

Offered: 4/25/86  
Referred: Rules

Original sponsor: Finance Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 CS FOR SENATE BILL NO. 476 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL  
6 For an Act entitled: "An Act relating to energy projects for the Railbelt;  
7 Alaska Power Authority procedures for design and  
8 approval of power projects; and providing for an  
9 effective date."

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

11 \* Section 1. FINDINGS. The legislature finds that

12 (1) the Alaska Power Authority has not followed a consistent  
13 decision-making process designed to resolve the Railbelt energy needs in  
14 the most effective manner and at least cost to the consumer and the state;

15 (2) the state has spent approximately \$145,000,000 on studies  
16 and licensing activities related to the Susitna River hydroelectric proj-  
17 ect;

18 (3) the studies conclude that a Susitna project represented the  
19 best long-term solution to the Railbelt energy needs;

20 (4) coordination and cooperation between the Alaska Power Au-  
21 thority and utilities during the Susitna project were not as productive as  
22 they could have been.

23 \* Sec. 2. INTENT. (a) The legislature intends that the authority  
24 provide for a comparative analysis by an independent expert of all reason-  
25 able alternatives to a proposed project as an integral component of the  
26 feasibility study under AS 44.83.181(b)(3).

27 (b) The legislature further intends that the Office of Management and  
28 Budget comply with AS 44.83.183 and submit its recommendations to the  
29 legislature in writing no later than April 15, 1987, and that the authority

1 refrain from submitting the license application for the Devil Canyon dam  
2 project until the project is approved by the legislature under AS 44.83.-  
3 185(c).

4 \* Sec. 3. AS 44.83.181(a) is amended to read:

5 (a) Unless the reconnaissance study has been disapproved by the  
6 office of management and budget under AS 44.83.179, the authority  
7 shall complete a feasibility study and plan of finance for each pro-  
8 posed project. The authority shall complete and include in the plan  
9 of finance conditional power sale agreements with the appropriate  
10 utilities.

11 \* Sec. 4. AS 44.83.185(b) is amended to read:

12 (b) The authority may not proceed with work on the engineering  
13 or design phase of a proposed new project for which legislative ap-  
14 proval is required until the legislature approves the proposed new  
15 project. The authority may not proceed with work on the final design  
16 phase of a proposed new project and may not submit an application to  
17 the Federal Energy Regulatory Commission unless the legislature has  
18 approved the proposed new project. However, the authority may proceed  
19 with other [THE] engineering or design work necessary to meet the  
20 requirements for submission of a license application for the proposed  
21 new project to the Federal Energy Regulatory Commission without ob-  
22 taining legislative approval of the proposed new project.

23 \* Sec. 5. AS 44.83.330 is amended to read:

24 Sec. 44.83.330. CONSTRUCTION, MAINTENANCE AND OPERATION OF  
25 PROJECT. If the legislature approves the project under AS 44.83.185  
26 [WITHIN ONE YEAR AFTER APPROVAL OF ITS PRELIMINARY REPORT SUBMITTED  
27 UNDER AS 44.83.320(b)], the authority may, subject to necessary  
28 permits and licenses, enter into a contract for the construction of  
29 the Susitna River hydroelectric project or a part of the project in a

1 manner consistent with the purpose of the project as described in AS  
2 44.83.310.

3 \* Sec. 6. AS 44.83.340(a) is amended to read:

4 (a) If a [THE] Susitna River hydroelectric project is approved  
5 by the legislature under AS 44.83.185(c), [AS 44.83.325, BEGINNING IN  
6 1983] the authority shall prepare an annual report which explains in  
7 detail

8 (1) the status of construction on the Susitna River hydro-  
9 electric project;

10 (2) the completion date of any phase of the Susitna River  
11 hydroelectric project which has been completed and the reasons for any  
12 deviation between the completion date and the expected completion date  
13 stated in the preliminary report required under AS 44.83.320(b);

14 (3) the actual cost of any phase of the Susitna River  
15 hydroelectric project which has been completed and the reasons for any  
16 deviation between the actual cost and the expected cost stated in the  
17 preliminary report required under AS 44.83.320(b);

18 (4) the federal and state permits necessary to begin or  
19 continue construction of the Susitna River hydroelectric project, the  
20 actual dates on which the federal and state permits necessary to begin  
21 or continue construction were obtained, and the reasons for any de-  
22 viation between the actual dates and the expected dates stated in the  
23 preliminary report required under AS 44.83.320(a) or in the earlier  
24 annual reports required under this section;

25 (5) any other information the authority considers appropri-  
26 ate or necessary to adequately inform the governor and the legislature  
27 of the status of the Susitna River hydroelectric project.

28 \* Sec. 7. The Alaska Power Authority shall prepare a review and eval-  
29 uation of Railbelt electric power alternatives including coal-based

1 generation, natural gas-based generation, conservation, the Devil Canyon  
2 hydroelectric project, and other hydroelectric alternatives. The study  
3 shall identify the alternative or combination of alternatives that will  
4 satisfy the electric energy requirements of the Railbelt at the lowest cost  
5 over time and shall also provide a ranking of other alternatives in the  
6 order of their long-run economic desirability. The authority shall

7 (1) prepare and report the study so as to allow it to be  
8 readily incorporated in a feasibility study under AS 44.83.181(b)(3)  
9 if a feasibility study is necessary to implement the recommended  
10 alternative;

11 (2) prepare a preliminary plan of finance for the alterna-  
12 tive or combination of alternatives that represents the lowest cost  
13 solution over time;

14 (3) comply with AS 44.83.177 and 44.83.179 when submitting  
15 the review and evaluation of Railbelt electric power alternatives and  
16 the preliminary plan of finance to the governor and the legislature;  
17 and

18 (4) report at regular intervals to the Legislative Budget  
19 and Audit Committee on implementation of this section.

20 \* Sec. 8. Because of the extensive and numerous studies of the Susitna  
21 River hydroelectric sites, a project located at any of these sites is  
22 exempt from the requirements of AS 44.83.177 - 44.83.179.

23 \* Sec. 9. Section 10, ch. 169, SLA 1984 is repealed.

24 \* Sec. 10. AS 44.83.325 is repealed.

25 \* Sec. 11. Section 7 of this Act takes effect on the effective date of  
26 an Act appropriating funds to the Alaska Power Authority for preparing a  
27 review and evaluation of Railbelt electric power alternatives.

28 \* Sec. 12. Sections 1 - 6 and 8 - 10 of this Act take effect immediate-  
29 ly in accordance with AS 01.10.070(c).