

SB

243

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 1/14/94

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

FINANCE Committee considered SB 243

"An Act relating to the four dam pool transfer fund."

Died in SFC 1994.

and recommends:

- replace with _____ CS _____ (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

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

SENATE BILL NO. 243

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND
AUDIT COMMITTEEIntroduced: 1/14/94
Referred: FINANCE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the four dam pool transfer fund."

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

3 * Section 1. AS 42.45.050(b) is amended to read:

4 (b) Unless otherwise provided in an appropriation, [SUBJECT TO
5 APPROPRIATION], the department shall transfer the balance of the four dam pool
6 transfer fund each month as follows: [IN ACCORDANCE WITH THIS
7 SUBSECTION. SUBJECT TO APPROPRIATION]8 (1) 40 percent of the balance in the four dam pool transfer fund shall
9 be transferred to the power cost equalization and rural electric capitalization fund to
10 be used for power cost equalization and rural electric projects;11 (2) 40 percent of the balance in the four dam pool transfer fund shall
12 be transferred to the Southeast energy fund to be used for power projects for utilities
13 participating in the power transmission intertie between the Swan Lake and Tyee Lake
14 hydroelectric projects; and

1
2

(3) 20 percent of the balance in the four dam pool transfer fund shall be transferred to the power project fund to be used for statewide utility projects.

HISTORY IN THE SENATE

1994
 1/11

Read first time and referred to:

FIN

____ RPT(____) CS ____ DP ____ NR ____ DNP ____ AM
 ____ New Title ____ Same Title ____ Previous FN
 ____ FN ____ OFN To _____

____ RPT(____) CS ____ DP ____ NR ____ DNP ____ AM
 ____ New Title ____ Same Title ____ Previous FN
 ____ FN ____ OFN To _____

____ RPT(____) CS ____ DP ____ NR ____ DNP ____ AM
 ____ New Title ____ Same Title ____ Previous FN
 ____ FN ____ OFN To _____

____ Rules Calendar(____) CS ____ AM ____ Other
 ____ New Title ____ Same Title ____ Previous FN
 ____ FN ____ OFN

Read second time

____ CS Adopted (____) ____ New Title
 ____ Amended ____ Advanced

Read third time

____ Letter of Intent adopted
 ____ Return to second for specific amendment

PASSED	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed
 Signed by President, to House

 Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

____ RPT CS(____) ____ New Title
 ____ DP ____ DNP ____ NR ____ AM
 ____ FN ____ OFN ____ Previous FN

____ RPT CS(____) ____ New Title
 ____ DP ____ DNP ____ NR ____ AM
 ____ FN ____ OFN ____ Previous FN

____ RPT CS(____) ____ New Title
 ____ DP ____ DNP ____ NR ____ AM
 ____ FN ____ OFN ____ Previous FN

Read second time

CS(____) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

____ Intent adopted

Reconsideration

Reconsideration not taken up

PASSED ON RECON.	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

____ Intent adopted

Reported correctly engrossed, signed by the Speaker
 and returned to the Senate

 Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19

Received from the House
Version: _____

Concur in House amendment
Y ___ N ___ E ___ A ___
_____ Efd name or Y ___ N ___ E ___ A ___

Failed to concur in House amendment, ask House recede
Y ___ N ___ E ___ A ___

House failed to / receded from amendment
Y ___ N ___ E ___ A ___

CC appointed by Senate _____ Chair

CC appointed by House _____ Chair

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt _____
Y ___ N ___ E ___ A ___
_____ Efd name or Y ___ N ___ E ___ A ___

(H) Adopted CC Rpt _____
Y ___ N ___ E ___ A ___
_____ Efd name or Y ___ N ___ E ___ A ___

To enrolling
Received from enrolling
Sent to Governor

_____ By Governor

Chapter Number _____

Filed with Lieutenant Governor

STATE OF ALASKA
1993 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO: SB 243

Revision Date: 1/27/94

Dept. Affected: Community & Regional Affairs

Title: An Act Relating to the Four Dam
Pool Transfer Fund

BRU: Rural Energy Program

Component: Power Cost Equalization

Sponsor: Senate Rules Committee

Requestor: Legislative Budget and Audit Committee

COMPONENT SERIAL NO.

1965

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE:	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current (FY93) Impact \$

none

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Remond Henderson *Remond Henderson* Director

Phone: 465-4708

Division: Administrative Services

Date: 1/27/94

Approved by Commissioner: *[Signature]*

Deputy Commissioner

Date: 1/27/94

Agency: Community & Regional Affairs

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A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 243

Page 1, line 3:

Delete "AS 42.45.050(b)"

Insert "AS 42.45.050"

Page 1, after line 3:

Insert new material to read:

"Sec. 42.45.050. FOUR DAM POOL TRANSFER FUND. (a) The four dam pool transfer fund is established in the department. The fund consists of repayments of principal and income that would have been deposited in the former power development revolving loan fund under former AS 44.83.500. The legislature may appropriate money from the fund to pay the department's costs of administering this chapter."

SENATE FINANCE
COMMITTEE
Amendment Number: 1
Bill Number: SB 243
Sponsor: Sharp Date: 2/1/94
Logged In By: [Signature]

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR RIEGER

TO: SB 243

Page 1, line 1, after "fund":

Insert ", to the power of the Alaska Industrial Development and Export Authority to waive or modify certain requirements to finance a power transmission intertie project, and to capital reserve funds securing bonds for a power transmission intertie"

Page 2, after line 2:

Insert new bill sections to read:

"* Sec. 2. AS 44.88.155(g) is amended to read:

(g) Notwithstanding any other provision of this section, the authority may waive or modify the requirements of this section as it considers appropriate and prudent in order to finance a project if the authority intends to own the project [OR IN ORDER TO FINANCE A POWER TRANSMISSION INTERTIE PROJECT].

* Sec. 3. AS 44.88.105(d)(3) is repealed."

SENATE FINANCE
COMMITTEE

Amendment Number: 2
Bill Number: SB 243
Sponsor: Rieger Date: 2/16/94
Logged In By: km

Alaska State Legislature

Senate Majority Leader
Chair, Judiciary Committee
Vice Chair, Community &
Regional Affairs

Member, State Affairs Committee
Committee on Committees
Western States Legislative Forestry Task Force
Legislative Council



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Senator Robin L. Taylor

MEMORANDUM

**TO: Senator Drue Pearce, Co-Chair
Senator Steve Frank, Co-Chair
Senate Finance Committee**

FROM: Senator Robin L. Taylor *R.L.T.*

DATE: 1/21/94

REF: Senate Bill 243

Senate Bill 243 was introduced by the Senate Rules Committee at the request of the Legislative Budget and Audit Committee after LBA approved a motion in November. That motion in essence reaffirmed the intent of the legislature to appropriate from the Four Dam Pool Transfer Fund to the Southeast Energy Fund.

The attached letter from the Department of Law analyzes the the situation created by the apparently unintended failure of SB126 to make the specific appropriations from the Four Dam Pool Transfer Fund to the funds authorized for such transfer in SB 106. The affected accounts include the Power Cost Equalization and Rural Electric Capitalization Fund, the Southeast Energy Fund and the Power Projects Fund.

My specific request of LBA to reaffirm legislative intent was to allow the Department of Law to authorize the transfer of funds from the Southeast Energy account to Ketchikan Public Utilities to allow KPU to proceed with the Tye Lake-Swan Lake Intertie. The attached memo from Thomas W. Stevenson highlights the health and safety concerns raised by any delay in the intertie project.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

Senate Finance

1/21/94

Page Two

The language in SB 243 will correct the ambiguities outlined in Mr. Baldwin's letter while still allowing the legislature dominion over the revenue stream.

If the legislature retains the current language in AS 42.45.050(b), the needed fund transfer from the Four Dam Pool account to the Southeast Energy account cannot be accomplished during the current fiscal year.

I believe the language of Senate Bill 243 to be a technical change in the original language of SB 106 in keeping with the acknowledged intent of the legislature.

The Department of Law has stated that adoption of this technical change will resolve the issue I raised with LBA. It will also establish the pattern of inter-fund transfers envisioned by SB 106 while preserving the legislature's discretion to appropriate.



February 15, 1994

Senator Drue Pearce, Co-Chairman
Senator Steve Frank, Co-Chairman
Senator's Kerttula, Rieger, Jacko, Kelly & Sharp
Senate Finance Committee

Dear Finance Committee Members,

I was somewhat dismayed while reading the articles in the Anchorage News over the last weekend, to see what appears to be a witch hunt of Scott Thompson with Alaska Power Systems. I find it very hard to believe hearsay testimony, like I was reading, is allowed in your public hearings.

I was born and raised here on Kodiak and have been a Kodiak Island Borough Assembly member since 1986, so I have a good idea about the conditions of our rural communities. I have known Scott Thompson since shortly after he arrived here in Kodiak.

As a Borough Assemblyman I watched, with great interest, as Scott fought the bureaucratic jungle so that he could build a hydro-electric project in Ouzinkie, one of our rural villages on Kodiak Island. That community is now one of the more stable communities on the Island, and is now in the process of lowering it's electricity rates as they have paid off the project.

The Alaska Energy Authority scheduled a Hydro project in Larsen Bay, one of the villages on Kodiak Island. As a Borough Assemblyman I attended some of the early meetings on this project and if my memory serves me well I believe that Larsen Bay was told it would cost around \$500,000 and that the village could easily amortize this out over a number of years. Scott Thompson and I over flew the valley where the hydro project was going in and at that time he told me that they (AEA) were placing the dam at the wrong spot and that he had told them (AEA) that he wanted to do the project but that the project would cost around \$800,000. AEA would not listen and went ahead with the project. I understand that the project ended up costing over \$2 million, all of which AEA expected Larsen Bay to pay for. This is bankrupting the village.

The village of Karluk has had a problem for as long as I can remember with being able to keep a stable electricity supply for the village and school. They were

p.o. box 2368

kodiak, alaska 99615

phone: (907) 486-6545

Senate Finance Committee - Page 2

always running out of fuel and I have seen cases where the US Coast Guard would have to fly heating fuel into the village to keep the generators going. Since Scott Thompson took over the first Circuit Rider Program in 1992 there have been no breakdowns or interruption in the electricity supply. Karluk has been a constant problem for the Kodiak Island Borough for as long as I have been on the Assembly and now they're not! The village of Ahkiok was the same way and since Scott has been working with them it has been a blessing. No more problems as well.

While Scott Thompson can be blunt and abrasive some times and he might rub people the wrong way now and then, I have found him to be very professional in all of his business ventures. I find it very hard to believe these hearsay comments by some discouraged employees.

While lobbying for the City of Kodiak in 1991, I became good friends with Ron Garzini who became the director for AEA. When Ron went to work for AEA he told me it was his plan to completely phase out the Authority as he recognized the nest of problems that were taking place there. It didn't take long for him to be pulled into the bureaucratic mess that was taking place at that time. Last year when I heard that the AEA had been dismantled, I felt it was the best thing that could have happened for the rural communities. I still believe that and I'm sorry to hear that, with the reorganization, not all of the original group that was running AEA, were not all fired. Even if Scott Thompson had been involved in the reorganization of the AEA, I feel that it was the best thing that could have happened.

The fact that the business sector has had the chance to go out and show how much less expensive it is for them to do the job of AEA should have some strong bearing on how the state should continue with their energy policy. Please take a hard look at what the costs really are and how well the system is now working. It seems to me, that if the private sector can do it for less and better, then you, as our legislators, have an financial obligation to look at it positively.

Thank you for taking the time to read this letter and give my comments some consideration. I know that as Alaskan Senator's you take all of this very seriously and will do what is best for the State of Alaska.



Alan Austerman

MEMORANDUM

State of Alaska
Department of Law

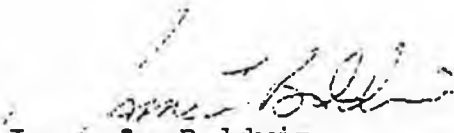
TO: Hon. Nancy Usara
Commissioner
Department of Administration

DATE: February 10, 1994

FILE NO.: 663-94-0372

TEL. NO.: 465-3600

SUBJECT: Ketchikan Public Utilities;
Swan Lake - Tyee Intertie grant

FROM: 
James L. Baldwin
Assistant Attorney General
Oil, Gas and Mining - Juneau

You have asked this office to review the statutes governing the financing of the Four Dam Pool Transfer Fund (AS 44.45.050) (the transfer fund) to determine whether a grant may be made from a subfund known as the Southeast Energy Fund (AS 42 45.040). At issue is whether money may be allocated from the transfer fund to the Southeast energy fund without an appropriation. If allocation can only be accomplished by appropriation, the Southeast Energy Fund does not have a sufficient balance to obligate for the purpose of making the grant. The fund will not have a sufficient balance until the legislature convenes and enacts an appropriation. You assert that the grantee urgently needs to obtain payment of the grant to begin work necessary to guarantee a stable source of electric power.

The grant was made to finance capital projects associated with the Swan Lake - Tyee intertie. It was authorized in an appropriation enacted in sec. 12, ch. 19, SLA 1993. The grant appropriation was made in an appropriations act that was enacted at the same time that the Four Dam Pool Transfer Fund was established in permanent law. See chs. 18 and 19, SLA 1993. The transfer fund serves as the depository for the repayments received under the terms of the four dam pool power sale agreement and loan agreement between the Alaska Energy Authority and the Department of Commerce and Economic Development. The repayment stream, which formerly was deposited in the power development revolving loan fund, is allocated under existing law to three subfunds created for the following purposes:

- 1) power cost equalization and rural electric projects;
- 2) power projects for utilities participating the Tyee-Swan Lake intertie; and
- 3) state-wide utility projects.

RECEIVED

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To	Jeff Hoover	From	Brian
Co.	leg	Co.	Admin
Dept.	OMB	Phone #	465-5608
Fax #	2090	Fax #	

Hon. Nancy Usera, Commissioner
Department of Administration
AGO file: 663-94-0372

February 10, 1994
Page 2

The balance of the power development revolving loan fund as of August 1993 was appropriated to the transfer fund. Sec. 10, ch. 19, SLA 1993.

The uncertainty about the balance of the Southeast Energy Fund arises because the legislature, while making appropriations to the transfer fund and from the Southeast Energy Fund, did not make provision for an appropriation from the transfer fund to the Southeast Energy Fund. Under one interpretation, it is possible that the statute requires an interfund transfer to be effected by appropriation. The wording of AS 42.45.050(b) is ambiguous. Subsection (b) reads as follows:

(b) Subject to appropriation, the department shall transfer the balance of the four dam pool transfer fund each month in accordance with this subsection. Subject to appropriation [the department is required to transfer percentages of the balance of the transfer fund to three subfunds, including the Southeast energy fund].

AS 42.45.050(b) (emphasis added). The provision is ambiguous because it is not clear whether the words "subject to appropriation" are intended to

- 1) require an appropriation to effect the transfer; or
- 2) make it plain that the legislature may appropriate the allocated percentages for the specified purposes or any other lawful purpose if it so desires.

