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TO: Senate Resources Committee
FROM: Senate Resources Committee Staff
RE: Wednesday Committee Meeting, 5/12/82
DATE: May 10, 1982

**Please find attached background information for
Wednesday's hearing on the following bill:**

**SB 896 Relating to the Susitna River
hydroelectric project.**

**The meeting will be held at 1:30 p.m. in the
Beltz Room.**

Billy Berrier/Lynn Asper - Deegal Services

Reashed is a ~~mapydfu\$Bc896~~ of SB 896. I would appreciate a FINAL committee substitute being written deleting Section 3. If you have any questions please conatact Resa King at 465-3834. When the Bill is completed please return to Room 211 Capitol buiding.

Bettye Fahrenkamp, ~~Ch~~Chairman

5/13/82

Senate Resources Committee

IDENTIFICATION:

BILL NAME: "An Act relating to the Susitna River hydroelectric project;
and providing for an effective date."

SPONSOR(S): Resources

RELATED BILLS PENDING:

DATE INTRODUCED: 5/6/82

REFERRALS Resources
Finance

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED *yes*

SUMMARY BY LEGAL DIVISION:
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP
MATERIALS:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

OTHER STATE OR FEDERAL PRECEDENT, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET: 5/10

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED

Eric Yould, AFA 5-7-82 277-7641 5/10 ✓ *Bad Meeting*
Kent Dzinech 5-7-82 5-10 ✓ *Bad Meeting*
Dave Hitchens, ARECA 5/10 ✓ ✓
Ron Vassar - A.G. 3600 5/10 ✓ ✓

pending projects of the Alaska Power Authority, see editor's note to AS 44.83.177.

Sec. 44.83.185. Submission to the legislature. (a) The authority shall submit a feasibility study and plan of finance for a proposed new project to the legislature. When the report of the division of budget and management examining the feasibility study and plan of finance is completed as required by AS 44.83.183, it shall be submitted to the legislature.

(b) The authority may not proceed with work on the engineering or design phase of a proposed new project for which legislative approval is required until the legislature approves the proposed new project. However, the authority may proceed with the engineering or design work necessary to meet the requirements for submission of a license application for the proposed new project to the Federal Energy Regulatory Commission without obtaining legislative approval of the proposed new project.

(c) The legislature shall consider and must approve all proposed new projects except proposed new projects that are exempt under AS 44.83.187. The legislature may approve a proposed new project only by enacting law authorizing that project. (§ 24 ch 83 SLA 1980)

Cross reference. — As to application of this section to current projects of the Alaska Power Authority and exemption from the provisions of this section of pending projects of the Alaska Power Authority, see editor's note to AS 44.83.177.

Sec. 44.83.187. Applicability of sections. (a) The provisions of AS 44.83.177 — 44.83.185 and 44.83.189 apply only to a proposed new project which will generate more than 1.5 megawatts of power and

(1) requires an appropriation from the state general fund, from the power project fund, or from the renewable resources funds; or

(2) is based on a plan of finance which requires the issuance of general obligation bonds or other pledge of the credit of the state.

(b) The provisions of AS 44.83.177 — 44.83.185 and 44.83.189 apply to a project which generates more than 25 megawatts of power for which the authority will issue its revenue bonds for costs of construction.

(c) The provisions of AS 44.83.177 — 44.83.183 do not apply when a reconnaissance study and a feasibility study for a proposed new project have been prepared by an agency of the federal government, if the authority determines that the reconnaissance study and the feasibility study prepared by the agency of the federal government provide information sufficient to permit the authority to finance and construct the proposed new project in accordance with the requirements of this chapter. When a reconnaissance study and feasibility study are prepared for a proposed new project by an agency of the federal govern-

ment and the authority for a proposed new project, the authority shall review the study and plan of finance for the proposed plan of finance. The Office of the Governor shall review the study and plan of finance. The receipt of the studies and plan of finance by the management shall constitute a report shall examine and comment upon compliance with the requirements under AS 44.83.185. The authority shall be exempt from the requirements of this subsection. The authority shall not be required to give work for a project under AS 44.83.187 for engineering or design for the project to the first obtaining legislative approval.

