

**CS FOR HOUSE BILL NO. 76 (L&C)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE LABOR AND COMMERCE COMMITTEE**

**Offered: 5/13/91**  
**Referred: Finance**

**Sponsor(s): REPRESENTATIVES NAVARRE, Boyer, G.Phillips, Sharp, Moyer, Barnes, Martin, Baker, Zawacki, Gonzales, M.A.Miller**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act imposing conditions on the approval of power sales contracts and transmission  
2 wheeling agreements for, and on the engineering and design of, certain clean coal  
3 technology demonstration projects; imposing conditions on work on certain proposed new  
4 projects; creating the intertie capital fund; authorizing new transmission lines in the  
5 Fairbanks to Anchorage to the Kenai Peninsula corridor, and approving the costs of the  
6 lines; authorizing transmission lines and related transportation corridors between Tye Lake  
7 and Swan Lake and between Petersburg and Snettisham Dam and approving the costs of  
8 the lines and transportation corridors; disallowing the expenditure of more than \$4,000,000  
9 on certain clean coal technology demonstration projects or on certain new electric  
10 transmission lines in the corridor unless the power sales agreement and the transmission  
11 wheeling agreement, as appropriate, have been approved by the Alaska Public Utilities  
12 Commission; relating to employment of the underemployed and unemployed on transmission

1 line projects; and providing for an effective date."

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

3 \* **Section 1.** AS 37.05 is amended by adding a new section to read:

4           Sec. 37.05.525. **FOUR DAM POOL ENERGY FUND.** There is established in the  
5 general fund the four dam pool energy fund. The fund consists of money appropriated to it by  
6 the legislature and may not include money from the Railbelt energy fund established under  
7 AS 37.05.520 or the Railbelt intertie reserve established under sec. 159, ch. 208, SLA 1990. The  
8 Department of Revenue shall manage the fund. Interest received on money in the fund shall be  
9 accounted for separately and may be appropriated into the fund annually. The legislature may  
10 appropriate money from the fund to assist in meeting energy needs of communities served by the  
11 four dam pool.

12 \* **Sec. 2.** AS 42.05 is amended by adding a new section to read:

13           Sec. 42.05.436. **APPROVAL OF POWER SALES CONTRACTS.** The commission may  
14 approve a power sales contract or a transmission wheeling agreement for a clean coal technology  
15 demonstration project only if

16                   (1) the contract or agreement is not contingent in any way on legislative  
17 appropriations for electric interties or on the moral obligation of the state to finance the project;  
18 and

19                   (2) the contract or agreement has been executed by the parties and approved by  
20 the governing bodies of the parties.

21 \* **Sec. 3.** AS 44.83 is amended by adding a new section to read:

22           Sec. 44.83.184. **APPROVAL BY THE AUTHORITY.** The authority may not proceed  
23 with work on the engineering or design phase of a proposed new project for which legislative  
24 approval is required until the members of the authority find, after considering the feasibility study  
25 and plan of finance, that the economic benefits of the proposed new project exceed the costs.  
26 However, the authority may proceed with the engineering or design work necessary to meet the  
27 requirements for submission of a license application for the proposed new project to the Federal  
28 Energy Regulatory Commission before the members of the authority make a finding on the  
29 question.

30 \* **Sec. 4.** AS 44.83 is amended by adding a new section to read:

31           Sec. 44.83.955. **INTERTIE CAPITAL FUND.** (a) The intertie capital fund is created

1 in the Alaska Energy Authority. The fund consists of appropriations made to the fund. The  
2 authority shall use the fund to design and construct new electric transmission lines, or to upgrade  
3 or reconstruct existing lines, in the Fairbanks to Anchorage to the Kenai Peninsula corridor.

4 (b) The authority may not spend more than \$65,000,000 from the fund and other state  
5 sources to design and construct new transmission lines in the corridor. When determining  
6 whether this spending limit has been reached, the authority shall include all state money that has  
7 been spent on or committed to the project. The authority may spend less than \$65,000,000 on  
8 the design and construction of a single new transmission line project. The authority may not  
9 spend money from the fund to design or construct a new transmission line in the corridor unless  
10 the authority and participating utilities have entered into a written agreement that provides that  
11 the participating utilities agree to pay

12 (1) at least half the design and construction costs of the project with money from  
13 sources other than the state;

14 (2) all of the design and construction costs that are in excess of \$65,000,000 for  
15 the transmission line; and

16 (3) all of the operation and maintenance costs of the transmission line.