In a companion bill, the legislature apparently interpreted the meaning of the foregoing provision when it expressly appropriated the balance of the power development revolving loan fund to the transfer fund. Sec. 10, ch. 19, SLA 1993. In a separate section of the same bill, the legislature made a direct appropriation from the Southeast Energy Fund to Ketchikan Public Utilities. Sec. 12, ch. 19, SLA 1993. Section 12 reads as follows:

A sum equal to the amounts deposited in the Southeast energy fund (AS 42.45.040) beginning on the effective date of this Act and ending on June 30, 1994, is appropriated from the Southeast energy fund to the Department of Administration for payment as a grant under AS 37.05.316 to the Ketchikan Public Utilities for expenses related to the power transmission intertie between Swan Lake and Tyee Lake hydroelectric projects.

Hon. Nancy Usera, Commissioner
Department of Administration
AGO file: 663-94-0372

February 10, 1994
Page 3

It should be presumed that the legislature intended to make an effective appropriation. The absence of an appropriation making the interfund transfers implies that an appropriation from the transfer fund to the Southeast Energy Fund is not required. The companion acts should be harmonized. This lends support to the conclusion that when the legislature provided that the transfer between funds was "subject to appropriation" it intended the interfund transfer to happen by operation of law. However, once capitalized, the subfund could not be spent without a second appropriation. There is also a strong indication that the words "subject to appropriation," are intended to preserve the legislature's discretion to appropriate the balance of a subfund at any time for another purpose as well.

The express mention of the appropriation requirement in AS 42.45.050(b) appears to be intended to make certain that the transfer fund arrangement will not violate the dedicated fund prohibition set out in article IX, section 7 of the Alaska Constitution. In theory, if the legislature is free to appropriate the revenue stream from the four dam pool for any lawful purpose, and in fact appropriates that revenue to the transfer fund, a dedicated fund has not been created. This follows because the legislature was freely able to exercise dominion over the revenue stream. It also follows that if the initial appropriation to the transfer fund satisfies the dedicated fund prohibition, then nothing inherent in the dedicated fund prohibition prevents further allocation for specific purposes by operation of general (nonappropriation) law. This leads to the conclusion that an intermediate appropriation to transfer a percentage to the Southeast Energy Fund is unnecessary. Absent a specific requirement for a secondary appropriation a subsequent appropriation from the Southeast Energy Fund would not be necessary to satisfy the dedicated fund prohibition.

The foregoing provides some evidence that the legislature did not intend the provisions of AS 42.45.050(b) to require an intermediate appropriation to transfer amounts from the transfer fund to the Southeast Energy Fund. The interpretation most consistent with the apparent intent of the legislature is to administratively make the transfers from the transfer fund to the other subfunds. This will make a sufficient balance available in the Southeast Energy Fund. We recommend that the legislature amend AS 42.45.050 to resolve the ambiguity by enacting an amendment that adopts the construction explained in this memorandum. In the meantime, the Department of Administration may award the grant to Ketchikan Public Utilities subject to termination and repayment if the legislature amends AS 42.45.050 before June 30, 1994 in a manner indicating that an interfund transfer may only be made by appropriation.

Hon. Nancy Usera, Commissioner
Department of Administration
AGO file: 663-94-0372

February 10, 1994
Page 4

Please let us know if you need further assistance concerning this matter.

JLB:tg

cc: Shelby Stastny, Director, Office of Management & Budget
Cheryl Frasca, Deputy Chief of Staff, Office of the Governor
Hon. Robin Taylor, Alaska Senate

2/16/94

Chapter 19, SLA 1993

Section 1: \$43,200,000 appropriated from the Railbelt Intertie Reserve to the Department of Administration for payment as a grant. (Paid out to AIDEA per agreement) Disbursed on 11/4/94. AR 7470.

Section 2: \$46,800,000 appropriated from the Railbelt Intertie Reserve to the Department of Administration for payment as a grant. (Paid out to AIDEA per agreement) Disbursed on 11/4/94. AR 7471.

Section 3: The remaining balance of the Railbelt Intertie Reserve is appropriated to the Railbelt Energy Fund. AR 92321. NOT DONE.

Section 4: \$35,000,000 is appropriated from the Railbelt Energy Fund to the Power Project Fund for payment as a loan. (Subject to conditions). Repayments of the principal and interest are appropriated back to the Railbelt Energy Fund. AR 92324. NOT DONE.

Section 5: \$20,000,000 is appropriated from the Railbelt Energy Fund to the Power Project Fund for payment as a loan. (Subject to conditions). Repayments of the principal and interest are appropriated back to the Railbelt Energy Fund. AR 92327. NOT DONE.

Section 6: \$3,900,000 is appropriated from the General Fund to the Department of Community and Regional Affairs for operating costs associated with new energy programs from AEA. AR 52707.

Section 7: Appropriations for Bradley Lake are repealed and reappropriated to the Railbelt Energy Fund. (The remaining balances are held by the Trustee - amount is being determined and is to be remitted through AEA.) AR 92332.

\$11.5 million was deposited as a reduction to expenditures in AR 32252 (Section 7.(6)). AB needs to process to repeal. AB needs to process to authorize amount in AR 92332 then fund transfer can occur.

Section 8: (a) \$13,200,000 is appropriated from the General Fund to the Railbelt Energy Fund. AR 92330. NOT DONE.

(b) \$66,900,000 is appropriated from the General Fund to the Railbelt Energy Fund. AR 92333. NOT DONE. Transfer will be done based on amount needed for program needs section (c).

(c) \$65,900,000 is appropriated from the Railbelt Energy Fund to the Power Cost Equalization and Rural Electric Capitalization Fund to capitalize the fund. AR 92334. NOT DONE.

Section 9: \$5,000,000 is appropriated from the General Fund to the Department of Community and Regional Affairs for payment as a grant. AR 52709.

Section 10: Transfers fund balances of former funds or accounts under AEA to named funds established in the Department of Community and Regional Affairs.

Power Cost Equalization and Rural Electric Capitalization Fund - DONE

Power Project Fund - DONE

Rural Electrification Revolving Loan Fund - DONE

Four Dam Pool Transfer Fund - DONE except for interest posted by Treasury.

Bulk Fuel Revolving Loan Fund - DONE (Has an error - loan repayment posted to old fund)

Section 11: \$3,000,000 is appropriated from the General Fund to the Power Project Fund for payment as a loan. AR 92347. NOT DONE.

Section 12: Sum equal to the amounts deposited in the Southeast Energy Fund appropriated to the Department of Administration for payment as a grant. (No amounts were appropriated or deposited to the Southeast Energy Fund in FY 1994) AR 7472.

We have an Attorney General's opinion to transfer from the Four Dam Pool Transfer Fund to the Southeast Energy Fund dated February 10, 1994.

Section 13: \$126,600 is appropriated from federal receipts to the Department of Community and Regional Affairs. AR 52711.

Section 14: Transfers and appropriates a sum equal to the retained money held by AEA related to rural programs to the Department of Community and Regional Affairs. DONE

Section 15: Act effective August 11, 1993.

DIVISION OF LEGAL SERVICES

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Juneau, Alaska 99801-2105

MEMORANDUM

February 4, 1994

SUBJECT: Sectional Summary of Ch. 19 SLA 1993. (Appropriations for hydroelectric projects, to capitalize energy grant and loan programs and funds)

TO: Members of the Senate Finance Committee

FROM: Teresa B. Cramer
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 appropriates \$43,200,000 from the Railbelt intertie reserve for a grant to Golden Valley Electric Association for construction of the Healy-Fairbanks intertie. Subsections (b) and (c) set out conditions that must be met before the grant can be made.

Sec. 2 appropriates \$46,800,000 from the Railbelt intertie reserve for a grant to Chugach Electric Association for construction of the Anchorage-Kenai Peninsula intertie. Subsections (b) and (c) set out conditions that must be met before the grant can be made.

Sec. 3 appropriates the balance in the Railbelt intertie reserve to the Railbelt energy fund.

Sec. 4 appropriates \$35,000,000 from the Railbelt energy fund to the power project fund in the Department of Community and Regional Affairs for a loan for the Sutton-Cranchallen intertie. Subsection (b) directs that repayments of the loan be made to the Railbelt energy fund. Subsections (c) and (d) set out conditions that must be met before the loan can be made.

Sec. 5 appropriates \$20,000,000 from the Railbelt energy fund to the power project fund in the Department of Community and Regional Affairs for a loan for the Swan

Lake-Tyee Lake power transmission intertie. Subsection (b) directs that repayments of the loan be made to the Railbelt energy fund. Subsection (c) sets out conditions that must be met before the loan can be made.

Sec. 6 appropriates \$3,900,000 for the operating costs Community and Regional Affairs will have with its new responsibilities for power projects.

Sec. 7 reappropriates the unexpended and unobligated amounts of appropriations for the Bradley Lake hydroelectric project to the Railbelt energy fund.

Sec. 8 appropriates money from the general fund to the Railbelt energy fund and from the Railbelt energy fund to the power cost equalization and rural electric capitalization fund.

Sec. 9 appropriates \$5,000,000 for a grant for the hydroelectric power project on the Tazimina River and for the associated distribution system.

Sec. 10 transfers the balances in various funds of the Alaska Energy Authority to the Department of Community and Regional Affairs to reflect the transfer of the activities financed by those funds from AEA to DCRA.

Sec. 11 appropriates \$3,000,000 for a grant for the electric transmission line from Seward to the Lawing substation.

Sec. 12 appropriates the revenue stream from the portion of the former power development revolving loan fund that is to be deposited in the Southeast energy fund as a grant for expenses related to the Swan Lake-Tyee Lake power transmission intertie.

Sec. 13 appropriates \$126,600 from federal receipts to DCRA for federally authorized energy programs and projects.

Sec. 14 appropriates to DCRA the retained money held by AEA that is related to programs transferred to the department.

Sec. 15 states that the bill takes effect only if the companion bill, making the substantive changes necessary to support this appropriation bill, is enacted.

WALTER J. HICKEL, GOVERNOR

PLEASE REPLY TO:

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DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

January 3, 1994

Hon. Robin Taylor
Alaska State Senate
Room 30
State Capitol
Juneau, AK 99801-1182

Re: Ketchikan Public Utilities;
Swan Lake-Tyee Intertie grant

Dear Senator Taylor:

You have asked this office to review the statutes governing the financing of the Four Dam Pool Transfer Fund (AS 44.45.050) (the transfer fund) to determine whether a grant may be made from a subfund known as the Southeast Energy Fund (AS 42.45.040). At issue is whether money may be allocated from the transfer fund to the Southeast energy fund without an appropriation. If allocation can only be accomplished by appropriation, the Southeast energy fund does not have a sufficient balance to obligate for the purpose of making the grant. The fund will not have a sufficient balance until the legislature convenes and enacts an appropriation. You assert that the grantee urgently needs to obtain payment of the grant to begin work necessary to guarantee a stable source of electric power.

The grant was made to finance capital projects associated with the Swan Lake - Tyee intertie. It was authorized in an appropriation enacted in sec. 12, ch. 19, SLA 1993. The grant appropriation was made in an appropriations act that was enacted at the same time that the Four Dam Pool Transfer Fund was established in permanent law. See chs. 18 and 19, SLA 1993. The transfer fund serves as the depository for the repayments received under the terms of the four dam pool power sale agreement and loan agreement between the Alaska Energy Authority and the Department of Commerce and Economic Development. The repayment stream, which formerly was deposited in the power development revolving loan fund, is allocated under existing law to three subfunds created for the following purposes:

Hon. Robin Taylor
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- 1) power cost equalization and rural electric projects;
- 2) power projects for utilities participating the Tyee-Swan Lake intertie; and
- 3) state wide utility projects.

The balance of the power development revolving loan fund as of August 1993 was appropriated to the transfer fund. Sec. 10, ch. 19, SLA 1993.

The uncertainty about the balance of the Southeast energy fund arises because the legislature, while making appropriations to the transfer fund and from the Southeast energy fund, did not make provision for an appropriation from the transfer fund to the Southeast energy fund. Under one interpretation, it is possible that the statute requires an interfund transfer to be effected by appropriation. The wording of AS 42.45.050(b) is ambiguous. Subsection (b) reads as follows:

Subject to appropriation, the department shall transfer the balance of the four dam pool transfer fund each month in accordance with this subsection. Subject to appropriation [the department is required to transfer percentages of the balance of the transfer fund to three subfunds, including the Southeast energy fund].

AS 42.45.050(b) (emphasis added). The provision is ambiguous because it is not clear whether the words "subject to appropriation" are intended to

- 1) require an appropriation to effect the transfer; or
- 2) make it plain that the legislature may appropriate the allocated percentages for the specified purposes or any other lawful purpose if it so desires.

In a companion bill, the legislature apparently interpreted the meaning of the foregoing provision when it expressly appropriated the balance of the power development revolving loan fund to the transfer fund. Sec. 10, ch. 19, SLA 1993. In a separate section of the same bill, the legislature made a direct appropriation from the Southeast energy fund to Ketchikan Public Utilities. Sec. 12, ch. 19, SLA 1993. Section 12 reads as follows:

A sum equal to the amounts deposited in the Southeast energy fund (AS 42.45.040) beginning on the effective date of this Act and ending on June 30, 1994, is appropriated from the Southeast energy fund to the Department of Administration for payment as a grant under AS 37.05.316 to the

Ketchikan Public Utilities for expenses related to the power transmission intertie between Swan Lake and Tyee Lake hydroelectric projects.

It should be presumed that the legislature intended to make an effective appropriation. The absence of an appropriation making the interfund transfers implies that an appropriation from the transfer fund to the Southeast energy fund is not required. The companion acts should be harmonized. This lends support to the conclusion that when the legislature provided that the transfer between funds was "subject to appropriation" it intended the interfund transfer to happen by operation of law. However, once capitalized, the subfund could not be spent without a second appropriation. There is also a strong indication that the words "subject to appropriation," are intended to preserve the legislature's discretion to appropriate the balance of a subfund at any time for another purpose as well.

The express mention of the appropriation requirement in AS 42.45.050(b) appears to be intended to make certain that the transfer fund arrangement will not violate the dedicated fund prohibition set out in article IX, section 7 of the Alaska Constitution. In theory, if the legislature is free to appropriate the revenue stream from the four dam pool for any lawful purpose, and in fact appropriates that revenue to the transfer fund, a dedicated fund has not been created. This follows because the legislature was freely able to exercise dominion over the revenue stream. It also follows that if the initial appropriation to the transfer fund satisfies the dedicated fund prohibition, then nothing inherent in the dedicated fund prohibition prevents further allocation for specific purposes by operation of general (nonappropriation) law. This leads to the conclusion that an intermediate appropriation to transfer a percentage to the Southeast energy fund is unnecessary. Absent a specific requirement for a secondary appropriation a subsequent appropriation from the Southeast energy fund would not be necessary to satisfy the dedicated fund prohibition.

