

SB

42

<TARGET><BILL>SB 42</BILL><SUBJECT>SB
42</SUBJECT><COMM>SRES27</COMM></TARGET>



January 26, 2011

The Honorable Tom Wagoner
The Honorable Joe Paskvan
Co-Chairs, Senate Resources Committee
Alaska State Legislature
State Capitol Rm 427
Juneau, Alaska 99801-1182

RE: SB 42, "An Act relating to procurement for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

Dear Senators Wagoner and Paskvan:

On January 18, 2011, Senate Bill 42 (Companion Bill HB 103) was introduced by request of the Governor and referred to the Senate Resources Committee. Alaska's Energy Policy target is to reach 50 percent of its electricity generation through renewable energy by 2025. A new large hydroelectric project is needed to achieve this goal. This legislation would authorize the Alaska Energy Authority (AEA) to move forward on pursuing such a project to supply electricity to the railbelt region of the state. In November 2010, AEA released its "Preliminary Decision Document" identifying the Susitna Hydroelectric project as the recommended project to pursue.

SB 42 authorizes AEA to 1) acquire, construct and own new power projects 2) hire staff in exempt service 3) adopt regulations establishing its own procurement process 4) create subsidiary corporations for the purpose of acquiring, constructing, owning, maintaining and operating power projects and 5) defines the Board of Director's quorum as four of seven members.

We respectfully request you to schedule SB 42 for a hearing in your committee and we urge favorable action on this bill. A copy of SB 42, the sectional analysis and a summary of the seven related fiscal notes are attached. We will be happy to meet with you and other members of the committee to provide any other information you may require. Thank you for considering our request.

Sincerely,

ALASKA ENERGY AUTHORITY

Michael C. Harper
Acting Executive Director

FDS

Attachments (3)

SB 42

An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund, relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; and relating to the definition of "feasibility study" in the Alaska Energy Authority Act; providing an effective date.

Sectional Analysis

Section	Analysis
1	Amends AS 36.30.015(f) (the procurement code) to allow AEA to adopt regulations to govern AEA's procurement of supplies, services and construction. AEA regulations will be required to reflect competitive bidding principles; AEA would be given authority similar to other state corporations such as AHFC and KABATA
2	Amends AS 37.05.520 to explicitly allow the legislature to appropriate money from the Railbelt energy fund to a newly created Alaska Railbelt energy fund (AS 42.45.035)
3	Amends AS 39.25.110 to allow AEA to hire an executive director and other staff.
4	Adds new section 42.45.035 creating the Alaska Railbelt energy fund as a separate fund in AEA; Department of Revenue will be the fiduciary; allows AEA to use money in the fund for power projects, transmission lines and interties serving the Railbelt region.
5	Amends AS 44.83.040 (a) by defining that four, not three, AEA directors constitutes a quorum. The Board of Directors was expanded from five to seven members in 2010.
6	Adds new subsection AS 44.83.040 (e) allowing the authority to appoint persons as staff in the exempt service under AS 39.25
7	Amends AS 44.83.080 by allowing AEA to acquire and construct new power projects and to perform feasibility studies, and engineering and design, with respect to power projects
8	Adds new section AS 44.83.085 allowing AEA to create subsidiary corporations for the purpose of acquiring, constructing, owning, maintaining, operating, or financing power projects.
9	Adds new subsection AS 44.83.090 (c) allowing created subsidiaries to exercise powers granted to AEA.

10	Amends AS 44.83.396(a) to include how AEA administers newly acquired power projects in the operation of a power project
11	Adds new subsection AS 44.83.396 (f) to include subsidiary owned projects in the operation of a power project
12	Amends AS 44.83.990(3) by defining feasibility study to include new power projects
13	Repeals the Railbelt energy fund – AS 37.05.520
14	Revisor's instructions
15	Adds new section to uncodified law relating to the transfer of certain employees from AIDEA to AEA by providing a deadline of 12/31/2011
16	Provides a conditional effective date to the repeal of the Railbelt energy fund which will occur when the balance of the fund is appropriated and transferred to the new Alaska Railbelt Energy Fund or appropriated and expended for other purposes.
17	Immediate effective date for all sections except as provided in section 16

Prepared by AEA

January 26, 2011

Fiscal Note Numbers:
 Support for Fiscal Note Computations (Thousands of Dollars).
 Prepared by Alaska Energy Authority
 Updated January 25, 2011

Component: Component Number:	AIDEA (1234)	AIDEA Facilities (2361)	AIDEA RDU Total	FN 1 of 2		FN 2 of 2		AEA Rural Energy Ops (2600)	AEA PCE (2602)	AEA Owned Facilities (2899)	AEA RDU Total
				AEA Statewide Project Devel., AEE (2888)	AEA Statewide Project Devel., AEE (2888)						
Operating Expenditures:											
71000 Personal Services	(5,578.7)		(5,578.7)	5,638.7	1,125.0						6,763.7
72000 Travel			0.0								0.0
73000 Contractual	341.6		341.6	(2,311.1)	238.0	(2,329.3)	(160.0)	(25.0)			(4,587.4)
74000 Supplies			0.0								0.0
75000 Land & Structures/Equipment			0.0		413.0						413.0
77000 Grants & Claims			0.0								0.0
78000 Miscellaneous			0.0								0.0
Total Operating	(5,237.1)	0.0	(5,237.1)	3,327.6	1,776.0	(2,329.3)	(160.0)	(25.0)			2,589.3
Funding Source											
1002 Federal Receipts			0.0								0.0
1004 General Fund			0.0	1,388.4		(816.7)	(160.0)				411.7
1007 I/A Receipts	(5,379.9)	142.8	(5,237.1)	341.8							341.6
1061 CIP Receipts			0.0	1,512.6	1,776.0	(1,512.6)					1,776.0
1062 Power Project Fund			0.0								0.0
1074 Bulk Fuel Revolving Loan Fun			0.0	60.0							60.0
1102 AIDEA Receipts	142.8	(142.8)	0.0								0.0
1107 AEA Corporate Receipts			0.0	25.0						(25.0)	0.0
1108 Statutory Desig. Program Rcpts			0.0								0.0
1173 Miscellaneous Earnings			0.0								0.0
1210 Renewable Energy Fund			0.0								0.0
Total	(5,237.1)	0.0	(5,237.1)	3,327.6	1,776.0	(2,329.3)	(160.0)	(25.0)			2,589.3
Positions											
Transfer	(42.0)		(42.0)	42.0							42.0
New positions	1.0		1.0	1.0	8.0						9.0
Net position change	(41.0)		(41.0)	43.0	8.0						51.0
Total positions			35.0								51.0

Analysis:

ALASKA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY - AIDEA

Personal Services: TOTAL \$(5,578.7)

\$ (5,578.7) Decrease in personal services costs with transfer of 42 employees to Alaska Energy Authority.

\$ - Request one new position for AIDEA - Accountant IV, Range 20, to accommodate anticipated increased work load. Estimated cost is \$110.0
 No net increase in AIDEA Receipts requested - Cost offset by receipts from AEA for facilities costs. See net change in receipts for AIDEA Facilities Component.
 Net reduction in position count to AIDEA is 41.

Contractual Services: TOTAL \$341.6

\$ 341.6 Contractual cost of AEA Employees providing shared services (Operations Department) to AIDEA.

\$ (5,237.1) Net Change to Expenditures

ALASKA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY - Facilities Maintenance

Currently AIDEA absorbs the building operating costs. This fiscal note estimates the impact to AEA and AIDEA if AEA reimbursed AIDEA for their pro rata share.

