

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE

2

CS FOR HOUSE BILL NO. 356 (Rules) am

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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; relating to  
11 certain meetings between the Alaska Power Authority  
12 and public utilities; and providing for an effective  
13 date."

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

15 \* Section 1. AS 42.05.431 is amended by adding new subsections to read:

16 (c) Notwithstanding (b) of this section,

17 (1) a wholesale agreement for the sale of power from a  
18 project licensed by the Federal Energy Regulatory Commission on or  
19 before January 1, 1987, and related contracts for the wheeling, stor-  
20 age, regeneration, or wholesale repurchase of power purchased under  
21 the agreement, entered into between the Alaska Power Authority and one  
22 or more other public utilities or among the utilities after Octo-  
23 ber 31, 1987, and before January 1, 1988, and amendments to the whole-  
24 sale agreement or related contract, are not subject to review or  
25 approval by the commission until all long-term debt incurred for the  
26 project is retired; and

27 (2) a wholesale agreement or related contract described in

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

1 to establish, charge, and collect rates sufficient to meet its obliga-  
2 tions under the contract; the rate covenant is valid and enforceable.

3 (d) Meetings between the Alaska Power Authority and public  
4 utilities concerning a wholesale agreement for the sale of power or  
5 other matter exempted from review of the commission under (c) of this  
6 section must comply with AS 44.62.310.

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

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

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

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

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

28 (p) In calculating power cost equalization, the commission may  
29 not consider validated costs or kilowatt-hour sales associated with a

1 United States Department of Defense facility.

2 \* Sec. 5. 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 legislature intends that the amendments should  
6 enhance consumer benefits of the project, to be consistent with the legis-  
7 lature's financing of the project partly through cash grants. Removal of  
8 section 29 of the power sales agreement without requiring the purchasing  
9 utilities to make other contract changes or concessions would be consistent  
10 with the legislature's intent.

11 \* Sec. 6. Sections 1 - 4 of this Act, except for AS 42.05.431(d),  
12 enacted by sec. 1 of this Act, are retroactive to November 1, 1987.

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