The foregoing provides some evidence that the legislature did not intend the provisions of AS 42.45.050(b) to require an intermediate appropriation to transfer amounts from the transfer fund to the Southeast energy fund. In any case, AS 42.45.050 is ambiguous insofar as it applies to interfund transfers. We recommend that the legislature amend AS 42.45.050 to resolve the ambiguity by enacting an amendment that adopts the construction explained in this memorandum. In the meantime, the Department of Administration may award the grant to Ketchikan Public Utilities subject to termination and repayment if the legislature amends AS 42.45.050 before June 30, 1994 in a manner indicating that an interfund transfer may only be made by appropriation.

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Alaska State Senate

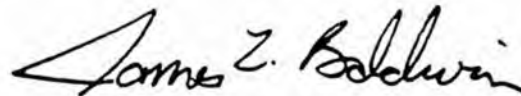
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Please let us know if you need further assistance concerning this matter.

Very truly yours,

CHARLES E. COLE
ATTORNEY GENERAL

By:



James L. Baldwin
Assistant Attorney General

JLB:tg

cc: Shelby Stastny, Director, Office of Management & Budget
Cheryl Fiasca, Deputy Chief of Staff, Office of the Governor
Hon. Nancy Usera, Commissioner, Department of Administration

**KETCHIKAN PUBLIC UTILITIES**

2030 TONGASS AVENUE

KETCHIKAN, ALASKA 99901

TELEPHONE 907-225-1000
FAX 907-225-1888

November 4, 1993

MUNICIPALLY OWNED
ELECTRIC TELEPHONE WATER**Chairman Randy Phillips
Legislative Budget and Audit
Anchorage AK****Dear Chairman Phillips:**

The City of Ketchikan d/b/a Ketchikan Public Utilities has for many years pursued future electrical energy sources for the certificated service area it services in and around the Ketchikan area. The intertie between Swan Lake and Lake Tyee was selected for the following reasons:

1. Because KPU is a member of the Four Dam Pool and with the return on the investment the State of Alaska and the purchasing utilities in the Four Dam Pool have made in the continuance of those facilities, it appeared only reasonable to use those four dams to their full capacity. Currently, the Tyee Project is being utilized at less than 40% of its capability.
2. It is not possible for KPU to fund the intertie for the following reasons:
 - A. KPU does not own the two hydroelectric facilities that would benefit from the interconnection.
 - B. KPU would have and does have only SECOND CALL on the surplus power available out of the Tyee Hydroelectric facility.

For these two reasons, KPU cannot bond these projects.

3. The benefits to the Four Dam Pool members because of this intertie is that it will hold down the rates for the consumers throughout the state who get power out of the Four Dam Pool, because we will use the unused hydropower that is currently literally going over the dam at Tyee.

The Ketchikan area is in need of electrical energy. This past summer we have had to run our diesels due to lack of water at Swan Lake. The Swan Lake facility has a revised capacity of 77,000,000 kWh of energy. The past two years KPU has used over 70,000,000 kWh of energy out of this facility. At the historical rate of energy use of 2-3% annually and allowing for the following new loads that will occur in the Ketchikan area, we will be out of power within 3-4 years:

Chairman Randy Phillips

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1. Civic Center
2. U.S. Forest Service Visitor Information Center
3. 30 new rooms at the Landing Hotel
4. Reopening of the Ketchikan Shipyard
5. U.S. Coast Guard expansion, housing and other facilities
6. Seley Sawmill that we currently don't serve.
7. Carr Foods Expansion.
8. Proposed shopping center on 16 acres 1.2 miles north of City limits.

These loads in addition to the regular loads will put us over the top in usage of the Swan Lake Hydroelectric facility which is our only unused facility outside of diesel power. This past month when Ketchikan needed electric energy because of our low water conditions, the Tye Hydroelectric facility was spilling water.

The monies set forth in the Southeast Energy Fund in the name of Ketchikan Public Utilities, (approximately 4 to 4.5 million dollars) is to begin the environmental impact statement process which we believe will take about two to three years depending upon the public review process. It is estimated that the actual construction of the transmission line will take another 18 to 30 months depending upon site conditions.

Because Ketchikan is surrounded with national forests, our options are limited as to the availability of other electrical energy sources. Fossil fuels are not a good option. Hydroelectricity is a good source but the proposed Mahoney Lakes facility as brought forth by the Cape Fox/City of Saxman will take at least 7 years to develop. As they have planned the facility, it will not provide Ketchikan with more than "peaking power" which we have available already with our diesels and which will be available with the Intertie since the Tye project has an undeveloped third turbine pad already available to be put into place at Tye that will provide peaking power at one third the cost of the Mahoney Lakes facility.

The Ketchikan area will be in a health and safety trap if we are unable to proceed rapidly with this Intertie. We are not like the interior of Alaska in the railbelt. We have no interconnections with the outside world. We are truly an island for essential services. The area is being explored heavily by commercial firms for retail expansion and we will not be able to provide essential services to them.

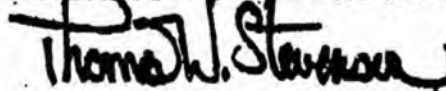
The Swan Lake - Lake Tye Intertie will provide a short term solution to the electric power needs of Ketchikan. With this interconnection, we will be able to interchange and assist the power needs of Petersburg and Wrangell and they can assist us as well. This benefit is of tremendous value to Southeast Alaska inasmuch as it can literally provide options to these communities to protect and serve the residents by future joint planning and assistance in emergencies.

Chairman Randy Phillips
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Your highest consideration in allowing us to begin the environmental impact statement process as soon as possible will start the clock running for us to get going on constructing this intertie. For all the reasons cited above and more I can list, we have put our total belief in the development of this intertie as being prudent for Ketchikan, for the Four Dam Pool, and to demonstrate to the State that its participation in the Four Dam Pool dams is being utilized to their full and complete benefit. Here is a program that is truly living up to its goals. We have no other options available to us.

Most sincerely,

KETCHIKAN PUBLIC UTILITIES



Thomas W. Stevenson, CPA *by TWR*
General Manager

TWS:nil

cc; Senator Robin Taylor
Representative Bill Williams

DIVISION OF LEGAL SERVICES
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130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

October 12, 1993

SUBJECT: Sectional Summary of ch. 18, SLA 1993 (Power projects and interties, relating to the Alaska Energy Authority, AIDEA bonds for energy resource projects)

FROM: Teresa B. Cramer
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 makes legislative findings and expresses the legislative intent. Subsection (a) relates to affordable electric service rates. Subsection (b) relates specifically to power cost equalization.

Sec. 2 amends the statute establishing the Railbelt energy fund and identifies additional uses for which money in the fund may be appropriated, including projects for retrofitting state-owned buildings and facilities for energy conservation.

Sec. 3 changes, in a statute concerning the Alaska Public Utilities Commission (APUC), an internal reference to the power cost equalization program to reflect changes made by this Act.

Sec. 4 requires the APUC, when setting or reviewing rates for a public utility that sends or receives power over the Fairbanks-Healy or the Anchorage-Kenai intertie, to consider certain costs as costs incurred for the existing system. The costs are costs that have not been directly assigned to other generating utilities.

Sec. 5 enacts a new chapter, giving the Department of Community and Regional Affairs responsibility for programs and projects previously within the jurisdiction of the Alaska Energy Authority.

Power project fund

Sec. 42.45.010 establishes the power project fund in the department. This section is similar to former AS 44.83.170. The department may make loans from the fund to the entities listed in (b)(1) for the purposes listed in (b)(1)(A), (B), and (C). Some of the entities to which loans may be made include utilities, municipalities, regional and village corporations, and nonprofit marketing cooperatives. The purposes include preconstruction studies, applications for permits, and preconstruction engineering and design. The purposes also include building small-scale power production facilities, conservation facilities, bulk fuel storage facilities, and transmission and distribution facilities.

Under paragraph (b)(2), there are financing restrictions on the loans.

Under subsections (c) and (d), before making a loan from the power project fund, the department has to adopt regulations setting out eligibility standards for borrowers and the types of projects that will qualify and other terms and conditions for the loans.

Subsection (e) sets out repayment security requirements.

Subsection (f) sets limitations on interest. Paragraph (f)(1) incorporates limitations that apply to projects for which loans were made under old statutes that have since been repealed. Paragraph (f)(2) applies to loans made under the current program.

Under subsection (f)(2)(A), the department may make a loan from the power project fund for up to 50 years. Under paragraph (B), the department may make zero interest loans.

Subsection (g) requires loan repayments and interest to be deposited back into the power project fund unless there is an appropriation that sets another destination.

Subsection (h) permits the legislature to forgive a loan repayment when a power project has been determined to be unfeasible.

Subsection (i) states that money in the power project fund may be used for administrative costs of the fund.

Rural electrification revolving loan fund

Sec. 42.45.020 establishes the rural electrification revolving loan fund in the department. Under subsection (b), the department may make loans from the fund to electric utilities to extend new electric service but the utility is required to make a minimal investment. A loan may not be made unless the loan advisory committee recommends it and unless at least three consumers will receive immediate service from the extension of service.

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Under subsection (c), the loan bears interest at a two percent interest rate. Under subsection (d), the utility receiving a loan must charge consumers enough to pay interest costs on the loan and must pay the department back at a rate stated in (d)(2).

Subsection (e) requires the department to adopt regulations, administer the fund, and report to the legislature.

Under subsection (g), the fund balance lapses each fiscal year into the general fund.

This section is taken from former AS 44.83.361.

Sec. 42.45.030 establishes a loan advisory committee for loans from the rural electrification revolving loan fund. This section is taken from former AS 44.83.363.

Southeast energy fund

Sec. 42.45.040 establishes the Southeast energy fund (SEF) consisting of money transferred to it from the four dam pool transfer fund, created in sec. 42.45.050. The department may use the SEF for grants to utilities participating in the Swan Lake-Tyee Lake intertie. The purposes of the grants may include power projects, repayment of loans, and payments on bonds.

This is a new section.

Four dam pool transfer fund

Sec. 42.45.050 establishes the four dam pool transfer fund, which consists of repayments of principal and income from the former power development revolving loan fund. Subsection (b) sets out how money in the fund is to be transferred to other departmental funds. Forty percent goes to the power cost equalization and rural electric capitalization fund (Sec. 42.45.100 - 160 below). Forty percent goes to the Southeast energy fund (the SEF - Sec. 43.45.040 above). Twenty percent goes to the power project fund (Sec. 42.45.010 above).

This is a new section.

Loan committee

Sec. 42.45.060 establishes a loan committee composed of commissioners, the director of management and budget, and four public members. Subsections (a) - (e) set out how the committee is organized and limit members' powers to participate when they have a financial interest in a lease or contract.

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Subsections (f) and (g) set out the committee powers and responsibilities with respect to loans. All loans except for loans from the bulk fuel revolving loan fund (Sec. 42.45.250 below) must be reviewed by the committee. For small loans (those less than \$500,000) the department has to give the committee 30 days to act. If the committee notifies the department that it intends to review the loan, the department may not make the loan unless it is approved by the committee. If the committee doesn't tell the department it wants to review the loan within the 30 days, the department may make the loan.

For loans of \$500,000 or more, the department may not enter into the loan unless the committee has approved it or unless the legislature has approved it.

This is a new section.

Power cost equalization and rural electric capitalization

Sec. 42.45.100 - 42.45.150 establish the power cost equalization (PCE) program in the department. These sections are similar to former AS 44.83.162 - 44.83.164, with some restructuring of the statutes and some changes.

Sec. 42.45.100 establishes the power cost equalization and rural electric capitalization fund to provide power cost equalization and to make grants to eligible utilities. It is taken partly from former AS 44.83.162(a). The grant part of the program is new.

Sec. 42.45.110 addresses entitlement to power cost equalization and is taken from former AS 44.83.162(b) - (j). Note that in subsection (c), minimum power costs of more than 9.5 cents per kilowatt-hour qualify for PCE. In subsection (d), state and federal offices and facilities other than schools are not entitled to receive power cost equalization.

Sec. 42.45.120 sets out the notice that an electric utility receiving power cost equalization must give its customers. It is taken from former AS 44.83.162(k).

Sec. 42.45.130 requires utilities to make an effort to minimize costs. It is taken from former AS 44.83.162(l).

Sec. 42.45.140 permits customers to petition for inclusion in the power cost equalization program. It is taken from former AS 44.83.162(m).

Sec. 42.45.150 sets out definitions for Secs. 42.45.110 - 42.45.150, taken from former AS 44.83.162(p).

Sec. 42.45.160 permits the Alaska Public Utilities Commission to adjust the power cost equalization per kilowatt-hour payable to an electric utility. This section is taken from former AS 44.83.163.

Sec. 42.45.170 permits electric utilities exempt from regulation by the APUC to participate in the power cost equalization program. This section is taken from former AS 44.83.164.

Sec. 42.45.180 permits the Department of Community and Regional Affairs to make grants from the power cost equalization and rural electric capitalization fund to utilities receiving power cost equalization for small power projects that will reduce the costs of the utility. This is a new section.

Sec. 42.45.190 is a definition section for AS 42.45.100 - 42.45.190.

Electrical service extension fund

Sec. 42.45.200 establishes the electrical service extension fund in the department. The department may use the fund to make grants to utilities for up to 60 percent of the construction and site preparation costs of extending electrical service to private residences and small businesses.

This section is taken from former AS 44.83.370.

Bulk fuel revolving loan fund

Sec. 42.45.250 establishes the bulk fuel revolving loan fund in the department. The department may make loans from the fund to communities for a bulk fuel purchase. The maximum amount of the loan is \$100,000. Under the former program, the maximum was \$50,000.

The section is taken from former AS 44.83.600 - 44.83.650.

Joint action agency

Sec. 42.45.300 permits two or more public utilities to form a joint action agency for participating in a power project and to secure financing for the project. A joint action agency may request the Alaska Industrial Development and Export Authority (AIDEA) to issue revenue bonds.

This is a new section.

Additional administrative requirements

Sec. 42.45.400 directs the department to provide rural utilities with technical assistance as set out in the section. This is a new section.

Sec. 42.45.410 directs the department to delegate as much as possible to the private sector. This is a new section.

Definitions

Sec. 42.45.990 sets out definitions for the chapter and is taken, in part, from former AS 44.83.990.

Sec. 6 amends the powers of the Department of Community and Regional Affairs to include the powers and duties assigned under AS 42.45, enacted by sec. 5 of the bill.

Sec. 7 changes the membership of the Alaska Energy Authority (AEA) to be the members of the Alaska Industrial Development and Export Authority (AIDEA).

Sec. 8 directs that the chair and vice-chair of AIDEA serve as officers of AEA.

Secs. 9, 10, and 14 restrict the powers of AEA, removing authority for acquiring or constructing power projects. Many of the statutes affecting the AEA are repealed in sec. 28 of the bill.

Secs. 11 - 13, and 15 - 22 make technical changes to reflect the reduced scope of operation of the AEA, including the repeal of the energy program for Alaska (former AS 44.83.380 - 44.83.425) and of other funds and programs.

