

**S B**

**130**

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2/3/89  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER FIN

\*\*FISCAL NOTE(S) MUST BE ATTACHED  
IN ACCORDANCE WITH AS 24.08.035

1/20/89

DATE TURNED INTO OFFICE 2/23/89

Mr. President:

L&C

Committee considered SB 130

special appropriation to the Alaska Power Authority for Bradley Lake Intertie; efd

and recommended:

- replace with CS SB 130 (L+C)  same title
- attached amendment(s) and  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S) attached  zero  
 appropriation no FN attached

fiscal impact  
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures]*

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*[Handwritten signature]* no rec.  
Chairman signature and recommendation

Committee backup attached

**International Brotherhood of Electrical Workers**  
Local 1547

2702 DENALI STREET  
ANCHORAGE, ALASKA 99503-2779

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(907) 272-6571

DISPATCH  
(907) 276-1547

GARY BROOKS  
BUSINESS MANAGER • FINANCIAL SECRETARY

JOSEPH HODGE  
PRESIDENT



February 8, 1989

Mr. Dick Eliason  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Eliason:

As the next legislative session begins, I would like to wish you success in achieving the goals you have set for yourself and your constituents. I would also like to enlist your support on three issues about which the International Brotherhood of Electrical Workers, Local Union 1547 ("IBEW") is particularly concerned.

It is our hope to see this session end with an appropriation from the Railbelt Energy Fund sufficient to upgrade the Anchorage to Kenai Peninsula intertie. Not only is such an appropriation fundamental to the maintenance of reliable electrical service to the residents of the Railbelt but appropriating those funds now will also generate a much needed source of employment.

The same kind of goal can be achieved through the successful appropriation of funds for construction of a court house in Anchorage. I believe that such an expansion is essential if Alaska is to continue to provide the quality of judicial services that we have enjoyed in the past but also if we are to keep up with the ever-increasing demands made upon those services in the future. A second benefit will result from this appropriation. An appropriation of funds for construction of the court house will also provide another much needed source of employment.

I would hope you would at least consider that we may well have come to a point where our "rainy day" funds should be appropriated even if in small part, to support general government. I am convinced that, as long as the permanent fund corpus remains intact and is sufficiently inflation-proof, there is no reason not to spend some portion of the undistributed earnings.

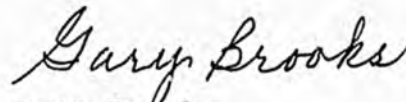
February 8, 1989

I am sensitive, however, to the complexity of these issues and to the enormous amount of work that will be involved to fully explore their consequences prior to any actual appropriation. Knowing that IBEW would like to help in any way we can, I would ask that you contact IBEW's Business Representative and lifelong Juneau resident, Mr. Tom Cashen, if you need any assistance or further information with respect to the issues I have identified above.

My best wishes for a very productive 1989 session.

Very truly yours,

IBEW LOCAL UNION 1547



Gary Brooks  
Business Manager

GB:cd

# Senator Rick Uehling

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Downtown, Elmendorf, Northeast Anchorage

MEMORANDUM



Co-Chairman, Senate Finance Committee  
International Trade & Tourism Committee  
State Affairs Committee

To: Senator Dick Elason  
Chairman, Senate Labor and Commerce

From: Senator Rick Uehling  
Co-Chairman, Senate Finance

A handwritten signature in black ink, appearing to read "Rick Uehling", written over the printed name in the "From:" field.

Subject: Backup Material for SB 130

Date: February 8, 1989

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Please include the attached backup materials in your committee files.

Thank you.

Attachments:

- 1) Preliminary Cost Estimate for the Southern Intertie  
-APA Description
  
- 2) Alaska Rural Electric Cooperative Association Position  
-Hutchens Article  
-Position Paper
  
- 3) Matanuska Electric Association Position  
-Letter to Sen. Uehling
  
- 4) Chugach Electric Association Position  
-Letter to Sen. Uehling  
-Manager's Message from David Highers

## Section 2

### OVERVIEW OF STUDY ELEMENTS<sup>1</sup>

(Inputs and Assumptions Developed by APA and Contractors  
Other than Decision Focus Incorporated)

#### 2.1 PRELIMINARY DESIGN AND COST ESTIMATE OF NEW LINE BETWEEN ANCHORAGE AND THE KENAI PENINSULA (Contractor: Power Engineers, Inc.) Status: Complete

Two routes have been identified:

1. "Enstar" route, which follows an existing natural gas pipeline through the Kenai National Wildlife Refuge followed by a submarine crossing of Turnagain Arm into Anchorage. The capital cost is estimated at \$79.0 million (in 1987 dollars). Annual operations and maintenance cost is estimated at 1.5 percent of capital cost, or \$1.2 million per year.
2. "Tesoro" route, which follows an existing oil products pipeline along the west coast of the Kenai Peninsula followed by a submarine crossing of Turnagain Arm into Anchorage. The capital cost is estimated at \$99.4 million (in 1987 dollars). Annual operations and maintenance cost is again estimated at 1.5 percent of capital cost, or \$1.5 million per year.

Either line would be constructed at 230 KV and have a transfer capacity of 250 MW. Because the Enstar route crosses land within the Wildlife Refuge that had been proposed (though not yet designated) as "wilderness," it was anticipated that both Congressional and Presidential approval would be required to obtain the necessary right of way. Though cost considerations clearly favor the Enstar route, the Tesoro route was developed in case the proposed wilderness designation forced abandonment of the less expensive alternative. However, the Department of Interior has now acted favorably on a request by the State to exclude from wilderness designation a corridor adjacent to the Enstar pipeline for possible future construction of the proposed intertie. If Congress agrees to exclude the intertie corridor from wilderness designation, the two proposed routes would then be roughly equivalent in terms of permitting difficulty.

Preliminary schedules for permitting and construction suggest that completion of the intertie should not be expected prior to 1994, regardless of the route, assuming the project were approved by the 1989 Legislature.

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<sup>1</sup>This section was prepared by the Alaska Power Authority.

# The Alaska Scene *Alaska REC Association*



by Dave Hutchens,  
executive director,  
Alaska Rural Electric  
Cooperative Association

## Use Railbelt Energy Fund to improve railbelt electrical transmission system

The Railbelt Energy Council was correct in its 1987 report to the legislature: The highest and best use of the Railbelt Energy Fund (REF) is construction of electrical interties to more solidly interconnect railbelt sources of power with the communities in which the power is consumed.

