

SB

284

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/96

DATE TURNED INTO OFFICE: 4-23-96

The Finance Committee considered SENATE BILL NO. 284

Relating to the four dam pool transfer fund and the power development fund.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS SB 284 (Res)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>		✓	
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
Co-Chair:		Co-Chair: <i>[Signature]</i>	✓		
Co-Chair:		Co-Chair: <i>[Signature]</i>	✓		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
DC+RA (4-dam pool)	4/23/96	0	
DC+RA (PCE)	4/23/96	0	
DC+RA (Power Proj)	4/23/96	0	
DC+RA (Southeast)	4/23/96	0	

PREVIOUS FISCAL NOTE(S):*

#	Department	Date	Zero	Fiscal
5	DC+ED (AEA)	4/11/96	0	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

CS SB 284 (RES)
BACKGROUND AND SECTIONAL ANALYSIS

BACKGROUND

Repairs are immediately needed to the Tyee transmission line. The transmission line is part of the four dam pool projects and connects the Tyee hydroelectric project to Wrangell and Petersburg. The line has failed on several occasions over the past few years. Unless fixed, the danger of a catastrophic failure is high. Repairs are also required to the Terror Lake hydroelectric project power tunnel, also a part of the four dam pool. This project serves Kodiak. The power tunnel is not performing up to required standards.

Under the power sales agreement (PSA) between AEA and the four dam pool purchasing utilities, the Tyee transmission line and at least some of the Terror tunnel repairs are obligations of AEA. Under the PSA, the utilities can withhold their annual debt service payment to the state, if AEA lacks sufficient funds to fulfill its obligations. This is generally referred to as the utilities' self-help right. The annual debt service payment has been between \$8,000,000 and \$11,000,000 over the last few years. Under existing law, subject to appropriation, the debt service payment made by the utilities is allocated 40% to the power cost equalization and rural capitalization fund, 40% to the Southeast energy fund and 20% to the power project fund.

In order to provide funds for the Tyee and Terror repairs, AEA intends to issue up to \$25,000,000 in bonds. AEA has the authority to issue these bonds under existing law and the bonds may include the moral obligation of the state. In order to market the bonds, however, there must be a secure revenue source from which debt service payments can be made. This involves two steps. First, the utilities must limit their self-help right so that a payment is made in an amount sufficient to pay the debt service on the bonds. The utilities have entered into an agreement with AEA to do this. Under the agreement, AEA may issue bonds with a term of no more than 25 years and may not defer debt service payments past July 1, 1998.

The second step is to ensure that AEA has sufficient funds to make the debt service payments on the bonds. SB 284 accomplishes this. SB 284 modifies the current distribution of the payments made by the utilities. Of the utilities' payment, an amount sufficient to pay the debt service on the bonds will be transferred to AEA for that purpose. The balance of the payment will be distributed in the same proportions as under existing law.

By issuing the bonds, AEA will have sufficient funds to ensure that the critical repairs proceed and that the utilities don't invoke their self-help right for that purpose. This minimizes the impact on the flow of funds contemplated by existing law (40% to the power cost equalization and rural capitalization fund, 40% to the Southeast energy fund and 20% to the power project fund). AEA has entered into negotiations with the utilities regarding the transfer of ownership of the four dam pool projects to the utilities. AEA intends to present a transfer plan or another long-term solution to the economic difficulties of the projects to the Twentieth Alaska Legislature

SECTIONAL ANALYSIS

Section 1- Section 1 expresses the purpose of the bill. The purpose is to facilitate the issuance of bonds by AEA to effect needed repairs to the four dam pool projects. In addition Section 1 expresses the legislatures intent that AEA continue negotiations with the utilities regarding the transfer of the projects to the utilities and that a transfer plan or other long-term solution to the economic difficulties of the projects be submitted to the Twentieth Alaska Legislature.

Section 2- Section 2 modifies the existing allocation of payments received from the four dam pool utilities. The payments made by the utilities are deposited in the four dam pool transfer fund. Under the bill, subject to appropriation, the amount required to pay debt service on bonds issued by AEA to repair, improve or maintain the four dam pool projects will be transferred from the four dam pool transfer fund to AEA's power development fund from which AEA can make the debt service payments. The remainder of the utilities' payments will be transferred, subject to appropriation, in accordance with existing law (40% to the power cost equalization and rural capitalization fund, 40% to the Southeast energy fund and 20% to the power project fund).

Section 3- Section 3 modifies AEA's existing bonding authority. Under the bill, bonds issued by AEA after May 1, 1996 for repairs, improvements or maintenance of the four dam pool projects are limited to a term of eight years from the date of issue. Therefore, the bonds issued by AEA for the Tyee transmission line and Terror Lake tunnel repairs would be limited to the eight year term. No other changes are made to AEA's bonding authority.

Section 4- Section 4 clarifies that funds in AEA's power development fund may be used to repair and improve AEA's existing projects.

