

HB

447

HFIN

FILE

D
(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 12, 2000

FURTHER REFERRALS:

4-14-00
Today's
Calendar

Date of Committee Action: 4/14/00

The FINANCE Committee considered:

HB 447

HOUSE BILL NO. 447

PCE APPROPRIATION

"An Act making appropriations relating to power cost equalization and the sale of the four dam pool hydroelectric project and to capitalize funds; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 447 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

CS
Forth
coming

ADOPTS: _____ Letter of Intent

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

APPROVES PREVIOUS: _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	(7)		(1)	(1)
<i>Gene Bunde</i>	Bunde			✓	
<i>Alan Austerman</i>	Austerman	X			
<i>J. DAVIS</i>	J. DAVIS	X			
<i>Grussendorf</i>	Grussendorf	X			
<i>MOSIS</i>	MOSIS	X			
<i>W.F. Williams</i>	Williams	X			
<i>Phillips</i>	Phillips	✓			
<i>Foster</i>	Foster	X			

CO CHAIR'S SIGNATURE *Gene Therriault*

WORK DRAFT

WORK DRAFT

WORK DRAFT

1-GH2083VD
Cramer
4/13/00

amended

adopted N/b 4-14-00

CS FOR HOUSE BILL NO. 447(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations relating to power cost equalization and the sale
2 of the four dam pool hydroelectric project and to capitalize funds; making
3 appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska,
4 from the constitutional budget reserve fund; and providing for an effective date."

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

6 * Section 1. (a) The appropriation made in sec. 5, ch. 19, SLA 1993, lapses into the
7 Railbelt energy fund (AS 37.05.520).

8 (b) The sum of \$19,500,000 is appropriated from the constitutional budget reserve
9 fund to the power cost equalization endowment fund (AS 42.45.070).

10 (c) The sum of \$500,000 is appropriated from the constitutional budget reserve fund
11 to the Alaska Energy Authority to cover the costs of

12 (1) completing the sale of the four dam pool hydroelectric project under the
13 memorandum of understanding dated April 11, 2000; and

14 (2) the Department of Revenue in establishing and managing the power cost

WORK DRAFT

WORK DRAFT

1-GH2083VD

1 equalization endowment fund (AS 42.45.070) for the fiscal year ending June 30, 2001.

2 (d) The unexpended and unobligated balance of the appropriation made by (c) of this
3 section on the 180th day after the earlier of the closing date of the sale of the four dam pool
4 hydroelectric project under the memorandum of understanding dated April 11, 2000, or the
5 termination of the memorandum of understanding dated April 11, 2000, is reappropriated to
6 the power cost equalization endowment fund (AS 42.45.070).

7 * Sec. 2. An amount equal to the proceeds from the sale of the four dam pool hydroelectric
8 project and from the repayment of the Southeast intertie credit under the memorandum of
9 understanding dated April 11, 2000, to be paid to the state by the joint action agency to be
10 formed by the purchasing utilities, is appropriated from corporate receipts of the Alaska
11 Energy Authority to the power cost equalization endowment fund (AS 42.45.070).

12 * Sec. 3. The unexpended and unobligated balance of the four dam pool state insurance
13 fund held by the Alaska Energy Authority and to be released under the memorandum of
14 understanding dated April 11, 2000, is appropriated upon its release to the power cost
15 equalization endowment fund (AS 42.45.070).

16 * Sec. 4. (a) An amount equal to the payments for the sale of power, to be made to the
17 state by the purchasing utilities under the memorandum of understanding dated April 11, 2000,
18 received by June 30, 2001, is appropriated from corporate receipts of the Alaska Energy
19 Authority to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

20 (b) An amount equal to the payments for the sale of power, to be made to the state
21 by the purchasing utilities under the memorandum of understanding dated April 11, 2000,
22 received after June 30, 2001, is appropriated from corporate receipts of the Alaska Energy
23 Authority to the power cost equalization endowment fund (AS 42.45.070).

