

S B

1 2 3

File

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB-123
Title: An act relating to the
Alaska Power Authority
Sponsor: Senate Rules Committee
Requestor: Governor
Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Development
Program Category Affected: Development
BRU, Program or Subprogram(s) Affected:
Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						

NOT REQUIRED

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

NOT REQUIRED

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

NOT REQUIRED

ANALYSIS: Attach a separate page if necessary

Please refer to Tables 1 & 2 indicating Susitna and Bradley Lake Projects "Interest Earnings on State Funds."

Prepared By: William H. Batt Phone: 276-0001
Division: Alaska Power Authority Date: 4/15/85

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

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

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

C. E. Franke
General Manager
Naknek Electric Association, Inc.
Box 118
Naknek, Alaska 99633

Dear Mr. Franke:

Thank you for the information concerning the power cost equalization. This is certainly a topic that will be important in the coming legislative session. I am planning to hold hearings on January 29, 1986 dealing with the entire power issue and will be discussing these issues with Bob Heath.

I am very concerned that rural residents receive equal benefits, and I appreciate your sending me your ideas. Please keep in touch.

Best wishes,

Senator Arliss Sturgulewski
Chairman, Senate Resources Committee



NAKNEK ELECTRIC ASSOCIATION, INC.

POST OFFICE BOX 118 • NAKNEK, ALASKA 99688 PHONE (907) 246-4261

December 18, 1985

Handwritten note:
Please acknowledge
then keep on hand.
we will have mine
to deal w/
of

Arlis Sturgulewski
2957 Sheldon Jackson
Anchorage, AK 99508

Dear Senator Sturgulewski:

Upon review for filing, it occurred information contained in the enclosed letter might serve you well for our states upcoming legislative session in the new year.

PCE, undoubtedly, will require some attention due to this years court action. Hopefully, you will find interest in the concepts presented in the letter providing a means to perpetuate energy equalization for residents of rural Alaska.

May your holidays be blessed with joy and happiness.

Thank you for your attention and consideration.

C. E. Franke
C. E. Franke
General Manager

CEF/sp

enc.



NAKNEK ELECTRIC ASSOCIATION, INC.

POST OFFICE BOX 118 • NAKNEK, ALASKA 99633 • PHONE (907) 246-4261

November 25, 1985

Mr. Robert Heath
Executive Director
Alaska Power Authority
334 West 5th Avenue
Anchorage, AK 99501

RE: Power Cost Equalization Revision Suggestions

Dear Mr. Heath:

For sometime now, (probably a year and a half) we have realized that power cost equalization (PCE) would ultimately be in need of revision. We have a number of thoughts and suggestions, if such be the case of the legislature and or the courts. We had a very excellent example of this, this fall, through the "quirk" of inclusion of another issue at hand, in the courts.

In view of this, we should like to set forth some possibilities of change that could well leave room for negotiation in an effort to perpetuate the P.C.E. program. We shall list the items of interest, and then expand upon them individually.

1. Restrict eligibility.
2. Alter the KWH capacity of base quantity.
3. Develop an irrevocable trust for PCE.
4. Remove the Alaska Public Utility Commission (PUC) from the function within the frame work of the law.

Restrict Eligibility by Class

Avail PCE only to residential and public facilities (i.e., water and sewer) only. Reasoning behind this concludes governmental recipients (if using 750 KWH or more a month) are having their budget increased by an average of \$100.00 per month, (in our case) plus the tax or grant supported budget with line amount for electric energy; thereby, producing a paper shuffling exercise from one fund to another. For this reason, we are proposing elimination of all governmental PCE payments with the exception of water and sewer public facilities, as treated in the existing law.

ROBERT HEATH
ALASKA POWER AUTHORITY
November 25, 1985

We, too, advocate the removal of commercial accounts from PCE eligibility, in that, the following conditions in the actual conduct of business exists when a commercial account prices a service or item for sale, the inclusion of all costs are added to the counter price that the consumer pays. Too, at the end of the year, this same cost of doing business is included in tax deductions; thereby, gaining another equal amount that has been collected from the consumer in the first place, and in the end, under present law, the PCE is allowed on the first 750 KWH consumed per month. This merely points out a three way gain on PCE. With two write-offs and one grant, the commercial account fares very well, while the residential consumer merely pays to the nose, as no deductions, nor charge offs are available to this class consumer.

As a bargaining point, we feel certain that if the commercial account were posed the question, to go without entirely or receive PCE for the resident, it is fairly evident as to their response, "I'll take it on my residence."

Alter the KWH Capacity of Base Quantity

While reviewing the past intent of PCE it became very evident that the intent of the program as Power Cost Assistance (PCA) was not to support energy used over a base required amount. In the case of PCA, 450 KWH seemed to be that amount of energy a resident used for basic needs. It appears that this should be the case with PCE. Even today, five or so years after the PCA was made law, the same number of KWH appears to be reasonable. In review of the "R.E.A. Statistical Report" of rural electrics under R.E.A., the average KWH consumption in the residential class remains near the original number of 450 - 460 per month. With this in mind, it appears that this adjustment should be made to cover basics, and not encourage residential consumers to use more energy with new load, and a broader basic window of 750 KWH which PCE provides for. Considerable savings could be gained for PCE by this suggestion. Too, ample justification can be generated from the above report.

Develop an Irrevocable Trust for PCE

If the aforementioned two suggestions could be activated, and the appropriations could remain the same for a four to five year period, and revision of the laws constraint "Surplus Returned to General Funds," and in its place "Surpluses Shall Be Deposited in Irrevocable Trust," then PCE would be perpetuated eliminating a tremendous energy cost shock for the bush, when PCE is either abruptly curtailed or eased to a "zero quantity." The yield from principal in a trust could well cover the need of PCE if only those of residential or public works would be recipients of PCE.