AGREEMENT REGARDING IMMEDIATE REPAIRS

This Agreement is entered into between the Alaska Energy Authority ("AEA") and the Project Management Committee ("PMC") of the Four Dam Pool which consists of the duly authorized representatives of AEA, and City of Ketchikan d/b/a Ketchikan Public Utilities, City of Wrangell d/b/a Wrangell Municipal Light and Power, City of Petersburg d/b/a Petersburg Municipal Power and Light, Kodiak Electric Association and Copper Valley Electric Association (the "Purchasing Utilities") with reference to the following facts:

- A. AEA and the Purchasing Utilities are parties to that certain Long-Term Power Sales Agreement Four Dam Pool - Initial Project ("PSA").
- B. The PMC was established pursuant to the PSA and has the authority under the PSA to take certain actions related to the Initial Project.
- C. Pursuant to the PSA Section 4(d), AEA has certain obligations with respect to repairs to the Initial Project.
- D. Pursuant to that certain Settlement Agreement dated June 27, 1995, between the Purchasing Utilities and AEA, the parties agreed that certain repairs contemplated with respect to the Initial Project are obligations of AEA under the PSA (the "Required Repairs").
- E. Subject to action by the Alaska State Legislature to amend AS 42.45.050(b) to allow funds deposited in the Four Dam Pool Transfer Fund to first be used to pay the debt service ("Legislative Action"), AEA intends to borrow funds, by way of the issuance of bonds or other means, to effect the Required Repairs. With the exception of creating the first priority for debt service described in this paragraph, AEA does not intend to seek legislation affecting the current distribution of the funds deposited to the Four Dam Pool Transfer Fund.
- F. Pursuant to PSA Section 6(a), the PMC, under certain circumstances, may provide funds from the Initial Project Revenue Fund and reduce accordingly the amounts paid under Section 5(e) of the PSA. (The PSA Section 6(a) right described in this paragraph shall be referred to as the "Self Help Right")
- G. In order for AEA to borrow the funds necessary to effect the Required Repairs, it is necessary to establish a secure revenue source from which debt service payments may be made.
- H. AEA and the PMC desire to enter into this Agreement to provide a secure revenue source so that AEA may borrow the funds necessary to effect the Required Repairs.


NOW THEREFORE, the parties agree as follows:

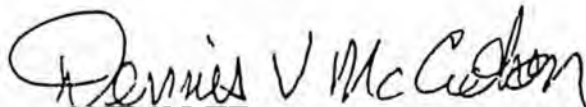
1. AEA to Incur Debt. Subject to Legislative Action, AEA shall use its best efforts to borrow sufficient funds, by the issuance of bonds or otherwise, to effect the Required Repairs. AEA agrees that any funds borrowed pursuant to this Agreement shall be used only to effect the Required Repairs, that portion of repairs required to the Terror Lake Project which are the obligation of AEA under PSA Section 4(d), or for other obligations of AEA pursuant to PSA Section 4(d). Notwithstanding the foregoing, funds borrowed pursuant to this Agreement may also be used to pay costs of the debt issuance and capitalized interest associated with the debt. While the precise terms of the debt issued pursuant to this paragraph are not yet certain, AEA agrees that the principal amount of such debt shall not exceed \$25,000,000, such debt shall not defer payments past July 1, 1998 and that such debt shall not have a term in excess of 25 years.
2. Limitation of Self Help Right. In order to provide a secure source of repayment for any debt issued by AEA pursuant to paragraph 1 of this Agreement, the PMC irrevocably agrees, for the term of any debt issued by AEA pursuant to paragraph 1 of this Agreement, that it will limit its Self Help Right in any given fiscal year to the amount arrived at by subtracting (i) the amount of the required debt service payment for the fiscal year with respect to any debt issued by AEA pursuant to paragraph 1 of this Agreement; from (ii) the amount that would otherwise be paid under PSA Section 5(e) for the fiscal year assuming no Self Help Right were invoked. The purpose of this paragraph is to ensure that no Self Help Right will be invoked to the extent that the effect of invoking that right is that the funds paid under PSA Section 5(e) are insufficient to cover the debt service with respect to debt issued by AEA pursuant to paragraph 1 of this Agreement.
3. Further Assurances. The parties acknowledge that the matters included in this Agreement are an integral part of the incurrence by AEA of the debt contemplated in paragraph 1 of this Agreement. In connection with the incurrence of such debt, including, without limitation the issuance of any bonds by AEA, the parties agree to execute any and all necessary documents, consistent with the terms of this agreement to evidence the agreement of the parties contemplated herein.
4. No Modification to the PSA. Nothing in this Agreement is intended to modify or amend the provisions of the PSA. Terms not expressly defined herein shall have the meaning ascribed in the PSA.
5. Authority of Signers. Each of the individuals executing this Agreement hereby represents and warrants that he is the duly authorized representative of the party for which he is signing.
6. Accomplishment and Administration of Work. The parties agree that, subject to reasonable consultation with the Purchasing Utilities, and consistent with the provisions of the PSA, AEA shall be responsible for and may use its discretion in administering and accomplishing the repairs described in paragraph 1 of this Agreement. Nothing in this paragraph shall prevent AEA from contracting with the Purchasing Utilities or others for the performance of AEA's duties under this paragraph. AEA agrees to use its best efforts

to obtain funds and proceed with the work contemplated in this Agreement in calendar year 1996.

