

**SB**

**106**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/17/93

FURTHER:

DATE TURNED INTO OFFICE: 4-15-93

The Finance Committee considered **SENATE BILL NO. 106**

An Act authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and Tye Lake hydroelectric projects, and approving the design and construction costs of the interties; efd.

and recommends:

replace with CS SB 106 (FINANCE)  
 or  adopt previous CS (        )  
 attaches amendment(s)

same title  
 new title  
 technical title change (HB only)

adopts          Letter of Intent

further referral to the         

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

| Department      | Date    | Zero         | Fiscal |
|-----------------|---------|--------------|--------|
| DC&ED comp 965  | 4/15/93 | <del>0</del> |        |
| DC&ED comp 373  | 4/15/93 | <del>0</del> |        |
| DC&ED comp 1232 | 4/15/93 |              | 6447.0 |
|                 |         |              |        |
|                 |         |              |        |
|                 |         |              |        |

**PREVIOUS FISCAL NOTES**

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |

Appropriation No Fiscal Note

**DO PASS:**

Bob Mang  
          
          
          
        

**OTHER RECOMMENDATIONS:**

Steve Nissen No Rec  
          
          
        

1.          Do Pass  
 Co-Chair: Signature/Recommendation

2.          106 Pass  
 Co-Chair: Signature/Recommendation

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CSSB 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development  
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tyee Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority  
 Sponsor: Senators Sharp, Taylor, Miller Component: Power Cost Equalization Grants  
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 965

Expenditures/Revenues

(Thousands of Dollars)

| OPERATING          | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 |
|--------------------|------|------|------|------|------|------|
| PERSONNEL SERVICES |      |      |      |      |      |      |
| TRAVEL             |      |      |      |      |      |      |
| CONTRACTUAL        |      |      |      |      |      |      |
| SUPPLIES           |      |      |      |      |      |      |
| EQUIPMENT          |      |      |      |      |      |      |
| LAND & STRUCTURES  |      |      |      |      |      |      |
| GRANTS, CLAIMS     |      |      |      |      |      |      |
| MISCELLANECUS      |      |      |      |      |      |      |
| TOTAL OPERATING    | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|                       |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|
| REVENUE FUND SOURCES: |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|

FUNDING

(Thousands of Dollars)

|                          |           |           |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1002 Federal Receipts    |           |           |           |           |           |           |
| 1003 GF Match            |           |           |           |           |           |           |
| 1004 GF                  | -14,571.0 | -17,000.0 | -17,000.0 | -17,000.0 | -17,000.0 | -17,000.0 |
| 1005 GF/Program Receipts |           |           |           |           |           |           |
| 1006 GF/MHTA             |           |           |           |           |           |           |
| Other                    | 14,571.0  | 17,000.0  | 17,000.0  | 17,000.0  | 17,000.0  | 17,000.0  |
| TOTAL                    | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       |

POSITIONS:

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director  
 Division: Alaska Energy Authority  
 Approved by Commissioner: [Signature]  
 Agency: Commerce & Economic Development

Phone: (907) 581-7877  
 Date: \_\_\_\_\_  
 Date: 4-15-93

# FISCAL NOTE

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: April 14, 1993

Dept. Affected: Commerce & Economic Development

Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tyee Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date.

BRU: Alaska Energy Authority

Sponsor: Senators Sharp, Taylor, Miller

Component: Power Cost Equalization Grants

Requestor: Senate Finance Committee

COMPONENT SERIAL NO. 965

**Expenditures/Revenues**

(Thousands of Dollars)

| OPERATING              | FY06       | FY07       | FY08       | FY09       | FY10       | FY11       |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONNEL SERVICES     |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

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

|                              |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCES:</b> |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|

**FUNDING**

(Thousands of Dollars)

|                          |            |            |            |            |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts    |            |            |            |            |            |            |
| 1003 GF Match            |            |            |            |            |            |            |
| 1004 GF                  | -17,000.0  | -17,000.0  | -17,000.0  | -17,000.0  | -17,000.0  | -17,000.0  |
| 1005 GF/Program Receipts |            |            |            |            |            |            |
| 1006 GF/MHTA             |            |            |            |            |            |            |
| Other                    | 17,000.0   | 17,000.0   | 17,000.0   | 17,000.0   | 17,000.0   | 17,000.0   |
| <b>TOTAL</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

**POSITIONS:**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director

Phone: (907) 551-7877

Division: Alaska Energy Authority

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

Approved by Commissioner: *Ron Garzini*

Date: 4-15-93

Agency: Commerce & Economic Development

# FISCAL NOTE

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development

Title: An Act establishing the energy authority revolving fund; BRU: Alaska Energy Authority

repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date.

Component: Power Cost Equalization Grants

Sponsor: Senators Shara, Taylor, Miller

Requestor: Senate Finance Committee

COMPONENT SERIAL NO. 965

**Expenditures/Revenues**

(Thousands of Dollars)

| OPERATING              | FY12       | FY13       | FY | FY | FY | FY |
|------------------------|------------|------------|----|----|----|----|
| PERSONNEL SERVICES     |            |            |    |    |    |    |
| TRAVEL                 |            |            |    |    |    |    |
| CONTRACTUAL            |            |            |    |    |    |    |
| SUPPLIES               |            |            |    |    |    |    |
| EQUIPMENT              |            |            |    |    |    |    |
| LAND & STRUCTURES      |            |            |    |    |    |    |
| GRANTS, CLAIMS         |            |            |    |    |    |    |
| MISCELLANEOUS          |            |            |    |    |    |    |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> |    |    |    |    |

|                |  |  |  |  |  |  |
|----------------|--|--|--|--|--|--|
| <b>CAPITAL</b> |  |  |  |  |  |  |
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|                              |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCES:</b> |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|

**FUNDING**

(Thousands of Dollars)

|                          |            |            |  |  |  |  |
|--------------------------|------------|------------|--|--|--|--|
| 1002 Federal Receipts    |            |            |  |  |  |  |
| 1003 GF Match            |            |            |  |  |  |  |
| 1004 GF                  | -17,000.0  | -17,000.0  |  |  |  |  |
| 1005 GF/Program Receipts |            |            |  |  |  |  |
| 1008 GF/MHTA             |            |            |  |  |  |  |
| Other                    | 17,000.0   | 17,000.0   |  |  |  |  |
| <b>TOTAL</b>             | <b>0.0</b> | <b>0.0</b> |  |  |  |  |

**POSITIONS:**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Gazdini, Executive Director  
Division: Alaska Energy Authority  
Approved by Commissioner: [Signature]  
Agency: Commerce & Economic Development

Phone: (907) 561-7677  
Date: \_\_\_\_\_  
Date: 4-15-93

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. CS&B 106

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development  
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tvee Lake hydroelectric projects, and between Sutton and Glennallen and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority  
 Sponsor: Senators Sharp, Taylor, Miller Component: Power Cost Equalization Grants  
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 966

Expenditures/Revenues (Thousands of Dollars)

| OPERATING              | FY94       | FY95       | FY96       | FY97       | FY98       | FY99       |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONNEL SERVICES     |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|         |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|
| CAPITAL |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|

|                       |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|
| REVENUE FUND SOURCES: |  |  |  |  |  |  |
|-----------------------|--|--|--|--|--|--|

FUNDING (Thousands of Dollars)

|                          |            |            |            |            |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts    |            |            |            |            |            |            |
| 1003 GF Match            |            |            |            |            |            |            |
| 1004 GF                  | 0.0        | -2,429.0   | -4,857.0   | -7,286.0   | -9,714.0   | -12,143.0  |
| 1005 GF/Program Receipts |            |            |            |            |            |            |
| 1006 GF/MHTA             |            |            |            |            |            |            |
| Other                    | 0          | 2,429.0    | 4,857.0    | 7,286.0    | 9,714.0    | 12,143.0   |
| <b>TOTAL</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

POSITIONS:

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ben Garzhi, Executive Director Phone: (907) 561-7877  
 Division: Alaska Energy Authority Date: \_\_\_\_\_  
 Approved by Commissioner: [Signature] Date: 4-15-93  
 Agency: Commerce & Economic Development

# FISCAL NOTE

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development  
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glenn; and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority  
 Sponsor: Senator Sam Taylor Miller Component: PCE Administration  
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 373

**Expenditures/Revenues**

(Thousands of Dollars)

| OPERATING              | FY94       | FY95       | FY96       | FY97       | FY98       | FY99       | FY98       |
|------------------------|------------|------------|------------|------------|------------|------------|------------|
| PERSONNEL SERVICES     |            |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                              |  |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|--|
| <b>CAPITAL</b>               |  |  |  |  |  |  |  |
| <b>REVENUE FUND SOURCES:</b> |  |  |  |  |  |  |  |

**FUNDING**

(Thousands of Dollars)

| FUNDING                  | FY94       | FY95       | FY96       | FY97       | FY98       | FY99       | FY98       |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts    |            |            |            |            |            |            |            |
| 1003 GF Match            |            |            |            |            |            |            |            |
| 1004 GF                  | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| 1005 GF/Program Receipts |            |            |            |            |            |            |            |
| 1006 GF/MHTA             |            |            |            |            |            |            |            |
| Other                    |            |            |            |            |            |            |            |
| <b>TOTAL</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

**POSITIONS:**

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |  |

Estimate of current year (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director *Ron Garzini* Phone: (907) 561-7077  
 Division: Alaska Energy Authority Date: \_\_\_\_\_  
 Approved by Commissioner: \_\_\_\_\_ *Greg Bell* Date: 4-15-93  
 Agency: Department of Commerce & Economic Development

# FISCAL NOTE

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: April 14, 1993  
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glenn; and providing for an effective date.  
 Sponsor: Senators Sharp, Taylor, Miller  
 Requestor: Senate Finance Committee

Dept. Affected: Commerce & Economic Development  
 BRU: Alaska Energy Authority  
 Component: PCE Administration  
 COMPONENT SERIAL NO. 373

**Expenditures/Revenues**

(Thousands of Dollars)

|                        | FY00       | FY01       | FY02       | FY03       | FY04       | FY05       |
|------------------------|------------|------------|------------|------------|------------|------------|
| <b>OPERATING</b>       |            |            |            |            |            |            |
| PERSONNEL SERVICES     |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

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

|                              |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCES:</b> |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|

**FUNDING**

(Thousands of Dollars)

|                          | FY00       | FY01       | FY02       | FY03       | FY04       | FY05       |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts    |            |            |            |            |            |            |
| 1003 GF Match            |            |            |            |            |            |            |
| 1004 GF                  | 0.0        | -247.7     | -258.8     | -270.5     | -282.6     | -295.4     |
| 1005 GF/Program Receipts |            |            |            |            |            |            |
| 1006 GF/MHTA             |            |            |            |            |            |            |
| Other                    |            | 247.7      | 258.8      | 270.5      | 282.6      | 295.4      |
| <b>TOTAL</b>             | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

**POSITIONS:**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director  
 Division: Alaska Energy Authority  
 Approved by Commissioner: [Signature]  
 Agency: Department of Commerce & Economic Development

Phone: (907) 561-7877  
 Date: \_\_\_\_\_  
 Date: 4-15-93

# FISCAL NOTE

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development  
 Title: An Act establishing the energy authority revolving fund; repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority; authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tyee Lake hydroelectric projects, and between Suptop and Glenn; and approving the design and construction costs of the interties; and providing for an effective date. BRU: Alaska Energy Authority  
 Sponsor: Senators Sharp, Taylor, Miller Component: PCE Administration  
 Requestor: Senate Finance Committee COMPONENT SERIAL NO. 373

Expenditures/Revenues (Thousands of Dollars)

| OPERATING              | FY06       | FY07       | FY08       | FY09       | FY10       | FY11       |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONNEL SERVICES     |            |            |            |            |            |            |
| TRAVEL                 |            |            |            |            |            |            |
| CONTRACTUAL            |            |            |            |            |            |            |
| SUPPLIES               |            |            |            |            |            |            |
| EQUIPMENT              |            |            |            |            |            |            |
| LAND & STRUCTURES      |            |            |            |            |            |            |
| GRANTS, CLAIMS         |            |            |            |            |            |            |
| MISCELLANEOUS          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                              |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|
| <b>CAPITAL</b>               |  |  |  |  |  |  |
| <b>REVENUE FUND SOURCES:</b> |  |  |  |  |  |  |

FUNDING (Thousands of Dollars)

|                            | FY06       | FY07       | FY08       | FY09       | FY10       | FY11       |
|----------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts      |            |            |            |            |            |            |
| 1003 GF Match              |            |            |            |            |            |            |
| 1004 GF                    | -308.7     | -322.5     | -337.1     | -352.2     | -388.1     | -384.6     |
| 1005 GF/Program Receipts   |            |            |            |            |            |            |
| 1006 GF/MHTA               |            |            |            |            |            |            |
| Other (AEA Revolving Fund) | 308.7      | 322.5      | 337.1      | 352.2      | 388.1      | 384.6      |
| <b>TOTAL</b>               | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

POSITIONS:

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director Phone: (907) 561-7877  
 Division: Alaska Energy Authority Date: \_\_\_\_\_  
 Approved by Commissioner: [Signature] Date: 4-15-93  
 Agency: Department of Commerce & Economic Development

# FISCAL NOTE

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: April 14, 1993 Dept. Affected: Commerce & Economic Development

Title: An Act establishing the energy authority revolving fund; BRU: Alaska Energy Authority

repealing the rural electrification revolving loan fund and the bulk fuel revolving loan fund; relating to procurements for certain transmission lines; repealing a provision relating to insurance requirements in construction contracts of the Alaska Energy Authority authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between Swan Lake and Tye Lake hydroelectric projects, and between Sutton and Glenn; and approving the design and construction costs of the interties; and providing for an effective date.

