

COMMITTEE REPORT
SENATE

FURTHER:

4/11/86

Date 4/25/86

Mr. President

The Committee on FINANCE considered SB 476
hydroelectric project; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 476 (Fin)
- new title
- same title and recommends Do Pass
- and attac ENT" NEW FISCAL NOTE
- reports i CS coming SFC
- recommend FY coming Committee

MEMBERS SIGNING
DO PASS

Rick Halford

Paul Frier

DeBlasio

Parrot

MEMBERS HAVING
OTHER RECOMMENDATIONS

Joyner KR

Co - Jan Lark
Chairman

do, do, do
Chairman recommendation

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CS SB 476 (Fin)
 Title : Hydroelectric Projects

Sponsor : Finance
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected : All
 BRU : _____

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS :

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : _____
 Division : Senator Jan Faiks, Co-chairman
Senate Finance Committee

Phone : 465-4523
 Date : 4/25/86

Approved by Commissioner : _____
 Agency : _____

Date : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Cramer
4/23/86

Original sponsor: Finance Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 476 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to hydroelectric projects; and
7 providing for an effective date."

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

9 * Section 1. FINDINGS. The legislature finds that

10 (1) the Alaska Power Authority has not followed a consistent
11 decision-making process designed to resolve the Railbelt energy needs in
12 the most effective manner and at least cost to the consumer and the state;13 (2) the state has spent approximately \$145,000,000 on studies
14 and licensing activities related to the Susitna River hydroelectric proj-
15 ect;16 (3) the studies conclude that a Susitna project represented the
17 best long-term solution to the Railbelt energy needs;18 (4) coordination and cooperation between the Alaska Power Au-
19 thority and utilities during the Susitna project were not as productive as
20 they could have been.21 * Sec. 2. INTENT. (a) The legislature intends that the authority
22 provide for a comparative analysis by an independent expert of all reason-
23 able alternatives to a proposed project as an integral component of the
24 feasibility study under AS 44.83.181(b)(3).25 (b) The legislature further intends that the Office of Management and
26 Budget comply with AS 44.83.183 and submit its recommendations to the
27 legislature in writing no later than April 15, 1987, and that the authority
28 refrain from submitting the license application for the Devil Canyon dam
29 project until the project is approved by the legislature under

1 AS 44.83.185(c).

2 * Sec. 3. AS 44.83.181(a) is amended to read:

3 (a) Unless the reconnaissance study has been disapproved by the
4 office of management and budget under AS 44.83.179, the authority
5 shall complete a feasibility study and plan of finance for each pro-
6 posed project. The authority shall complete and include in the plan
7 of finance conditional power sale agreements with the appropriate
8 utilities.

9 * Sec. 4. AS 44.83.185(b) is amended to read:

10 (b) The authority may not proceed with work on the engineering
11 or design phase of a proposed new project for which legislative ap-
12 proval is required until the legislature approves the proposed new
13 project. The authority may not proceed with work on the final design
14 phase of a proposed new project and may not submit an application to
15 the Federal Energy Regulatory Commission unless the legislature has
16 approved the proposed new project. However, the authority may proceed
17 with other [THE] engineering or design work necessary to meet the
18 requirements for submission of a license application for the proposed
19 new project to the Federal Energy Regulatory Commission without ob-
20 taining legislative approval of the proposed new project.

21 * Sec. 5. AS 44.83.330 is amended to read:

22 Sec. 44.83.330. CONSTRUCTION, MAINTENANCE AND OPERATION OF
23 PROJECT. If the legislature approves the project under AS 44.83.185
24 [WITHIN ONE YEAR AFTER APPROVAL OF ITS PRELIMINARY REPORT SUBMITTED
25 UNDER AS 44.83.320(b)], the authority may enter into a contract for
26 the construction of the Susitna River hydroelectric project or a part
27 of the project in a manner consistent with the purpose of the project
28 as described in AS 44.83.310.

