

SR

206

SENATE COMMITTEE REPORT

FURTHER: FINANCE

4/13/87
Mr. President:

DATE TURNED INTO OFFICE 5/4/87

FINANCE Committee considered SB 206

Alaska Power Authority; efd.

and recommended:

replace with CS FOR SB 206 (FIX)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Just L. Shaff
Stan D. ...
W. ...

Paul Finley No Rec
Rich ... No Rec
... No Rec
W. ... No Rec

John B. ... Do Pass
Chairman signature and recommendation

Committee Backup Attached

LETTER OF INTENT

CSSB 206(Fin)

It is the intent of the Legislature that the availability of funds in the power project revolving fund AS 44.83.170 not become a cap or upper limit on the power cost equalization program AS 44.83.162 and that additional funds if required come from the general fund.

Senator Johne Binkley

Alaska State Senate
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985



Finance Committee
Co-Chairman

5-5-87

TO SENATE FINANCE
COMMITTEE MEMBERS

ATTACHED IS A COPY OF THE INTENT
LANGUAGE FOR CSSB 206 (FIN).

IF YOU HAVE ANY QUESTIONS OR CONCERNS
PLEASE CONTACT ME A.S.A.P.

Johne

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

9075618584-

9074533569:4 3 1/3

CS SB 206 Res
4-14-87

Revision Date: _____

REQUEST

Bill/Resolution No.: Senate Bill 206
 Title: An act relating to the Alaska Power Authority; and providing for an effective date.
 Sponsor: Coghill and Faiks
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Alaska Power Authority
 BRU: Department of Commerce and Economic Development

Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

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

FUNDING : (Thousands of Dollars)

GENERAL FUND		(2,900)	(2,800)	(2,600)	(2,400)	(2,300)
FEDERAL FUNDS						
OTHER						
TOTAL		(2,900)	(2,800)	(2,600)	(2,400)	(2,300)

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS :

General Fund savings based on estimated loan demand of Power Project Loan Fund. Savings are net of principal and interest payments on loans that would have been deposited in General Fund had the loans been funded with appropriations. Assumes no delinquencies, and payments on existing loans that are used as security for bonds are not required for replenishment in debt service.

Prepared by: Robert E. LeResche
 Division: Alaska Power Authority

Phone: 465-3575
 Date: April 7, 1987

Approved by Commissioner: _____
 Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

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



From The

**SENATE
FINANCE COMMITTEE**

CS5B 206 (Finance) 5/4/88

Page 6, Line 24

Terry Cramer

Suggested alternative

language:

"for as much as"

be substituted for

" up to "

Change cleared through
Sen. Binkley's office.

Original sponsors: Coghill and Faiks

*See changes
p. 6*

Finance Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 206 (Fin)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH 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 44.83.092 is amended by adding a new subsection to
10 read:

11 (b) A contract that the authority enters into under (a) of this
12 section relating to the sale of electric power from a power project to
13 be acquired or constructed under AS 44.83.380 - 44.83.425 (energy
14 program for Alaska) may create a project management committee. The
15 committee shall consist of representatives of the contracting parties
16 as specified in the contract. The contract shall determine the powers
17 of the committee with respect to the power project. The powers may
18 include responsibility for the management, operation, and maintenance
19 of the project. To the extent provided in the contract, the committee
20 has separate legal existence and other powers necessary to its pur-
21 poses.

22 * Sec. 2. AS 44.83.105 is amended to read:

23 Sec. 44.83.105. BONDS FOR POWER PROJECTS UNDER THE ENERGY PRO-
24 GRAM FOR ALASKA. The authority may borrow money and issue its bonds
25 for the acquisition or construction of power projects to be acquired
26 or constructed under the energy program for Alaska. The principal of
27 and interest on the bonds are payable from money derived from the sale
28 of wholesale power from power projects financed under AS 44.83.380 -
29 44.83.425 as part of the energy program for Alaska [FROM THE POWER

1 DEVELOPMENT FUND] or from a source referred to in AS 44.83.100 as the
2 authority determines. The bonds may be issued if

3 (1) money available from appropriations to the power proj-
4 ect revolving fund for the energy program for Alaska [DEVELOPMENT
5 FUND] for the power project is [ARE] insufficient to cover the cost of
6 acquiring or constructing the power project; and

7 (2) the authority determines that the amount of interest
8 the authority will pay on its bonds is not more than alternative costs
9 of securing money from other sources, except for the general fund, to
10 pay for the acquisition or construction of the power project.

11 * Sec. 3. AS 44.83.162(a) is amended to read:

12 (a) The power cost equalization program [FUND] is established
13 [AS A SEPARATE FUND] for the purpose of equalizing power cost per
14 kilowatt-hour statewide at a cost close or equal to the mean of the
15 cost per kilowatt-hour in Anchorage, Fairbanks, and Juneau [BY PAYING
16 MONEY FROM THE FUND TO ELIGIBLE ELECTRIC UTILITIES IN THE STATE]. The
17 program [FUND] shall be administered by the authority [AS A FUND
18 DISTINCT FROM THE OTHER FUNDS OF THE AUTHORITY. THE FUND IS COMPOSED
19 OF MONEY APPROPRIATED FOR THE PURPOSE OF PROVIDING POWER COST
20 EQUALIZATION TO ELIGIBLE ELECTRIC UTILITIES].

21 * Sec. 4. AS 44.83.170(a) is amended to read:

22 (a) There is established as a separate fund the power project
23 revolving fund which shall be distinct from any other money or funds
24 of the authority, and which includes [ONLY] money appropriated by the
25 legislature and the portion of loan repayments from loans made from
26 the fund that is attributable to principal.

27 * Sec. 5. AS 44.83.170(b) is amended to read:

28 (b) The authority may make loans from the power project revolv-
29 ing fund from money available by appropriation or from the repayment

1 of principal

2 (1) to electric utilities, regional electric authorities,
3 municipalities, cities, boroughs, regional and village corporations,
4 village councils, school districts, regional educational attendance
5 areas, and nonprofit marketing cooperatives to pay the costs of

6 (A) reconnaissance studies, feasibility studies,
7 license and permit applications, preconstruction engineering, and
8 design of power projects;

9 (B) constructing, equipping, modifying, improving, and
10 expanding [SMALL-SCALE] power production facilities, conservation
11 facilities, bulk fuel storage facilities, and transmission and
12 distribution facilities, including energy production, trans-
13 mission and distribution, and waste energy conservation facili-
14 ties which depend on fossil fuel, wind power, tidal, geothermal,
15 biomass, hydroelectric, solar or other nonnuclear [NON-NUCLEAR]
16 energy sources; [AND]

17 (C) reconnaissance studies, preconstruction engineer-
18 ing, design, construction, equipping, modification, and expansion
19 of potable water supply including surface storage and groundwater
20 sources and transmission of water from surface storage to exist-
21 ing distribution systems;

22 (D) acquisitions of bulk fuel or proven reserves of
23 gas, oil, coal, geothermal, or other energy resources; and

24 (E) consumer end-use improvements to reduce demand for
25 energy;

26 (2) to a borrower for a power project if

27 (A) the loan is entered into under a leveraged lease
28 financing arrangement;

29 (B) the party which will be responsible for the power

1 project is an electric utility, regional electric authority,
2 municipality, city, borough, regional or village corporation,
3 village council, school districts, regional educational atten-
4 dance areas, or nonprofit marketing cooperative; and

5 (C) the borrower seeking the loan demonstrates to the
6 authority that the financing arrangement for the power project
7 will reduce project financing costs below costs of comparable
8 public power projects;

9 (3) to fund a project or activity under this chapter.

