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Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
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Senate

Committee on Resources

MINUTES

March 9, 1984
3:08 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice Chair
Senator Eliason
Senator Vic Fischer
Senator Mulcahy

CALENDAR

SB 375, An Act relating to land disposal and management.

SB 222, An Act relating to the organization of DNR, substituting references in the Alaska statutes to the Department and the Commissioner for the references to the Division of Lands and the Director of the Division of Lands.

SJR 32, Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects and to provide equity for power cost assistance.

SB 423, An Act relating to the Alaska Power Authority.

SB 522, An Act specifying how revenues dedicated to the major projects fund shall be expended; and providing for an effective date.

SB 523, An Act making appropriations from the Major Projects Fund; and providing for an effective date.

SB 222

Sandra Schubert, Aide to Senator Fahrenkamp, explained that SB 222, which was prepared by the Revisor of Statutes, reflects changes in drafting style. The second Committee Substitute includes changes made to conform with the passage of SB 41, which awarded the University of Alaska ownership and management of certain state lands, and the changes proposed in SB 375, the lands bill.

Senator Mulcahy moved to adopt the second CS SB 222, and move it from committee with individual recommendations. There was no objection.

SB 375

Senator Eliason proposed an amendment to SB 375 that would change the effective date on the quitclaim section of the bill. He moved to adopt the amendment. There was no objection.

Senator Mulcahy moved CS SB 375 from committee with individual recommendations. There was no objection.

SJR 32

SB 423

SB 522

SB 523

Senator Gilman proposed that SJR 32 contain a provision for construction of the Bradley Lake hydroelectric project.

Dave Hutchens, Alaska Rural Electric Cooperative Association, proposed authorizing and funding the Bradley Lake project, and addressed problems associated with a delayed effective date on the repeal of the Susitna "blackmail" clause.

George Matz, Special Assistant, Department of Commerce and Economic Development, presented testimony on the status of negotiations with the four dam pool communities on signing power sales agreements.

Sterling Callagher, John Nureen and Company, reviewed the problems associated with "roll-over" of APA's short term debt, citing pending Congressional legislation, higher future interest rates, and the assurances bonders would need to be willing to roll the debt.

Senator Halford urged that the language to be inserted in the Constitution be simplified.

Mike Scott, Aide to Senator Ferguson, explained how the power cost assistance provision in the resolution would provide rural Alaska with some benefits of the energy program and thereby gain equity statewide.

Gordon Harrison, Office of Management and Budget, submitted a proposed Committee Substitute to SJR 32. He suggested that funds be dedicated for a limited number of years and that the power cost assistance language be clarified. He expressed concern that with Constitutional authorization of the Susitna project, there would be no avenue of retreat.

The meeting adjourned at 4:37 pm.



Senate

Committee on Resources

March 5, 1984

SB 522 AN ACT SPECIFYING HOW REVENUES DEDICATED TO THE MAJOR PROJECTS FUND SHALL BE EXPENDED.

- Sec. 1 (a) 70% of revenues paid into the fund is reserved for hydroelectric development, which is defined as construction and rate stabilization. Qualifies the first hydro project to be financed from the fund.
- (b) 10% of revenues is reserved for power cost assistance, for equalizing rates statewide (mean of Anchorage, Juneau, Fairbanks as calculated by the Alaska Public Utility Commission).
- (c) Specifies that APUC will annually submit through the Alaska Power Authority the request for power cost assistance monies.
- (d) Authorizes the legislature to appropriate additional monies to the power cost assistance program in any year in which the revenues in section (b) are insufficient to meet the program's needs.
- Sec. 2 The legislature will designate the agency to administer each project.
- Sec. 3 The designated agency will make determinations of grace period, interest rate, payback period, and value of public worth that might be credited against money appropriated from the fund.
- Sec. 4 Clarifies that repayments on projects financed from the fund will be deposited into the major projects fund.
- Sec. 5 A contractual agreement between the executive branch and a project's sponsor governing repayment that has been entered into prior to the effective date of this act satisfies the requirements of this act.
- Sec. 6 Specifies grace period and payback period for the Watana hydroelectric project.
- Sec. 7 Clarifies that any excess funds appropriated to a project lapse back to the major projects fund.
- Sec. 8 Clarifies that appropriations made from the fund are for capital projects and do not lapse.
- Sec. 9 Grants the Permanent Fund Board the authority to invest and manage the assets of the major projects fund.
- Sec. 10 Repeals the so-called "Susitna equity clause", which requires that \$5 billion be invested in the state's energy program by 1991, or state grants to other hydro projects must be repaid as interest bearing loans.
- Sec. 11 Takes effect upon passage of the Constitutional amendment creating the major projects fund.