Sec. 23 includes capital reserve funds that secure bonds for power transmission interties in the definition of "capital reserve fund" for that subsection. The subsection directs the chair of AIDEA to report to the governor and the legislature how much is needed to restore a capital reserve fund to the capital reserve fund requirements.

Sec. 24 permits AIDEA to purchase loan participations for power transmission interties in amounts greater than AIDEA otherwise could issue and for a longer period of time. If the legislature approves, AIDEA may purchase a loan participation for a power transmission intertie that exceeds \$10,000,000. AIDEA may purchase a loan participation for an intertie when the term exceeds 25 years (which is otherwise the limit imposed on AIDEA) but not for more than 50 years.

Sec. 25 permits AIDEA to waive or modify requirements of the enterprise development account to finance a power transmission intertie project.

Sec. 26 amends the definition of "project" in the chapter pertaining to AIDEA to include plants and facilities for the generation, transmission, development, transportation, conversion, or use of energy resources.

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Sec. 27 repeals statutes relating to the Alaska Energy Authority board of directors and employees.

Sec. 28 repeals a number of provisions relating to the AEA, to reflect the transfer of programs to the Department of Community and Regional Affairs and the elimination of the ability of AEA to acquire or construct power projects.

Sec. 29 gives legislative authorization to AIDEA to issue bonds, not exceeding \$60,000,000, for a power transmission intertie between Healy and Fairbanks to be owned, for the benefit of all of the utilities participating in the intertie, by Golden Valley Electric Association.

Sec. 30 gives legislative authorization to AIDEA to issue bonds, not exceeding \$60,000,000, for a power transmission intertie between Anchorage and the Kenai Peninsula to be owned, for the benefit of all of the utilities participating in the intertie, by Chugach Electric Association, Inc.

Sec. 31 gives legislative authorization to AIDEA to issue bonds, not exceeding \$40,000,000, for a power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects and owned, for the benefit of all of the utilities participating in the intertie, by Ketchikan Public Utilities.

Sec. 32 gives legislative authorization to AIDEA to issue bonds, not exceeding \$25,000,000, for a power transmission intertie between Sutton and Glennallen and owned, for the benefit of all of the utilities participating in the intertie, by Copper Valley Electric Association.

Sec. 33 states that the repeal of the Alaska Energy Authority statutes does not affect existing bonds or actions that have been taken under the repealed statutes.

Sec. 34 transfers the proceedings, activities, and property of the Alaska Energy Authority to the Department of Community and Regional Affairs to the extent that the project or program has been transferred to the department by the bill.

Sec. 35 addresses the transfer of employees from the AEA to DCRA.

Sec. 36 sets out the initial terms of the loan committee, established in Sec. 42.45.060.

Sec. 37 directs the AEA to enter into maintenance and operations contracts for AEA's power projects with private sector entities to the maximum extent possible.

Sec. 38 directs that various agencies of state government work together to ensure an orderly transfer of functions as required under the bill.

Sec. 39 is a severability clause for the bill.

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93-200.lmb

AIDEA/AEA
TRANSITION PLAN

JANUARY 1994

I. INTRODUCTION

This report is to update the Board on the status and changes resulting from the AEA transition efforts since the January 28, 1994 meeting.

II. STAFFING

Except for resolution of certain accounting and budget matters between AEA and DCRA, all transition efforts involving both DCRA and AEA/AIDEA staff have been completed. The AEA/AIDEA staff is as follows:

Permanent Positions

Dennis V. McCrohan, Deputy Director
Daniel W. Bearisley, Contracts Manager
David R. Eberle, Project Manager
Stanley E. Siezckowski, Manager Maintenance &
Operations
Elaine S. McCambridge, Accountant
Janet Hansen, Accountant
Eva Carpenter, Secretary

Transition Positions

Tom Arminski, Permits & Right of Way
Julie Crowley, Accountant
Remy Williams, Operations Engineer
Larry Wolf, Operations Engineer

Homer Operations Staff

Russ Hansen, Operator
Sharon Hansen, Housekeeper
John Sherlock, Operator
Richard Turner, Operator

Effective February 14, 1994, the operation and maintenance of the Bradley Lake Hydroelectric Project will be transferred to Homer Electric Association. As of that date the three operators will be transferred to Homer Electric Association. The housekeeper will be terminated. Mr. Larry Wolf, the Bradley Operations Engineer, will remain on staff until March 31.

Tom Arminski and Remy Williams are currently performing work related to the Four Dam Pool. Unless Mr. Arminski is transferred to DCRA in the interim, those two positions will be phased out during the remainder of this fiscal year with their duties being contracted with the Four Dam Pool member utilities or to private parties.

Ms. Crowley is a temporary staff person who is developing the job cost and management reporting accounting functions. These projects are expected to be completed in February.

III. BUDGETS

AEA/AIDEA has prepared a budget to complete the remainder of FY 94. An allocation of overhead and certain labor costs for the transition period between September 1 and November 30 has been calculated by DCRA and has been reviewed and is now being adjusted by AEA/AIDEA. All transition costs have been reviewed and are being reconciled according to the agreements with DCRA. Final discussions concerning which funding sources will be used for reimbursement of expenses are underway.

IV. PROJECT AGREEMENTS

Project: Bradley Lake Hydroelectric Project

Status Update:

1. Delegation of AEA Duties:

A final decision on AEA's proposed delegation of duties to Homer Electric Association, Inc. (HEA) and the Bradley Project Management Committee (BPMC) is pending the resolution of three areas of discussion between the AEA, HEA and the remaining BPMC utilities as represented by the BPMC. Those areas will be resolved through the completion of the agreements listed below. Final resolution has delayed AEA's staff reductions.

2. Operation and Maintenance Agreement:

The BPMC approved the Operation and Maintenance Agreement on January 25, 1994. It has been signed by HEA and is being returned to AEA for signature. Exhibit D of that Agreement incorporates provisions of the Master Operating Agreement between AEA and the BPMC which will be added upon completion of the Master Operating Agreement.

3. Master Operating Agreement:

The master operating agreement between AEA and the BPMC remains in final negotiation pending

resolution of insurance and indemnity issues. Those issues are being addressed by the recently formed BPMC Insurance Subcommittee. Resolution of those remaining issues is expected before April 1, 1994.

4. AEA/Bradley Budget

The budget for Homer's operation for the remainder of FY 94 was approved January 31. FY 95's budget must be completed by April 1.

5. Overhead Litigation

The AEA administrative overhead issue remains to be resolved.

6. Surplus Construction Funds

Surplus construction funds in the amount of \$11,500,000 were turned over to the Department of Revenue on February 2, 1994.

Project: Four Dam Pool

Status Update:

1. AEA duties to be transferred to the operators have been proposed. Revised O&M agreements will be initiated once the PMC agrees with the transfer of duties.
2. Swan Lake Generator Insurance Repair contract has been awarded.
3. Tyee Transmission line meetings regarding major repairs have been held. AEA has proposed to the PMC specific repairs. An investigation of funding sources is in progress.
4. A ten year R&R projection has been prepared for PMC approval. It requires a significant increase to utility annual contributions and state or other financial support.
5. AEA/Four Dam Pool Budget

AEA fiscal 95 and amended fiscal 94 budgets have been prepared. These have been submitted to the PMC. The PMC revenues for FY94 are below

projections. FY94 budget reductions are being sought.

Project: Existing Intertie

Status Update:

1. AEA has compiled a draft list of duties. A revised budget will be submitted in late January.
2. The Intertie Operating Committee is in disagreement regarding the extent of controller duties by GVEA and ML&P. An amendment to the Intertie Agreement may be necessary. The utilities have major disagreements regarding the extent of duties and costs of the controllers.

Project: New Railbelt Intertie

Status Update:

1. The utilities have reached an agreement as discussed at the November board meeting and the Grant Transfer and Delegation Agreement has been signed. The Grant Administration Agreement is pending.

Project: Other Projects

Status Update:

Eklatna and Snettisham - Legislation to authorize the acquisition of these projects by AEA/AIDEA has passed the U.S. House of Representatives and is now in the U.S. Senate. A hearing before the Senate Resource Committee is anticipated in early 1994.

Black Bear - Potential long-term conduit financing is being explored.

The FER license has been issued and the owner utility anticipates beginning construction this summer.

V. ADMINISTRATIVE AND OPERATIONAL FUNCTIONS

GENERAL

All permanent and transition staff that had not been previously relocated, was moved to AIDEA in mid December. All files, furniture and records were removed from the AEA offices and transferred to AIDEA or storage prior to the end of December. All relocation aspects of the transition have been completed.

AIDEA/AEA LEGAL DOCUMENTS

A first draft of AEA regulations has been completed. The remainder of the review should be completed by the end of February. Proposals for minor legislative changes should be completed by February 11.

ACCOUNTING

Since December 1, 1993, AEA/AIDEA has been processing all accounting transactions for ongoing AEA operations at the AIDEA offices on the Platinum accounting system. The general ledger, accounts payable, job cost tracking and bank reconciliation modules of the accounting system have been integrated to minimize data entry for accounting transactions. Although the job cost module is operational, the coding structure is being analyzed to develop a reporting system that will meet management's needs. Staff will also be reviewing an optional system package that may provide more flexibility in customizing financial reports.

AUDITS

The draft Bradley project operating budget audit was presented to the BPMC Budget Subcommittee on January 12. The draft Four Dam Pool project operating budget was submitted to the Four Dam Pool PMC in December.

CLAIMS. CONTRACTS. LITIGATION & AGREEMENTS

Except for the GVEA et al (the Bradley Lake overhead case) and Parker (an Intertie condemnation case), the outstanding litigation cases involving AEA have been resolved. Potential claim liability is being addressed in a Memorandum of Understanding between AEA and DCRA. All AEA contract vendors have been notified of the change of address and personnel.

INSPECTIONS

Final checklists and standards on required AEA and Contractor inspections are in progress.

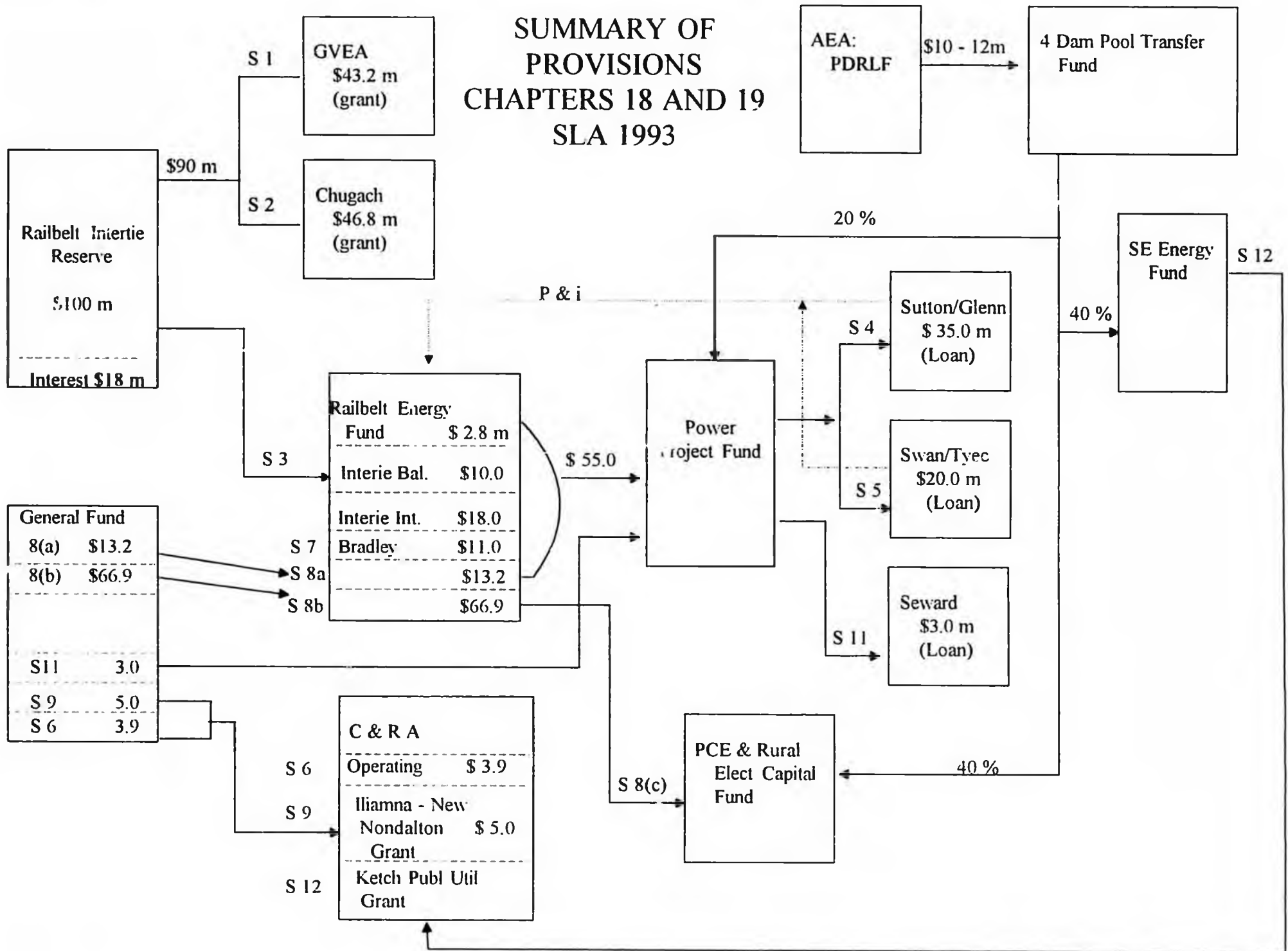
INVENTORY

With the exception of a few computers which DCRA will deliver to AEA/AIDEA in February, all inventory has been either transferred to the custody of AEA/AIDEA or moved to surplus.

RECORDS

All records have been transferred to AEA/AIDEA. Microfilming and disposal of hard copy records is in progress. As agreements are completed with utilities various of the project records will be transferred to the operators.

SUMMARY OF PROVISIONS CHAPTERS 18 AND 19 SLA 1993



SUMMARY OF FUND TRANSFERS - CHAPTER 19 SLA 93 [HCS CSSB 126(FIN) SECTION 10]

The balances in the following funds on the effective date of this section are to be appropriated from the named former funds or accounts under the Alaska Energy Authority to the named funds established in the Department of Community and Regional Affairs to capitalize the funds:

ALASKA ENERGY FUND OR ACCOUNT	COMMUNITY & REGIONAL AFFAIRS DEPARTMENTAL FUND
Power cost equalization fund (AS 44.83.162)	Power cost equalization and rural electric capitalization fund (AS 42.45.060)
Power project fund (AS 44.83.170)	Power project fund (AS 42.45.010)
Repayments of principal and interest go into general fund.	Loan repayments and interest deposited into PPF.
Rural electrification revolving loan fund (AS 44.83.361)	Rural electrification revolving loan fund (AS 42.45.020)
Interest on loans goes to general fund. Principal remains in RERLF.	(a) (2) Fund consists of repayments of principal and interest on loans. (g) on June 30 of each FY the unexpended and unobligated cash balance of the fund that is attributable to loans owned by the fund lapses into the general fund.
Power development revolving loan fund (AS 44.83.500)	Four dam pool transfer fund (AS 42.45.050)
Current income is interest only. Income has been used for operating and capital expenses and for contributions to a reserve account.	Subject to appropriation (1) 40 % of balance shall be transferred to the power cost equalization and rural electric capitalization fund. (2) 40 % of balance shall be transferred to the Southeast Energy Fund. (3) 20 % of balance shall be transferred to the power project fund.
Bulk fuel revolving loan fund (AS 44.83.600)	Bulk fuel revolving loan fund (AS 42.45.250)
Payments of interest on loans and loan service fees go to general fund. Principal repayments remain in fund.	(g) Repayment of principal, interest and money chargeable to principal and interest that is collected through liquidation by foreclosure on loans goes into BFRLF. (k) Certain fees shall be deposited in general fund.