Facility Operating Cost = \$3.4 per PCN per year x 42 employees = \$142.8

Contractual Services: No net impact to expenditure line. Reimbursement of actual costs impacts only the revenue source.

Impact to Fund Source: Reduces AIDEA receipts and Increases I/A receipts. Transfer AIDEA receipt authority to operations component

ALASKA ENERGY AUTHORITY - Statewide Project Development, Alternative Energy and Efficiency
FN 1 of 2

Personal Services: TOTAL \$ 5,638.7

Increase in personal services costs with transfer of approximately 42 employee from AIDEA. All employee costs will be accounted for in one component - Statewide Project Development, AEE. This transfer reduces contractual services in several AEA components and increases personal services in this component.

\$	160.0	Approximately 2 FTE's providing support to the AEA PCE Component - GF funds.
\$	2,207.5	Approximately 16 FTE's providing support to the AEA Rural Energy Operations Component - GF and CIP receipts.
\$	2,320.0	Approximately 17 FTE's providing support to the AEA Statewide Project Development & AEE Component - GF and CIP receipts.
\$	891.2	Approximately 7 FTE's who are defined as shared service. This includes 6 positions that report to the Deputy Director of Operations and one engineer that works on both AIDEA and AEA projects.
\$	5,578.7	
\$	60.0	Request one new position for AEA - Loan Officer R20. Request additional BF receipts of \$60.0 with remaining funds through current funding levels.
\$	<u>5,638.7</u>	

Contractual Services: TOTAL \$ (2,311.1)

\$	(2,320.0)	Decrease Contractual Services and transfer cost to Personal Services. Approximately 17 FTE's.
\$	(285.1)	Operations - Shared Services. Decrease Contractual Services and transfer cost to Personal Services.
\$	142.8	Facility Operating Cost = \$3.4 per PCN per year x 42 employees = \$142.8
\$	151.2	G&A Cost Currently paid by AIDEA = \$3.6 per PCN per year x 42 employees = \$151.2
\$	<u>(2,311.1)</u>	
\$	<u>3,327.6</u>	Net change to expenditures

ALASKA ENERGY AUTHORITY - Statewide Project Development, Alternative Energy and Efficiency
FN 2 of 2

Personal Services: TOTAL \$ 1,125.0

Increased to include 8 staff for the first year as follows:

\$	210.0	Project Manager Rg 27
\$	175.0	Environmental Manager Rg 26
\$	70.0	Administrative Assistant Rg 12
\$	100.0	Project Accountant Rg 18
\$	155.0	Financial/Budget Analyst Rg 24
\$	140.0	Public Outreach/Legislative Liaison Rg 23
\$	155.0	Procurement Manager Rg 24
\$	120.0	Data Systems Specialist Rg 20
\$	<u>1,125.0</u>	

Contractual Services: TOTAL \$ 238.0

\$	189.0	Annual Lease - 4,500 sq. ft. x \$3.50 per sq. ft./mo. X 12 mo.'s
\$	13.0	Utilities - \$1.3 per person x 10 (8 staff + 2 contractors)
\$	36.0	G&A Expense: \$3.6 per person - \$3.6 x 10 (8 staff + 2 contractors)
\$	<u>238.0</u>	

Equipment/Furniture: TOTAL \$ 413.0

\$	28.00	IT Equipment \$2.0 per person per year x 14 (8 staff + 6 contractors). Assumes all equipment purchases in 1st yr for project office (including contract labor needs).
\$	385.00	Tenant Improvement \$315.0 (\$70 x 4,500 sq ft); Moving Expenses \$21.0 and Furniture 49.0
\$	<u>413.00</u>	

ALASKA ENERGY AUTHORITY - Rural Energy Operations

Personal Services: No Impact.

Contractual Services: TOTAL \$ (2,329.3)

\$ (2,207.8) Reduce cost contractual costs of employee services and transfer out to Statewide component. Approximately 16 FTE's.
\$ (121.8) Reduce contractual costs of Operations employees who provide shared services. Transfer cost to Statewide component personal services.
\$ (2,329.3)

ALASKA ENERGY AUTHORITY - Power Cost Equalization

Personal Services: No Impact.

Contractual Services: TOTAL \$ (160.0)

\$ (160.0) Reduce cost contractual costs of employee services and transfer out to Statewide component. Approximately 2 FTE's.
\$ (160.0)

ALASKA ENERGY AUTHORITY - Owned Facilities

Personal Services: No Impact.

Contractual Services: TOTAL \$ (25.0)

\$ (25.0) Reduce cost contractual costs of employee services and transfer out to Statewide component. Approximately 15% of 1 FTE.
\$ (25.0)

Summary of Net Increase in GF Request for AEA:

\$ 76.9 Shared Services - IT Support not previously paid for by AEA
\$ 40.8 Shared Services - HR Support not previously paid for by AEA
\$ 294.0 O/H Facility Operating Cost/G&A not previously paid for by AEA
\$ 411.7

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
 Bill Version SB 42
 (S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation AIDEA
 Allocation Alaska Industrial Development & Export Authority
 Sponsor Rules Committee
 Requester Request of the Governor OMB Component Number 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	(5,578.7)							
Travel								
Contractual	341.6							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(5,237.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF							
1007 I/A Receipts	(5,379.9)						
1061 CIP Receipts							
1102 AIDEA Receipts	142.8						
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	(5,237.1)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time	(41.0)						
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher-Goad, Deputy Director - Operations
 Division Alaska Industrial Development & Export Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 42

Analysis

This bill empowers the Alaska Energy Authority (AEA) to hire employees. The impact of this legislation to AIDEA's Operating component is that approximately 42 employees will transfer to AEA and decrease AIDEA's cost of personal services. This cost analysis assumes that AIDEA and AEA will maintain certain shared services (Finance, Operations, and Credit Departments).

Personal Services:	\$ (5,578.7)	Transfer of 42 employees to AEA Statewide Component.
Contractual Services:	<u>\$ 341.6</u>	Contractual cost of AEA Employees providing shared services. Net
Change	\$ (5,237.1)	

Under this analysis, AIDEA contractual costs increase by the cost of AEA employees providing shared services (Operations Department) to AIDEA. The Finance and Credit departments provide shared services to AEA.

One new Finance position is requested to meet anticipated increased work. The anticipated cost of this position is estimated to be \$110.0 No additional funding is requested to support this position. AIDEA anticipates that this position can be funded with the additional AIDEA receipts gained as a result of billing AEA for their share of the building operating costs, estimated in this analysis to be \$142.8.

(42) Employee transfers to AEA Statewide Component

1 New position - Accountant, Rg 20

(41) Net Positions

Please see cost analysis in AEA's Statewide Project Development & AEE component for more detail as well as a list of the PCN's transferred to AEA.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 2
 Bill Version SB 42
 (S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation AIDEA
 Allocation Alaska Industrial Development
 Sponsor Rules Committee Corporation Facilities Maintenance
 Requester Request of the Governor OMB Component Number 2361

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
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	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1004 GF								
1007 I/A Receipts	142.8							
1061 CIP Receipts								
1102 AIDEA Receipts	(142.8)							
1074 Bulk Fuel								
1107 AEA Corporate Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version

Prepared by Sara Fisher-Goad, Deputy Director - Operations
 Division Alaska Industrial Development & Export Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 42

Analysis

This bill empowers the Alaska Energy Authority (AEA) to hire employees. Currently AIDEA absorbs 100% of the facility operating costs. This fiscal note estimates the impact to AIDEA if AEA reimbursed AIDEA for their pro-rata share of the facility operating costs based on PCN count.

Facility Operating Cost = \$3.4 per PCN per year x 42 employees = \$142.8.