Introduced: 3/5/84
Referred: Resources and
Finance

C.S.

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS SENATE BILL NO. 522

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act specifying how revenues dedicated to the major
7 projects fund shall be expended; and providing for an
8 effective date."

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

10 * Section 1. As established in Article IX, Section 17 of the Constitu-
11 tion of the State of Alaska, the revenues dedicated to the major projects
12 fund are for financing the construction of hydroelectric and other capital
13 projects that exceed \$100,000,000 in cost, and an account for the financing
14 of the power cost assistance fund program. Of the money in the fund:

(a) Not less than seventy percent of the annual revenues dedi-
cated to the fund shall be reserved for hydroelectric energy develop-
ment. Hydroelectric energy development consists of capital constru-
tion costs and rate stabilization funds for hydroelectric projects
the state. The hydroelectric project for which a FERC license
application has been accepted by 12/31/83, that will serve the
greatest percentage of the state's population per month and will
produce the greatest number of kilowatt hours shall be the first
project funded under this subsection.

13 (b) [Not more than] ten percent of the annual revenues dedicated
14 to the fund shall be used for the power cost assistance program as
15 provided in AS 44.83.162.-.164. However, at no time may disbursements
16 to the power cost assistance program fund exceed what is necessary to
17 provide for power cost stabilization statewide equal to the mean of
18 the cost per kilowatt hour in Anchorage, Fairbanks, and Juneau as
19 calculated by the Alaska Public Utility Commission.

1 (c) The Power Cost Assistance Program account shall be used to
2 fully fund the Power Cost Assistance Program established under AS
3 44.33.162-164. The Alaska Public Utilities Commission shall calculate
4 the amount necessary to fully fund the Power Cost Assistance Program
5 each fiscal year and shall submit through the Alaska Power Authority
6 the appropriate budget request for consideration by the legislature.

7 (d) During any fiscal year in which the revenues in subsection
(b) are fully insufficient to meet the obligations in
AS.44.83.162 - .164, the legislature may appropriate the amount
necessary to satisfy the obligation in AS 44.83.162 - .164.

1 * Sec. 2. PROJECT AGENCY. The legislature by appropriation or other-
2 wise shall designate the appropriate agency to administer a project under
3 the major projects fund.

4 * Sec. 3. PROJECT PAYBACK. For each project under Article IX, Section
5 17 of the Constitution of the State of Alaska, the legislature shall
6 designate a state agency to determine a grace period, if any; rate of
7 interest, if any; length of term over which the fund shall be repaid;
and public worth or other values of the project and allow a credit
for these values against money appropriated from the fund.

1 * Sec. 4. REPAYMENT TO MAJOR PROJECT FUND. All repayments and interest
2 on projects financed from the Fund shall be deposited into the major
3 projects fund.

4 * Sec. 5. PRIOR AGREEMENTS. If the executive branch has entered into a
5 contractual agreement with the project sponsors on a repayment schedule for
6 a project prior to the enactment of a constitutional amendment creating the
7 major project fund the agreement satisfies the requirements of this Act.

* Sec. 6. In Article IX, Section 17, the project entitled the Watana
hydroelectric development project shall have a grace period from the date
of operation with a payback period with no interest.

* Sec. 7. Unexpended and unobligated portions of appropriations from the fund shall lapse back to the major projects fund account from which the appropriation was made except as otherwise provided in this Act.

* Sec. 3. The appropriations made under Article IX, Section 17 of the Constitution of the State of Alaska are for capital projects or are otherwise not one-year appropriations and do not lapse under AS 37.25.010.

* Sec. 9. AS 37.13.120 is amended by adding a new subsection to read:

(m) invest and manage the assets of the major projects fund.

* Sec. 10. AS 44.83.398(b)(2) is repealed.

* Sec. 11. This Act takes effect upon passage of a constitutional amendment creating the major projects fund and a bill appropriating \$2,535,000,000 for the Watana Dam.

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Senate Committee on Resources

MINUTES

May 11, 1984
3:08 pm

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chairman
Senator Ziegler, Vice-chairman
Senator Eliason
Senator Paul Fischer
Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

SB 522, An Act specifying how revenues dedicated to the major projects fund shall be expended.

SJR 32, Proposing an amendment to the Constitution of the State of Alaska creating a fund to finance the construction of capital projects.

HB 509, An Act relating to aviation fuel refiners.

HB 509

Bob Rutschman, Chevron, USA, spoke in support of the bill.

Larry Vavra, Union Oil Company, spoke in support of HB 509.