Component: PCE Administration

Sponsor: Senators Sharp, Taylor, Miller

Requestor: Senate Finance Committee COMPONENT SERIAL NO. 373

**Expenditures/Revenues**

(Thousands of Dollars)

| OPERATING              | FY12       | FY13       | FY | FY | FY | FY |
|------------------------|------------|------------|----|----|----|----|
| PERSONNEL SERVICES     |            |            |    |    |    |    |
| TRAVEL                 |            |            |    |    |    |    |
| CONTRACTUAL            |            |            |    |    |    |    |
| SUPPLIES               |            |            |    |    |    |    |
| EQUIPMENT              |            |            |    |    |    |    |
| LAND & STRUCTURES      |            |            |    |    |    |    |
| GRANTS, CLAIMS         |            |            |    |    |    |    |
| MISCELLANEOUS          |            |            |    |    |    |    |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> |    |    |    |    |

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

|                              |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCES:</b> |  |  |  |  |  |  |
|------------------------------|--|--|--|--|--|--|

**FUNDING**

(Thousands of Dollars)

|                            |            |            |  |  |  |  |
|----------------------------|------------|------------|--|--|--|--|
| 1002 Federal Receipts      |            |            |  |  |  |  |
| 1003 GF Match              |            |            |  |  |  |  |
| 1004 GF                    | -401.0     | -420.0     |  |  |  |  |
| 1005 GF/Program Receipts   |            |            |  |  |  |  |
| 1006 GF/MHTA               |            |            |  |  |  |  |
| Other (AEA Revolving Fund) | 401.0      | 420.0      |  |  |  |  |
| <b>TOTAL</b>               | <b>0.0</b> | <b>0.0</b> |  |  |  |  |

**POSITIONS:**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| FULL-TIME |  |  |  |  |  |  |
| PART-TIME |  |  |  |  |  |  |
| TEMPORARY |  |  |  |  |  |  |

Estimate of current year (FY93) Impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Ron Garzini, Executive Director

Phone: (907) 561-7877

Division: Alaska Energy Authority

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

Approved by Commissioner: *Gary Bell for*

Date: 4-15-93

Agency: Department of Commerce & Economic Development

**FISCAL NOTE**

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: \_\_\_\_\_  
 Title: An Act establishing the energy authority revolving fund:  
repealing the rural electrification revolving loan fund . . . .  
 Sponsor: Senators Sharp, Taylor, Miller  
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development  
 BRU: Alaska Energy Authority  
 Component: AEA Agency Operations  
 \_\_\_\_\_  
**COMPONENT SERIAL NO. 1232**

**EXPENDITURES/REVENUES:**

| OPERATING              | FY 94        | FY 95        | FY 96        | FY 97        | FY 98        | FY 99        |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES      | 180.0        | 187.5        | 292.0        | 303.7        | 315.9        | 328.6        |
| TRAVEL                 | 50.0         | 60.0         | 90.0         | 100.0        | 110.0        | 120.0        |
| CONTRACTUAL            | 100.0        | 104.0        | 108.2        | 112.6        | 117.1        | 225.0        |
| SUPPLIES               |              |              |              |              |              |              |
| EQUIPMENT              |              |              |              |              |              |              |
| LAND & STRUCTURES      |              |              |              |              |              |              |
| GRANTS, CLAIMS         |              |              |              |              |              |              |
| MISCELLANEOUS          | 117.0        | 121.9        | 189.9        | 197.5        | 205.3        | 213.6        |
| <b>TOTAL OPERATING</b> | <b>447.0</b> | <b>473.4</b> | <b>680.1</b> | <b>713.8</b> | <b>748.3</b> | <b>887.2</b> |

|                |  |  |  |  |  |  |
|----------------|--|--|--|--|--|--|
| <b>CAPITAL</b> |  |  |  |  |  |  |
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|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCE:</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

**FUNDING:**

|                          |              |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts    |              |              |              |              |              |              |
| 1003 GF Match            |              |              |              |              |              |              |
| 1004 GF                  |              |              |              |              |              |              |
| 1005 GF/Program Receipts |              |              |              |              |              | 350.0        |
| 1006 GF/MHTIA            |              |              |              |              |              |              |
| OTHER                    | 447.0        | 473.4        | 680.1        | 713.8        | 748.3        | 537.2        |
| <b>TOTAL</b>             | <b>447.0</b> | <b>473.4</b> | <b>680.1</b> | <b>713.8</b> | <b>748.3</b> | <b>887.2</b> |

**POSITIONS:**

|           |     |     |     |     |     |     |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| PART-TIME |     |     |     |     |     |     |
| TEMPORARY |     |     |     |     |     |     |

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
 \*\*Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director  
 Division: Alaska Energy Authority

Phone: (907) 561-7877  
 Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

Date: 4-15-93

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**FISCAL NOTE**

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: \_\_\_\_\_  
 Title: An Act establishing the energy authority revolving fund;  
repealing the rural electrification revolving loan fund . . . .  
 Sponsor: Senators Sharp, Taylor, Miller  
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development  
 BRU: Alaska Energy Authority  
 Component: AEA Agency Operations  
 COMPONENT SERIAL NO. 1232

**EXPENDITURES/REVENUES:**

| OPERATING              | FY 00        | FY 01        | FY 02        | FY 03        | FY 04          | FY 05          |
|------------------------|--------------|--------------|--------------|--------------|----------------|----------------|
| PERSONAL SERVICES      | 236.9        | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| TRAVEL                 | 45.0         | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| CONTRACTUAL            | 531.4        | 552.7        | 574.8        | 597.8        | 781.8          | 973.2          |
| SUPPLIES               |              |              |              |              |                |                |
| EQUIPMENT              |              |              |              |              |                |                |
| LAND & STRUCTURES      |              |              |              |              |                |                |
| GRANTS, CLAIMS         |              |              |              |              |                |                |
| MISCELLANEOUS          | 154.0        | 197.6        | 205.5        | 213.7        | 223.3          | 231.2          |
| <b>TOTAL OPERATING</b> | <b>967.3</b> | <b>750.3</b> | <b>780.3</b> | <b>811.5</b> | <b>1,004.1</b> | <b>1,204.4</b> |

|                |  |  |  |  |  |  |
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| <b>CAPITAL</b> |  |  |  |  |  |  |
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|-----------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCE:</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

**FUNDING:**

|                          |              |              |              |              |                |                |
|--------------------------|--------------|--------------|--------------|--------------|----------------|----------------|
| 1002 Federal Receipts    |              |              |              |              |                |                |
| 1003 GF Match            |              |              |              |              |                |                |
| 1004 GF                  |              |              |              |              |                |                |
| 1005 GF/Program Receipts | 967.3        | 750.3        | 780.3        | 811.5        | 1,004.1        | 1,204.4        |
| 1006 GF/MHTIA            |              |              |              |              |                |                |
| OTHER                    |              |              |              |              |                |                |
| <b>TOTAL</b>             | <b>967.3</b> | <b>750.3</b> | <b>780.3</b> | <b>811.5</b> | <b>1,004.1</b> | <b>1,204.4</b> |

**POSITIONS:**

|           |     |     |     |     |     |     |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PART-TIME | 0   | 0   | 0.0 | 0.0 | 0.0 | 0.0 |
| TEMPORARY |     |     |     |     |     |     |

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
 \*\*Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director  
 Division: Alaska Energy Authority

Phone: (907) 561-7877  
 Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

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

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**FISCAL NOTE**

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

**BILL NO. CSSB 106**

Revision Date: \_\_\_\_\_  
 Title: An Act establishing the energy authority revolving fund:  
repealing the rural electrification revolving loan fund . . . .  
 Sponsor: Senators Sharp, Taylor, Miller  
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development  
 BRU: Alaska Energy Authority  
 Component: AEA Agency Operations  
 \_\_\_\_\_  
**COMPONENT SERIAL NO. 1232**

**EXPENDITURES/REVENUES:**

| OPERATING              | FY 06          | FY 07          | FY 08          | FY 09          | FY 10          | FY 11          |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| PERSONAL SERVICES      | 0              | 0              | 0              | 0              | 0              | 0              |
| TRAVEL                 | 0              | 0              | 0              | 0              | 0              | 0              |
| CONTRACTUAL            | 1,012.1        | 1,052.6        | 1,094.7        | 1,138.5        | 1,184.0        | 1,231.4        |
| SUPPLIES               |                |                |                |                |                |                |
| EQUIPMENT              |                |                |                |                |                |                |
| LAND & STRUCTURES      |                |                |                |                |                |                |
| GRANTS, CLAIMS         |                |                |                |                |                |                |
| MISCELLANEOUS          | 240.4          | 250.0          | 260.0          | 270.4          | 281.2          | 292.5          |
| <b>TOTAL OPERATING</b> | <b>1,252.5</b> | <b>1,302.6</b> | <b>1,354.7</b> | <b>1,408.9</b> | <b>1,465.3</b> | <b>1,523.9</b> |

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

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCE:</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

**FUNDING:**

|                          |                |                |                |                |                |                |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts    |                |                |                |                |                |                |
| 1003 GF Match            |                |                |                |                |                |                |
| 1004 GF                  |                |                |                |                |                |                |
| 1005 GF/Program Receipts | 1,252.5        | 1,302.6        | 1,354.7        | 1,408.9        | 1,486.3        | 1,523.9        |
| 1006 GF/MHTIA            |                |                |                |                |                |                |
| OTHER                    |                |                |                |                |                |                |
| <b>TOTAL</b>             | <b>1,252.5</b> | <b>1,302.6</b> | <b>1,354.7</b> | <b>1,408.9</b> | <b>1,486.3</b> | <b>1,523.9</b> |

**POSITIONS:**

|           |     |   |   |   |   |   |
|-----------|-----|---|---|---|---|---|
| FULL-TIME | 2.0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0   | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY |     |   |   |   |   |   |

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
 \*\*Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director  
 Division: Alaska Energy Authority

Phone: (907) 561-7877  
 Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

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

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**FISCAL NOTE**

BILL NO. CSSB 106

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_  
 Title: An Act establishing the energy authority revolving fund;  
repealing the rural electrification revolving loan fund . . . .  
 Sponsor: Senators Sharp, Taylor, Miller  
 Requestor: Senate Finance Committee

Department Affected: Commerce and Economic Development  
 BRU: Alaska Energy Authority  
 Component: AEA Agency Operations  
 \_\_\_\_\_  
**COMPONENT SERIAL NO.** 1232

**EXPENDITURES/REVENUES:**

| OPERATING              | FY 12          | FY 13          | FY | FY | FY | FY |
|------------------------|----------------|----------------|----|----|----|----|
| PERSONAL SERVICES      | 0              | 0              |    |    |    |    |
| TRAVEL                 | 0              | 0              |    |    |    |    |
| CONTRACTUAL            | 1,280.7        | 1,331.8        |    |    |    |    |
| SUPPLIES               |                |                |    |    |    |    |
| EQUIPMENT              |                |                |    |    |    |    |
| LAND & STRUCTURES      |                |                |    |    |    |    |
| GRANTS, CLAIMS         |                |                |    |    |    |    |
| MISCELLANEOUS          | 304.2          | 316.4          |    |    |    |    |
| <b>TOTAL OPERATING</b> | <b>1,584.8</b> | <b>1,648.2</b> |    |    |    |    |

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

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>REVENUE FUND SOURCE:</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

**FUNDING:**

|                          |                |                |  |  |  |  |
|--------------------------|----------------|----------------|--|--|--|--|
| 1002 Federal Receipts    |                |                |  |  |  |  |
| 1003 GF Match            |                |                |  |  |  |  |
| 1004 GF                  |                |                |  |  |  |  |
| 1005 GF/Program Receipts | 1,584.8        | 1,648.2        |  |  |  |  |
| 1006 GF/MHTIA            |                |                |  |  |  |  |
| OTHER                    |                |                |  |  |  |  |
| <b>TOTAL</b>             | <b>1,584.8</b> | <b>1,648.2</b> |  |  |  |  |

**POSITIONS:**

|           |   |   |  |  |  |  |
|-----------|---|---|--|--|--|--|
| FULL-TIME | 0 | 0 |  |  |  |  |
| PART-TIME | 0 | 0 |  |  |  |  |
| TEMPORARY |   |   |  |  |  |  |

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
 \*\*Capital cost is reflected in companion bill SB 126.