Remove PUC from Audit Function

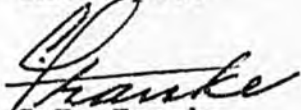
For the purpose of continuity and control of the program, it appears economically feasible that the authority administer the

ROBERT HEATH
ALASKA POWER AUTHORITY
November 25, 1985

total PCE program, rather than two separate governmental entities attempt in doing so. Certainly the power authority has the expertise and skill to manage the entire program with lesser cost and time. It appears the PUC has adequate endeavors to accomplish, without burdening them with PCE audit.

Hopefully, some of these thoughts might instill question, and better yet, advocacy for change when it becomes apparent something else is needed to insure a stable existence for PCE.

Thank you.



C.E. Franke
General Manager

cc: Senator Zharoff
Representative Herrmann
Roger Kempel, N.E.A. attorney
Dave Hutchens, A.R.E.C.A.

Introduced: 1/22/86
Referred: Resources and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 123

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 the Alaska Power Authority; and
7 providing for an effective date."

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

9 * Section 1. AS 44.83.200 is amended to read:

10 Sec. 44.83.200. ANNUAL REPORT. Before November [MARCH] 1 of
11 each year, the authority shall submit to the governor and the legisla-
12 ture a comprehensive report describing operations, income, and expen-
13 ditures for the preceding fiscal year [12-MONTH PERIOD].

14 * Sec. 2. AS 44.83.386 is amended to read:

15 Sec. 44.83.386. INVESTMENT OF FUND. The Department of Revenue
16 shall invest the money in the fund in accordance with AS 37.10.070 and
17 37.10.075. The Department of Revenue shall provide money in the fund
18 to the authority only after costs have been incurred or amounts in the
19 fund have been otherwise obligated under contracts for the acquisition
20 and construction of a project. Amounts that have been obligated, but
21 for which costs have not yet been incurred, may be segregated by the
22 Department of Revenue or transferred to the authority only with the
23 prior approval or agreement of the commissioner of revenue. Interest
24 received on money that is segregated or transferred under this section
25 must be accounted for separately. Interest earned may be used by the
26 legislature to determine appropriations to the power development
27 [DEPOSITED IN THE GENERAL] fund.

28 * Sec. 3. This Act takes effect July 1, 1986.
29
30 S

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 22, 1986

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

Bill Sheffield
Governor

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

M E M O R A N D U M

January 28, 1986

TO: All Members
Senate Resources Committee

FROM: Staff, ^HSenate Resource Committee

RE: SSSB 123

SB 123, which was before the Senate Resources Committee last year, has been replaced with a sponsor substitute in order to avoid any questions regarding the constitutionality of the original version.

SSSB 123 has three sections:

Section 1 - changes the APA annual reporting dates to conform to a fiscal year system

Section 2 - provides for interest earned by the Power Development Fund to be accounted for separately. The legislature may then look at the interest earned to determine appropriations to the power development fund.

Section 3 - effective date

Enclosures:

Letter from Governor 1/22/86
Minutes, SRC 4/8/85
Staff memo with fiscal note 4/4/85
Staff memo with fiscal note 4/10/85

Note: New fiscal note to be provided by APA

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 22, 1986

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

Bill Sheffield
Governor

Mr. Newland stated that the four-dam pool communities can and will sit down with APA at any time to get power sales agreements. He stated there are two reasons they want the project this year: (1) potential new loads or expanded existing loads who want to know the long term rate they will be getting; and (2) diesel prices are declining.

Tom Stahr, Anchorage Municipal Light and Power, spoke on near-term power projects. Senator Sturgulewski asked Mr. Stahr how the utilities are cooperating on power planning. Mr. Stahr stated that an Areawide Utilities Council was set up and a Systems Coordinating Council was formed. Mike Kelly of Golden Valley Electric is chairman and Mr. Stahr is vice-chairman. He stated utilities are working well together planning. APA is also a member of this council and the basic concern is reliability. He stated it would help if a decision is made on Susitna within the next few years. He stated CIRI has already affected them and will continue to affect them.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, presented an overview of the utilities in the different areas of the state which ARECA represents and their energy needs. Senator Fahrenkamp asked Mr. Hutchens if Alyeska could be exempted from APUC and Mr. Hutchens answered he sees no problem with that.

Senator Sturgulewski recessed the meeting at 2:00 p.m. and reconvened the meeting at 2:40 p.m.

Bob Cross, Alaska Power Administration, gave an update on the Eklutna project and the Snettisham project. He stated Snettisham is being expanded with the Crater Lake addition. He pointed out two things that are happening on the federal level:

1. The federal administration has proposed a rather substantial change in the way rates of federal power projects are computed across the country. Most of the federal investment in power projects are being repaid under low interest loans with terms that were set 10 to 40 years ago. OMB has proposed that all of that investment be brought up to a current interest rate for basis of repayment and onto a fixed amortization schedule which would have a dramatic impact on the revenue departments related to these projects.
2. The Administration would like to see the Alaska Power Administration sold and out of the business in Alaska. Terms of the transfer would be dependent on federal and state legislation. The status of this project is still informal but Mr. Cross would like to see legislation next year and maybe a transfer within the next two years.

→ Senator Sturgulewski opened the Public Hearing on SB 123. 4/8/85

Mr. Heath and Mr. Batt testified that this bill would do two things:

1. change the date of the annual report from March to November to put it on the fiscal year;

2. proposes to allow interest to accumulate on the Power Development Fund.

Mr. Heath stated they would come back with a revised fiscal note.

In answer to questions, Mr. Heath stated that the equity approach is better on Bradley because it is short term construction period while rate stabilization is better for Susitna because it is long term. If thermal costs go up in the future and there is not enough money in the power stabilization fund to make up for it, then there will be higher rates for the consumer. Mr. Batt stated that negotiations are considering this.

