from the fund for each
20 power project

21 (1) approved in accordance with AS 44.83.185; and

22 (2) for which an allocation is made from an appropriation
23 made by the legislature without specifying an appropriation to a pro-
24 ject.

25 (b) Income earned from investment of money appropriated to the
26 fund shall be deposited in the general fund and may be appropriated to
27 the fund by the legislature.

28 Sec. 44.83.450. REAPPROPRIATION OF FUND BALANCE. (a) If a power
29 project designated by the legislature by law is not constructed, the

1 amount appropriated to it may be reappropriated to other power projects
2 by the legislature.

3 (b) The legislature may reappropriate money under (a) of this
4 section only for a power project that is economically feasible under
5 AS 44.83.181(b) and only if the project will serve the market area that
6 would have been served by the power project designated by the legisla-
7 ture and not constructed.

8 Sec. 44.83.460. LAPSE OF EXCESS APPROPRIATIONS. If at the end of
9 construction of a power project appropriations for the power project
10 exceed the amount required for construction of it, the excess lapses
11 into the general fund.

12 Sec. 44.83.470. REVENUE REQUIREMENTS. The authority may not use
13 money in the fund for a power project except in compliance with AS 44.-
14 83.177 - 44.83.187, and unless the authority determines that the power
15 project is economically feasible and that, after construction, opera-
16 tion of the power project will be able to provide revenue sufficient to
17 return annually to the state five percent of the amount that the
18 authority has spent from the fund for the power project.

19 Sec. 44.83.480. OPERATION OF POWER PROJECT. (a) A power project
20 that is acquired or constructed as part of the energy program for
21 Alaska is owned by the state and shall be administered by the authority.

22 (b) When a power project has been acquired or constructed by the
23 authority, the project may be operated for the authority under a con-
24 tract or lease entered into by a qualified utility and the authority.

25 (c) The authority shall enter into a contract or lease under
26 reasonable terms and conditions to permit the applicant utility to
27 operate the power project when the applicant utility is the only whole-
28 sale power customer to be served directly by the power project unless
29 the authority determines a utility making application for a contract or

1 lease to operate a power project is not capable of operating that power
2 project.

3 (d) The authority shall adopt regulations to determine the manner
4 of selecting a qualified utility to operate a power project under a
5 contract or lease when there is more than one wholesale power customer
6 to be served directly by the power project.

7 (e) When the authority permits a power project to be operated by
8 a qualified utility under a contract or lease, the authority shall

9 (1) review and approve the annual budget for the operation
10 and maintenance of the power project;

11 (2) assure that the project is being operated efficiently
12 and in a manner that is consistent with national standards for the
13 industry.

14 Sec. 44.83.490. SALE OF POWER FROM POWER PROJECT. (a) The
15 authority shall sell power produced from power projects acquired or
16 constructed under the energy program for Alaska. A utility that pur-
17 chases power produced by a power project of the authority shall agree
18 with the authority

19 (1) to give preference in the sale of power at retail to all
20 classes of consumers of power except industrial consumers;

21 (2) to charge industrial consumers of power a rate deter-
22 mined by the authority in accordance with (d) of this section.

23 (b) The authority shall establish a wholesale power rate structure
24 applicable to sales of power to its customers at the busbar of the
25 power project as follows:

26 (1) The authority shall establish and maintain a single
27 wholesale power rate applicable to all power projects that it has
28 acquired or constructed under the energy program for Alaska. The
29 wholesale power rate shall be computed by the authority annually, and

1 shall equal the rate that the authority estimates is necessary to
2 produce revenue that is sufficient to pay

3 (A) operation, maintenance, and equipment replacement
4 costs of the power projects;

5 (B) debt service of the power projects;

6 (C) safety inspections and investigations of the power
7 projects by the authority.