7. Divestiture Discussions. AEA specifically agrees that the costs of the Required Repairs are obligations of AEA under the PSA. AEA agrees that the method of financing contemplated by this Agreement shall not affect the transfer price for the Initial Project that may be arrived at under the discussions currently underway between the Purchasing Utilities and AEA. Nothing in this Agreement shall constitute an agreement on the part of AEA or the Purchasing Utilities to transfer the Initial Project.
8. No Debt of PMC. Any debt incurred by AEA in accordance with paragraph 1 of this Agreement shall not constitute a liability, debt or subordinate obligation of the PMC or the Purchasing Utilities.
9. Consultation with Utilities. AEA shall reasonably consult with counsel to Purchasing Utilities with respect to the status of the incurrence of debt and terms of any debt incurred by AEA pursuant to paragraph 1 of this Agreement. AEA agrees that any reasonable costs associated with such consultation shall constitute costs of the debt issuance payable from the proceeds of the issuance.

Dated this 25th day of January, 1996.


Dennis Lewis, Chairman PMC


Dennis McCrohan, Deputy Director
Alaska Energy Authority



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY



copy to: Nancy
Valerie
Dennis
Keith

480 WEST TUDOR

ANCHORAGE, ALASKA 99503

907 / 269-3000

FAX 907 / 269-3044

March 20, 1996

Senator Loren Leman, Chairman
Senate Resources
Alaska State Legislature
State Capitol (MS 3100)
Juneau, AK 99801-1182

RE: SB 284

Dear Senator Leman:

This letter is in response to questions raised at the Senate Resource Committee hearing on SB 284 held on March 6, 1996.

Senator Halford requested specific statutory and regulatory citations authorizing the Alaska Energy Authority (AEA) to negotiate and enter into a Long Term Power Sales Agreement for the sale of Four Dam Pool power. Enclosed is a letter from Keith Laufer, Assistant Attorney General, addressing this issue.

You requested examples of bonding scenario's showing how the term of the bond issuance will affect the yearly debt service and overall cost to the State. Examples, on a comparable basis, showing terms of 5, 10 and 25 years, at current rates, follow.

<u>Term</u>	<u>Initial Payment Date</u>	<u>Total Issuance</u>	<u>Amount Available For Construction</u>	<u>Annual Debt Service Payments</u>	<u>Total Debt Service</u>
5	7/1/97	\$25 Million	\$24,131,066	\$6,217,100	\$31,077,086
5	7/1/98	\$25 Million	\$21,418,081	\$7,237,932 ⁽¹⁾	\$31,766,081
10	7/1/97	\$25 Million	\$24,208,600	\$3,732,744	\$37,301,674
10	7/1/98	\$25 Million	\$21,470,156	\$3,866,300 ⁽²⁾	\$37,674,942
25	7/1/97	\$25 Million	\$24,069,808	\$2,386,944 ⁽³⁾	\$60,297,540
25	7/1/98	\$25 Million	\$21,191,503	\$2,386,944 ⁽³⁾	\$60,297,540

(1) Initial annual payment of \$2,823,750; annual payment of \$7,237,932 thereafter.

(2) Initial annual payment of \$2,900,478; annual payment of \$3,866,300 thereafter.

(3) Initial annual payment of \$3,059,202; annual payment of \$2,386,944 thereafter.

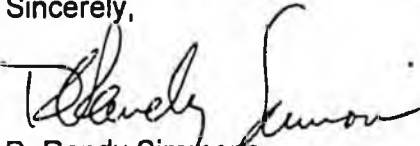
Senator Loren Leman, Chairman
March 20, 1996
Page Two

The differences between total issuance and the amount available for construction is made up of issuance costs and capitalized interest, if applicable.

Based on the information we currently have, a 10 year term with a one year payment deferral would be the alternative that we would most likely choose. The deferral would give us two years to find a long term solution to the Four Dam Pool issues, without affecting the current allocation of the payment stream that the State receives. If we are unsuccessful, the debt service amount would be set at a level that would still allow between \$6-7 million to be allocated to PCE, the Southeast Intertie and DCRA's power project fund.

I hope this information is helpful. If you need any additional information, please do not hesitate to call me.

Sincerely,



D. Randy Simmons
Development & Finance Manager

DRS/bjf
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Enclosure

cc: William R. Snell, Executive Director
Senator Drue Pearce
Senator Steve Frank
Senator Rick Halford
Senator Robin Taylor
Senator Georgianna Lincoln
Senator Lyman Hoffman
Percy Frisby, Director, Division of Energy, DCRA
Dennis Lewis, Chairman, PMC

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 18, 1995

Randy Simmons
Alaska Industrial Development and Export Authority
480 West Tudor
Anchorage, Alaska 99503-6690

RE: SB 284
Our file 661-95-0723

Dear Randy:

At your request, I am writing this letter to respond to certain questions Senator Halford raised at the Senate Resource Committee hearing on Wednesday, March 6, 1996. Specifically, Senator Halford requested information regarding the statutory authority of the Alaska Energy Authority (AEA) to enter into the Long Term Power Sales Agreement for the Four Dam Pool Power (the PSA) and the provision therein allowing the purchasing utilities to withhold payments under certain circumstances and use the money withheld to effect repairs to the projects.

