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LEGISLATIVE SUMMARY

- SB 325 "An Act transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects; and providing for an effective date."
- Sec. 1 Transfers \$10,000,000 of the \$60,000,000 appropriated to the power development fund for the Green Lake project to the Tye Lake project.
- Sec. 2 Transfers \$50,000,000 of the \$60,000,000 appropriated to the power development fund for the Green Lake project to the power project fund for the Green Lake project.
- Sec. 3 Amends the 1981 appropriation of \$4,500,000 by deleting the design and engineering for the Lake Elva project and replaces it with a comprehensive analysis of Bristol Bay power needs and supply options.
- Sec. 4 Appropriates to the power development fund \$38,000,000 for the Railbelt Intertie and \$10,000,000 for the Swan Lake project.
- Sec. 5 Appropriates \$5,000,000 to the power project emergency maintenance fund for the purposes described in AS 44.83.399. (NOTE: AS 44.82.399 does not exist in present statutes. It is embodied in SB 646 "An Act relating to the energy program for Alaska" - the Governor's energy Bill)
- Sec. 6 Effective dates:
- Sec. 5 takes effect on the date of a version of an Act entitled "An Act relating to the energy program for Alaska" (NOTE: SB 646)
- Sec. 1 - 4 take effect immediately.

SPONSOR: Rules Committee by Request of the Governor

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AN ACT

Making appropriations to various state agencies for energy-related programs and projects, and repealing 1980 appropriations for a power project; and providing for an effective date.

* Section 1. The sum of \$323,900,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for the following projects in the amounts specified after each:

(1) Bradley Lake	\$15,000,000	
(2) Green Lake	50,000,000	←
(3) Port Lions	1,400,000	
(4) Solomon Gulch	68,000,000	
(5) Swan Lake	53,000,000	
(6) Terror Lake	81,500,000	
(7) Tye Lake	45,000,000	←

* Sec. 2. The sum of \$76,000,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for acquisition of a right-of-way for and design and construction of a 345 KV electrical transmission system connecting Anchorage and Fairbanks.

* Sec. 3. The sum of \$750,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for acquisition

Chapter 90

1 Grayling, Gustavus, Ivanoff Bay, Kaltag,
2 Karluk, Kiana, King Cove, Larsen Bay,
3 Nikolski, Old Harbor, Perryville, Scammon
4 Bay, Shungnak, Tenakee Springs, Togiak,
5 Unalaska 5,600,000

6 * Sec. 7. The sum of \$560,000 is appropriated from the general fund to
7 the Alaska Power Authority for reconnaissance studies for proposed energy
8 project sites for the following rural communities: Alatna, Aniak, Atkasook,
9 Brevic Mission, Cheforak, Craig, Diomedea, Galena, Golovin, Hooper Bay,
10 Kalskag, Kotlik, Koyuk, Lower Kalsing, Mekoryuk, New Chenega, Nowtok,
11 Nightmute, Ouzinkie, Ruby, Saint George, Saint Mary's, Saint Michael, Saint
12 Paul, Shageluk, Shishmaref, Stebbins, Teller, Toksook Bay, Tununak,
13 Unalakleet, and Yakutat.

14 * Sec. 8. The sum of \$50,000 is appropriated from the general fund to
15 the Alaska Power Authority for a reconnaissance study of Takatz Creek.

16 ~~Sec. 9. The sum of \$996,000 is appropriated from the general fund to
17 the Alaska Power Authority for a feasibility study examining design and
18 construction of an electrical transmission system between Hoonah and Junction.~~

19 * Sec. 10. The sum of \$42,000 is appropriated from the general fund to
20 the Alaska Power Authority for a feasibility study regarding improvements to
21 hydroelectric facilities for Pelican.

22 * Sec. 11. The sum of \$4,500,000 is appropriated from the general fund
23 to the Alaska Power Authority for design and engineering for the Lake Elva
24 hydroelectric project.

25 ~~Sec. 12. The sum of \$50,000 is appropriated from the general fund to
26 the Alaska Power Authority for a feasibility study relating to reactivation
27 of an abandoned hydroelectric site at Chitina.~~

28 * Sec. 13. The sum of \$440,000 is appropriated from the general fund to
29 the Alaska Power Authority for a feasibility study of the Fairbanks district

SEARCH - QUERY
00003 '44.83.382'.CITATION.

AS44.83.382 DOCUMENT= 1 OF 1

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.
ALASKA POWER AUTHORITY.
ARTICLE 9.
ENERGY PROGRAM FOR ALASKA.

CITATION SEC. 44.83.382.

