

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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CS FOR HOUSE BILL NO. 356 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the authority of the Alaska

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Public Utilities Commission in connection with cer-

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tain activities of the Alaska Power Authority, cer-

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tain agreements among certain public utilities, and

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calculating power cost equalization; and providing

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for an effective date."

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

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* Section 1. AS 42.05.431 is amended by adding a new subsection to

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read:

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(c) Notwithstanding (b) of this section,

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(1) a wholesale agreement for the sale of power from a

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project licensed by the Federal Energy Regulatory Commission on or

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before January 1, 1987, and related contracts for the wheeling, stor-

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age, regeneration, or wholesale repurchase of power purchased under

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the agreement, entered into between the Alaska Power Authority and one

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or more other public utilities or among the utilities after

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October 31, 1987, and before January 1, 1988, and amendments to the

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wholesale agreement or related contract, are not subject to review or

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approval by the commission until all long-term debt incurred for the

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project is retired; and

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(2) a wholesale agreement or related contract described in

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(1) of this subsection may contain a covenant for the public utility

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to establish, charge, and collect rates sufficient to meet its obliga-

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tions under the contract; the rate covenant is valid and enforceable.

1 * Sec. 2. AS 42.05.511 is amended by adding a new subsection to read:

2 (d) Validated costs incurred by a utility in connection with the
3 related contracts described in AS 42.05.431(c)(1) must be allowed in
4 the rates charged by the utility. In this subsection, "validated
5 costs" are the actual costs that a utility uses, under the formula set
6 out in related contracts described in AS 42.05.431(c), to establish
7 rates, charges for services and rights, and the payment of charges for
8 services and rights. This subsection does not grant the commission
9 jurisdiction to alter or amend the formula set out in those related
10 contracts.

11 * Sec. 3. AS 44.83.090(b) is amended to read:

12 (b) The authority is not subject to the jurisdiction of the
13 Alaska Public Utilities Commission. Nothing in this chapter [AS 44.-
14 83.010 - 44.83.425] grants the authority [ANY] jurisdiction over the
15 services or rates of a [ANY] public utility or diminishes or otherwise
16 alters the jurisdiction of the Alaska Public Utilities Commission with
17 respect to a [ANY] public utility, including any right the commission
18 may have to review and approve or disapprove contracts for the pur-
19 chase of electricity by a public utility other than wholesale agree-
20 ments and contracts described in AS 42.05.431(c)(1).

21 * Sec. 4. AS 44.83.162 is amended by adding a new subsection to read:

22 (p) In calculating power cost equalization, the commission may
23 not consider validated costs or kilowatt-hour sales associated with a
24 United States Department of Defense facility.

25 * Sec. 5. APPLICABILITY. AS 42.05.431(c), 42.05.511(d), and the amend-
26 ments made to AS 44.83.090(b) by sec. 3 of this Act, do not apply to whole-
27 sale power agreements and related contracts in which the purchasers are
28 required to make excess payments as that term is described in section 29 of
29 the Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase

1 of Electric Power signed December 8, 1987.

2 * Sec. 6. NEGOTIATIONS TO REMOVE EXCESS PAYMENT TERM. If the parties
3 to the Bradley Lake Hydroelectric Project Agreement for the Sale and Pur-
4 chase of Electric Power signed December 8, 1987, undertake negotiations to
5 amend the agreement, the Alaska Power Authority may not withhold its agree-
6 ment to remove the requirement to make the excess payments as described in
7 section 29 of the wholesale power contract, nor may the Alaska Power Au-
8 thority require concessions from the purchasers as a condition of the
9 removal of the excess payments provision.

10 * Sec. 7. This Act is retroactive to November 1, 1987.

11 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).