SUMMARY OF FUND TRANSFERS - CHAPTER 19 SLA 93 [HCS CSSB 126(FIN) SECTION 10]

DISPOSITION OF REVENUES PRIOR TO 1993 LEGISLATION

Power project fund (AS 44.83.170)

Fund accounts for appropriations which are to be expended by the Energy Authority in the form of loans for power or potable water supply projects consistent with the Energy Authority mandate. Repayment of principal and interest on loans issued from this fund are paid into the General Fund. It is not a revolving fund.

**Rural electrification revolving loan fund
(AS 44.83.361)**

Fund accounts for appropriations for loans to electric utilities for extending new electric services into an area that an electric utility may serve under a certificate of public convenience and necessity issued by the Alaska Public Utility Commission. Payment of interest on the loans goes into the General Fund. Principal remains in the fund.

**Power development revolving loan fund
(AS 44.83.500)**

Fund accounts for appropriations to be used by the Energy Authority for carrying out the Energy Program for Alaska. The fund consists of, in addition to appropriations to the fund by the legislature, repayments of principal to the fund and income from investment of money in the fund and from loans made from the fund. The major source of revenue is proceeds from a loan associated with the 4 Dam Pool power projects.

**Bulk fuel revolving loan fund
(AS 44.83.600)**

Fund accounts for appropriations for loans to communities with populations under 2000 or to a private individual with a written endorsement of the governing body of such community, for purchasing bulk fuel. Payments of interest on loans and loan service fees are deposited in the general fund.

STATE OF ALASKA - FY94 BUDGET

FY94		Legislative Action		Governor Enacted	
		General Funds	Total Funds	General Funds	Total Funds
Operating					
	Ch65 (HB55)	1,515,076.1	2,713,073.4	1,515,076.1	2,713,073.4
	Ch65 (HB55) Front Sections				
	Sec 25, Oil/Gas Legal & Audit	7,873.4	10,623.4	7,873.4	10,623.4
	Sec 26, Fire Suppression	3,599.0	3,599.0	3,599.0	3,599.0
	Sec 27, Disaster Relief Fund	2,945.2	7,945.2	2,945.2	7,945.2
	Sec 28, Information Svcs	2,416.6	22,804.6	2,416.6	22,804.6
	Sec 29, AK Marine Hwy	28,715.8	28,715.8	28,715.8	28,715.8
	Sec 34, Shared Taxes	19,085.0	19,085.0	19,085.0	19,085.0
	Sec 35, Salmon Enhancement	7,189.9	7,189.9	7,189.9	7,189.9
		1,586,901.0	2,813,036.3	1,586,901.0	2,813,036.3
	Ch65 (HB55) New Legislation	10,243.5	11,112.5	9,657.3	10,526.3
	Ch5, SLA 93 (HB45)	623,272.8	674,531.9	623,272.8	674,531.9
	Ch45,SLA93 (HB158) Sec 2,6,8	3,649.8	5,479.8	3,649.8	5,479.8
	Ch83,SLA93 (SB60) Sec 4 Add Dist Support	1,066.3	1,066.3	0.0	0.0
	Ch19,SLA93 (SB126) Sec 6, DC&RA	3,900.0	3,900.0	3,900.0	3,900.0
	Sec 13, DC&RA	0.0	126.6	0.0	126.6
	Ch41 (SB165)				
	Sec 129, Maniilaq Senior Center	215.1	215.1	215.1	215.1
	Sec 130, Drug Free America	25.0	25.0	25.0	25.0
	Sec 131, Fishermen's Association	15.0	15.0	15.0	15.0
	Sec 141, Operation Hope	1,500.0	1,500.0	1,500.0	1,500.0
	Sec 145, UAS Katlian Coop Voc Schl	30.0	30.0	30.0	30.0
	Sec 146, Elections reapportionment	297.7	297.7	297.7	297.7
	Sec 148, HB178 Medicaid Option	873.2	1,746.2	873.2	1,746.2
	Ch41 (SB165) Reappropriations				
	Sec 53, Imp School Performance	520.7	520.7	520.7	520.7
	Sec 53, Pupil Transportation	520.7	520.7	520.7	520.7
	Ch79,SLA93(SB183) Sec 23(2) Law/Frontier Flyin	500.4	500.4	500.4	500.4
	Subtotal - Operating	2,233,531.2	3,514,624.2	2,231,878.7	3,512,971.7
Debt Service					
	Ch65 (HB55)				
	Sec 10, Intl Airport	0.0	7,555.3	0.0	7,555.3
	Sec 13, Lease Debt	11,143.8	11,143.8	11,143.8	11,143.8
	Sec 14, GO Debt	34,010.0	34,010.0	34,010.0	34,010.0
	Ch 5, SLA 93 (HB45) School Debt	99,795.2	99,795.2	99,795.2	99,795.2

STATE OF ALASKA - FY94 BUDGET

FY94		Legislative Action		Governor Enacted	
		General Funds	Total Funds	General Funds	Total Funds
	Subtotal - Debt Svc	144,949.0	152,504.3	144,949.0	152,504.3
Loans					
	Ch65 (HB55)				
	Sec 30, Fisheries Enhancem	2,068.2	2,068.2	2,068.2	2,068.2
	Ch19,SLA93 (SB126)				
	Sec 4, Sutton/Glennallen Intertie	35,000.0	35,000.0	35,000.0	35,000.0
	Sec 5, Swan/Tyee Intertie	20,000.0	20,000.0	20,000.0	20,000.0
	Sec 11, Seward Lawing Transmission	3,000.0	3,000.0	3,000.0	3,000.0
	Subtotal - Loans	60,068.2	60,068.2	60,068.2	60,068.2
Capital					
	Ch83,SLA93 (SB60) School Construction	172,169.3	172,169.3	169,866.0	169,866.0
	Ch19,SLA93 (SB126)				
	Sec 1, Healy/Fairbanks Intertie	43,200.0	43,200.0	43,200.0	43,200.0
	Sec 2, Anchorage/Kenai Intertie	46,800.0	46,800.0	46,800.0	46,800.0
	Sec 9, Tazimina River Hydro	5,000.0	5,000.0	5,000.0	5,000.0
	Sec 12, Ketchikan Public Utilities	4,200.0	4,200.0	4,200.0	4,200.0
	Ch41,SLA93 (SB165) Sec 2-4 Alyeska		28,200.0		28,200.0
	Ch41 (SB165)				
	Sec 66, King Cove Hydroelectric	500.0	500.0	500.0	500.0
	Sec 67, Marine Highways Improvements	4,000.0	4,000.0	4,000.0	4,000.0
	Sec 128, Mat Maid Bldgs Clean Up	75.0	75.0	75.0	75.0
	Sec 132, Mt Spurr Ash Cleanup	200.0	200.0	200.0	200.0
	Ch41,SLA93 (SB165) Reapprop Various Secs	1,159.1	1,159.1	1,159.1	1,159.1
	Ch79,SLA93 (SB183)				
	Sec 2-12, Exxon Valdez		50,000.0		50,000.0
	Sec 13, Whittier Road	15,000.0	15,000.0	15,000.0	15,000.0
	Sec 14, Capital Match - Municipalities	18,325.0	18,325.0	18,325.0	18,325.0
	Sec 15, Capital Match - Unincorporated	1,675.0	1,675.0	1,675.0	1,675.0
	Sec 16, Kenai Courthouse	400.0	400.0	400.0	400.0
	Sec 17, DP Projects	2,131.3	2,131.3	2,131.3	2,131.3
	Sec 19, Base	211,459.3	720,105.9	203,835.8	710,482.4
	Sec 21, Discretionary	80,000.0	80,000.0	79,438.3	79,438.3
	Sec 24, University	20,239.6	20,239.6	20,239.6	20,239.6
	Subtotal - Capital	626,533.6	1,213,380.2	616,045.1	1,200,891.7

STATE OF ALASKA - FY94 BUDGET

FY94		Legislative Action		Governor Enacted	
		General Funds	Total Funds	General Funds	Total Funds
Special/Fund Transfers					
	Ch65 (HB55)				
	Sec 22(b), Storage Tank Assist	4,991.5	4,991.5	4,991.5	4,991.5
	Sec 22(c), DEC Contaminated Site	100.0	100.0	100.0	100.0
	Sec 22(d), Marine Vessel Replcm	7,000.0	7,000.0	7,000.0	7,000.0
	Sec 24, Oil/Hazard Resp	26,700.0	26,700.0	26,700.0	26,700.0
	Sec 31, Mental Health Fund	1,100.0	1,100.0	1,100.0	1,100.0
	Ch83,SLA93 (SB60) Sec 2 Veto			2,303.3	2,303.3
	Ch41, SLA93 (SB165)				
	Sec 63, Rural Dev Initiative Fund	650.0	650.0	650.0	650.0
	Sec 131, Bering Sea Fisherman's Assoc	15.0	15.0	15.0	15.0
	Ch19,SLA93 (SB126)				
	Sec 8 PCE Fund	66,900.0	66,900.0	66,900.0	66,900.0
	Ch79(SB183) Sec 23(1) Int'l Airport /Mark Air	406.0	406.0	406.0	406.0
	Subtotal - Specials	107,862.5	107,862.5	110,165.8	110,165.8
Revenue Sources					
	Ch65 (HB55)				
	Sec 21, Commercial Fishing	-1,791.7	-1,791.7	-1,791.7	-1,791.7
	Sec 31, Mental Health Trust	-1,100.0	-1,100.0	-1,100.0	-1,100.0
	Ch19,SLA93 (SB126)				
	Railbelt Intertie Reserve	-118,000.0	-118,000.0	-118,000.0	-118,000.0
	Railbelt Energy Fund	-2,800.0	-2,800.0	-2,800.0	-2,800.0
	Four Dam Pool	-4,200.0	-4,200.0	-4,200.0	-4,200.0
	Bradley Lake	-12,082.5	-12,082.5	-12,082.5	-12,082.5
	Ch41,SLA93 (SB165) Reappropriations	-2,305.5	-2,305.5	-2,305.5	-2,305.5
	Ch41 (SB165) Sec 64, AIDA /Tourism Loans	-650.0	-650.0	-650.0	-650.0
	Subtotal - Revenue	-142,929.7	-142,929.7	-142,929.7	-142,929.7
FY93 Supplementals					
	Ch1,SLA93 (HB68) Div of Elections	90.0	90.0	90.0	90.0
	Ch2,SLA93 (HB94) Div of Elections	284.7	284.7	284.7	284.7
	Ch45, SLA 93 (HB158)	2,540.6	3,595.6	2,540.6	3,595.6
	Ch41 (SB165) Various Sections	41,736.0	54,473.3	41,736.0	54,473.3
	Subtotal - Supplementals	44,651.3	58,443.6	44,651.3	58,443.6

SUMMARY OF ENERY PROGRAM OPERATIONS - FY94 ENACTED TO FY95 GOVERNOR

LEGISLATION/PROGRAM	TOTAL FUNDS	GEN. FUND	GF/PR	FED	I/A RCPTS	ELECT SVC EXT	CIP RCPTS	POWER PROJ. FUND	RURAL ELECT RLF	PWR DEVEL RLF	BULK FUEL RLF	CORP RCPTS	POWER COST FUND
CHAPTER 65 SLA 93 (OPERATING BUDGET)													
DCED - AEA Operations	8,445.1	0.0	3,926.8	126.6	15.3	36.7	2,997.2	23.0	3.2	1,243.8	72.5		
DCED - Power Cost Equal. Administration (Included in AEA Operations)	205.9									205.9			
Power Cost Equalization Grants	17,920.0	17,920.0											
	26,365.1	17,920.0	3,926.8	126.6	15.3	36.7	2,997.2	23.0	3.2	1,243.8	72.5		
CHAPTER 19 SLA 93 [HCS CSSB 126(FIN)]/INTERTIE APPROPRIATIONS													
Section 6 - DCRA Energy Operations	3,900.0	3,900.0											
TOTAL FY94 ENERGY OPERATIONS:	30,265.1	21,820.0	3,926.8	126.6	15.3	36.7	2,997.2	23.0	3.2	1,243.8	72.5		
GOVERNOR'S PROPOSED FY95 OPERATING BUDGET													
DCED:													
AEA Operations and Maintenance	927.0		927.0										
- Fund shif/from GF/Prgm to Corp Rcpts			(927.0)									927.0	
AIDEA (transfer from AEA)	499.6		499.6										
- Fund shif/from GF/Prgm to Corp Rcpts			(499.6)									499.6	
DC&RA:													
Rural Energy Program (from AEA/DCED)	3,160.7	2,983.0	127.7	50.0									
- Increment for maintenance level operations	525.7	525.7											
Power Cost Equal. Grants (from AEA/DCED)	17,920.0	17,920.0											
- Fund shif/from GF to Power Cost Equal. Fund		(17,920.0)											17,920.0
- Increment for maintenance level operations	715.0												715.0
TOTAL FY95 ENERGY OPERATIONS:	23,748.0	3,508.7	127.7	50.0								1,426.6	18,635.0

