

1 IN THE HOUSE

BY COTTEN, SUND AND  
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2

HOUSE BILL NO. 483

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 loans from the Railbelt energy  
7 fund; and providing for an effective date."

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

9 \* Section 1. AS 37.05.153 is amended by adding new subsections to read:

10 (b) An appropriation from the Railbelt energy fund may be in the  
11 form of a loan to the Alaska Power Authority for the purpose of fi-  
12 nancing a power project acquired or constructed by the authority to  
13 meet Railbelt energy needs under AS 44.83.380 - 44.83.425 (energy  
14 program for Alaska).

15 (c) The department shall enter into a loan agreement with the  
16 authority under which the terms of a loan appropriated to the author-  
17 ity are established. Repayment of a loan appropriated to the author-  
18 ity shall be made from the proceeds of the sale of power from the  
19 power projects funded by the loan. Except as provided in AS 44.83.-  
20 398(i), the payments required to be made by the authority on a loan  
21 from the fund constitute debt service for the purpose of calculating  
22 the wholesale power rate in AS 44.83.398(b)(1).

23 (d) A loan from the fund shall be repaid under the terms that  
24 the department determines to be appropriate. In establishing the  
25 terms, including provision for a return to the state of an amount in  
26 excess of the principal amount of the loan, the department shall  
27 consider the revenue that the authority could reasonably derive from  
28 the sale of power from the power projects based upon

29 (1) the costs, at the time the power sales agreement is

1 negotiated or renegotiated, of alternative sources of energy genera-  
2 tion for utilities purchasing power from a power project financed with  
3 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 power project;

6 (3) the long-term benefits to consumers and communities of  
7 stable wholesale power costs;

8 (4) the affordability of wholesale power costs that result  
9 from the loan terms with utilities purchasing power from the power  
10 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 generating facil-  
16 ities serving the service area of the power project; and

17 (7) the effects of increased capacity utilization, infla-  
18 tion, and alternative energy production costs over the life of the  
19 power project.

20 (e) The department may agree with the authority to defer repay-  
21 ment of a loan. However, the loan must be repaid in full during the  
22 period of the loan agreement.

23 (f) The term of a loan to the authority from the fund may not  
24 exceed 50 years.

25 (g) In this section

26 (1) "authority" means the Alaska Power Authority;

27 (2) "department" means the Department of Revenue;

28 (3) "fund" means the Railbelt energy fund;

29 (4) "power project" means a project acquired or constructed

1 to meet Railbelt energy needs under AS 44.83.380 - 44.83.425 (energy  
2 program for Alaska).

3 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).