

SB

175

HFIN

FILE

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Juneau, Alaska 99801-2105

MEMORANDUM

April 17, 1997

SUBJECT: Sectional Summary of SB 175. (AIDEA revenue bonds for interties)

TO: Senator Bert Sharp
Attn: Marilyn Wilson

FROM: Teresa B. Cramer *TBC*
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 should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 amends the authorization, enacted in 1993, for AIDEA to issue bonds to finance the power transmission intertie between Healy and Fairbanks to limit the authorization to the issuance of revenue bonds, to require that the bonds be issued for the benefit of the participating utilities and the subsidiaries or other entities formed by them, and to remove from the description of the intertie, reference to Golden Valley Electric Association owning the intertie for the benefit of all of the participating utilities. The cap to the authorization for the bonds remains at \$60,000,000.

Sec. 2 amends the authorization, enacted in 1993, for AIDEA to issue bonds to finance the power transmission intertie between Anchorage and the Kenai Peninsula to limit the authorization to the issuance of revenue bonds, to require that the bonds be issued for the benefit of the participating utilities and the subsidiaries or other entities formed by them, and to remove from the description of the intertie, reference to Chugach Electric Association owning the intertie for the benefit of all of the participating utilities. The cap to the authorization for the bonds remains at \$60,000,000.

Sec. 3 is an immediate effective date.

TC:glc
97-254.glc

Alaska State Legislature

SENATOR
BERT SHARP

DISTRICT P

CO-CHAIRMAN
SENATE FINANCE COMMITTEE

MEMBER
RESOURCE COMMITTEE



Senate

FAIRBANKS
DENALI BANK BUILDING
119 N. CUSHMAN, SUITE 201
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SESSION ADDRESS:
STATE CAPITOL, ROOM 516
JUNEAU, ALASKA 99801-1182
(907) 465-3004/4921
FAX (907) 465-2070

SPONSOR STATEMENT

SB-175

BY: SENATOR BERT SHARP

THIS LEGISLATION WAS SUGGESTED BY AIDEA TO REVISE AIDEA"s AUTHORIZATION LANGUAGE IN SECTION 29, CHAPTER 18, SLA 1993.

AS YOU WILL NOTE, IT MORE SPECIFICALLY DEFINES THE BONDS AS REVENUE BONDS AND GOES ON TO ALLOW THE BORROWER TO BE ONE OR MORE OF THE PARTICIPATING UTILITIES AND TO JOINTLY JOIN IN THE FINANCING OF THE HEALY-FAIRBANKS AND ANCHORAGE-KENAI TRANSMISSION TIE LINES.

THE EXISTING STATUTE ONLY ALLOWS GOLDEN VALLEY ELECTRIC TO INDIVIDUALLY OWN THE HEALY-FAIRBANKS INTERTIE AND THE SAME FOR CHUGACH ON THE ANCHORAGE-KENAI LINE.

AIDEA PREFERS THE ADDED SECURITY OF REVENUE BONDING AND POSSIBLE MULTIPLE OBLIGEE'S AND HAS RECOMMENDED THIS REWORDING.



REPRESENTING
GOLDEN HEART
OF ALASKA

AFTER FOUR YEARS OF WORKING TO PUT THE VARIOUS AGREEMENTS TOGETHER, IT IS BELIEVED THE REPLACEMENT OF THE SINGLE OWNERSHIP MANDATE WITH A JOINT FINANCING-OWNERSHIP OPTION WILL ASSURE A MORE EQUITABLE SHARING OF FINANCIAL RESPONSIBILITIES AND BENEFITS OF OWNERSHIP.

THIS LEGISLATION DOES NOT INCREASE THE ORIGINAL BONDING LIMITS NOR DOES IT CHANGE THE PURPOSES OF THE AUTHORIZATION REGARDING PROJECTS.

BOTH AIDEA AND ALL POTENTIAL PARTICIPATING UTILITIES SUPPORT THIS BILL AND URGE ITS PASSAGE THIS YEAR.