8 (2) If, by July 1, 1986, the legislature has not appro-
9 priated to the power development fund at least \$5,000,000,000, in
10 addition to appropriations to the fund of interest earned on money in
11 the fund, the authority shall, beginning on that date, establish and
12 maintain a single wholesale power rate applicable to all power projects
13 that it has acquired or constructed under the energy program for Alaska.
14 The wholesale power rate shall be computed by the authority annually,
15 and shall be the greater of

16 (A) 10 percent of the amount the authority has invested
17 in the power projects, including loans and grants made by the
18 state or,

19 (B) the rate that the authority estimates is necessary
20 to produce revenue sufficient to pay

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

23 (ii) debt service of power projects by the authori-
24 ty; and

25 (iii) safety inspections and investigations of the
26 power projects by the authority.

27 (c) The authority shall transmit all the money that it receives
28 under (b) of this section to the commissioner of revenue for deposit in
29 the state general fund except for the money it receives under (b)(1)(A)

1 and (B), (b)(2)(B)(i) and (ii), or the money it would have received
2 under (b)(1)(A) and (B), (b)(2)(B)(i) and (ii) of this section if those
3 items had been used in part to establish the wholesale power rate in
4 effect at the time the money is received by the authority.

5 (d) A rate for an industrial consumer under (a)(2) of this section

6 (1) may exceed the wholesale power rate determined under (b)
7 of this section;

8 (2) may not be less than the rate charged residential con-
9 sumers.

10 (e) The legislature may, by law, annul or change the wholesale
11 power rate for sales of power that the authority adopts under (b) of
12 this section.

13 Sec. 44.83.500. ENERGY CONSERVATION. The authority shall ensure

14 (1) that communities that benefit from the energy program
15 for Alaska implement cost-effective energy conservation measures for
16 residences, commercial and public buildings, and industries; and

17 (2) that communities shall fulfill their responsibilities
18 under (1) of this section by cooperating with state agencies concerned
19 with development and conservation of energy, including but not limited
20 to

21 (A) the Alaska Public Utilities Commission;

22 (B) the division of energy and power development,
23 Department of Commerce and Economic Development; and

24 (C) the division of business loans, Department of
25 Commerce and Economic Development.

26 Sec. 44.83.510. DEFINITIONS. In AS 44.83.400 - 44.83.510,

27 (1) "busbar" means the substation that serves as the de-
28 livery point from the generation and transmission system of the author-
29 ity to the transmission and distribution system of the utility;

1 (2) "debt service" means the cash flow necessary to secure
2 bonds;

3 (3) "fund" means the power development fund;

4 (4) "industrial consumer" means a customer of a utility
5 which customer has a peak power demand in excess of 500 kilowatts and
6 uses the power principally for

7 (A) manufacturing;

8 (B) pipeline transportation;

9 (C) the recovery or processing of minerals;

10 (D) the processing of timber, agricultural, or seafood
11 products or their by-products; or

12 (E) the operation of facilities owned by the federal
13 government;

14 (5) "qualified utility" means an electric utility that is
15 certified by the Alaska Public Utilities Commission to serve all or
16 part of a market area that is served or will be served by the power
17 project, and that the authority determines is capable of operating and
18 maintaining the power project.

19 * Sec. 2. AS 44.83.030 is amended to read:

20 Sec. 44.83.030. MEMBERSHIP OF THE AUTHORITY. [(a)] The author-
21 ity shall consist of the following directors:

22 (1) three public [FOUR] directors [AT LARGE] to be appointed
23 by the governor and confirmed by the legislature; only one director may
24 be appointed from each judicial district described in AS 22.10.010;

25 (2) the director of the division of budget and management
26 and three commissioners of principal executive departments appointed by
27 the governor [THE COMMISSIONER OF COMMERCE AND ECONOMIC DEVELOPMENT.

28 (b) THE COMMISSIONERS OF COMMUNITY AND REGIONAL AFFAIRS, NATURAL
29 RESOURCES, TRANSPORTATION AND PUBLIC FACILITIES, AND REVENUE SHALL HAVE

1 THE RIGHTS AND PRIVILEGES OF DIRECTORS EXCEPT FOR THE RIGHT TO VOTE AND
2 MAY NOT BE CONSIDERED FOR PURPOSES OF QUORUM OR VOTING].

