

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 589 (Finance) am

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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

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authorizing the construction of the Watana and

8

Bradley Lake hydroelectric projects; and providing

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for an effective date."

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

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* Section 1. AS 44.83.398(a) is amended to read:

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(a) The authority shall sell power produced from power projects

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acquired or constructed under the energy program for Alaska. For

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purposes of this section, Lake Tyee, Swan Lake, Solomon Gulch, and

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Terror Lake hydroelectric facilities are considered to be one power

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project. This power project is referred to as the initial project [A

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UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AU-

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THORITY SHALL AGREE WITH THE AUTHORITY

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(1) TO GIVE PREFERENCE IN THE SALE OF POWER AT RETAIL TO

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ALL CLASSES OF CONSUMERS OF POWER EXCEPT INDUSTRIAL CONSUMERS;

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(2) TO CHARGE INDUSTRIAL CONSUMERS OF POWER A RATE DE-

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TERMINED BY THE AUTHORITY IN ACCORDANCE WITH (d) OF THIS SECTION].

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

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(b) The authority shall establish a wholesale power rate struc-

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ture applicable to sales of power to the [ITS] customers [AT THE

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BUSBAR] of a power project as follows:

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(1) The authority shall establish and maintain a separate

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wholesale power rate applicable to each power project that it has

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acquired or constructed under the energy program for Alaska, other

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

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

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

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

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

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

29 (B) the rate that the authority estimates is necessary

1 to produce revenue sufficient to pay

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

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

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

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

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

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

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

28 (g) For the purposes of (b)(1)(B) [AND (b)(2)(B)(ii)] of this
29 section, a power project's proportionate share of debt service on

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

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

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

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

17 * Sec. 6. AS 44.83.398(d) is repealed.

18 * Sec. 7. The Bradley Lake hydroelectric project is authorized for
19 construction under AS 44.83.185(c) and 44.83.384(c) at a construction cost
20 of \$350,000,000.

21 * Sec. 8. The Watana Dam project in the Susitna River hydroelectric
22 project is authorized for construction under AS 44.83.185(c) at a con-
23 struction cost of \$1,500,000,000 and the preliminary report on the Susitna
24 River hydroelectric project is approved in accordance with AS 44.83.320(b),
25 as to the Watana Dam Project.

26 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
27 10.070(c).