Prepared by: Ron Garzini, Executive Director  
 Division: Alaska Energy Authority

Phone: (907) 561-7877  
 Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
 Agency: Commerce and Economic Development

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

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*Adopted*  
*3-3-93*  
*4-14-93*  
*BS*  
*move*  
*to*  
*Cramer*  
*3/2/93*  
*rescind*  
*Adopted*  
*Rescinded*

CS FOR SENATE BILL NO. 106( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATORS SHARP, Taylor, Miller

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing power transmission interties between Anchorage and the  
2 Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and  
3 Tye Lake hydroelectric projects, and approving the design and construction costs  
4 of the interties; and providing for an effective date."

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

6 \* Section 1. AS 36.30.850(b) is amended by adding a new paragraph to read:

7 (30) contracts between the Alaska Energy Authority and one or more  
8 public utilities for the construction of an electric transmission line but only if the  
9 utility or utilities have agreed, in writing, to pay the

10 (A) design and construction costs of the lines, after the  
11 deduction of money appropriated for that purpose by the state, and to provide  
12 for the repayment of any loans or bonded indebtedness related to the project,  
13 regardless of final completion costs and unforeseen expenses; and

14 (B) operation and maintenance costs of the project.

1 \* Sec. 2. In accordance with AS 44.83.185(c) and contingent upon sec. 5 of this Act, the  
2 Alaska Energy Authority is authorized to design and construct a 138 kilovolt power  
3 transmission intertie between Anchorage and the Kenai Peninsula at a cost of \$103,000,000.

4 \* Sec. 3. In accordance with AS 44.83.185(c) and contingent upon sec. 5 of this Act, the  
5 Alaska Energy Authority is authorized to design and construct a 138 kilovolt power  
6 transmission intertie between Healy and Fairbanks at a cost of \$95,500,000.

7 \* Sec. 4. (a) In accordance with AS 44.83.185(c) and contingent upon (c) and (d) of this  
8 section, the Alaska Energy Authority is authorized to design and construct a 138 kilovolt  
9 power transmission intertie between the Swan Lake and the Tye Lake hydroelectric projects  
10 at a cost of \$55,600,000.

11 (b) It is the intent of the legislature that the Alaska Energy Authority finance one-half  
12 of the design and construction cost of the intertie authorized by (a) of this section through the  
13 revenue from the sale of power from hydroelectric projects included in the Four Dam Pool.

14 (c) The authorization made by (a) of this section is contingent upon a written  
15 agreement between the electric utilities participating in the project authorized by this section  
16 and the Alaska Energy Authority providing that the participating utilities agree to pay

17 (1) design and construction costs for the power transmission intertie authorized  
18 by (a) of this section that exceed \$27,800,000; and

19 (2) the operation and maintenance costs of the power transmission intertie  
20 authorized by (a) of this section.

21 (d) The authorization made by (a) of this section is contingent upon the office of  
22 management and budget recommending approval of the feasibility study and the plan of  
23 finance for the project under AS 44.83.183. The office shall notify the revisor of statutes of  
24 its recommendations on the project.

25 \* Sec. 5. The authorizations made by secs. 2 and 3 of this Act are contingent upon written  
26 agreements between the Alaska Energy Authority and the electric utilities participating in the  
27 projects authorized by those sections providing that the participating utilities agree to pay

28 (1) design and construction costs for the power transmission interties  
29 authorized by secs. 2 and 3 of this Act that exceed \$99,250,000 and the interest earned on that  
30 sum; and

31 (2) the operation and maintenance costs of the power transmission interties

1 authorized by secs. 2 and 3 of this Act.

2 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

# Alaska State Legislature

SENATOR  
**BERT SHARP**

DISTRICT P

CHAIRMAN  
TRANSPORTATION COMMITTEE

MEMBER  
FINANCE COMMITTEE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
HEALTH & SOCIAL SERVICES



FAIRBANKS

DENALI BANK BUILDING  
119 N. CUSHMAN, SUITE 201  
FAIRBANKS, ALASKA 99701  
(907) 452-7885/7886

SESSION ADDRESS

STATE CAPITOL, ROOM 514  
JUNEAU, ALASKA 99801-1182  
(907) 465-3004/4921

*Senate*

## SECTION ANALYSIS

SB - 106  
4/13/93

**SECTION 1.** States the reasons the legislature has in adopting this program and expresses the intent of the legislature as to how this program is to be managed. Included is the intent that the power cost equalization program be funded for 20 years at \$17 million annually, and that the funds in the 4-dam pool account be used for electrical system improvements to benefit those communities.

**SECTION 2.** Authorizes the Alaska Energy Authority to contract with utilities to design and construct electric transmission lines when those utilities assume the risks of completion and cost overruns and when the utilities agree to pay all costs of operation and maintenance.

**SECTION 3.** Amends the definition of program receipts to include earnings of the energy authority revolving fund created in Section 7.

**SECTION 4.** Provides that the Department of Revenue shall invest the balance of the energy authority revolving fund.

**SECTION 5-6.** Are conforming amendments which change references from "power project fund" to "power project loan account."

**SECTION 7.** Creates the energy authority revolving fund which would be the consolidated fund for all income and assets of the energy authority except for the electrical service extension fund and the power cost equalization fund. All other funds or accounts which exist or may later be created in the Energy Authority would be



REPRESENTING  
GOLDEN HEART  
OF ALASKA

accounts within this fund. Income on assets of the authority would be received by this fund. The authority may make interest bearing loans from this fund to qualified borrowers in amounts not to exceed \$10 million, but all other uses of this fund would require legislative appropriations.

SECTION 8. Transfers the "power project fund" to the status of "power project loan account" within the new revolving fund.

SECTION 9. Transfers the loan programs of the energy authority to this new loan account and consolidates authority for fuel loans in this new account.

SECTION 10-11. Are conforming amendments which change references from "power project fund" to "power project loan account."

SECTION 12. Changes a reference from "power project fund" to "power project loan account." In addition, it provides that the legislature may specifically authorize no-interest loans for transmission interties.

SECTION 13. Provides that interest earned by loans from the new power project loan account will be deposited in the energy authority revolving fund.

SECTION 14-17. Are conforming amendments which change references from "power project fund" to "power project loan account."

SECTION 18. Is a conforming amendment which change a reference from "power development fund" to "power development account."

SECTION 19. Changes the power development fund to an account within the energy authority revolving fund called the "power development account"

SECTION 20. Is a conforming amendment changing references from "fund" to "account."

SECTION 21. Changes references from "fund" to "account," and it also repeals the requirement that income to this investment account must be deposited in the general fund.

SECTION 22. Is a conforming amendment which changes a reference from "fund" to "account."

SECTION 23. Provides a definition of "account" in this section to mean the power development account.

SECTION 24. Changes the name of the "power development revolving loan fund" to "power development revolving loan account."

SECTION 25. Creates the 4-dam pool account within the energy authority revolving fund. This account consists of 50% of the receipts from the 4-dam pool debt service.

SECTION 26-28. Are conforming amendments which change references from "fund" to "account."

SECTION 29. Defines "account" in that section as the power development loan account.

SECTION 30. Repeals the bulk fuel revolving loan fund which is consolidated with the power project loan account; it repeals the rural electrification revolving loan fund which has not been used since enactment of the electrical service extension fund; and it repeals a requirement that income earned from energy authority projects be deposited in the general fund.

SECTION 31. Authorizes design and construction of the proposed transmission intertie between Anchorage and the Kenai Peninsula.

SECTION 32. Authorizes design and construction of the proposed transmission intertie between Healy and Fairbanks.

SECTION 33. Conditions the authorizations given in Sections 30 and 31 upon the utilities agreeing to pay all completion costs above \$90 million and to pay all costs of operation and maintenance.

SECTION 34. Authorizes the design and construction of a transmission intertie between the Swan Lake and Tye Lake hydroelectric projects upon the condition that the utility agrees to pay completion costs above the \$20 million and to pay all costs of operation and maintenance.

SECTION 35. Authorizes the design and construction of a transmission intertie between Sutton and Glennallen upon the condition that utility agrees to pay for completion costs above \$35 million and to pay all costs of operation and maintenance, and upon the condition that the Office of Management and Budget approves the feasibility study submitted by the Energy Authority.

SECTION 36. Provides that AEA shall contract with utilities to design and construct transmission interties unless the utilities decline that opportunity.

SECTION 37. Provides for an effective date.

4-14-93  
BS moved  
Adopted  
5-1

4/13/93 SB 106  
workdraft 8-LSO594\C

**AMENDMENT #2**

page 17, line 23

delete [\$20,000,000]

insert \$35,000,000

page 18, line 10

delete [\$35,000,000]

insert \$27,500,000

SENATE FINANCE  
COMMITTEE  
Amendment Number: 2  
Bill Number: SB 106  
Sponsor: \_\_\_\_\_ Date: 4/14/93  
Logged In By: [Signature]

4-14-93  
B3-3  
Adopted  
5-1

SB 106  
4/13/93 workdraft 8-LSO594\C

**AMENDMENT #1**

page 2, line 17 **delete** ✓

sub section [(d)]

page 14, line 16 **delete**

[section 25] ✓

page 17, line 13 **delete**

✓ [through a loan to the participating utilities for a term of 50 years at three percent annual interest].

page 18, line 1 thru line 2 **delete**

✓ [through a loan to the participating utility or utilities for a term of 50 years at three percent annual interest].

\* Renumber sections and section references accordingly.

**SENATE FINANCE  
COMMITTEE**  
Amendment Number: ①  
Bill Number: SB 106  
Sponsor: \_\_\_\_\_ Date: 4/14/93  
Logged In By: Bru

4-14-93  
BS moved  
Adopted

WORK DRAFT

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WORK DRAFT

8-LS0594C  
Cramer  
4/13/93

**CS FOR SENATE BILL NO. 106( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATORS SHARP, Taylor, Miller**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing the energy authority revolving fund; repealing the rural  
2 electrification revolving loan fund and the bulk fuel revolving loan fund; relating  
3 to procurements for certain transmission lines; authorizing power transmission  
4 interties between Anchorage and the Kenai Peninsula, between Healy and  
5 Fairbanks, between the Swan Lake and Tye Lake hydroelectric projects, and  
6 between Sutton and Glennallen and approving the design and construction costs  
7 of the interties; and providing for an effective date."

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

9 \* Section 1. FINDINGS AND INTENT. (a) The legislature finds that adequate, reliable,  
10 electric service at affordable rates is a necessary ingredient of a modern society and a  
11 prosperous developing economy. The legislature further finds that at the current stage of  
12 social and economic development in the state, direct participation by the state is necessary to  
13 assist in the development of a regional electric transmission infrastructure and to assist in

1 holding rates in high cost service areas to affordable levels.

2 (b) The legislature intends that the energy authority revolving fund, created by sec. 7  
3 of this Act, be managed so that

4 (1) the money granted for design and construction of the power transmission  
5 interties authorized by secs. 31, 32, 34, and 35 of this Act is disbursed as work progress  
6 payments;

7 (2) money is provided to allow the funding source for the power cost  
8 equalization program (AS 44.83.162 - 44.83.164) to be changed from the general fund to the  
9 energy authority revolving fund; funding for power cost equalization from the general fund  
10 and the energy authority revolving fund combined is intended to be \$17,000,000 annually  
11 through fiscal year 2013.

12 (c) The legislature further intends that this long-term commitment to the power cost  
13 equalization program will permit and encourage the electric utility industry and its lenders to  
14 develop the plans, make the investments, and take other actions that are necessary or prudent  
15 to prepare to meet the utility needs of residents in rural Alaska without this assistance from  
16 the state.