Ray Plummer, Chevron, USA, spoke in support of the bill, and answered questions on the meaning of "mislabeled", and the liability of producers and suppliers if HB 509 were enacted.

SJR 32
SB 522

Pete McDowell, Director, Office of Management and Budget, spoke in support of both bills, which propose an amendment to the Constitution creating a major projects fund, and set up a corporation to manage and invest the fund's assets. He answered questions on revenue projections, the "major project" definition and review process, and the effect of SJR 32 on the proposed "four-dam pool" legislation.

The meeting adjourned at 4:32 pm.

TABLE 3. REVENUE PROJECTION AND EXPENDITURE TRENDS - 84 DOLLARS

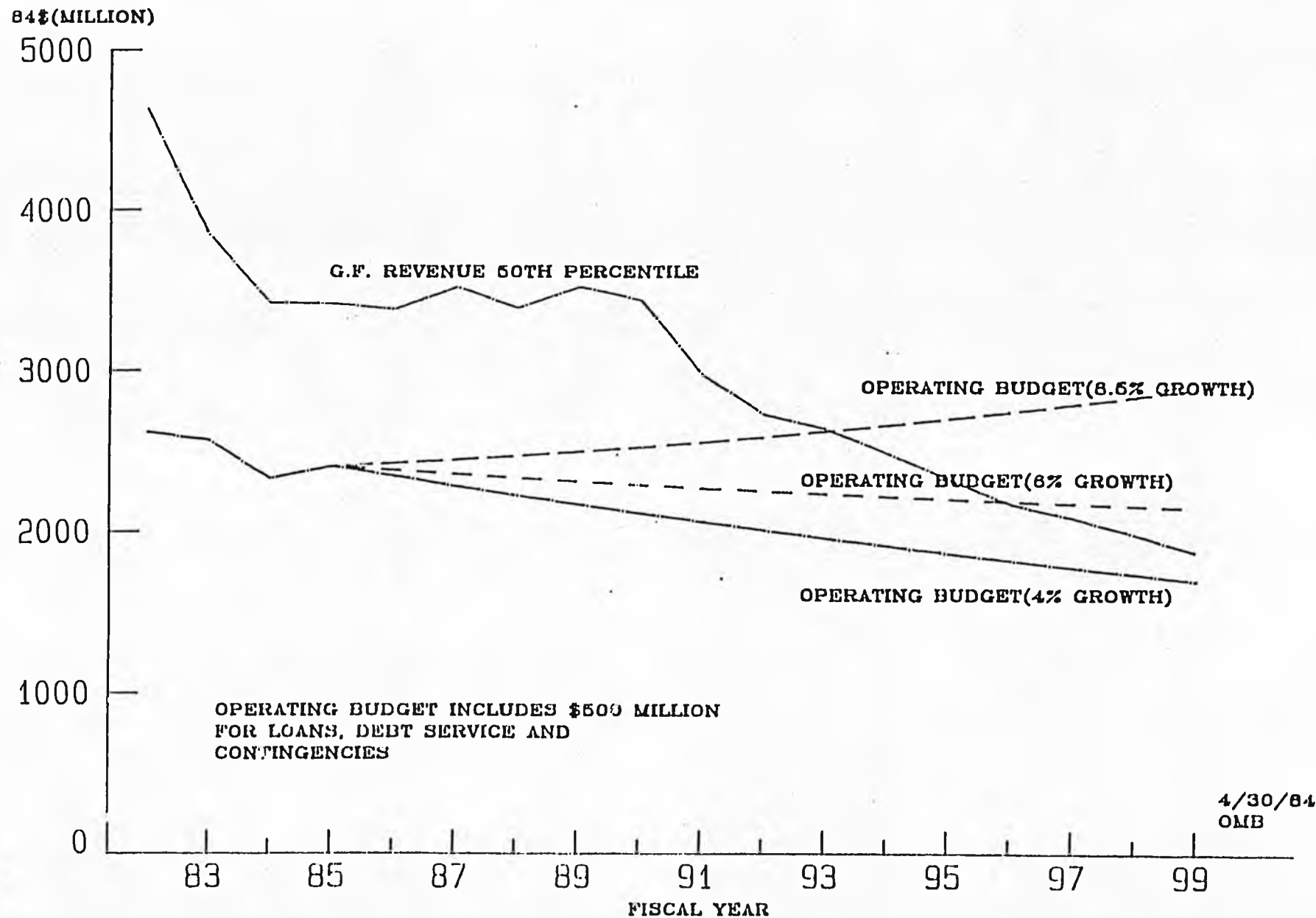


TABLE 4. REVENUE PROJECTION AND EXPENDITURE TRENDS - 84 DOLLARS

