

Offered: 4/14/85  
Referred: Rules

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 219 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the applicability of the Alaska  
7 Public Utilities Commission Act to certain electric  
8 utilities; power development loans; and the energy  
9 program for Alaska."  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
11 \* Section 1. AS 42.05.711(b) is amended to read:  
12 (b) Public utilities owned and operated by a political subdivi-  
13 sion of the state and electric operating entities established as an  
14 instrumentality of two or more public utilities owned and operated by  
15 a political subdivision of the state, none of whose utilities is in  
16 competition with any other utility, are exempt from the provisions of  
17 this chapter, other than the provisions of AS 42.05.221 - 42.05.281,  
18 unless the owner and operator elects to be subject to all provisions  
19 of this chapter.  
20 \* Sec. 2. AS 44.33.620(a) is amended to read:  
21 (a) A loan from the fund shall [MUST] be repaid in accordance  
22 with the terms that the department determines to be appropriate. In  
23 establishing the terms, including provision for a return to the state  
24 of an amount in excess of the principal amount of the loan, the de-  
25 partment shall consider the revenue that the authority could reason-  
26 ably derive from the sale of power from the projects based upon  
27 (1) [THE MARKET RATE OF INTEREST FOR A LOAN OF COMPARABLE  
28 SIZE AND DURATION AT THE TIME THE LOAN IS MADE; AND  
29 (2)] the [ESTIMATED] costs, at the time the power sales

1 agreement is initially negotiated or renegotiated, of alternative  
2 sources of energy generation for utilities purchasing power from a  
3 project financed with a loan from the fund;

4 (2) the effect of the loan terms on the wholesale power  
5 costs to all utilities purchasing power from the initial project;

6 (3) the long-term benefits to consumers and communities of  
7 stable wholesale power costs;

8 (4) the affordability of initial wholesale power costs that  
9 result from the loan terms with utilities purchasing power from the  
10 initial project;

11 (5) increasing repayment, not to exceed five years, of debt  
12 service payment per kilowatt hour gradually over the initial period of  
13 a loan repayment schedule to the extent necessary to avoid significant  
14 rate increases to the consumer;

15 (6) the existing excess capacity of power projects; and

16 (7) the effects of increased capacity utilization, infla-  
17 tion, and alternative energy production costs over the life of the  
18 initial project.

19 \* Sec. 3. AS 44.33.620 is amended by adding a new subsection to read:

20 (d) In (a) of this section "initial project" means the project  
21 described in AS 44.83.398(a).

22 \* Sec. 4. AS 44.33 is amended by adding a new section to read:

23 Sec. 44.33.625. RATE REOPENERS. A power sales agreement for the  
24 sale of power from the initial project, as described in AS 44.83.-  
25 398(a), financed with a loan under AS 44.33.610 may include among its  
26 provisions an agreed schedule of wholesale power rates notwithstanding  
27 the provisions of AS 44.83.398, but must include a provision for a  
28 rate reopener.

29 \* Sec. 5. AS 44.83.425(5) is amended to read:

1                   (5) "qualified utility" means an electric utility or an  
2                   electric operating entity established as an instrumentality of two or  
3                   more electric utilities [THAT IS] certified by the Alaska Public  
4                   Utilities Commission to serve all or part of a market area that is  
5                   served or will be served by the power project, [AND] that the author-  
6                   ity determines is capable of operating and maintaining the power  
7                   project.