Senator Sturgulewski noted two points that were brought up in previous Susitna overviews:

1. different costs of diesel and its impact were accurate because it is looked at over the long term;
2. economic growth was a minor impact by the price of oil.

She stated that she disagrees with number 2. She asked how the APA proofs the information they prepare regarding power sales agreements. Mr. Batt stated APA meets with the utilities and builds their criteria into the models. One of the key factors is the price of gas they pay for their generation currently. The second item that APA is reviewing is the price of coal and what it will be.

Senator Zharoff asked a technical question regarding the bill and the bracketed information on line 17. Senator Sturgulewski stated that committee staff would check on his question. Senator Zharoff also questioned where the funds are coming from that go into the Power Development Fund and Mr. Heath will respond to that question.

Senator Sturgulewski stated she will hold the bill until she receives the revised fiscal note from Mr. Heath.

Scott Highleyman, Executive Director, Alaska Environmental Lobby, stated he has some concerns with SB 123:

1. the constitutional⁷ of the dedicated funds;
2. amount of money being taken from the general fund.

He stated that if the legislature feels it necessary to put money into a dedicated fund, then he advocates putting it into the permanent fund.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, testified in support of SB 123. He believes it is essential that the interest earnings stay with the money appropriated by the legislature to the power development projects to be financed through the Power Development Fund. He stated he has a conceptual disagreement with the approach being taken in the fiscal note.

Senator V. Fischer asked Mr. Heath when the interest goes back into the Power Development Fund, can the APA Board shift it from Susitna to Bradley or vice versa. Mr. Heath stated he would get back to Senator Fischer.

Senator Fischer stated he wants a provision in the bill that Susitna money stays in the Susitna account. Mr. Heath and Mr. Batt agree and will check on the question.

Senator Sturgulewski stated the Public Hearing would be continued and adjourned the meeting at 3:30 p.m.

SB 123

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 485-4907

Senate Committee on Resources

MEMORANDUM

April 10, 1985

TO: All Members
Senate Resources Committee

FROM: Staff *A*
Senate Resources Committee

RE: SB 123 "An Act relating to the Alaska Power Authority; and
providing for an effective date."

The Revisor of Statutes in the Division of Legal Services advises that the drafting of line 17 in SB 123 is technically correct. The text in brackets is for information only. The previous repeal cannot be repealed. Another method that would also be appropriate is to remove the brackets around AND on line 16 and move line 18 to 17 and make it a new subsection (2) as illustrated below:

- (b) The fund includes
 - (1) money appropriated to it by the legislature; and
 - (2) income from investment of money in the fund.

Introduced: 2/12/86
Referred: Resources
and Finance

1 IN THE SENATE

BY KELLY

2

SENATE BILL NO. 398

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 establishing a moose habitat and
7 conservation tag and fee; and providing for an effective
8 date."

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

10 * Section 1. AS 16.05.110 is amended to read:

11 Sec. 16.05.110. COMPOSITION OF FUND. The fish and game fund
12 shall be made up of the following money and other money the legisla-
13 ture appropriates, which shall be deposited and retained in the fund
14 until expended:

15 (1) money received from the sale of state sport fishing,
16 hunting, and trapping licenses, special permits, moose habitat and
17 conservation tags, and waterfowl conservation tags purchased by hunt-
18 ers;

19 (2) proceeds received from the sale of furs, skins, and
20 specimens taken by predator hunters and other employees;

21 (3) money received in settlement of a claim or loss caused
22 by damage to the fish and game resources of the state;

23 (4) money received from federal, state, or other govern-
24 mental unit, or from a private donor for fish and game purposes;

25 (5) interest earned upon money in the fund;

26 (6) money from any other source.

27 * Sec. 2. AS 16.05.130 is amended by adding a new subsection to read:

28 (d) Money accruing to the state from moose habitat and conserva-
29 tion tag fees may not be diverted to a purpose other than (1) the

1 conservation and enhancement of moose and moose habitat; (2) the
2 acquisition, by lease or otherwise, of habitat that is important for
3 moose and public use of moose in the state; (3) moose related projects
4 approved by the commissioner; (4) administration of the moose habitat
5 and conservation program; and (5) emergencies in the state as deter-
6 mined by the governor. The department shall maintain a state moose
7 habitat and conservation account within the fish and game fund to
8 permit separate accounting records for the receipt and expenditure of
9 money derived from the sale of moose habitat tags.

10 * Sec. 3. AS 16.05.340(a) is amended by adding a new paragraph to read:

11 (18) Moose habitat and conservation tag 5

12 (A) A person may not engage in moose hunting without
13 having the current year's moose habitat tag in the person's
14 actual possession, unless that person

15 (i) qualifies for a 25-cent license under AS 16.-
16 05.340(a)(6);

17 (ii) is a resident under the age of 16;

18 (iii) is 60 years of age or older and has been a
19 resident for at least one year;

20 (iv) is a disabled veteran eligible for a free
21 license under AS 16.05.341.

22 * Sec. 4. AS 16.05.350 is amended to read:

23 Sec. 16.05.350. EXPIRATION OF LICENSES AND TAGS. Licenses and
24 tags required under AS 16.05.330 - 16.05.430, except biennial li-
25 censes, the nonresident special sport fishing license, the resident
26 trapping license, the moose habitat and conservation tag, and the
27 waterfowl conservation tag, expire at the close of December 31 follow-
28 ing issuance. Biennial licenses expire after December 31 of the year
29 following the year of issuance. The resident trapping license expires

1 at the close of September 30 of the year following the year in which
2 the license is issued. The waterfowl conservation tag expires at the
3 close of January 31 of the year following the year of issue of the
4 tag. The moose habitat and conservation tag expires at the close of
5 March 31 of the year following the year of issue of the tag.

