

COMMITTEE REPORT  
SENATE

FURTHER:

4/11/86

Date 4/25/86

Mr. President

The Committee on FINANCE considered SB 477

making a special appropriation to the Alaska Power Authority for the Devil Canyon dam 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 477 (Finance)
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS

[Signature] NO Rec  
Paul Fink W. Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Co-Chairman [Signature]  
do pass  
Chairman recommendation

Cramer  
4/23/86

Original sponsor: Finance Committee

Funding Information

General Fund	\$2,500,000
Other Funds	-0-
	<u>\$2,500,000</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 477 (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 making a special appropriation to the Alaska  
7 Power Authority for reviewing and evaluating Railbelt  
8 electric power alternatives; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$2,500,000 is appropriated from the Railbelt  
12 energy fund in the general fund to the Alaska Power Authority for preparing  
13 a review and evaluation of Railbelt electric power alternatives including  
14 coal-based generation, natural gas-based generation, conservation, the  
15 Devil Canyon hydroelectric project, and other hydroelectric alternatives.

16 \* Sec. 2. The appropriation made by this Act is for a capital project  
17 and is subject to AS 37.25.020.

18 \* Sec. 3. This Act takes effect on the effective date of an Act appro-  
19 priating at least \$2,500,000 to the Railbelt energy fund.

# Alaska State Legislature

Advisory Council Members  
Senator Bennett, Chairman  
Senator Abood  
Senator Kerttula  
Senator Sackett



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Juneau, Alaska 99811  
Phone: (907) 465-3114

## Senate Advisory Council

### MEMORANDUM

TO: Senator Jalmar Kerttula  
Alaska State Legislature

FROM: Kurt S. Dzinich *KSD*  
Senior Advisor

DATE: April 23, 1986

RE: CSSB 477 (Finance)

Confirming our conversation of yesterday, I am providing you with a review of the draft CSSB 477 (Finance). The problems with the draft are:

1. The sum of \$2,500,000 will probably be insufficient to prepare a feasibility study, to include a comparative analysis of all reasonable alternatives, and a plan of finance.
2. AS 44.83.181(a) requires the APA to complete a feasibility study and a plan of finance for each proposed project. Since the draft bill does not specify a project, how is that to be construed?

I believe that the following alternatives, in a decreasing order of desirability, are all better than the proposed draft above:

1. The original Section 1. The sum of \$4,000,000 is appropriated from the Railbelt energy fund in the general fund to the Alaska Power Authority for preparing a feasibility study and a plan of finance for the Devil Canyon dam project in accordance with AS 44.83.181.

This language is project specific and will allow the APA to comply with the law while still allowing them to perform an independent review of the alternatives. Additionally, these documents would allow the legislature to make an informed decision in 1987 as to whether to proceed with the licensing of the Devil Canyon dam project.

If the Governor vetoes the bill then APA will have no funds for any further studies. It should then be up to the Railbelt Energy Council to determine how best to meet the Railbelt energy needs and recommend a plan of action and funding requirements to the next Legislature. Given the past performance of APA, any study or recommendation prepared by the Railbelt

Senator Kerttula  
April 23, 1986

Energy Council would probably have much more credibility than if prepared solely under the auspices of APA as now contemplated. If the legislation establishing the Council does not pass, then the utilities would have to come up with the recommendation of how best to utilize the Railbelt Energy Fund.

2. The original Section 1, amended as follows: The sum of \$4,000,000 is appropriated from the Railbelt energy fund to the Alaska Power Authority for preparing a feasibility study, to include a comparative analysis of all reasonable alternatives, and a plan of finance for the Devil Canyon dam project in accordance with AS 44.83.181.

The above amendment would specifically highlight the fact that a comparative analysis of alternatives is to be part of the feasibility study. This would allow APA to perform the comparative analysis by an independent party and either before or concurrently with the preparation of the feasibility study. I believe that the most prudent first step would be to tentatively determine the financiability of the option(s). I should note that APA could do all of this under alternative 1 above.

3. Do not appropriate any funds for FY 87 to APA or to the Railbelt Energy Council and wait for the recommendations of the Council in February of 1987.
4. Appropriate the funds to the Railbelt Energy Council. The new Section 1 would be:

The sum of \_\_\_\_\_ is appropriated from the Railbelt energy fund in the general fund to the Railbelt Energy Council for conducting a study to determine how best to meet the long-term Railbelt energy needs and how best to finance that option.