(d) The provisions:

(1) an addition, acquisition or construction

(2) the construction of a facility which is estimated to cost more than \$1,000,000; am § 1 ch 16

Effect of amendment. — Amendment added "with a capacity of more than 1.5 megawatts of power" at the end of the introductory sentence of subsection (a), and subsection (b) "investment fund and exceeds (A) \$3,000,000 which legislative approval is required during 1981; (B) \$3,000,000 a factor equal to a rate of interest on the construction engineering news record for the month of January of the year during which the construction engineering news record is submitted for legislative approval." am § 1 ch 16

Sec. 44.83.189. designed, acquire the purpose of this section include

(1) an addition, acquisition or construction of a facility which is estimated to cost more than \$1,000,000

ment and the authority proposes to finance and construct the proposed new project, the authority shall provide copies of the studies and a proposed plan of finance to the division of budget and management in the Office of the Governor. The division of budget and management shall review the studies and plan of finance. Within 60 days after its receipt of the studies and plan of finance, the division of budget and management shall submit a report to the governor and legislature. The report shall examine the feasibility study and plan of finance and comment upon compliance of the feasibility study and plan of finance with the requirements of AS 44.83.181. Approval of the legislature under AS 44.83.185 is required for a proposed new project which is exempt from the requirements of AS 44.83.177 — 44.83.183 under this subsection. The authority may not proceed with engineering or design work for a project until legislative approval of the project has been given under AS 44.83-185(c), except that the authority may undertake engineering or design work necessary to submit a license application for the project to the Federal Energy Regulatory Commission without first obtaining legislative approval of the project.

(d) The provisions of AS 44.83.177 — 44.83.185 do not apply to

- (1) an addition, modification, repair, reconstruction, design, acquisition or construction for the purpose of completing a project;
- (2) the construction of an electrical transmission or distribution facility which is estimated to cost less than \$3,000,000. (§ 24 ch 83 SLA 1980; am § 1 ch 169 SLA 1980)

Effect of amendment. — The 1980 amendment added "will generate more than 1.5 megawatts of power and" at the end of the introductory paragraph of subsection (a), and substituted "funds" for "investment fund and the appropriation exceeds (A) \$3,000,000, for projects for which legislative approval is sought during 1981; (B) \$3,000,000 multiplied by a factor equal to a ratio determined by dividing the construction cost index of the engineering news record determined for January of the year during which a project is submitted for legislative approval, by the construction cost index of the engineering news record for March, 1980,

for projects for which legislative approval is sought after December 31, 1981" at the end of paragraph (1) of subsection (a).

Editor's note. — Section 3, ch. 169, SLA 1980 provides: "The projects authorized in sec. 48 of House CS for CS for Senate Bill No. 438 (Finance) am H, Eleventh Legislature, Second Session, are exempt from the amendments made in sec. 1 of this Act."

Section 4, ch. 169, SLA 1980 provides: "Section 1 of this Act takes effect on the day after House CS for CS for Senate Bill No. 438 (Finance) am H, Eleventh Legislature, Second Session, becomes law."

Sec. 44.83.189. Project construction. If a new project is to be designed, acquired and constructed by the authority, it shall be designed, acquired and constructed as a public work of the state. For the purpose of this section and AS 44.83.187 a new project does not include

- (1) an addition or modification to an existing project unless the total cost of the addition or modification exceeds \$1,000,000;

- (2) repair or reconstruction of a project; or
- (3) design, acquisition or construction necessary to complete a project for which bonds have been issued. (§ 24 ch 83 SLA 1980)

Sec. 44.83.190. Annual audit. The authority shall have its financial records audited annually by a certified public accountant. The legislative auditor may prescribe the form and content of the financial records of the authority and shall have access to these records at any time. (§ 1 ch 278 SLA 1976)

Sec. 44.83.191. Limitations on issuance of bonds by the authority. The authority may not issue bonds except after 60 days notification of its intent to issue bonds is given to the governor and to the legislature, if the legislature is in session, or to the Legislative Budget and Audit Committee, if the legislature is not in session. (§ 24 ch 83 SLA 1980)

Sec. 44.83.195. Operation of projects. (a) When a project is operated by the authority, the authority shall enter into one or more contracts for the sale of electrical power from the project. A contract entered into under this section shall meet all requirements of AS 44.83.090.