Much of the generating capacity for the whole railbelt region is located on the Kenai Peninsula. Existing plants include Chugach Electric Association's Bernice Lake gas-fired plant and the Cooper Lake hydroelectric plant, and the Soldatna #1 plant, owned by Alaska Electric Generating and Transmission Cooperative. When the Alaska Power Authority's Bradley Lake plant comes on line in 1991, there will be 221 megawatts of generating capacity on the Kenai, with only one weak transmission line connecting it to most of the people it should serve in Anchorage and beyond.

This existing transmission line can only carry about 55 megawatts of power from the Kenai Peninsula to Anchorage, and it is susceptible to outages caused by avalanches and windstorms. The peak demand on the Kenai Peninsula is about 80 megawatts. When you take the generating capacity and subtract the power used locally, that leaves 141 megawatts of capacity available to meet the needs of people in Anchorage, the Mat-Su valleys, and the Fairbanks area.

But the transmission line can only carry about 55 megawatts.

Faults will occur naturally on any electrical system. A tree falls across the line, or the wind tosses the wires around until they come in contact with each other. The lights go out. The goal of the utility is to have as few of these outages as possible, and when they occur, to have them affect as few people for as short a time as possible.

A recent study of the operating characteristics of the electrical transmission system in southcentral Alaska shows that we are facing enormous problems if we try to use the generating resources even to the limits of existing transmission capacity. Without substantial changes in the transmission system outages will be unacceptably widespread and long-lasting.

The number one priority for using the Railbelt Energy Fund should be construction of a new Anchorage-Kenai Peninsula intertie. The cost of the new line is estimated at \$80 million to \$100 million, depending on the route selected.

Sales of economy energy from Anchorage to Fairbanks were made possible by the Willow-to-Healy intertie, built a few years ago. Those sales are now limited by the transfer capacity on the old lines south of Willow and north of Healy.

Upgrading the transmission capacity

between Anchorage and Fairbanks, Alaska's largest cities, should be the other priority use of REF money. The upgrade can be accomplished by either eliminating the bottlenecks at both ends of the existing intertie, or by constructing a new line along a different route, from Palmer through Glennallen to Delta Junction.

The benefits of the proposed new transmission line between Anchorage and Fairbanks via Glennallen are substantial. Constructing a new 230-kv line—a northeast intertie—would tie Valdez, Glennallen, and the Copper River basin into the grid system, giving those communities access to low-cost, gas-fired electrical power from the Anchorage area. New opportunities for mining or other development would be enhanced with this line, and military facilities such as the Backscatter radar installation could be served economically. This new line would provide railbelt utilities access to approximately 14 million kilowatt-hours of electricity annually from the Solomon Gulch Hydroelectric Project, one of the "four-dam pool" projects. This energy is now spilled as water over the dam because there is no market for it within the area which can be reached by the existing Copper Valley Electric Association transmission system. Sale of this power to railbelt utilities could earn the state an additional \$400,000 or more in revenues each year.

The most important benefit associated with the new northeast intertie proposal is increased reliability. The intertie would provide a second line between Anchorage and Fairbanks, significantly improving the transmission system security between the two largest load centers of the railbelt.

The cost of the northeast intertie is estimated at \$150 million.

Two key benefits of upgrading the existing Parks Highway transmission circuit between Anchorage and Fairbanks are lower cost and increased transfer capacity. At present, Fairbanks electric utilities must run oil-fired generation to meet peak loads when temperatures are lower than minus 10°F. This condition will only worsen as electric loads grow. Improving the existing system to allow for operation at 230 kv would increase transfer capacity by three to four times the present capacity. This would allow Fairbanks electric utilities to purchase more low-cost, gas-fired electric power from Anchorage, reducing the cost of power to consumers in both cities. The reliable, high-capacity electrical link would also allow Fairbanks to assist Anchorage during periods when avalanches separate the city from Kenai generation, or other natural disasters, such as volcanoes or earthquakes, threaten Anchorage generation sources.

The cost of upgrading the existing Parks Highway transmission system is estimated to be \$118 million.

## Benefits of having the grid

The benefits of improving the transmission grid between the Kenai Peninsula and Anchorage and between Anchorage and Fairbanks justify the cost.

There are several types of benefits associated with the proposed improvements in the railbelt transmission system:

•**Economy interchange:** An improved transmission system would allow for higher capacity transfer, allowing lower-cost generation produced in one area to displace higher-cost generation produced in another area. Economy interchange between Anchorage and Fairbanks is limited by the capacity of the fully loaded existing transmission line.

•**System reliability:** Improvements to the transmission system can reduce the number and extent of power outages especially between Anchorage and the Kenai Peninsula, where lines are plagued by natural occurrences such as avalanches and windstorms.

•**System efficiency:** Power transfers between Anchorage and Fairbanks presently suffer losses exceeding 10%. If the voltage of the transmission system were increased from 138 kv to 230 kv, those losses would be reduced dramatically.

•**Reserve sharing:** With an improved, reliable transmission system in place, electric utilities could reduce the amount of costly reserve capacity they maintain. They could rely instead on reserves available elsewhere in the interconnected system.

•**Flexibility for new generation:** An improved transmission system in the railbelt would allow greater flexibility in choosing a site for future generation facilities. New plants could be sited wherever the cost of operation and fuel are least expensive, while still maintaining access to any load center in the railbelt. To highlight the current limitations on power plant siting, it should be pointed out that a mine-mouth power plant of optimum size cannot be located at the site of Alaska's only operating coal mine (Usibelli)

because of severe transmission constraints.

•**Access to Bradley Lake power:** An improved transmission system would ensure that all railbelt electric utilities have freer and more direct access to the full peaking output of Bradley power, resulting in equal distribution of benefits from the project for all railbelt communities.

•**Utility coordination:** Strengthening the transmission system in the railbelt would afford electric utilities increased opportunity to better coordinate their planning and operations.

•**Fuel supply competition:** Improvements to the railbelt transmission system would provide electric utilities with full access to a variety of energy sources, enhancing competition among fuels and fuel suppliers.

The Railbelt Energy Fund has been held in trust pending two conditions that must be met in order for it to be spent: 1) it must be spent only to benefit railbelt consumers; and 2) it must reduce railbelt energy costs.

If the legislature appropriates the REF for construction of the interties, the state will own a money-saving project which we can point to with pride for the next 50 to 100 years.