6 * Sec. 5. AS 16.05 is amended by adding a new section to read:

7 Sec. 16.05.828. MOOSE HABITAT AND CONSERVATION TAG PROGRAM. (a)
8 The moose habitat and conservation tag authorized in AS 16.05.-
9 340(a)(18) shall be produced annually by the department in an amount
10 the Department of Revenue considers appropriate. The department shall
11 make tags available for the creation of moose habitat and conservation
12 limited edition prints and shall provide for the sale of tags and
13 prints to the public.

14 (b) The tag design shall be selected through competition open to
15 artists residing in the state who have submitted entries to the de-
16 partment. Selection shall be made by a panel of five judges comprised
17 of two department employees and three members of nonprofit organiza-
18 tions dedicated to state moose and moose habitat conservation.

19 (c) The department may contract to others the performance of the
20 department's responsibility under this section, including provisions
21 for advance payment or reimbursement for services performed under con-
22 tract. All costs incurred under this section may be paid from the
23 fish and game fund.

24 * Sec. 6. LEGISLATIVE INTENT. It is the intent of the legislature that
25 a sum equal to the amount collected each year from the sale of moose habi-
26 tat and conservation tags and limited edition prints to the public under
27 AS 16.05.828 be appropriated to the department for the purposes listed in
28 AS 16.05.130(d).

29 * Sec. 7. This Act takes effect immediately in accordance with

SB123

1 AS 01.10.070(c).

SSSB 123

1. Please explain the intent of SSSB 123 and your recommendations regarding this bill in light of your recent preliminary plan of finance.
2. Can you provide us with an accounting of the Power Development Fund?
 - a) How much has gone into the fund since its creation?
 - b) How much has been spent by major category?
 - c) How much remains in the fund?
 - d) What is your plan for future spending?

5A 123 - REVISED
FISCAL NOTE**ALASKA POWER AUTHORITY**

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7841
(907) 276-0001

April 15, 1985

Honorable Arliss Sturgulewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

In response to your request, a revised interest earnings schedule on the deposits of the continuing appropriations for both the Susitna and Bradley Lake projects into the Power Development Fund has been prepared.

The major points of revision include changing from state equity contributions to rate stabilization and from the Susitna FERC licensing concept to staged construction. The revised schedule of interest earnings, under rate stabilization, is carried out through the life of the balance of the deposits. The previous schedule, based on state equity contributions for Susitna and Bradley, carried through FY91 and FY89 respectively.

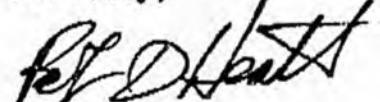
In addition, the rate stabilization in the Susitna staged construction requires approximately \$2.6 billion in State contributions if interest earnings are not retained in the Power Development Fund. By retaining the interest earnings, the level of State contributions is decreased to \$600 million. This amount will vary depending on when the interest earnings start to accrue to the Power Development Fund. The revised schedule sets out FY87 as the starting point where interest earnings begin accruing to the fund.

It is important to note that revised construction costs of the staged concept are currently being developed. Additionally, as the Authority continues negotiations with the railbelt utilities, the level of the thermal alternative costs may change. To the extent that the construction costs and alternative costs change, the required rate stabilization contribution could also change.

Impact on the General Fund is based on the retention of interest earnings on Power Development Fund appropriations. Please refer to Tables 1 and 2 (revised schedules) for a detailed and complete estimate of interest earnings.

Please contact my office if additional information is required.

Sincerely,

Robert D. Heath
Executive Director

RDH/SW/ka

**STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 123
 Title: An act relating to the
Alaska Power Authority
 Sponsor: Senate Rules Committee
 Requestor: Governor
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Economic Development
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected:
Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES			NOT REQUIRED			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS			NOT REQUIRED			
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY		NO REQUIRED				

ANALYSIS: Attach a separate page if necessary

Please refer to Tables 1 & 2 indicating Susitna and Bradley Lake Projects "Interest Earnings on State Funds."

Prepared By: William H. Batt Phone: 276-0001
 Division: Alaska Power Authority Date: 4/15/85

Approved by Commissioner: _____ Date: _____
 Agency: _____

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

7/1/84

9074653700;# 1

TABLE 1
 SUSITNA HYDROELECTRIC PROJECT
 INTEREST EARNINGS ON STATE FUNDS
 (MILLIONS OF DOLLARS)

FY	BALANCE B-O-Y	DEPOSIT ⁽¹⁾	CONSTRUCTION ⁽²⁾ COSTS	RATE ⁽³⁾ STABILIZATION	INTEREST ⁽⁴⁾ EARNED	BALANCE E-O-Y
85	0	100	---	---	---	100
86	100	200	20	---	---	280
87	280	200	20	---	52	512
88	512	174	---	---	75	761
89	761	---	---	---	84	845
90	845	---	---	---	93	938
91	938	---	---	---	103	1,041
92	1,041	---	---	---	114	1,155
93	1,155	---	---	---	127	1,282
94	1,282	---	---	---	142	1,424
95	1,424	---	---	---	156	1,580
96	1,580	---	---	245	161	1,496
97	1,496	---	---	265	150	1,381
98	1,381	---	---	241	140	1,280
99	1,280	---	---	221	129	1,188
2000	1,188	---	---	176	120	1,132
01	1,132	---	---	151	117	1,098
02	1,098	---	---	464	96	730
03	730	---	---	424	57	363
04	363	---	---	382	19	0

- (1) Deposit by State into Rate Stabilization Fund required if interest earnings are retained.
- (2) Amounts expended during FY85 not funded through appropriation. Amounts shown for FY86 and FY87 are assumed to be funded through the continuing appropriation. Assume expenditures after FY87 are funded through bond proceeds.
- (3) Amount required for fully rate stabilizing project participants. If no interest earnings are retained, this would be the amount of State contributions required.
- (4) Assume a long-term reinvestment rate of 11 percent and a short-term rate of 9 percent. No interest earnings in FY85 or FY86.