10 * Sec. 6. AS 44.83.170(g) is repealed and reenacted to read:

11 (g) The authority shall deposit in the power project revolving
12 fund the principal and interest portions of loan repayments and any
13 earnings on the balance in the fund. The authority may make new loans
14 to be financed from the principal portions of loan repayments. The
15 authority may not encumber or spend the interest portions of loan
16 repayments or earnings on the balance in the fund except as authorized
17 by legislative appropriation or as specifically provided in this
18 chapter.

19 * Sec. 7. AS 44.83.170 is amended by adding new subsections to read:

20 (i) The Railbelt advisory committee, composed of one member from
21 each electric utility in the Railbelt, is established. The authority
22 may not make a loan under this section for an energy-related project
23 that is located in the Railbelt until the Railbelt advisory committee
24 has had an opportunity to review the loan application. The authority
25 shall consider the written comments and recommendations of the commit-
26 tee before acting on the loan application.

27 (j) The authority shall submit an annual report to the legisla-
28 ture by the 10th day of the legislative session. The report shall
29 make recommendations concerning the allocation of funds in the power

1 project revolving fund. The first priority for use of the unre-
2 stricted funds shall be to fully fund the power cost equalization
3 program under AS 44.83.162.

4 * Sec. 8. AS 44.83 is amended by adding a new section to read:

5 Sec. 44.83.172. POWER PROJECT BONDS. (a) The authority may
6 borrow money and issue bonds to make or refinance loans from the power
7 project revolving fund for a revenue producing program, activity, or
8 project authorized under the power project revolving fund. However,
9 the authority may not issue bonds to make or refinance a loan entered
10 into under a leveraged lease financing arrangement.

11 (b) Loans made or refinanced with the proceeds of bonds authori-
12 zed by this section for projects under AS 44.83.170(b) are subject to
13 AS 44.83.170(a) - (e).

14 (c) With respect to loans made or refinanced with the proceeds
15 of bonds, the authority may pledge the principal and interest received
16 from the loan repayments and the interest earned on those amounts in
17 the power project revolving fund for bonds issued under this section.

18 (d) The authority may notify the head of a department or agency
19 of the state in writing that a borrower is in default on the repayment
20 of principal or interest on loans made or refinanced with the proceeds
21 of bonds issued under this section. Notwithstanding any other pro-
22 vision of law, to the extent that a department or agency of the state
23 is the custodian of money payable to the borrower, the department or
24 agency shall withhold payment of the money from the borrower and pay
25 over the money to the authority to pay principal and interest on bonds
26 of the authority issued under this section.

27 * Sec. 9. AS 44.83.187(d) is amended to read:

28 (d) The provisions of AS 44.83.177 - 44.83.185 do not apply to
29 (1) an addition, modification, repair, reconstruction,

1 design, acquisition or construction for the purpose of completing a
2 project;

3 (2) the construction of an electrical transmission or dis-
4 tribution facility [THAT IS ESTIMATED TO COST LESS THAN \$3,000,000].

5 * Sec. 10. AS 44.83.361(a) is amended to read:

6 (a) The rural electrification program [REVOLVING LOAN FUND] is
7 established in the Alaska Power Authority. [THE FUND CONSISTS OF

8 (1) APPROPRIATIONS MADE TO THE FUND; AND

9 (2) PRINCIPAL PAYMENTS ON LOANS MADE UNDER THIS SECTION.]

10 * Sec. 11. AS 44.83.361(b) is amended to read:

11 (b) The authority may make loans from the power project revolv-
12 ing fund under AS 44.83.170 for the rural electrification program
13 [REVOLVING LOAN FUND] to electric utilities certified by the Alaska
14 Public Utilities Commission. A loan under the program [FROM THE FUND]
15 may be made only for the purpose of extending new electric service
16 into an area of the state that an electric utility may serve under a
17 certificate of public convenience and necessity issued by the Alaska
18 Public Utilities Commission. A loan may be made under the program
19 [FROM THE FUND] to an electric utility if the utility invests the
20 money necessary to provide one pole, one span of line, one trans-
21 former, and one service drop for each consumer for whom immediate
22 service would be provided by the extension of electric service.
23 Applications for loans to extend service along state ^{roads or} highways shall be
24 given priority ^{up to} ~~on~~ one-half of the funds available for loans under this
25 section. However, a loan may not be made [FROM THE FUND] unless

26 (1) the loan is recommended by a loan advisory committee
27 appointed under AS 44.83.363; and

28 (2) the extension of electric service would provide immedi-
29 ate service to at least three consumers.

1 * Sec. 12. AS 44.83.361(c) is amended to read:

2 (c) A loan under [FROM] the rural electrification program [RE-
 3 VOLVING LOAN FUND] shall bear an annual rate of interest of two per-
 4 cent of the unpaid balance of the loan. Loan repayments and interest
 5 [INTEREST] received on a loan made under this section shall be de-
 6 posited [MUST BE TRANSFERRED MONTHLY TO THE COMMISSIONER OF REVENUE
 7 FOR DEPOSIT] in the power project revolving [GENERAL] fund under
 8 AS 44.83.170(g). The authority may forgive the unpaid balance remain-
 9 ing on a loan made under this section after 20 years.

10 * Sec. 13. AS 44.83.361(e) is amended to read:

11 (e) The authority shall

12 (1) adopt regulations necessary to carry out the provisions
 13 of this section;

14 (2) administer the rural electrification program [REVOLVING
 15 LOAN FUND]; and

16 (3) submit to the legislature within the first 10 days of
 17 each regular legislative session a report of actions taken by the
 18 authority under this section and an accounting of the rural electri-
 19 fication program [REVOLVING LOAN FUND].

20 * Sec. 14. AS 44.83.363 is amended to read:

21 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application
 22 for a rural electrification loan is submitted to the authority under
 23 AS 44.83.361, the authority shall appoint a local advisory committee
 24 from persons residing in the area that the applicant utility is certi-
 25 fied to serve. The loan advisory committee shall consider the loan
 26 application, and shall recommend whether the loan application is to be
 27 approved or disapproved. A favorable recommendation from the loan
 28 advisory committee shall be based on a determination that development
 29 in the area of the proposed extension of electric service is likely to

1 provide for full repayment of the loan under AS 44.83.361(d) within 20
2 [10] years. In making that determination the committee shall consider

- 3 (1) permanence of the premises to be served by the exten-
4 sion;
- 5 (2) land use patterns in the area;
- 6 (3) access for the line that would be installed with loan
7 proceeds;
- 8 (4) availability of other utility service in the area; and
- 9 (5) the financial [ECONOMIC] feasibility of the extension
10 of electric service with the proceeds of the loan.

11 * Sec. 15. AS 44.83.380(b) is amended to read:

12 (b) The energy program for Alaska is a program by which the
13 authority may acquire or construct power projects with money appropri-
14 ated by the legislature to the power project revolving fund under
15 AS 44.83.170 for power development [FUND ESTABLISHED IN AS 44.83.382].
16 A power project may be acquired or constructed as part of the energy
17 program for Alaska only if the project is submitted to and approved by
18 the legislature in accordance with procedures set out in AS 44.83.-
19 177 - 44.83.187.