On the other hand, if the fund is raided to balance the state operating budget, we challenge the governor and the legislature to show us how we have benefited from their stewardship five years from now.

Two final points: 1) The interties are being subjected to tough cost-benefit scrutiny. Those who would raid the fund propose no such tests for their spending plans. 2) If we build the interties, the state will not suffer one penny of operations and maintenance costs. The 300,000 railbelt consumers will gladly pay the tab out of the long-term savings they will realize from these worthwhile projects.

The Railbelt Energy Fund

Prepared By: The Alaska Rural Electric  
Cooperative Association

## Background

The Railbelt Energy Fund (REF) was established by the legislature as a separate fund within the State's General Fund during the 1986 legislative session (HB 699). The purpose in establishing the REF was to build a fence around money that remained from appropriations made to the Susitna Hydroelectric Project.

In the mid 1970s, the State began to develop an energy agenda which included the development of the vast hydroelectric potential which exists in Alaska. The Susitna project was the centerpiece of the State's proposed electrical power project construction plan for the Railbelt. The Alaska Power Authority (APA) was created in large part to handle the State's hydro development, and to organize and administer energy programs for rural Alaska where hydropower was not available. The legislature made modest appropriations to the APA in the late 1970s to carry out its mission.

The price of oil skyrocketed in 1979-80, and so did the revenues of the State. Billions of dollars were flowing into State coffers annually from royalty sales of North Slope crude oil. During the 1980 and 1981 legislative sessions, the legislature appropriated nearly \$1 billion to ten different hydroelectric projects and newly created programs which provided loans, rate stabilization, and power generation and distribution facil-

ities to rural Alaska. Almost half of the money appropriated went to proposed hydro projects that would serve the Petersburg-Wrangell area, Kodiak, Sitka, Ketchikan, Glennallen and Valdez, and the Kenai Peninsula. Another \$300 million was appropriated for hydropower projects during the 1982 legislative session. \$122.5 million of the appropriations for power projects was used to construct the Parks Highway Intertie between Willow and Healy.

The Susitna project received \$124.7 million of the total appropriations to hydro projects in the period 1979-1984, all of which was used for work related to feasibility studies, APA administration, and Federal Energy Regulatory Commission (FERC) licensing.

During the 1984 session, the legislature also set aside \$100 million in the Power Development Fund for the construction of Susitna. It was the first appropriation earmarked strictly for construction of the project. An additional \$200 million was set aside for Susitna in the PDF during the 1985 session. Appropriations for the construction of Susitna then totaled \$300 million.

In mid 1985, after the legislature had adjourned, the APA Board of Directors determined that the Susitna project, as proposed, could not be financed on terms that were acceptable to the State. The price of oil had begun its downward spiral and the

State's financial position worsened. The money to pursue Susitna was not available, and falling oil prices had weakened the project's attractiveness as an alternative source of power for the Railbelt. The APA withdrew the State's application with FERC for licensing of the project.

With the demise of Susitna, funds set aside for its construction were considered an inviting target for legislators hungry for funds to pursue a variety of capital projects. Railbelt legislators were determined to protect the funds from such raids and see to it that Susitna monies were used for future energy development in their region. They succeeded in creating a "safe" place to deposit the funds by establishing the Railbelt Energy Fund during the 1986 session. The legislature appropriated the balance of all Susitna funds to the REF, roughly \$285 million (\$15 million of the \$300 million was used to cover the cost of terminating the project). Legislators reserved the right to appropriate funds in the REF to "assist in meeting Railbelt energy needs."

Accompanying legislation (HCS CSSB 468) was passed which set up the Railbelt Energy Council (REC) and appropriated \$2.5 million to review and evaluate Railbelt electric power alternatives (CSSB 477). The legislature determined that, since Susitna would not be built to supply the Railbelt's demand for electrical energy, some alternative plan for meeting those needs should be

developed. It was the REC's job to develop that alternative plan, and its directive from the legislature was to "recommend the best options for planning, financing, constructing, and managing electric power facilities in the Railbelt area." The REC was comprised of representatives of the seven Railbelt electric utilities, four legislators - two from each body and two public members appointed by the Governor. The group worked through the summer and fall of 1986 and presented its report to the legislature early in the 1987 legislative session.

The best alternative use of the REF, the Council's report stated, is to construct an intertie between the Kenai Peninsula and Anchorage and upgrade the transmission system between Anchorage and Fairbanks. The estimated cost to complete the proposed transmission projects was \$200 million.

The Council concluded that "the prudent strategy to follow at this time is to increase utilization and operational efficiency of the existing Railbelt generation and transmission facilities under construction." The REC specifically cited the Bradley Lake Hydroelectric Project and the interties as projects that should be completed in a timely manner.

A strong coalition of business, labor, and utility groups lobbied hard during the 1987 session for the legislature to pursue the recommendations of the REC by appropriating \$200

million for Railbelt intertie construction. The interties were the subject of extensive debate, and legislation (SCS CSHB 284) was amended to include the appropriations - \$100 million for the Anchorage-Fairbanks intertie and \$100 million for the Anchorage-Kenai Peninsula intertie.

The strongest legislative advocates for the interties were in the Senate. Under their leadership, the senior body approved the appropriations and sent the measure to the House for consideration. In the House Resources Committee, the legislation met its demise. House members argued that a comprehensive feasibility level study of the interties needed to be completed before a responsible decision could be made on the proposed appropriations.

In July of 1986, Gov. Sheffield restricted spending most of the \$2.5 million appropriated for the Railbelt power alternatives study during his efforts to trim the FY 87 budget. The House stood firm by its refusal to appropriate any money for construction of the interties until that study was completed. The legislature amended the appropriation to allow the money to be spent and to evaluate the interties more closely. The APA is scheduled to release a preliminary report in January, and the final report by the first of April.

Gov. Sheffield also froze an appropriation of \$50 million to the Bradley Lake project in July of 1986. During the 1987 session the legislature changed the source of funding from the State's General Fund to the REF. That reduced the balance of the REF to approximately \$235 million.

Several bills were introduced in the legislature in 1987 that called for spending part or all of the Railbelt energy fund. One of those bills was SB 206. This measure, put forth by Sen. Jack Coghill (R-Nenana), proposed to establish a new power project loan fund from which loans and grants could be made for various projects. The measure would have combined many of the State's existing energy loan programs and would have been funded initially by the balance of the REF after the interties and Bradley Lake had been funded to the extent necessary. The bill, as originally written, received marginal legislative support and eventually died in the House Judiciary Committee.