3 * Sec. 3. AS 44.83.040 is amended to read:

4 Sec. 44.83.040. OFFICERS AND QUORUM. The directors [DIRECTOR]
5 shall elect one of their number [THE DIRECTORS AT LARGE] as chairman
6 and may elect other officers they determine desirable. The powers of
7 the authority are vested in the directors, and four [THREE] directors
8 of the authority constitute a quorum. Action may be taken and motions
9 and resolutions adopted by the authority at a meeting by the affirma-
10 tive vote of at least three directors. The directors of the authority
11 serve without compensation, but they shall receive the same travel pay
12 and per diem as provided by law for board members.

13 * Sec. 4. AS 44.83.045(a) is amended to read:

14 (a) The public directors shall [AT LARGE MUST] be residents and
15 qualified voters of Alaska and shall comply with the requirements of
16 AS 39.50 (conflict of interests). The public directors [AT LARGE]
17 shall serve overlapping four-year terms. [THE FOUR ORIGINAL DIRECTORS
18 AT LARGE HAVE TERMS OF ONE, TWO, THREE, AND FOUR YEARS, RESPECTIVELY.]

19 * Sec. 5. AS 44.83.080(16) is amended by adding a new subparagraph to
20 read:

21 (G) an appropriation for a power project acquired or
22 constructed under the energy program for Alaska (AS 44.83.400 -
23 44.83.510).

24 * Sec. 6. AS 44.83.090(a) is amended to read:

25 (a) The authority shall, in addition to the other methods which
26 it may find advantageous, provide a method by which municipal electric,
27 rural electric, cooperative electric, or private electric utilities and
28 regional electric authorities, or other persons authorized by law to
29 engage in the distribution of electricity may secure a reasonable share

1 of the power generated by a project, or any interest in a project, or
2 for any right to the power and shall sell the power or cause the power
3 to be sold at the lowest reasonable prices which cover the full cost of
4 the electricity or services, including capital and operating costs,
5 debt coverage as considered appropriate by the authority, and other
6 charges that may be authorized by this chapter. Except for a contract
7 or lease entered into under AS 44.83.400 - AS 44.83.510, a [A] contract
8 or lease for the sale, transmission and distribution of power generated
9 by a project or any right to the capacity of it shall provide:

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

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

16 (3) for monitoring of the project by the authority or its
17 agents;

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

22 (5) for periodic revisions of the service and rates to
23 persons on the basis of accurate cost data obtained by the accounting
24 methods and systems approved by the directors and in furtherance and
25 effectuation of the policy declared in this chapter;

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

28 (7) for security for performance as the authority may con-
29 sider practicable and advisable, including provisions assuring the

1 continuance of the distribution and transmission of power generated by
2 a project and the use of its facilities for these purposes; and
3 (8) other terms not inconsistent with the provisions and
4 policy of this chapter as the authority may consider advisable.

5 * Sec. 7. AS 44.83 is amended by adding a new section to read:

6 Sec. 44.83.105. BONDS FOR POWER PROJECTS UNDER THE ENERGY PROGRAM
7 FOR ALASKA. The authority shall borrow money and shall issue its bonds
8 on which the principal and interest are payable from money derived from
9 the sale of wholesale power from power projects financed under AS 44.-
10 83.400 - 44.83.510 from the power development fund if

11 (1) appropriations to the power development fund for the
12 power project are insufficient to cover the cost of acquiring or con-
13 structing the power project; and

14 (2) the amount of interest the authority will pay on its
15 bonds is not more than alternative costs of securing money to pay for
16 the acquisition or construction of the power project.

17 * Sec. 8. AS 44.83.162 is repealed and reenacted to read:

18 Sec. 44.83.162. POWER COST ASSISTANCE. (a) The power cost
19 assistance fund is established as a separate fund to provide financial
20 assistance to eligible electric utilities in the state. The fund shall
21 be administered by the authority as a fund distinct from other funds of
22 the authority. The fund is composed of money appropriated for the
23 purpose of providing power cost assistance to an eligible electric
24 utility.