20 * Sec. 16. AS 44.83.384 is amended to read:

21 Sec. 44.83.384. USE OF FUND FOR ENERGY PROGRAM [BALANCE]. (a)
22 The authority may use money in the power project revolving fund under
23 the energy program for Alaska [FUND MAY BE USED BY THE AUTHORITY TO
24 PROVIDE MONEY] for

- 25 (1) reconnaissance and feasibility studies and power proj-
26 ect finance plans prepared under AS 44.83.177 - 44.83.181;
- 27 (2) the cost of a power project, including but not limited
28 to costs of acquiring necessary licenses, preparing engineering de-
29 signs, obtaining land, and constructing the power project;

1 (3) the defeasance of bonds, or the payment of debt service
2 on loans for or on an issue of bonds sold in connection with a power
3 project;

4 (4) the cost of operating and maintaining power projects;
5 and

6 (5) debt service on power projects.

7 (b) In addition to the purposes authorized by (a) of this sec-
8 tion, the authority may use money in the fund [MAY BE USED UNDER (a)
9 OF THIS SECTION ONLY] for a power project under the energy program for
10 Alaska if the project [THAT]

11 (1) is economically feasible; and

12 (2) provides the lowest reasonable power cost to utility
13 customers in the market area for the estimated life of the power
14 project, whether operated by itself or in conjunction with other power
15 projects in the market area, and [THAT] operates or will operate on
16 one or more of the following:

17 (A) renewable energy resources, including but not
18 limited to hydroelectric power, wind, biomass, geothermal, tidal
19 or solar energy, or a method that uses temperature differentials
20 or other physical properties of the ocean;

21 (B) coal or peat;

22 (C) energy derived from waste heat; or

23 (D) fossil fuel, including oil or natural gas.

24 (c) Notwithstanding (b)(1) of this section and AS 44.83.396 -
25 44.83.398, the fund may be used by the authority to provide money for
26 the cost of a power project under the energy program for Alaska that
27 is or was either constructed or owned by the United States government
28 if the requirements of this subsection are met. The provisions of
29 AS 44.83.177 - 44.83.187 do not apply to a power project financed

1 under this subsection. The authority may use money in the fund for
2 the cost of a power project under this subsection if

3 (1) the legislature enacts a law approving the project;

4 (2) the office of management and budget in the Office of
5 the Governor reviews a feasibility study and a plan of finance for the
6 project and determines that the feasibility study complies with the
7 requirements for a feasibility study submitted under AS 44.83.181(b)
8 and that the plan of finance complies with the requirements for a plan
9 of finance submitted under AS 44.83.181(c); and

10 (3) the project meets the other requirements of this chap-
11 ter.

12 * Sec. 17. AS 44.83.398(c) is amended to read:

13 (c) The authority shall deposit [TRANSMIT ALL THE] money that it
14 receives under (a) of this section [TO THE COMMISSIONER OF REVENUE FOR
15 DEPOSIT] in the power project revolving [STATE GENERAL] fund except
16 for money it has pledged or otherwise covenanted to secure bonds.

17 * Sec. 18. AS 44.83.425(3) is amended to read:

18 (3) "fund" means the power project revolving [DEVELOPMENT]
19 fund established by AS 44.83.170 [AS 44.83.382];

20 * Sec. 19. To be consistent with the change made by sec. 4 of this Act,
21 wherever in the Alaska Statutes and in regulations adopted under those
22 statutes "power project fund" is used, it shall be read as referring to the
23 power project revolving fund. Under AS 01.05.031 the revisor of statutes
24 shall implement this section in the statutes, and, under AS 44.62.125(b)-
25 (6), the regulations attorney shall implement this section in the adminis-
26 trative regulations.

27 * Sec. 20. AS 37.05.153; AS 44.25.020(5); AS 44.33.600, 44.33.610,
28 44.33.620(a), 44.33.620(d); AS 44.83.162(o)(6), 44.83.382, 44.83.386, and
29 44.83.388(b) are repealed.

1 * Sec. 21. Obligations, encumbrances, and expenditures incurred against
2 funds amended or repealed by this Act are considered obligations, encum-
3 brances, and expenditures of the power project revolving fund (AS 44.83.-
4 170).

5 * Sec. 22. Sections 2 - 6, and 10 - 21 of this Act take effect July 1,
6 1987, if an Act transferring appropriations for energy programs to the
7 power project revolving fund and making appropriations to the power project
8 revolving fund is enacted on or before July 1, 1987.

9 * Sec. 23. Sections 1 and 7 - 9 of this Act take effect immediately
10 under AS 01.10.070(c).
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Senator John B. (Jack) Coghill
Alaska State Legislature

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Juneau, Alaska 99811
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Box 55028
North Pole, Alaska 99705
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April 21, 1987

MEMORANDUM

To: Members of the Senate Finance Committee
From: Senator Coghill
Re: CSSB 206

CSSB 206 makes pertinent changes to existing law relating to the Alaska Power Authority.

Section 1 amends AS 44.83.092 by adding a new subsection (b) which recognizes the project management committee being established by the power sale agreements. The purpose is to allay the concerns of the bond buyers as to the exact function and authority of these committees.

Section 2 amends AS 44.83.170 by adding a new subsection (i) setting up a loan advisory committee, composed of Railbelt utilities, to review all loan applications for Railbelt-energy related projects and advise APA of their recommendations. The purpose is to obtain Railbelt utility input on pertinent loans.

Section 3 amends the Power Project Fund statutes (AS 44.83.170) by adding a new section, AS 44.83.172, which will allow APA to issue revenue bonds secured by the loan repayments and moral obligation of the State. This APA loan program has been a success and currently has 23 outstanding loans valued at \$30,239,000, with a zero delinquency or default rate. The interest rate is set by APA but cannot be less than 5%. In the past, the loan funds have come from General Fund appropriations. These appropriations are expected to be severely curtailed or eliminated. In short, the borrower would have access to loan funds obtained from revenue bonds at market rates not available to individual small borrowers.

Section 4 amends AS 44.83.187(d) by eliminating the applicability of AS 44.83.177-44.83.185 to electrical transmission or distribution facilities. Present statutes are somewhat ambiguous as evidenced by opposing legal opinions from the AG and LAA Legal Services. While the transmission line projects are different from power generation projects, they would still have to comply with the APA's project approval process policy.