29 * Sec. 6. AS 44.83.340(a) is amended to read:

1 (a) If a [THE] Susitna River hydroelectric project is approved
2 by the legislature under AS 44.83.185(c), [AS 44.83.325, BEGINNING IN
3 1983] the authority shall prepare an annual report which explains in
4 detail

5 (1) the status of construction on the Susitna River hydro-
6 electric project;

7 (2) the completion date of any phase of the Susitna River
8 hydroelectric project which has been completed and the reasons for any
9 deviation between the completion date and the expected completion date
10 stated in the preliminary report required under AS 44.83.320(b);

11 (3) the actual cost of any phase of the Susitna River
12 hydroelectric project which has been completed and the reasons for any
13 deviation between the actual cost and the expected cost stated in the
14 preliminary report required under AS 44.83.320(b);

15 (4) the federal and state permits necessary to begin or
16 continue construction of the Susitna River hydroelectric project, the
17 actual dates on which the federal and state permits necessary to begin
18 or continue construction were obtained, and the reasons for any de-
19 viation between the actual dates and the expected dates stated in the
20 preliminary report required under AS 44.83.320(a) or in the earlier
21 annual reports required under this section;

22 (5) any other information the authority considers appropri-
23 ate or necessary to adequately inform the governor and the legislature
24 of the status of the Susitna River hydroelectric project.

25 * Sec. 7. The Alaska Power Authority shall prepare a review and eval-
26 uation of Railbelt electric power alternatives including coal-based gen-
27 eration, natural gas-based generation, conservation, the Devil Canyon
28 hydroelectric project, and other hydroelectric alternatives. The study
29 shall identify the alternative or combination of alternatives that will

1 satisfy the electric energy requirements of the Railbelt at the lowest cost
2 over ^{time} ~~the long run~~ and shall also provide a ranking of other alternatives in
3 the order of their long-run economic desirability. The authority shall

4 (1) prepare and report the study so as to allow it to be
5 readily incorporated in a feasibility study under AS 44.83.181(b)(3)
6 if a feasibility study is necessary to implement the recommended
7 alternative;

8 (2) prepare a preliminary plan of finance for the alterna-
9 tive or combination of alternatives that represents the lowest cost
10 solution over time;

11 (3) comply with AS 44.83.177 and 44.83.179 when submitting
12 the review and evaluation of Railbelt electric power alternatives and
13 the preliminary plan of finance to the governor and the legislature;
14 and

15 (4) report at regular intervals to the Legislative Budget
16 and Audit Committee on implementation of this section.

17 * Sec. 8. Because of the extensive and numerous studies of the Susitna
18 River hydroelectric sites, a project located at any of these sites is
19 exempt from the requirements of AS 44.83.177 - 44.83.179.

20 * Sec. 9. Section 10, ch. 169, SLA 1984 is repealed.

21 * Sec. 10. AS 44.83.325 is repealed.

22 * Sec. 11. Section 7 of this Act takes effect on the effective date of
23 an Act appropriating funds to the Alaska Power Authority for preparing a
24 review and evaluation of Railbelt electric power alternatives.

25 * Sec. 12. Sections 1 - 6 and 8 - 10 of this Act take effect immediate-
26 ly in accordance with AS 01.10.070(c).

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SECTIONAL ANALYSIS

CS FOR SENATE BILL NO. 476 (Finance), an Act relating to hydroelectric projects

Section 1. Contains findings about the cost of Susitna studies and the conclusion reached by these studies. Criticizes the performance of the APA in this project.

Section 2. States the intent of the legislature that as a component of any feasibility study for a power project, the APA provide for an independent comparative analysis of all reasonable alternatives to the project.

This section states additional intent that OMB comply with the law which requires it to review the feasibility study and plan of finance for any project, that OMB submit its recommendations to the legislature by next April 15th, and that the APA not submit a FERC license application for Devil Canyon until the legislature has approved the project as required by law.

Section 3. Requires the APA to include conditional power sale agreements with utilities in any plan of finance developed for a proposed power project.

Section 4. Prohibits the APA from working on the final design phase nor submitting a FERC application for a proposed new project unless the legislature has approved the project.

Section 5. If the legislature approves a proposed project according to the above section, this section allows the APA to sign a contract for a portion of Susitna as well as the whole project.

Section 6. Requires the APA to prepare an annual report on the status of any Susitna River hydroelectric project which has been approved by the legislature as required by law. (The present law refers to "the" Susitna project, implying only the two-dam project.)