25 (b) The costs used to calculate the amount of power cost assis-
26 tance for all electric utilities eligible under this section include
27 all allowable costs, except return on equity, used by the commission to
28 determine the revenue requirement for electric utilities subject to
29 rate regulation under AS 42.05. The costs used in determining the

1 power cost assistance per kilowatt-hour shall exclude any other type of
2 assistance that reduces the customer's costs of power on a kilowatt-
3 hour basis and that is provided to the electric utility within 60 days
4 before the commission determines the power cost assistance per kilowatt-
5 hour of the electric utility.

6 (c) An eligible electric utility is entitled to receive power
7 cost assistance

8 (1) for sales of power to local community facilities, calcu-
9 lated in the aggregate for each community served by the electric
10 utility, for actual consumption of not more than 55 kilowatt-hours per
11 month for each resident of the community; and

12 (2) for actual consumption of not more than 600 kilowatt-
13 hours per month sold to each customer in all classes served by the
14 electric utility except to customers of the utility under (1) of this
15 subsection.

16 (d) The amount of power cost assistance provided per kilowatt-
17 hour under (c) of this section may not exceed 95 percent of the power
18 costs, or the average rate per eligible kilowatt-hour sold, whichever
19 is less, as determined by the commission. However,

20 (1) during the fiscal year ending June 30, 1982, the power
21 costs for which power cost assistance may be paid to an electric utility
22 are limited to minimum power costs of more than 12 cents per kilowatt-
23 hour and less than 45 cents per kilowatt-hour;

24 (2) during each following fiscal year, the power costs for
25 which power cost assistance may be paid to an electric utility are
26 limited to

27 (A) power costs that are greater than the minimum power
28 costs specified in (1) of this subsection plus one cent per
29 kilowatt-hour for the fiscal year ending June 30, 1983, plus one

1 cent per kilowatt-hour for each fiscal year thereafter; and

2 (B) power costs of less than 45 cents per kilowatt-
3 hour; and

4 (3) the power cost assistance per kilowatt-hour may be
5 determined using kilowatt-hours generated for utilities with no histori-
6 cal kilowatt-hour sales data.

7 (e) An electric utility whose customers receive assistance under
8 this section shall set out in its tariff the rates without the power
9 cost assistance provided in this section and the amount of power cost
10 assistance per kilowatt-hour sold. The rate charged to the customer
11 shall be the difference between the two amounts. Power cost assistance
12 paid under this section shall be used to reduce the cost of all power
13 sold to local community facilities, in the aggregate, to the extent of
14 55 kilowatt-hours per month per resident of the community, and to
15 reduce the cost of the first 600 kilowatt-hours per customer per month
16 for all other classes served by the electric utility.

17 (f) The power cost assistance program shall be administered by
18 the authority based on a determination by the commission under (b) and
19 (d) of this section of power cost assistance per kilowatt-hour for each
20 eligible electric utility.

21 (g) An eligible electric utility may not be denied power cost
22 assistance because complete cost information is not available. An
23 eligible electric utility that is exempt from rate regulation under
24 AS 42.05 shall be assisted by the commission to provide the cost infor-
25 mation the commission considers necessary to comply with the require-
26 ments of this section. Only power costs that are supportable may be
27 considered in calculating power cost assistance. Each electric utility
28 is responsible for keeping records that provide the information neces-
29 sary to comply with the requirements of this section including, but not

1 limited to, records of monthly kilowatt-hour sales or generation,
2 monthly fuel balances, fuel purchases, and monthly utility fuel con-
3 sumption.

4 (h) For each eligible electric utility, the determination of the
5 cost of fuel by the commission shall be in accordance with the procedure
6 for approving fuel cost rate adjustments of electric utilities subject
7 to rate regulation under AS 42.05.