XEROX TELETYPE 495/10-1-85; 5:17

TABLE 2
BRADLEY LAKE HYDROELECTRIC PROJECT
INTEREST EARNINGS ON STATE FUNDS
(MILLIONS OF DOLLARS)*

<u>FY</u>	<u>BALANCE B-O-Y</u>	<u>DEPOSIT</u> ⁽¹⁾	<u>CONSTRUCTION</u> ⁽²⁾ <u>COST</u>	<u>INTEREST</u> ⁽³⁾ <u>EARNED</u>	<u>BALANCE E-O-Y</u>
THRU FY85	0	68	17	--	51
86	51	50	29	--	72
87	72	50	50	10	82
88	82	50	110	7	29
89	29	--	124	--	--
90	--	--	26	--	--

* Note: Interest earnings have not been included in the Plan of Finance for Bradley Lake. If interest earnings are included, the level of State contribution could be reduced.

- (1) Deposit by State into equity contribution.
(2) Funded by Bond proceeds after State equity contributions are fully expended.
(3) Interest earnings on State contributions that are not expended based on a short-term reinvestment rate of 9 percent.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

555B 123

January 22, 1986

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

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

Bill Sheffield
Governor

Mr. Newland stated that the four-dam pool communities can and will sit down with APA at any time to get power sales agreements. He stated there are two reasons they want the project this year: (1) potential new loads or expanded existing loads who want to know the long term rate they will be getting; and (2) diesel prices are declining.

Tom Stahr, Anchorage Municipal Light and Power, spoke on near-term power projects. Senator Sturgulewski asked Mr. Stahr how the utilities are cooperating on power planning. Mr. Stahr stated that an Areawide Utilities Council was set up and a Systems Coordinating Council was formed. Mike Kelly of Golden Valley Electric is chairman and Mr. Stahr is vice-chairman. He stated utilities are working well together planning. APA is also a member of this council and the basic concern is reliability. He stated it would help if a decision is made on Susitna within the next few years. He stated CIRI has already affected them and will continue to affect them.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, presented an overview of the utilities in the different areas of the state which ARECA represents and their energy needs. Senator Fahrenkamp asked Mr. Hutchens if Alyeska could be exempted from APUC and Mr. Hutchens answered he sees no problem with that.

Senator Sturgulewski recessed the meeting at 2:00 p.m. and reconvened the meeting at 2:40 p.m.

Bob Cross, Alaska Power Administration, gave an update on the Eklutna project and the Snettisham project. He stated Snettisham is being expanded with the Crater Lake addition. He pointed out two things that are happening on the federal level:

1. The federal administration has proposed a rather substantial change in the way rates of federal power projects are computed across the country. Most of the federal investment in power projects are being repaid under low interest loans with terms that were set 10 to 40 years ago. OMB has proposed that all of that investment be brought up to a current interest rate for basis of repayment and onto a fixed amortization schedule which would have a dramatic impact on the revenue departments related to these projects.
2. The Administration would like to see the Alaska Power Administration sold and out of the business in Alaska. Terms of the transfer would be dependent on federal and state legislation. The status of this project is still informal but Mr. Cross would like to see legislation next year and maybe a transfer within the next two years.

→ Senator Sturgulewski opened the Public Hearing on SB 123. 418185

Mr. Heath and Mr. Batt testified that this bill would do two things:

1. change the date of the annual report from March to November to put it on the fiscal year;

2. proposes to allow interest to accumulate on the Power Development Fund.

Mr. Heath stated they would come back with a revised fiscal note.

In answer to questions, Mr. Heath stated that the equity approach is better on Bradley because it is short term construction period while rate stabilization is better for Susitna because it is long term. If thermal costs go up in the future and there is not enough money in the power stabilization fund to make up for it, then there will be higher rates for the consumer. Mr. Batt stated that negotiations are considering this.

Senator Sturgulewski noted two points that were brought up in previous Susitna overviews:

1. different costs of diesel and its impact were accurate because it is looked at over the long term;
2. economic growth was a minor impact by the price of oil.

She stated that she disagrees with number 2. She asked how the APA proofs the information they prepare regarding power sales agreements. Mr. Batt stated APA meets with the utilities and builds their criteria into the models. One of the key factors is the price of gas they pay for their generation currently. The second item that APA is reviewing is the price of coal and what it will be.

Senator Zharoff asked a technical question regarding the bill and the bracketed information on line 17. Senator Sturgulewski stated that committee staff would check on his question. Senator Zharoff also questioned where the funds are coming from that go into the Power Development Fund and Mr. Heath will respond to that question.

Senator Sturgulewski stated she will hold the bill until she receives the revised fiscal note from Mr. Heath.

Scott Highleyman, Executive Director, Alaska Environmental Lobby, stated he has some concerns with SB 123:

1. the constitutionality of the dedicated funds;
2. amount of money being taken from the general fund.

He stated that if the legislature feels it necessary to put money into a dedicated fund, then he advocates putting it into the permanent fund.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, testified in support of SB 123. He believes it is essential that the interest earnings stay with the money appropriated by the legislature to the power development projects to be financed through the Power Development Fund. He stated he has a conceptual disagreement with the approach being taken in the fiscal note.

Senator V. Fischer asked Mr. Heath when the interest goes back into the Power Development Fund, can the APA Board shift it from Susitna to Bradley or vice versa. Mr. Heath stated he would get back to Senator Fischer.

Senator Fischer stated he wants a provision in the bill that Susitna money stays in the Susitna account. Mr. Heath and Mr. Batt agree and will check on the question.