I URGE YOUR FAVORABLE CONSIDERATION.

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 28, 1997

FURTHER REFERRALS:

Date of Committee Action: 4/29/97

The FINANCE Committee considered:

SB 175

SENATE BILL NO. 175

AIDEA REVENUE BONDS FOR INTERTIES

"An Act relating to revenue bonds issued by the Alaska Industrial Development and Export Authority for interties between Healy and Fairbanks and between Anchorage and the Kenai Peninsula; and providing for an effective date."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) DED 4/21/97

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Tom Theriault</i> Theriault	X			
<i>Pete Kelly</i> Kelly	✓			
<i>Alon Mulder</i> Mulder	✓			
<i>Larry Martin</i> Martin	✓			
<i>Vin Kohring</i> Kohring	X			
<i>J. Davies</i> J. Davies	X			
<i>Moses</i> MOSES	X			
<i>Y. Davis</i> Y. Davis	X			
<i>Foster</i> FOSTER	X			

CHAIR'S SIGNATURE *Tom Theriault*



GOLDEN VALLEY ELECTRIC ASSOCIATION INC. Box 71249, Fairbanks, Alaska 99707-1249, Phone 907-452-1151

April 21, 1997

The Honorable Bert M. Sharp
Alaska Senate
State Capitol
Room 516
Juneau AK 99801-1182

VIA FAX
(907) 465-2070

RE: SB 175

Dear Senator Sharp:

Golden Valley Electric Association supports SB 175, the bill authorizing AIDEA to issue revenue bonds for the benefit of the utilities participating in the intertie, or for the benefit of the subsidiaries or other entities formed by one or more participating utilities, to jointly finance the acquisition, design, and construction of a power transmission intertie of at least 138 kilovolts between Healy and Fairbanks and between Anchorage and the Kenai Peninsula.

This bill will benefit all the ratepayers of the participating utilities.

Sincerely,

for Michael P. Kelly
General Manager

cc: Chugach Electric Association, Inc.
Anchorage Municipal Light & Power
Homer Electric Association, Inc.
Matanuska Electric Association, Inc.
City of Seward, Light & Power Division
Alaska Electric Generation and Transmission Cooperative
Alaska Rural Electric Cooperative Association



**Matanuska Electric
Association, Inc.**

P.O. Box 2929
Palmer, Alaska 99645-2929
Telephone: (907) 745-3231
Fax: (907) 745-9328

April 18, 1997

The Honorable Bert M. Sharp
Alaska Senate
State Capitol
Room 516
Juneau, AK 99801-1182

RE: **An Act Authorizing Bonds & Loans to Participating Utilities to Finance the
Acquisition, Design, and Construction of Power Transmission Interties**

Dear Senator Sharp:

Matanuska Electric Association and the other utilities in the Intertie Participants' Group voted to request an amendment to the Act. This amendment would allow AIDEA to issue bonds and enter into loans with the utilities to jointly finance the acquisition, design, and construction of the northern and southern interties.

MEA supports this amendment, as detailed in Senate Bill 175, because it may benefit our Association and/or other participants to have flexibility on financing arrangements. We are conveying our support for the amendment to legislators representing our area. We believe passage of the amendment could benefit MEA's nearly 29,000 members, as well as tens of thousands of other consumers in the Railbelt.

Sincerely,



Bruce D. Scott, Director
Member and Public Relations

cc: Chugach Electric Association, Inc.
Golden Valley Electric Association, Inc.
Anchorage Municipal Light & Power
Homer Electric Association, Inc.
City of Seward, Light & Power Division
Alaska Electric Generation and Transmission Cooperative
Alaska Rural Electric Cooperative Association



Municipality of Anchorage
Rick Mystrom Mayor



Municipal Light & Power

1000 First Avenue
Anchorage, Alaska 99501-1685
Phone: 907-279-7671, Telecopiers: (907) 263-5204

April 18, 1997

The Honorable Bert M. Sharp
Alaska Senate
State Capital
Room 516
Juneau, AK 99801-1182

VIA FAX

Re: Senate Bill No. 175

Dear Senator Sharp:

ML&P supports the subject legislation and with other members of the Intertie Participants Group requested this legislation. ML&P believes this legislation allowing AIDEA to jointly finance the North and South Interties on behalf of all participating utilities is an essential step toward actual construction.