8 (i) Each electric utility receiving power cost assistance ap-
9 proved by the commission shall

10 (1) report monthly to the authority within the time and in
11 the form the authority requires; and

12 (2) use operational equipment designed to meter individual
13 utility customer power consumption and to determine and record the
14 utility's overall fuel consumption.

15 (j) The authority shall review the report required under (i)(1)
16 of this section and may submit the report to the commission for addi-
17 tional review before payment. After review and approval of the report
18 by the authority, the authority shall, subject to appropriation, pay to
19 each eligible electric utility an amount equal to the power cost assis-
20 tance per kilowatt-hour determined by the commission under (b) and (d)
21 of this section, multiplied by the number of kilowatt-hours eligible
22 for power cost assistance that were sold during the preceding month to
23 all customers of the utility in accordance with (c) of this section.
24 Payment shall be made by the authority within 30 days after receipt
25 from the utility of the report required under (i) of this section.
26 However, if there is a dispute between the authority and the utility
27 relating to the payment, the authority shall submit the report to the
28 commission for review within 30 days after its receipt by the authority.
29 When a report is submitted to the commission for review under this

1 section, payment shall be made by the authority within 30 days after
2 submission, based on a commission determination. If appropriations are
3 insufficient for payment in full, the amount paid to each electric
4 utility is reduced on a pro rata basis.

5 (k) If an electric utility receives power cost assistance under
6 this section, the utility shall either

7 (1) give the following notice to its electric service cus-
8 tomers eligible under this program for each period for which the pay-
9 ment is received:

10 NOTICE TO CUSTOMER

11 For the current billing period the utility will be paid under the
12 State of Alaska's power cost assistance program (AS 44.83.162) to
13 assist the utility and its customers in reducing the high cost of
14 generation of electric energy.

15	Your total electrical service cost	\$.....
16	Less state assistance	\$.....
17	Your charge	\$.....; or

18 (2) give to its electric service customers a notice approved
19 by the authority, which notice provides electric service customers the
20 same information provided by the notice in (1) of this subsection.

21 (1) In order to qualify for power cost assistance, each electric
22 utility must make every reasonable effort to minimize administrative,
23 operating, and overhead costs, including using the best available
24 technology consistent with sound utility management practices. In
25 reviewing applications for power cost assistance, the commission has
26 the authority to require the elimination of duplicative or otherwise
27 unnecessary operating expenses. Each eligible electric utility shall
28 cooperate with appropriate state agencies, including but not limited to
29 the Alaska Public Utilities Commission, the Alaska Power Authority, the

1 Alaska Energy Center, and the division of energy and power development
2 in the Department of Commerce and Economic Development, to implement
3 cost-effective energy conservation measures, and to plan for and imple-
4 ment feasible alternatives to diesel generation.

5 (m) For purposes of (c) of this section, the number of residents
6 of the community equals the number of residents of the community deter-
7 mined by the Department of Community and Regional Affairs in accordance
8 with AS 29.88.015.

9 (n) In this section,

10 (1) "commission" means the Alaska Public Utilities Commis-
11 sion;

12 (2) "community facility" means a water and sewer facility,
13 public outdoor lighting, charitable educational facility, or community
14 building whose operations are not paid for by the state, the federal
15 government, or private commercial interests;

16 (3) "eligible electric utility" or "electric utility" means
17 each corporation (whether public, cooperative, or otherwise), company,
18 individual, or association of individuals, their lessees, trustees, or
19 receivers appointed by a court, that owns, operates, manages, or con-
20 trols a plant or system for the furnishing, by generation, transmission
21 or distribution, of electric service to the public for compensation;

22 (4) "energy conservation measures" include weatherization
23 and other insulating methods, utilization of waste heat, appropriate
24 sizing of new generating equipment, and other programs of the state or
25 federal government intended and available for the purpose of energy
26 conservation;

27 (5) "feasible energy projects" include projects that are
28 selected after a field reconnaissance study under AS 44.33.090 and
29 after completion of a feasibility study according to the criteria in

1 AS 44.83.181 to determine cost benefit in comparison to existing power
2 generating methods and other alternatives considered in reconnaissance
3 studies;

4 (6) "fund" means the power cost assistance fund;

5 (7) "power costs" means costs used in determining the power
6 cost assistance in accordance with (b) and (d) of this section.

