

Introduced: 4/20/89  
Referred: Labor and Commerce  
and Finance

6-0771A

1 IN THE SENATE

BY ZHAROFF

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SENATE BILL NO. 294

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act establishing certain funds in the Alaska

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Power Authority for the operation and maintenance of

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power generation and transmission facilities and

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waste heat facilities, and for insurance; and provid-

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ing for an effective 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 is amended by adding new sections to read:

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Sec. 44.83.085. RENEWAL AND REPLACEMENT FUND. (a) There is

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established as a separate fund in the authority the renewal and

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replacement fund. The fund is separate and distinct from any other

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money of the authority and consists of

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(1) money appropriated to the fund by the legislature; and

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(2) the proceeds of the sale of bonds issued by the author-

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ity and of other borrowings of the authority.

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(b) The authority shall use the fund to provide money for the

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scheduled or premature renewal or replacement of parts or units of the

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authority's power generation and transmission facilities and waste

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heat facilities.

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(c) The authority may maintain separate accounts within the fund

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for individual projects or groups of projects.

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(d) The authority shall determine the amount required to ade-

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quately finance the fund based on the terms of power sales or trans-

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mission agreements, waste heat sales agreements, bond resolutions and

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covenants, and other similar agreements to which the authority is a

1 party. The authority shall report the amount determined to be neces-  
2 sary to the legislature no later than December 15 of each year.

3 (e) The legislature may appropriate money to meet the needs of  
4 the fund including amounts equal to

5 (1) revenue earned from the sale or transmission of elec-  
6 tric power, sale of waste heat, and user fees;

7 (2) gifts received from utilities or utility project man-  
8 agement committees; and

9 (3) income earned from investment of money in the fund.

10 (f) Unless otherwise provided by an appropriation act, appro-  
11 priations made to the fund are not one-year appropriations and do not  
12 lapse under AS 37.25.010.

13 (g) In this section

14 (1) "fund" means the renewal and replacement fund estab-  
15 lished under this section;

16 (2) "premature renewal or replacement" means the renewal or  
17 replacement of major depreciable assets or classes of depreciable  
18 assets at a time earlier than the estimated useful life of the assets,  
19 including replacement caused by noninsurable and unforeseeable condi-  
20 tions;

21 (3) "scheduled renewal or replacement" means the periodic  
22 renewal or replacement of major depreciable assets or classes of  
23 depreciable assets based on their respective useful lives.

24 Sec. 44.83.087. INSURANCE FUND. (a) There is established as a  
25 separate fund in the authority the insurance fund. The fund is sepa-  
26 rate and distinct from any other money of the authority and consists  
27 of

28 (1) money appropriated to the fund by the legislature;

29 (2) the proceeds of the sale of bonds issued by the

1 authority and of other borrowings of the authority; and

2 (3) proceeds of insurance settlements owed to the author-  
3 ity.

4 (b) The authority shall use the fund to purchase insurance or to  
5 provide self-insurance retentions for property, liability, business  
6 interruption, boilers and machinery, pollution liability, and other  
7 similar insurance in reasonable amounts to protect the power projects  
8 and services of the authority.

9 (c) The authority may maintain separate accounts within the fund  
10 for individual projects or groups of projects.

11 (d) The authority shall determine the amount required to ade-  
12 quately finance the fund based on all relevant factors including the  
13 terms of power sales and transmission agreements, waste heat sales  
14 agreements, bond resolutions and covenants, and other similar agree-  
15 ments to which the authority is a party. The authority shall report  
16 the amount determined to be necessary to the legislature no later than  
17 December 15 of each year.

18 (e) The legislature may appropriate money to meet the needs of  
19 the fund including amounts equal to

20 (1) revenue earned from the sale or transmission of elec-  
21 tric power, sale of waste heat, and user fees;

22 (2) gifts received from utilities or utility project man-  
23 agement committees; and

24 (3) income earned from investment of money in the fund.

25 (f) Unless otherwise provided by an appropriation act, appro-  
26 priations made to the fund are not one-year appropriations and do not  
27 lapse under AS 37.25.010.

28 (g) In this section, "fund" means the insurance fund established  
29 under this section.

1 \* Sec. 2. This Act takes effect July 1, 1989.