EXISTING FUNDS

5/7/81

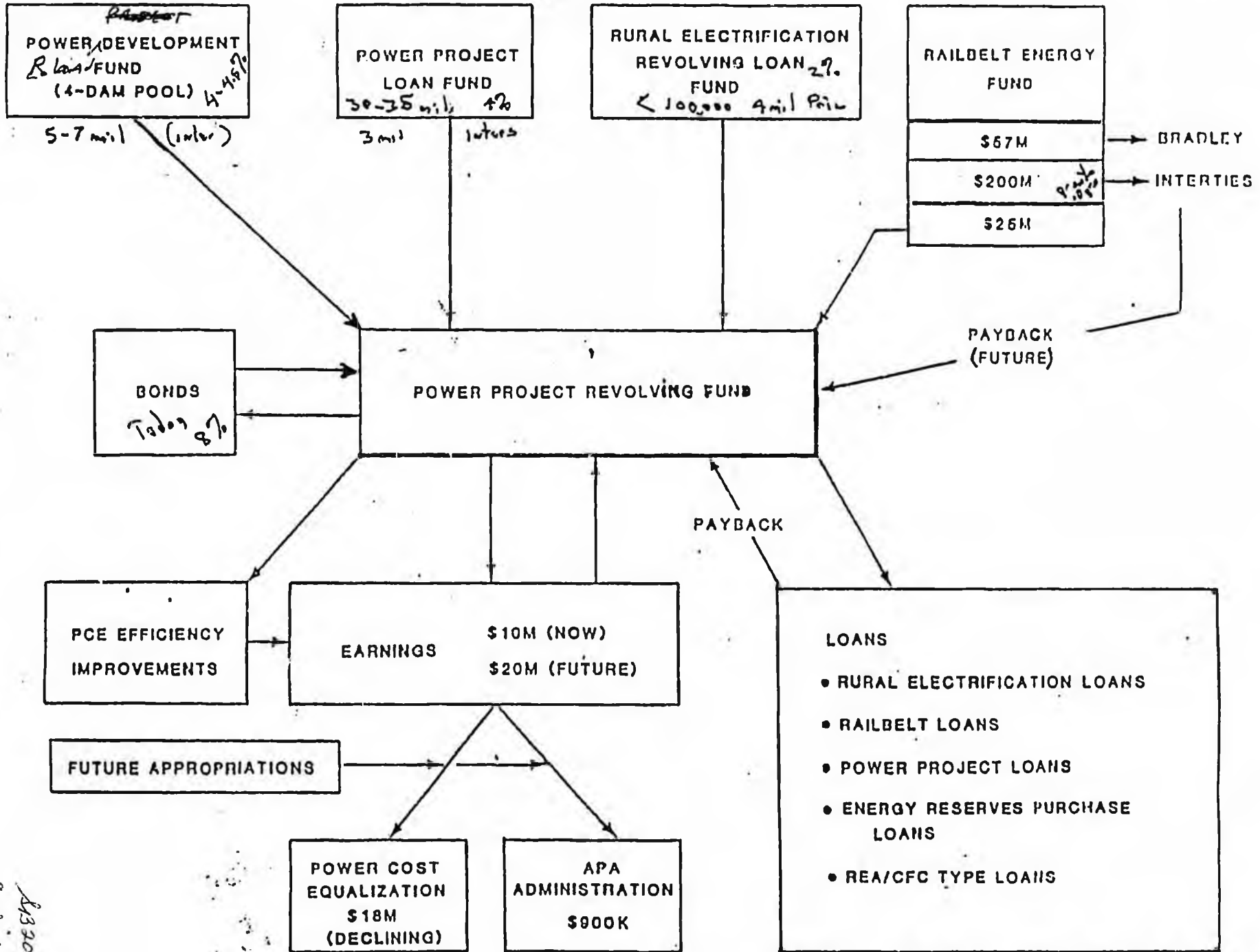
TITLE OF FUND	MANAGED BY	STATUTE	TYPE	PURPOSE	FUNDING SOURCES
POWER DEVELOPMENT REVOLVING LOAN FUND P D R L F	DC&ED	44.33.600	LOANS	LOANS TO APA FOR POWER PROJECTS UNDER ENERGY PROGRAM FOR ALASKA AS PER 44.83.380 - .425	- APPROPRIATIONS FROM LEGISLATURE - REPAYMENTS OF PRINCIPAL TO FUND - INTEREST ON LOANS FROM FUND - EARNINGS OF FUND
POWER PROJECT FUND P P F	APA	44.83.170	LOANS	LOANS TO UTILITIES, MUNICIPALITIES, REGIONAL & VILLAGE CORPORATIONS, & VILLAGE COUNCILS FOR STUDY, DESIGN, PERMITTING AND CONSTRUCTION OF POWER PROJECTS OR POTABLE WATER AS NOTED IN 44.83.170	- APPROPRIATIONS FROM LEGISLATURE (LOAN REPAYMENTS & INTEREST EARNED FROM LOANS GOES TO G.F.) - (MIN. INTEREST RATE IS 5%)
POWER DEVELOPMENT FUND P D F	APA	44.83.382	GRANTS	CARRY OUT PURPOSES OF ENERGY PROGRAM FOR ALASKA PER 44.83.380 - .425 I.E. TO STUDY, DESIGN, LICENSE AND OPERATE POWER PROJECTS. INCLUDES FINANCING/BONDING OF POWER PROJECTS.	- APPROPRIATIONS FROM LEGISLATURE - REVENUE BONDS
RURAL ELECTRIFICATION REVOLVING LOAN FUND R E R L F	APA	44.83.361	LOANS	TO EXTEND NEW ELECTRICAL SERVICE AS LONG AS IMMEDIATE SERVICE IS PROVIDED TO AT LEAST 3 CONSUMERS. UTILITIES MUST BE CERTIFIED BY APUC.	- APPROPRIATIONS FROM LEGISLATURE - REPAYMENTS OF PRINCIPAL TO FUND (INTEREST RATE IS 2%)
POWER COST EQUILIZATION FUND	APA	44.83.162	GRANTS	TO EQUILIBRE POWER COSTS EQUAL TO MEAN OF COSTS IN ANCHORAGE, JUNEAU & FAIRBANKS	- APPROPRIATIONS FROM LEGISLATURE
RAILBELT ENERGY FUND R E F	DOR LEGISLATURE	CH 29 SLA 86 (HB 699)	LOANS OR GRANTS	TO FINANCE ENERGY PROJECTS IN THE RAILBELT	APPROPRIATION FROM THE LEGISLATURE
<u>PROPOSED FUND</u>					
POWER PROJECT REVOLVING FUND P P R F	APA	44.83.170	LOANS & GRANTS	TO FUND/FINANCE ALL OF THE ABOVE	- APPROPRIATIONS FROM LEGISLATURE TO INCLUDE INTEREST ON LOANS AND EARNINGS OF THE FUND - REPAYMENTS OF PRINCIPAL TO FUND - REVENUE BONDS

APA LOAN PROGRAMS--PROJECTS FUNDED (Prepared 09-Mar-87)

