

**SB**

**175**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/16/97

FURTHER: 3FC 4/21/97

REPORTED BY: OP

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

DATE TURNED IN TO OFFICE: 4/21/97

Finance Committee considered

SENATE BILL NO. 175

"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."

and recommends:

be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

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 change

new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>John Ingram</i>	✓	<i>Sean Parnell</i>	✓		
		<i>Lie Colson</i>	✗		
		<i>Daniel J. Kelly</i>	✓		
Co-Chair: _____		Co-Chair: <i>Peace</i>	✓		
Co-Chair: <i>Bob Thompson</i>	✓	Co-Chair: _____			

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

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130 Seward Street, Suite 409  
Juneau, Alaska 99801-2106

### 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



CHUGACH ELECTRIC  
ASSOCIATION, INC.

EUGENE N. BJORNSTAD, P.E.  
General Manager

March 11, 1997

The Honorable Ramona Barnes  
Alaska House of Representatives  
State Capitol  
Juneau, Alaska 99801-1182

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

Dear Representative Barnes:

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 would be pleased if you would favorably act on this request.

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



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

March 11, 1997

VIA FAX

The Honorable Ramona Barnes  
Alaska House of Representatives  
State Capitol  
Juneau AK 99801-1182

RE: AIDEA Financing of the Northern Intertie

Dear Ms. Barnes:

Attached is a copy of a letter Mr. Kelly sent to Bert Sharp on February 21 indicating GVEA's position in the above matter.

Please contact me if you have any questions. Mr. Kelly is out of the office until Monday, March 24.

Sincerely,

Robert J. Hansen  
Acting General Manager

Attachment



GOLDEN VALLEY ELECTRIC ASSOCIATION INC. Box 71249, Fairbanks, Alaska 99707-1249, Phone 907-452-1111

February 11, 1997

The Honorable Bert Sharp  
Senator, State of Alaska  
State Capitol Rm 514  
Juneau 99801-1182

Dear Bert:

As we discussed, the other Railbelt utilities have voted to seek a narrow technical fix which would permit condominium ownership and AIDEA financing of the Northern Intertie. We will not fight their efforts. We have spoken with Randy Simmons at AIDEA who said they would prefer to wait to see if you and Ramona would look favorably on such legislation before they support it.

Please let us know if we can help in any way.

Best regards,

Michael P. Kelly  
General Manager

cc: Interior Delegation  
GVEA Board of Directors

# CITY OF SEWARD

P.O. BOX 167  
SEWARD, ALASKA 99664



- Main Office (907) 224-3331
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- Fax (907) 224-3248

March 11, 1997

Representative Ramona Barnes  
Room 403, Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Barnes:

The City of Seward endorses the proposed legislation for a "technical fix" to the Northern and Southern Intertie Grants, to allow AIDEA financing of the construction costs in excess of the Grant amounts, for all of the involved Railbelt Utilities. This proposal has previously been discussed and endorsed by the Intertie Participants Group (IPG).

If you or your staff have any questions, please call me at 224-4071.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Calvert", written over a horizontal line.

Dave Calvert  
Manager, Engineering & Utilities  
(Chairman, IPG)



Municipality of Anchorage

Rick Mysterom, Mayor

**Municipal Light & Power**

1st - 4th

Alaska 99501-1888

907-273-7571 Telecopiers: (907) 273-7571

**March 11, 1997**

**The Honorable Ramona Barnes  
Alaska House of Representatives  
State Capitol  
Juneau, Alaska 99801-1182**

**Dear Representative Barnes:**

**ML&P supports the legislation which will permit AIDEA to jointly finance the North and South power transmission interties for the benefit of the utilities participating in that particular intertie. We have always felt this is an essential step toward their actual construction.**

**Sincerely,**

A handwritten signature in black ink, appearing to read "Thomas R. Stahr".

**Thomas R. Stahr  
General Manager**

**cc: Dave Calvert, Intertie Participants Group Chairman**

**Putting Energy Into Anchorage for Over 60 years**



## Homer Electric Association, Inc.

CORPORATE OFFICE  
3977 Lake Street  
Homer, Alaska 99603-7100  
Phone (907) 235-8157  
FAX (907) 235-3311

Regional Service Centers  
100000th Way  
Juneau, Alaska  
Phone (907) 581-6390  
Fax (907) 581-6390

March 11, 1997

VIA FAX

The Honorable Ramona Barnes  
Alaska House of Representatives  
Room 403  
Capital Building  
Juneau, Alaska 99801-1182

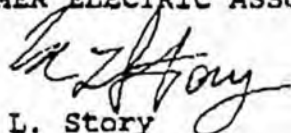
Dear Ms. Barnes:

Homer Electric Association, Inc., as participants of the Northern and Southern Intertie, wishes to take advantage of bonding through AIDEA for its share of costs for the projects.

We endorse and respectfully request your support for the administrative fix to the Intertie legislation to allow AIDEA financing for these important projects.

Sincerely,

HOMER ELECTRIC ASSOCIATION, INC.

  
N. L. Story  
General Manager

barnes.ltr:NLS/ss

cc: HEA Board of Directors  
Intertie Participants Group



**Matanuska Electric  
Association, Inc.**

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

March 14, 1997

The Honorable Ramona Barnes  
Alaska State House of Representatives  
State Capitol Building  
Room 403  
Juneau, Alaska 99801-1182

Dear Representative Barnes:

Matanuska Electric Association, Inc. endorses the proposed technical fix to the Northern and Southern transmission interties legislation, that will allow AIDEA to finance construction costs in excess of the grant amount for the involved Railbelt utilities.

Sincerely,

A handwritten signature in black ink that reads "James N. Woodcock". The signature is written in a cursive, flowing style.

FOR Wayne D. Carmony  
General Manager

GENADMC19:ym18197.D/mr10313.doc

REPORTED OUT OF  
4/21/97

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SB 175

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

Department: DCED  
BRU: AIDEA  
Component: AIDEA

Sponsor: Senator SHARP  
Requester: Senate Finance Committee

COMPONENT SERIAL NO. 1234

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
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 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 Interties. 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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# Alaska State Legislature

SENATOR  
BERT SHARP

DISTRICT P

CO-CHAIRMAN  
SENATE FINANCE COMMITTEE

MEMBER  
RESOURCE COMMITTEE



Senate

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## 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.**