CATCH LINE

POWER DEVELOPMENT FUND ESTABLISHED.

(A) A POWER DEVELOPMENT FUND IS ESTABLISHED IN THE ALASKA
TO CARRY OUT THE PURPOSES OF THE ENERGY PROGRAM
FOR ALASKA (AS 44.83.380-44.83.425).

(B) THE FUND INCLUDES

(1) MONEY APPROPRIATED TO IT BY THE LEGISLATURE; AND

(2) REVENUES COLLECTED FROM THE SALE OF POWER THAT ARE

NOT REQUIRED BY LAW TO BE DEPOSITED INTO THE GENERAL FUND.

HISTORY (AS 44.83.416; SEC. 1 CH 118 SLA 1981)

00001 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS44.83.170 DOCUMENT= 1 OF 1

HEADINGS TITLE 44
STATE GOVERNMENT.
CHAPTER 93.
ALASKA POWER AUTHORITY.
ARTICLE 5.
POWER PROJECT FUND.

CITATION SEC. 44.83.1 0.

CATCH LINE

POWER PROJECT FUND.

TEXT

(A) THERE IS ESTABLISHED AS A SEPARATE FUND THE POWER PROJECT FUND WHICH SHALL BE DISTINCT FROM ANY OTHER MONEY OR FUNDS OF THE AUTHORITY, AND WHICH INCLUDES ONLY MONEY APPROPRIATED BY THE LEGISLATURE.

(B) THE AUTHORITY MAY MAKE LOANS FROM THE POWER PROJECT FUND

(1) TO ELECTRIC UTILITIES, REGIONAL ELECTRIC AUTHORITIES, MUNICIPALITIES, CITIES, BOROUGH, REGIONAL AND VILLAGE CORPORATIONS, VILLAGE COUNCILS, AND NONPROFIT MARKETING COOPERATIVES TO PAY THE COSTS OF

(A) RECONNAISSANCE STUDIES, FEASIBILITY STUDIES, LICENSE AND PERMIT APPLICATIONS, PRECONSTRUCTION ENGINEERING, AND DESIGN OF POWER PROJECTS;

(B) CONSTRUCTING, EQUIPPING, MODIFYING, IMPROVING, AND EXPANDING SMALL-SCALE POWER PRODUCTION FACILITIES, CONSERVATION FACILITIES, BULK FUEL STORAGE FACILITIES, AND TRANSMISSION AND DISTRIBUTION FACILITIES, INCLUDING CONSTRUCTION, TRANSMISSION AND DISTRIBUTION, AND MAINTENANCE OF TRANSMISSION FACILITIES WHICH DEPEND ON FOSSIL FUEL, WIND POWER, TIDAL, GEOTHERMAL, BIOMASS, HYDROELECTRIC, SOLAR OR OTHER NON-NUCLEAR ENERGY SOURCES, AND

(C) RECONNAISSANCE STUDIES, PRECONSTRUCTION ENGINEERING, DESIGN, CONSTRUCTION, EQUIPPING, MODIFICATION, AND EXPANSION OF POTABLE WATER SUPPLY INCLUDING SURFACE STORAGE AND GROUNDWATER SOURCES AND TRANSMISSION OF WATER FROM SURFACE STORAGE TO EXISTING DISTRIBUTION SYSTEMS;

(2) TO A BORROWER FOR A POWER PROJECT IF

(A) THE LOAN IS ENTERED INTO UNDER A LEVERAGED LEASE FINANCING ARRANGEMENT,

(B) THE PARTY WHICH WILL BE RESPONSIBLE FOR THE POWER PROJECT IS AN ELECTRIC UTILITY, REGIONAL ELECTRIC AUTHORITY, MUNICIPALITY, CITY, BOROUGH, REGIONAL OR VILLAGE CORPORATION, VILLAGE COUNCIL, OR NONPROFIT MARKETING COOPERATIVE; AND

(C) THE BORROWER SEEKING THE LOAN DEMONSTRATES TO THE AUTHORITY THAT THE FINANCING ARRANGEMENT FOR THE POWER PROJECT WILL REDUCE PROJECT FINANCING COSTS BELOW COSTS OF COMPARABLE PUBLIC POWER PROJECTS.