17 (d) It is the intent of the legislature that money deposited in the four dam pool  
18 account, enacted by sec. 25 of this Act, may be appropriated by the legislature to finance the  
19 planning, rehabilitation, construction, and improvements to the four dam pool hydroelectric  
20 projects and for other public purposes. Improvements to the projects may include the addition  
21 of new hydroelectric generating capacity, the construction of interties to make the projects  
22 more efficient, and other improvements to the system. The legislature should be guided in  
23 establishing a priority for expenditures for the four dam pool projects by a majority vote of  
24 the public utilities that are members of the project management committee under the power  
25 sales agreement for the four dam pool hydroelectric power projects.

26 \* Sec. 2. AS 36.30.850(b) is amended by adding a new paragraph to read:

27 (30) contracts between the Alaska Energy Authority and one or more  
28 public utilities for the design and construction of an electric transmission line but only  
29 if the utility or utilities have agreed, in writing, to pay the

30 (A) design and construction costs of the lines, after the  
31 deduction of money appropriated for that purpose by the state, and to provide

1 for the repayment of any loans or bonded indebtedness related to the project.  
2 regardless of final completion costs and unforeseen expenses; and

3 (B) operation and maintenance costs of the project.

4 \* Sec. 3. AS 37.05.146 is amended to read:

5 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142  
6 - 37.05.146 and AS 37.07.080, "program receipts" means fees, charges, income earned  
7 on assets, and other state money received by a state agency in connection with the  
8 performance of its functions; all program receipts except the following are general fund  
9 program receipts:

10 (1) federal receipts;

11 (2) University of Alaska receipts (AS 14.40.491);

12 (3) individual, foundation, or corporation gifts, grants, or bequests that  
13 by their terms are restricted to a specific purpose;

14 (4) receipts of the following funds:

15 (A) highway working capital fund (AS 44.68.210);

16 (B) correctional industries fund (AS 33.32.020);

17 (C) loan funds;

18 (D) international airport revenue fund (AS 37.15.430);

19 (E) funds managed by the Alaska Housing Finance Corporation  
20 (AS 18.56.020), the Alaska Railroad Corporation (AS 42.40.010), the  
21 Municipal Bond Bank Authority (AS 44.85.020), the Alaska Aerospace  
22 Development Corporation (AS 14.40.821), or the Alaska Industrial  
23 Development and Export Authority (AS 44.88.020);

24 (F) fish and game fund (AS 16.05.100);

25 (G) school fund (AS 43.50.140);

26 (H) training and building fund (AS 23.20.130);

27 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222,  
28 AS 39.35, and former AS 39.37);

29 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);

30 (K) public school fund (AS 37.14.110);

31 (L) second injury fund (AS 23.30.040);

- 1 (M) fishermen's fund (AS 23.35.060);  
2 (N) FICA administration fund (AS 39.30.050);  
3 (O) receipts of the employee benefits program established u.  
4 AS 39.30.150 - 39.30.180;  
5 (P) receipts of the deferred compensation program established  
6 under AS 39.45; [.]  
7 (Q) the energy authority revolving fund (AS 44.83.107); [.]  
8 (5) receipts of or from the trust established by AS 37.14.400 -  
9 37.14.450, except reimbursements described in AS 37.14.410.

10 \* Sec. 4. AS 44.25.020 is amended to read:

11 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue  
12 shall

- 13 (1) enforce the tax laws of the state;  
14 (2) collect, account for, have custody of, invest, and manage all state  
15 funds and all revenues of the state except revenues incidental to a program of licensing  
16 and regulation carried on by another state department and funds managed and invested  
17 by the Alaska State Pension Investment Board;  
18 (3) register cattle brands;  
19 (4) supply necessary clerical and administrative services for the  
20 Alcoholic Beverage Control Board;  
21 (5) invest [AND MANAGE] the balance of the power development  
22 account in the energy authority revolving fund in accordance with AS 44.83.386;  
23 (6) in accordance with the policies established by the board of trustees  
24 of the Alaska State Pension Investment Board, collect, account for, have custody of,  
25 invest, and manage the state funds for which the board is responsible.

26 \* Sec. 5. AS 44.83.080(16) is amended to read:

- 27 (16) to recommend to the legislature  
28 (A) the issuance of general obligation bonds of the state to  
29 finance the construction of a power project if the authority first determines that  
30 the project cannot be financed by revenue bonds of the authority at reasonable  
31 rates of interest;

1 (B) the pledge of the credit of the state to guarantee repayment  
2 of all or any portion of revenue bonds issued to assist in construction of power  
3 projects;

4 (C) an appropriation from the general fund

5 (i) for debt service on bonds or other project purposes;

6 or

7 (ii) to reduce the amount of debt financing for the  
8 project;

9 (D) an appropriation to the power project ~~to~~ account  
10 [POWER PROJECT FUND] for a power project;

11 (E) [REPEALED]

12 (F) development of a project under financing arrangements  
13 with other entities using leveraged leases or other financing methods;

14 ~~(F)~~ [(G)] an appropriation for a power project acquired or  
15 constructed under AS 44.83.380 - 44.83.425 (energy program for Alaska)

16 \* Sec. 6. AS 44.83.105 is amended to read:

17 Sec. 44.83.105. BONDS FOR POWER PROJECTS UNDER THE ENERGY  
18 PROGRAM FOR ALASKA. The authority may borrow money and issue its bonds  
19 for the acquisition or construction of power projects to be acquired or constructed  
20 under the energy program for Alaska. The principal of and interest on the bonds are  
21 payable from money derived from the sale of wholesale power from power projects  
22 financed under AS 44.83.380 - 44.83.425 from the power development account  
23 [FUND] or from a source referred to in AS 44.83.100 as the authority determines. The  
24 bonds may be issued if

25 (1) appropriations to the power development account [FUND] for the  
26 power project are insufficient to cover the cost of acquiring or constructing the power  
27 project; and

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

1 \* Sec. 7. AS 44.83 is amended by adding a new section to read:

2 Sec. 44.83.107. ENERGY AUTHORITY REVOLVING FUND. (a) The  
3 energy authority revolving fund is established in the authority. The revolving fund  
4 consists of

- 5 (1) appropriations made to it by the legislature;
- 6 (2) money or other assets transferred to it by the authority;
- 7 (3) unrestricted payments on loans made or purchased by the authority;
- 8 (4) income and interest on amounts in the fund; and
- 9 (5) all revenue of the authority not otherwise required to pay the  
10 expenses of authority projects.

11 (b) The board of directors of the authority may establish operations, renewal  
12 and replacement, capitalization, and self-insurance reserve accounts within the  
13 revolving fund.

14 (c) Unless otherwise expressly stated, the accounts created in this chapter,  
15 including the power project loan account under AS 44.83.170, the power development  
16 account under AS 44.83.382, and the power development revolving loan account under  
17 AS 44.83.500, are accounts of the energy authority revolving fund. The electrical  
18 service extension fund under AS 44.83.370 and the power cost equalization fund under  
19 AS 44.83.162 are not accounts of the energy authority revolving fund. The authority  
20 may create additional funds or accounts either within the revolving fund or outside the  
21 fund. Subject to agreements made with the holders of the authority's bonds or with  
22 other persons and subject to any restrictions placed upon legislative appropriations, the  
23 authority may transfer amounts in a fund or account in the revolving fund to another  
24 fund or account within the revolving fund.

25 (d) The foreclosure expense account is established as a special account in the  
26 energy authority revolving fund as a reserve from fund equity. The authority may  
27 spend money credited to the foreclosure expense account when necessary to protect the  
28 state's security interest in collateral on loans made under this chapter or to defray  
29 expenses incurred during foreclosure proceedings after a default by an obligor.

30 (e) The authority may

- 31 (1) pledge amounts in the revolving fund to secure bonds of the

1 authority; or

2 (2) enter into agreements with respect to the revolving fund that it  
3 considers necessary to secure its bonds.

4 (f) The authority may loan amounts from the revolving fund for any purpose  
5 authorized by this chapter. A loan from the fund in an amount greater than  
6 \$10,000,000 must be specifically authorized by the legislature. The authority may  
7 invest in projects or programs that are expressly authorized by the legislature under  
8 AS 44.83.185 and in projects or programs for which the legislature has made a specific  
9 appropriation to the fund.

10 (g) The legislature may appropriate amounts in the revolving fund to the  
11 authority for the cost of the power cost equalization program, for administering the  
12 fund, and for other programs and projects of the authority or to other public purposes.  
13 Money in the fund does not lapse.

14 \* Sec. 8. AS 44.83.170(a) is amended to read:

15 (a) ~~The~~ [THERE IS ESTABLISHED AS A SEPARATE FUND THE] power  
16 project loan account is established in the energy authority revolving fund. The  
17 account consists of

18 (1) appropriations to the account;

19 (2) unrestricted payments on loans made from or purchased by the

20 account;

21 (3) income and interest on amounts in the account; and

22 (4) other money and other assets transferred to or deposited in the

23 account as directed by resolution of the board of directors of the authority [FUND  
24 THAT SHALL BE DISTINCT FROM ANY OTHER MONEY OR FUNDS OF THE  
25 AUTHORITY, AND THAT INCLUDES ONLY MONEY APPROPRIATED BY THE  
26 LEGISLATURE].

27 \* Sec. 9. AS 44.83.170(b) is amended to read:

28 (b) The authority may make loans from the power project loan account  
29 [FUND]

30 (1) to electric utilities, regional electric authorities, municipalities,  
31 [CITIES, BOROUGHs,] regional and village corporations, village councils, and

1 nonprofit marketing cooperatives to pay the costs of

2 (A) reconnaissance studies, feasibility studies, license and  
3 permit applications, preconstruction engineering, and design of power projects;

4 (B) constructing, equipping, modifying, improving, and  
5 expanding small-scale power production facilities, conservation facilities, bulk  
6 fuel storage facilities, and transmission and distribution facilities, including  
7 energy production, transmission and distribution, and waste energy conservation  
8 facilities that depend on fossil fuel, wind power, tidal, geothermal, biomass,  
9 hydroelectric, solar or other non-nuclear energy sources: [AND]

10 (C) reconnaissance studies, preconstruction engineering, design,  
11 construction, equipping, modification, and expansion of potable water supply  
12 including surface storage and groundwater sources and transmission of water  
13 from surface storage to existing distribution systems; and

14 (D) acquisition of bulk fuel and bulk fuel reserves:

15 (1) to a borrower for a power project if

16 (A) the loan is entered into under a leveraged lease financing  
17 arrangement;

18 (B) the party that will be responsible for the power project is  
19 an electric utility, regional electric authority, municipality, [CITY,  
20 BOROUGH,] regional or village corporation, village council, or nonprofit-  
21 marketing cooperative; and

22 (C) the borrower seeking the loan demonstrates to the authority  
23 that the financing arrangement for the power project will reduce project  
24 financing costs below costs of comparable public power projects.

25 \* Sec. 10. AS 44.83.170(c) is amended to read:

26 (c) Before making a loan from the power project loan account [FUND], the  
27 authority shall, by regulation, specify

28 (1) standards for the eligibility of borrowers and the types of projects  
29 to be financed with loans;

30 (2) standards regarding the technical and economic viability and  
31 revenue self-sufficiency of eligible projects;

- 1 (3) collateral or other security required for loans,  
2 (4) the terms and conditions of loans;  
3 (5) criteria to establish financial feasibility and to measure the amount  
4 of state assistance necessary for particular projects to meet the financial feasibility  
5 criteria; and  
6 (6) other relevant criteria, standards, or procedures.

7 \* Sec. 11. AS 44.83.170(e) is amended to read:

8 (e) Repayment of the loans shall be secured in any manner that the authority  
9 determines is feasible to assure prompt repayment under a loan agreement entered into  
10 with the borrower. The authority may make an unsecured loan from the power project  
11 loan account [FUND] to a borrower regulated by the Alaska Public Utilities  
12 Commission under AS 42.05 if the borrower has a substantial history of repaying  
13 long-term loans and the capacity to repay the loan. Under a loan agreement,  
14 repayment may be deferred for 10 years or until the project for which the loan is made  
15 has achieved earnings from its operations sufficient to pay the loan, whichever is  
16 earlier.