Sincerely,

Thomas R. Stahr
General Manager

cc: IPG Members

Putting Energy into Anchorage for Over 60 years



CHUGACH ELECTRIC ASSOCIATION, INC.

EUGENE N. BJORNSTAD, P.E.
General Manager

April 18, 1997

The Honorable Bert M. Sharp
Alaska Senate
State Capitol
Room 516
Juneau, Alaska 99801-1182

VIA FAX: 907-465-2070

RE: An Act Authorizing Bonds & Loans to Participating Utilities to Finance the Acquisition, Design, and Construction of Power Transmission Interties

Dear Senator Sharp:

The utilities of the Intertie Participants' Group, after discussion on January 22, 1997, voted to request an amendment to the Act. This amendment would allow AIDEA to issue bonds and enter into loans with the utilities to jointly finance the acquisition, design, and construction of the northern and southern interties.

Chugach supports this request for amendment because it may benefit one or more participants to have flexibility on different financing arrangements. We have also indicated to Representative Barnes our support for the amendment. Favorable action should benefit the ratepayers of the participating utilities.

Sincerely,

A handwritten signature in cursive script that reads "Eugene N. Bjornstad".

Eugene N. Bjornstad
General Manager

cc: Golden Valley Electric Association, Inc.
Anchorage Municipal Light & Power
Homer Electric Association, Inc.
Matanuska Electric Association, Inc.
City of Seward, Light & Power Division
Alaska Electric Generation and Transmission Cooperative
Alaska Rural Electric Cooperative Association



Homer Electric Association, Inc.

CORPORATE OFFICE
3977 Lake Street
Homer, Alaska 99603-7680
Phone (907) 233-8167
FAX (907) 233-3313

Central Pension Service Cent.
280 Airport Way
PO Box 5280
Homer, Alaska 99611-5280
Phone (907) 283-5831
FAX (907) 283-7122

April 18, 1997

Senator Bert Sharp, Chair
Senate Finance Committee
Alaska State Legislature
State Capitol Building
Room 516
Juneau, Alaska 99801

Dear Senator Sharp:

Homer Electric Association, as a member of the Railbelt Intertie Participant's Group, will be obligated to fund a portion of all costs of the Northern and Southern Interties above the State grant funds. It will be in Homer Electric's best interest to have access to financing through AIDEA.

Senate Bill 175 will amend the Railbelt Intertie legislation to clearly allow AIDEA to secure funding for Homer Electric's share of costs. We request support of the Senate Finance Committee by approval of Senate Bill 175.

Thank you.

Sincerely,

HOMER ELECTRIC ASSOCIATION, INC.

A handwritten signature in cursive script that reads "Norman L. Story". The signature is written in dark ink and is positioned above the printed name and title.

Norman L. Story
General Manager

FISCAL NOTE

No. 1
 Bill Version: SB 175
 (S) Publish Date: 4-21-97

STATE OF ALASKA
 1997 LEGISLATIVE SESSION

Revision Date: April 18, 1997
 Title: AIDEA Revenue Bonds for Interdes

Department: DCED
 BRU: AIDEA
 Component: AIDEA

Sponsor: Senator SHARP
 Requester: Senate Finance Committee

COMPONENT SERIAL NO. 175

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1008 GF/MHTIA						
Other Corporate Receipts						
TOTAL						

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

SB 175 makes a technical change to existing bond authorization which allows the Alaska Industrial Development and Export Authority (the Authority) to issue revenue bonds to finance the proposed Northern and Southern Interdes. SB 175 will have no fiscal impact on the General Fund or the Authority.

Prepared by: D. Randy Simmons, Executive Director
 Division: AIDEA
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 907.269.3000
 Date: April 18, 1997
 Date: 4-18-97

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