17 \* Sec. 5. AS 44.88 is amended by adding a new section to article 4 to read:

18 Sec. 44.88.221. COGENERATION FINANCING AND PROJECT LIMITATIONS. (a)  
19 The authority may not spend more than \$4,000,000 of the amounts appropriated by the legislature  
20 or the proceeds of bonds sold by the authority or another state agency on a cogeneration project  
21 for a clean coal technology demonstration project in the state until the Alaska Public Utilities  
22 Commission has approved a power sales contract and a transmission wheeling agreement, as  
23 appropriate, for the project under AS 42.05.436. When determining whether this spending limit  
24 has been reached, the authority shall include all state money that has been spent on or committed  
25 to the project.

26 (b) The authority or a successor state agency may not proceed with work on the  
27 engineering or design phase of a cogeneration project for a clean coal technology demonstration  
28 project in the state until the members of the authority find, after considering the feasibility study  
29 and plan of finance, that the economic benefits of the proposed new project exceed the costs.  
30 However, the authority may proceed with the engineering or design work necessary to meet the  
31 requirements for submission of license applications for the proposed new project before the

1 members of the authority make a finding on the question.

2 \* Sec. 6. In accordance with AS 44.83.185(c), and contingent upon secs. 8 and 9 of this Act, the  
3 authority is authorized to design and construct a 138 kilovolt electric transmission line between  
4 Anchorage and the Kenai Peninsula at a cost of \$92,000,000. However, the Alaska Energy Authority  
5 may not spend more than \$4,000,000 for a project authorized by this section unless the parties have  
6 executed a power sales agreement and a transmission wheeling agreement, as appropriate, for the project,  
7 and the agreement has been approved by the governing bodies of the parties and by the Alaska Public  
8 Utilities Commission.

9 \* Sec. 7. In accordance with AS 44.83.185(c) and contingent upon secs. 8 and 9 of this Act, the  
10 Alaska Energy Authority is authorized to design and construct a 138 kilovolt electric transmission line  
11 between Fairbanks and Healy and to improve the existing electric transmission line between Anchorage  
12 and Fairbanks at a total cost of \$81,000,000. However, the Alaska Energy Authority may not spend  
13 more than \$4,000,000 for the project authorized by this section unless the parties have executed a power  
14 sales agreement and a transmission wheeling agreement, as appropriate, for the project, and the  
15 agreement has been approved by the governing bodies of the parties and by the Alaska Public Utilities  
16 Commission.

17 \* Sec. 8. The authorizations for design and construction of new transmission lines made by sec. 6  
18 or 7 of this Act are contingent upon the Alaska Energy Authority and participating electric utilities  
19 entering into a written agreement that provides, for the project authorized, that the participating utilities  
20 agree to pay

21 (1) at least half the design and construction costs of the project from money from sources  
22 other than the state;

23 (2) all of the design and construction costs of the project that are in excess of  
24 \$65,000,000; and

25 (3) all of the operation and maintenance costs of the electric transmission line.

26 \* Sec. 9. The authorizations made by secs. 6 and 7 of this Act are contingent upon the Alaska Energy  
27 Authority including in the construction contracts for the projects authorized by secs. 6 and 7 of this Act  
28 a requirement that the contractors consider employing applicants who

29 (1) have been chronically unemployed or underemployed during the past 12 months and  
30 have been available for work during that time; and

31 (2) have graduated within the past five years from programs that developed skills needed

1 for work on the project.

2 \* Sec. 10. In accordance with AS 44.83.185(c), the Alaska Energy Authority is authorized to design  
3 and construct a transmission line and related transportation corridor between Tyee Lake and Swan Lake  
4 at a cost of \$50,000,000. This authorization is valid only if the project is financed by revenue bonds.

5 \* Sec. 11. In accordance with AS 44.83.185(c), the Alaska Energy Authority is authorized to design  
6 and construct a transmission line between Petersburg and Snettisham Dam at a cost of \$72,000,000. This  
7 authorization is valid only if the project is financed by revenue bonds.

8 \* Sec. 12. This Act takes effect immediately under AS 01.10.070(c).