

Offered: 3/29/84  
For Today's Supplemental  
Calendar

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 589 (Finance)

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."

7

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, Bradley  
13 Lake, Terror Lake hydroelectric facilities, and the Watana Dam phase  
14 of the Susitna hydroelectric project are considered to be one power  
15 project. This power project is referred to as the initial project [A  
16 UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AU-  
17 THORITY SHALL AGREE WITH THE AUTHORITY

18

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

20

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

22

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

23

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

26

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

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

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

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

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

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

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

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

1 (i) operation, maintenance, and equipment re-  
2 placement costs of the power project;

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

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

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

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

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

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

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

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

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

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

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

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

17 \* Sec. 7. This Act takes effect immediately in accordance with AS 01.-  
18 10.070(c).