

Offered: 5/6/88
Referred: Judiciary and
Finance

5-0881J

Original sponsors: Coghill and Faiks

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 206 (Resources)
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 Alaska Power Authority; and
7 providing for an effective date."
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 * Section 1. AS 44.83.092 is amended by adding a new subsection to
10 read:
11 (b) A contract that the authority enters into under (a) of this
12 section relating to the sale of electric power from a power project to
13 be acquired or constructed under AS 44.83.380 - 44.83.425 (energy
14 program for Alaska) may create a project management committee. The
15 committee shall consist of representatives of the contracting parties
16 as specified in the contract. The contract shall determine the powers
17 of the committee with respect to the power project. The powers may
18 include responsibility for the management, operation, and maintenance
19 of the project. To the extent provided in the contract, the committee
20 has separate legal existence and other powers necessary to its pur-
21 poses.
22 * Sec. 2. AS 44.83.170(b) is amended to read:
23 (b) Except as provided in (i) of this section, the [THE] author-
24 ity may make loans from the power project fund
25 (1) to electric utilities, regional electric authorities,
26 municipalities, [CITIES, BOROUGHS,] regional and village corporations,
27 village councils, school districts, regional educational attendance
28 areas, regional housing authorities, and nonprofit marketing coopera-
29 tives to pay the costs of

1 (A) reconnaissance studies, feasibility studies,
2 license and permit applications, preconstruction engineering, and
3 design of power projects;

4 (B) constructing, acquiring, equipping, modifying,
5 improving, and expanding [SMALL-SCALE] power projects [PRODUCTION
6 FACILITIES], conservation facilities, bulk fuel storage facili-
7 ties, and transmission and distribution facilities, including
8 energy production, transmission and distribution, and waste
9 energy conservation facilities which depend on fossil fuel, wind
10 power, tidal, geothermal, biomass, hydroelectric, solar or other
11 nonnuclear [NON-NUCLEAR] energy sources; [AND]

12 (C) reconnaissance studies, preconstruction engineer-
13 ing, design, construction, equipping, modification, and expansion
14 of potable water supply including surface storage and groundwater
15 sources and transmission of water from surface storage to exist-
16 ing distribution systems;

17 (D) acquisitions of bulk fuel or proven reserves of
18 gas, oil, coal, geothermal, or other energy resources; and

19 (E) consumer end-use improvements to reduce demand for
20 energy;

21 (2) to a borrower for a power project if

22 (A) the loan is entered into under a leveraged lease
23 financing arrangement;

24 (B) the party which will be responsible for the power
25 project is an electric utility, regional electric authority,
26 municipality, [CITY, BOROUGH,] regional or village corporation,
27 village council, school district, regional educational attendance
28 area, regional housing authority, or nonprofit marketing coopera-
29 tive; and

1 (C) the borrower seeking the loan demonstrates to the
2 authority that the financing arrangement for the power project
3 will reduce project financing costs below costs of comparable
4 public power projects.

5 * Sec. 3. AS 44.83.170(g) is amended to read:

6 (g) Loan repayments and interest earned by loans from the power
7 project fund shall be deposited in the state general fund. Notwith-
8 standing AS 44.83.100(a), the authority may not pledge the principal
9 or interest payments of a loan from the power project fund to secure
10 the issue of bonds unless the legislature has approved the project or
11 projects to be financed by the proceeds of the sale of the bonds.

12 * Sec. 4. AS 44.83.170 is amended by adding a new subsection to read:

13 (i) The authority may not issue a loan in an amount greater than
14 \$500,000 unless the legislature has approved the loan. If a borrower
15 has borrowed a total of more than \$500,000 from the power project fund
16 for a single project during the past 24 months, the authority may not
17 issue a loan in any amount to the borrower unless the legislature
18 approves the loan.

19 * Sec. 5. AS 44.83 is amended by adding a new section to read:

20 Sec. 44.83.172. POWER PROJECT BONDS. (a) If the legislature
21 has approved the amount of the bonds to be issued, the authority may
22 borrow money and issue bonds to make or refinance loans for projects
23 authorized under AS 44.83.170. Loans made or refinanced with the
24 proceeds of bonds authorized by this section are subject to AS 44.83.-
25 170(a) - (e). However, the authority may not issue bonds to make or
26 refinance a loan entered into under a leveraged lease financing
27 arrangement under AS 44.83.170(b)(2)(A).

28 (b) To enhance the credit-worthiness of bonds issued under this
29 section, the authority may pledge the principal and interest received

1 from loan repayments to the power project fund and the interest earned
2 on those amounts for bonds issued under this section. If the authori-
3 ty has pledged these amounts, they may not be deposited in the general
4 fund.

5 (c) The authority may notify the head of a department or agency
6 of the state in writing that a municipality is in default on the
7 repayment of principal or interest on amounts borrowed under this
8 section. After the notice is given, and notwithstanding any other
9 provision of law, to the extent that a department or agency of the
10 state is the custodian of money payable to the municipality, the
11 department or agency shall withhold payment of the money from the
12 municipality and pay over the money to the authority to pay principal
13 and interest on bonds of the authority issued under this section.

14 * Sec. 6. AS 44.83.361(b) is amended to read:

15 (b) The authority may make loans from the rural electrification
16 revolving loan fund to electric utilities certified by the Alaska
17 Public Utilities Commission. A loan from the fund may be made only
18 for the purpose of extending new electric service into an area of the
19 state that an electric utility may serve under a certificate of public
20 convenience and necessity issued by the Alaska Public Utilities Com-
21 mission. A loan may be made from the fund to an electric utility if
22 the utility invests the money necessary to provide one pole, one span
23 of line, one transformer, and one service drop for each consumer for
24 whom immediate service would be provided by the extension of electric
25 service. Applications for loans to extend service along state roads
26 or highways shall be given priority for up to one-fourth of the funds
27 available for loans under this section. However, a loan may not be
28 made from the fund unless

29 (1) the loan is recommended by a loan advisory committee

1 appointed under AS 44.83.363; and

2 (2) the extension of electric service would provide immedi-
3 ate service to at least three consumers.

4 * Sec. 7. AS 44.83.363 is amended to read:

5 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application
6 for a rural electrification loan is submitted to the authority under
7 AS 44.83.361, the authority shall appoint a local advisory committee
8 from persons residing in the area that the applicant utility is certi-
9 fied to serve. The loan advisory committee shall consider the loan
10 application, and shall recommend whether the loan application is to be
11 approved or disapproved. A favorable recommendation from the loan
12 advisory committee shall be based on a determination that development
13 in the area of the proposed extension of electric service is likely to
14 provide for full repayment of the loan under AS 44.83.361(d) within 20
15 [10] years. In making that determination the committee shall consider

16 (1) permanence of the premises to be served by the exten-
17 sion;

18 (2) land use patterns in the area;

19 (3) access for the line that would be installed with loan
20 proceeds;

21 (4) availability of other utility service in the area; and

22 (5) the financial [ECONOMIC] feasibility of the extension
23 of electric service with the proceeds of the loan.

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