(b) If, at the expiration of a contract entered into by the authority under (a) of this section, revenues earned by the authority under the contract exceed expenses of the authority for the project, an amount equal to the excess shall be used by the authority to reduce rates or improve services to consumers served by the power project. (§ 24 ch 83 SLA 1980)

Sec. 44.83.200. Annual report. Before March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing operations, income and expenditures for the preceding 12-month period. (§ 1 ch 278 SLA 1976)

Sec. 44.83.210. Appropriations and reports. (a) Notwithstanding any other provision in this chapter, the authority is subject to the provisions of the Executive Budget Act (AS 37.07).

(b) The authority shall, by the 15th day of each regular legislative session, present to the legislature a report detailing project status, original costs and projected costs, particularly highlighting any costs in excess of the original cost estimates submitted for each project when that project was originally approved by the legislature. (§ 1 ch 278 SLA 1976; am § 19 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment rewrote this section.

Sec. 44.83.220. Public records; open meetings. The provisions of AS 09.25.110 — 09.25.120 and AS 44.62.310 — 44.62.312 apply to the

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authority. The authority shall publish a proposed agenda of its meetings and afford the public an opportunity to be heard in accordance with AS 44.62.312. (§ 1 ch 278 SLA 1976)

Sec. 44.83.224. Long-term energy plan. The Department of Commerce and Economic Development, assisted by the authority, shall, after public hearings, prepare and annually revise a long-term energy plan. The plan, and its annual revisions, shall be submitted to the commissioners of the departments of the executive branch of the government for review and to the governor for his approval. After approval, the plan shall be submitted to the legislature not later than February 1 of each year. The plan, and its annual revisions, shall include

(1) an "end-use" study examining and reporting on the nature and amount of energy used and the purpose of its use; and

(2) an energy development component for meeting projected thermal, electrical and transportation energy needs in the state at the lowest reasonable cost, including environmental and social costs, consistent with acceptable standards of reliability, giving an equal consideration as practicable to all types of energy sources (except those based on nuclear fuels) which are technologically feasible, and which promote the efficient use of facilities and fuels consistent with energy conservation goals, and the considerations specified in AS 44.83.180(e);

(3) an energy conservation component, including but not limited to, (A) conservation goals for reducing consumption of energy, identifying the region for which applicable, and the source or type of energy to which the goals are applicable; and

(B) specific methods and means of achieving the goals of (A) of this paragraph;

(4) a component for emergency energy conservation measures applicable during times of emergency; and

(5) a report on areas or subjects of research and development and demonstration projects involving alternative energy systems, local energy sources, and energy conservation. (§ 20 ch 156 SLA 1978; am § 25 ch 83 SLA 1980)

Effect of amendment. — The 1980 amendment rewrote the section. to in paragraph (2), was repealed by § 44, ch. 83, SLA 1980.

Editor's note. — As 44.83.180, referred

Sec. 44.83.230. Definitions. In this chapter, unless the context requires otherwise,

(1) "authority" means the Alaska Power Authority established by this chapter;

(2) "bonds" means bonds, notes, or other obligations of the authority issued under this chapter;

(3) "power" includes any and all electrical energy generated, distributed, bought or sold for purposes of lighting, heating, power and every other useful purpose;

(4) "power project" or "project" means a plant, works, system, facility, water rights, fuel deposits or sources, and real estate and personal property of any nature whatsoever, together with all facilities and appurtenances related to them or necessary for the purposes of them used or useful in power production limited to fossil fuel, wind power, tidal, geothermal, hydroelectric, or solar energy production and waste energy conservation and the transmission, purchase, sale, exchange and interchange of power, and shall include any interest in them, whether divided or undivided, or any right to the capacity of them;

(5) "public agency" means any city or other municipal corporation, political subdivision, governmental unit, or public corporation created by or under the laws of this state or of another state of the United States, and any state or the United States, and any person, board or other body declared by the laws of any state or the United States to be a department, agency, or instrumentality of them;

(6) "person" includes a public agency in addition to the entities set out in AS 01.10.060(7);

(7) "reconnaissance study" means a study conducted for the purpose of assessing the present and future power needs of an area under AS 44.83.177;

(8) "feasibility study"

(A) means a study conducted for the purpose of establishing the economic and environmental practicality of completing a proposed power project under AS 44.83.181;

(B) includes engineering and design work to meet the requirements for submission of a license application for a proposed new project to the Federal Energy Regulatory Commission;

(9) "small-scale power production facility" means a facility which, by design, is to produce less than 25 megawatts of power. (§ 1 ch 278 SLA 1976; am §§ 21, 22 ch 156 SLA 1978; am §§ 26, 27 ch 83 SLA 1980)

Effect of amendments. — The 1978 amendment in paragraph (4), substituted the language beginning "power production limited" and ending "and waste energy conservation" for "the generation by means of water or fossil fuel of electric power" and deleted "production" preceding

"transmission, purchase" and "electric" preceding "power, and shall include." The amendment also added paragraphs (6) and (7).