5B206

Loan Date	House Dist	Borrower	Original Amount	Interest Rate (%)	Purpose	Princ. Bal. @ 6/30/86	Est. FY87 Income	Avg. Fund Return
POWER PROJECT FUND LOANS:								
4/78	04	AEL&P (Juneau)	500,000	6.50	Automate Annex Creek hydro	313,000	20,345	
8/80	26	City of King Cove	200,000	7.00	Acquire 2 300 kw generators	173,256	12,128	
10/80	26	INNEC (Iliamna area)	300,000	8.60	Initial electrification	374,350	32,194	
10/80	04	AEL&P (Juneau)	1,000,000	8.60	Substation & 69 kv trans line	947,227	81,462	
8/81	25	Bethel Cogen. Util.	1,000,000	5-11	Construct waste heat system	835,000	41,750	
12/81	04	AEL&P (Juneau)	2,300,000	11.80	Upgrade trans & dist system	2,170,238	256,088	
8/82	04	AEL&P (Juneau)	1,700,000	13.23	Upgrade trans & dist system	1,633,411	216,100	
8/83	04	AEL&P (Juneau)	1,000,000	9.95	Upgrade Lwr Salm Crk hydro	990,500	98,555	
8/83	04	AEL&P (Juneau)	2,000,000	9.29	Upgrade trans & dist system	1,900,992	176,602	
4/84	04	AEL&P (Juneau)	500,000	9.95	Upgrade Lwr Salm Crk hydro	497,290	49,480	
4/84	04	AEL&P (Juneau)	2,000,000	9.95	Upgrade trans & dist system	1,989,158	197,921	
4/84	04	AEL&P (Juneau)	2,000,000	9.29	Upgrade trans & dist system	1,943,310	180,533	
8/85	24	Tanana Power Co.	130,000	9.55	Finance new powerhouse	127,672	12,193	
9/85	26	G&K Inc. (Cold Bay)	1,283,836	9.80	Upgrade system-phase 1	800,000	78,400	
8/85	26	Levelock Elect. Coop.	30,000	8.90	Acquire new diesel generator	29,039	2,584	
11/85	24	Middle Kusk. Elec. Coop.	250,000	5.00	Initial electrif (Red Devil)	128,890	6,445	
8/86	26	City of King Cove	120,000	7.95	Acquire new diesel generator	120,000	9,540	
9/86	26	City of Clarks Point	177,000	7.50	Initial electrification	0		
*/86	26	G&K Inc. (Cold Bay)	1,000,000	*	Upgrade system-phases 2 & 3	0		
9/86	06	Chitina Electric, Inc.	101,500	7.65	Complete constr. of mini-hydro	0		
*/87	06	Cordova Elec. Coop.	1,950,000	*	Desg & Constr Humpback Crk Hydro	0		
*/37	24	City of Galena	1,350,000	7.71	Expansion to serve Air Force	0		
*/87	25	Kwig Power Company	25,000	5.00	Acquire new diesel generator	0		
			20,917,336			14,973,333	1,472,321	9.83%
RURAL ELECTRIFICATION REVOLVING LOAN FUND:								
7/82	26	INNEC (Iliamna area)	1,340,000	2.00	Initial electrification	1,340,000	26,800	
1/83	26	Andreanof Elec. Co.	200,000	2.00	Initial electrif (Atka)	143,828	2,877	
7/83	26	INNEC (Iliamna area)	230,202	2.00	Initial electrification	210,942	4,219	
10/83	26	Egegik Light & Power	130,000	2.00	Cnct 12 new homes(& 36 future)	130,000	2,600	
11/83	02	Yakutat Power, Inc.	134,000	2.00	ASHA subdivision extension	49,611	992	
1/84	26	City of Unalaska	250,000	2.00	Cnct harbor, dock & airport	250,000	5,000	
1/84	26	City of Unalaska	1,560,486	2.00	Feeder-cnct Unak. & Amknk.Ph's	1,560,486	31,210	
7/84	26	Egegik Light & Power	83,830	2.00	Phase 2 of 1983 project (above)	83,830	1,677	
7/85	26	City of Saint Paul	687,285	2.00	ElranHgts,wndfr,USCG,arprt;Dock	61,811	1,236	
9/86	26	City of Clarks Point	250,000	2.00	Initial electrification	0		
*/87	19	BVEA (Fairbanks)	90,000	2.00	Tungsten Subdivision extension	0		
			4,955,803			3,830,508	76,610	2.00%
GOVERNOR'S DISASTER FUND LOANS:								
8/84	26	G&K, Inc. (Cold Bay)	500,000	6.00	repl gen's destroyed by fire	500,000	30,000	
3/86	24	Venetie Village Council	50,000	5.00	repl gen lost to mjr break-down	45,000	2,250	
2/87	24	Venetie Village Council	65,000	5.00	repi gen's destroyed by fire	0		
			615,000			545,000	32,250	5.92%
LOANS AUTHORIZED BY SPECIFIC APPROPRIATION:								
3/81	04	AEL&P (Juneau)	200,000	7.00	Automate Upr Salm Crk Ph	179,367	12,556	
8/82	03	City of Sitka	15,000,000	4.00	Finance Green Lake Hydro	14,369,095	574,764	
11/85	19	Far North Util.(Central)	200,000	9.05	Initial electrification	163,431	14,791	
			15,400,000			14,711,893	602,110	4.09%
Total Loans Administered			41,888,139			34,060,734	2,183,291	6.41%

* loan approved by Board, agreement not yet completed



89306
 Log Hill
 5/1/87

Energy Policy Task Force: on PEEP
 6-10

Commerce

~~PDRLF~~
 POWER DEVELOPMENT
 REVOLVING LOAN FUND
 44.83.600 - .630
 IN COMMERCE
 -4 Dam Pool - Loan Fund -

(5-8 million - % income)
 400 million in Loans

- APA -

~~PPT~~
 POWER PROJECT FUND
 44.83.170 M
 IN APA
 Loan - UTILITIES - All Projects
 Const. Fund

To UTILITIES Projects
 32 million - Loans
 3 million % income

- APA -

~~PDF~~
 POWER DEVELOPMENT
 FUND
 44.83.382 - .392
 IN APA from
 PASS THRU leg 4

Inhouse APA Projects

APA

~~RERLF~~
 RURAL ELECTRIFICATION
 REVOLVING LOAN FUND
 44.83.361 - .363
 IN APA

To Utilities for Service
 4 million in Loans -
 100 thousand % income

- APA -

~~PEEF~~
 POWER COST
 EQUALIZATION FUND
 44.83.162 - .165
 IN APA

PASS THRU

- Rev -

REF
 RAILBELT ENERGY
 FUND Ch 29 S.A 86
 (HD 693)

(New Fund
 By SB 206 -)

PPRF
 POWER PROJECT REVOLVING FUND
 44.83.170
 IN APA

30 million income

Original sponsors: Coghill and Faiks

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 206 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH 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 44.83.092 is amended by adding a new subsection to
10 read:

11 (b) A contract that the authority enters into under (a) of this
12 section relating to the sale of electric power from a power project to
13 be acquired or constructed under AS 44.83.380 - 44.83.425 (energy
14 program for Alaska) may create a project management committee. The
15 committee shall consist of representatives of the contracting parties
16 as specified in the contract. The contract shall determine the powers
17 of the committee with respect to the power project. The powers may
18 include responsibility for the management, operation, and maintenance
19 of the project. To the extent provided in the contract, the committee
20 has separate legal existence and other powers necessary to its pur-
21 poses.

22 * Sec. 2. AS 44.83.170 is amended by adding a new subsection to read:

23 (i) The Railbelt advisory committee, composed of one member from
24 each electric utility in the Railbelt, is established. The authority
25 may not make a loan under this section for an energy-related project
26 that is located in the Railbelt until the Railbelt advisory committee
27 has had an opportunity to review the loan application. The authority
28 shall consider the written comments and recommendations of the commit-
29 tee before acting on the loan application.

1 * Sec. 3. AS 44.83 is amended by adding a new section to read:

2 Sec. 44.83.172. POWER PROJECT BONDS. (a) The authority may
3 borrow money and issue bonds to make or refinance loans from the power
4 project fund for the acquisition or construction of power projects
5 under AS 44.83.170(b)(1). Loans made or refinanced with the proceeds
6 of bonds authorized by this section are subject to AS 44.83.170(a) -
7 (e). However, the authority may not issue bonds to make or refinance
8 a loan entered into under a leveraged lease financing arrangement.
9 The authority may issue bonds if the borrower is an entity that may
10 borrow from the fund under AS 44.83.170.