24 * Sec. 5. DEFINITION FOR THE APPROPRIATIONS MADE BY THIS ACT. In this
25 Act, "memorandum of understanding dated April 11, 2000" means the memorandum of
26 understanding dated April 11, 2000, between the Alaska Energy Authority and Copper Valley,
27 Ketchikan, Kodiak, Petersburg, and Wrangell, ^{the purchasing utilities,} for the purchase and sale of the four dam pool
28 hydroelectric project and any amendment to that agreement that substitutes appropriations of
29 \$20,000,000 from the state constitutional budget reserve fund established under art. IX, sec.
30 17, Constitution of the State of Alaska for appropriations from the power project fund
31 (AS 42.45.010).

#1
adopted
→
add the
legal
names

←
adopted

WORK DRAFT

WORK DRAFT

1-GH2083D

1 * Sec. 6. CONSTITUTIONAL BUDGET RESERVE FUND. The appropriations made in
2 sec. 1(b) and 1(c) of this Act are made under art. IX, sec. 17(c), Constitution of the State of
3 Alaska.

4 * Sec. 7. LAPSE PROVISION. The appropriations made by secs. 1(b), 1(d), and 2 - 4 of
5 this Act are for the capitalization of funds and do not lapse.

6 * Sec. 8. CONDITIONAL EFFECTIVE DATE. This Act takes effect only if the Twenty-
7 First Alaska State Legislature passes legislation that is enacted into law establishing and
8 relating to the power cost equalization endowment fund, relating to the power cost
9 equalization and rural electric capitalization fund, authorizing and relating to the sale of the
10 four dam pool hydroelectric project, and establishing and relating to joint action agencies
11 created to purchase power projects.

12 * Sec. 9. If this Act takes effect, it takes effect on the earliest effective date of any section
13 of the Act described in sec. 8 of this Act.

adopted 9-1

4/14/00

AMENDMENT#

2

~~1~~

OFFERED IN THE HOUSE

BY REPRESENTATIVES AUSTERMAN, Foster
PHILLIPS, WILLIAMS, DAVIES, GRUSSENDORF

TO: CSHB 447(FIN), Draft Version "D"

- 1 Page 1, line 8:
- 2 Delete "19,500,000"
- 3 Insert "100,000,000"

Fund Source for \$100.0 million: Constitutional Budget Reserve

HB 447

HOUSE BILL NO.

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION**

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**Introduced:
Referred:**

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations relating to power cost equalization and the sale of the four
2 dam pool hydroelectric project and to capitalize funds; and providing for an effective
3 date."
4

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

5 ~~* Section 1. The sum of \$25,000 is appropriated from the equalization account~~
6 ~~(AS 42.45.070(b)) of the power cost equalization endowment fund (AS 42.45.070(a)) to the~~
7 ~~Department of Revenue for the costs of establishing and managing the power cost equalization~~
8 ~~endowment fund, for the fiscal year ending June 30, 2001.~~

9 ~~* Sec. 12. (a) The appropriation made in sec. 5, ch. 19, SLA 1993 is repealed.~~

10 (b) The sum of \$19,500,000 is appropriated from the power project fund (AS 42.45.010),
11 from amounts appropriated under sec. 5, ch. 19, SLA 1993, to the ~~endowment account~~
12 ~~(AS 42.45.070(b)) of the power cost equalization endowment fund (AS 42.45.070(a)).~~

13 (c) The sum of \$500,000 is appropriated from the power project fund (AS 42.45.010),
14 from amounts appropriated under sec. 5, ch. 19, SLA 1993, to the Alaska Energy Authority to
15

cover

- (1) the costs of completing the sale of the four dam pool hydroelectric project under the memorandum of understanding dated April 11, 2000, and
- (2) the costs of the Department of Revenue for establishing and managing the power cost equalization endowment fund (AS 42.45.070) for the fiscal year ending June 30, 2001.