COMPONENT DETAIL - OPERATING BUDGET

Component: Energy Operations
 BRU: Rural Energy Program--Energy Operations

Agency: Department of Community & Regional Affairs

	<u>FY93 Act</u>	<u>FY94 CC</u>	<u>FY94Auth</u>	<u>FY94 Adi</u>	<u>Governor</u>	<u>FY94Auth - Governor Comparison</u>	
01 Pers. Serv.	0.0	0.0	0.0	0.0	1,805.6	1,805.6	100.0%
02 Travel	0.0	0.0	0.0	0.0	372.4	372.4	100.0%
03 Contractual	0.0	0.0	0.0	0.0	1,219.3	1,219.3	100.0%
04 Commodities	0.0	0.0	0.0	0.0	115.1	115.1	100.0%
05 Equipment	0.0	0.0	0.0	0.0	74.0	74.0	100.0%
06 Lands/Bldgs.	0.0	0.0	0.0	0.0	0.0		
07 Grants, Clms	0.0	0.0	0.0	0.0	100.0	100.0	100.0%
08 Misc.	0.0	0.0	4,026.6	4,026.6	0.0	-4,026.6	-100.0%
** Total Expend.	0.0	0.0	4,026.6	4,026.6	3,686.4	-340.2	-8.4%
1002 Fed Rcpts	0.0	0.0	126.6	126.6	50.0	-76.6	-60.5%
1004 Gen Fund	0.0	0.0	3,900.0	3,900.0	3,508.7	-391.3	-10.0%
1005 GF/Prgm	0.0	0.0	0.0	0.0	127.7	127.7	100.0%
1007 I/A Rcpts	0.0	0.0	0.0	0.0	0.0		
1056 Elect Svc	0.0	0.0	0.0	0.0	0.0		
1061 CIP Rcpts	0.0	0.0	0.0	0.0	0.0		
1062 Power Proj	0.0	0.0	0.0	0.0	0.0		
1065 Rural Elec	0.0	0.0	0.0	0.0	0.0		
1073 Pwr Dv RLF	0.0	0.0	0.0	0.0	0.0		
1074 Bulk Fuel	0.0	0.0	0.0	0.0	0.0		
Perm Full Time	0.0	0.0	0.0	0.0	28.0	28.0	100.0%
Perm Part Time	0.0	0.0	0.0	0.0	1.0	1.0	100.0%
Non-Perm	0.0	0.0	0.0	0.0	0.0		

COMPONENT DETAIL - OPERATING BUDGET

Component: Energy Operations
BRU. Rural Energy Program--Ener Ops

Agency: Department of Community & Regional Affairs

..... Changes from FY94 Conference Committee to FY95 Governor

Transaction Title	Trans Type	Total Expenditure	Pers Sr	Travel	Contractual	Commodities	Equipment	Lands/Build	Grants	Misc	PFT	PPT
Ch 19 SLA39 xfer AEA to C&RA	MisAdj	4,026.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,026.6	0	0
			Fed Rcpts	126.6	Gen Fund	3,900.0						
From DCED, AEA Operations	ATrin	4,646.9	3,458.3	364.9	741.5	57.7	23.5	0.0	0.0	0.0	59	1
			Fed Rcpts	127.0	Gen Fund	1.3	GF/Prgm	106.2	I/A Rcpts	15.3	Elect Svc	36.8
			CIP Rcpts	3,011.7	Power Proj	23.1	Rural Elec	3.2	Pwr Dv RLF	1,248.3	Bulk Fuel	73.0
Xfer to Training & Dev. comp	TrOut	(132.0)	0.0	0.0	(132.0)	0.0	0.0	0.0	0.0	0.0	0	0
			Gen Fund	(132.0)								
Xfer staff/funds to Admin Svs	TrOut	(483.8)	(466.2)	(4.0)	(4.0)	(9.6)	0.0	0.0	0.0	0.0	-9	0
			Gen Fund	(483.8)								
Xfer to Data Processing comp.	TrOut	(236.7)	(198.8)	(2.0)	(31.4)	(3.5)	0.0	0.0	0.0	0.0	-3	0
			Gen Fund	(235.7)								
Xfer to Comm. Off./spec issues	TrOut	(66.9)	(66.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
			Gen Fund	(66.8)								
Reduce PFT position count	MisAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-19	0
Reallocate from misc line item	LIT	(0.0)	536.1	376.9	846.1	85.2	74.0	0.0	31.7	(3,950.0)	0	0
Cut unneeded "other" authority	Dec	(4,616.0)	(3,457.0)	(364.9)	(658.3)	(34.7)	(23.5)	0.0	0.0	(76.6)	0	0
			Fed Rcpts	(203.6)	I/A Rcpts	(15.3)	Elect Svc	(36.8)	CIP Rcpts	(3,011.7)	Power Proj	(23.1)
			Rural Elec	(3.2)	Pwr Dv RLF	(1,248.3)	Bulk Fuel	(73.0)				
Add GF PProgram Receipt auth.	Inc	21.6	0.0	1.5	0.0	20.0	0.0	0.0	0.0	0.0	0	0
			GF/Prgm	21.5								
Add GF to cover shortfall	Inc	626.7	0.0	0.0	457.4	0.0	0.0	0.0	68.3	0.0	0	0
			Gen Fund	525.7								
FY95 Governor Component Total		3,886.4	1,805.6	372.4	1,219.3	115.1	74.0	0.0	100.0	(0.0)	28	1

COMPONENT DETAIL - OPERATING BUDGET

Component: Power Cost Equalization
 BRU: Rural Energy Program--Energy Operations

Agency: Department of Community & Regional Affairs

	<u>FY93 Act</u>	<u>FY94 CC</u>	<u>FY94Auth</u>	<u>FY94 Adj</u>	<u>Governor</u>	<u>FY94Auth - Governor Comparison</u>	
01 Pers. Serv.	0.0	0.0	0.0	0.0	0.0		
02 Travel	0.0	0.0	0.0	0.0	0.0		
03 Contractual	0.0	0.0	0.0	0.0	0.0		
04 Commodities	0.0	0.0	0.0	0.0	0.0		
05 Equipment	0.0	0.0	0.0	0.0	0.0		
06 Lands/Bldgs.	0.0	0.0	0.0	0.0	0.0		
07 Grants, Clms	0.0	0.0	0.0	0.0	18,635.0	18,635.0	100.0%
08 Misc.	0.0	0.0	0.0	0.0	0.0		
** Total Expend.	0.0	0.0	0.0	0.0	18,635.0	18,635.0	100.0%
1004 Gen Fund	0.0	0.0	0.0	0.0	0.0		
1028	0.0	0.0	0.0	0.0	18,635.0	18,635.0	100.0%
Perm Full Time	0.0	0.0	0.0	0.0	0.0		
Perm Part Time	0.0	0.0	0.0	0.0	0.0		
Non-Perm	0.0	0.0	0.0	0.0	0.0		

COMPONENT DETAIL - OPERATING BUDGET

Component: Power Cost Equalization
 BRU: Rural Energy Program--Ener Ops

Agency: Department of Community & Regional Affairs

..... Changes from FY94 Conference Committee to FY95 Governor

Transaction Title	Trans Type	Total Expenditure	Pers Srv	Travel	Contractual	Commodities	Equipment	Lands/Build	Grants	Misc	PFT	PPT
Transfer in from DCED/AEA	ATrin	17,920.0	0.0	0.0	0.0	0.0	0.0	0.0	17,920.0	0.0	0	0
			Gen Fund 17,920.0									
Fnd transfer from GF to PCEF	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
			Gen Fund (17,920.0)			17,920.0						
Add for 2% sales increase	Inc	715.0	0.0	0.0	0.0	0.0	0.0	0.0	715.0	0.0	0	0
			715.0									
FY95 Governor Component Total		18,635.0	0.0	0.0	0.0	0.0	0.0	0.0	18,635.0	0.0	0	0

COMPONENT DETAIL - OPERATING BUDGET

Component: AEA Agency Operations
 BRU: Alaska Energy Authority

Agency: Department of Commerce and Economic Development

	<u>FY93 Act</u>	<u>FY94 CC</u>	<u>FY94Auth</u>	<u>FY94 Adj</u>	<u>Governor</u>	<u>FY94Auth - Governor Comparison</u>	
01 Pers. Serv.	4,235.9	4,997.8	4,997.8	5,030.0	0.0	-4,997.8	-100.0%
02 Travel	174.2	550.2	550.2	550.2	0.0	-550.2	-100.0%
03 Contractual	2,185.2	2,660.2	2,660.2	2,660.2	0.0	-2,660.2	-100.0%
04 Commodities	261.3	195.7	195.7	195.7	0.0	-195.7	-100.0%
05 Equipment	8.4	41.2	41.2	41.2	0.0	-41.2	-100.0%
06 Lands/Bldgs.	0.0	0.0	0.0	0.0	0.0		
07 Grants, Clms	0.0	0.0	0.0	0.0	0.0		
08 Misc.	0.0	0.0	0.0	0.0	0.0		
** Total Expend.	6,865.0	8,445.1	8,445.1	8,477.3	0.0	-8,445.1	-100.0%
1002 Fed Rcpts	52.5	126.6	126.6	127.0	0.0	-126.6	-100.0%
1004 Gen Fund	0.0	0.0	0.0	1.3	0.0		
1005 GF/Prgm	3,924.2	3,926.8	3,926.8	3,937.6	0.0	-3,926.8	-100.0%
1007 I/A Rcpts	0.0	15.3	15.3	15.3	0.0	-15.3	-100.0%
1056 Elect Svc	37.5	36.7	36.7	36.8	0.0	-36.7	-100.0%
1061 CIP Rcpts	2,131.2	2,997.2	2,997.2	3,011.7	0.0	-2,997.2	-100.0%
1062 Power Proj	12.4	23.0	23.0	23.1	0.0	-23.0	-100.0%
1065 Rural Elec	3.0	3.2	3.2	3.2	0.0	-3.2	-100.0%
1073 Pwr Dv RLF	632.7	1,243.8	1,243.8	1,248.3	0.0	-1,243.8	-100.0%
1074 Bulk Fuel	71.5	72.5	72.5	73.0	0.0	-72.5	-100.0%
Perm Full Time	69.0	74.0	74.0	74.0	0.0	-74.0	-100.0%
Perm Part Time	2.0	2.0	2.0	2.0	0.0	-2.0	-100.0%
Non-Perm	0.0	0.0	0.0	0.0	0.0		

COMPONENT DETAIL - OPERATING BUDGET

Component: AEA Agency Operations

Agency: Department of Commerce and Economic Development

BRU: Alaska Energy Authority

***** Changes from FY94 Conference Committee to FY95 Governor *****

Transaction Title	Trans Type	Total Expenditure	Pers Srv	Travel	Contractual	Commodities	Equipment	Lands/Build	Grants	Misc	PFT	PPT
Conference Committee	ConfCom	8,448.1	4,997.8	550.2	2,660.2	195.7	41.2	0.0	0.0	0.0	74	2
			Fed Rcpts 126.6		GF/Prgm 3,926.8		I/A Rcpts 15.3		Elect Svc 36.7		CIP Rcpts	2,997.2
			Power Proj 23.0		Rural Elec 3.2		Pwr Dv RLF 1,243.8		Bulk Fuel 72.5			
Increased Health Insurance Pre	MisAdj	32.2	32.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
			Fed Rcpts 0.4		Gen Fund 1.3		GF/Prgm 10.8		Elect Svc 0.1		CIP Rcpts	14.5
			Power Proj 0.1		Pwr Dv RLF 4.5		Bulk Fuel 0.5					
Transfer to DCRA	ATrOut	(4,646.9)	(3,458.3)	(364.9)	(741.5)	(57.7)	(23.5)	0.0	0.0	0.0	-59	-1
			Fed Rcpts (127.0)		Gen Fund (1.3)		GF/Prgm (106.2)		I/A Rcpts (15.3)		Elect Svc	(36.8)
			CIP Rcpts (3,011.7)		Power Proj (23.1)		Rural Elec (3.2)		Pwr Dv RLF (1,248.3)		Bulk Fuel	(73.0)
Transfer to AIDEA	TrOut	(3,331.8)	(1,322.1)	(185.3)	(1,668.7)	(138.0)	(17.7)	0.0	0.0	0.0	-13	-1
			GF/Prgm (3,331.8)									
Transfer to AIDEA AEA Ops	TrOut	(499.6)	(249.6)	0.0	(250.0)	0.0	0.0	0.0	0.0	0.0	-2	0
			GF/Prgm (499.6)									
FY95 Governor Component Total		0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0	0

COMPONENT DETAIL - OPERATING BUDGET

Component: Power Cost Equalization Grants
 BRU: Alaska Energy Authority

Agency: Department of Commerce and Economic Development

	<u>FY93 Act</u>	<u>FY94 CC</u>	<u>FY94Auth</u>	<u>FY94 Adj</u>	<u>Governor</u>	<u>FY94Auth - Governor Comparison</u>	
01 Pers. Serv.	0.0	0.0	0.0	0.0	0.0		
02 Travel	0.0	0.0	0.0	0.0	0.0		
03 Contractual	0.0	0.0	0.0	0.0	0.0		
04 Commodities	0.0	0.0	0.0	0.0	0.0		
05 Equipment	0.0	0.0	0.0	0.0	0.0		
06 Lands/Bldgs.	0.0	0.0	0.0	0.0	0.0		
07 Grants, Clms	17,533.0	17,920.0	17,920.0	17,920.0	0.0	-17,920.0	-100.0%
08 Misc.	0.0	0.0	0.0	0.0	0.0		
** Total Expend.	17,533.0	17,920.0	17,920.0	17,920.0	0.0	-17,920.0	-100.0%
1004 Gen Fund	17,533.0	17,920.0	17,920.0	17,920.0	0.0	-17,920.0	-100.0%
Perm Full Time	0.0	0.0	0.0	0.0	0.0		
Perm Part Time	0.0	0.0	0.0	0.0	0.0		
Non-Perm	0.0	0.0	0.0	0.0	0.0		

COMPONENT DETAIL - OPERATING BUDGET

Component: Power Cost Equalization Grants
 BRU: Alaska Energy Authority

Agency: Department of Commerce and Economic Development

***** Changes from FY94 Conference Committee to FY95 Governor *****

Transaction Title	Trans Type	Total Expenditure	Pers Srv	Travel	Contractual	Commodities	Equipment	Lands/Build	Grants	Misc	PFT	PPT
Conference Committee	ConfCom	17,920.0	0.0	0.0	0.0	0.0	0.0	0.0	17,920.0	0.0	0	0
			<u>Gen Fund 17,920.0</u>									
Transfer to DCRA	ATrOut	(17,920.0)	0.0	0.0	0.0	0.0	0.0	0.0	(17,920.0)	0.0	0	0
			<u>Gen Fund (17,920.0)</u>									
FY95 Governor Component Total		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0

COMPONENT DETAIL - OPERATING BUDGET

Component: Alaska Energy Auth Op & Maint
BRU: AIDEA

Agency: Department of Commerce and Economic Development

	<u>FY93 Act</u>	<u>FY94 CC</u>	<u>FY94Auth</u>	<u>FY94 Adj</u>	<u>Governor</u>	<u>FY94Auth - Governor Comparison</u>	
01 Pers. Serv.	0.0	0.0	0.0	0.0	402.3	402.3	100.0%
02 Travel	0.0	0.0	0.0	0.0	49.0	49.0	100.0%
03 Contractual	0.0	0.0	0.0	0.0	457.7	457.7	100.0%
04 Commodities	0.0	0.0	0.0	0.0	8.0	8.0	100.0%
05 Equipment	0.0	0.0	0.0	0.0	10.0	10.0	100.0%
06 Lands/Bldgs.	0.0	0.0	0.0	0.0	0.0		
07 Grants, Clms	0.0	0.0	0.0	0.0	0.0		
08 Misc.	0.0	0.0	0.0	0.0	0.0		
** Total Expend.	0.0	0.0	0.0	0.0	927.0	927.0	100.0%
1005 GF/Prgm	0.0	0.0	0.0	0.0	0.0		
1022 Corp Rcpts	0.0	0.0	0.0	0.0	927.0	927.0	100.0%
Perm Full Time	0.0	0.0	0.0	0.0	5.0	5.0	100.0%
Perm Part Time	0.0	0.0	0.0	0.0	0.0		
Non-Perm	0.0	0.0	0.0	0.0	0.0		