Sen. Bettye Fahrenkamp (D-Fairbanks) introduced legislation midway through the session to authorize construction of a natural gas pipeline between Wasilla and Fairbanks. The two measures (SB 417 and SB 418) proposed the REF be used to fund the gas line's construction. The bills were not given a committee hearing until the 1988 session, and did not move from their first committee of referral. The lobby supporting the gas line, headed by Enstar Natural Gas Company, was successful in getting the

project included as part of the study being conducted by the APA. An economic evaluation of the gas line will be included in the study's final report. Gas line supporters will undoubtedly mount another attempt to fund the project with the REF.

Other measures introduced during the 1987 legislative session that proposed using some funds from the Railbelt Energy Fund were: 1) HB 239, by Rep. Kay Brown (D-Anchorage), which would have appropriated roughly \$600,000 from the REF to pay a portion of the cost of "least-cost planning" reports required from utilities by the APUC; 2) SB 493, by Sen. Coghill, which would have appropriated \$4.6 million from the interest earned on the REF to construct transmission lines near McKinley Park; and 3) SB 409, by Sen. Tim Kelly (R-Anchorage), which would have loaned roughly \$15 million from the REF to the Alaska Stabilization Assistance Program to help stabilize the Alaska housing market. Companion legislation was introduced in the House by Rep. Fritz Pettyjohn (R-Anchorage). According to Sen. Kelly, the housing assistance alternative is no longer viable. None of the bills listed in this paragraph passed the legislature.

The opinion of most observers regarding the REF during the 1988 session was "use it or lose it." Electric utilities encouraged legislators to resist efforts to use any money from the REF until the APA's review of the interties was complete.

The exception was a \$7 million appropriation needed to complete the Bradley Lake financing plan, which the legislature did approve.

Gov. Cowper advocated using the REF in 1988 as a means of covering projected budget deficits. Other proposals for using the REF were also being advocated, and it appeared the fund might be swept up in general spending and not be used for energy purposes at all.

The only new proposal during the 1988 legislative session for using the REF for its intended purpose was put forth by Rep. Sam Cotten (D-Eagle River). HB 482 and HB 483 would have loaned approximately \$165 million at a below-market interest rate to the APA for the construction of Bradley Lake. This would have prevented the necessity for the APA to issue revenue bonds - which would have a higher interest rate - to complete construction of the project.

Electric utilities reluctantly embraced HB 482 and 483 on the grounds that the lower interest rate would save Railbelt rate payers roughly \$100 million during the first 30 years of the project's operation, and because it appeared that might be the only way to retain the REF for energy purposes. The bills were brought to the House floor for a vote, but amendments calling for additional expenditures from the REF got out of hand and the

appropriations bill became "Christmas tree" legislation. Both bills failed to pass the House.

Just when it appeared the REF would be safe for another year, the Fund suffered a crushing blow from Gov. Cowper after the legislature had adjourned. The legislature had approved a loan of \$50 million from the REF to the General Fund to help cover any unforeseen budget shortfalls after \$150 million had been taken for the same purpose from the Alaska Housing Finance Corporation (AHFC). The REF money, to be taken only when the General Fund is out of cash, was to be repaid from oil and gas settlements received by the State. Gov. Cowper, using his line-item veto powers, vetoed the \$150 million from AHFC and then reduced the amount of the loan repayment to the REF from \$50 million to \$1. The money has not officially been moved out of the REF, but given the revenue outlook for the State, the transfer may be only a matter of time. This would reduce the balance of the REF to just under \$180 million.

The REF is the only remaining reserve of money set aside by the State for development of energy projects in Alaska's most populated region, the Railbelt. Its declining balance continues to be seen as a potential source of funding for a number of projects and budget expenditures. Few of the proposals for using the

REF relate to the Fund's intended purpose. It is seen by many as a pot of money to be used to help reduce the State's projected budget deficit, or as a source of capital funding for projects that are totally unrelated to energy.

### The Intertie Proposal

It is the position of the Alaska Rural Electric Cooperative Association that the Railbelt Energy Council was correct; the highest and best use of the REF is construction of electric transmission interties to more solidly interconnect the sources of power with the communities in which the power is consumed.

A critically needed transmission improvement in the Railbelt is between Anchorage and the Kenai Peninsula. With the Bradley Lake project coming on line in 1991, Railbelt electric utilities believe it is imperative a new transmission line be constructed to ensure Bradley power can be delivered reliably to communities throughout the Railbelt. Problems have been identified in the present transmission system that will require limiting the output of power at Bradley Lake to roughly half its capacity or risk outages in the Railbelt, especially on the Kenai Peninsula.

The problems arise when there is a fault on the transmission system, such as might be caused by an avalanche or windstorm. When that happens, the intertied system experiences severe voltage and frequency fluctuations resulting in an automatic shut-down. If the power system did not shut down, significant damage could result to generation and transmission facilities and to consumer equipment in businesses and homes that are connected to the system.

A new 230-kV transmission line would eliminate these stability problems and greatly increase the overall reliability and the transfer capacity of the transmission system between the Kenai Peninsula and Anchorage. In addition to Bradley Lake, other generation facilities on the peninsula totaling 131 megawatts include the Cooper Lake and Bernice Lake plants and Soldotna Unit #1. Reliability of the link between these generating plants and Anchorage is crucial to the many thousands of people who live in the area.

The utilities believe an upgrade in the Anchorage-Kenai Peninsula transmission system must be the number one priority for use of the REF. The cost of this new line is estimated at \$80 million to \$100 million, depending on the route selected.

Upgrading the transmission capacity between Anchorage and Fairbanks, Alaska's largest cities, should also be a priority use of REF money. The upgrade can be accomplished by either eliminating the existing bottlenecks at both ends of the State's Parks Highway intertie that exist between Willow and Healy, or by constructing a new line along a different route from Palmer through Glennallen to Delta Junction.