Section 7. Further describes the study of power alternatives that will be financed in SB 477. This section calls

for a study of alternatives that can be incorporated into the feasibility study required by law, calls for preliminary plan of finance for the best alternative, and calls for the completion of a reconnaissance study when submitting the other studies to the governor and legislature. Finally, it requires the APA to regularly report to the Budget and Audit Committee on its implementation of these requirements.

Section 11 gives this section an effective date when funds are appropriated to the APA for reviewing Railbelt power alternatives, e.g., upon the effective date of SB 477.

Section 8. Because of previous reconnaissance studies done on Susitna River hydro sites, this section exempts a future project located at any of these sites from undergoing another such study.

Section 9. Repeals the 1984 session law which created the power development revolving loan fund and authorized the Watana and Bradley Lake hydroelectric projects.

Section 10. Repeals the law which prohibits the APA from entering into contracts for the Susitna River hydroelectric project.

Section 11. See Section 7 above.

Section 12. Gives all sections of the Act except Section 7 an immediate effective date.

Outdated

Cramer
4/21/86

Original sponsor: Finance Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 476 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 providing for an effective date."

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

9 * Section 1. FINDINGS. The legislature finds that

10 (1) the Alaska Power Authority has not fully complied with the
11 applicable statutes in developing the Susitna hydroelectric project;

12 (2) the Alaska Power Authority has not followed a consistent and
13 prudent decision-making process designed to resolve the Railbelt energy
14 needs in the most effective manner and at least cost to the consumer and
15 the state;

16 (3) the state has spent approximately \$145,000,000 on studies
17 and licensing activities related to the Susitna River hydroelectric proj-
18 ect;

19 (4) the studies conclude that a Susitna project represented the
20 best long-term solution to the Railbelt energy needs;

21 (5) coordination and cooperation between the Alaska Power Au-
22 thority and utilities during the Susitna project were not as productive as
23 they could have been.

24 * Sec. 2. INTENT. (a) The legislature intends that the authority
25 provide for a comparative analysis by an independent expert of all reason-
26 able alternatives to a proposed project as an integral component of the
27 feasibility study under AS 44.83.181(b)(3).

28 (b) The legislature further intends that the Office of Management and
29 Budget comply with AS 44.83.183 and submit its recommendations to the

1 legislature in writing no later than April 15, 1987, and that the authority
2 refrain from submitting the license application for the Devil Canyon dam
3 project until the project is approved by the legislature under AS 44.83.-
4 185(c).

5 * Sec. 3. AS 44.83.181(a) is amended to read:

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7 office of management and budget under AS 44.83.179, the authority
8 shall complete a feasibility study and plan of finance for each pro-
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17 phase of a proposed new project and may not submit an application to
18 the Federal Energy Regulatory Commission unless the legislature has
19 approved the proposed new project. However, the authority may proceed
20 with other [THE] engineering or design work necessary to meet the
21 requirements for submission of a license application for the proposed
22 new project to the Federal Energy Regulatory Commission without ob-
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25 Sec. 44.83.330. CONSTRUCTION, MAINTENANCE AND OPERATION OF
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27 [WITHIN ONE YEAR AFTER APPROVAL OF ITS PRELIMINARY REPORT SUBMITTED
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1 of the project in a manner consistent with the purpose of the project
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9 electric project;

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11 hydroelectric project which has been completed and the reasons for any
12 deviation between the completion date and the expected completion date
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14 (3) the actual cost of any phase of the Susitna River
15 hydroelectric project which has been completed and the reasons for any
16 deviation between the actual cost and the expected cost stated in the
17 preliminary report required under AS 44.83.320(b);

18 (4) the federal and state permits necessary to begin or
19 continue construction of the Susitna River hydroelectric project, the
20 actual dates on which the federal and state permits necessary to begin
21 or continue construction were obtained, and the reasons for any de-
22 viation between the actual dates and the expected dates stated in the
23 preliminary report required under AS 44.83.320(a) or in the earlier
24 annual reports required under this section;

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26 ate or necessary to adequately inform the governor and the legislature
27 of the status of the Susitna River hydroelectric project.