There is no net impact to the expenditure line as actual building costs remain the same. Increase in I/A receipts reduces AIDEA receipts in this component. AIDEA receipt authority is transferred to the AIDEA operations component.

See related fiscal notes for both AIDEA and AEA Statewide Project Development components for the full impact of this legislation.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 3
 Bill Version SB 42
 (S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
 Allocation Statewide Project Development
 Sponsor Rules Committee Alternative Energy and Efficiency
 Requester Request of the Governor OMB Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services	5,638.7						
Travel							
Contractual	(2,311.1)						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	3,327.6	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1004 GF	1,388.4						
1007 I/A Receipts	341.6						
1061 CIP Receipts	1,512.6						
1102 AIDEA Receipts							
1074 Bulk Fuel	60.0						
1107 AEA Corporate Receipts	25.0						
TOTAL	3,327.6	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	43.0						
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #3

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 42

Analysis

Note: This is fiscal note 1 of 2 for the AEA Statewide Project Development component. The cost information relevant to the power of AEA to have employees is presented separately from the cost information relevant to the power of AEA to construct and own projects (See fiscal note 2 of 2 Statewide Project Development for cost of AEA to establish a project office for the Susitna Hydro Projects.)

This bill empowers the Alaska Energy Authority (AEA) to hire employees. All AEA employee costs will be accounted for in this component. This increases personal services with the transfer of approximately 42 employees from AIDEA. This transfer reduces contractual services in several AEA components and increases personal services in this component. One new position (Loan Officer Rg 20) is requested to meet anticipated increased work in lending activities. This position will be primarily responsible for AEA loan programs.

Personal Services: TOTAL \$5,638.7

\$ 160.0	Approximately 2 FTE's providing support to the AEA PCE Component - GF Funds.
\$ 2,207.5	Approximately 16 FTE's providing support to the AEA Rural Energy Operations Component - GF & CIP.
\$ 2,320.0	Approximately 17 FTE's providing support to the AEA Statewide Pj Devel & AEE Component - GF & CIP.
<u>\$ 891.2</u>	Approximately 7 FTE's who are defined as shared services. This includes 6 positions that report to the Deputy Director of Operations and one engineer that works on both AIDEA and AEA projects.
\$ 5,578.7	Subtotal Personal Services - 42 employees transferred from AIDEA to AEA.
<u>\$ 60.0</u>	Request 50% funding for one new position for AEA - Loan Officer Rg 20.
\$ 5,638.7	

Contractual Services: TOTAL \$(2,311.1)

\$(2,320.0)	Decrease Contractual Services and transfer cost to Personal Services. Approximately 17 FTE's.
\$ (285.1)	Operations - Shared Services. Decrease Contractual Services and transfer cost to Personal Svcs.
\$ 142.8	Facility Operating Costs = \$3.4 per PCN per year x 42 employees = \$142.8 (See also AIDEA Facilities Comp).
<u>\$ 151.2</u>	G&A Cost currently paid by AIDEA = \$3.6 per PCN per year x 42 employees = \$151.2.
\$(2,311.1)	

\$ 3,327.6 Net Change in Expenditures

PCN List (Title, Range, PCN, Dept./Area):

Transfers from AIDEA:

- 1) PCE Program Administrator Rg 17 - 080411 (PCE)
- 2) Accounting Technician Rg 12 - 080217 (PCE)
- 3) Deputy Director - Operations Rg 27 - 080405 (Operations Shared Services)
- 4) Data Systems Specialist Rg 22 - 080227 (Operations Shared Services)
- 5) HR Specialist Rg 18 - 080455 (Operations Shared Services)
- 6) Administrative Assistant Rg 13 - 080473 (Operations Shared Services)
- 7) Data Processing Tech II Rg 15 - 08X037 (Operations Shared Services)
- 8) Project Manager Rg 22 - 080223 (Operations Shared Services)
- 9) Technical Engineer Rg 25-080229 (Rural Energy Shared Services)
- 10) Deputy Director-Rural Energy Rg 27 - 080206 (Rural Energy)
- 11) Project Manager II Rg 24 - 080231 (Rural Energy)
- 12) Coordinator Rural Community Outreach Rg 24 -080401 (Rural Energy)
- 13) Project Development Specialist Rg 20 -080403 (Rural Energy)
- 14) Warehouse Manager Rg 15 - 080440 (Rural Energy)
- 15) Technical Engineer II Rg 25 - 080443 (Rural Energy)

See Page 3 of 3 for Continued Analysis.

Analysis Continued**PCN List (Title, Range, PCN, Dept./Area):**Transfers from AIDEA - continued:

- 16) Assistant Project Manager Rg 22 - 080466 (Rural Energy)
- 17) Rural Electric Utility Worker Rg 20 - 080479 (Rural Energy)
- 18) Project Manager Rg 25 - 080491 (Rural Energy)
- 19) Project Manager Rg 25 - 080498 (Rural Energy)
- 20) Rural Electric Utility Worker Rg 20 - 217010 (Rural Energy)
- 21) Project Assistant Rg 16 - 217011 (Rural Energy)
- 22) Rural Electric Utility Worker Rg 20 - 217012 (Rural Energy)
- 23) Program Manager Bulk Fuel & RPSU Rg 25 - 217014 (Rural Energy)
- 24) Project Manager Rg 22 - 08T019 (Rural Energy)
- 25) Circuit Rider Technician Rg 20 - 08X003 (Rural Energy)
- 26) Executive Director Rg 28 - 080208 (AEA Statewide)
- 27) Executive Assistant Rg 16 - 080219 (AEA Statewide)
- 28) Project Manager Rg 25 - 080222 (AEA Statewide)
- 29) Administrative Assistant Rg 12 - 080410 (AEA Statewide)
- 30) Administrative Assistant Rg 12 - 080434 (AEA Statewide)
- 31) Grants Assistant Rg 15 - 080233 (AEA Statewide)
- 32) Grants Administrator Rg 22 - 080457 (AEA Statewide)
- 33) Project Manager Rg 22 - 080230 (AEA Statewide)
- 34) Project Manager Rg 24 - 080232 (AEA Statewide)
- 35) Deputy Director - AEEE Rg 27 - 080407 (AEA Statewide)
- 36) Project Manager - Energy Data Inventory Rg 22 - 080425 (AEA Statewide)
- 37) Project Manager Rg 24 - 080458 (AEA Statewide)
- 38) Project Manager Rg 24 - 08X007 (AEA Statewide)
- 39) Assistant Project Manager - Wind Rg 22 - 08X028 (AEA Statewide)
- 40) Assistant Project Manager - Hydro Rg 22 - 08X029 (AEA Statewide)
- 41) Assistant Project Manager - GEO/Ocean Rg 22 - 08X033 (AEA Statewide)
- 42) Assistant Project Manager - Energy Efficient Rg 20 - 08X034 (AEA Statewide)

New Position:

- 43) Loan Officer Rg 20

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 4
 Bill Version SB 42
 (S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10
 Title Powers of Alaska Energy Authority
 Sponsor Rules Committee
 Requester Request of the Governor
 Dept. Affected DCCED
 Appropriation Alaska Energy Authority
 Allocation Alaska Energy Authority Rural Operations
 OMB Component Number 2600

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual	(2,329.3)						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	(2,329.3)	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1004 GF	(816.7)						
1007 I/A Receipts							
1061 CIP Receipts	(1,512.6)						
1102 AIDEA Receipts							
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	(2,329.3)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #4