The 1980 amendment rewrote paragraph (7), and added paragraphs (8) and (9).

Sec. 44.83.240. Short title. This chapter may be cited as the Alaska Power Authority Act. (§ 1 ch 278 SLA 1976)

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Section
300. Description
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Sec. 44.83 hydroelectric plants locate transmission Alaska Power 169 SLA 198

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Article 7. Susitna River Hydroelectric Project.

Section	Section
300. Description of project	340. Annual report
310. Purpose of project	350. Legislative and executive oversight
320. Preliminary reports	360. Project financing
325. Restrictions on contracting	
330. Construction, maintenance and operation of project	

Sec. 44.83.300. Description of project. The Susitna River hydroelectric project consists of dams and related reservoirs, and power plants located in the Upper Susitna River Basin, and related transmission lines, facilities, and load centers, as described in the Alaska Power Authority's report required by AS 44.83.320(b). (§ 2 ch 169 SLA 1980)

Sec. 44.83.310. Purpose of project. The primary purpose of the Susitna River hydroelectric project is to generate, transmit and distribute electric power in a manner which will

- (1) minimize market area electrical power costs;
- (2) minimize adverse environmental and social impacts while enhancing environmental values to the extent possible; and
- (3) safeguard both life and property. (§ 2 ch 169 SLA 1980)

Sec. 44.83.320. Preliminary reports. (a) By March 30, 1981, the authority shall prepare and submit to the governor and to the legislature a preliminary report recommending whether work should continue on the Susitna River hydroelectric project, and, if the recommendation is to continue on the project, the report shall explain in detail

- (1) economic evaluations and preliminary environmental impact assessments for the Susitna River hydroelectric project and all viable alternatives;
- (2) the federal and state permits required to be obtained before construction can begin and the expected construction start date; and
- (3) any other information the authority considers appropriate or necessary to adequately inform the governor and the legislature of the status of the Susitna River hydroelectric project.

(b) By April 30, 1982, the authority shall prepare and submit to the governor and to the legislature a preliminary report recommending whether work should continue on the Susitna River hydroelectric project, and other viable alternatives. If the recommendation is to continue on the Susitna River hydroelectric project, the report shall explain in detail

- (1) the proposed conceptual design and phases of construction of the Susitna River hydroelectric project;
- (2) the expected completion date of each phase of construction;

- (3) the expected cost of each phase of construction;
- (4) the costs to the state and consumers of the project under alternative methods of project financing, including revenue bonds, general obligation bonds, and general fund appropriations; and
- (5) any other information the authority considers appropriate or necessary to adequately inform the governor and the legislature of the status of the Susitna River hydroelectric project.

(c) The preliminary reports required under (a) and (b) of this section are in addition to any reports required under AS 44.83.180 — 44.83.224. (§ 2 ch 169 SLA 1980)

Sec. 44.83.325. Restrictions on contracting. The authority may not enter into contracts under AS 44.83.300 — 44.83.360 other than those contracts necessary to complete (1) feasibility studies, (2) the preliminary reports required by AS 44.83.320, or (3) construction of the Anchorage-Fairbanks intertie, until the legislature approves by law the preliminary report required under AS 44.83.320(b). (§ 2 ch 169 SLA 1980)

Sec. 44.83.330. Construction, maintenance and operation of project. Within one year after approval of its preliminary report submitted under AS 44.83.320(b), the authority may enter into a contract for the construction of the Susitna River hydroelectric project in a manner consistent with the purpose of the project as described in AS 44.83.310. (§ 2 ch 169 SLA 1980)

Sec. 44.83.340. Annual report. (a) If the Susitna River hydroelectric project is approved by the legislature under AS 44.83.320(d), beginning in 1983 the authority shall prepare an annual report which explains in detail

