

Offered: 5/11/85
Referred: Rules

Original sponsor: House Special Committee
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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SENATE CS FOR CS FOR HOUSE BILL NO. 219 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act relating to the applicability of the Alaska
Public Utilities Commission Act to certain electric
utilities; power development loans; and the energy
program for Alaska."

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

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* Section 1. AS 42.05.711(b) is amended to read:

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(b) Public utilities owned and operated by a political subdivi-
sion of the state and electric operating entities established as an
instrumentality of two or more public utilities owned and operated by
a political subdivision of the state, none of whose utilities is in
competition with any other utility, are exempt from the provisions of
this chapter, other than the provisions of AS 42.05.221 - 42.05.281,
unless the owner and operator elects to be subject to all provisions
of this chapter.

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* Sec. 2. AS 44.33.620(a) is amended to read:

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(a) A loan from the fund shall [MUST] be repaid in accordance
with the terms that the department determines to be appropriate. In
establishing the terms, including provision for a return to the state
of an amount in excess of the principal amount of the loan, the de-
partment shall consider the revenue that the authority could reason-
ably derive from the sale of power from the projects based upon

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(1) [THE MARKET RATE OF INTEREST FOR A LOAN OF COMPARABLE
SIZE AND DURATION AT THE TIME THE LOAN IS MADE; AND

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(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 at least every 15 years.

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.