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 42

Analysis

This legislation allows the Alaska Energy Authority (AEA) to have employees. The impact to the Rural Energy Operating component is a reduction in contractual costs of employee services for an estimated 16 FTE's that were previously AIDEA employees estimated to be \$2,207.5 and a reduction in contractual costs of Operations employees who provide shared services estimated to be \$121.8. These positions are funded by both GF and CIP receipts. Costs are transferred to the Statewide component personal services. Please see the fiscal note analysis for the AEA Statewide Project Development, Alternative Energy and Efficiency component (FN 1 of 2) for more detail.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 5
Bill Version SB 42
(S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
Allocation Alaska Energy Authority Power
Sponsor Rules Committee Cost Equalization
Requester Request of the Governor OMB Component Number 2602

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	(160.0)							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(160.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES								
---------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF	(160.0)						
1007 I/A Receipts							
1061 CIP Receipts							
1102 AIDEA Receipts							
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	(160.0)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
Division Alaska Energy Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community & Economic Development

Phone 907-771-3012
Date/Time 1/12/11 5:00 PM
Date _____

FISCAL NOTE #5

**STATE OF ALASKA
2011 LEGISLATIVE SESSION**

BILL NO. SB 42

Analysis

This legislation allows the Alaska Energy Authority (AEA) to have employees. The impact to the Power Cost Equalization component is a reduction in contractual costs of employee services for an estimated 2 FTE's that were previously AIDEA employees estimated to be \$160.0. These positions are funded by GF receipts. Costs are transferred to the Statewide component personal services. Please see the fiscal note analysis for the AEA Statewide Project Development, Alternative Energy and Efficiency component (FN 1 of 2) for more detail.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 6
Bill Version SB 42
(S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
Allocation Alaska Energy Authority Owned
Sponsor Rules Committee Facilities
Requester Request of the Governor OMB Component Number 2599

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	(25.0)							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(25.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES								
---------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1004 GF								
1007 I/A Receipts								
1061 CIP Receipts								
1102 AIDEA Receipts								
1074 Bulk Fuel								
1107 AEA Corporate Receipts	(25.0)							
TOTAL	(25.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
Division Alaska Energy Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
Date/Time 1/12/11 5:00 PM
Date 1/13/2011

FISCAL NOTE #6

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 42

Analysis

This legislation allows the Alaska Energy Authority (AEA) to have employees. The impact to AEA Owned Facilities component is a reduction in contractual costs of employee services for an estimated 15% of one engineer position funded by AEA Corporate receipts. Costs are transferred to the Statewide component personal services. Please see the fiscal note analysis for the AEA Statewide Project Development, Alternative Energy and Efficiency component (FN 1 of 2) for more detail.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 7
 Bill Version SB 42
 (S) Publish Date 1/19/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
 Allocation Statewide Project Development
 Sponsor Rules Committee Alternative Energy and Efficiency
 Requester Request of the Governor OMB Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services	1,125.0		1,181.3	1,240.3	1,302.3	1,367.4	
Travel							
Contractual	238.0		247.8	252.7	252.7	257.1	
Supplies							
Equipment	413.0		5.0	5.0	5.0	5.0	
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	1,776.0	0.0	1,434.1	1,498.0	1,560.0	1,629.5	0.0

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

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF						
1007 I/A Receipts						
1061 CIP Receipts	1,776.0	1,434.1	1,498.0	1,560.0	1,629.5	
1102 AIDEA Receipts						
1074 Bulk Fuel						
1107 AEA Corporate Receipts						
TOTAL	1,776.0	0.0	1,434.1	1,498.0	1,629.5	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time	8.0					
Part-time						
Temporary						

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

Analysis

Note: This is fiscal note 2 of 2 for the AEA Statewide Project Development component. The cost information relevant to the AEA project construction portion of this legislation is presented separately from the cost information relevant to the power of AEA to have employees (See fiscal note 1 of 2 for the costs of AEA Statewide Project Development to have employees).

Section 6, 9, and 11 of this bill expands AEA's powers to allow AEA to acquire, construct, and conduct feasibility studies of new power projects. Section 6 of the bill would amend the powers of AEA to add provisions related to new power projects. Sections 9 and 11 of the bill would empower AEA to exercise for new power projects, the existing statutory authority managing power projects which are currently limited to power projects from the pre-1993, "former energy program for Alaska."

This fiscal note reflects the costs to AEA to establish a project office in pursuit of constructing and owning the Susitna Hydro project.

PERSONAL SERVICES: \$1,125.0 - Increased to include 8 staff for the first year as follows:

- Project Manager Rg 27
- Environmental Manager Rg 26
- Administrative Assistant Rg 12
- Project Accountant Rg 18
- Financial/Budget Analyst Rg 24
- Public Outreach/Legislation Liaison Rg 23
- Procurement Manager Rg 24
- Data System Specialist Rg 20

CONTRACTUAL: \$238.0 - Increase for Contractual services including Lease, Utilities, and G&A costs for Project Office. Utilities and G&A estimates include a cost associated with contract labor personnel.

\$ 189.0	Annual Lease - 4,500 sq. ft. x \$3.50 per sq. ft./mo. x 12 mo.'s.
\$ 13.0	Utilities \$1.3 per person x 10 (8 staff + 2 contractors) first year.
<u>\$ 36.0</u>	G&A Expense: \$3.6 per person - \$3.6 x 10 (8 staff + 2 contractors).
\$ 238.0	

EQUIPMENT/FURNITURE: \$413.0 - Increase for 1st year Project Office set up costs. This cost estimate assumes all equipment and furniture purchases in the first year as well as one time only moving expenses and tenant improvements.

\$ 28.0	IT Equipment \$2.0 per person per year x 14 (8 staff + 6 contractors). Assumes all equipment purchases in 1st year for project office (including contract labor needs).
<u>\$ 385.0</u>	Tenant Improvement \$315.0 (\$70 x 4,500 sq. ft.); Moving Expenses \$21.0; and Furniture 49.0
\$ 413.0	

LEGAL SERVICES

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

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Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 15, 2011

SUBJECT: Description of changes made to SB 42
(CSSB 42(RES); Work Order No. 27-GS1822\M)

TO: Senator Joe Paskvan
Chair of the Senate Resources Committee
Attn: Jeff Stepp

FROM: Brian J. Kane *BJK*
Legislative Counsel

You asked me to provide a summary of the changes made from the "A" version of the bill to the "M" version of the bill. In your CS request based on the "A" version, you asked that I remove all parts of the bill except what was necessary to move forward on a Susitna River hydroelectric project, and I attempted to do just that.

I deleted all sections except for sections 7, 10, and 17. It did not appear to me that any of the other sections were absolutely necessary -- statutorily -- to allow for a Susitna River power project. The main section that needed to be retained for a Susitna River power project to move forward was section 7, and only adding paragraphs (18) and (19) seemed necessary to achieve your goal. Amending any other paragraph of AS 44.83.080 would mean that the change covered all possible power projects of the Alaska Energy Authority (authority), not just a Susitna River project. The addition of paragraphs (18) and (19) allows the authority to acquire and perform studies related to a Susitna River project. I kept section 10 in the bill because it related directly to a Susitna River paragraph in section 7. Section 17 was retained because it was the effective date.

If you would like any other of the bill sections from the "A" version re-inserted into the bill or other changes made to the current version, please let me know.

BJK:ljw
11-107.ljw

- (1) allow AEA's acquisition and construction of the Susitna Project, as described in AEA's *Railbelt Large Hydro Evaluation: Preliminary Decision Document* (i.e., not "certain projects" but this one very specific project); and
- (2) delete all sections that seek to restore the powers and duties of AEA's pre-1993 levels, unless those powers and duties are necessary to accomplish #1 above.

