

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 589 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH 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 44.83.398(a) is amended to read:

10 (a) The authority shall sell power produced from power projects  
11 acquired or constructed under the energy program for Alaska. For  
12 purposes of this section, Lake Tyee, Swan Lake, Solomon Gulch, and  
13 Terror Lake hydroelectric facilities are considered to be one power  
14 project. This power project is referred to as the initial project [A  
15 UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AU-  
16 THORITY SHALL AGREE WITH THE AUTHORITY

17 (1) TO GIVE PREFERENCE IN THE SALE OF POWER AT RETAIL TO  
18 ALL CLASSES OF CONSUMERS OF POWER EXCEPT INDUSTRIAL CONSUMERS;

19 (2) TO CHARGE INDUSTRIAL CONSUMERS OF POWER A RATE DE-  
20 TERMINED BY THE AUTHORITY IN ACCORDANCE WITH (d) OF THIS SECTION].

21 \* Sec. 2. AS 44.83.398(b) is amended to read:

22 (b) The authority shall establish a wholesale power rate struc-  
23 ture applicable to sales of power to the [ITS] customers [AT THE  
24 BUSBAR] of a power project as follows:

25 (1) The authority shall establish and maintain a separate  
26 wholesale power rate applicable to each power project that it has  
27 acquired or constructed under the energy program for Alaska, other  
28 than a project described in (f) of this section. The wholesale power  
29 rate established by the authority for the initial project shall be a

1 rate calculated under this paragraph except that the portion of the  
2 rate applicable to (A) and (C) of this paragraph shall be adjusted for  
3 the hydroelectric facilities in the initial project as set out in (3)  
4 of this subsection. The wholesale power rate shall be computed by the  
5 authority annually, or more frequently as may be necessary, and shall  
6 equal the rate that the authority estimates is necessary to produce  
7 revenue that is sufficient to pay

8 (A) operation, maintenance, and equipment replacement  
9 costs of the power project;

10 (B) the power project's proportionate share of the  
11 debt service on state loans and bonds for all power projects in  
12 the energy program for Alaska, determined in accordance with (g)  
13 of this section;

14 (C) safety inspections and investigations of the power  
15 project by the authority.

16 (2) If, by July 1, 1991, the legislature has not appropri-  
17 ated at least \$5,000,000,000 to the fund, in addition to appropria-  
18 tions to the fund of interest earned on money in the fund, the author-  
19 ity shall, beginning on that date, establish and maintain a separate  
20 wholesale power rate applicable to each power project that is acquired  
21 or constructed under the energy program for Alaska. The wholesale  
22 power rate shall be computed by the authority annually, or more fre-  
23 quently as may be necessary, and shall be the greater of

24 (A) 10 percent of the amount the authority has in-  
25 vested in the power project, including loans and grants made by  
26 the state; or

27 (B) the rate that the authority estimates is necessary  
28 to produce revenue sufficient to pay

29 (i) operation, maintenance, and equipment

1 replacement costs of the power project;

2 (ii) the power project's proportionate share of  
3 debt service on state loans and bonds for all power projects  
4 in the energy program for Alaska, determined in accordance  
5 with (g) of this section; and

6 (iii) safety inspections and investigations of the  
7 power project by the authority.

8 (3) For the purposes of determining amounts to be allocated  
9 to each hydroelectric facility in the initial project under (1)(A) and  
10 (1)(C) of this subsection, the authority shall determine for each  
11 hydroelectric facility its individual operation, maintenance, equip-  
12 ment replacement, safety inspection, and investigation costs.

13 \* Sec. 3. AS 44.83.398(e) is amended to read:

14 (e) After determining the wholesale power rate for a power  
15 project under the provisions of this section, the authority may adjust  
16 the rate or change the rate provisions to insure that the revenue  
17 derived from that power project and the aggregate revenues of the  
18 authority will be adequate to comply with the rate covenants and other  
19 agreements contained in any trust indenture or trust agreement entered  
20 into by the authority for the security of the holders of bonds issued  
21 to finance power projects in the energy program [ENERGY PROGRAM] for  
22 Alaska. The authority may agree with a purchaser of power to limit  
23 rate increases caused by debt service payable by the authority on  
24 subsequent projects.

25 \* Sec. 4. AS 44.83.398(g) is amended to read:

26 (g) For the purposes of (b)(1)(B) [AND (b)(2)(B)(ii)] of this  
27 section, a power project's proportionate share of debt service on  
28 state loans and bonds for all power projects in the energy program for  
29 Alaska is equal to the state's investment in the power project divided

1 by the state's investment in all power projects in the energy program  
2 for Alaska and multiplied by the debt service on state loans and bonds  
3 for all power projects in the energy program for Alaska. In this  
4 subsection

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

9 (2) "state's investment in all power projects in the energy  
10 program for Alaska" includes all state money invested in the power  
11 projects, other than interties, in the energy program for Alaska,  
12 including loans, grants, and proceeds from bonds, less the principal  
13 repayments on bonds and state loans issued for the power projects.

14 \* Sec. 5. AS 44.83.398(b)(2) is repealed.

15 \* Sec. 6. AS 44.83.398(d) is repealed.

16 \* Sec. 7. Sections 1 - 3 and 6 of this Act take effect immediately in  
17 accordance with AS 01.10.070(c).

18 \* Sec. 8. Sections 4 and 5 of this Act take effect upon approval by the  
19 qualified voters of the state of an amendment to the constitution of the  
20 State of Alaska that establishes a major projects fund and requires that a  
21 portion of the major projects fund be used to finance construction of the  
22 Watana Dam in the Susitna River hydroelectric project before any other  
23 capital project is financed from the major projects fund.