New Section 2:

It is the intent of the legislature that the Railbelt Energy Council report regularly as requested to the Legislative Budget and Audit Committee on the progress of the study.

New Section 3:

The appropriation from the Railbelt Energy fund to the Railbelt Energy Council made in Section 1 of this Act takes effect on the effective date of an act establishing the Railbelt Energy Council.

Please let me know if you have further questions.

KSD:er

ALASKA POWER AUTHORITY  
ANNUAL PROJECT STATUS REPORT

PROJECT: Susitna Hydroelectric Project

PROJECT LOCATION: Southcentral Alaska

ORIGINAL ESTIMATED PROJECT COSTS: \$ 5,400,000,000\*

CURRENT ESTIMATED PROJECT COSTS:

Expenditures Thru 12/31/85	<u>\$ 123,294,745</u>
Encumbrances at 12/31/85	<u>19,714,580</u>
Estimated Incurred Cost, Not Yet Recorded at 12/31/85	<u>5,256,990,675</u>
Remaining Costs	<u>\$ 5,400,000,000*</u>
Total	<u><u>\$ 5,400,000,000*</u></u>

SOURCE OF FUNDS:

Appropriated Funds:	SLA	79	CH	76	\$	150,000	
	SLA	79	CH	76		8,178,000	
	SLA	80	CH	120		3,095,800	
	SLA	80	CH	50		7,000,000	
	SLA	81	CH	90		18,100,000	
	SLA	81	CH	7		2,540,000	
	SLA	82	CH	101		25,600,000	
	SLA	83	CH	107		28,000,000	
	SLA	84	CH	171		32,000,000	
	SLA	84	CH	171		100,000,000	
Other:						<u>\$ 224,663,800</u>	
Total:						<u><u>\$ 224,663,800</u></u>	

PROJECT DESCRIPTION:

The proposed project consists of two dams and 345 kilovolt transmission lines which would transmit electricity from the hydroelectric site 120 miles northwest of Anchorage to the Fairbanks and Anchorage areas. The project will serve the communities of the railbelt from Fairbanks to the Kenai Peninsula where over 70% of the state's population reside.

PROJECT STATUS AT 12/31/85:

Project is currently in the licensing stage. FERC license issuance is scheduled for late 1989. FERC license currently being amended to incorporate three-stage development process. Negotiations for power sales agreements in progress with seven railbelt utilities.

\* In FY85 dollars.

Corrected 2/3/86

*Outdated*

Cramer  
4/21/86

Original sponsor: Finance Committee

<u>Funding Information</u>	
General Fund	\$2,500,000
Other Funds	-0-
	<u>\$2,500,000</u>

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7 Power Authority for meeting the energy needs of the

8 Railbelt; and providing for an effective date."

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

10 \* Section 1. The sum of \$2,500,000 is appropriated from the Railbelt

11 energy fund in the general fund to the Alaska Power Authority for preparing

12 a feasibility study and a plan of finance for meeting the energy needs of

13 the Railbelt in accordance with AS 44.83.181.

14 \* Sec. 2. It is the intent of the legislature that the Alaska Power

15 Authority report regularly as requested to the Legislative Budget and Audit

16 Committee on progress on any project to meet the energy needs of the

17 Railbelt.

18 \* Sec. 3. The appropriation made by this Act is for a capital project

19 and is subject to AS 37.25.020.

20 \* Sec. 4. This Act takes effect on the effective date of an Act

21 appropriating at least \$2,500,000 to the Railbelt energy fund.

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Introduced: 4/11/86  
Referred: Finance

Funding Information  
General Fund \$4,000,000  
Other Funds -0-  
\$4,000,000

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13 in accordance with AS 44.83.181.  
14 \* Sec. 2. It is the intent of the legislature that the Alaska Power  
15 Authority report regularly as requested to the Legislative Budget and Audit  
16 Committee on progress on the Devil Canyon dam project.  
17 \* Sec. 3. The appropriation made by this Act is for a capital project  
18 and is subject to AS 37.25.020.  
19 \* Sec. 4. This Act takes effect July 1, 1987.