27-GS1822\M
Kane
2/14/11

CS FOR SENATE BILL NO. 42(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a Susitna River hydroelectric project; and providing for an effective
2 date."

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

4 * Section 1. AS 44.83.080 is amended to read:

5 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
6 purposes, the authority has the following powers in addition to its other powers:

7 (1) to sue and be sued;

8 (2) to have a seal and alter it at pleasure;

9 (3) to make and alter bylaws for its organization and internal
10 management;

11 (4) to adopt regulations governing the exercise of its corporate powers;

12 (5) to improve, equip, operate, and maintain power projects and bulk
13 fuel, waste energy, energy conservation, energy efficiency, and alternative energy
14 facilities and equipment;

1 (6) to issue bonds to carry out any of its corporate purposes and
2 powers, including the establishment or increase of reserves to secure or to pay the
3 bonds or interest on them, and the payment of all other costs or expenses of the
4 authority incident to and necessary or convenient to carry out its corporate purposes
5 and powers;

6 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
7 encumber in any manner by mortgage or by creation of any other security interest, real
8 or personal property owned by it, or in which it has an interest, when, in the judgment
9 of the authority, the action is in furtherance of its corporate purposes;

10 (8) to accept gifts, grants, or loans from, and enter into contracts or
11 other transactions regarding them, with any person;

12 (9) to deposit or invest its funds, subject to agreements with
13 bondholders;

14 (10) to enter into contracts with the United States or any person and,
15 subject to the laws of the United States and subject to concurrence of the legislature,
16 with a foreign country or its agencies, for the construction, financing, operation, and
17 maintenance of all or any part of a power project or bulk fuel, waste energy, energy
18 conservation, energy efficiency, or alternative energy facilities or equipment, either
19 inside or outside the state, and for the sale or transmission of power from a project or
20 any right to the capacity of it or for the security of any bonds of the authority issued or
21 to be issued for the project;

22 (11) to enter into contracts with any person and with the United States
23 [.] and, subject to the laws of the United States and subject to the concurrence of the
24 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
25 transmission, or use of power from a project, or any right to the capacity of it;

26 (12) to apply to the appropriate agencies of the state, the United States,
27 and a foreign country and any other proper agency for the permits, licenses, or
28 approvals as may be necessary, to maintain and operate power projects in accordance
29 with the licenses or permits, and to obtain, hold, and use the licenses and permits in
30 the same manner as any other person or operating unit;

31 (13) to enter into contracts or agreements with respect to the exercise

1 of any of its powers, and do all things necessary or convenient to carry out its
2 corporate purposes and exercise the powers granted in this chapter;

3 (14) to recommend to the legislature

4 (A) the pledge of the credit of the state to guarantee repayment
5 of all or any portion of revenue bonds issued to assist in construction of power
6 projects;

7 (B) an appropriation from the general fund

8 (i) for debt service on bonds or other project purposes;

9 or

10 (ii) to reduce the amount of debt financing for the
11 project;

12 (15) to carry out the powers and duties assigned to it under AS 42.45;

13 (16) to make grants or loans to any person and enter into contracts or
14 other transactions regarding the grants or loans;

15 (17) to promote energy conservation, energy efficiency, and alternative
16 energy through training and public education;

17 **(18) to acquire a Susitna River power project, whether by**
18 **construction, purchase, gift, or lease;**

19 **(19) to perform feasibility studies and engineering and design with**
20 **respect to a Susitna River power project.**

21 * **Sec. 2.** AS 44.83.396(a) is amended to read:

22 (a) A power project that was acquired or constructed **under AS 44.83.080(18)**
23 **or** as part of the former energy program for Alaska is owned, and shall be
24 administered, by the authority.

25 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: CSSB 42(RES), Draft Version "D"

1 Page 2, line 10:

2 Delete "and other staff"

3

4 Page 3, line 9:

5 Delete "and employees of the authority are"

6 Insert "of the authority is"

7

8 Page 6, line 28, following "EMPLOYEES.":

9 Insert "(a)"

10

11 Page 7, following line 1:

12 Insert a new subsection to read:

13 "(b) Notwithstanding any other provision of law, staff members of the Alaska
14 Industrial Development and Export Authority who will be transferred as staff to the Alaska
15 Energy Authority and who are employed as of the effective date of this section

16 (1) shall immediately be appointed to the classified service upon their transfer;

17 (2) may not have a reduction in pay

18 (A) solely because of the assignment described in this subsection; or

19 (B) if the employee is assigned to a position in the classified service

20 that is classified at a lower rate of pay than that received when the position was

21 assigned to the exempt service;

22 (3) shall retain the step status previously held immediately before the transfer

23 and shall be entitled to receive any merit or cost-of-living salary increases they would receive

1 had they not been transferred."

Senate Resources Committee
Explanation of Changes to SB 42
February 23, 2011

**The Committee Substitute for SB 42, Version D, Conforms to the
“Response to Committee Questions and Concerns regarding SB 42”
that the Committee discussed on Monday, February 21.**

Summary of Changes to the Original Bill:

1. Title of the bill is changed to conform with changes in the body of the legislation.
2. Senate Bill 42 seeks to modify the State Procurement Code; however, the CS deletes that language so that there are no statutory changes relating to AEA and procurement.
3. The CS makes changes relating to the Alaska Railbelt Energy Fund, preserving the legislature’s authority to appropriate.
4. Most significantly, the CS makes changes relating to the Creation of Subsidiaries and adds a section titled, Approval of Subsidiaries, so that the subsidiaries created are specific to the Watana Hydroelectric Power Project on the Susitna River.
5. NOTE: The Fiscal Notes of SB 42 are not impacted by any of these changes and will remain the same for the CS for SB 42, Version D.

Explanation of Changes to SB 42:

SB 42: (Change in the title to conform with the bill.)

Page 1, Line 1 following “**An Act**” through Page 1, Line 2, “**Authority;**”
Delete all material.

[Deletes “An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority” so that the title conforms to the deletion of Section 1 of SB 42.]

SB 42: (Change in the title to conform with the bill.)

Page 1, Line 8 following “**Authority;**”

Insert “relating to the Alaska Energy Authority creating subsidiary corporations for power projects; providing approval by law for the Alaska Energy Authority to create a subsidiary corporation relating to the Watana Hydroelectric Power Project;”

[This new language appears in the title of CS for SB 42 on Page 1, Lines 6 – 9. This additional language in the title is necessary to conform with changes in the original bill.]

SB 42: (Original bill sought to change AS 36.30.015, which falls under Chapter 30: State Procurement Code of the Alaska Statutes.)

Page 1, Line 11 through page 2, Line 13:

Delete all material.

SB 42: (Relating to the Alaska Railbelt Energy Fund)

Page 3, Line 4, following “The”:

Delete “authority may use”

Insert “legislature may appropriate”

[The new language appears in the CS on Page 2, Line 22]

SB 42: (Simple edit because “construction” was listed twice in the same sentence.)

Page 4, Line 22, before “operation”:

Delete “**construction.**”

SB 42: (Relating to the Creation of Subsidiaries)

Page 5, Line 27, following “authority may”:

Insert “if approved by law,”

[The new language appears in the CS on Page 5, Line 14 and 15]

SB 42: (Relating to the Creation of Subsidiaries)

Page 5, Line 27, following “create” through page 5. Line 28:

Delete “one or more subsidiary corporations”

Insert “a subsidiary corporation”

[The new language appears in the CS on Page 5, Line 15]

SB 42: (Relating to the Creation of Subsidiaries)

Page 5, Line 29, following “power”:

Delete “power projects”

Insert “a power project”

[The new language appears in the CS on Page 5, Line 16]

SB 42: Page 6, after Line 28:

Insert: “APPROVAL FOR SUBSIDIARY: (a) The Alaska Energy Authority is authorized to create a subsidiary corporation as provided under AS 44.83.085 for the purpose of acquiring, constructing, owning, maintaining, operating, or financing the Watana Hydroelectric Power Project. This authorization constitutes the approval by law required under AS 44.83.085, enacted by Section 7 of this Act. In this Section, “Watana Hydroelectric Power Project” means the hydroelectric power project to be located at or near river mile 184 on the Susitna River, including dams, buildings, improvements, land, equipment, engineering and design plans, transmission lines, permits, licenses, governmental approvals, and other assets or property of any kind associated with the hydroelectric power project.