(d) The unexpended and unobligated balance of the appropriation made by (c)(1) of this section on the 180th day after the earlier of the closing date of the sale of the four dam pool hydroelectric project under the memorandum of understanding dated April 11, 2000 or the termination of the memorandum of understanding dated April 11, 2000, is reappropriated to the ~~endowment account (AS 42.45.070(b))~~ of the power cost equalization endowment fund (AS 42.45.070(a)).

* **Sec. 23.** An amount equal to the proceeds from the sale of the four dam pool hydroelectric project and from the repayment of the Southeast intertie credit under the memorandum of understanding dated April 11, 2000, to be paid to the state by the joint action agency to be formed by the purchasing utilities, is appropriated from corporate receipts to the ~~endowment account (AS 42.45.070(b))~~ of the power cost equalization endowment fund (AS 42.45.070(a)).

* **Sec. 34.** The unexpended and unobligated balance of the four dam pool state insurance fund held by the Alaska Energy Authority and to be released under the memorandum of understanding dated April 11, 2000, is appropriated upon its release to the ~~endowment account (AS 42.45.070(b))~~ of the power cost equalization endowment fund (AS 42.45.070(a)).

* **Sec. 45.** (a) An amount equal to the payments for the sale of power, to be made to the state by the purchasing utilities under the memorandum of understanding dated April 11, 2000, received by June 30, 2001, are appropriated from corporate receipts to the power cost equalization and rural electric capitalization fund (AS 42.45.100).

(b) An amount equal to the payments for the sale of power, to be made to the state by the purchasing utilities under the memorandum of understanding dated April 11, 2000, received after June 30, 2001, are appropriated from corporate receipts to the power cost equalization endowment fund (AS 42.45.070).

* **Sec. 6.** (a) The appropriations made by secs. ~~1(b)2(b)~~, ~~1(d)2(d)~~, and ~~2 --43--5~~ of this Act are for the capitalization of funds and do not lapse.

(b) The appropriation made by sec. 2(c) of this Act lapses June 30, 2003.

* **Sec. 7.** (a) This Act takes effect only if the Twenty-First Alaska State Legislature passes legislation that is enacted establishing and relating to the power cost equalization

endowment fund, relating to the power cost equalization and rural electric capitalization fund, authorizing and relating to the sale of the four dam pool hydroelectric project, and establishing and relating to joint action agencies created to purchase power projects.

(b) If this Act takes effect, it takes effect on the earliest effective date of any section of the Act described in (a) of this section.

TONY KNOWLES
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 447
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April 11, 2000

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Porter:

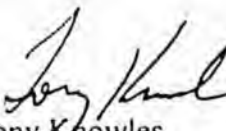
This appropriation bill, along with a companion authorization bill, implements the Memorandum of Understanding (MOU) between the Alaska Energy Authority (AEA) and several Alaska communities and utilities for the sale of the Four Dam Pool facilities.

The bill appropriates the proceeds from the sale to the Power Cost Equalization (PCE) Endowment Fund created by the companion bill. The appropriation includes the purchase price, an insurance fund, an amount originally designated for a loan for the Southeast Intertie, debt service payments from the Four Dam Pool until July 1, 2001, and any future repayments of credits extended under the MOU. Some of the debt service payments would directly fund the PCE program for FY 01 during a transition period until earnings are realized from the endowment.

Once fully established, the endowment will contain more than \$100 million and will contribute more than \$7.5 million annually to the PCE program. Coupled with a portion of the annual Alaska Industrial Development & Export Authority dividend, this will provide a sustainable, dependable source of long-term funding for a program critical to meeting the necessities of health, safety and welfare of rural residents faced with extraordinarily high costs of energy.

The sale of the Four Dam Pool provides fair value to the State, benefits to local communities and ratepayers, and long-term funding for PCE. I urge your prompt consideration of this measure.

Sincerely,


Tony Knowles
Governor