Senator Sturgulewski stated the Public Hearing would be continued and adjourned the meeting at 3:30 p.m.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
BETTYE FAHRENKAMP, Vice Chairman
JACK COGHILL
DICK ELIASON
VIC FISCHER
RICK HALFORD
FRED ZHAROFF



POUCH V
JUNEAU, ALASKA. 99811
(907) 465-4907

Senate Committee on Resources

MEMORANDUM

April 4, 1985

TO: All Members
Senate Resources Committee

FROM: Staff *H*
Senate Resources Committee

RE: SB 123 "An Act relating to the Alaska Power Authority; and
providing for an effective date."

SB 123 amends the Alaska Power Authority statutes in the following manner:

Section 1: Changes the submittal date of the annual report to the governor and legislature from March to November of each year in order to provide for fiscal year reporting rather than the calendar year.

Section 2: Allows interest earned by the power development fund to be deposited to the fund rather than to the general fund. The fiscal note states that this would amount to \$44.4 million in FY 86 and increase to \$153.7 million in FY 90 as \$200 million per year is contributed to the fund from the general fund. 5

Section 3: States that interest received by the Department of Revenue for funds of the authority must be deposited in the power development fund.

Section 4: States that income earned from the investment of money appropriated to the fund is deposited in the power development fund.

The attached letter from Governor Sheffield notes that the return of investment income to the power development fund may be subject to a legal challenge under the dedicated fund prohibition.

Included in the packet is:

1. Letter from Governor Sheffield;
2. Fiscal note from the Alaska Power Authority.

fh:bh



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

sh/123

February 1, 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 that amends statutes pertaining to the Alaska Power Authority.

The attached bill does two things. It changes the due date for the annual report from the authority to the governor and the legislature, and places the report on a fiscal year basis. This change will simplify the inclusion of fiscal year audit and financial statements. It will also allow time for administrative and legislative review of the report before the beginning of the next legislative session.

The bill also amends the energy-program-for-Alaska statutes relating to the power development fund to permit return of investment income to the fund. This amendment will lessen the total of annual appropriations necessary to achieve a \$2 billion equity investment in Susitna. It should be noted that return of investment income to a separate fund is subject to a challenge under the dedicated-fund prohibition in art. IX, sec. 7, of the Alaska Constitution. However, the Department of Law has indicated that it will defend statutes providing for such a practice.

Sincerely,

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

Bill Sheffield
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 123
 Title: Relating to the
Power Development Fund
 Sponsor: Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: Development
 BRU, Program or Subprogram(s) Affected: Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	[44,426.0]	[69,851.0]	[90,228.0]	[118,662.0]	[153,715.0]
FEDERAL FUNDS						
OTHER P.D.F.*	-0-	44,426.0	69,851.0	90,228.0	118,662.0	153,715.0
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

*Power Development Fund *Steven D. Hildebrand for*
 Prepared By: William H. Batt Phone: 276-0001
 Division: Alaska Power Authority Date: _____
 Approved by Commissioner: *[Signature]* Date: 6/25/85
 Agency: Commerce & Economic Development

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

7/1/84

ALASKA POWER AUTHORITY
Power Development Fund
(000)

<u>PROJECT NAME</u>	<u>FY</u>	<u>STATE CONTRIBUTION</u>	<u>EXPENDITURES</u>	<u>INTEREST EARNINGS*</u>	<u>TOTAL INTEREST EARNINGS</u>
Susitna Hydroelectric Project	1985	\$100,000	\$	\$ 0	
	1986	200,000		33,000	
	1987	200,000		58,663	
	1988	200,000		87,083	
	1989	200,000		118,662	
	1990	200,000		153,715	
	1991	200,000		192,624	\$643,747
Bradley Lake Project	1985	50,000		0	
	1986	50,000	270	10,971	
	1987	50,000	59,000	11,188	
	1988	34,448	118,750	3,145	
	1989	0	123,600		25,304
Bradley Lake Project	1986**	10,548	10,548	443	443
Terror Lake Project	1986**	868	868	12	<u>12</u>
TOTAL APA					\$669,506

* at an assumed rate of 11% per annum

** balances available from previous FY funding

TITLE OF INCREMENT/DECREMENT:
Interest earnings on deposits to the
Power Development Fund

AGENCY CONTACT/PHONE NUMBER:
Department of Commerce and
Economic Development 465-2500

CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	GOV'S REQ.
100	Personal Services		
200	Travel		
300	Contractual Services		
400	Supplies		
500	Equipment		
600	Lands, Buildings, Etc.		
700	Grants, Claims, Etc.		
800	Miscellaneous		

TOTAL			
I-A Transfer (NON-ADD)			
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund	(44,426)	
1005	I-A Receipts		
1028	Program Receipts		
	Other	* 44,426	
POSITION INFORMATION	PFT		
	PPT		
	Non Permanent		
	Staff Months		

DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:

The retention of investment earnings in the Power Development Fund is required to provide adequate state equity in the Susitna River Hydroelectric Power Project (000).

* Power Development Fund

<input type="checkbox"/> Enhance Existing Service Compared to FY 85	<input type="checkbox"/> Formula Program
<input checked="" type="checkbox"/> New Service Compared to FY 85	
<input type="checkbox"/> Continuation of FY 85 Service Level	

IMPACT FROM CAPITAL PROJECT (NAME)
Susitna Hydroelectric Project Financing

Chapter 171 SLA 1984 Page/Line 44.83.410

AGENCY Department of Commerce and Economic Development/Alaska Power Authority

PROGRAM Energy and Power Development

BRU Alaska Power Authority

COMPONENT _____

PROJECT _____

C5 INCREMENT/DECREMENT REQUEST

Agency Priority _____ of _____

FY 86

PAGE 1 OF 1

REVISED DATE _____

AW 123

APR 18 1985

ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

April 15, 1985

Honorable Arliss Sturgulewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

In response to your request, a revised interest earnings schedule on the deposits of the continuing appropriations for both the Susitna and Bradley Lake projects into the Power Development Fund has been prepared.