[The new language appears in the CS as Sec. 7 on Page 5, Lines 13 – 24, and is necessary language so that AEA can begin the FERC process for the Watana Hydroelectric Power Project.]

Renumber the bill sections accordingly.

27-GS1822D
Kane
2/22/11

CS FOR SENATE BILL NO. 42(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Railbelt energy fund and relating to the fund; relating**
2 **to and repealing the Railbelt energy fund; relating to the quorum of the Alaska Energy**
3 **Authority; relating to the powers of the Alaska Energy Authority regarding employees**
4 **and the transfer of certain employees of the Alaska Industrial Development Export**
5 **Authority to the Alaska Energy Authority; relating to the acquisition or construction of**
6 **certain projects by the Alaska Energy Authority; relating to the Alaska Energy**
7 **Authority's creating subsidiary corporations for power projects; providing approval by**
8 **law for the Alaska Energy Authority to create a subsidiary corporation relating to the**
9 **Watana Hydroelectric Power Project; relating to the definition of 'feasibility study' in**
10 **the Alaska Energy Authority Act; and providing for an effective date."**

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

12 * **Section 1.** AS 37.05.520 is amended to read:

1 **Sec. 37.05.520. Railbelt energy fund.** There is established in the general fund
2 the Railbelt energy fund. The fund consists of money appropriated to it by the
3 legislature and interest received on money in the fund. The **Department of Revenue**
4 **[DEPARTMENT OF REVENUE]** shall manage the fund. The legislature may
5 appropriate money from the fund **to capitalize the Alaska Railbelt energy fund**
6 **(AS 42.45.035) or** for programs, projects, and other expenditures to assist in meeting
7 Railbelt energy needs, including projects for retrofitting state-owned buildings and
8 facilities for energy conservation.

9 * **Sec. 2.** AS 39.25.110 is amended by adding a new paragraph to read:

10 (44) the executive director and other staff of the Alaska Energy
11 Authority appointed under AS 44.83.040.

12 * **Sec. 3.** AS 42.45 is amended by adding a new section to read:

13 **Sec. 42.45.035. Alaska Railbelt energy fund.** (a) The Alaska Railbelt energy
14 fund is established as a separate fund. The fund consists of

15 (1) money appropriated to the fund by the legislature;

16 (2) gifts, bequests, contributions from other sources, and federal
17 money;

18 (3) interest earned on the fund balance; and

19 (4) investments, to be managed by the Department of Revenue, which
20 shall be the fiduciary of the fund under AS 37.10.071.

21 (b) The fund is not a dedicated fund.

22 (c) The legislature may appropriate from the fund to conduct feasibility
23 studies on, license, permit, acquire, construct, or make grants for power projects and
24 electrical transmission lines and interties that serve the Railbelt region.

25 (d) In this section, "Railbelt region" means the service territories of the
26 electrically interconnected electric utilities that serve Fairbanks, Wasilla, Palmer,
27 Anchorage, the Kenai Peninsula, and other electrically interconnected communities.

28 * **Sec. 4.** AS 44.83.040(a) is amended to read:

29 (a) The chair and vice-chair of the Alaska Industrial Development and Export
30 Authority shall serve as officers of the Alaska Energy Authority. The powers of the
31 Alaska Energy Authority are vested in the directors, and **four** [THREE] directors of

1 the authority constitute a quorum. Action may be taken and motions and resolutions
2 adopted by the Alaska Energy Authority at a meeting by the affirmative vote of a
3 majority of the directors. The directors of the Alaska Energy Authority serve without
4 compensation, but they shall receive the same travel pay and per diem as provided by
5 law for board members under AS 39.20.180.

6 * **Sec. 5.** AS 44.83.040 is amended by adding a new subsection to read:

7 (e) The authority may appoint persons as staff, including an executive
8 director, and may employ professional advisors, counsel, technical experts, agents, and
9 other employees. The executive director and employees of the authority are in the
10 exempt service under AS 39.25.110.

11 * **Sec. 6.** AS 44.83.080 is amended to read:

12 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
13 purposes, the authority has the following powers in addition to its other powers:

14 (1) to sue and be sued;

15 (2) to have a seal and alter it at pleasure;

16 (3) to make and alter bylaws for its organization and internal
17 management;

18 (4) to adopt regulations governing the exercise of its corporate powers;

19 (5) to improve, equip, operate, and maintain power projects and bulk
20 fuel, waste energy, energy conservation, energy efficiency, and alternative energy
21 facilities and equipment;

22 (6) to issue bonds to carry out any of its corporate purposes and
23 powers, including the acquisition or construction of a project to be owned or
24 leased, as lessor or lessee, by the authority or by another person or the
25 acquisition of an interest in a project or a right to capacity of a project, the
26 establishment or increase of reserves to secure or to pay the bonds or interest on them,
27 and the payment of all other costs or expenses of the authority incident to and
28 necessary or convenient to carry out its corporate purposes and powers;

29 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
30 encumber in any manner by mortgage or by creation of any other security interest, real
31 or personal property owned by it, or in which it has an interest, when, in the judgment

1 of the authority, the action is in furtherance of its corporate purposes;

2 (8) to accept gifts, grants, or loans from, and enter into contracts or
3 other transactions regarding them, with any person;

4 (9) to deposit or invest its funds, subject to agreements with
5 bondholders;

6 (10) to enter into contracts with the United States or any person and,
7 subject to the laws of the United States and subject to concurrence of the legislature,
8 with a foreign country or its agencies, for the construction, financing, acquisition,
9 operation, and maintenance of all or any part of a power project or bulk fuel, waste
10 energy, energy conservation, energy efficiency, or alternative energy facilities or
11 equipment, either inside or outside the state, and for the sale or transmission of power
12 from a project or any right to the capacity of it or for the security of any bonds of the
13 authority issued or to be issued for the project;

14 (11) to enter into contracts with any person and with the United States
15 [,] and, subject to the laws of the United States and subject to the concurrence of the
16 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
17 transmission, or use of power from a project, or any right to the capacity of it;

18 (12) to apply to the appropriate agencies of the state, the United States,
19 and a foreign country and any other proper agency for the permits, licenses, or
20 approvals as may be necessary, to acquire, construct, maintain, and operate power
21 projects in accordance with the licenses or permits, and to obtain, hold, and use the
22 licenses and permits in the same manner as any other person or operating unit;

23 (13) to enter into contracts or agreements with respect to the exercise
24 of any of its powers, and do all things necessary or convenient to carry out its
25 corporate purposes and exercise the powers granted in this chapter;

26 (14) to recommend to the legislature

27 (A) the pledge of the credit of the state to guarantee repayment
28 of all or any portion of revenue bonds issued to assist in construction of power
29 projects;

30 (B) an appropriation from the general fund

31 (i) for debt service on bonds or other project purposes;

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or

(ii) to reduce the amount of debt financing for the

project;

(15) to carry out the powers and duties assigned to it under AS 42.45;

(16) to make grants or loans to any person and enter into contracts or other transactions regarding the grants or loans;

(17) to promote energy conservation, energy efficiency, and alternative energy through training and public education;

(18) to acquire power projects, whether by construction, purchase, gift, or lease;

(19) to perform feasibility studies and engineering and design with respect to power projects.

