

**HOUSE CS FOR CS FOR SENATE BILL NO. 126(FIN)****IN THE LEGISLATURE OF THE STATE OF ALASKA****EIGHTEENTH LEGISLATURE - FIRST SESSION****BY THE HOUSE FINANCE COMMITTEE****Offered: 5/8/93****Referred: Rules****Sponsor(s): SENATORS SHARP, Taylor, Miller, Pearce, Frank****REPRESENTATIVES Barnes, Navarre, Phillips****A BILL****FOR AN ACT ENTITLED**

1 "An Act making appropriations for grants and loans for hydroelectric projects  
2 including power transmission interties, to capitalize certain funds for energy grant  
3 and loan programs in the state, including the power cost equalization and rural  
4 electric capitalization fund, to the Department of Community and Regional Affairs  
5 for operating costs related to power projects and programs and to capitalize the  
6 Railbelt energy fund."

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

8 \* Section 1. (a) Subject to the conditions set out in (b) and (c) of this section, the sum  
9 of \$43,200,000 is appropriated from the Railbelt intertie reserve (sec. 159, ch. 208, SLA 1990)  
10 to the Department of Administration for payments as a grant under AS 37.05.316 to Golden  
11 Valley Electric Association for the benefit of all the utilities participating in the intertie for  
12 design and construction of a power transmission intertie of at least 138 kilovolts between  
13 Healy and Fairbanks.

1 (b) The appropriation made by (a) of this section is contingent upon the execution of  
2 a written agreement between the electric utilities participating in the Healy-Fairbanks power  
3 transmission intertie, the Department of Administration, and the Alaska Industrial  
4 Development and Export Authority that provides that the participating utility or utilities agree  
5 to

6 (1) pay the design and construction costs for the Healy-Fairbanks power  
7 transmission intertie that exceed \$43,200,000;

8 (2) pay the operation and maintenance costs of the Healy-Fairbanks power  
9 transmission intertie; and

10 (3) allocate, in proportion to the system peak demands of the utilities  
11 participating in the intertie, less a 1.5 mill per kilowatt hour charge for all energy assessed to  
12 the line paid by the receiving utility,

13 (A) the costs of construction that exceed the amount of the grant under  
14 this section;

15 (B) the operation and maintenance costs; and

16 (C) the costs that may reasonably be charged for services provided,  
17 including transmission to the intertie.

18 (c) The appropriation made by (a) of this section is contingent upon the execution of  
19 a written agreement between the electric utilities participating in the intertie and the  
20 department in which Golden Valley Electric Association agrees to provide the other  
21 participating utilities access to the intertie for the purpose of assured access to resources,  
22 economy energy transactions, and other similar uses.

23 \* Sec. 2. (a) Subject to the conditions set out in (b) and (c) of this section, the sum of  
24 \$46,800,000 is appropriated from the Railbelt intertie reserve (sec. 159, ch. 208, SLA 1990)  
25 to the Department of Administration for payment as a grant under AS 37.05.316 to Chugach  
26 Electric Association for the benefit of all the utilities participating in the intertie for design  
27 and construction of a power transmission intertie of at least 138 kilovolts between Anchorage  
28 and the Kenai Peninsula.

29 (b) The appropriation made by (a) of this section is contingent upon the execution of  
30 a written agreement between the electric utilities participating in the Anchorage-Kenai  
31 Peninsula power transmission intertie, the Department of Administration, and the Alaska

1 Industrial Development and Export Authority that provides that the participating utility or  
2 utilities agree to

3 (1) pay the design and construction costs for the Anchorage-Kenai Peninsula  
4 power transmission intertie that exceed \$46,800,000;

5 (2) pay the operation and maintenance costs of the Anchorage-Kenai Peninsula  
6 power transmission intertie; and

7 (3) allocate, in proportion to the system peak demands of the utilities  
8 participating in the intertie less a 1.5 mill per kilowatt hour charge for all energy generated  
9 by the Bradley Lake hydroelectric project purchased by the receiving utility,

10 (A) the costs of construction that exceed the amount of the grant under  
11 this section;

12 (B) the operation and maintenance costs; and

13 (C) the costs that may reasonably be charged for services provided,  
14 including transmission to the intertie.