Pursuant to AS 44.83.080 (as in effect when the PSA was executed), AEA was granted broad powers to enter into agreements regarding the sale of energy produced by its projects. Specifically, AS 44.83.080 (10) provided that the AEA had the power to enter into contracts

for the financing, construction, acquisition, operation and maintenance of all or any part of a power project, either inside or outside the state, and for the sale and transmission of power from a project

This power was reiterated in AS 44.83.080 (11) where AEA was provided the power to enter into contracts "for the purchase, sale, exchange, transmission or use of power from a project or any right to any capacity of it."

In addition to these specific contractual powers, the AEA was provided with the power

to enter into contracts or agreements with respect to the exercise of any of its powers, and to do all things necessary or convenient to carry out the corporate purposes and exercise the powers granted in this chapter.

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

- 1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 269-5100
FAX: (907) 276-3697
- KEY BANK BUILDING
100 CUSHMAN ST., SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 451-2811
FAX: (907) 451-2846
- P.O. BOX 110300-DIMOND COURT HO
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-6735

AS 44.83.080(14) (effective at the time PSA was executed).

With respect to the sale of power from the Four Dam Pool projects, AS 44.83.398 set forth factors that were to be considered in computing the wholesale power rate. Under that provision, the rate established must equal the amount AEA estimates is necessary to produce revenue sufficient to pay for the operation, maintenance and equipment replacement costs of the projects, the power projects proportionate share of the debt service, and safety inspections of the power project. The provisions of the PSA take each of these components into account in establishing the wholesale power rate from the Four Dam Pool. (See PSA Section 5 and specifically Section 5(f)).

Under the PSA negotiated by AEA, AEA remained responsible for certain risks related to project ownership. These risks included the risks of uninsured facility failures, substandard facility performance, inadequacy of the R&R fund, or failure of any purchasing utility to make payments required under the agreement. Under Section 6(a) of the PSA, in the event AEA was unable to fulfill its obligations with respect to these risks, the utilities could withhold payments due under the PSA in order to fulfill those obligations. This type of arrangement is common in many commercial transactions. It is often the case that one party to a contract may withhold payment to another party and apply the withheld sums to fulfill the other party's obligations. This makes particular sense in the context of the PSA. Under the PSA, the utilities are only required to pay for power actually produced. Thus, if a facility failure prevents power from being produced by the projects, the entire payment stream to the state could be disrupted. Under the mechanism provided in the PSA, the utilities can utilize funds to effect repairs ensuring that power continues to be produced and that the disruption to the state's payment stream is minimized. I have found nothing in AEA's statutes or otherwise that would prevent AEA from entering into this type of arrangement.

To summarize, the PSA entered into by the Alaska Energy Authority appears consistent with AEA's statutes. AEA was granted broad powers as it pertains to entering into power sales agreements with utilities. The PSA entered into between the AEA and the purchasing utilities of the Four Dam Pool appears within the broad powers granted to AEA.

Randy Simmons
Alaska Industrial Development and Export Authority
661-95-0723

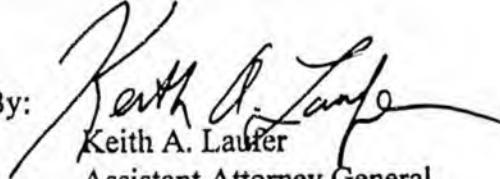
March 18, 1996
Page 3

Should you have any questions do not hesitate to call.

Very truly yours,

BRUCE M. BOTELHO
ATTORNEY GENERAL

By:


Keith A. Laufer
Assistant Attorney General

KAL:aw

SB 284 Bonding Term Examples

Examples of bonding scenario's showing how the term of the bond issuance will affect the yearly debt service and overall cost to the State. Examples, on a comparable basis, showing terms of 5, 8, 10 and 25 years, at March 1996 rates, follow.

