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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a special appropriation to the Alaska Power Authority. This special appropriation is for rate stabilization for the utilities that will be purchasing power from the Lake Tye, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric facilities. The money will be used to reduce the wholesale power rate for these utilities during the early years of the operation of the hydroelectric facilities when hydroelectric costs will be significantly higher than their projected costs for diesel generation.

At the current stage of negotiations on the power sales agreements the rate stabilization fund is treated as a grant, and the special appropriation bill reflects this approach. However, the authority is still looking at the possibility of funding rate stabilization with a loan rather than a grant. If the loan approach is used, an amendment to this bill will be proposed to reflect the change.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

Original sponsor: Rules/Governor

DRAFT

<u>Funding Information</u>	
General Fund	\$35,000,000
Other Funds	\$ -0-
	<u>\$35,000,000</u>

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 684 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska
7 Power Authority; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$35,000,000 is appropriated from the general
11 fund to the Alaska Power Authority for the purpose of rate stabilization in
12 accordance with the terms of power sales agreements and bond covenants for
13 the issuance of revenue bonds for the Lake Tye, Swan Lake, Terror Lake,
14 and Solomon Gulch hydroelectric facilities.

15 * Sec. 2. The appropriation made in sec. 1 of this Act is not a one-
16 year appropriation and does not lapse under AS 37.25.010.

17 * Sec. 3. This Act takes effect on the first day after ^{all} of the
18 ~~cities~~ served by the Lake Tye, Swan Lake, Terror Lake, and Solomon Gulch
19 hydroelectric projects have entered into power sales agreements with the
20 Alaska Power Authority.

21
22 Power purchasers

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24 Cities Ketchikan - Petersburg -

25
26
27 Koyuk Valley Electric ASSN
28 Kodiak Electric ASSN
29