17 \* Sec. 12. AS 44.83.170(f) is amended to read:

18 (f) Power projects are subject to the following limitations on interest and  
19 specific restrictions:

20 (1) power projects for which loans are outstanding from the former  
21 water resources revolving loan fund under former AS 45.86 on July 13, 1978, may  
22 receive additional financing from the power project loan account [FUND]; the  
23 additional financing, if granted, must be

24 (A) granted for a term not exceeding 50 years;

25 (B) granted at an interest rate of not less than three or more  
26 than five percent a year on the unpaid balance;

27 (C) conditioned on the repayment of loan principal and interest  
28 to begin on the earlier of

29 (i) the date of the start of commercial operation of the  
30 project; or

31 (ii) 10 years from the date the loan is granted;

1 (2) loans for power projects [SHALL BE GRANTED]

2 (A) may be granted for a term not to exceed 50 years: [AND]

3 (B) except as provided in (C) of this paragraph, shall have  
4 [AT] an interest rate that is not less than five percent and that is the lesser of

5 (i) a rate equal to the percentage that is the average  
6 weekly yield of municipal bonds for the 12 months preceding the date  
7 of the loan, as determined by the authority from municipal bond yield  
8 rates reported in the 30-year revenue index of the Weekly Bond Buyer;  
9 or

10 (ii) a rate determined by the authority that allows the  
11 project to meet criteria of financial feasibility established under (c) of  
12 this section; and

13 (C) may have an interest rate that is as low as zero percent  
14 if the legislature specifically authorizes the no-interest loan or if the loan  
15 is for a transmission intertie project that connects two or more utility  
16 systems not previously connected or that provides a second circuit to  
17 improve the reliability and transfer capability of an existing system.

18 \* Sec. 13. AS 44.83.170(g) is amended to read:

19 (g) Loan repayments and interest earned by loans from the power project loan  
20 account [FUND] shall be deposited in the energy authority revolving [STATE  
21 GENERAL] fund.

22 \* Sec. 14. AS 44.83.170(h) is amended to read:

23 (h) The legislature may forgive the repayment of a loan made from the power  
24 project loan account [FUND] for a reconnaissance study or a feasibility study when  
25 the authority finds that the power project for which the loan was made is not feasible.

26 \* Sec. 15. AS 44.83.170(i) is amended to read:

27 (i) Money in the power project loan account [FUND] may be used by the  
28 legislature to make appropriations for costs of administering the fund.

29 \* Sec. 16. AS 44.83.181(c) is amended to read:

30 (c) The plan of finance must include recommendations of the most appropriate  
31 means to finance a project, including, but not limited to,

- 1 (1) the issuance of revenue bonds of the authority;  
2 (2) the issuance of  
3 (A) general obligation bonds of the state; or  
4 (B) revenue bonds of the authority that are guaranteed or  
5 partially guaranteed by the state;  
6 (3) an appropriation from the general fund  
7 (A) to pay debt service on bonds or for other project purposes;  
8 or  
9 (B) to reduce the amount of debt financing for the project;  
10 (4) a loan from the general fund;  
11 (5) financing arrangements with other entities using leveraged leases  
12 or other financing methods;  
13 (6) assistance from any federal agency, including, but not limited to,  
14 the Rural Electrification Administration;  
15 (7) a loan from the power project loan account [FUND] under  
16 AS 44.83.170(a); or  
17 (8) any combination of financing arrangements listed in this subsection.
- 18 \* **Sec. 17.** AS 44.83.187(a) is amended to read:  
19 (a) The provisions of AS 44.83.177 - 44.83.185 and 44.83.189 apply only to  
20 a proposed new project that will generate more than 1.5 megawatts of power and  
21 (1) requires an appropriation from the state general fund or [,] from the  
22 power project loan account [FUND, OR FROM THE RENEWABLE RESOURCES  
23 FUNDS]; or  
24 (2) is based on a plan of finance that requires the issuance of general  
25 obligation bonds or other pledge of the credit of the state.
- 26 \* **Sec. 18.** AS 44.83.380(b) is amended to read:  
27 (b) The energy program for Alaska is a program by which the authority may  
28 acquire or construct power projects with money appropriated by the legislature to the  
29 power development account [FUND] established in AS 44.83.382. A power project  
30 may be acquired or constructed as part of the energy program for Alaska only if the  
31 project is submitted to and approved by the legislature in accordance with procedures

1 set out in AS 44.83.177 - 44.83.187.

2 \* Sec. 19. AS 44.83.382 is amended to read:

3 Sec. 44.83.382. POWER DEVELOPMENT ACCOUNT [FUND]  
4 ESTABLISHED. (a) The [A] power development account [FUND] is established in  
5 the Alaska Energy Authority to carry out the purposes of AS 44.83.380 - 44.83.425.

6 (b) The account [FUND] includes money appropriated to it by the legislature.

7 \* Sec. 20. AS 44.83.384 is amended to read:

8 Sec. 44.83.384. USE OF ACCOUNT [FUND] BALANCE. (a) The account  
9 [FUND] may be used by the authority to provide money for

10 (1) reconnaissance and feasibility studies and power project finance  
11 plans prepared under AS 44.83.177 - 44.83.181;

12 (2) the cost of a power project, including but not limited to costs of  
13 acquiring necessary licenses, preparing engineering designs, obtaining land, and  
14 constructing the power project;

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

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

18 (5) debt service on power projects.

19 (b) Money in the account [FUND] may be used under (a) of this section only  
20 for a power project that

21 (1) is economically feasible; and

22 (2) provides the lowest reasonable power cost to utility customers in  
23 the market area for the estimated life of the power project, whether operated by itself  
24 or in conjunction with other power projects in the market area, and that operates or  
25 will operate on one or more of the following:

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

30 (B) coal or peat;

31 (C) energy derived from waste heat; or

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

2 (c) Notwithstanding (b)(1) of this section and AS 44.83.396 - 44.83.398, the  
3 account [FUND] may be used by the authority to provide money for the cost of a  
4 power project that is or was either constructed or owned by the United States  
5 government if the requirements of this subsection are met. The provisions of  
6 AS 44.83.177 - 44.83.187 do not apply to a power project financed under this  
7 subsection. The authority may use money in the account [FUND] for the cost of a  
8 power project under this subsection if

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

10 (2) the office of management and budget in the Office of the Governor  
11 reviews a feasibility study and a plan of finance for the project and determines that the  
12 feasibility study complies with the requirements for a feasibility study submitted under  
13 AS 44.83.181(b) and that the plan of finance complies with the requirements for a plan  
14 of finance submitted under AS 44.83.181(c); and

15 (3) the project meets the other requirements of this chapter.

16 \* **Sec. 21.** AS 44.83.386 is amended to read:

17 Sec. 44.83.386. INVESTMENT OF ACCOUNT [FUND]. The Department  
18 of Revenue shall invest the money in the account [FUND] in accordance with  
19 AS 37.10.070, 37.10.071, and 37.10.075. The Department of Revenue shall provide  
20 money in the account [FUND] to the authority only after costs have been incurred or  
21 amounts in the account [FUND] have been otherwise obligated under contracts for the  
22 acquisition and construction of a project. Amounts that have been obligated, but for  
23 which costs have not yet been incurred, may be segregated by the Department of  
24 Revenue or transferred to the authority only with the prior approval or agreement of  
25 the commissioner of revenue. [INCOME RECEIVED ON MONEY THAT IS  
26 SEGREGATED OR TRANSFERRED UNDER THIS SECTION MUST BE  
27 DEPOSITED IN THE GENERAL FUND.]

28 \* **Sec. 22.** AS 44.83.388(a) is amended to read:

29 (a) The authority shall maintain records of power project allocations from the  
30 account [FUND] for each power project

31 (1) approved in accordance with AS 44.83.185; and

1 (2) for which an allocation is made from an appropriation made by the  
2 legislature without specifying an appropriation to a project.

3 \* Sec. 23. AS 44.83.425 is amended by adding a new paragraph to read:

4 (6) "account" means the power development account established by  
5 AS 44.83.382.

6 \* Sec. 24. AS 44.83.500 is amended to read:

7 Sec. 44.83.500. CREATION OF ACCOUNT [FUND]. (a) There is  
8 established in the Alaska Energy Authority the power development revolving loan  
9 account [FUND] to carry out the purpose of AS 44.83.500 - 44.83.530. The account  
10 [FUND] may be used for no other purpose.

11 (b) The account [FUND] consists of

12 (1) appropriations to the account [FUND] by the legislature;

13 (2) repayments of principal to the account [FUND]; and

14 (3) income from investment of money in the account [FUND] and  
15 from loans made from the account [FUND].

16 \* Sec. 25. AS 44.83 is amended by adding a new section to read:

17 Sec. 44.83.505. FOUR DAM POOL ACCOUNT. (a) There is created as an  
18 account in the energy authority revolving fund the four dam pool account. The  
19 account consists of money in the energy authority revolving fund that, beginning  
20 July 1, 1993, can be attributed to 50 percent of the receipts from the hydroelectric  
21 power projects that constitute the four dam pool. The legislature may appropriate the  
22 money in the four dam pool account for projects related to the four dam pool and for  
23 other purposes as provided by law.

24 (b) The authority may acquire or construct power projects with money in the  
25 four dam pool account. In using money in the four dam pool account, the authority  
26 has the same powers and duties as it has concerning the use of money in the power  
27 development account under the energy program for Alaska.

28 (c) In this section, "four dam pool" means the hydroelectric facilities at Tyee  
29 Lake, Swan Lake, Solomon Gulch, and Terror Lake.

30 \* Sec. 26. AS 44.83.510 is amended to read:

31 Sec. 44.83.510. POWERS AND DUTIES OF AUTHORITY IN

1 ADMINISTERING THE ACCOUNT [FUND]. (a) The authority may borrow from  
2 the account [FUND] for the purpose of financing a power project acquired or  
3 constructed by the authority under the energy program for Alaska (AS 44.83.380 -  
4 44.83.425). Repayment of a loan from the account [FUND] must be made with the  
5 proceeds from the sale of power from projects in the energy program for Alaska.  
6 Except as provided in AS 44.83.398(i), the payments required to be made by the  
7 authority on a loan from the account [FUND] constitute debt service for the purpose  
8 of calculating the wholesale power rate in AS 44.83.398(b)(1).

9 (b) After completion of a final plan of finance and approval of a project under  
10 AS 44.83.185(c), a loan may be made from the account [FUND] for

11 (1) the cost or a portion of the cost of final design, acquisition, and  
12 construction of a power project;

13 (2) defeasance or payment of bonds or notes of the authority issued for  
14 a power project;

15 (3) the establishment of a reserve fund for renewals and replacements  
16 for the operation of a completed power project; and

17 (4) any other project-related expenses, including those described in  
18 AS 44.83.398(i).

19 \* Sec. 27. AS 44.83.520(a) is amended to read:

20 (a) A loan from the account [FUND] shall be repaid in accordance with the  
21 terms that the authority's board of directors determines to be appropriate. In  
22 establishing the terms, including provision for a return to the state of an amount in  
23 excess of the principal amount of the loan, the board of directors shall consider the  
24 revenue that the authority could reasonably derive from the sale of power from the  
25 projects based upon

26 (1) the costs, at the time the power sales agreement is initially  
27 negotiated or renegotiated, of alternative sources of energy generation for utilities  
28 purchasing power from a project financed with a loan from the account [FUND];

29 (2) the effect of the loan terms on the wholesale power costs to all  
30 utilities purchasing power from the initial project;

31 (3) the long-term benefits to consumers and communities of stable

1 wholesale power costs;

2 (4) the affordability of initial wholesale power costs that result from  
3 the loan terms with utilities purchasing power from the initial project;

4 (5) increasing repayment, not to exceed five years, of debt service  
5 payment per kilowatt hour gradually over the initial period of a loan repayment  
6 schedule to the extent necessary to avoid significant rate increases to the consumer;

7 (6) the existing excess capacity of power projects; and

8 (7) the effects of increased capacity utilization, inflation, and alternative  
9 energy production costs over the life of the initial project.

10 \* Sec. 28. AS 44.83.520(c) is amended to read:

11 (c) A loan to the authority from the account [FUND] may not exceed 50  
12 years.

13 \* Sec. 29. AS 44.83.530 is amended by adding a new paragraph to read:

14 (3) "account" means the power development loan account.

15 \* Sec. 30. AS 44.83.361, 44.83.363, 44.83.388(b), 44.83.425(3), 44.83.600, 44.83.605,  
16 44.83.610, 44.83.615, 44.83.620, 44.83.625, 44.83.630, 44.83.392, and 44.83.650 are repealed.

17 \* Sec. 31. In accordance with AS 44.83.185(c) and contingent upon secs. 33 and 36 of this  
18 Act, the Alaska Energy Authority is authorized to provide for the design and construction of  
19 a 138 kilovolt power transmission intertie between Anchorage and the Kenai Peninsula at a  
20 cost of \$89,000,000 in 1992 dollars. However, the power transmission intertie authorized by  
21 this section may be designed and constructed at a voltage higher than 138 kilovolts but only  
22 if the state does not incur additional costs to do so.