(D) BEFORE MAKING A LOAN FROM THE POWER PROJECT FUND, THE AUTHORITY SHALL, BY REGULATION, SPECIFY

(1) STANDARDS FOR THE ELIGIBILITY OF BORROWERS AND THE

TYPES OF PROJECTS TO BE FINANCED WITH LOANS;

- (2) STANDARDS REGARDING THE TECHNICAL AND ECONOMIC VIABILITY AND REVENUE SELF-SUFFICIENCY OF ELIGIBLE PROJECTS;
- (3) COLLATERAL OR OTHER SECURITY REQUIRED FOR LOANS;
- (4) THE TERMS AND CONDITIONS OF LOANS;
- (5) CRITERIA TO ESTABLISH FINANCIAL FEASIBILITY AND TO MEASURE THE AMOUNT OF STATE ASSISTANCE NECESSARY FOR PARTICULAR PROJECTS TO MEET THE FINANCIAL FEASIBILITY CRITERIA; AND

(6) OTHER RELEVANT CRITERIA, STANDARDS OR PROCEDURES.

(D) ANY LOAN MADE BY THE AUTHORITY MUST BE MADE ACCORDING TO THE STANDARDS, CRITERIA, AND PROCEDURES ESTABLISHED BY REGULATION UNDER THIS SECTION.

(E) REPAYMENT OF THE LOANS SHALL BE SECURED IN ANY MANNER WHICH THE AUTHORITY DETERMINES IS FEASIBLE TO ASSURE PROMPT REPAYMENT UNDER A LOAN AGREEMENT ENTERED INTO WITH THE BORROWER. THE AUTHORITY MAY MAKE AN UNSECURED LOAN FROM THE POWER PROJECT FUND TO A BORROWER REGULATED BY THE ALASKA PUBLIC UTILITIES COMMISSION UNDER AS 42.05 IF THE BORROWER HAS A SUBSTANTIAL HISTORY OF REPAYING LONG-TERM LOANS AND THE CAPACITY TO REPAY THE LOAN. UNDER A LOAN AGREEMENT, REPAYMENT MAY BE DEFERRED FOR 10 YEARS OR UNTIL THE PROJECT FOR WHICH THE LOAN IS MADE HAS ACHIEVED EARNINGS FROM ITS OPERATIONS SUFFICIENT TO PAY THE LOAN, WHICHEVER IS EARLIER.

(F) POWER PROJECTS ARE SUBJECT TO THE FOLLOWING LIMITATIONS ON INTEREST AND SPECIFIC RESTRICTIONS:

(1) POWER PROJECTS FOR WHICH LOANS ARE OUTSTANDING FROM THE WATER RESOURCES REVOLVING LOAN FUND (AS 45.86) ON JULY 13, 1978, MAY RECEIVE ADDITIONAL FINANCING FROM THE POWER PROJECT FUND; THE ADDITIONAL FINANCING, IF GRANTED,

(A) SHALL BE GRANTED FOR A TERM NOT EXCEEDING 50 YEARS;

(B) SHALL BE GRANTED AT AN INTEREST RATE OF NOT LESS THAN THREE OR MORE THAN FIVE PERCENT A YEAR ON THE UNPAID BALANCE;

(C) SHALL BE CONDITIONED ON THE REPAYMENT OF LOAN PRINCIPAL AND INTEREST TO BEGIN ON THE EARLIER OF

(I) THE DATE OF THE START OF COMMERCIAL OPERATION OF THE PROJECT; OR

(II) 10 YEARS FROM THE DATE THE LOAN IS GRANTED.

(2) LOANS FOR POWER PROJECTS

(A) SHALL BE GRANTED FOR A TERM NOT TO EXCEED 50 YEARS; AND

(B) SHALL BE GRANTED AT AN INTEREST RATE WHICH IS NOT LESS THAN FIVE PERCENT AND WHICH IS THE LESSEER OF

(I) A RATE EQUAL TO THE PERCENTAGE WHICH IS THE AVERAGE WEEKLY YIELD OF MUNICIPAL BONDS FOR THE 12 MONTHS PRECEDING THE DATE OF THE LOAN, AS DETERMINED BY THE AUTHORITY FROM MUNICIPAL BOND YIELD RATES REPORTED IN THE 30-YEAR REVENUE INDEX OF THE WEEKLY BOND BUYER; OR

(II) A RATE DETERMINED BY THE AUTHORITY WHICH ALLOWS THE PROJECT TO MEET CRITERIA OF FINANCIAL FEASIBILITY ESTABLISHED UNDER AS 42.03.179(C).

(G) LOAN REPAYMENTS AND INTEREST EARNED BY LOANS FROM THE

POWER PROJECT FUND SHALL BE DEPOSITED IN THE STATE GENERAL FUND.

(H) THE LEGISLATURE MAY FORGIVE THE REPAYMENT OF A LOAN MADE FROM THE POWER PROJECT FUND FOR A RECONNAISSANCE STUDY OR A FEASIBILITY STUDY WHEN THE AUTHORITY FINDS THAT THE POWER PROJECT FOR WHICH THE LOAN WAS MADE IS NOT FEASIBLE.