7 * Sec. 9. AS 44.83 is amended by adding a new section to read:

8 Sec. 44.83.163. ADJUSTMENTS TO POWER COST ASSISTANCE. (a) The
9 power cost assistance per kilowatt-hour determined under AS 44.83.162
10 payable to an electric utility that is subject to rate regulation under
11 AS 42.05 may be adjusted by the commission if

12 (1) an increase or decrease in the electric utility's cost
13 of fuel has resulted in the approval of a fuel cost rate adjustment by
14 the commission;

15 (2) a permanent or interim rate increase or decrease has
16 been approved by the commission, thereby establishing a higher or lower
17 power cost;

18 (3) an adjustment is required after the authority has dis-
19 covered discrepancies in its review of monthly data submitted by the
20 electric utility; or

21 (4) the authority determines that appropriations are in-
22 sufficient to finance full payments to eligible electric utilities.

23 (b) An electric utility that is eligible to receive power cost
24 assistance under this section and that receives power cost assistance
25 per kilowatt-hour approved by the commission shall report monthly to
26 the authority within the time and in the form the authority requires.
27 An electric utility shall report

28 (1) the power cost assistance per kilowatt-hour approved by
29 the commission;

1 (2) the total kilowatt-hours sold to each class of customer
2 during the preceding month;

3 (3) the total kilowatt-hours eligible for power cost assis-
4 tance under this section sold to each class of customer during the
5 preceding month;

6 (4) the total kilowatt-hours generated during the preceding
7 month, if available;

8 (5) any commission-approved amendments to the schedule of
9 rates in effect during the preceding month; and

10 (6) an increase or decrease in the current unit price of
11 fuel from the base price used by the commission in the determination of
12 power costs which may be expected to result in a subsequent power cost
13 assistance adjustment.

14 (c) The provisions of AS 44.83.162 relating to determination of
15 the amount of power cost assistance and payment of the assistance apply
16 to assistance under this section.

17 * Sec. 10. AS 44.83.164 is repealed and reenacted to read:

18 Sec. 44.83.164. ASSISTANCE TO UTILITIES NOT REGULATED BY PUBLIC
19 UTILITIES COMMISSION. (a) An electric utility that is not subject to
20 rate regulation by the commission may receive power cost assistance if
21 the utility is otherwise eligible for assistance under AS 44.83.162 and
22 if the utility

23 (1) files with the commission financial data necessary to
24 determine the power cost assistance per kilowatt-hour as prescribed by
25 the commission and which is in compliance with AS 44.83.162;

26 (2) reports monthly to the authority, within the time and in
27 the form the authority requires, the information required in (b) of
28 this section;

29 (3) sets rates

1 (A) that consider the power cost assistance provided
2 under AS 44.83.162 by subtracting from its revenue requirements
3 for electric services the power cost assistance per kilowatt-hour
4 that it is eligible to receive; and

5 (B) under which the power cost assistance provided in
6 AS 44.83.162 is applied as a credit only against the cost of
7 kilowatt-hours eligible for assistance under AS 44.83.162 that are
8 consumed by each customer in any month;

9 (4) allows audits that the commission determines are neces-
10 sary to insure compliance with this section; and

11 (5) furnishes its electric service customers eligible under
12 this program a notice as specified in AS 44.83.162(k).

13 (b) An electric utility that is eligible to receive power cost
14 assistance under this section shall report in accordance with (a)(2) of
15 this section

16 (1) the power cost assistance per kilowatt-hour approved by
17 the commission;

18 (2) the total kilowatt-hours sold to each class of customer
19 during the preceding month;

20 (3) the total kilowatt-hours eligible for power cost assis-
21 tance under this section sold to each class of customer during the
22 preceding month;

23 (4) the total kilowatt-hours generated during the preceding
24 month, if available;

25 (5) any amendments to the schedule of rates in effect during
26 the preceding month; and

27 (6) an increase or decrease in the current unit price of
28 fuel from the base price used by the commission in the determination of
29 power costs which may be expected to result in a subsequent assistance

1 level adjustment.

