

**HB**

**447**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/16/00

REPORTED OUT OF  
SFC 4/18/00

FURTHER:

DATE TURNED  
IN TO OFFICE: 18 April 00

Finance Committee considered CS FOR HOUSE BILL NO. 447(FIN) am  
POWER COST EQUALIZATION APPROPRIATION

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 title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Cee Adams</i>	<input checked="" type="checkbox"/>	<i>Bob E. Hill</i>		<input checked="" type="checkbox"/>	
		<i>Lyndes Tapp</i>			
		<i>Steve Kald</i>	<input checked="" type="checkbox"/>		
		<i>Loren D. Feman</i>		<input checked="" type="checkbox"/>	
		<i>Sam Lilla</i>	<input checked="" type="checkbox"/>		
		<i>Walter Jowley</i>		<input checked="" type="checkbox"/>	
Co-Chair:		Co-Chair: <i>Norman</i>	<input checked="" type="checkbox"/>		
Co-Chair:		Co-Chair: <i>Headland</i>	<input checked="" type="checkbox"/>		

**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

Adams COMMITTEE  
2000 COMMITTEE ACTION

Bill Number	HB 447		
Amendment			
Motion	move from Committee		
<u>Motion by</u>	A		
<u>Objection by</u>	?		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Al Adams	✓		
Senator Gary Wilken	✓		
Senator Pete Kelly	✓		
Senator Lyda Green			✓
Senator Randy Phillips			✓
Senator Dave Donley			✓
Senator Loren Leman			✓
Co-Chair Sean Parnell	✓		
Co-Chair John Torgerson	✓		
<u>Tally</u>			
Yea	5		
Nay	4		
Absent			
<u>MOTION</u> Pass			

Amendment #1  
Amendment #2

1-GH2083\G.a

CS FOR HOUSE BILL NO. 447(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/15/00

Offered: 4/14/00

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 appropriations made in secs. 4 and 5, ch. 19, SLA 1993, lapse into  
7 the Railbelt energy fund (AS 37.05.520), ~~\$100,000,000~~ \$20,000,000 #2

8 (b) The sum of ~~\$100,000,000~~ 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

#1  
delete  
all

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 Electric Association, Inc., City of Ketchikan, Kodiak Electric Association, Inc., City of  
28 Petersburg, and City of Wrangell, the purchasing utilities, for the purchase and sale of the four  
29 dam pool hydroelectric project and any amendment to that agreement that substitutes  
30 appropriations of \$20,000,000 from the state constitutional budget reserve fund established  
31 under art. IX, sec. 17, Constitution of the State of Alaska for appropriations from the power

Leman COMMITTEE  
2000 COMMITTEE ACTION

Bill Number	HB 447		
Amendment	#1		
Motion	adopt		
<u>Motion by</u>	Ph		
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Loren Leman	✓		
Senator Al Adams			✓
Senator Gary Wilken			✓
Senator Pete Kelly			✓
Senator Lyda Green	✓		
Senator Randy Phillips	✓		
Senator Dave Donley	✓		
Co-Chair Sean Parnell			✓
Co-Chair John Torgerson			✓
<u>Tally</u>			
Yea	4		
Nay		5	
Absent			
<u>MOTION</u>	FAIL		

delete page 1 lines 8-11  
 (b) & (c)

Phillips COMMITTEE  
2000 COMMITTEE ACTION

Bill Number	#B 447		
Amendment	#2		
Motion	adopt		
<u>Motion by</u>	L		
<u>Objection by</u>	ff		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Randy Phillips			✓
Senator Dave Donley	✓		
Senator Loren Leman	✓		
Senator Al Adams			✓
Senator Gary Wilken			✓
Senator Pete Kelly			✓
Senator Lyda Green	✓		
Co-Chair Sean Parnell			✓
Co-Chair John Torgerson			✓
<u>Tally</u>			
Yea	3		
Nay	6		
Absent			
<u>MOTION</u> FAIL			

page 1 line 8  
 delete ~~\$ 1 million~~  
           \$ 100,000,000  
 insert  
           \$ 20,000,000

TONY KNOWLES  
GOVERNOR  
governor@gov.state.ak.us

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

HB 447  
PO Box 110  
Juneau, Alaska 99801  
907-465-3800  
Fax 907-465-3872  
www.gov.state.ak.us

April 11, 2000

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

Dear Speaker Porter:

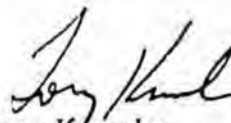
This appropriation bill, along with a companion authorization bill, implements the Memorandum of Understanding (MOU) between the Alaska Energy Authority (AEA) and several Alaska communities and utilities for the sale of the Four Dam Pool facilities.

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

SENATE FINANCE COMMITTEE

SIGN-IN

HB 447-PCE APPROPRIATION

NAME: KEITH LAUFER Subject/Bill No: HB 447  
Co./Dept./Title: AIDEA Phone: 269-3000  
Address: 480 W. TUDOR, ANCH Zip: 99503  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: John Jenks Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: Dept of Revenue Phone: 465 4399  
Address: 11<sup>th</sup> Floor State Office Building Zip: 99811  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: VERN RAUSCHER Subject/Bill No: 447-446  
Co./Dept./Title: THREDA - CM Phone: 783-3196  
Address: AUKE BAY Zip: 99821  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

HB 447-PCE APPROPRIATION

NAME: DAVE CARLSON Subject/Bill No: 447  
Co./Dept./Title: 4 DAM POOL Phone: 772-3765  
Address: Box 669 PETERSBURG Zip: 99823

Do you wish to testify?  Yes  No  Respond To Questions

NAME: WALTER SAPP Subject/Bill No: 447  
Co./Dept./Title: 4 DAM POOL Phone: (707) 486-0990  
Address: 1515 LYNDEN WAY KODIAK, AK Zip: 99615-6282

Do you wish to testify?  Yes  No  Respond To Questions

NAME: ERIC HOULD Subject/Bill No: 447  
Co./Dept./Title: EX. DIR / ARECA Phone: 463-3636  
Address: Anch. Zip: 99503

Do you wish to testify?  Yes  No  Respond To Questions

NAME: KEITH LAUFER Subject/Bill No: 447  
Co./Dept./Title: AIDEA Phone: 269-3000  
Address: 490 W. TUDOR, ANCH Zip: 99503

Do you wish to testify?  Yes  No  Respond To Questions