23 \* Sec. 32. In accordance with AS 44.83.185(c) and contingent upon secs. 33 and 36 of this  
24 Act, the Alaska Energy Authority is authorized to provide for the design and construction of  
25 a 138 kilovolt power transmission intertie between Healy and Fairbanks at a cost of  
26 \$89,000,000 in 1992 dollars. However, the power transmission intertie authorized by this  
27 section may be designed and constructed at a voltage higher than 138 kilovolts but only if the  
28 state does not incur additional costs to do so.

29 \* Sec. 33. (a) The authorizations made by secs. 31 and 32 of this Act are contingent upon  
30 written agreements between the Alaska Energy Authority and the electric utilities participating  
31 in the projects authorized by those sections providing that the participating utilities agree to

1 pay

2 (1) design and construction costs for the power transmission interties  
3 authorized by secs. 31 and 32 of this Act that exceed \$90,000,000; these costs shall be divided  
4 among the utilities in proportion to the retail kilowatt hour sales of each utility during the  
5 previous calendar year; and

6 (2) the operation and maintenance costs of the power transmission interties  
7 authorized by secs. 31 and 32 of this Act.

8 (b) Notwithstanding AS 42.05, the Alaska Public Utilities Commission may not review  
9 the design and construction costs divided among the utilities under (a)(1) of this section.

10 \* Sec. 34. (a) In accordance with AS 44.83.185(c) and contingent upon (b) and (c) of this  
11 section and sec. 36 of this Act, the Alaska Energy Authority is authorized to provide for the  
12 design and construction of a 115 kilovolt power transmission intertie between the Swan Lake  
13 and the Tyee Lake hydroelectric projects at a cost of \$56,000,000 in 1992 dollars through a  
14 loan to the participating utility or utilities for a term of 50 years at three percent annual  
15 interest. However, the power transmission intertie authorized by this section may be designed  
16 and constructed at a voltage higher than 115 kilovolts but only if the state does not incur  
17 additional costs to do so.

18 (b) The authorization made by (a) of this section is contingent upon the execution of  
19 a written agreement between the electric utilities participating in the project authorized by this  
20 section and the Alaska Energy Authority that provides that the participating utility or utilities  
21 agree to pay

22 (1) design and construction costs for the power transmission intertie authorized  
23 by (a) of this section that exceed \$20,000,000; and

24 (2) the operation and maintenance costs of the power transmission intertie  
25 authorized by (a) of this section.

26 (c) The authorization made by (a) of this section is contingent upon the completion  
27 of the requirements set out in AS 44.83.181 and 44.83.185(a). The Alaska Energy Authority  
28 shall notify the revisor of statutes of the completion of these requirements.

29 \* Sec. 35. (a) In accordance with AS 44.83.185(c) and contingent upon (b) and (c) of this  
30 section and sec. 36 of this Act, the Alaska Energy Authority is authorized to provide for the  
31 design and construction of a 138 kilovolt power transmission intertie between Sutton and

1 Glennallen at a cost of \$50,000,000 in 1992 dollars through a loan to the participating utility  
2 or utilities for a term of 50 years at three percent annual interest. However, the power  
3 transmission intertie authorized by this section may be designed and constructed at a voltage  
4 higher than 138 kilovolts but only if the state does not incur additional costs to do so.

5 (b) The authorization made by (a) of this section is contingent upon the execution of  
6 a written agreement between the electric utility or utilities participating in the project  
7 authorized by this section and the Alaska Energy Authority that provides that the participating  
8 utility or utilities agree to pay

9 (1) design and construction costs for the power transmission intertie authorized  
10 by (a) of this section that exceed \$35,000,000; and

11 (2) the operation and maintenance costs of the power transmission intertie  
12 authorized by (a) of this section.

13 (c) The authorization made by (a) of this section is contingent upon the completion  
14 of the requirements set out in AS 44.83.181 and 44.83.185(a) and approval of the feasibility  
15 study by the office of management and budget. The Alaska Energy Authority shall notify the  
16 revisor of statutes of the completion of these requirements.

17 \* Sec. 36. In providing for the design and construction of the interties authorized by secs.  
18 31, 32, 34, and 35 of this Act, the Alaska Energy Authority shall make loans to the  
19 appropriate participating utilities or award grants to them to the extent permitted by the  
20 appropriation for the costs unless the participating utility declines in writing to apply for the  
21 loan or grant. If the participating utility declines in writing to apply for the loan or grant, the  
22 authority may proceed with the design or construction itself.

23 \* Sec. 37. Sections 1 - 30 of this Act take effect immediately under AS 01.10.070(c).

**SB 106: "An Act relating to authorization of Anchorage-Kenai, Healy-Fairbanks, and Tyee-Swan interties."**

The bill includes several provisions:

1. Authorizes design and construction of three 138 kV transmission lines (Anchorage-Kenai, Healy-Fairbanks, and Tyee-Swan) in accordance with AS 44.83.185(c).
2. Approves a construction cost for each project in accordance with AS 44.83.185(c).
3. Requires that the Anchorage-Kenai and Healy-Fairbanks transmission lines be capable of upgrade to 230 kV.
4. Makes project authorization of the Anchorage-Kenai and Healy-Fairbanks interties contingent upon agreement by participating utilities to pay 50 percent of design and construction costs, and all operations and maintenance costs.
5. Expresses the intent of the Legislature that the Energy Authority finance the Tyee-Swan project with revenue bonds to be repaid from Four Dam Pool power sales.

The Alaska Energy Authority (AEA) supports the authorization of the Anchorage-Kenai and Healy-Fairbanks 138 kV transmission line projects. This position is supported by a feasibility study issued by AEA in March 1991, which was adopted by the AEA Board of Directors and submitted to the Legislature at that time. AEA has proposed that the Governor submit legislation this year that would contain these project authorizations.

The AEA Board of Directors has not taken a position on the Tyee-Swan intertie, although a feasibility study issued by AEA in 1992 concluded that the project is economically feasible if electricity demand continues to grow in Ketchikan. AEA staff supports the project, but has proposed that other potential Southeast energy projects be reviewed and compared before a final commitment is made to Tyee-Swan. Also, note that the \$55.6 million cost estimate developed in the feasibility study is for a 115 kV line rather than 138 kV.

The construction costs appearing in SB 106 are drawn from AEA feasibility studies, but for clarity should indicate the price level associated with each estimate. The \$84.1 million and \$77.6 million estimates for the Railbelt interties were both developed in January 1991 dollars. The \$55.6 million estimate for Tyee-Swan was developed in 1992 dollars.

**POSITION PAPER**

**SB 106**

**Page 2**

With respect to the Anchorage-Kenai line, there is significant uncertainty in the cost estimate due, in part, to questions about the necessity of burying the submarine cable, questions that will not be resolved until the design stage. There are significant cost issues with respect to Healy-Fairbanks as well. Because of this uncertainty, the proposed AEA legislation includes a provision that, if actual construction cost exceeds the cost approved in the authorization act, project authorization will remain effective provided that no portion of the excess costs are payable by the state (i.e., that the utilities agree to pay such excess costs).

AEA does not support the language in SB 106 requiring that the Anchorage-Kenai and Healy-Fairbanks lines be capable of being upgraded to 230 kV. This language would essentially require that each line be built initially to 230 kV standards in terms of structure size for the overhead towers and cable capacity for the submarine cable, all at a cost substantially higher than the cost estimates proposed for approval. If the overhead towers and submarine cable are sized for 138 kV operation, they would essentially have to be replaced in order to "upgrade" to 230 kV.


AEA supports the concept of requiring the participating utilities to pay a substantial portion of construction costs for the Railbelt interties, and all operations and maintenance costs. However, we are pursuing an approach by which the state would contract with the utilities for construction of the projects, limit the state's contribution to a fixed amount, and shift the risk of cost overrun to the utilities. In contrast, SB 106 would commit the state to 50 percent of whatever the actual construction costs turned out to be.

There is ambiguity in the expression of legislative intent for the financing of the Tyee-Swan project; specifically, whether the Four Dam Pool power sales revenue dedicated to paying off the intertie revenue bonds is intended to be additional revenue to be realized by increasing the Four Dam Pool wholesale power rate, or is intended to be a portion of the revenue stream that is presently projected given no change in the existing power sales agreement. If additional revenue is intended from an increase in the wholesale power rate, agreement by all five of the Four Dam Pool utilities would be necessary to change the wholesale power contract accordingly. This seems to us unlikely. However, the existing revenue stream is pledged for repayment of the AEA loan from the Power Development Revolving Fund. We believe that at least part of this loan would have to be forgiven by the Legislature or appropriated to AEA before the loan repayments could be diverted for payment of revenue bond debt service.

POSITION PAPER  
SB 106  
Page 3

AEA would oppose the idea of financing 100 percent of the Tyee-Swan construction cost from the existing power sales revenue stream because it would mean no contribution from the affected communities toward the payment of intertie construction costs beyond what they are already paying on existing debt. AEA and the administration have adopted a policy of seeking a reasonable contribution from the communities that benefit from state capital projects, both as a way of leveraging limited state funds and as a way to ensure that such projects are important to the people they would serve. If revenue bonds were issued to pay the full cost of the Tyee-Swan intertie, debt service payments would be expected to exceed \$5 million per year, or roughly half of the expected Four Dam Pool power sales revenue stream.

Finally, the AEA position on similar bills introduced in the House (see Position Paper on HB 50 and HB 51) applies to SB 106 as well. While the projects in SB 106 would provide benefit to particular regions of the state, it does not address the overall state energy needs. A comprehensive approach is imperative if we hope to succeed in providing efficient power at reasonable cost to all areas of our state.

  
\_\_\_\_\_  
Paul Fuhs, Commissioner  
2-24-93  
\_\_\_\_\_  
Date

**ALASKA ENERGY AUTHORITY**  
**CSSB 106 Projected Fiscal Changes**

|               |                 | <b>PCE Administration</b>                          |                 | <b>PCE Grants</b>                                  |  | <b>Annual Reduction in<br/>General Fund<br/>Appropriations</b> |
|---------------|-----------------|--|-----------------|--|--|--|
| <b>YEAR</b>   | <b>Gen Fund</b> | <b>AEA<br/>Revolving<br/>Fund (GF<br/>Savings)</b> | <b>Gen Fund</b> | <b>AEA<br/>Revolving<br/>Fund (GF<br/>Savings)</b> |  |  |
| 1994          | 182.0           |  | 17,000.0        | 0.0  |  | 0.0  |
| 1995          | 190.2           |  | 14,571.0        | 2,429.0  |  | 2,429.0  |
| 1996          | 198.7           |  | 12,143.0        | 4,857.0  |  | 4,857.0  |
| 1997          | 207.7           |  | 9,714.0         | 7,286.0  |  | 7,286.0  |
| 1998          | 217.0           |  | 7,286.0         | 9,714.0  |  | 9,714.0  |
| 1999          | 226.8           |  | 4,857.0         | 12,143.0   |  | 12,143.0   |
| 2000          | 237.0           |  | 2,429.0         | 14,571.0   |  | 14,571.0   |
| 2001          |                 | 247.7  |                 | 17,000.0   |  | 17,247.7   |
| 2002          |                 | 258.8  |                 | 17,000.0   |  | 17,258.8   |
| 2003          |                 | 270.5  |                 | 17,000.0   |  | 17,270.5   |
| 2004          |                 | 282.6  |                 | 17,000.0   |  | 17,282.6   |
| 2005          |                 | 295.4  |                 | 17,000.0   |  | 17,295.4   |
| 2006          |                 | 308.7  |                 | 17,000.0   |  | 17,308.7   |
| 2007          |                 | 322.5  |                 | 17,000.0   |  | 17,322.5   |
| 2008          |                 | 337.1  |                 | 17,000.0   |  | 17,337.1   |
| 2009          |                 | 352.2  |                 | 17,000.0   |  | 17,352.2   |
| 2010          |                 | 368.1  |                 | 17,000.0   |  | 17,368.1   |
| 2011          |                 | 384.6  |                 | 17,000.0   |  | 17,384.6   |
| 2012          |                 | 401.9  |                 | 17,000.0   |  | 17,401.9   |
| 2013          |                 | 420.0  |                 | 17,000.0   |  | 17,420.0   |
| <b>Totals</b> | <b>1,459.5</b>  | <b>4,250.1</b>                                     | <b>68,000.0</b> | <b>272,000.0</b>                                   |  | <b>276,250.1</b>   |

Analysis  
Fiscal Note CSSB106

The legislation affects three components of the Alaska Energy Authority (AEA) budget - Power Cost Equalization (PCE) Grants, PCE Administration and AEA Operations.