<u>Term</u>	<u>Initial Payment Date</u>	<u>Total Issuance</u>	<u>Amount Available For Construction</u>	<u>Annual Debt Service Payments</u>	<u>Total Debt Service</u>
5	7/1/97	\$25 Million	\$24,131,066	\$6,217,100	\$31,077,088
5	7/1/98	\$25 Million	\$21,418,081	\$7,237,932 ⁽¹⁾	\$31,766,081
8	7/1/97	\$25 Million	\$24,192,892	\$4,383,800	\$35,057,125 ⁽⁵⁾
8	7/1/98	\$25 Million	\$21,379,378	\$4,658,400 ⁽⁴⁾	\$35,562,533 ⁽⁵⁾
10	7/1/97	\$25 Million	\$24,208,600	\$3,732,744	\$37,301,674
10	7/1/98	\$25 Million	\$21,470,156	\$3,866,300 ⁽²⁾	\$37,674,942
25	7/1/97	\$25 Million	\$24,069,808	\$2,386,944 ⁽³⁾	\$60,297,540
25	7/1/98	\$25 Million	\$21,191,503	\$2,386,944 ⁽³⁾	\$60,297,540

- (1) Initial annual payment of \$2,823,750; annual payment of \$7,237,932 thereafter.
- (2) Initial annual payment of \$2,900,478; annual payment of \$3,866,300 thereafter.
- (3) Initial annual payment of \$3,059,202; annual payment of \$2,386,944 thereafter.
- (4) Initial annual payment of \$2,971,706; annual payment of \$4,658,400 thereafter.
- (5) Rates as of 4/11/96.

SENATE FINANCE COMMITTEE

SB 284 FOUR DAM POOL & POWER DEVELOPMENT FUND

PLEASE SIGN IN BELOW

NAME: Randy SIMMONS
Co./DEPT./TITLE: AEA/AIDFA PHONE: 269-3000
ADDRESS: 480 W. TUDOR ANCH ZIP: _____
DO YOU WISH TO TESTIFY? YES NO RESPOND TO QUESTIONS

NAME: KEITH LAUFER
Co./DEPT./TITLE: DEPT OF LAW PHONE: 269-5173
ADDRESS: 1031 W. 4TH AVE ANCH ZIP: _____
DO YOU WISH TO TESTIFY? YES NO RESPOND TO QUESTIONS

NAME: _____
Co./DEPT./TITLE: _____ PHONE: _____
ADDRESS: _____ ZIP: _____
DO YOU WISH TO TESTIFY? YES NO RESPOND TO QUESTIONS

NAME: _____
Co./DEPT./TITLE: _____ PHONE: _____
ADDRESS: _____ ZIP: _____
DO YOU WISH TO TESTIFY? YES NO RESPOND TO QUESTIONS

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 1996

287

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill modifying the distribution of money from the four dam pool transfer fund and making necessary changes to the power development fund. These changes are needed to allow the Alaska Energy Authority (AEA) to issue bonds for needed repairs to the four dam pool projects.

The Tyee transmission line links the communities of Wrangell and Petersburg to the Tyee Lake hydroelectric project. The transmission line has been out of operation on three occasions over the last several years because of significant deficiencies in the line. Repairs are immediately needed to ensure that the line can operate without a catastrophic failure. In addition, repairs are required to the Terror Lake hydroelectric project power tunnel. Due, at least in part, to design deficiencies, the Terror Lake power tunnel has not performed in accordance with reasonable standards.

Under the long-term power sales agreement between the AEA and the purchasing utilities of the four dam pool, the required repairs to the Tyee transmission line and some of the repairs to the Terror Lake power tunnel are obligations of the AEA. Under the agreement, the utilities make annual debt service payments to the state. Over the past several years, these payments have amounted to between \$8 million and \$11 million annually. The utilities may reduce or withhold this payment, however, if the AEA lacks sufficient money to fulfill its obligations under the agreement.

The ability to withhold payment is generally referred to as the utilities self-help right. Since the Tyee transmission line repairs and some of the Terror Lake tunnel repairs are obligations of the AEA, the purchasing utilities could withhold the annual debt service payment to provide money for these repairs. In fact, under a settlement agreement with AEA, the purchasing utilities invoked their self-help right last fiscal year and withheld \$4 million to conduct engineering for the required repairs.

The debt service payment made by the utilities is deposited into the four dam pool transfer fund. Under current law, subject to appropriation, 40 percent of the balance in the four dam pool transfer fund is transferred to the power cost equalization and rural electric capitalization fund; 40 percent goes to the Southeast energy fund; and 20 percent goes to the power project fund.

AEA intends to issue up to \$25 million of bonds to finance the immediately needed Tye transmission line repairs and the obligations of the AEA with respect to the Terror Lake power tunnel for these repairs. That would prevent the utilities from withholding their debt service payments. Under existing law, AEA has the authority to issue these bonds and they may carry the moral obligation of the state. The bonds will have a term of no more than 25 years. Annual payments are estimated at between \$3 million and \$5 million and will begin no later than July 1, 1998.

The purpose of the deferral of bond payments to July 1, 1998, is to give the AEA time to develop a long-term plan for the four dam pool facilities. The AEA is currently negotiating to sell the dams to the utilities. If the sales take place, the bonds will be paid off before any debt service payments are due.

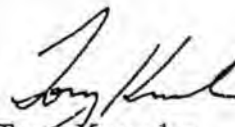
In order to make the proposed bonds marketable, bond investors must be assured that a secure revenue source is available for the debt service on the bonds. There are two critical elements to ensure this secure revenue source. First, the utilities must limit the self-help right under the power sales agreement to guarantee that a sufficient payment is made to the AEA to cover the debt service. In that regard, the four dam pool project management committee and the AEA entered into an agreement whereby the utilities will limit their self-help right. The second critical element is to ensure that the first call on the payments made by the utilities is for the debt service related to the bond issue. This bill accomplishes that second critical element.