The benefits of the proposed new transmission line between Anchorage and Fairbanks via Glennallen are substantial. Constructing a new 230 kV line - a northeast intertie - would tie

Valdez, Glenallen, and the Copper River Basin into the grid system, giving those communities access to low-cost, gas-fired electrical power from the Anchorage area. New opportunities for mining or other development would be enhanced with this line, and military facilities such as the Backscatter radar installation could be served economically. This new line would provide Railbelt utilities access to approximately 14 million kilowatt hours of electricity annually from the Solomon Gulch Hydroelectric Project, one of the "four-dam pool" projects. This energy is now spilled as water over the dam because there is no market for it within the area which can be reached by the existing Copper Valley Electric Association transmission system. Sale of this electrical power to Railbelt utilities could earn the State an additional \$400,000, or more, in revenues each year.

The most important benefit associated with the new northeast intertie proposal is increased reliability. The intertie would provide a second line between Anchorage and Fairbanks, significantly improving the transmission system security between the two largest load centers of the Railbelt.

The cost of the northeast intertie is estimated at \$150 million.

Two key benefits of upgrading the existing Parks Highway transmission circuit between Anchorage and Fairbanks are lower

cost and increased transfer capacity. At present, Fairbanks electric utilities must run oil-fired generation to meet peak loads when temperatures are lower than minus 10 degrees Fahrenheit. This condition will only worsen as electric loads grow. Improving the existing system to allow for operation at 230 kV would increase transfer capacity by three to four times the present capacity. This would allow Fairbanks electric utilities to purchase more low-cost, gas-fired electric power from Anchorage, reducing the cost of power to consumers in both cities. The reliable, high-capacity electrical link would also allow Fairbanks to assist Anchorage during periods when avalanches separate the city from Kenai generation or other natural disasters, such as when volcanoes erupt or earthquakes threaten Anchorage generation sources.

The cost of upgrading the existing Parks Highway transmission system is estimated to be \$118 million.

### Benefits of Having the Grid

The Railbelt electric utilities believe the benefits of improving the transmission grid between the Kenai Peninsula and Anchorage and between Anchorage and Fairbanks justify the cost.

There are several types of benefits associated with the proposed improvements in the Railbelt transmission system:

\* Economy Interchange: An improved transmission system would allow for higher capacity transfer, allowing lower cost generation produced in one area to displace higher cost generation produced in another area. Economy interchange between Anchorage and Fairbanks is limited by the capacity of the fully loaded existing transmission line.

\* System Reliability: Improvements to the transmission system can reduce the number and extent of power outages, especially between Anchorage and the Kenai Peninsula where lines are plagued by natural occurrences such as avalanches and windstorms.

\* System Efficiency: Power transfers between Anchorage and Fairbanks presently suffer losses exceeding ten percent. If the voltage of the transmission system were increased from 138 kV to 230 kV, those losses would be reduced dramatically.

\* Reserve Sharing: With an improved, reliable transmission system in place, electric utilities could reduce the amount of costly reserve capacity they maintain. They could rely instead on reserves available elsewhere in the interconnected system.

\* Flexibility for New Generation: An improved transmission system in the Railbelt would allow greater flexibility in choosing a site for future generation facilities. New plants could be sited wherever the cost of operation and fuel are least expensive while still maintaining access to any load center in the Railbelt. To highlight the current limitations on power plant siting it should be pointed out that a minemouth powerplant of optimum size cannot be located at the site of Alaska's only operating coal mine (Usibelli) because of severe transmission constraints.

\* Access to Bradley Lake Power: An improved transmission system would ensure that all Railbelt electric utilities have freer and more direct access to the full peaking output of Bradley power, resulting in equal distribution of benefits from the project for all Railbelt communities.

\* Utility Coordination: Strengthening the transmission system in the Railbelt would afford electric utilities increased opportunity to better coordinate their planning and operations.

\* Fuel Supply Competition: Improvements to the Railbelt transmission system would provide electric utilities with full access to a variety of energy sources, enhancing competition among fuels and fuel suppliers.

Summary

It is the strong feeling of all Railbelt electric utilities which collectively serve over 300,000 Alaskans that the REF is being held in trust pending two conditions that must be met in order for it to be spent: 1) it must be spent only to benefit Railbelt consumers; and 2) it must reduce Railbelt energy costs.

Alaska's utilities believe that if the legislature appropriates the REF for the construction of the interties, the State will own a money-saving project which we can point to with pride for the next 50 - 100 years.

On the other hand, if the fund is raided to balance the State operating budget, we challenge the governor and the legislature to show us how we have benefited from their stewardship five years from now.

Two final points: 1) The interties are being subjected to tough cost-benefit scrutiny. Those who would raid the fund propose no such tests for their spending plans. 2) If we build the interties, the State will not suffer one penny of operations and maintenance costs. The 300,000 Railbelt consumers will gladly pay the tab out of the long-term savings they will realize from such worthwhile projects.



JAN 19 1989

**MATANUSKA ELECTRIC ASSOCIATION, INC.**

P.O. BOX 2929

PALMER, ALASKA 99645-2929

TELEPHONE  
(907) 745-3231

January 16, 1989

The Honorable Rick Uehling  
Alaska State Senate  
Post Office Box V (MS 3100)  
Juneau, Alaska 99811

Dear Senator Uehling:

We would like to bring your attention to the Alaska Rural Electric Cooperative Association's position on the utilization of the Railbelt Energy Funds. ARECA's position paper is attached; but for your convenience, I have included an executive summary, below.

We would appreciate your support of this position, which Matanuska Electric Association, Inc., believes to be in the best interests of our member-consumers.

Background

As you are aware, the Railbelt Energy Fund is the Railbelt's share of a spate of appropriations for energy-related projects that resulted in the construction of hydro projects known as the "four-dam pool," an electrical intertie between Willow and Healy which completed the Anchorage-to-Fairbanks transmission intertie, a program of energy rate stabilization/subsidies in the Bush, and feasibility studies for the proposed Susitna Hydro Project.

- \* \$300 million was set aside for construction of Susitna.
- \* \$15 million was spent to close out Susitna.
- \* In 1986, \$285 million was placed in the newly created Railbelt Energy Fund, with legislators reserving the right to appropriate those funds to "assist in meeting Railbelt energy needs."
- \* The Railbelt Energy Council was established.
- \* The council recommended the Railbelt Energy Fund be used to construct an intertie between the Kenai Peninsula and Anchorage and upgrade the transmission system between Anchorage and Fairbanks.
- \* In 1987, The Senate appropriated \$100 million for each project, but the legislation died in the House Resources Committee.
- \* The legislature appropriated \$50 million from the Railbelt Energy Fund to the Bradley Lake hydro project.