Over a 20-year period, the bill would shift funding for the PCE program away from the general fund to a new Energy Authority revolving fund. This shift, as intended by the legislation, would save the general fund \$272,000,000 in funding for PCE grants and \$4,250,100 in estimated general funds for PCE Administration. The legislature would reappropriate funds from the revolving fund to the PCE or other programs as they decide.

The bill also authorizes four interties and a companion bill SB126 appropriates state monies for partial funding of their construction. The balance of funds required would be provided through the issuance of bonds after suitable contracts were executed. The AEA Operations component would require an influx of money from the revolving fund in the early years to fund the staff and contractual efforts required to execute the contracts for design and construction of the projects and to finance the balance. As the projects came on-line, AEA would receive monies from the utilities to pay for the operation and maintenance of the projects beginning in the FY99 fiscal year as general fund/program receipts. While these are displayed on the fiscal notes, such restricted receipts will be revenue neutral and would not need to be shown if AEA's O&M receipts were also removed as general fund program receipts by a change to AS 37.05.146. As the bill stands, the O&M receipts would still need to be appropriated by the legislature from monies collected from the utilities receiving the intertie service.

**Testimony of Daniel E. Bloomer--Chugach Electric Association, Inc.  
On SB 106 & 126**

**Before Senate Finance Committee  
April 15, 1993**

Thank you for the opportunity to present Chugach Electric Association's comments on SB 106/126. As many of you know, Chugach is the largest electric utility in the state of Alaska, providing service to more than 63,000 customers in the Anchorage bowl and upper Kenai Peninsula.

Chugach is also the largest generator and transmitter of electricity in Alaska. In addition to generating power for our own customers, Chugach also produces the electricity used by Matanuska Electric Association in Palmer (29,000 customers), Homer Electric Association on the Kenai Peninsula (18,000 customers), City of Seward (2,600) customers, and sells economy energy to Golden Valley Electric Association in Fairbanks (27,000 customers). Therefore, Chugach has substantial interest in this legislation.

The bills before you, as amended yesterday, present a solid energy package that will help to strengthen power systems throughout the state. In the Railbelt, the new interties will improve the ability to transfer Bradley Lake power throughout the region and reduce operating costs for the utilities. The Sutton to Glennallen intertie will electrically tie the Copper River Basin and City of Valdez into the railbelt providing those areas with access to inexpensive reliable electricity. The Swan-Tyee intertie will enhance southeast's ability to utilize their hydroelectric facilities and ultimately reduce costs for all of the four-dam pool participants. PCE funding gives our rural systems financial support which allows them time to resolve their energy problems.

In a nutshell, these bills represent a good energy package that addresses a majority of the electrical needs in Alaska. The utilities are united in our support for the package and we urge your support to move the bills to the Senate floor. Thanks again for the opportunity to comment on these bills.

Alaska Village Electric Cooperative, Inc.  
4831 Eagle Street  
Anchorage, Alaska 99503  
561-1818

April 15, 1993

Memo to: Senate Finance Committee

From: Charlie Walls, General Manager *CYW*

Re: SB 106/126 -Energy Plan

The Alaska Village Electric Cooperative (AVEC) is a bush electric utility system that serves a population of about 20,000 rural people who live in 49 villages. This summer that will increase to 50 villages with the community of Brevig Mission joining us.

The power cost equalization program is of critical importance to rural Alaska. We have followed the progression of SB106/126 and support the bill as amended on April 14. Our bottom line is twenty year funding for the PCE program at \$17 million per year. The cash flow will enable us to move toward the goal of self sufficiency. When we talk with the federal government about loans for our villages, the fact that the state has made a long term committment will greatly enhance our abilitiy to increase federal participation in solving the rural energy problems.

We also support the state investing in the transmission interties. This strengthened infrastructure will provide the means for future economic development in the state. The bill is a good balance for the whole state.

We fully support the bills in their present form and urge reporting them out of the Senate Finance Committee.

# Alaska State Legislature

SENATOR  
**BERT SHARP**  
DISTRICT P  
CHAIRMAN  
TRANSPORTATION COMMITTEE  
MEMBER  
FINANCE COMMITTEE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
HEALTH & SOCIAL SERVICES



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JUNEAU, ALASKA 99801-1182  
(907) 465-3004/4921

Senate

## MEMORANDUM

TO: Senator Drue Pearce, Co-Chairperson  
Senate Finance Committee

FROM: Senator Bert Sharp *BMS*

RE: Request for Hearing - SB-106

DATE: February 18, 1993

I am requesting Senate Bill 106; "An Act authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and Tye Lake hydroelectric projects, and approving the design and construction costs of the interties; and providing for an effective date," be heard before the Senate Finance Committee.

Thank you for your consideration.



REPRESENTING  
GOLDEN HEART  
OF ALASKA

# Chugach

ELECTRIC ASSOCIATION, INC.

5801 Minnesota Drive  
 P.O. Box 198300  
 Anchorage, Alaska 99519-0300  
 Phone: 907-563-7494

## FACSIMILE TRANSMITTAL SHEET

|   |   |
|---|---|
| DATE:   | March 3, 1993                               |
| TO:   | Senator Taylor                              |
| COMPANY:  |   |
| LOCATION:   |   |
| FAX NO.:  | <del>465-3822</del> 465-3922                |
| FROM:   | Tom Stevenson, Ketchikan Public Utilities   |
| SUBJECT:  |   |
| COMMENTS/MESSAGE:   | Mary - Give this to Senator Taylor. Thanks. |
| TOTAL NUMBER OF PAGES TRANSMITTING: <u>3</u> (Includes Cover Sheet) |   |
| IF TRANSMISSION IS INCOMPLETE, PLEASE CALL: (907) 762-4633          |   |
| TIME/DATE OF TRANSMISSION:  | BY: ALAN OR JC                              |
| CHUGACH FAX NO.: (907) 562-0027                                     | MACHINE TYPE: DEX 740 OR CANON 850          |

3-3-93

CB 136  
126From: Tom  
Stewartson  
KPEJ

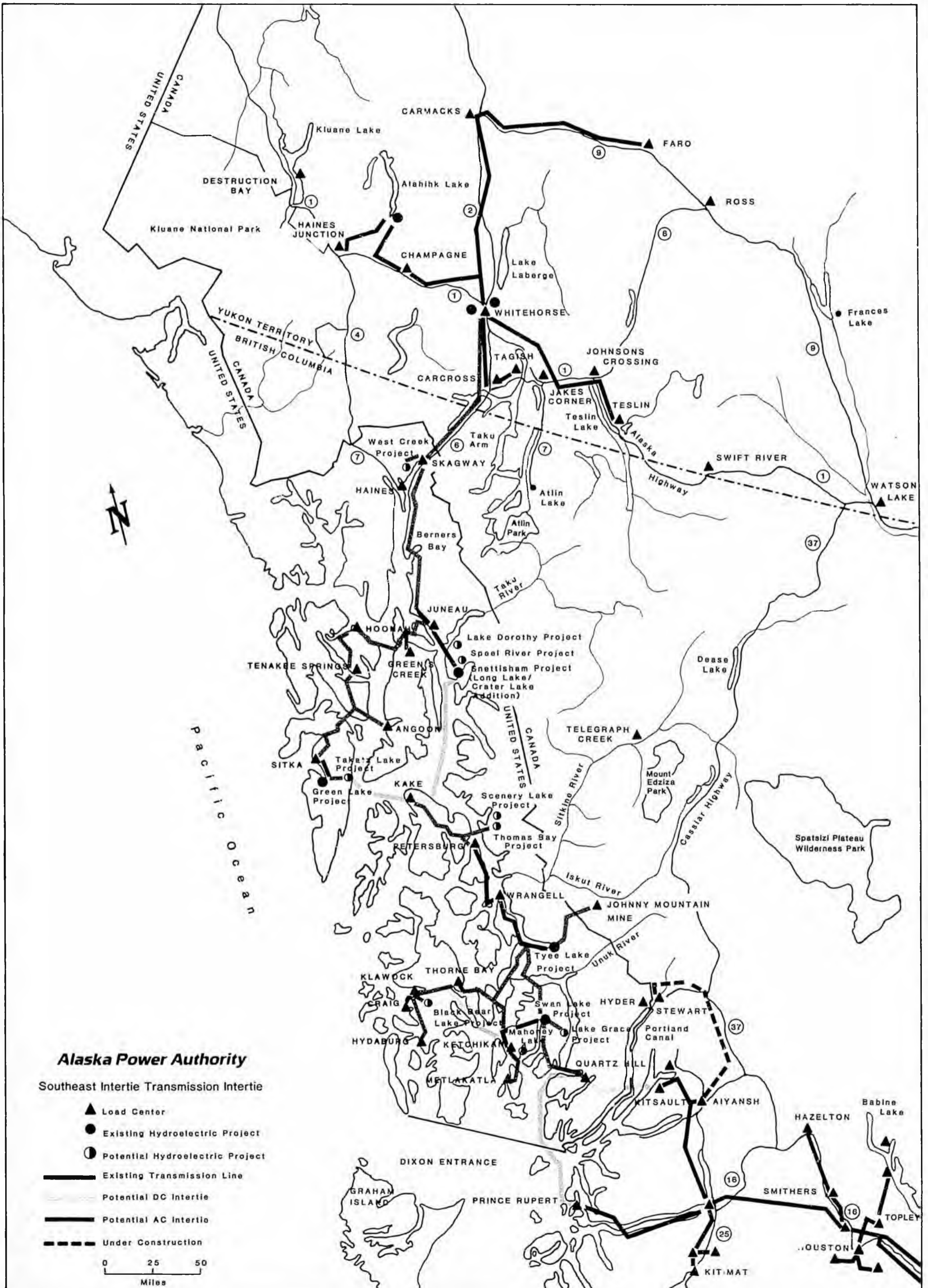
AEA INDICATES that it now wants to explore other potential SE energy projects. In a meeting last week at Auka Bay, the utility managers in SE met in AEA Chairman Bob Martin's offices, one of their findings was unanimous support for the Swan Lake - Lake Tye intertie. The Juneau based utilities do not want or encourage an intertie between Tye and Juneau. We believe the AEA quest will be fruitless at best. The AEA has stated many times it supports Swan-Tye.

The financing of the Tye-Swan intertie would be derived from increased kWh sales from previously unused "water over the dam at Tye" any shortfall would be funded either from grants, community involvement or both. The problem for the community in the Swan-Tye intertie is that since the State owns the two power sources being interconnected - how can the community bond for something it will have no ownership over. Unlike the railbelt interties, which the connecting facilities are owned by non-AEA utilities.

The wholesale power rate at the 4 Dam Pool will certainly rise if we don't build the intertie at

SWAN-Tyee. Building the intertie will create more Revenue to hold the rates. Currently Ketchikan and Kodiak subsidize the other Four Dam Pool members. Why would it be unreasonable, under the "Pool" concept for a short term subsidy for another Four Dam Pool member, if it is required.

Since the State owns the facilities, it is not unreasonable to ask for their assistance in maximizing the investment already in place. Especially when the project also provides for the long standing goals of infrastructure investments as outlined by AEA. If AEA wants the interties in the State to be built for Alaska's future, and the Governor is desirous of expanding the state infrastructure, this will be a wise and minimal investment with definable benefits.