28 * Sec. 7. Because of the extensive and numerous studies of the Susitna
29 River hydroelectric sites, a project located at any of these sites is

1 exempt from the requirements of AS 44.83.177 - 44.83.179.

2 * Sec. 8. Section 10, ch. 169, SLA 1984 is repealed.

3 * Sec. 9. AS 44.83.325 is repealed.

4 * Sec. 10. This Act takes effect immediately in accordance with AS 01.-
5 10.070(c).

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Introduced: 4/11/86
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

SENATE BILL NO. 476

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

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15 the state;

16 (3) the state has spent approximately \$145,000.000 on studies
17 and licensing activities related to the Susitna River hydroelectric proj-
18 ect;

19 (4) the studies conclude that the Susitna project represented
20 the best long-term solution to the Railbelt energy needs;

21 (5) coordination and cooperation between the Alaska Power Au-
22 thority and utilities during the Susitna project left much to be desired.

23 * Sec. 2. INTENT. (a) The legislature intends that the authority
24 provide for a comparative analysis by an independent expert of all reason-
25 able alternatives to the proposed project as an integral component of the
26 feasibility study under AS 44.83.181(b)(3).

27 (b) The legislature further intends that the Office of Management and
28 Budget comply with AS 44.83.183 and submit its recommendations to the
29 legislature in writing no later than April 15, 1987, and that the authority

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9 power sale agreements with the appropriate utilities to the plan of
10 finance.

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13 or design phase of a proposed new project for which legislative ap-
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15 project. The authority may not proceed with work on the final design
16 phase of a proposed new project and may not submit an application to
17 the Federal Energy Regulatory Commission unless the legislature has
18 approved submission of the application. However, the authority may
19 proceed with other [THE] engineering or design work necessary to meet
20 the requirements for submission of a license application for the
21 proposed new project to the Federal Energy Regulatory Commission
22 without obtaining legislative approval of the proposed new project.

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28 the construction of the Susitna River hydroelectric project or a part
29 of the project in a manner consistent with the purpose of the project

1 as described in AS 44.83.310.

2 * Sec. 6. AS 44.83.340(a) is amended to read:

3 (a) If the Susitna River hydroelectric project is approved by
4 the legislature [UNDER AS 44.83.325], beginning in 1983 the authority
5 shall prepare an annual report which explains in detail

6 (1) the status of construction on the Susitna River hydro-
7 electric project;

8 (2) the completion date of any phase of the Susitna River
9 hydroelectric project which has been completed and the reasons for any
10 deviation between the completion date and the expected completion date
11 stated in the preliminary report required under AS 44.83.320(b);

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13 hydroelectric project which has been completed and the reasons for any
14 deviation between the actual cost and the expected cost stated in the
15 preliminary report required under AS 44.83.320(b);

16 (4) the federal and state permits necessary to begin or
17 continue construction of the Susitna River hydroelectric project, the
18 actual dates on which the federal and state permits necessary to begin
19 or continue construction were obtained, and the reasons for any de-
20 viation between the actual dates and the expected dates stated in the
21 preliminary report required under AS 44.83.320(a) or in the earlier
22 annual reports required under this section;

23 (5) any other information the authority considers appropri-
24 ate or necessary to adequately inform the governor and the legislature
25 of the status of the Susitna River hydroelectric project.

26 * Sec. 7. Because of the extensive and numerous studies of the Susitna
27 River hydroelectric sites, the Devil Canyon project is exempt from the
28 requirements of AS 44.83.177 - 44.83.179.

29 * Sec. 8. Section 10, ch. 169, SLA 1984 is repealed.

1 * Sec. 9. AS 44.83.325 is repealed.

2 * Sec. 10. LEGISLATIVE APPROVAL OF THE DEVIL CANYON DAM PROJECT. The
3 authority shall report regularly as requested to the Legislative Budget and
4 Audit Committee on progress on the Devil Canyon dam project. The authority
5 may not advertise for bid proposals for the feasibility study unless the
6 committee approves. The authority may not award the contract for the study
7 unless the committee approves.

8 * Sec. 11. This Act takes effect immediately in accordance with AS 01.-
9 10.070(c).