The Railbelt Energy Fund  
January 16, 1989  
Page Two

- \* In 1988, an additional \$7 million was appropriated from the fund to complete the Bradley Lake financing plan, leaving a fund balance of less than \$230 million.
- \* The legislature voted to "loan" \$50 million from the Railbelt Energy Fund to the General Fund if the General Fund ran out of cash, with the money to be repaid. Gov. Cowper later reduced the amount to be repaid to \$1, meaning the fund could soon be reduced to under \$180 million.

### The Intertie Proposal

The Alaska Rural Electric Cooperative Association agrees with the Railbelt Energy Council: The highest and best use of the Railbelt Energy Fund is the construction of electric transmission interties to more solidly interconnect the sources of power with the communities in which the power is consumed.

Railbelt electric utilities believe it is imperative to construct a new transmission line to ensure the Railbelt electrical system's stability, dependability, and that the Bradley Lake hydro project will be able to run at full capacity.

The present electrical transmission line between Anchorage and Kenai is capable of carrying the 90 megawatts of power that Bradley is scheduled to produce when it begins generating electricity in late 1991. However, without a southern intertie, the heavier loads would increase the likelihood of transmission system problems which could lead to widespread power outages throughout the Railbelt.

Upgrading the Anchorage-Kenai Peninsula transmission system must be the number one priority use for the Railbelt Energy Fund. Depending on the route selected, the cost is estimated at from \$80 million to \$100 million.

Upgrading the transmission capacity between Anchorage and Fairbanks, Alaska's largest cities, should also be a priority use of the Railbelt Energy Fund. This can be accomplished either by eliminating the existing bottlenecks at both ends of the State's Parks Highway intertie, between Anchorage and Fairbanks, or by constructing a new line along a different route from Palmer through Glennallen to Delta Junction. This latter proposal, estimated to cost \$150 million, would tie Valdez, Glennallen and the Copper River Basin into the grid system, providing those communities with low-cost, gas-fired electrical power from the Anchorage area. The cost of upgrading the existing Parks Highway generation line is estimated at \$118 million.

The Railbelt Energy Fund  
January 16, 1989  
Page Three

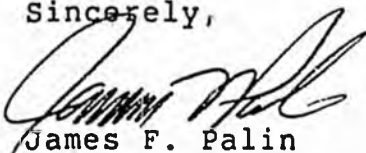
Benefits of Having the Grid

The benefits of improving the transmission grid between the Kenai Peninsula and Anchorage, and between Anchorage and Fairbanks justify the cost. These benefits include:

1. Economy Interchange: An improved transmission system would allow for higher generation capacity, allowing lower cost generation produced in one area to displace higher cost generation produced in another area.
2. System Reliability: The improvements would reduce the number and extent of power outages.
3. System Efficiency: Power transfers between Anchorage and Fairbanks presently suffer line losses exceeding 10 percent. If the voltage of the transmission system were increased from 138 kV to 230 kV, those losses would be dramatically reduced.
4. Reserve Sharing: Electric utilities could reduce the amount of costly reserve capacity they maintain, relying instead on reserves available elsewhere on the grid.
5. Flexibility for New Generation: New plants could be sited wherever the cost of operation and fuel are least expensive, while still maintaining access to any load center in the Railbelt.
6. Access to Bradley Lake Power: The improvements would provide all Railbelt electric utilities with freer and more direct access to the full peaking output of the Bradley Lake project.
7. Utility Coordination: Strengthening the transmission system would afford electric utilities increased opportunity, and motive, to better coordinate their planning and operations.
8. Fuel Supply Competition: Transmission system improvements would provide electric utilities full access to a variety of fuel sources, enhancing competition among fuels and fuel suppliers.

In conclusion, we request your support of ARECA's, and Matanuska Electric Association's, position on the Railbelt Energy Fund.

Sincerely,

  
James F. Palin  
General Manager

(bds)  
Enclosure  
102A.0116.251

# Chugach

ELECTRIC ASSOCIATION, INC.

FEB 6 1989

5601 MINNESOTA DRIVE • PO BOX 196300 • ANCHORAGE, ALASKA 99519 6300 • PHONE 907-563-7494

FACSIMILE:  
907-562-0027

February 2, 1989

The Honorable Rick Uehling  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Senator Uehling:

Chugach Electric Association, Inc. (Chugach) again requests your active support to use the Railbelt Energy Fund to improve the transmission intertie system throughout the Railbelt.

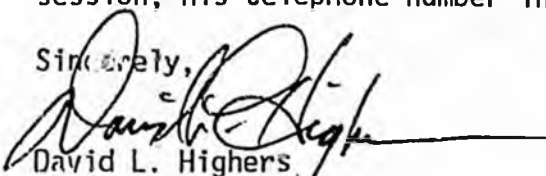
Chugach is joined by every other electric utility in the region, labor, the Anchorage and Alaska State Chambers of Commerce and other interests in urging you to resist demands to spend the Railbelt Fund for other than its explicitly intended purpose: energy development, including conservation, within the Railbelt.

In its 1987 report, the legislatively created Railbelt Energy Council itself said the best use of the fund was improvement of the existing transmission system that connects Anchorage with Fairbanks on the north and the lower Kenai Peninsula on the south. The rationale that prevailed in 1987 holds true today: upgrading the present interties will allow better regional utilization of existing generation capacity, will substantially improve electric system reliability (especially critical when the weather is cold), will facilitate long term economic development in our region and will provide much needed job opportunities.

Chugach and many others feel very strong about this. We hope you will do everything you can to ensure that the Railbelt Energy Fund is used to upgrade the Railbelt interties. If we are successful, we will leave an indispensable infrastructure for our children and grandchildren. If not, we'll probably not even know how we spent the Railbelt Energy Fund several years from now.

To provide you with further information, I have enclosed a new white paper on the Railbelt Energy Fund, a copy of my column in a recent issue of Chugach's member newsletter and a map of the Railbelt power supply system. Feel free to contact me or Larry Markley, our government affairs manager. You are probably aware that Larry spends considerable time in Juneau during the legislative session; his telephone number in Anchorage is 564-0745.

Sincerely,

  
David L. Highers  
General Manager

## Manager's Message

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David Highers



### Use Railbelt Energy Fund

You've probably read or heard recently some renewed talk for a stronger Railbelt transmission system to better accommodate the Bradley Lake hydroelectric project when that new generation source comes on line in 1991.