- (1) the status of construction on the Susitna River hydroelectric project;
- (2) the completion date of any phase of the Susitna River hydroelectric project which has been completed and the reasons for any deviation between the completion date and the expected completion date stated in the preliminary report required under AS 44.83.320(b);
- (3) the actual cost of any phase of the Susitna River hydroelectric project which has been completed and the reasons for any deviation between the actual cost and the expected cost stated in the preliminary report required under AS 44.83.320(b);
- (4) the federal and state permits necessary to begin or continue construction of the Susitna River hydroelectric project, the actual dates on which the federal and state permits necessary to begin or continue construction were obtained, and the reasons for any deviation between the actual dates and the expected dates stated in the preliminary report required under AS 44.83.320(a) in the earlier annual reports required under this section;

- (5) any other information the authority considers appropriate or necessary to adequately inform the governor and the legislature of the status of the project.
- (b) The authority shall submit a copy of any report submitted, by the authority to any member of the legislature.

Sec. 44.83.350. Annual report. (a) If the legislature or the authority approves by law and selected project plan or reports, and review, or an assessment or sections of the project, the authority shall submit a copy of any report submitted, by the authority to any member of the legislature. (§ 2 ch 169 SLA 1980)

Sec. 44.83.355. Construction, maintenance and operation of project. Within one year after approval of its preliminary report submitted under AS 44.83.320(b), the authority may enter into a contract for the construction of the Susitna River hydroelectric project in a manner consistent with the purpose of the project as described in AS 44.83.310. (§ 2 ch 169 SLA 1980)

Chapter 44.83

Section

- 05. Legislative
- 10. Legislative
- 20. Municipal
- 30. Membersh
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SELECT - QUERY

00002 1 SECTION EQ 44.83.320,44.83.325,44.83.185,44.83.330,44.83.310

AS44.83.185 DOCUMENT= 1 OF 5

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.
ALASKA POWER AUTHORITY.
ARTICLE 6.
GENERAL PROVISIONS.

CITATION SEC. 44.83.185.

CATCH LINE SUBMISSION TO THE LEGISLATURE.

TEXT (A) THE AUTHORITY SHALL SUBMIT A FEASIBILITY STUDY AND PLAN OF FINANCE FOR A PROPOSED NEW PROJECT TO THE LEGISLATURE. WHEN THE REPORT OF THE DIVISION OF BUDGET AND MANAGEMENT EXAMINING THE FEASIBILITY STUDY AND PLAN OF FINANCE IS COMPLETED AS REQUIRED BY AS 44.83.183, IT SHALL BE SUBMITTED TO THE LEGISLATURE.

(B) THE AUTHORITY MAY NOT PROCEED WITH WORK ON THE ENGINEERING OR DESIGN PHASE OF A PROPOSED NEW PROJECT FOR WHICH LEGISLATIVE APPROVAL IS REQUIRED UNTIL THE LEGISLATURE APPROVES THE PROPOSED NEW PROJECT. HOWEVER, THE AUTHORITY MAY PROCEED WITH THE ENGINEERING OR DESIGN WORK NECESSARY TO MEET THE REQUIREMENTS FOR SUBMISSION OF A LICENSE APPLICATION FOR THE PROPOSED NEW PROJECT TO THE FEDERAL ENERGY REGULATORY COMMISSION WITHOUT OBTAINING LEGISLATIVE APPROVAL OF THE PROPOSED NEW PROJECT.

(C) THE LEGISLATURE SHALL CONSIDER AND MUST APPROVE ALL PROPOSED NEW PROJECTS EXCEPT PROPOSED NEW PROJECTS THAT ARE EXEMPT UNDER AS 44.83.187. THE LEGISLATURE MAY APPROVE A PROPOSED NEW PROJECT ONLY BY ENACTING LAW AUTHORIZING THAT PROJECT.

HISTORY (SEC. 24 CH 83 SLA 1980)

AS44.83.310 DOCUMENT= 2 OF 5

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.
ALASKA POWER AUTHORITY.
ARTICLE 7.
SUSITNA RIVER HYDROELECTRIC PROJECT.

CITATION SEC. 44.83.310.

CATCH LINE PURPOSE OF PROJECT.