HISTORY (SEC. 1 CH 278 SLA 1976; AM SEC. 16 CH 156 SLA 1978; AM SECS. 19
- 23 CH 83 SLA 1980)

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

LEGISLATIVE SUMMARY

CS SB 825 "An Act transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects; and providing for an effective date."

Sec. 1 The following appropriations are transferred to the ones listed in Section 2:

Angoon tidal power project - \$250,000
Akutan project - \$974,000
Bethel Utilities Corporation \$2,000,000
Green Lake project - \$8,000,000
Solomon Gulch - \$5,000,000
Lake Elva - \$4,450,000
Petersburg transmission and distribution - \$1,500,000
Wrangell transmission and distribution - \$1,500,000
Akutan - \$127,000
Ouzinki waste heat - \$450,000

Sec. 2.

Terror Lake - \$20,000,000
Black Bear Lake - \$3,000,000
Kotzebue heating project \$2,500,000
Rural small Hydro - \$5,000,000
West Creek - \$2,000,000
Grant Lake - \$1,751,000

Sec. 3 General Fund appropriation for Grant Lake \$249,000

Sec. 4 General fund appropriation Bristol Bay \$4,000,000

Sec 5 General fund appropriation for emergency maintenance fund \$500,000

Sec. 6 General fund appropriation for renewal and replacement fund \$750,000

Sec. 7 These are capital projects.

Sec. 8 Effective date: immediately

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
DON GILMAN
BOB MULCAHY
ARLISS STURGULEWSKI



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Senate

Committee on Resources

March 10, 1982
1:40 p.m.

Beltz Room
Room 211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Bradley
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

Hearing:

- SB 608 Making a special appropriation to the power development fund of the Alaska Power Authority for the Susitna River hydroelectric project and other hydroelectric projects.
- SB 825 Transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects.
- SB 826 Relating to preliminary work on the Susitna River hydroelectric project.
- SB 828 Relating to the responsibilities of the Alaska Power Authority.

SB 608

Senator Fahrenkamp stated her intent to move SB 608 out of Committee, with a letter to the Finance Committee acknowledging that \$1 billion is not available, and that the actual amount appropriated would be left up to the Finance Committee.

Senator Fischer asked that the bill be held in Committee until he had time to prepare amendments.

Senator Fahrenkamp stated that SB 608 would be held until Friday's calendar.

SB 825

Senator Fahrenkamp asked for a motion to consider the work draft for CSSB 825.

Senator Eliason objected and asked that the original bill and the work draft be considered simultaneously.

Dave Hutchins, Alaska Rural Electrical Cooperative Association, spoke in support of SB 825, stressing the importance of proceeding with the projects currently under development, and urging that the legislature take action soon on funding for the Alaska Power Authority.

Eric Yould, Executive Director, Alaska Power Authority, explained that the APA Board generally endorses the governor's recommendations. He further stated that, at Senator Dankworth's request, he had identified funds allocated to APA that were in excess of what was needed, and had arrived at a figure of about \$33 million. The figures used in CSSB 825 were drawn from that figures.

Senator Eliason moved that Section 2 of SB 825 be included as Section 7 of CSSB 825, with appropriate renumbering of the other sections. The amendment was adopted.

Senator Mulcahy moved the adoption of CSSB 825 with individual recommendations.

SB 826

Dave Hutchins spoke in support of SB 826, stating that it authorizes preliminary work, not construction, on Susitna.

Eric Yould spoke in support of the bill, and urged that any wording change in SB 608 be compatible with the language of SB 826.

David Allison, Alaska Environmental Lobby, urged that the State not incrementalize itself too far into a project that it may not be able to finance. He also urged a provision in SB 826 that would allow for withdrawal of funds if it was at some time decided not to go ahead with Susitna.

Senator Mulcahy moved SB 826 with individual recommendations.

SB 828

Senator Sturgulewski discussed changes to SB 828 dealing with economic feasibility requirements, financial analysis, and bid contracts.

Eric Yould testified that he had recommended Sections 2, 3, 4, and 5 of SB 828. In regard to the proposed changes, he stated that financing decisions should be based on the long term rather than on a surrogate test demanding that projects show a profit in their early years.

David Allison spoke in opposition to SB 828 as an incomplete approach at reforming SB 825. He urged a provision for a required rate of return on projects.

Senator Mulcahy moved SB 828 with individual recommendations.

The meeting was adjourned at 3:05 p.m.