Upgrades are needed to the patchwork transmission system that currently extends from Fairbanks on the north end of the Railbelt, down through the Matanuska Valley, Anchorage and the Kenai Peninsula to Homer on the south end. The renewed talk you've been hearing about this recently is just that — renewed.

For the past three years, the Railbelt's seven electric utilities and others have been trying to convince the legislature and the administration that the Railbelt Energy Fund should be used to develop an improved Railbelt Intertie system that could serve the majority of our state's residents for as long as a hundred years. While it may not be as glamorous as some projects, an electric Intertie system is a very sound public infrastructure investment — like roads or sewer lines or water systems.

And remember, the Railbelt Energy Fund is just that: Money set aside by the legislature in 1986 to ensure that our region gets its fair share of the dollars for energy projects that provide wide public benefit. The fund presently has about \$230 million in it.

As I said, the Railbelt utilities' advocacy of using the Railbelt Energy Fund for intertie improvements was vocal in 1986 even as we were developing our power sales agreement with the state for Bradley Lake, which we all strongly support.

We told the legislature in 1986, in 1987 and again this year that upgrades to the existing Railbelt transmission system are needed to ensure the most reliable use of Bradley Lake power and to increase electric system reliability in general throughout the Railbelt. The Railbelt Energy Council, established in 1986 by the legislature and made up of utility managers, legislators and public members appointed by the Governor, unanimously endorsed use of the Railbelt Energy Fund for intertie upgrades.

However, the 1987 legislature chose instead to look at the matter further by authorizing \$2.5 million for a Railbelt energy feasibility study now underway by the Alaska Power Authority. We expect a draft of that study early next year.

Most recently, a study commissioned by a technical coordinating committee comprised of the Bradley Lake utilities and the APA, detailed the utilities' previous concerns that the existing transmission lines might not be able to carry the full load of Bradley Lake without jeopardizing system reliability throughout the Railbelt. The solution, the study shows, is just what we have been actively supporting for three years now: An upgrade of the existing interties — more specifically, the southern section between Anchorage and the lower Kenai Peninsula.

We hope that the recent study, and follow-on work, will sufficiently supplement the case for using the Railbelt Energy fund for intertie upgrades.

I assure you that if, as some of our public officials are advocating, the Railbelt Energy Fund is drained here and there for governmental operations, a couple of years from now we'll never know what happened to the \$230 million. If, on the other hand, we use the money to improve the interties, we'll have an electric transmission infrastructure that will benefit the majority of all Alaskans for many years to come.

A handwritten signature in cursive script that reads "David Highers".



TENAKEE SPRINGS ELECTRICAL EXTENSION WEST

PROJECT COST: \$75,000

West Tenakee residents and property owners have patiently requested this basis service each year since 1982. The city council has made this its top priority, and its sole capital improvement request submitted to the legislature. Project costs take into consideration use of local materials and local labor.

HOLLIS ELECTRIFICATION

PROJECT COST: \$350,000

The Hollis area is currently without central station power, which is a serious hardship upon the residents. The area has been designated as part of the authorized service area of the Alaska Power and Telephone Company which is ready to construct systems and begin operations. \$225,000 would provide a distribution plant, and \$125,000 will provide a power plant.

6-0582E  
Cramer  
2/13/89

Original sponsors: Uehling, Sturgulewski,  
Pearce, et al.

Funding Information

General Fund	\$220,229,306
Other Funds	-0-
	<u>\$220,229,306</u>

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 130 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska

7 Power Authority for the Bradley Lake Intertie, Seward

8 transmission line, and Northern Intertie; making a

9 special appropriation to the Alaska Power Authority

10 for payment as a grant to Golden Valley Electric

11 Association; and providing for an effective date."

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

13 \* Section 1. The sum of \$213,200,000 is appropriated from the Railbelt

14 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-

15 ity for the design and construction of the following capital projects:

16 Bradley Lake Intertie to Anchorage	\$ 80,000,000
17 Seward transmission line from Lawing	
18 to Fort Raymond substation	15,000,000
19 Northern Intertie from Wasilla to	
20 Willow and from Healy to Fairbanks	118,200,000

21 \* Sec. 2. The sum of \$7,029,306 is appropriated from the Railbelt

22 energy fund in the general fund to the Alaska Power Authority for payment

23 as a grant under AS 37.05.316 to Golden Valley Electric Association for

24 extending electrical service in certain areas as follows:

25 Ester to Little Goldstream	\$ 2,633,296
26 Cantwell to McKinley Village	2,215,325
27 Mercers Corner (on the Parks Hwy.) to Ferry	
28 and the Rock Creek Subdivision	946,335
29 Kobe to Ferry and the Rock Creek Subdivision	1,234,350

1       \* Sec. 3. The appropriation made by sec. 1 of this Act is for capital  
2 projects and is subject to AS 37.25.020.

3       \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
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6-0582E  
Cramer  
2/14/89

Original sponsors: Uehling, Sturgulewski,  
Pearce, et al.

Funding Information

General Fund	\$220,654,306
Other Funds	-0-
	<u>\$220,654,306</u>

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 130 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska  
7 Power Authority for certain electrical projects;  
8 making a special appropriation to the Alaska Power  
9 Authority for payment as a grant to Golden Valley  
10 Electric Association; and providing for an effective  
11 date."

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

13 \* Section 1. The sum of \$213,625,000 is appropriated from the Railbelt  
14 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
15 ity for the design and construction of the following capital projects:

- |   |               |
|---|---------------|
| 16 Bradley Lake Intertie to Anchorage         | \$ 80,000,000 |
| 17 Seward transmission line from Lawing       |               |
| 18 to Fort Raymond substation                 | 15,000,000    |
| 19 Northern Intertie from Wasilla to          |               |
| 20 Willow and from Healy to Fairbanks         | 118,200,000   |
| 21 Hollis power plant and distribution system | 350,000       |
| 22 Tenakee Springs electrical extension west  | 75,000        |

23 \* Sec. 2. The sum of \$7,029,306 is appropriated from the Railbelt  
24 energy fund in the general fund to the Alaska Power Authority for payment  
25 as a grant under AS 37.05.316 to Golden Valley Electric Association for  
26 extending electrical service in certain areas as follows:

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| 27 Ester to Little Goldstream                  | \$ 2,633,296 |
| 28 Cantwell to McKinley Village                | 2,215,325    |
| 29 Mercers Corner (on the Parks Hwy.) to Ferry |              |

1	and the Rock Creek Subdivision	946,335
2	Kobe to Ferry and the Rock Creek Subdivision	1,234,350

3 \* Sec. 3. The appropriation made by sec. 1 of this Act is for capital  
 4 projects and is subject to AS 37.25.020.