TEXT THE PRIMARY PURPOSE OF THE SUSITNA RIVER HYDROELECTRIC PROJECT IS TO GENERATE, TRANSMIT AND DISTRIBUTE ELECTRIC POWER IN A MANNER WHICH WILL

- (1) MINIMIZE MARKET AREA ELECTRICAL POWER COSTS;
- (2) MINIMIZE ADVERSE ENVIRONMENTAL AND SOCIAL IMPACTS WHILE ENHANCING ENVIRONMENTAL VALUES TO THE EXTENT POSSIBLE; AND
- (3) SAFEGUARD BOTH LIFE AND PROPERTY.

HISTORY (SEC. 2 CH 169 SLA 1980)

AS44.83.320 DOCUMENT= 3 OF 5

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.

ALASKA POWER AUTHORITY.
ARTICLE 7.
SUSITNA RIVER HYDROELECTRIC PROJECT.

CITATION SEC. 44.83.320.

CATCH LINE

PRELIMINARY REPORTS.

TEXT

(A) BY MARCH 30, 1981, THE AUTHORITY SHALL PREPARE AND SUBMIT TO THE GOVERNOR AND TO THE LEGISLATURE A PRELIMINARY REPORT RECOMMENDING WHETHER WORK SHOULD CONTINUE ON THE SUSITNA RIVER HYDROELECTRIC PROJECT, AND, IF THE RECOMMENDATION IS TO CONTINUE ON THE PROJECT, THE REPORT SHALL EXPLAIN IN DETAIL

- (1) ECONOMIC EVALUATIONS AND PRELIMINARY ENVIRONMENTAL IMPACT ASSESSMENTS FOR THE SUSITNA RIVER HYDROELECTRIC PROJECT AND ALL VIABLE ALTERNATIVES;
- (2) THE FEDERAL AND STATE PERMITS REQUIRED TO BE OBTAINED BEFORE CONSTRUCTION CAN BEGIN AND THE EXPECTED CONSTRUCTION START DATE; AND
- (3) ANY OTHER INFORMATION THE AUTHORITY CONSIDERS APPROPRIATE OR NECESSARY TO ADEQUATELY INFORM THE GOVERNOR AND THE LEGISLATURE OF THE STATUS OF THE SUSITNA RIVER HYDROELECTRIC PROJECT.

(B) BY APRIL 30, 1982, THE AUTHORITY SHALL PREPARE AND SUBMIT TO THE GOVERNOR AND TO THE LEGISLATURE A PRELIMINARY REPORT RECOMMENDING WHETHER WORK SHOULD CONTINUE ON THE SUSITNA RIVER HYDROELECTRIC PROJECT, AND OTHER VIABLE ALTERNATIVES. IF THE RECOMMENDATION IS TO CONTINUE ON THE SUSITNA RIVER HYDROELECTRIC PROJECT, THE REPORT SHALL EXPLAIN IN DETAIL

- (1) THE PROPOSED CONCEPTUAL DESIGN AND PHASES OF CONSTRUCTION OF THE SUSITNA RIVER HYDROELECTRIC PROJECT;
- (2) THE EXPECTED COMPLETION DATE OF EACH PHASE OF CONSTRUCTION;
- (3) THE EXPECTED COST OF EACH PHASE OF CONSTRUCTION;
- (4) THE COSTS TO THE STATE AND CONSUMERS OF THE PROJECT UNDER ALTERNATIVE METHODS OF PROJECT FINANCING, INCLUDING REVENUE BONDS, GENERAL OBLIGATION BONDS, AND GENERAL FUND APPROPRIATIONS; AND
- (5) ANY OTHER INFORMATION THE AUTHORITY CONSIDERS APPROPRIATE OR NECESSARY TO ADEQUATELY INFORM THE GOVERNOR AND THE LEGISLATURE OF THE STATUS OF THE SUSITNA RIVER HYDROELECTRIC PROJECT.

(C) THE PRELIMINARY REPORTS REQUIRED UNDER (A) AND (B) OF THIS SECTION ARE IN ADDITION TO ANY REPORTS REQUIRED UNDER AS 44.83.180 - 44.83.224.

HISTORY (SEC. 2 CH 169 SLA 1980)
AS44.83.325 DOCUMENT# 4 OF 5

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.
ALASKA POWER AUTHORITY.
ARTICLE 7.
SUSITNA RIVER HYDROELECTRIC PROJECT.

CITATION SEC. 44.83.325.

CATCH LINE

RESTRICTIONS ON CONTRACTING.