15 (c) The appropriation made by (a) of this section is contingent upon the execution of  
16 a written agreement between the electric utilities participating in the intertie and the  
17 department in which Chugach Electric Association agrees to provide the other participating  
18 utilities access to the intertie for the purpose of assured access to resources, economy energy  
19 transactions, and other similar uses.

20 \* Sec. 3. The balance in the Railbelt intertie reserve, after the appropriations made by  
21 secs. 1 and 2 of this Act are paid, is appropriated to the Railbelt energy fund (AS 37.05.520).

22 \* Sec. 4. (a) Subject to the conditions set out in (b) - (d) of this section, the sum of  
23 \$35,000,000 is appropriated from the Railbelt energy fund (AS 37.05.520) for deposit in the  
24 power project fund (AS 42.45.010) for payment as a loan under AS 42.45.010 to the  
25 participating utilities for the design and construction of a power transmission intertie of at  
26 least 138 kilovolts between Sutton and Glennallen.

27 (b) Notwithstanding AS 42.45.010(g), repayments of principal and interest on the loan  
28 for which an appropriation is made under (a) of this section are appropriated to the Railbelt  
29 energy fund (AS 37.05.520).

30 (c) The appropriation made by (a) of this section is contingent on the participating  
31 utility or utilities and the Department of Community and Regional Affairs entering into an

1 agreement for a loan at zero interest for a term of 50 years.

2 (d) The appropriation made by (a) of this section is contingent upon the completion  
3 of a feasibility study and finance plan satisfactory to the Department of Community and  
4 Regional Affairs as set out in former AS 44.83.181.

5 (e) In this section, "participating utilities" means the utility or utilities participating in  
6 the design, construction, operation, and maintenance of the power transmission intertie  
7 between Sutton and Glennallen.

8 \* Sec. 5. (a) Subject to the conditions set out in (b) and (c) of this section, the sum of  
9 \$20,000,000 is appropriated from the Railbelt energy fund (AS 37.05.520) for deposit in the  
10 power project fund (AS 42.45.010) for payment as a loan under AS 42.45.010 to the  
11 participating utilities for design and construction of a power transmission intertie of at least  
12 115 kilovolts between the Swan Lake and Tyee Lake hydroelectric projects.

13 (b) Notwithstanding AS 42.45.010(g), repayments of principal and interest on the loan  
14 for which an appropriation is made under (a) of this section are appropriated to the Railbelt  
15 energy fund (AS 37.05.520).

16 (c) The appropriation made by (a) of this section is contingent on the participating  
17 utility or utilities and the Department of Community and Regional Affairs entering into an  
18 agreement for a loan at three percent interest for a term of 15 years.

19 (d) In this section, "participating utilities" mean the utilities participating in the design,  
20 construction, operation, and maintenance of the power transmission intertie between the Swan  
21 Lake and Tyee Lake hydroelectric projects.

22 \* Sec. 6. The sum of \$3,900,000 is appropriated from the general fund to the Department  
23 of Community and Regional Affairs for operating costs for carrying out its powers and duties  
24 under AS 42.45 and AS 44.47.050(19) and (20).

25 \* Sec. 7. The unexpended and unobligated balances of the following appropriations are  
26 repealed and reappropriated to the Railbelt energy fund (AS 37.05.520):

27 (1) that portion of the appropriation made by sec. 25, ch. 80, SLA 1979, page  
28 66, line 38, as amended by sec. 448(a), ch. 105, SLA 1985, and sec. 275(a), ch. 130, SLA  
29 1986, that is allocated by sec. 25, ch. 80, SLA 1979, page 67, line 5 (Bradley Lake hydro  
30 project - \$80,000);

31 (2) that portion of the appropriation made by sec. 1(a), ch. 90, SLA 1981, as

1 amended by sec. 69, ch. 92, SLA 1981, and sec. 236, ch. 141, SLA 1982, that is allocated by  
2 sec. 1(a)(1), ch. 90, SLA 1981, as amended by sec. 69, ch. 92, SLA 1981 (Bradley Lake -  
3 \$5,000,000);