2 (c) An electric utility that is eligible to receive power cost
3 assistance under this section may have its power cost assistance per
4 kilowatt-hour determination changed by the commission if

5 (1) an increase or decrease in the electric utility's cost
6 of fuel has been verified by the commission;

7 (2) an increase in rates has occurred based on an increase
8 in costs and has been verified by the commission;

9 (3) an adjustment is required after the authority has dis-
10 covered discrepancies in its review of monthly data submitted by the
11 electric utility; or

12 (4) the authority determines that appropriations are in-
13 sufficient to finance full payments to eligible electric utilities.

14 (d) The provisions of AS 44.83.162 relating to determination of
15 the amount of power cost assistance and payment of the assistance apply
16 to assistance under this section.

17 (e) An application for power cost assistance by an electric
18 utility that is eligible to receive power cost assistance under this
19 section does not extend the jurisdiction of the commission beyond that
20 established by AS 42.05.

21 * Sec. 11. AS 44.83.177 is amended by adding a new subsection to read:

22 (d) In completing a reconnaissance study, the authority shall
23 consult with the division of energy and power development in the
24 Department of Commerce and Economic Development to determine the
25 information that each may require for energy planning and the develop-
26 ment of technology.

27 * Sec. 12. AS 44.25.020 is amended by adding a new paragraph to read:

28 (5) invest and manage the balance of the power project
29 development fund in accordance with AS 44.83.430.

1 * Sec. 13. Sections 51 and 54, ch. 83, SLA 1980 are repealed.

2 * Sec. 14. LOCATION OF TRANSMISSION SYSTEM IN DENALI STATE PARK. The
3 Alaska Power Authority may design, acquire a right-of-way for, and construct
4 a 345 KV high voltage electrical transmission system connecting Anchorage
5 and Fairbanks. The transmission line authorized by this section shall be
6 considered a use that is compatible with the purposes of the Denali State
7 Park within the boundaries of the Denali State Park. The route of the
8 transmission system authorized by this section shall be located within the
9 Denali State Park in consultation with the division of parks, Department of
10 Natural Resources.

11 * Sec. 15. APPLICABILITY OF ACT TO DIRECTORS. (a) The terms of office
12 of all members of the Board of Directors of the Alaska Power Authority
13 serving on the effective date of this section terminate on the effective
14 date of this section.

15 (b) The governor shall appoint three public directors of the Alaska
16 Power Authority. When making his appointments under this subsection, the
17 governor shall appoint persons to serve in accordance with AS 44.83.030(1)
18 and shall specify the length of the term of office of each member he ap-
19 points. Of the public members first appointed by the governor under this
20 subsection,

- 21 (1) one member shall serve a two-year term;
22 (2) one member shall serve a three-year term;
23 (3) one member shall serve a four-year term.

24 * Sec. 16. TRANSITIONAL PROVISIONS, POWER COST ASSISTANCE. The Alaska
25 Power Authority shall make payments to eligible electric utilities in accor-
26 dance with AS 44.83.162 as that section read before its repeal and reenact-
27 ment by sec. 8 of this Act, until the earlier of

- 28 (1) January 1, 1982; or
29 (2) the date on which the Alaska Power Authority determines, with

1 respect to the electric utility, that

2 (A) the electric utility has had sufficient time to apply
3 for power cost assistance under AS 44.83.162 as that section is re-
4 enacted in sec. 8 of this Act, and the Alaska Public Utilities Commis-
5 sion has had sufficient time to reveiw the application; or

6 (B) the Alaska Power Authority or the Alaska Public Utili-
7 ties Commission determines that the electric utility is not eligible
8 for power cost assistance under AS 44.83.162 as that section is re-
9 enacted in sec. 8 of this Act.

10 * Sec. 17. This Act takes effect July 1, 1981.

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