11 (b) With respect to loans made or refinanced with the proceeds
12 of bonds, the authority may pledge the principal and interest received
13 from the loan repayments and the interest earned on those amounts in
14 the power project fund for bonds issued under this section. Notwith-
15 standing AS 44.83.170(g), if the authority pledges these amounts, they
16 may not be deposited into the general fund.

17 (c) The authority may notify the head of a department or agency
18 of the state in writing that a municipality is in default on the
19 repayment of principal or interest on loans made or refinanced with
20 the proceeds of bonds issued under this section. Notwithstanding any
21 other provision of law, to the extent that a department or agency of
22 the state is the custodian of money payable to the municipality, the
23 department or agency shall withhold payment of the money from the
24 municipality and pay over the money to the authority to pay principal
25 and interest on bonds of the authority issued under this section.

26 * Sec. 4. AS 44.83.187(d) is amended to read:

27 (d) The provisions of AS 44.83.177 - 44.83.185 do not apply to
28 (1) an addition, modification, repair, reconstruction,
29 design, acquisition or construction for the purpose of completing a

1 project;

2 (2) the construction of an electrical transmission or dis-
3 tribution facility [THAT IS ESTIMATED TO COST LESS THAN \$3,000,000].

4 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

Original sponsors: Coghill and Faiks

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 206 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH 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."

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13 be acquired or constructed under AS 44.83.380 - 44.83.425 (energy
14 program for Alaska) may create a project management committee. The
15 committee shall consist of representatives of the contracting parties
16 as specified in the contract. The contract shall determine the powers
17 of the committee with respect to the power project. The powers may
18 include responsibility for the management, operation, and maintenance
19 of the project. To the extent provided in the contract, the committee
20 has separate legal existence and other powers necessary to its pur-
21 poses.

22 * Sec. 2. AS 44.83.105 is amended to read:

23 Sec. 44.83.105. BONDS FOR POWER PROJECTS UNDER THE ENERGY PRO-
24 GRAM FOR ALASKA. The authority may borrow money and issue its bonds
25 for the acquisition or construction of power projects to be acquired
26 or constructed under the energy program for Alaska. The principal of
27 and interest on the bonds are payable from money derived from the sale
28 of wholesale power from power projects financed under AS 44.83.380 -
29 44.83.425 as part of the energy program for Alaska [FROM THE POWER

1 DEVELOPMENT FUND] or from a source referred to in AS 44.83.100 as the
2 authority determines. The bonds may be issued if

3 (1) money available from appropriations to the power proj-
4 ect revolving fund for the energy program for Alaska [DEVELOPMENT
5 FUND] for the power project is [ARE] insufficient to cover the cost of
6 acquiring or constructing the power project; and

7 (2) the authority determines that the amount of interest
8 the authority will pay on its bonds is not more than alternative costs
9 of securing money from other sources, except for the general fund, to
10 pay for the acquisition or construction of the power project.

11 * Sec. 3. AS 44.83.162(a) is amended to read:

12 (a) The power cost equalization program [FUND] is established
13 [AS A SEPARATE FUND] for the purpose of equalizing power cost per
14 kilowatt-hour statewide at a cost close or equal to the mean of the
15 cost per kilowatt-hour in Anchorage, Fairbanks, and Juneau [BY PAYING
16 MONEY FROM THE FUND TO ELIGIBLE ELECTRIC UTILITIES IN THE STATE]. The
17 program [FUND] shall be administered by the authority [AS A FUND
18 DISTINCT FROM THE OTHER FUNDS OF THE AUTHORITY. THE FUND IS COMPOSED
19 OF MONEY APPROPRIATED FOR THE PURPOSE OF PROVIDING POWER COST
20 EQUALIZATION TO ELIGIBLE ELECTRIC UTILITIES].

21 * Sec. 4. AS 44.83.170(a) is amended to read:

22 (a) There is established as a separate fund the power project
23 revolving fund which shall be distinct from any other money or funds
24 of the authority, and which includes [ONLY] money appropriated by the
25 legislature and the portion of loan repayments from loans made from
26 the fund that is attributable to principal.

27 * Sec. 5. AS 44.83.170(b) is amended to read:

28 (b) The authority may make loans from the power project revolv-
29 ing fund from money available by appropriation or from the repayment

1 of principal

2 (1) to electric utilities, regional electric authorities,
3 municipalities, cities, boroughs, regional and village corporations,
4 village councils, school districts, regional educational attendance
5 areas, and nonprofit marketing cooperatives to pay the costs of

6 (A) reconnaissance studies, feasibility studies,
7 license and permit applications, preconstruction engineering, and
8 design of power projects;

9 (B) constructing, equipping, modifying, improving, and
10 expanding [SMALL-SCALE] power production facilities, conservation
11 facilities, bulk fuel storage facilities, and transmission and
12 distribution facilities, including energy production, trans-
13 mission and distribution, and waste energy conservation facili-
14 ties which depend on fossil fuel, wind power, tidal, geothermal,
15 biomass, hydroelectric, solar or other nonnuclear [NON-NUCLEAR]
16 energy sources; [AND]

17 (C) reconnaissance studies, preconstruction engineer-
18 ing, design, construction, equipping, modification, and expansion
19 of potable water supply including surface storage and groundwater
20 sources and transmission of water from surface storage to exist-
21 ing distribution systems;

22 (D) acquisitions of bulk fuel or proven reserves of
23 gas, oil, coal, geothermal, or other energy resources; and

24 (E) consumer end-use improvements to reduce demand for
25 energy;

26 (2) to a borrower for a power project if

27 (A) the loan is entered into under a leveraged lease
28 financing arrangement;

29 (B) the party which will be responsible for the power

1 project is an electric utility, regional electric authority,
2 municipality, city, borough, regional or village corporation,
3 village council, school districts, regional educational atten-
4 dance areas, or nonprofit marketing cooperative; and

5 (C) the borrower seeking the loan demonstrates to the
6 authority that the financing arrangement for the power project
7 will reduce project financing costs below costs of comparable
8 public power projects;

9 (3) to fund a project or activity under this chapter.

10 * Sec. 6. AS 44.83.170(g) is repealed and reenacted to read:

11 (g) The authority shall deposit in the power project revolving
12 fund the principal and interest portions of loan repayments and any
13 earnings on the balance in the fund. The authority may make new loans
14 to be financed from the principal portions of loan repayments. The
15 authority may not encumber or spend the interest portions of loan
16 repayments or earnings on the balance in the fund except as authorized
17 by legislative appropriation or as specifically provided in this
18 chapter.

19 * Sec. 7. AS 44.83.170 is amended by adding new subsections to read:

20 (i) The Railbelt advisory committee, composed of one member from
21 each electric utility in the Railbelt, is established. The authority
22 may not make a loan under this section for an energy-related project
23 that is located in the Railbelt until the Railbelt advisory committee
24 has had an opportunity to review the loan application. The authority
25 shall consider the written comments and recommendations of the commit-
26 tee before acting on the loan application.

27 (j) The authority shall submit an annual report to the legisla-
28 ture by the 10th day of the legislative session. The report shall
29 make recommendations concerning the allocation of funds in the power

1 project revolving fund. The first priority for use of the unre-
2 stricted funds shall be to fully fund the power cost equalization
3 program under AS 44.83.162.