5 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
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6-0582H  
Cramer  
2/15/89

Original sponsors: Uehling, Sturgulewski,  
Pearce, et al.

Funding Information  
General Fund \$228,679,306  
Other Funds -0-  
\$228,679,306

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 130 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska  
7 Power Authority for certain electrical projects;  
8 making a special appropriation to the Alaska Power  
9 Authority for payment as a grant to Golden Valley  
10 Electric Association; making special appropriations  
11 for water, wastewater, and road projects; and pro-  
12 viding for an effective date."

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

14 \* Section 1. The sum of \$213,625,000 is appropriated from the Railbelt  
15 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
16 ity for the design and construction of the following capital projects:

17	Bradley Lake Intertie to Anchorage	\$ 80,000,000
18	Seward transmission line from Lawing	
19	to Fort Raymond substation	15,000,000
20	Northern Intertie from Wasilla to	
21	Willow and from Healy to Fairbanks	118,200,000
22	Hollis power plant and distribution system	350,000
23	Tenakee Springs <sup>electrification completion</sup> electrical extension west	235,000 <del>75,000</del>

24 \* Sec. 2. The sum of \$7,029,306 is appropriated from the Railbelt  
25 energy fund in the general fund to the Alaska Power Authority for payment  
26 as a grant under AS 37.05.316 to Golden Valley Electric Association for  
27 extending electrical service in certain areas as follows:

28	Ester to Little Goldstream	\$ 2,633,296
29	Cantwell to McKinley Village	2,215,325



6-0582E  
Cramer  
2/16/89

Original sponsors: Uehling, Sturgulewski,  
Pearce, et al.

<u>Funding Information</u>	
General Fund	\$220,814,306
Other Funds	-0-
	<u>\$220,814,306</u>

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 130 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska  
7 Power Authority for certain electrical projects;  
8 making a special appropriation to the Alaska Power  
9 Authority for payment as a grant to Golden Valley  
10 Electric Association; and providing for an effective  
11 date."

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

13 \* Section 1. The sum of \$213,785,000 is appropriated from the Railbelt  
14 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
15 ity for the design and construction of the following capital projects:

16 Bradley Lake Intertie to Anchorage	\$ 80,000,000
17 Seward transmission line from Lawing	
18 to Fort Raymond substation	15,000,000
19 Northern Intertie from Wasilla to	
20 Willow and from Healy to Fairbanks	118,200,000
21 Hollis power plant and distribution system	350,000
22 Tenakee Springs electrification completion	235,000

23 \* Sec. 2. The sum of \$7,029,306 is appropriated from the Railbelt  
24 energy fund in the general fund to the Alaska Power Authority for payment  
25 as a grant under AS 37.05.316 to Golden Valley Electric Association for  
26 extending electrical service in certain areas as follows:

27 Ester to Little Goldstream	\$ 2,633,296
28 Cantwell to McKinley Village	2,215,325
29 Mercers Corner (on the Parks Hwy.) to Ferry	

1	and the Rock Creek Subdivision	946,335
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2	Kobe to Ferry and the Rock Creek Subdivision	1,234,350
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3 \* Sec. 3. The appropriations made by this Act are for capital projects  
 4 and are subject to AS 37.25.020.

5 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).  
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Original sponsors: Uehling, Sturgulewski,  
Pearce, et al.

Funding Information

General Fund \$224,314,306  
Other Funds -0-  
\$224,314,306

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 130 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska  
7 Power Authority for certain electrical projects;  
8 making a special appropriation to the Alaska Power  
9 Authority for the rural electrification revolving  
10 loan fund; making a special appropriation to the  
11 Alaska Power Authority for payment for certain  
12 grants; and providing for an effective date."

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

14 \* Section 1. The sum of \$213,785,000 is appropriated from the Railbelt  
15 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
16 ity for the design and construction of the following capital projects:

17 Bradley Lake Intertie to Anchorage	\$ 80,000,000
18 Seward transmission line from Lawing	
19 to Fort Raymond substation	15,000,000
20 Northern Intertie from Wasilla to	
21 Willow and from Healy to Fairbanks	118,200,000
22 Hollis power plant and distribution system	350,000
23 Tenakee Springs electrification completion	235,000

24 \* Sec. 2. The sum of \$7,029,306 is appropriated from the Railbelt  
25 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
26 ity for payment as a grant under AS 37.05.316 to Golden Valley Electric  
27 Association for extending electrical service in certain areas as follows:

28 Ester to Little Goldstream	\$ 2,633,296
29 Cantwell to McKinley Village	2,215,325

1       Mercers Corner (on the Parks Hwy.) to Ferry

2             and the Rock Creek Subdivision

946,335

3       Kobe to Ferry and the Rock Creek Subdivision

1,234,350

4       \* Sec. 3. The sum of \$1,250,000 is appropriated from the Railbelt  
5 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
6 ity for payment as a grant under AS 37.05.316 to Mat-Su Electric Asso-  
7 ciation, Inc. for extending electrical service in certain areas as follows:

8             Caswell Lake electric line extension

\$500,000

9             Burma Road electric line extension

750,000

10       \* Sec. 4. The sum of \$250,000 is appropriated from the Railbelt energy  
11 fund in the general fund (AS 37.05.520) to the Alaska Power Authority for  
12 payment as a grant under AS 37.05.316 to Chugach Electric Association for  
13 the Bean Creek subdivision electric line in Cooper Landing.

14       \* Sec. 5. The sum of \$2,000,000 is appropriated from the Railbelt  
15 energy fund in the general fund (AS 37.05.520) to the Alaska Power Author-  
16 ity for the rural electrification revolving loan fund under AS 44.83.361.

17       \* Sec. 6. The appropriations made by secs. 1 - 4 of this Act are for  
18 capital projects and are subject to AS 37.25.020.

19       \* Sec. 7. The appropriation made by sec. 5 of this Act is to capitalize  
20 a loan fund and does not lapse under AS 37.25.010.

21       \* Sec. 8. This Act takes effect immediately under AS 01.10.070(c).