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147

# Alaska State Legislature

Senator Paul Fischer  
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## State Senate

While in Juneau  
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### MEMORANDUM

TO: Senator Curt Menard, Chairman  
Senate Transportation Committee

FROM: Senator Paul Fischer *PF*

SUBJECT: Senate Bill 147  
(lapse appropriations for Kenai Roads)

DATE: March 19, 1991

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I would appreciate your scheduling the above referenced bill for a hearing before the Senate Transportation at your earliest possible convenience.

As you are aware, the construction of Bradley Lake in my district continues to be ahead of schedule and under budget; however, it would be my desire that any lapsing monies continue to remain in district and be reappropriated to road projects on the Kenai Peninsula.

Your consideration would be greatly appreciated.

PAF/sgn

ALASKA ENERGY AUTHORITY  
ANNUAL CAPITAL PROJECT STATUS REPORT

PROJECT: Bradley Lake Hydroelectric Project

PROJECT LOCATION: Homer, Alaska

ORIGINAL ESTIMATED PROJECT COSTS:	\$ 355,900,000
CURRENT ESTIMATED PROJECT COSTS:	
Expenditures Thru 12/31/90	\$ 255,391,443
Encumbrances at 12/31/90	0
Estimated Incurred Cost, Not Yet Recorded at 12/31/90	2,108,557
Remaining Costs	55,000,000
Total	\$ 312,500,000*

SOURCE OF FUNDS:

Appropriated Funds:	SLA	1979	CH	80	\$	80,000	
	SLA	1981	CH	92	\$	5,000,000	
	SLA	1981	CH	92	\$	10,000,000	
	SLA	1982	CH	141	\$	3,000,000	
	SLA	1984	CH	171	\$	50,000,000	
	SLA	1985	CH	96	\$	50,000,000	
	SLA	1987	CH	96	\$	50,000,000	
	SLA	1988	CH	177	\$	7,000,000	\$ 175,080,000
Other:							137,420,000
Total:							\$ 312,500,000

\* Excludes project financing costs which are estimated to be \$15,249,000.

PROJECT DESCRIPTION:

A hydroelectric project located near Homer, Alaska with an installed nominal capacity of 90 MW which will contribute to the generating capacity of Alaska's Railbelt serving customers from the Kenai Peninsula to Fairbanks.

PROJECT STATUS AT 12/31/90:

Accomplishments Through 1989:

Overall project construction was 65% complete. The Energy Authority sold \$105 million in long-term, insured, AAA-rated revenue bonds as part of the permanent project financing.

Accomplishments During 1990:

Project construction advanced to 89% complete. The second series revenue bonds for \$60,259,000 were sold, which completed the project's long-term financing. The project construction budget was reduced to \$312.5 million. Reduced construction costs, combined with very favorable interest rates on bonds, will result in wholesale power rates 30% less than originally anticipated.

Planned Activities:

Initiate project start-up in May, with commercial operation beginning September 1, 1991. Award and complete the \$3 million Site Rehabilitation Contract. Award \$9 million contract for furnishing and installing two static var compensation systems to enhance the stability of the Kenai Transmission System.

The State of Alaska has appropriated \$175,080,000 to finance the construction of the project. Under the Power Sales Agreement, the utilities' agreement to pay debt service on bonds sold for the project is limited to an amount equal to 50% of the total cost of the project (including financing costs and reserve funds) or \$175 million, whichever is less.

Upon completion of the project, the State will be reimbursed one-half of the amount by which the total project costs are less than \$350 million. Any costs above \$350 million are to be paid by the State. Under the terms of the bonds, there are strict guidelines under which any reimbursement would be made to the State. The project must be essentially complete (98%) before any money can be returned. Based upon the current project schedule, it is anticipated that no funds could be returned to the State prior to October of 1992, when all work on the stability equipment is complete.

ALASKA ENERGY AUTHORITY  
ANNUAL CAPITAL PROJECT STATUS REPORT

PROJECT: Bradley Lake Hydroelectric Project

PROJECT LOCATION: Homer, Alaska

ORIGINAL ESTIMATED PROJECT COSTS: \$ 355,900,000

CURRENT ESTIMATED PROJECT COSTS:

Expenditures Thru 12/31/89	\$ 162,493,792
Encumbrances at 12/31/89	<u>95,699,520</u>
Estimated Incurred Cost, Not Yet Recorded at 12/31/89	<u>255,600</u>
Remaining Costs	<u>69,551,088</u>
Total	<u>\$ 328,000,000</u>

SOURCE OF FUNDS:

Appropriated Funds:	SLA 1979	CH 80	\$ 80,000	
	SLA 1981	CH 92	<u>5,000,000</u>	
	SLA 1981	CH 92	<u>10,000,000</u>	
	SLA 1982	CH 141	<u>3,000,000</u>	
	SLA 1984	CH 171	<u>50,000,000</u>	
	SLA 1985	CH 96	<u>50,000,000</u>	
	SLA 1987	CH 96	<u>50,000,000</u>	
	SLA 1988	CH 177	<u>7,000,000</u>	\$ 175,080,000
Other:	Revenue Bonds			<u>152,920,000</u>
Total:				<u>\$ 328,000,000</u>

PROJECT DESCRIPTION:

A hydroelectric project located near Homer, Alaska with an installed nominal capacity of 90 MW which will contribute to the generating capacity of Alaska's Railbelt serving customers from the Kenai Peninsula to Fairbanks.

PROJECT STATUS AT 12/31/89:

Accomplishments Through 1988:

Resumed project construction after a one year delay. Phase II construction contracts totaling approximately \$142 million were awarded in 1988. Overall project construction was 34% complete.

Accomplishments During 1989:

Project construction advanced to approximately 65% complete. New contracts totalling \$17.5 million were awarded in 1989. An investor tour of the site and railbelt utilities was held in August. In September, the Authority sold \$105 million in long-term, insured, AAA-rated revenue bonds as part of the permanent project financing. This issue was among the best priced, tax-exempt issues in the bond market

during the first week of September, and will save the rate payers \$4 million per year from originally anticipated debt service.

Planned Activities:

Continue project construction. Award one additional construction contract for approximately \$3 million for the Nuka-Middle Fork diversion, and one procurement and installation contract for approximately \$7 million for system stability aids. Complete the long-term financing with a sale of bonds in late 1990.

BRADLEY LAKE HYDRO APPROPRIATIONS

CHAPTER	SLA	SECTION	PAGE	LINE	AMOUNT
80	79		67	5	80.0
92	81	69	12	4	5,000.0
92	81	69	12	17	10,000.0
141	82	241	35	14	3,000.0
171	84	314	47		50,000.0
96	85		9	5	50,000.0
128	86		8	7	50,000.0
96	87	1	1	1	0.0
172	88	6	2	2	7,000.0
SUBTOTAL					175,080.0
REVENUE BONDS					152,920.0
<b>TOTAL</b>					<b>328,000.0</b>

NOTE: CH96 SLA 87 CHANGED FUND SOURCE OF CH 128 SLA 86 FROM GF TO RAILBELT.