

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE RULES COMMITTEE  
2 CS FOR HOUSE BILL NO. 356 (Rules)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the authority of the Alaska  
7 Public Utilities Commission in connection with cer-  
8 tain activities of the Alaska Power Authority, cer-  
9 tain agreements among certain public utilities, and  
10 calculating power cost equalization; and providing  
11 for an effective date."  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
13 \* Section 1. AS 42.05.431 is amended by adding a new subsection to  
14 read:  
15 (c) Notwithstanding (b) of this section,  
16 (1) a wholesale agreement for the sale of power from a  
17 project licensed by the Federal Energy Regulatory Commission on or  
18 before January 1, 1987, and related contracts for the wheeling, stor-  
19 age, regeneration, or wholesale repurchase of power purchased under  
20 the agreement, entered into between the Alaska Power Authority and one  
21 or more other public utilities or among the utilities after Octo-  
22 ber 31, 1987, and before January 1, 1988, and amendments to the whole-  
23 sale agreement or related contract, are not subject to review or  
24 approval by the commission until all long-term debt incurred for the  
25 project is retired; and  
26 (2) a wholesale agreement or related contract described in  
27 (1) of this subsection may contain a covenant for the public utility  
28 to establish, charge, and collect rates sufficient to meet its obliga-  
29 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. NEGOTIATIONS TO REMOVE EXCESS PAYMENT TERM. If the parties  
26 to the Bradley Lake Hydroelectric Project Agreement for the Sale and Pur-  
27 chase of Electric Power signed December 8, 1987, undertake negotiations to  
28 amend the agreement, the legislature intends that the amendments should  
29 enhance consumer benefits of the project, to be consistent with the

1 legislature's financing of the project partly through cash grants. Removal  
2 of section 29 of the power sales agreement without requiring the purchasing  
3 utilities to make other contract changes or concessions would be consistent  
4 with the legislature's intent.

5 \* Sec. 6. Sections 1 - 4 of this Act are retroactive to November 1,  
6 1987.

7 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).