The major points of revision include changing from state equity contributions to rate stabilization and from the Susitna FERC licensing concept to staged construction. The revised schedule of interest earnings, under rate stabilization, is carried out through the life of the balance of the deposits. The previous schedule, based on state equity contributions for Susitna and Bradley, carried through FY91 and FY89 respectively.

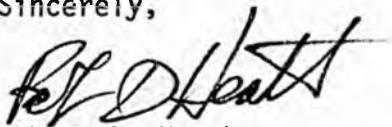
In addition, the rate stabilization in the Susitna staged construction requires approximately \$2.6 billion in State contributions if interest earnings are not retained in the Power Development Fund. By retaining the interest earnings, the level of State contributions is decreased to \$600 million. This amount will vary depending on when the interest earnings start to accrue to the Power Development Fund. The revised schedule sets out FY87 as the starting point where interest earnings begin accruing to the fund.

It is important to note that revised construction costs of the staged concept are currently being developed. Additionally, as the Authority continues negotiations with the railbelt utilities, the level of the thermal alternative costs may range. To the extent that the construction costs and alternative costs change, the required rate stabilization contribution could also change.

Impact on the General Fund is based on the retention of interest earnings on Power Development Fund appropriations. Please refer to Tables 1 and 2 (revised schedules) for a detailed and complete estimate of interest earnings.

Please contact my office if additional information is required.

Sincerely,



Robert D. Heath
Executive Director

RDH/SW/ka

TABLE 1
SUSITNA HYDROELECTRIC PROJECT
INTEREST EARNINGS ON STATE FUNDS
(MILLIONS OF DOLLARS)

<u>FY</u>	<u>BALANCE 3-0-Y</u>	<u>DEPOSIT⁽¹⁾</u>	<u>CONSTRUCTION⁽²⁾ COSTS</u>	<u>RATE⁽³⁾ STABILIZATION</u>	<u>INTEREST⁽⁴⁾ EARNED</u>	<u>BALANCE E-0-Y</u>
85	0	100	---	---	---	100
86	100	200	20	---	---	280
87	280	200	20	---	52	512
88	512	174	---	---	75	761
89	761	---	---	---	84	845
90	845	---	---	---	93	938
91	938	---	---	---	103	1,041
92	1,041	---	---	---	114	1,155
93	1,155	---	---	---	127	1,282
94	1,282	---	---	---	142	1,424
95	1,424	---	---	---	156	1,580
96	1,580	---	---	245	161	1,496
97	1,496	---	---	265	150	1,381
98	1,381	---	---	241	140	1,280
99	1,280	---	---	221	129	1,188
2000	1,188	---	---	176	120	1,132
01	1,132	---	---	151	117	1,098
02	1,098	---	---	464	96	730
03	730	---	---	424	57	363
04	363	---	---	382	19	0

- (1) Deposit by State into Rate Stabilization Fund required if interest earnings are retained.
- (2) Amounts expended during FY85 not funded through appropriation. Amounts shown for FY86 and FY87 are assumed to be funded through the continuing appropriation. Assume expenditures after FY87 are funded through bond proceeds.
- (3) Amount required for fully rate stabilizing project participants. If no interest earnings are retained, this would be the amount of State contributions required.
- (4) Assume a long-term reinvestment rate of 11 percent and a short-term rate of 9 percent. No interest earnings in FY85 or FY86.

TABLE 2
BRADLEY LAKE HYDROELECTRIC PROJECT
INTEREST EARNINGS ON STATE FUNDS
(MILLIONS OF DOLLARS)*

<u>FY</u>	<u>BALANCE B-O-Y</u>	<u>DEPOSIT</u> ⁽¹⁾	<u>CONSTRUCTION</u> ⁽²⁾ <u>COST</u>	<u>INTEREST</u> ⁽³⁾ <u>EARNED</u>	<u>BALANCE E-O-Y</u>
THRU FY85	0	68	17	--	51
86	51	50	29	--	72
87	72	50	50	.10	82
88	82	50	110	7	29
89	29	--	124	--	--
90	--	--	26	--	--

* Note: Interest earnings have not been included in the Plan of Finance for Bradley Lake. If interest earnings are included, the level of State contribution could be reduced.

(1) Deposit by State into equity contribution.

(2) Funded by Bond proceeds after State equity contributions are fully expended.

(3) Interest earnings on State contributions that are not expended based on a short-term reinvestment rate of 9 percent.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

555B 123

January 22, 1986

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

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

Bill Sheffield
Governor

*If pass this -
Suntua \$10 stay in Suntua*

Introduced: 2/1/85
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 123

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority; and
7 providing for an effective date."

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

9 * Section 1. AS 44.83.200 is amended to read:

10 Sec. 44.83.200. ANNUAL REPORT. Before November [MARCH] 1 of
11 each year, the authority shall submit to the governor and the legisla-
12 ture a comprehensive report describing operations, income, and expen-
13 ditures for the preceding fiscal year [12-MONTH PERIOD].

14 * Sec. 2. AS 44.83.382(b) is amended to read:

15 (b) The fund includes

16 (1) money appropriated to it by the legislature; [AND]

17 (2) [Repealed by sec. 27, ch. 89, SLA 1983.]

18 (3) income from investment of money in the fund.

*Does it being
bank
submit*

19 * Sec. 3. AS 44.83.386 is amended to read:

20 Sec. 44.83.386. INVESTMENT OF FUND. The Department of Revenue
21 shall invest the money in the fund in accordance with AS 37.10.070 and
22 37.10.075. The Department of Revenue shall provide money in the fund
23 to the authority only after costs have been incurred or amounts in the
24 fund have been otherwise obligated under contracts for the acquisition
25 and construction of a project. Amounts that have been obligated, but
26 for which costs have not yet been incurred, may be segregated by the
27 Department of Revenue or transferred to the authority only with the
28 prior approval or agreement of the commissioner of revenue. Interest
29 received on money that is segregated or transferred under this section

1 must be deposited in the power development [GENERAL] fund.

