

1 IN THE SENATE

BY FAHRENKAMP AND UEHLING

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SENATE BILL NO. 417

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act amending the Alaska Power Authority Act, and

7

establishing procedures relating to the Railbelt

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gasline project; and providing for an effective

9

date."

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

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* Section 1. AS 44.83.177(b) is amended to read:

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(b) A reconnaissance study shall

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(1) identify the present and anticipated [ELECTRICAL AND

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THERMAL] energy requirements of a community or region;

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(2) survey all electrical, [AND] thermal, and natural gas

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energy sources and combinations of sources available to the community

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or region and evaluate the relative economic merits of alternative

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sources of power and heat, including energy conservation;

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(3) assess the effect of development of alternative sources

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of power and heat on the environment; and

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(4) include public comment from residents of the community

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and adjacent area.

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* Sec. 2. AS 44.83.187(a) is repealed and reenacted to read:

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(a) The provisions of AS 44.83.177 - 44.83.185 and 44.83.189

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apply only to

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(1) a proposed new project that will generate more than 1.5

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megawatts of power that

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(A) requires an appropriation from the state general

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fund, from the power project fund, or from the renewable

1 resources funds; or

2 (B) is based on a plan of finance that requires the
3 issuance of general obligation bonds or other pledge of the
4 credit of the state;

5 (2) a proposed new project for the transmission of natural
6 gas for resale by a qualified gas distribution utility.

7 * Sec. 3. AS 44.83.230(4) is amended to read:

8 (4) "power project" or "project" means a plant, works,
9 system, or facility, together with related or necessary facilities and
10 appurtenances, including a divided or undivided interest in or a right
11 to the capacity of a power project or project, that is used or is
12 useful for the purpose of

13 (A) electrical or thermal energy production other than
14 nuclear energy production;

15 (B) waste energy utilization and energy conservation;
16 or

17 (C) transmission, purchase, sale, exchange, and inter-
18 change of electrical or thermal energy, including district
19 heating or interties; or

20 (D) transmission of natural gas for resale by a quali-
21 fied gas distribution utility;

22 * Sec. 4. AS 44.83.230 is amended by adding a new paragraph to read:

23 (10) "qualified gas distribution utility" means a utility
24 that has been issued a certificate of public convenience and necessity
25 under AS 42.05.221 to sell and distribute natural gas in all or part
26 of a market area that is served or will be served by the power proj-
27 ect, and that is, in the judgment of the authority, capable of opera-
28 ting and maintaining the power project.

29 * Sec. 5. AS 44.83 is amended by adding new sections to read:

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ARTICLE 10. RAILBELT GASLINE PROJECT.

Sec. 44.83.500. DESCRIPTION OF PROJECT. The Railbelt gasline project consists of a high pressure gas transmission line to transport natural gas between a point in the vicinity of Wasilla and a point in the vicinity of Fairbanks.

Sec. 44.83.510. PURPOSES OF PROJECT. (a) The primary purpose of the Railbelt gasline project is to transport natural gas between Wasilla and Fairbanks, and to intermediate communities, for sale to a qualified gas distribution utility. The qualified gas distribution utility may sell the gas for space heating, the generation of electricity, and other purposes.

(b) The secondary purpose of the Railbelt gasline project is to transport natural gas for nonutility use if the transportation of the natural gas does not displace gas being transported for sale by a qualified gas distribution utility.

Sec. 44.83.520. USE OF THE PROJECT. (a) In the operation and management of the Railbelt gasline project, the authority shall give first priority to use of the gas transmission line by one or more qualified gas distribution utilities. The annual charge for use of the gas transmission line may not exceed the annual cost to the authority of operating and maintaining the Railbelt gasline project, exclusive of interest and depreciation.

(b) In addition to the use made under (a) of this section, the authority may allow users other than a qualified gas distribution utility to transport natural gas in the gas transmission line. The authority may not approve use of the gas transmission line by a user other than a qualified gas distribution utility if that use would

(1) displace gas transported by a qualified gas distribution utility; or

1 (2) interfere with the operations of a qualified gas dis-
2 tribution utility.

3 Sec. 44.83.530. OPERATION AND MAINTENANCE OF THE PROJECT. (a)

4 If the Railbelt gasline project is approved under AS 44.83.185, the
5 project may be operated for the authority under a contract or lease
6 entered into by a qualified gas distribution utility and the authori-
7 ty.

8 (b) If the authority permits a qualified gas distribution utili-
9 ty to operate the Railbelt gasline project under a contract or lease,
10 the authority shall

11 (1) adopt regulations to determine the manner of selecting
12 a qualified gas distribution utility to operate the Railbelt gasline
13 project under a contract or lease when there is more than one quali-
14 fied gas distribution utility to be served directly by the power
15 project; and

16 (2) assure that the project is being operated efficiently
17 and in a manner that is consistent with

18 (A) national standards for the industry; and

19 (B) agreements with bondholders, if any.

20 Sec. 44.83.540. PROJECT FINANCING. The authority may finance
21 the Railbelt gasline project by appropriations from the general fund,
22 including the Railbelt energy fund created under AS 37.05.153, general
23 obligation bonds, revenue bonds, or other plans of finance as approved
24 by the legislature.

25 * Sec. 6. This Act takes effect July 1, 1988.