**Alaska Power Authority**

**Southeast Intertie Transmission Intertie**

- ▲ Load Center
- Existing Hydroelectric Project
- Potential Hydroelectric Project
- Existing Transmission Line
- - - Potential DC Intertie
- Potential AC Intertie
- - - Under Construction



H-14-93  
38106  
126

ALASKA ENERGY AUTHORITY  
(All Dollars in Thousands)

SENT BY:

|                                   | 6/30/93          | 1994             | 1995             | 1996             | 1997             | 1998              | 1999            | 2000            | 2001            | 2002            | 2003            |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>AEA Revolving Fund Balance</b> | <b>\$141,800</b> | <b>\$161,926</b> | <b>\$173,344</b> | <b>\$176,428</b> | <b>\$121,470</b> | <b>\$82,033</b>   | <b>\$88,164</b> | <b>\$92,385</b> | <b>\$94,160</b> | <b>\$96,090</b> | <b>\$98,120</b> |
| <b>Revenue</b>                    |                  |                  |                  |                  |                  |                   |                 |                 |                 |                 |                 |
| Revolving Fund Investment Income  |                  | 10,835           | 12,144           | 13,001           | 13,232           | 9,110             | 6,152           | 6,612           | 6,929           | 7,062           | 7,207           |
| Collections on Existing Loans     |                  | 2,413            | 2,413            | 2,271            | 2,244            | 2,234             | 2,181           | 2,130           | 1,856           | 1,937           | 1,931           |
| Debt Service from 4-Dam pool      |                  | 10,396           | 10,667           | 10,909           | 11,155           | 11,405            | 11,584          | 11,766          | 11,932          | 12,064          | 12,121          |
| Appropriation - PCE               |                  | 17,000           | 14,571           | 12,143           | 9,714            | 7,288             | 4,857           | 2,429           | 0               | 0               | 0               |
| Appropriation - PCE Admin.        |                  | 182              | 190              | 199              | 207              | 217               | 227             | 237             | 0               | 0               | 0               |
| <b>Total</b>                      |                  | <b>40,626</b>    | <b>39,986</b>    | <b>38,522</b>    | <b>36,553</b>    | <b>30,252</b>     | <b>25,001</b>   | <b>23,174</b>   | <b>20,817</b>   | <b>21,063</b>   | <b>21,259</b>   |
| <b>Expenditure</b>                |                  |                  |                  |                  |                  |                   |                 |                 |                 |                 |                 |
| Railbelt Intertie Grant           |                  | 1,000            | 3,000            | 14,400           | 65,600           | 0                 | 0               | 0               | 0               | 0               | 0               |
| Tyee-Swan Intertie Grant          |                  | 500              | 500              | 1,200            | 3,600            | 29,200            | 0               | 0               | 0               | 0               | 0               |
| Copper Valley Intertie Grant      |                  | 500              | 500              | 1,200            | 3,600            | 21,700            | 0               | 0               | 0               | 0               | 0               |
| Other Capital Projects/ Programs  |                  | 0                | 0                | 0                | 0                | 0                 | 0               | 0               | 0               | 0               | 0               |
| PCE Outlay                        |                  | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000          | \$17,000        | \$17,000        | \$17,000        | \$17,000        | \$17,000        |
| Rural Technical Assistance        |                  | 1,500            | 1,568            | 1,638            | 1,712            | 1,788             | 1,868           | 1,953           | 2,041           | 2,133           | 2,229           |
| <b>Total</b>                      |                  | <b>20,500</b>    | <b>28,568</b>    | <b>35,438</b>    | <b>91,512</b>    | <b>69,689</b>     | <b>18,868</b>   | <b>18,953</b>   | <b>19,041</b>   | <b>19,133</b>   | <b>19,229</b>   |
| <b>Surplus (Shortage)</b>         |                  | <b>\$ 20,126</b> | <b>\$ 11,418</b> | <b>\$ 3,084</b>  | <b>(\$4,959)</b> | <b>(\$39,437)</b> | <b>\$ 6,132</b> | <b>\$ 4,220</b> | <b>\$ 1,779</b> | <b>\$ 1,950</b> | <b>\$ 2,030</b> |

| Revolving Fund Beginning Balance  |                  | Assumptions                       |                       |
|-----------------------------------|------------------|-----------------------------------|-----------------------|
| Railbelt Energy Fund              | \$2,800          | Annual Inflation Rate             | 4.5 %                 |
| Railbelt Intertie Reserve Fund    | 100,000          | Return on AEA Fund                | 7.5 % of fund balance |
| Interest on Rblt Intertie Reserve | 18,000           | PCE State Appropriation           | 7 year ramp           |
| Bradley State Fund Surplus        | 11,000           | Railbelt Intertie Est. Total Cost | \$180,000             |
| Additional State Contribution     | 10,000           | Railbelt Intertie State Grant     | \$90,000              |
| <b>Total</b>                      | <b>\$141,800</b> | Tyee-Swan Est. Total Cost         | \$60,000              |
|                                   |                  | Tyee-Swan State Grant             | \$35,000              |
|                                   |                  | Copper Valley Est. Total Cost     | \$60,000              |
|                                   |                  | Copper Valley State Grant         | \$27,500              |

Funds are available in the Revolving Fund for annual appropriation to AEA Administration

Projections exclude restricted revenues and associated expenditures.  
(Example: revenues dedicated to project operations and maintenance.)

Case 8J

SPREAD SHEET #1

4-13-93 13:49 AK ENERGY AUTHORITY

# 1

ALASKA ENERGY AUTHORITY  
(All Dollars in Thousands)

page 2 of 2  
13-Apr-93

SENT BY:

|                                   | 2004             | 2005             | 2006             | 2007             | 2008             | 2008             | 2010             | 2011             | 2012             | 2013             | Total           |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| <b>AEA Revolving Fund Balance</b> | <b>\$100,162</b> | <b>\$102,077</b> | <b>\$103,894</b> | <b>\$105,711</b> | <b>\$107,589</b> | <b>\$108,543</b> | <b>\$111,570</b> | <b>\$113,669</b> | <b>\$115,839</b> | <b>\$118,082</b> |                 |
| <b>Revenue</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Revolving Fund Investment Income  | 7,359            | 7,812            | 7,658            | 7,782            | 7,928            | 8,068            | 8,216            | 8,368            | 8,525            | 8,688            | \$172,198       |
| Collections on Existing Loans     | 1,831            | 1,608            | 1,425            | 1,347            | 1,333            | 1,333            | 1,333            | 1,333            | 1,333            | 1,333            | 35,920          |
| Debt Service from 4-Dam Pool      | 12,182           | 12,228           | 12,280           | 12,336           | 12,385           | 12,454           | 12,512           | 12,568           | 12,625           | 12,684           | 238,263         |
| Appropriation - PCE               | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 68,000          |
| Appropriation - PCE Admin.        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 1,458           |
| <b>Total</b>                      | <b>21,872</b>    | <b>21,349</b>    | <b>21,363</b>    | <b>21,475</b>    | <b>21,656</b>    | <b>21,856</b>    | <b>22,061</b>    | <b>22,269</b>    | <b>22,483</b>    | <b>22,706</b>    | <b>515,839</b>  |
| <b>Expenditure</b>                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                 |
| Railbelt Intertie Grant           | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 90,000          |
| Tyeo-Swan Intertie Grant          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 35,000          |
| Copper Valley Intertie Grant      | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 27,500          |
| Other Capital Projects/ Programs  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0               |
| PCE Outlay                        | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000         | \$17,000         | 340,000         |
| Rural Technical Assistance        | 2,329            | 2,434            | 2,544            | 2,658            | 2,778            | 2,903            | 3,034            | 3,170            | 3,313            | 3,462            | 47,057          |
| <b>Total</b>                      | <b>19,329</b>    | <b>19,434</b>    | <b>19,544</b>    | <b>19,658</b>    | <b>19,778</b>    | <b>19,903</b>    | <b>20,034</b>    | <b>20,170</b>    | <b>20,313</b>    | <b>20,462</b>    | <b>639,557</b>  |
| <b>Surplus (Shortage)</b>         | <b>\$ 2,043</b>  | <b>\$ 1,915</b>  | <b>\$ 1,817</b>  | <b>\$ 1,817</b>  | <b>\$ 1,878</b>  | <b>\$ 1,953</b>  | <b>\$ 2,027</b>  | <b>\$ 2,099</b>  | <b>\$ 2,170</b>  | <b>\$ 2,243</b>  | <b>(23,718)</b> |

: 4-13-93 : 13:49 : AK ENERGY AUTHORITY

Case 9J

: # 2

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 106

1993 LEGISLATIVE SESSION

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

Department Affected: Commerce and Economic Development

Title: Authorization of Anchorage-Kenai, Healy-Fairbanks, and Tyee-Swan Interties

BRU: Alaska Energy Authority

Sponsor: Sharp et al.

Component: AEA Agency Operations

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

COMPONENT SERIAL NO. 7304010100

EXPENDITURES/REVENUES:

| OPERATING              | FY 94        | FY 95        | FY 96          | FY 97           | FY 98           | FY 99        |
|------------------------|--------------|--------------|----------------|-----------------|-----------------|--------------|
| PERSONAL SERVICES      | 185.5        | 192.9        | 422.4          | 439.4           | 456.9           | 225.7        |
| TRAVEL                 | 25.0         | 26.0         | 54.1           | 56.2            | 58.5            | 30.4         |
| CONTRACTUAL            |              |              |                |                 |                 | 143.0        |
| SUPPLIES               |              |              |                |                 |                 |              |
| EQUIPMENT              |              |              |                |                 |                 |              |
| LAND & STRUCTURES      |              |              |                |                 |                 |              |
| GRANTS, CLAIMS         |              |              |                |                 |                 |              |
| MISCELLANEOUS          | 111.3        | 115.7        | 253.4          | 263.6           | 274.1           | 135.4        |
| <b>TOTAL OPERATING</b> | <b>321.8</b> | <b>334.6</b> | <b>729.9</b>   | <b>759.2</b>    | <b>789.5</b>    | <b>534.5</b> |
| <b>CAPITAL</b>         | <b>678.2</b> | <b>865.4</b> | <b>2,870.1</b> | <b>34,040.8</b> | <b>18,610.5</b> |              |

|                      |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|
| REVENUE FUND SOURCE: |  |  |  |  |  |  |
|----------------------|--|--|--|--|--|--|

FUNDING:

|                          |         |         |         |          |          |       |
|--------------------------|---------|---------|---------|----------|----------|-------|
| 1002 Federal Receipts    |         |         |         |          |          |       |
| 1003 GF Match            |         |         |         |          |          |       |
| 1004 GF                  |         |         |         |          |          |       |
| 1005 GF/Program Receipts |         |         |         |          |          | 534.5 |
| 1006 GF/MHTIA            |         |         |         |          |          |       |
| OTHER                    | 1,000.0 | 1,200.0 | 3,600.0 | 34,800.0 | 19,400.0 |       |
| <b>TOTAL</b>             |         |         |         |          |          |       |

POSITIONS:

|           |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 2 | 2 | 4 | 4 | 4 | 2 |
| PART-TIME | 1 | 1 | 2 | 2 | 2 | 1 |
| TEMPORARY |   |   |   |   |   |   |

Estimate of current year (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
See Attached Page

Prepared by: Richard Emerman  
Division: Alaska Energy Authority

Phone: 561-7877  
Date: 2/19/93

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

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

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## FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SB 106

ANALYSIS: (continued)

The fiscal note assumes the following:

1. Anchorage-Kenai and Healy-Fairbanks interties, though authorized, are not built as a result of this bill alone because an appropriation would also be needed.
2. Tyee-Swan is built as a result of this bill because no appropriation is needed. Revenue bonds are issued for the full construction cost.
3. The fiscal note shows a schedule of outlays for construction of Tyee-Swan using bond proceeds, but does not show the payment of debt service on these bonds. No attempt has been made to account for financing costs and interest during construction, which would add to the total bond size. Debt service on the bonds would be expected at about \$6 million per year, assuming a \$70 million bond issue for 30 years issued at a tax-exempt rate of 7.5 percent. This \$6 million per year would come from Four Dam Pool power sales.
4. The Energy Authority is expected to build the Tyee-Swan intertie rather than contract with a local utility to build it. Additional positions are shown consistent with Energy Authority construction of a major project. A project manager, half-time environmental and right-of-way position, and administrative assistant are shown for the first two years. To these are added two full-time engineers and a half-time accountant during years 3 through 5. FY 99 is projected as the first full year of project operation. Overhead is shown at 60 percent of personal services costs.
5. Program receipts in FY 99 are assumed to come from purchases of power over the intertie to pay for operations and maintenance, and Energy Authority costs during the initial year of project operation.

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/10/93

FURTHER: FINANCE

Date of 5-Day Notice: 2/11/93  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2-16-93

L&C Committee considered SB 106

*Authorizing power transmission interties*

"An Act authorizing power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and Tyee Lake hydroelectric projects, and approving the design and construction costs of the interties; and providing for an effective date."

and recommends:

and report it back as follows

replace with \_\_\_\_\_ CS \_\_\_\_\_

- same title
- new title
- technical title change (HB only)

attaches amendment(s)

adopts \_\_\_\_\_ Letter of Intent

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

- do pass
- do not pass
- no recommendation
- individual recommendations

*NO FOR*

*Appropriations Bill to follow. John Lundy Committee Aide*

FISCAL NOTE INFORMATION

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |
|            |      |      |        |

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*John Lundy No Recommendation*  
*True Lance - No Rec*  
*J. Sals No Rec.*

*Tim Kelly - Do Pass*

Chair: Signature and Recommendation