2 * Sec. 4. AS 44.83.388(b) is amended to read:

3 (b) Income earned from investment of money appropriated to the
4 fund must [SHALL] be deposited in the [GENERAL] fund [AND MAY BE
5 APPROPRIATED TO THE FUND BY THE LEGISLATURE].

6 * Sec. 5. This Act takes effect July 1, 1985.

MEMORANDUM

State of Alaska

TO: John Shively
Chief of Staff
Office of the Governor

DATE: December 11, 1984

FILE NO: 366-262-85

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
Attorney General

SUBJECT: Use of continuing
appropriation for
cost of FERC license

By: *MAF* Martha A. Fox
Assistant Attorney General

This memo confirms my oral advice to Marilyn Twitchell that the continuing appropriation to the power development fund for "equity investment in, and rate stabilization for, the Susitna River hydroelectric project" can be used to pay the costs of FERC licensing. Sec. 314, ch.171, SLA 1984.

The State's equity investment in the project includes amounts paid from state appropriations for the cost of preparatory studies, designs and licensing work. AS 44.83.384 provides in pertinent part that

(a) The [power development] fund may be used by the authority to provide money for

....

(2) the cost of a power project, including but not limited to the costs of acquiring necessary licenses,

This section permits use of money appropriated to the power development fund for equity investment in the Susitna River hydroelectric project to be used to pay for the costs of FERC licensing. Legislation to accomplish that purpose is therefore not necessary.

MAF:cct

cc: Ray Gillespie, Director
Legislative Relations

SUSITNA HYDROELECTRIC PROJECT

STAGED CONSTRUCTION PRESENTATION

RATE STABILIZATION ACCOUNTS (FRAME A)
(\$ MILLIONS NOMINAL)

<u>YEAR</u>	<u>FERC LICENSE CONCEPT*</u>		
	<u>CONTRIBUTION (PAY IN)</u>	<u>RATE STABILIZATION (PAY OUT)</u>	<u>ACCRUED CONTRIBUTION</u>
1985	\$ 100.0	-	100.0
1986	200.0	-	333.0
1987	200.0	-	591.6
1988	200.0	-	878.7
1989	200.0	-	1,197.4
1990	200.0	-	1,551.1
1991	41.9	-	1,768.3
1992	-	-	1,962.8
1993	-	-	2,178.7
1994	-	-	2,418.4
1995	-	-	2,684.4
1996	-	\$ -	2,979.7
1997	-	539	2,739.5
1998	-	547	2,464.6
1999	-	509	2,199.4
2000	-	448	1,969.4
2001	-	408	1,756.2
2002	-	745	1,164.4
2003	-	668	588.7
2004	-	550	74.0
2005	-	78	0.0
	<hr/>	<hr/>	
	\$1,141.9	\$4,492	

SUSITNA HYDROELECTRIC PROJECT

STAGED CONSTRUCTION PRESENTATION

RATE STABILIZATION ACCOUNTS (FRAME B)
(\$ MILLIONS NOMINAL)

YEAR	STAGED CONSTRUCTION CONCEPT		
	CONTRIBUTION (PAY IN)	RATE STABILIZATION (PAY OUT)	ACCRUED CONTRIBUTION
1985	\$ 100.0 ✓	-	100.0
1986	200.0 ✓	-	333.0
1987	200.0 ✓	-	591.6
1988	94.0 ✓	-	761.0
1989	-	-	844.7
1990	-	-	937.6
1991	-	-	1,040.7
1992	-	-	1,155.2
1993	-	-	1,282.3
1994	-	-	1,423.2
1995	-	-	1,579.9
1996	-	\$ 245 ✓	1,495.6
1997	-	265 ✓	1,380.9
1998	-	241 ✓	1,278.9
1999	-	221 ✓	1,186.7
2000	-	176 ✓	1,131.8
2001	-	151 ✓	1,097.1
2002	-	464 ✓	729.1
2003	-	424 ✓	362.6
2004	-	382 ✓	0.0
2005	-	-	0.0
	<hr/>	<hr/>	
	\$ 594.0	\$2,569 ✓	

may be on low side of range up to \$20

SUSITNA HYDROELECTRIC PROJECT

STAGED CONSTRUCTION PRESENTATION

STATE CONTRIBUTION
COMPARISON OF PAY IN AND PAY OUT OF FUNDS
(\$ MILLIONS NOMINAL)

<u>YEAR</u>	<u>FERC LICENSE CONCEPT*</u>		<u>STAGED CONSTRUCTION</u>	
	<u>CONTRI- BUTION (PAY IN)</u>	<u>RATE STABILI- ZATION (PAY OUT)</u>	<u>CONTRI- BUTION (PAY IN)</u>	<u>RATE STABILI- ZATION (PAY OUT)</u>
1985	\$ 100	-	\$ 100	-
1986	200	-	200	-
1987	200	-	200	-
1988	200	-	94	-
1989	200	-	-	-
1990	200	-	-	-
1991	42	-	-	-
1992	-	-	-	-
1993	-	-	-	-
1994	-	-	-	-
1995	-	-	-	-
1996	-	\$ -	-	\$ 245
1997	-	539	-	265
1998	-	547	-	241
1999	-	509	-	221
2000	-	448	-	176
2001	-	408	-	151
2002	-	745	-	464
2003	-	668	-	424
2004	-	550	-	382
2005	-	78	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,142	\$4,492	\$ 594	\$2,569

M2670.33 * WITH UPDATED ECONOMIC AND FINANCIAL PARAMETERS

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

SENATE RESOURCES COMMITTEE, 4/8/85, 12:05 pm