* **Sec. 7.** AS 44.83 is amended by adding a new section to read:

Sec. 44.83.085. Creation of subsidiaries. The authority may, if approved by law, create a subsidiary corporation for the purpose of constructing, financing, acquiring, owning, operating, or maintaining a power project. A subsidiary corporation created under this section may be incorporated under AS 10.20.146 - 10.20.166. The authority may transfer assets of the authority to a subsidiary corporation created under this section. A subsidiary corporation created under this section may borrow money and issue bonds as evidence of that borrowing and has all the powers of the authority that the authority grants to the subsidiary corporation. Unless otherwise provided by the authority, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the authority.

* **Sec. 8.** AS 44.83.090 is amended by adding a new subsection to read:

(c) In this section, "authority" includes a subsidiary corporation created under AS 44.83.085.

* **Sec. 9.** AS 44.83.396(a) is amended to read:

(a) A power project that was acquired or constructed **under AS 44.83.080(18)** **or** as part of the former energy program for Alaska is owned, and shall be administered, by the authority.

1 * **Sec. 10.** AS 44.83.396 is amended by adding a new subsection to read:

2 (f) In this section, in reference to a specific power project, "authority" means
3 the subsidiary corporation created under AS 44.83.085, if the authority has created a
4 subsidiary corporation under AS 44.83.085 to construct, finance, acquire, own,
5 operate, or maintain the specific power project.

6 * **Sec. 11.** AS 44.83.990(3) is amended to read:

7 (3) "feasibility study"

8 (A) means a study conducted for the purpose of establishing the
9 economic and environmental practicality of completing a proposed power
10 project [UNDER FORMER AS 44.83.181];

11 (B) includes engineering and design work to meet the
12 requirements for submission of a license application for a proposed new
13 project to the Federal Energy Regulatory Commission;

14 * **Sec. 12.** AS 37.05.520 is repealed.

15 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 APPROVAL FOR SUBSIDIARY. The Alaska Energy Authority is authorized to
18 create a subsidiary corporation as provided under AS 44.83.085 for the purpose of acquiring,
19 constructing, owning, maintaining, operating, or financing the Watana Hydroelectric Power
20 Project. This authorization constitutes the approval by law required under AS 44.83.085,
21 enacted by sec. 7 of this Act. In this section, "Watana Hydroelectric Power Project" means the
22 hydroelectric power project to be located at or near river mile 184 on the Susitna River,
23 including dams, buildings, improvements, land, equipment, engineering and design plans,
24 transmission lines, permits, licenses, governmental approvals, and other assets or property of
25 any kind associated with the hydroelectric power project.

26 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 TRANSITION: CERTAIN STATE EMPLOYEES. The Alaska Energy Authority and
29 the Alaska Industrial Development and Export Authority shall jointly identify the employees
30 of the Alaska Industrial Development and Export Authority who will be transferred as staff to
31 the Alaska Energy Authority. The transfer of employees to the Alaska Energy Authority shall

1 be completed not later than December 31, 2011.

2 * **Sec. 15.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 REVISOR'S INSTRUCTION. The revisor of statutes is instructed to change the
5 heading of AS 44.83.040 from "Officers; meetings; quorum" to "Officers; meetings; quorum;
6 employees."

7 * **Sec. 16.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 CONDITIONAL EFFECT; NOTIFICATION. Section 12 of this Act takes effect only
10 if the Twenty-Seventh Alaska State Legislature makes an appropriation that becomes law that
11 appropriates the unexpended and unobligated balance in the Railbelt energy fund
12 (AS 37.05.520) (1) to the Alaska Railbelt energy fund (AS 42.45.035), created by sec. 3 of
13 this Act, or (2) for other authorized purposes. The commissioner of administration shall notify
14 the lieutenant governor and the revisor of statutes when the conditions described in this
15 section are met.

16 * **Sec. 17.** If, under sec. 16 of this Act, sec. 12 of this Act takes effect, it takes effect on the
17 day after the effective date of the appropriation described in sec. 16 of this Act.

18 * **Sec. 18.** Except as provided in sec. 17 of this Act, this Act takes effect immediately under
19 AS 01.10.070(c).

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/19/11

FURTHER: Finance

Date of 5-Day Notice: 2/3/11
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/21/11

Resources Committee considered SENATE BILL NO. 42

SB 42 POWER PROJECT; ALASKA ENERGY AUTHORITY

"An Act relating to the procurement of supplies, services, professional services, and construction for the Alaska Energy Authority; establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to acquiring or constructing certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

and recommends:

- be replaced with CS SB42 (RES) [] Same Title New Title
- [] adopt previous CS _____ (SCS/CS- Forthcoming) [] Same Title [] New Title
- [] attached amendment(s)
- [] adopt _____ Letter of Intent
- [] further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

Previous FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
CED	✓			1
CED	✓			2
CED	✓			3
CED	✓			4
CED	✓			5
CED	✓			6
CED	✓			7

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	McInure	✓			
	French			✓	
	Wiclechowski				✓
	Stedman				✓
	STRUBS				X
CO-CHAIR:	WAGONER	✓			
CO-CHAIR:	PAVAN				X

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR FRENCH

TO: CSSB 42(RES), Draft Version "D"

1 Page 6, lines 15 - 25:

2 Delete all material and insert:

3 **"* Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 APPROVAL FOR SUBSIDIARY; LABOR AGREEMENT. (a) The Alaska Energy
6 Authority is authorized to create a subsidiary corporation as provided under AS 44.83.085 for
7 the purpose of acquiring, constructing, owning, maintaining, operating, or financing the
8 Watana Hydroelectric Power Project. This authorization constitutes the approval by law
9 required under AS 44.83.085, enacted by sec. 7 of this Act.

10 (b) Before the subsidiary approved under (a) of this section may acquire or construct
11 the Watana Hydroelectric Power Project, the subsidiary shall commit to negotiate a project
12 labor agreement to the maximum extent permitted by law.

13 (c) In this section,

14 (1) "project labor agreement" means a comprehensive collective bargaining
15 agreement between the subsidiary and the appropriate labor representatives to ensure
16 expedited construction with labor stability for the project by qualified residents of the state;

17 (2) "Watana Hydroelectric Power Project" means the hydroelectric power
18 project to be located at or near river mile 184 on the Susitna River, including dams, buildings,
19 improvements, land, equipment, engineering and design plans, transmission lines, permits,
20 licenses, governmental approvals, and other assets or property of any kind associated with the
21 hydroelectric power project."

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: CSSB 42(RES), Draft Version "D"

1 Page 5, lines 25 - 27:

2 Delete all material and insert:

3 **"* Sec. 8.** AS 44.83.090(b) is amended to read:

4 (b) **Except as provided in (c) of this section, the** [THE] authority is not
5 subject to the jurisdiction of the Regulatory Commission of Alaska. Nothing in this
6 chapter grants the authority jurisdiction over the services or rates of a public utility or
7 diminishes or otherwise alters the jurisdiction of the Regulatory Commission of
8 Alaska with respect to a public utility, including any right the commission may have to
9 review and approve or disapprove contracts for the purchase of electricity by a public
10 utility other than wholesale agreements and contracts described in AS 42.05.431(c)(1).