4 * Sec. 8. AS 44.83 is amended by adding a new section to read:

5 Sec. 44.83.172. POWER PROJECT BONDS. (a) The authority may
6 borrow money and issue bonds to make or refinance loans from the power
7 project revolving fund for a revenue producing program, activity, or
8 project authorized under the power project revolving fund. However,
9 the authority may not issue bonds to make or refinance a loan entered
10 into under a leveraged lease financing arrangement.

11 (b) Loans made or refinanced with the proceeds of bonds authori-
12 zed by this section for projects under AS 44.83.170(b) are subject to
13 AS 44.83.170(a) - (e).

14 (c) With respect to loans made or refinanced with the proceeds
15 of bonds, the authority may pledge the principal and interest received
16 from the loan repayments and the interest earned on those amounts in
17 the power project revolving fund for bonds issued under this section.

18 (d) The authority may notify the head of a department or agency
19 of the state in writing that a borrower is in default on the repayment
20 of principal or interest on loans made or refinanced with the proceeds
21 of bonds issued under this section. Notwithstanding any other pro-
22 vision of law, to the extent that a department or agency of the state
23 is the custodian of money payable to the borrower, the department or
24 agency shall withhold payment of the money from the borrower and pay
25 over the money to the authority to pay principal and interest on bonds
26 of the authority issued under this section.

27 * Sec. 9. AS 44.83.187(d) is amended to read:

28 (d) The provisions of AS 44.83.177 - 44.83.185 do not apply to
29 (1) an addition, modification, repair, reconstruction,

1 design, acquisition or construction for the purpose of completing a
2 project;

3 (2) the construction of an electrical transmission or dis-
4 tribution facility [THAT IS ESTIMATED TO COST LESS THAN \$3,000,000].

5 * Sec. 10. AS 44.83.361(a) is amended to read:

6 (a) The rural electrification program [REVOLVING LOAN FUND] is
7 established in the Alaska Power Authority. [THE FUND CONSISTS OF

8 (1) APPROPRIATIONS MADE TO THE FUND; AND

9 (2) PRINCIPAL PAYMENTS ON LOANS MADE UNDER THIS SECTION.]

10 * Sec. 11. AS 44.83.361(b) is amended to read:

11 (b) The authority may make loans from the power project revolv-
12 ing fund under AS 44.83.170 for the rural electrification program
13 [REVOLVING LOAN FUND] to electric utilities certified by the Alaska
14 Public Utilities Commission. A loan under the program [FROM THE FUND]
15 may be made only for the purpose of extending new electric service
16 into an area of the state that an electric utility may serve under a
17 certificate of public convenience and necessity issued by the Alaska
18 Public Utilities Commission. A loan may be made under the program
19 [FROM THE FUND] to an electric utility if the utility invests the
20 money necessary to provide one pole, one span of line, one trans-
21 former, and one service drop for each consumer for whom immediate
22 service would be provided by the extension of electric service.
23 Applications for loans to extend service along state roads or highways
24 shall be given priority for up to one-half of the funds available for
25 loans under this section. However, a loan may not be made [FROM THE
26 FUND] unless

27 (1) the loan is recommended by a loan advisory committee
28 appointed under AS 44.83.363; and

29 (2) the extension of electric service would provide

1 immediate service to at least three consumers.

2 * Sec. 12. AS 44.83.361(c) is amended to read:

3 (c) A loan under [FROM] the rural electrification program [RE-
4 VOLVING LOAN FUND] shall bear an annual rate of interest of two per-
5 cent of the unpaid balance of the loan. Loan repayments and interest
6 [INTEREST] received on a loan made under this section shall be de-
7 posited [MUST BE TRANSFERRED MONTHLY TO THE COMMISSIONER OF REVENUE
8 FOR DEPOSIT] in the power project revolving [GENERAL] fund under
9 AS 44.83.170(g). The authority may forgive the unpaid balance remain-
10 ing on a loan made under this section after 20 years.

11 * Sec. 13. AS 44.83.361(e) is amended to read:

12 (e) The authority shall

13 (1) adopt regulations necessary to carry out the provisions
14 of this section;

15 (2) administer the rural electrification program [REVOLVING
16 LOAN FUND]; and

17 (3) submit to the legislature within the first 10 days of
18 each regular legislative session a report of actions taken by the
19 authority under this section and an accounting of the rural electri-
20 fication program [REVOLVING LOAN FUND].

21 * Sec. 14. AS 44.83.363 is amended to read:

22 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application
23 for a rural electrification loan is submitted to the authority under
24 AS 44.83.361, the authority shall appoint a local advisory committee
25 from persons residing in the area that the applicant utility is certi-
26 fied to serve. The loan advisory committee shall consider the loan
27 application, and shall recommend whether the loan application is to be
28 approved or disapproved. A favorable recommendation from the loan
29 advisory committee shall be based on a determination that development

1 in the area of the proposed extension of electric service is likely to
2 provide for full repayment of the loan under AS 44.83.361(d) within 20
3 [10] years. In making that determination the committee shall consider

4 (1) permanence of the premises to be served by the exten-
5 sion;

6 (2) land use patterns in the area;

7 (3) access for the line that would be installed with loan
8 proceeds;

9 (4) availability of other utility service in the area; and

10 (5) the financial [ECONOMIC] feasibility of the extension
11 of electric service with the proceeds of the loan.

12 * Sec. 15. AS 44.83.380(b) is amended to read:

13 (b) The energy program for Alaska is a program by which the
14 authority may acquire or construct power projects with money appropri-
15 ated by the legislature to the power project revolving fund under
16 AS 44.83.170 for power development [FUND ESTABLISHED IN AS 44.83.382].
17 A power project may be acquired or constructed as part of the energy
18 program for Alaska only if the project is submitted to and approved by
19 the legislature in accordance with procedures set out in AS 44.83.-
20 177 - 44.83.187.

21 * Sec. 16. AS 44.83.384 is amended to read:

22 Sec. 44.83.384. USE OF FUND FOR ENERGY PROGRAM [BALANCE]. (a)
23 The authority may use money in the power project revolving fund under
24 the energy program for Alaska [FUND MAY BE USED BY THE AUTHORITY TO
25 PROVIDE MONEY] for

26 (1) reconnaissance and feasibility studies and power proj-
27 ect finance plans prepared under AS 44.83.177 - 44.83.181;

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

1 designs, obtaining land, and constructing the power project;

2 (3) the defeasance of bonds, or the payment of debt service
3 on loans for or on an issue of bonds sold in connection with a power
4 project;

5 (4) the cost of operating and maintaining power projects;
6 and

7 (5) debt service on power projects.

8 (b) In addition to the purposes authorized by (a) of this sec-
9 tion, the authority may use money in the fund [MAY BE USED UNDER (a)
10 OF THIS SECTION ONLY] for a power project under the energy program for
11 Alaska if the project [THAT]

12 (1) is economically feasible; and

13 (2) provides the lowest reasonable power cost to utility
14 customers in the market area for the estimated life of the power
15 project, whether operated by itself or in conjunction with other power
16 projects in the market area, and [THAT] operates or will operate on
17 one or more of the following:

18 (A) renewable energy resources, including but not
19 limited to hydroelectric power, wind, biomass, geothermal, tidal
20 or solar energy, or a method that uses temperature differentials
21 or other physical properties of the ocean;

22 (B) coal or peat;

23 (C) energy derived from waste heat; or

24 (D) fossil fuel, including oil or natural gas.