Section 1 of the bill modifies current law so that, subject to appropriation, an amount necessary to cover the debt service on the loans or bonds will be transferred from the four dam pool fund to the AEA power development fund. Section 2 of the bill clarifies that money in the AEA power development fund can also be used for repairing and improving power projects constructed or acquired before August 11, 1993.

This bill will allow the immediately needed repairs on the four dam pool facilities to go forward. Meanwhile, discussions will continue with the utilities to develop a long-term solution to the financing and economic needs of the projects.

I urge your passage of this bill.

Sincerely,



Tony Knowles
Governor

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/9/96

FURTHER: State Affairs
Finance

Date of 5-Day Notice: 2-29-96
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-11-96

The Resources Committee considered SB 284

Relating to the four dam pool transfer fund and the power development fund.

and recommends:

- be replaced with CS SB 284 (DPS)
- adopt previous CS
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DC PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Rich Halford</i>	✓		
		<i>Denise</i>	✓		
		<i>Christ Topik</i>	✓		
		<i>Don Frank</i>	✓		
		<i>[Signature]</i>	✓		
CHAIR: <i>[Signature]</i>		CHAIR: <i>[Signature]</i>			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>Commerce</i>	<i>2/9/96</i>	✓	
<i>C+RA/PCE</i>	<i>2/9/96</i>	✓	
<i>C+RA/Southeast (Energy Fund)</i>	<i>2/9/96</i>	✓	
<i>C+RA/Power Project Fund</i>	<i>2/9/96</i>	✓	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

BILL NO. CS SB 284(RES)

Revision Date: 04/22/96
 Title: An act relating to bonds issued to repair, improve or maintain the four dam pool and relating to the four dam pool and the Power Development Fund

Dept. Affected: C&RA
 BRU: Rural Energy Programs
 Fund: Four Dam Pool Transfer Fund

Sponsor: Senate Rules Committee for Governor
 Requester: Senate Resources Committee

FUND NO. 1090

Expenditures/Revenues (Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES (1090) (1)		(4,383.6)	(4,383.6)	(4,383.6)	(4,383.6)	(4,383.6)

FUNDING SOURCE (Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ -----

POSITIONS

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fund receives annual debt service repayment on the State loan to the Alaska Energy Authority (AEA) for the construction of the Four Dam Pool Project (partial financing).

If the proposed bill is enacted, the Four Dam Pool Transfer Fund will receive debt service repayments reduced by \$4,383.6 effective FY98. The projected reduction will affect the fund for 8 consecutive years, assuming one bond issuance of \$25,000.0. The cost of financing (issuance plus interest) is about \$10.9 million. Therefore, the total revenue reduction will be \$35,057.1 over the 8 years. We understand from AEA that the debt service reduction may be deferred to FY99. However, the cost of financing would increase significantly.

(1) The debt service paid into the Four Dam Pool Transfer Fund (As 42.45.050) is not an operating revenue of the State. However, subject to appropriation, the balance of this fund is allocated annually as follows:

- 40% Power Cost Equalization and Rural Electric Capitalization Fund, AS 42.45.400 (See Fiscal Note 1A)
- 20% Power Project Fund, AS 42.45.010 (See Fiscal Note 1B)
- 40% Southeast Energy Fund, AS 42.45.010 (See Fiscal Note 1C)

Prepared by: Remond Henderson, Director Phone: 465-4708
 Division: Division of Administrative Services Date: 04/22/96

Approved by Commissioner: Mike Irwin, Commissioner Date: 04/22/96
 Agency: Community & Regional Affairs

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB284 (RES)

Revision Date: 04/22/96
 Title: Relating to bonds issued to repair, improve
or maintain the four dam pool and relating to the four dam pool
transfer fund and the power development fund
 Sponsor: Senate Rules Committee by Request of Governor
 Requester: Senate Resources Committee

Dept. Affected: C&RA
 BRU: Rural Energy Programs
 Component: Power Cost Equalization

COMPONENT SERIAL NO. 1965

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)
MISCELLANEOUS						
TOTAL OPERATING	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES (1089)	0	(1753.4)	(1753.4)	(1753.4)	(1753.4)	(1753.4)

FUNDING SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Receipts						
1037 GF/Mental Health						
1089 PCE	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)
TOTAL	0.0	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)	(1,753.4)

Estimate of any current year (FY96) cost: \$ -----

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

If the proposed bill is enacted, the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments reduced by \$4,383.6 million effective FY98. However, we understand from AEA that the debt service reduction may be deferred to FY99.