COMPONENT DETAIL - OPERATING BUDGET

Component: Alaska Energy Auth Op & Maint
BRU: AIDEA

Agency: Department of Commerce and Economic Development

***** Changes from FY94 Conference Committee to FY95 Governor *****

Transaction Title	Trans Type	Total Expenditure	Pers Srv	Travel	Contractual	Commodities	Equipment	Lands/Build	Grants	Misc	PFT	PPT
Transfer from AEA Agency Ops	TrIn	3,331.8	1,322.1	185.3	1,668.7	138.0	17.7	0.0	0.0	0.0	13	1
			GF/Prgm 3,331.8									
Xfer functions to utilities	Dec	(2,404.8)	(919.8)	(136.3)	(1,211.0)	(130.0)	(7.7)	0.0	0.0	0.0	-8	-1
			Corp Rcpts (2,404.8)									
Xfer GF/PR to Corp Rec \$3331.8	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
			GF/Prgm (3,331.8)		Corp Rcpts 3,331.8							
FY95 Governor Component Total		927.0	402.3	49.0	457.7	8.0	10.0	0.0	0.0	0.0	5	0

COMPONENT DETAIL - OPERATING BUDGET

Component: AIDEA
 BRU: AIDEA

Agency: Department of Commerce and Economic Development

	<u>FY93 Act</u>	<u>FY94 CC</u>	<u>FY94Auth</u>	<u>FY94 Adj</u>	<u>Governor</u>	<u>FY94Auth - Governor Comparison</u>	
01 Pers. Serv.	1,515.4	1,597.4	1,597.4	1,607.8	1,932.8	335.4	21.0%
02 Travel	62.6	68.2	68.2	68.2	68.2		
03 Contractual	669.7	698.4	698.4	698.4	948.4	250.0	35.8%
04 Commodities	23.4	38.9	38.9	38.9	38.9		
05 Equipment	26.5	15.5	15.5	15.5	15.5		
06 Lands/Bldgs.	0.0	0.0	0.0	0.0	0.0		
07 Grants, Clms	0.0	0.0	0.0	0.0	0.0		
08 Misc.	0.0	0.0	0.0	0.0	0.0		
** Total Expend.	2,297.6	2,418.4	2,418.4	2,428.8	3,003.8	585.4	24.2%
1005 GF/Prgm	0.0	0.0	0.0	0.0	0.0		
1007 I/A Rcpts	57.8	0.0	0.0	0.0	33.9	33.9	100.0%
1022 Corp Rcpts	2,239.8	2,418.4	2,418.4	2,428.8	2,969.9	551.5	22.8%
Perm Full Time	24.0	24.0	24.0	24.0	27.0	3.0	12.5%
Perm Part Time	0.0	0.0	0.0	0.0	0.0		
Non-Perm	2.0	0.0	0.0	0.0	0.0		

COMPONENT DETAIL - OPERATING BUDGET

Component: AIDEA
BRU: AIDEA

Agency: Department of Commerce and Economic Development

***** Changes from FY94 Conference Committee to FY95 Governor *****

Transaction Title	Trans Type	Total Expenditure	Pers Srv	Travel	Contractual	Commodities	Equipment	Lands/Build	Grants	Misc	PFT	PPT
Conference Committee	ConfCom	2,418.4	1,597.4	68.2	698.4	38.9	15.5	0.0	0.0	0.0	24	0
			Corp Rcpts	2,418.4								
Increased Health Insurance Pre	MisAdj	10.4	10.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
			Corp Rcpts	10.4								
Transfer from AEA Agency Ops	TrIn	499.6	249.6	0.0	250.0	0.0	0.0	0.0	0.0	0.0	2	0
			GF/Prgm	499.6								
Inc Pers Svc - DOTPF support	Inc	76.4	75.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1	0
			I/A Rcpts	33.9	Corp Rcpts	41.5						
Xfer GF/PR to Corp Rec \$499.6	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
			GF/Prgm	(499.6)	Corp Rcpts	499.6						
FY95 Governor Component Total		3,003.8	1,932.8	68.2	948.4	38.9	15.5	0.0	0.0	0.0	27	0

FY 94 ENACTED ENERGY LEGISLATION (IN THOUSANDS)

HCS CSSB 126(FIN) SLA93 CH 19

SECTION	PROJECT	TYPE	TOTAL AMOUNT	NEW GF AMOUNT	FUNDS
1	HEALY/ FAIRBANKS INTERTIE	GRANT	\$43,200.0		RAILBELT INTERTIE RESERVE
2	ANCHORAGE/KENAI INTERTIE	GRANT	\$46,800.0		RAILBELT INTERTIE RESERVE
4	SUTTON/GLENNALLEN INTERTIE	LOAN	\$35,000.0		RAILBELT ENERGY FUND/POWER PROJECT FUND
8(a)				\$13,200.0	
5	SWAN/TYEE INTERTIE	LOAN	\$20,000.0		RAILBELT ENERGY FUND/POWER PROJECT FUND
6	DCRA ENERGY OPERATIONS	OPERATING	\$3,900.0	\$3,900.0	GF
8 (h&c)	PCE/RURAL CAPITALIZATION	CAPITALIZE	\$66,900.0	\$66,900.0	RAILBELT ENERGY FUND
9	TAZIMINA RIVER HYDRO	GRANT	\$5,000.0	\$5,000.0	GENL FUND TO DCRA
11	SEWARD LAWING TRANSMISSION	LOAN	\$3,000.0	\$3,000.0	GENL FUND TO POWER PROJECT FUND
12	KETCHIKAN PUBLIC UTILITIES	GRANT	\$4,200.0		4 DAM POOL TRANSFER FUND
13	DCRA FEDERAL ENERGY	MISC	\$126.0		FEDERAL
		TOTAL	\$228,000.0	\$92,000.0	

HCS CSSB 106(FIN) SLA93 CH 18

AIDEA BOND AUTHORIZATIONS NOT TO EXCEED

SECTION	PROJECT	PRINCIPAL AMOUNT
29	HEALY/ FAIRBANKS INTERTIE	\$60,000.0
30	ANCHORAGE/KENAI INTERTIE	\$60,000.0
31	SWAN/TYEE INTERTIE	\$40,000.0
32	SUTTON/GLENNALLEN INTERTIE	\$25,000.0

STATE ACCOUNTING SYSTEM (AKSAS) BALANCES AS OF 2/2/94 - ASSETS MINUS LIABILITIES

FUND	2/2/94 AKSAS BALANCE (in thousands)
Railbelt Intertie Reserve	\$28,659.8
Railbelt Energy Fund	\$23,096.5
Power Project Fund	\$24,806.2
Power Development Revolving Loan Fund	\$195,985.9
Four Dam Pool Transfer Fund	\$0.0
Southeast Energy Fund	\$0.0
PCE & Rural Electrical Capital Fund	\$54.1
Electrical Services Extension Fund	\$0.0
Bulk Fuel Revolving Loan Fund	\$2,202.9

STATE ACCOUNTING SYSTEM (AKSAS) BALANCES AS OF 2/14/94 REVISED

FUND	AKSAS FUND <u>CASH</u> BALANCE AS OF 2/14/94 (in thousands)	AKSAS FUND <u>RECEIVABLES</u> (Other Assets) BALANCE AS OF 2/14/94 (in thousands)	AKSAS FUND <u>LIABILITIES</u> BALANCE AS OF 2/14/94 (in thousands)	AKSAS <u>TOTAL FUND</u> BALANCE AS OF 2/14/94 (in thousands)
Railbelt Intertie Reserve	\$30,232.3	\$0.0	\$0.0	\$30,232.3
Railbelt Energy Fund	\$7,237.5	\$15,906.1	(\$60.6)	\$23,083.0
Power Project Fund	\$1,708.6	\$23,097.6	\$0.0	\$24,806.2
Power Development Revolving Loan Fund	\$215.2	\$0.0	\$0.0	\$215.2
Four Dam Pool Transfer Fund	\$11,401.4	\$184,571.7	\$0.0	\$195,973.1
Southeast Energy Fund	\$0.0	\$0.0	\$0.0	\$0.0
PCE & Rural Electrical Capital Fund	\$54.1	\$0.0	\$0.0	\$54.1
Bulk Fuel Revolving Loan Fund	\$864.7	\$1,452.6	(\$114.0)	\$2,203.3
Rural Electrification Revolving Loan Fund	\$576.1	\$4,424.8	\$0.0	\$5,000.9
Electrical Services Extension Fund	\$1,479.0	\$0.0	\$0.0	\$1,479.0

FY94 RURAL ENERGY CAPITAL PROJECTS - COMMUNITY REGIONAL AFFAIRS

CHAPTER 79 SLA 93 [HCS CSSB 183 (FIN)]

TRANSFERRED FROM ALASKA ENERGY AUTHORITY	TOTAL FUNDS	GENERAL FUND	AKSAS BALANCE AS OF 1/24/94
Sec. 19 p.15			
Operation, Technical & Emergency Assistances	1,300.0	1,300.0	1,082.6
Rural Utility Regionalization	270.0	270.0	174.9
Statewide Elect & Power Project Development	500.0	500.0	489.0
Rural Power Systems Upgrade	2,000.0	2,000.0	1,958.8
Emerg Bulk Fuel Repairs, Spill Prevention	1,000.0	1,000.0	424.6
Component Renewal & Replace-AEA facilities	250.0	250.0	250.0
Electrical Sysems Life, Health, Safety	730.0	730.0	307.6
Bulk Fuel Systems Upgrades	2,000.0	2,000.0	1,952.5
Alternative & Applied Energy Technology Dev	500.0	500.0	480.6
Reimburseable Authority	100.0	100.0	72.5
Electrical Service Extension Grant Program	500.0	500.0	500.0

CHAPTER 79 SLA 93 [HCS CSSB 183 (FIN)]

Sec 21 p.60

Petersville-Oilwell Road Elect Extension	150.0	150.0	0.0
Bethel-Airborne Magnetic Survey	350.0	175.0	175.0
Bethel-Nyac Trans Line Intertie Design Study	120.0	60.0	60.0
Econ Analysis Small Gas Deposits	140.0	70.0	70.0

**THE FOLLOWING DOCUMENT HAS NOT
BEEN FILMED BUT IS AVAILABLE IN THE
ORIGINAL FILE.**

Transition Report

J A N U A R Y 1 9 9 4

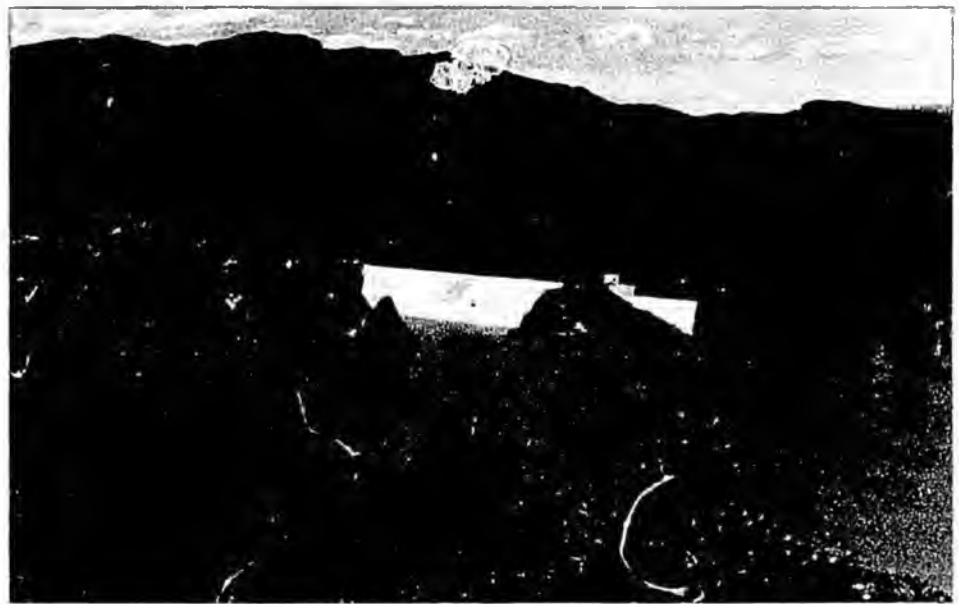
AIDEA assumes facilities, new project authority of Alaska Energy Authority

On August 12, 1993, the Alaska Industrial Development and Export Authority (AIDEA) assumed responsibility for operating and managing existing Alaska Energy Authority owned facilities and the financing of new projects. The transfer of authority was mandated by Senate Bill 106, which was signed into law last May.

Although the Alaska Energy Authority (AEA) will continue to exist as a public corporation, its ability to construct and acquire projects has been eliminated. AIDEA employees have assumed responsibility for operating and managing existing projects and facilities and for financing new projects and managing the assets retained by AEA.

The AIDEA Board of Directors has taken on the additional responsibility of serving as the AEA Board. AIDEA Executive Director Riley Snell was appointed as the executive director of AEA, and within AIDEA a new Deputy Director of Energy position has been created. Filling that position is Dennis McCrohan, who was previously worked under contract overseeing the engineering of the Healy Clean Coal Project.

The transfer of authority to AIDEA also brings a fundamental change in the



BRADLEY LAKE DAM NEAR HOMER IS THE NEWEST STATE-OWNED ENERGY PROJECT AND CONTINUES TO GENERATE ABOVE EXPECTATIONS.

state's role towards previously constructed energy projects. Those projects include the Bradley Lake Hydroelectric Project, the Four Dam Pool Hydroelectric Project (Solomon Gulch, Swan Lake, Terror Lake and Tyee Lake), and the Anchorage-Fairbanks Transmission Line Intertic.

The state will ultimately serve only a fiduciary or ownership role in the projects. By reducing its operation and maintenance functions, the state will be able to reduce staffing to the

minimum required to perform its retained duties, and turn over day-to-day responsibility to the utilities.

This shift away from an operating role has required lengthy negotiations with the utilities involved. The utility operating agreements are in various stages of completion. The transfer of the state's operational responsibility will not change project ownership nor effect the Federal Energy Regulatory Commission (FERC) licenses in the Alaska Energy Authority's name.

From the Executive Director

In May of 1993 the Alaska Legislature passed Senate Bill 106, which set in motion a fundamental change in the State of Alaska's role in energy programs and oversight of state-owned power projects.

For a number of years the state's efforts in the critical area of energy policy have been located within the Alaska Energy Authority (AEA). The Energy Authority was established in 1976 with the mandate to provide the means to construct, acquire, finance and operate power projects and facilities to produce heat and electricity.

Over the years the Authority has amassed assets of more than \$1 billion and owns and operates six hydroelectric dams and more than 420 miles of transmission lines. Its array of energy programs included the Power Cost Equalization, the Electrical Service Extension Fund, Circuit Rider Maintenance, and a number of others.