25 (c) Notwithstanding (b)(1) of this section and AS 44.83.396 -
26 44.83.398, the fund may be used by the authority to provide money for
27 the cost of a power project under the energy program for Alaska that
28 is or was either constructed or owned by the United States government
29 if the requirements of this subsection are met. The provisions of

1 AS 44.83.177 - 44.83.187 do not apply to a power project financed
2 under this subsection. The authority may use money in the fund for
3 the cost of a power project under this subsection if

4 (1) the legislature enacts a law approving the project;

5 (2) the office of management and budget in the Office of
6 the Governor reviews a feasibility study and a plan of finance for the
7 project and determines that the feasibility study complies with the
8 requirements for a feasibility study submitted under AS 44.83.181(b)
9 and that the plan of finance complies with the requirements for a plan
10 of finance submitted under AS 44.83.181(c); and

11 (3) the project meets the other requirements of this chap-
12 ter.

13 * Sec. 17. AS 44.83.398(c) is amended to read:

14 (c) The authority shall deposit [TRANSMIT ALL THE] money that it
15 receives under (a) of this section [TO THE COMMISSIONER OF REVENUE FOR
16 DEPOSIT] in the power project revolving [STATE GENERAL] fund except
17 for money it has pledged or otherwise covenanted to secure bonds.

18 * Sec. 18. AS 44.83.425(3) is amended to read:

19 (3) "fund" means the power project revolving [DEVELOPMENT]
20 fund established by AS 44.83.170 [AS 44.83.382];

21 * Sec. 19. To be consistent with the change made by sec. 4 of this Act,
22 wherever in the Alaska Statutes and in regulations adopted under those
23 statutes "power project fund" is used, it shall be read as referring to the
24 power project revolving fund. Under AS 01.05.031 the revisor of statutes
25 shall implement this section in the statutes, and, under AS 44.62.125(b)-
26 (6), the regulations attorney shall implement this section in the adminis-
27 trative regulations.

28 * Sec. 20. AS 37.05.153; AS 44.25.020(5); AS 44.33.600, 44.33.610,
29 44.33.620(a), 44.33.620(d); AS 44.83.162(o)(6), 44.83.382, 44.83.386, and

1 44.83.388(b) are repealed.

2 * Sec. 21. Obligations, encumbrances, and expenditures incurred against
3 funds amended or repealed by this Act are considered obligations, encum-
4 brances, and expenditures of the power project revolving fund (AS 44.83.-
5 170).

6 * Sec. 22. Sections 2 - 6, and 10 - 21 of this Act take effect July 1,
7 1987, if an Act transferring appropriations for energy programs to the
8 power project revolving fund and making appropriations to the power project
9 revolving fund is enacted on or before July 1, 1987.

10 * Sec. 23. Sections 1 and 7 - 9 of this Act take effect immediately
11 under AS 01.10.070(c).

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SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

3/23/87
Mr. President:

DATE TURNED INTO OFFICE 4/14/87

RESOURCES Committee considered SB 206

Alaska Power Authority; efd.

and recommended:

[X] replace with CS SB 206 (res) [X] same title
[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

[X] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee [X] attached or [] adopted fiscal note(s)
[] zero [X] fiscal impact

MEMBERS SIGNING DO PASS

Handwritten signatures

OTHER RECOMMENDATIONS

Handwritten: No Rec

Handwritten signature
Chairman signature and recommendation
do pass

[] Committee Backup Attached

ALASKA POWER AUTHORITY
 FY88 RURAL ELECTRIFICATION REVOLVING LOAN FUND ANALYSIS
 MARCH 19, 1987

AVAILABLE FUNDING^(a)

Prior Year Carry-Over	\$ 1,434.1
Repaid Principal	15.0
	<u>\$ 1,449.1</u>

FUNDING REQUIREMENTS^(b)

Unfunded FY87 Loan Applications	\$ 363.9
Nome Joint Utility System (3 projects)	399.0
Thorne Bay	100.0
Coffman Cove	75.0
Kodiak Electric Association	500.0
Matanuska Electric Association	500.0
Middle Kuskokwim Electric Cooperative	125.0
Northway Power & Light	185.0
Chignik Lake	300.0
Manokotak Heights	100.0
Other Rural Areas	750.0
APA Administration	52.5
TOTAL	<u>\$ 3,450.4</u>

PROJECTED SURPLUS (SHORTFALL) \$ (2,001.3)

(a) Governor's Budget

(b) APA Request

ALASKA POWER AUTHORITY
 FY87 RURAL ELECTRIFICATION REVOLVING LOAN FUND ANALYSIS
 MARCH 19, 1987

Prior Years Carry-Forward Funding	\$ 2,264.2
FY87 Appropriations	0.0
Repaid Principal	11.1
Total Funding	<u>\$ 2,275.3</u>
Less: Funding Restriction	(1,434.1)
Net Amount Available for FY87	<u>\$ 841.2</u>
APA Administrative Costs	(15.1)
Amount Available for FY87 Loans	<u>\$ 826.1</u>

Loans Approved Through 3-19-87:

Clarks Point	(250.0)
Golden Valley Electric Association	(90.0)
Available Balance	<u>\$ 486.1</u>

PROJECTED ADDITIONAL LOAN DEMAND FOR FY87

Applications Received and In Process

Keyes Point (INNEC)	\$ 500.0
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Applications Received But Returned for
 More Information

King Cove	140.0
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Applications Expected

Saint George	60.0
Golden Valley Electric Association - Rosie Creek	150.0
Total Projected Additional FY87 Loan Demand	<u>\$ 850.0</u>

PROJECTED FY87 FUNDS SURPLUS (SHORTAGE)	<u>\$ (363.9)</u>
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1 IN THE SENATE BY COGHILL AND FAIKS

2 SENATE BILL NO. 206

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH 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 is amended by adding a new section to read:

10 Sec. 44.83.172. POWER PROJECT BONDS. (a) The authority may
11 borrow money and issue bonds to make or refinance loans from the power
12 project fund for the acquisition or construction of power projects
13 under AS 44.83.170(b)(1). Loans made or refinanced with the proceeds
14 of bonds authorized by this section are subject to AS 44.83.170(a) -
15 (e). However, the authority may not issue bonds to make or refinance
16 a loan entered into under a leveraged lease financing arrangement.
17 The authority may issue bonds if the borrower is an entity that may
18 borrow from the fund under AS 44.83.170.

19 (b) The authority may pledge the principal and interest on loan
20 repayments and the interest earned by loans from the power project
21 fund for bonds issued under this section. If the authority pledges
22 these amounts, they may not be deposited into the general fund.

23 (c) The authority may notify the head of a department or agency
24 of the state in writing that a municipality is in default on the
25 repayment of principal or interest on loans made or refinanced with
26 the proceeds of bonds issued under this section. Notwithstanding any
27 other provision of law, to the extent that a department or agency of
28 the state is the custodian of money payable to the municipality, the
29 department or agency shall withhold payment of the money from the

1 municipality and pay over the money to the authority to pay principal
2 and interest on bonds of the authority issued under this section.

3 * Sec. 2. AS 44.83.187(d) is amended to read:

4 (d) The provisions of AS 44.83.177 - 44.83.185 do not apply to
5 (1) an addition, modification, repair, reconstruction,
6 design, acquisition or construction for the purpose of completing a
7 project;

8 (2) the construction of an electrical transmission or dis-
9 tribution facility [THAT IS ESTIMATED TO COST LESS THAN \$3,000,000].

10 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).