The 40% allocation from the FDPTF to the Power Cost Equalization and Rural Electric Capitalization Fund (PCE&RECF) AS 42. 45.100, directly affects the monies that would be allocated to PCE on a 1:1 ratio. This projected reduction will affect the PCE program for 8 consecutive years for a total reduction of \$14,027.2. With this reduction, the PCE&RECF is expected to be exhausted during FY2000.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 4/22/96
 Approved by Commissioner: Mike Irwin, Commissioner *Mike Irwin* Date: 04/22/96
 Agency: Community & Regional Affairs

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB284(RES)

Revision Date: 04/22/96
Title: Relating to bonds issued to repair, improve or maintain the four dam pool; and to the four dam pool transfer fund and the power development fund
Sponsor: Senate Rules Committee by Request of the Governor
Requester: Senate Resources Committee

Dept. Affected: C&RA
BRU: Rural Energy Programs
Fund: Power Project Fund
FUND NO. 1062

Expenditures/Revenues		(Thousands of Dollars)					
		FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
OPERATING EXPENDITURES							
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	N/A	0	0	0	0	0	0
CAPITAL EXPENDITURES N/A		0	0	0	0	0	0
CHANGE IN REVENUES (1062)		0.0	(876.8)	(876.8)	(876.8)	(876.8)	(876.8)

FUNDING SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Receipts							
1037 GF/Mental Health							
Other							
TOTAL							

Estimate of any current year (FY96) cost: \$ -----

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

If the proposed bill is enacted, the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayment, reduced by \$4,383.6 effective FY98. However, we understand from AEA that the debt service reduction may be deferred to FY99.

Reduction of the 20% allocation from the Four Dam Pool Transfer Fund to the Power Project Fund (PPF), AS 42.45.010, reduces the monies available in the PPF for loans to utilities or project developers for energy projects. Given the ever decreasing availability of other funding sources for energy projects, especially General Fund monies, the existence of the PPF is very important to rural electric utilities, especially those that cannot readily borrow from financial institutions.

The reduction will affect the PPF for 8 consecutive years, for a total reduction of \$7,014.0.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
Division: Division of Administrative Services Date: 4/22/96
Approved by Commissioner: Mike Irwin, Commissioner *M Irwin* Date: 4/22/96
Agency: Community & Regional Affairs

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSB284(RES)

Revision Date: 04/22/96
 Title: Relating to bonds issued to repair, improve or maintain the four dam pool; & relating to the four dam pool transfer fund & the power development fund
 Sponsor: Senate Rules Committee by Request of Governor
 Requester: Senate Resources Committee

Dept. Affected: C&RA
 BRU: Rural Energy Programs
 Fund: Southeast Energy Fund

FUND NO. 1086

Expenditures/Revenues

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES N/A	0	0	0	0	0	0
CHANGE IN REVENUES (1086)	0	(1753.4)	(1753.4)	(1753.4)	(1753.4)	(1753.4)

FUNDING SOURCE

(Thousands of Dollars)

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Receipts						
1037 GF/Mental Health						
1090 FDPTF						
TOTAL						

Estimate of any current year (FY96) cost: \$

POSITIONS

	FY 97	FY 98	FY 99	FY 100	FY 101	FY 102
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

If the proposed bill is enacted, the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments, reduced by \$4,383.6 effective FY98.

Reduction of the 40% allocation from the Four Dam Pool Transfer Fund to the Southeast Energy Fund, AS 42.45.040, reduces the monies available for grants to utilities participating in the development of the power transmission intertie between the Tyee Lake and Swan Lake hydroelectric projects. The projected reduction is assumed to affect the fund for 8 consecutive years, for a total reduction of \$14,027.2. We also understand from AEA that the debt service reduction may be deferred to FY99. This reduced funding may slightly impact development of the project. However, Tyee Lake and Swan Lake are part of the Four Dam Pool and they may benefit from the debt service reduction, in that the reduced amount will pay for Four Dam Pool project repairs/improvements.

Prepared by: Remond Herderson, Director *Remond Herderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 4/22/96
 Approved by Commissioner: Mike Irwin, Commissioner *M Irwin* Date: 04/22/96
 Agency: Community & Regional Affairs

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FISCAL NOTE

Bill Version: SB 284
 (S) Publish Date: 2/9/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____ Department: Commerce and Economic Development
 Title: Four dam pool transfer fund BRU: AEA
 Component: AEA
 Sponsor: Rules Committee
 Requestor: Governor COMPONENT SERIAL NO. 1948

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Four dam pool transfer fund)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The bill provides funding for repairs and maintenance of the four dam pool project by decreasing the amount of funds appropriated from the four dam pool transfer fund to the power cost equalization and rural electric capitalization fund; the Southeast energy fund; and the project fund.