4 (3) that portion of the appropriation made by sec. 1(b), ch. 90, SLA 1981, as  
5 amended by sec. 69, ch. 92, SLA 1981, and sec. 236, ch. 141, SLA 1982, that is allocated by  
6 sec. 1(b)(1), ch. 90, SLA 1981, as amended by sec. 69, ch. 92, SLA 1981 (Bradley Lake -  
7 \$10,000,000);

8 (4) sec. 241, ch. 141, SLA 1982 (Bradley Lake hydroelectric project -  
9 \$3,000,000);

10 (5) AS 44.83.420, repealed by sec. 318, ch. 171, SLA 1984 (Bradley Lake  
11 hydroelectric project);

12 (6) sec. 5, ch. 41, SLA 1986 (Bradley Lake hydroelectric project -  
13 \$50,000,000);

14 (7) sec. 3, ch. 128, SLA 1986, page 8, line 7, as amended by sec. 1, ch. 96,  
15 SLA 1987 (Alaska Power Authority, Bradley Lake hydroelectric project - \$50,000,000);

16 (8) sec. 6, ch. 172, SLA 1988 (Bradley Lake power project - \$7,000,000).

17 \* Sec. 8. (a) The sum of \$13,200,000 is appropriated from the general fund to the Railbelt  
18 energy fund (AS 37.05.520).

19 (b) The sum of \$66,900,000 is appropriated from the general fund to the Railbelt  
20 energy fund (AS 37.05.520).

21 (c) The sum of \$66,900,000 is appropriated from the Railbelt energy fund  
22 (AS 37.05.520) to the power cost equalization and rural electric capitalization fund  
23 (AS 42.45.060) to capitalize the fund.

24 \* Sec. 9. The sum of \$5,000,000 is appropriated from the general fund to the Department  
25 of Community and Regional Affairs for payment as a grant under AS 37.05.316 to the  
26 Iliamna-New Halen-Nondalton Electric Cooperative for the design and construction of a 700  
27 kilowatt hydroelectric power project on the Tazimina River and for the associated distribution  
28 system.

29 \* Sec. 10. The balances in the following funds on the effective date of this section are  
30 appropriated from the named former funds or accounts under the Alaska Energy Authority to  
31 the named funds established in the Department of Community and Regional Affairs to

1 capitalize the funds:

2 **ALASKA ENERGY FUND OR ACCOUNT**

**DEPARTMENTAL FUND**

3 Power cost equalization fund

Power cost equalization and rural electric

4 (AS 44.83.162)

capitalization fund (AS 42.45.060)

5 Power project fund (AS 44.83.170)

Power project fund (AS 42.45.010)

6 Rural electrification revolving

Rural electrification revolving

7 loan fund (AS 44.83.361)

loan fund (AS 42.45.020)

8 Power development revolving loan fund

Four dam pool transfer fund

9 (AS 44.83.500)

(AS 42.45.050)

10 Bulk fuel revolving loan fund

Bulk fuel revolving loan fund

11 (AS 44.83.600)

(AS 42.45.250)

12 \* Sec. 11. The sum of \$3,000,000 is appropriated from the general fund to the power  
13 project fund (AS 42.45.010) for payment as a loan to the City of Seward for completion of  
14 the electric transmission line from Seward to the Lawing substation.

15 \* Sec. 12. A sum equal to the amounts deposited in the Southeast energy fund  
16 (AS 42.45.040) beginning on the effective date of this Act and ending on June 30, 1994, is  
17 appropriated from the Southeast energy fund to the Department of Administration for payment  
18 as a grant under AS 37.05.316 to the Ketchikan Public Utilities for expenses related to the  
19 power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects.

20 \* Sec. 13. The sum of \$126,600 is appropriated from federal receipts to the Department  
21 of Community and Regional Affairs for federally authorized energy programs and projects.

22 \* Sec. 14. A sum equal to the retained money held by the Alaska Energy Authority that  
23 is related to the authority's rural programs is transferred and appropriated to the Department  
24 of Community and Regional Affairs for the purposes originally intended and for other energy-  
25 related purposes and projects.

26 \* Sec. 15. This Act takes effect only if the Eighteenth Alaska State Legislature enacts an  
27 Act that gives the Department of Community and Regional Affairs responsibility for rural  
28 power projects and programs.