TEXT

THE AUTHORITY MAY NOT ENTER INTO CONTRACTS UNDER AS 44.83.300 - 44.83.360 OTHER THAN THOSE CONTRACTS NECESSARY TO COMPLETE (1)

FEASIBILITY STUDIES, (2) THE PRELIMINARY REPORTS REQUIRED BY AS 44.83.320, OR (3) CONSTRUCTION OF THE ANCHORAGE-FAIRBANKS INTERTIE, UNTIL THE LEGISLATIVE APPROVES BY LAW THE PRELIMINARY REPORT REQUIRED UNDER AS 44.83.320(B).

HISTORY (SEC. 2 CH 169 SLA 1980)

AS44.83.330 DOCUMENT= 5 OF 5

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.
ALASKA POWER AUTHORITY.
ARTICLE 7.
SUSITNA RIVER HYDROELECTRIC PROJECT.

CITATION SEC. 44.83.330.

CATCH LINE

CONSTRUCTION, MAINTENANCE AND OPERATION OF PROJECT.

TEXT WITHIN ONE YEAR AFTER APPROVAL OF ITS PRELIMINARY REPORT SUBMITTED UNDER AS 44.83.320(B), THE AUTHORITY MAY ENTER INTO A CONTRACT FOR THE CONSTRUCTION OF THE SUSITNA RIVER HYDROELECTRIC PROJECT IN A MANNER CONSISTENT WITH THE PURPOSE OF THE PROJECT AS DESCRIBED IN AS 44.83.310.

HISTORY (SEC. 2 CH 169 SLA 1980)

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



Official Business

Alaska State Legislature

Senate

Office of the Secretary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

May 8, 1982

TO: Senator Fahrenkamp,
Chairman
Resources Committee

FROM: Peggy Mulligan *PKM*
Secretary of the Senate

President Kerttula referred the attached report to your
Committee.

ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

April 26, 1982

The Honorable Jay S. Hammond
Governor
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Hammond: *Kertula & Hayes*

Alaska Statute 44.83.300 mandates that the Alaska Power Authority prepare and submit a preliminary report recommending whether work should continue on the Susitna River Hydroelectric Project and on other viable alternatives. The law further directs the Authority to explain certain project aspects in detail, in the event of an affirmative recommendation. This letter and the accompanying materials constitute that preliminary report.

In formulating its recommendations, the Power Authority has reviewed the Acres American Draft Feasibility Report, has been briefed by Battelle Pacific Northwest on the results of the Railbelt Alternatives Study, has received an independent Susitna Project cost estimate, has received a final report from our Susitna External Review Panel, and has listened to public, agency and utility testimony about the proposed project.

The Board of Directors has concluded that the Susitna Project offers a potential of long term benefits to the residents of the State. While this potential exists, the realization of those benefits is dependent upon certain assumptions about the future that are far from certain, upon proper project development timing, and upon very skillful project management. Because of these uncertainties and the time available before any construction decision is necessary, the Authority believes it is premature to make any commitment, at this time, to actual project construction. On the other hand, since the potential exists for realizing substantial long-term benefits and since no information has come to light to suggest that environmental and social impacts, after mitigation, would be unacceptable, we recommend the following actions which were unanimously approved at the meeting of the Power Authority on April 22, 1982.

1. Pre-construction developmental efforts on the Susitna Hydroelectric Project should be continued;
2. The Alaska Legislature should authorize the Power Authority to submit a Federal Energy Regulatory Commission license application at a time deemed appropriate by the Authority. The issue of license application timing will be resolved by the Authority not later than June 30, 1982;

3. Funds in the amount of \$25.6 million should be appropriated to the Authority in FY-83 for the continuation and intensification of environmental studies, for site exploration activities, and for the initiation of project design.

Ensuing Board discussions raised several additional issues. Assessment of selected alternative power generation options should be pursued in the event that Susitna development does not proceed as scheduled for one reason or another. Specifically, we suggest that an initial assessment be made of the technical viability, environmental impact and life cycle cost of a North Slope gas generation and transmission system to serve railbelt power needs, and that feasibility studies of the proposed Chakachamna Hydroelectric Project be continued. The estimated FY-83 costs of these activities are \$200,000 and \$3,300,000, respectively.

In as much as a substantial State monetary contribution (in the form of either a loan or a grant) will be necessary to offset the relatively high power cost in the initial years of project operation, State officials should carefully consider the alternative near term uses of these State funds that would be foregone.