Prepared by: William R. Snell, Executive Director Phone: (907)269-3000
 Division: AEA Date: February 6, 1996
 Approved by Commissioner: William L. Hensley Date: 2-6-96
 Agency: Commerce and Economic Development

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FISCAL NOTE

No. 5
 Bill Version: CS SB 284(CRES)
 (S) Publish Date: 4/12/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____ Department: Commerce and Economic Development
 Title: An Act relating to the Four Dam Pool Transfer BRU: AEA
 Fund and the Power Development Fund Component: AEA
 Sponsor: Rules Committee
 Requestor: Senate Resources COMPONENT SERIAL NO. 1948

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES						

FUND SOURCE	(Thousands of Dollars)					
002 Federal Receipts						
003 GF Match						
004 General Fund	0.0	0.0	0.0	0.0	0.0	0.0
005 GF/Program Receipts						
006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill provides funding for repairs and maintenance of the four dam pool project by decreasing the amount of funds appropriated from the four dam pool transfer fund to the power cost equalization and rural electric capitalization fund, the Southeast energy fund, and the power project fund.

Prepared by: William R. Snell, Executive Director Phone: (907) 263-3000
 Division: AEA Date: April 11, 1996
 Approved by Commissioner: William L. Hensley Date: 4-11-96
 Agency: Commerce and Economic Development

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FISCAL NOTE

No. 2
 Bill Version: SB 284
 (S) Publish Date: 2/9/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: Draft Bill Dept. Affected: C & RA
 Title: "An Act relating to the Four Dam BRU: Rural Energy Programs
Pool Transfer Fund and the Power Development Fund" Component: Power Cost Equalization
 Sponsor: Rules
 Requester: Governor COMPONENT SERIAL NO. 1965

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1089)			(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other 1090 FDPTF			(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division of Energy assumes that the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments, reduced by \$4 million, effective FY99.

The 40% allocation from the FDPTF to the Power Cost Equalization and Rural Electric Capitalization Fund (PCE & RECF), AS 42.45.100, directly affects the monies that would be allocated to the Power Cost Equalization (PCE) on a 1:1 ratio, to levelize the impact on rural electric utilities and their customers participating to PCE. This projected reduction could affect the PCE program for eight consecutive years. With these reductions, the PCE & RECF is expected to be exhausted during FY2000. PCE program funding is hoped to be \$17 million per year from FY97 through FY2000 - after that, assuming that the net available debt service from the Four Dam Pool is \$8 million per year, the funds available for PCE would be about \$3.2 million per year.

Prepared by: Gloria Manni, Assistant Director Phone: 269-4642
 Division: Energy Date: 2/6/96
 Approved by Commissioner: [Signature] Date: 2/6/96
 Agency: Energy

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FISCAL NOTE

No. 3

Bill Version: SB 284

(S) Publish Date: 2/9/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: Draft Bill Dept. Affected: C&RA
 Title: "An act relating to the Four Dam Pool Transfer Fund and the Power Development Fund" BRU: Energy Operations
 Component: Southeast Energy Fund
 Sponsor: Rules
 Requester: Governor COMPONENT SERIAL NO. 1935

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1000 1090 FDPTF			(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)
TOTAL	0.0	0.0	(1,600.0)	(1,600.0)	(1,600.0)	(1,600.0)

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division of Energy assumes that the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayments, reduced by \$4 million, effective FY99; the project reduction is assumed to affect the fund for about 8 years.

Reduction of the 40% allocation from the Four Dam Pool Transfer Fund to the Southeast Energy Fund, As 42.45.040, reduces the monies available for grants to utilities participating in the development of the power transmission intertie between the Tyee Lake and Swan Lake hydroelectric projects. This reduced funding may slightly impact development of the project. However, Tyee Lake and Swan Lake are part of the Four Dam Pool and they may benefit from the debt service reduction, in that the reduced amount will pay for Four Dam Pool projects repairs/improvements.

Prepared by: Gloria Manni, Assistant Director
 Division: Energy
 Approved by Commissioner: [Signature]
 Agency: [Signature]

Phone: _____
 Date: _____
 Date: 2696

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FISCAL NOTE

(o. 4)

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: SB 284
(S) Publish Date: 2/9/96

Revision Date: Draft Bill Dept. Affected: C&RA
 Title: "An act relating to the Four Dam Pool Transfer Fund and Power Development Fund." BRU: Energy Operations
 Sponsor: Rules Component: Power Project Fund
 Requester: Governor COMPONENT SERIAL NO. 1935

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING N/A	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES N/A						
--------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	0.0	0.0	(800.0)	(800.0)	(800.0)	(800.0)
------------------------	-----	-----	---------	---------	---------	---------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Division of Energy assumes that the Four Dam Pool Transfer Fund (FDPTF) will receive debt service repayment, reduced by \$4 million, effective FY99.

Reduction of the 20% allocation from the Four Dam Pool Transfer Fund to the Power Project Fund, AS 42.45.010 (PPF) reduces the monies available in the PPF for loans to utilities or project developers for energy projects. Given the ever decreasing availability of other funding sources for energy projects, especially General Fund moneys, the existence of the PPF is very important to the rural electric utilities, especially those that cannot readily borrow from financial institutions.

The reduction assumed in this note will affect the PPF for about eight consecutive years.

Prepared by: Gloria Mann, Assistant Director
 Division: Energy
 Approved by Commissioner: [Signature]
 Agency: LAWSON COTTEN

Phone: _____
 Date: _____
 Date: 2. '96

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