Pursuant to SB 106, AEA's rural programs have been transferred into a


newly created Division of Energy within the Department of Community and Regional Affairs. The transfer is designed to ensure greater efficiency in the delivery of rural energy programs. It is also aimed at reducing state payroll costs by combining agency functions and eliminating redundancy.

AEA's operating power projects are now under the authority of the Alaska Industrial Development and Export Authority (AIDEA). To ensure the integrity of AEA bonds, the Energy Authority will continue to exist as a public corporation, but its ability to construct and acquire projects has been eliminated. Through AIDEA, the state will move away from involvement in daily operations of the energy projects. By transferring operational responsibilities to the appropriate utilities, the state will be able to privatize much of the workforce involved in energy projects.

The complicated and time consuming tasks of reorganization were undertaken mindful of a key objective: to continue delivery of services and oversight of projects with the minimum of disruption. We are proud to say we have achieved that goal.

This transitional report is designed to update and inform legislators, administration officials, local government leaders and other interested Alaskans throughout the state about the progress of the recent changes. It is also designed as a quick reference tool for Alaskans to consult when they have business with or questions about the

Energy Authority. We hope it proves to be an informative and useful document.

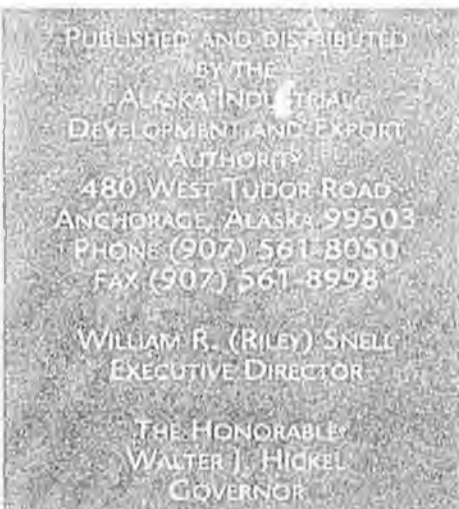


William R. (Riley) Snell
Executive Director
Alaska Industrial Development and Export Authority
Alaska Energy Authority

Contact Numbers

If you have questions about AEA's operating power projects or new energy projects in the works, contact one of the following officials at AIDEA (907-561-8050): **William R. (Riley) Snell**, Executive Director; **John J. Galloway**, Deputy Director, Energy; **John J. Galloway**, Contract Manager.

For information about AEA's rural programs, contact the new Division of Energy within the Department of Community and Regional Affairs (main number 269-4500). Below is a listing of division employees and their direct extension numbers:
John J. Galloway, Director, 4640—all programs, federal initiatives; **John J. Galloway**, Deputy Director, 4642—Statewide Electric and Power Project Development, Alternative and Applied Energy Technology Development; **John J. Galloway**, 4644—Reconnaissance and Feasibility Studies; **John J. Galloway**, 4696—Rural Grants, Electrical Service Extension Fund; **John J. Galloway**, 4697—Circuit Rider/Emergency Response Services; **John J. Galloway**, 4628—Bulk Fuel Revolving Loan, Power Project, Rural Electrification Revolving Loan Funds; **John J. Galloway**, 4624—Power Cost Equalization Program; **John J. Galloway**, 4688—Electric System Life, Health and Safety; **John J. Galloway**, 4627—Rural Utility Regionalization, Consolidation and Business Management; **John J. Galloway**, 4689—Emergency Bulk Fuel Repairs & Spill Prevention, Bulk Fuel System Upgrades.



AEA rural energy programs go to new division

A new Division of Energy within the Department of Community and Regional Affairs (DCRA) has assumed the powers and duties of the Alaska Energy Authority's rural energy programs. Robert E. Harris heads the new division. An electrical engineer with extensive experience in rural Alaska, Harris, 34, is a life-long Alaskan and received his Bachelor of Science degrees in electrical engineering and economics from Massachusetts Institute of Technology.

The DCRA Division of Energy took over more than half a dozen rural energy programs. Those programs and services include:

- *Bulk Fuel Revolving Loan Fund*—provides loans to help communities of fewer than 2,000 residents purchase bulk fuel;

- *Current Rules Administration Program*—provides regular preventive maintenance and operations assistance and power plant operator training in rural areas;

- *Fluxional Service Extension Grant Program*—provides matching grants to electric utilities for extending service to private residences and small business not currently served by an electric utility;

- *Power Project Loan Program*—provides loans for the development of small scale power production facilities,

conservation facilities, bulk fuel storage facilities, transmission and distribution facilities and potable water systems.

- *Power Cost Equalization Program*—through annual legislative appropriations, helps reduce cost of electricity in rural communities where diesel-fired generation pro-

(CONTINUED ON PAGE SIX)



FUEL LEAKS FROM TANKS PLUMBED TOGETHER WITH RUBBER HOSE (ABOVE). SUCH QUICK FIX REPAIRS ARE STILL A COMMON SIGHT IN RURAL ALASKA. NEW REPAIRS CONSIST OF NEW WELDED STEEL PIPING SYSTEM WITH PROPER VALVES AND FLEXIBLE CONNECTORS.

AEA rural energy programs (CONTINUED FROM PAGE 3)

duces more than 75% of the utility's total electric consumption;

• *Rural Electrification Loan Program*—provides financing for the extension of new electric service into areas that an electric utility is authorized to serve;

• *Rural Technical Assistance Program*—provides engineering and technical support to rectify and improve existing electrical system health and safety hazards, reduce utility operation costs and system losses, and promote electrical generating and waste heat system efficiency.

Under the new Division of Energy, the delivery of energy services to rural areas continues with a minimum of disruption.



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Energy project updates

Six hydroelectric projects and a 170-mile transmission line intertie comprise the bulk of the state's capital investments in energy projects. Below is a brief look at these projects:

- **Bradley Lake Hydroelectric Project**—This 120 megawatt project continues to generate above expectations and transmits its power to the state's main power grid via two parallel 20-mile transmission lines connected to Homer Electric Association's transmission system. The \$325 million Bradley Lake project, placed into commercial operation in 1991, is the pride of the state-owned projects.

- **Four Dam Pool Project**—The Solomon Gulch, Swan Lake, Terror Lake and Tyee Lake hydroelectric projects, which are collectively known as the Four Dam Pool, came on line in the early 1980s and service the communities of Valdez and Glennallen, Ketchikan, Kodiak, and Petersburg and Wrangell, respectively.

- **Golden Valley Electric Intertie**—This 345 kilovolt transmission line runs between Willow and Healy. The link allows Golden Valley Electric Association in Fairbanks to purchase electricity produced from lower cost fuels such as natural gas and hydroelectric generation in Anchorage and on the Kenai Peninsula. The intertie saves Fairbanks consumers an estimated \$7 million per year and helps reduce the number of black/brown-outs throughout the system.

- **Kenai Lake Hydroelectric Project**—This 475 kilowatt project went into commercial operation in July 1991 at a cost of \$2.1 million. In addition to producing

electricity for the isolated Kodiak Island community, the project replaces the city's old water supply.

Other projects under consideration for financing or development by AIDEA/AEA include:

- **Black Beach**—Financing of a hydroelectric project on Prince of Wales Island;

- **Power Creek**—Feasibility review under way on hydro project near Cordova;

- **Alutashan**—AIDEA reviewing feasibility of development of geothermal project for Unalaska;

- **Good Lake**—Feasibility review under way for a hydroelectric project near Skagway.

Energy legislation at a glance

The major provisions of Senate Bill 106 revamped the state's role in energy policy and at the same time appropriated substantial sums to fund new energy projects. Among the bill's key provisions are:

- Rural programs of the Alaska Energy Authority are transferred to the Department of Community and Regional Affairs;

- The Alaska Industrial Development and Export Authority (AIDEA) takes over management of the Energy Authority's other powers and duties as well as its \$1 billion in energy project assets;

- AIDEA Board becomes the AEA Board; AIDEA's executive director becomes the executive director of AEA;

- AEA continues to exist as a public corporation to ensure integrity of its previously issued bonds;

- Under AIDEA, the state steps back from involvement in operations of power projects, turns duties over to utilities;

- \$90 million is appropriated to Department of Administration for payment as grants for construction of Railbelt interties;

- \$35 million is appropriated to Department of Community and Regional Affairs for construction of the Sutton-Glennallen Intertie;

- \$20 million is appropriated to Department of Community and Regional Affairs for low-interest loan for construction of the Tyee-Swan Lakes Intertie, with an additional \$4 million appropriated to Department of Administration as a grant toward the project;

- AIDEA is authorized to issue revenue bonds to fund intertie projects beyond appropriated amounts: up to \$60 million for Healy-Tarabanks; \$60 million for Anchorage Kenai Railbelt Intertie; up to \$25 million for Sutton-Glennallen; up to \$40 million for Tyee-Swan Lakes;

- \$66.9 million is appropriated to Power Cost Equalization and Rural Electric Capitalization Fund, with 3% of funds available for rural electric project grants;

- \$5 million is appropriated to Department of Community and Regional Affairs for grant for Tazimina hydro project near Lake Clark in southwest Alaska.

Sale of Snettisham and Eklutna hydro projects pending in Congress

Congressional approval of a deal to sell two federally owned power projects is expected by mid-1994.

Approval of the previously negotiated purchase agreements will cap efforts begun in 1986 to transfer ownership of the two projects from a very small federal power program to existing state and utility organizations that are fully capable of integrating these projects into their system.

The 78 megawatt Snettisham Project serving the Juneau area would be purchased by the State of Alaska through bonds issued by AIDEA/AEA.

A purchase agreement for the sale was signed in early 1989 with the federal Alaska Power Administration.

The 30 megawatt Eklutna Project serving the Anchorage and Matanuska Valley areas will be purchased jointly by the three electric utilities currently purchasing power from the project: Chugach Electric Association, Matanuska Electric Association and Anchorage Municipal Light and Power. Together these utilities own and operate 772 megawatts of additional generating capacity.

The two projects are unlike any other federal hydroelectric projects in that they are single purpose projects limited to Juneau and Anchorage markets. Sale of the federal hydro projects has the backing of the Clinton Administration. Legislation authorizing the sale was first introduced in mid-1992 by Congressman Don Young. The bill has passed the U.S. House of Representatives and is now in the U.S. Senate. The sale price for the Eklutna project is estimated at \$7.3 million, and the Snettisham project at \$75 million.



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HOT, SUBSURFACE
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AND A ROAD AND
TRANSMISSION LINE TO
PROVIDE UP ALASKA
WITH AN ALTERNATIVE,
RENEWABLE ENERGY
SUPPLY AND REDUCE
THE CITY'S DEPENDENCY
ON THE OIL.

Department of Community and Regional Affairs

RPL #21-4-0091

Division of Energy

\$11,300,000 - Four Dam Pool Transfer Fund

The Department of Community and Regional Affairs requests authority to transfer \$11,300,000 in loan funds from the Four Dam Pool Transfer Fund, established in AS 42.45.050, into three "receiving funds," the Power Cost Equalization and Capitalization Fund, the Southeast Energy Fund, and the Power Project Fund.

Under the new section 42.45.050(a) authorized in Chapter 18 SLA 93, the Four Dam Pool Transfer Fund consists of repayments of principal and income that would have been deposited in the former Power Development Revolving Loan Fund. Further, section 42.45.050(b) states:

"Subject to appropriation, the department shall transfer the balance of the four dam pool transfer fund each month in accordance with this section. Subject to appropriation

- (1) 40 percent of the balance in the four dam pool transfer fund shall be transferred to the power cost equalization and rural electric capitalization fund to be used for power cost equalization and rural electric projects;
- (2) 40 percent of the balance in the four dam pool transfer fund shall be transferred to the Southeast energy fund to be used for power projects for utilities participating in the power transmission intertie between Swan Lake and Tyee Lake hydroelectric projects; and
- (3) 20 percent of the balance in the four dam pool transfer fund shall be transferred to the power project fund to be used for statewide utility projects." [Emphasis added]

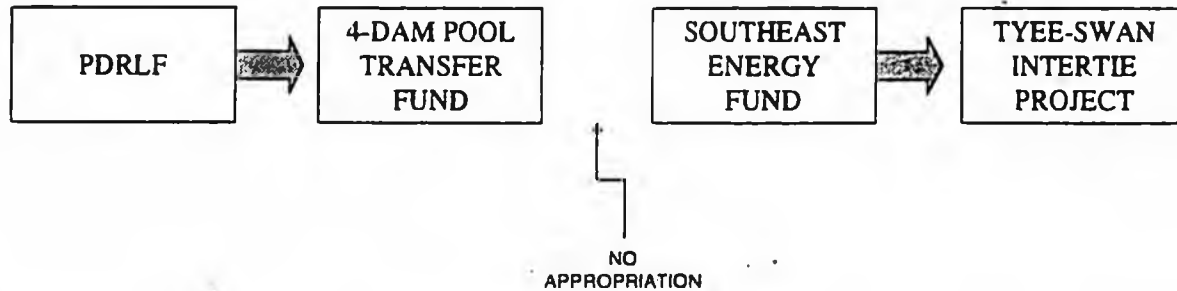
A visual display of the mechanics of how the transfers should flow are shown in Attachment A.

The following transfers are being requested under this revised program:

- \$4,520,000 to the Power Cost Equalization and Rural Electrification Fund for power cost equalization and rural electric projects per AS 42.45.100 (AS 42.45.050(b)(1)).
- \$4,520,000 to the Southeast energy fund for grants to utilities participating in the power transmission intertie between Swan Lake and Tyee Lake hydroelectric projects for power projects, repayment of loans, and bond payments. (AS 42.45.050(b)(2)). Section 12 of Chapter 19 SLA 93 would allow a sum equal to the amounts deposited in the Southeast Energy Fund (SEF) per AS 42.45.040 to be appropriated from the SEF to the Department of Administration for payment as a grant to the Ketchikan Public Utilities for expenses related to the power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects.
- \$2,260,000 to the Power Project Fund for statewide utility projects per AS 42.45.050(b)(3)

Department of Community and Regional Affairs

Through a drafting oversight, the transfer of funds from the Four Dam Pool Transfer Fund to the Southeast Energy Fund was not accomplished by the necessary appropriation. This situation is graphically represented as follows:



The purpose of this request is to authorize the transfer of funds through the RPL process rather than through remedial legislation to correct the drafting oversight.

The legislative Division of Legal Services has reviewed the question of whether it is within the Legislative Budget and Audit Committee's legal authority to correct the oversight through the RPL process. It is their opinion that "...the transfer of money from the Four Dam Pool Transfer Fund to the receiving fund should be considered an appropriation and, as such, can only be made by the legislature."

Legislative Fiscal Analyst Recommendation: It is recommended that the Legislative Budget and Audit Committee:

- recognize the problem of the drafting oversight, which requires remedial legislation;
- reaffirm the Legislature's resolve that the appropriations are for the purposes intended; and
- introduce or support remedial legislation to make the necessary appropriation from the Four Dam Pool Transfer Fund to the Southeast Energy Fund, and the other receiving funds.

ATTACHMENT A

