

S B

200

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 19, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to direct service charges for the sale of power by the Alaska Power Authority to retail consumers.

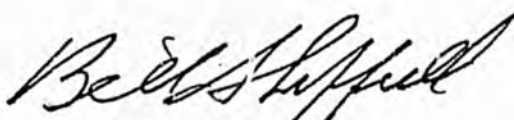
This bill addresses financing concerns with regard to future energy projects acquired or constructed by the Alaska Power Authority where the principal user of the power generated or transmitted by the authority is a non-governmental utility. Section 103(b) of the Internal Revenue Code restricts the use of tax-exempt bonds for financing power projects and transmission interties which are secured by payments to be made under power sales agreements with non-governmental utilities such as private investor-owned utilities, rural electric associations, and electric cooperatives.

This bill would facilitate the use of tax-exempt financing by authorizing the authority to impose and collect direct service charges from consumers, as an alternative to power sales agreements, as a method for securing and providing for the payment of bonds issued by the authority. Money collected by the authority from the imposition of direct service charges will constitute revenues to meet the costs of acquiring, financing, and guaranteeing power projects. The tax-exempt financing permitted by the use of direct service charges should help to reduce the capital costs of power projects.

at 290

After this bill is passed, the authority will seek a revenue ruling from the IRS to confirm that the use of direct service charges as security for revenue bonds will permit tax-exempt financing of power projects.

Sincerely,



Bill Sheffield  
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

FISCAL DETAIL

Bill/Resolution No: 50290 Agency Affected: ALASKA POWER AUTHORITY

Title: An act relating to the direct service charges for the sale of power by the Alaska Power Authority Program Category Affected: \_\_\_\_\_

Sponsor: Senate Rules Committee BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

Requestor: Governor \_\_\_\_\_

Date of Request: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES			- 0 -			
200 TRAVEL						
300 CONTRACTUAL			NOT APPLICABLE			
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND			- 0 -			
FEDERAL FUNDS			NOT APPLICABLE			
OTHER						
<b>TOTAL</b>						

POSITIONS:

FULL-TIME			- 0 -			
PART-TIME			NOT APPLICABLE			
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert D. Heath Phone: 276-0001  
 Division: Alaska Power Authority Date: 4/12/85

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)