The Authority wishes it be understood that the recommendation to continue development activities on the Susitna Project is not an endorsement of the consulting engineer's recommendations regarding specific project details. For instance, the engineer's plan for access to the project site is the subject of reanalysis and will be reconsidered by the Authority at an appropriate future time.

With respect to the detailed information required by AS 44.83.300, please reference the accompanying draft feasibility report and associated documents. The proposed conceptual design can be found in Chapters 11-14 of Volume 1. The phases of construction and the expected completion dates for each phase are presented in Chapter 17 of Volume 1 and on Plates 75 and 76 of Volume 3. This schedule represents an optimal program under the assumption of a mid-range load growth forecast. The actual commitment to begin construction will require continued assessment of the opportunities and constraints associated with financial markets, Railbelt load growth and State revenues. The expected cost of constructing each phase is shown in Chapter 16 of Volume 1. A second estimate, prepared at Power Authority direction independently of the consulting engineer is also provided. Finally, the anticipated costs to the State and to power consumers under a number of alternative methods of project financing are presented in Chapter 18 of Volume 1. Analysis must continue on these as well as other financing alternatives.

You will find additional very important information in the other sections of the draft feasibility report, in the independent cost estimate report, in the Susitna External Review Panel report, and in the transcript of public, agency and utility testimony.

Page 3
April 26, 1982

The Power Authority appreciates the opportunity to provide this preliminary report and make these recommendations on the Susitna Hydroelectric Project.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'C. Conway', written in a cursive style.

Charles Conway
Chairman

Attachments: As noted.

Introduced: 5/6/82
Referred: Resources and
Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 *CS* SENATE BILL NO. 896

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Susitna River hydroelectric
7 project; and providing for an effective date."

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

9 * Section 1. The preliminary report on the Susitna River hydroelectric
10 project, submitted by the Alaska Power Authority under AS 44.83.320(b), is
11 approved under AS 44.83.325.

12 * Sec. 2. Approval of the preliminary report on the Susitna River hydro-
13 electric project in sec. 1 of this Act is not approval of the Susitna River
14 hydroelectric project as required by AS 44.83.185(c).

15 * ~~Sec. 3. AS 44.83.330 is amended to read:~~

16 ~~Sec. 44.83.330. CONSTRUCTION, MAINTENANCE AND OPERATION OF PROJECT.~~
17 ~~Within one year after (1) approval of its preliminary report submitted~~
18 ~~under AS 44.83.320(b) and (2) authorization of the Susitna River hydro-~~
19 ~~electric project under AS 44.83.185(c), the authority may enter into a~~
20 ~~contract for the construction of the Susitna River hydroelectric project~~
21 ~~in a manner consistent with the purpose of the project as described in~~
22 ~~AS 44.83.318.~~

23 * Sec. *3*. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

LEGISLATION SUMMARY

SB 896: An Act relating to the Sustina River hydroelectric project; and providing for an effective date."

Sec. 1: Approves, under existing law regarding restrictions on the Alaska Power Authority's authority to let contracts, the Sustina River hydroelectric project preliminary report, submitted by the Authority under existing law regarding preliminary reports by the authority.

Sec. 2: Establishes that approval of the report is not approval of the project, under existing law regarding legislative approval of projects.

Sec. 3: Amends existing law regarding the construction, maintenance and operation of the Sustina project, adding the requirement that the project must be approved under existing law regarding legislative approval of projects before the Authority may let a construction contract.

Sec. 4: Immediate effective date.



Alaska State Legislature

Senate Advisory Council

Official Business

MEMORANDUM

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Senator Fahrenkamp
FROM: Kurt S. Dzinich *KSD*
SUBJECT: Senate Bill 896
DATE: May 7, 1982

Based on review of HCSCSSB 769 (Finance) and conversation with Ken Vassar, Assistant Attorney General, a potential problem exists with SB 896.

If the goal is to allow APA to submit the FERC license application and proceed with engineering, design and studies, then passage of SB 896 as is and without other legislation will not authorize it. In order to allow for that language contained in S:c 6 of HCSCSSB 796 will still be needed.

While s:c 6 of 769 can stand on its own and will allow for FERC license application and continued engineering, if SB 896 is passed 769 language will have to be modified to be compatible with SB 896. If the decision is to proceed with 896, consideration should be given to combining all Susitna legislation under it.