11 *** Sec. 9.** AS 44.83.090 is amended by adding a new subsection to read:

12 (c) Any hydroelectric power project at or near river mile 184 on the Susitna
13 River acquired or constructed by the authority or a subsidiary created by the authority
14 is subject to the jurisdiction of the Regulatory Commission of Alaska."
15

16 Renumber the following bill sections accordingly.
17

18 Page 7, line 9:

19 Delete "Section 12"

20 Insert "Section 13"
21

22 Page 7, line 16:

23 Delete "sec. 16"

1 Insert "sec. 17"

2 Delete "sec. 12"

3 Insert "sec. 13"

4

5 Page 7, line 17:

6 Delete "sec. 16"

7 Insert "sec. 17"

8

9 Page 7, line 18:

10 Delete "sec. 17"

11 Insert "sec. 18"

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: CSSB 42(RES), Draft Version "D"

1 Page 2, line 10:

2 Delete "and other staff"

3

4 Page 3, line 9:

5 Delete "and employees of the authority are"

6 Insert "of the authority is"

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/19/11

FURTHER: Finance

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

DATE TURNED IN TO OFFICE: 2-21-11

Resources Committee considered SENATE BILL NO. 44

SB 44 SOUTHEAST STATE FOREST

"An Act relating to the Southeast State Forest; and providing for an effective date."

and recommends:

- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
DNR			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	French			✓	
	Wielechowski			✓	
	Stegman	✓			
	Stegman	✗			
CO-CHAIR:	T.H. WAGNER	✓			
CO-CHAIR:	PASKVAN			✗	

A M E N D M E N T

OFFERED IN SENATE RESOURCES

BY SENATOR _____

TO: SB 42

✓ Page 1, line 1 following "An Act" through page 1, line 2, "Authority;"

Delete all material.

Page 1, line 8 following "Authority;"

Insert **"relating to the Alaska Energy Authority creating subsidiary corporations for power projects; providing approval by law for the Alaska Energy Authority to create a subsidiary corporation relating to the Watana Hydroelectric Power Project;"**

✓ Page 1, line 11 through page 2, line 13:

Delete all material.

Renumber the following bill sections accordingly.

✓ Page 3, line 4, following "The":

Insert "legislature may appropriate"

Delete "authority may use"

✓ Page 4, line 22, before "operation":

Delete "construction."

✓ Page 5, line 27, following "authority may":

Insert ", if approved by law,"

✓ Page 5, line 27, following “create” through page 5. line 28:

Insert “a subsidiary corporation”

Delete “one or more subsidiary corporations”

✓ Page 5, line 29, following “power”:

Insert “project”

Delete “projects”

Page 6, after line 28:

Insert: “APPROVAL FOR SUBSIDIARY: (a) The Alaska Energy Authority is authorized to create a subsidiary corporation as provided under AS 44.83.085 for the purpose of acquiring, constructing, owning, maintaining, operating, or financing the Watana Hydroelectric Power Project. This authorization constitutes the approval by law required under AS 44.83.085, enacted by Section 7 of this Act.

(b) In this Section, “Watana Hydroelectric Power Project” means the hydroelectric power project to be located at or near river mile 184 on the Susitna River, including dams, buildings, improvements, land, equipment, engineering and design plans, transmission lines, permits, licenses, governmental approvals, and other assets or property of any kind associated with the hydroelectric power project. [*description may need to be amended to ensure it accurately describes the project*]

* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to read:”

Re-number the following bill sections accordingly.

27-GS1822I
Kane
2/18/11

CS FOR SENATE BILL NO. 42(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to a Susitna River hydroelectric project and the power of the Alaska**
2 **Energy Authority to apply for permits, licenses, or approvals necessary to acquire or**
3 **construct power projects; and providing for an effective date."**

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

5 *** Section 1.** AS 44.83.080 is amended to read:

6 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
7 purposes, the authority has the following powers in addition to its other powers:

- 8 (1) to sue and be sued;
- 9 (2) to have a seal and alter it at pleasure;
- 10 (3) to make and alter bylaws for its organization and internal
11 management;
- 12 (4) to adopt regulations governing the exercise of its corporate powers;
- 13 (5) to improve, equip, operate, and maintain power projects and bulk
14 fuel, waste energy, energy conservation, energy efficiency, and alternative energy

1 facilities and equipment;

2 (6) to issue bonds to carry out any of its corporate purposes and
3 powers, including the establishment or increase of reserves to secure or to pay the
4 bonds or interest on them, and the payment of all other costs or expenses of the
5 authority incident to and necessary or convenient to carry out its corporate purposes
6 and powers;

7 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
8 encumber in any manner by mortgage or by creation of any other security interest, real
9 or personal property owned by it, or in which it has an interest, when, in the judgment
10 of the authority, the action is in furtherance of its corporate purposes;

11 (8) to accept gifts, grants, or loans from, and enter into contracts or
12 other transactions regarding them, with any person;

13 (9) to deposit or invest its funds, subject to agreements with
14 bondholders;

15 (10) to enter into contracts with the United States or any person and,
16 subject to the laws of the United States and subject to concurrence of the legislature,
17 with a foreign country or its agencies, for the construction, financing, operation, and
18 maintenance of all or any part of a power project or bulk fuel, waste energy, energy
19 conservation, energy efficiency, or alternative energy facilities or equipment, either
20 inside or outside the state, and for the sale or transmission of power from a project or
21 any right to the capacity of it or for the security of any bonds of the authority issued or
22 to be issued for the project;

23 (11) to enter into contracts with any person and with the United States
24 [,] and, subject to the laws of the United States and subject to the concurrence of the
25 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
26 transmission, or use of power from a project, or any right to the capacity of it;

27 (12) to apply to the appropriate agencies of the state, the United States,
28 and a foreign country and any other proper agency for the permits, licenses, or
29 approvals as may be necessary, to maintain, [AND] operate, acquire, or construct
30 power projects in accordance with the licenses or permits, and to obtain, hold, and use
31 the licenses and permits in the same manner as any other person or operating unit;

1 (13) to enter into contracts or agreements with respect to the exercise
2 of any of its powers, and do all things necessary or convenient to carry out its
3 corporate purposes and exercise the powers granted in this chapter;

4 (14) to recommend to the legislature

5 (A) the pledge of the credit of the state to guarantee repayment
6 of all or any portion of revenue bonds issued to assist in construction of power
7 projects;

8 (B) an appropriation from the general fund

9 (i) for debt service on bonds or other project purposes;

10 or

11 (ii) to reduce the amount of debt financing for the
12 project;

13 (15) to carry out the powers and duties assigned to it under AS 42.45;

14 (16) to make grants or loans to any person and enter into contracts or
15 other transactions regarding the grants or loans;

16 (17) to promote energy conservation, energy efficiency, and alternative
17 energy through training and public education;

18 **(18) to acquire a Susitna River power project, whether by**
19 **construction, purchase, gift, or lease;**

20 **(19) to perform feasibility studies and engineering and design with**
21 **respect to a Susitna River power project.**

22 * **Sec. 2.** AS 44.83.396(a) is amended to read:

23 (a) A power project that was acquired or constructed **under AS 44.83.080(18)**
24 **or** as part of the former energy program for Alaska is owned, and shall be
25 administered, by the authority.

26 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

Governor Parnell Backs Susitna Dam Project

November 24, 2010, Juneau, Alaska – Governor Sean Parnell today announced his support for the Low Watana site on the Susitna River as the primary hydroelectric opportunity for Alaska's Railbelt. The governor's support follows the Alaska Energy Authority (AEA) recommendation for the large hydroelectric project.

"In order to provide low-cost electricity for the Interior and the Railbelt and to meet the state's goal of having half of Alaska's electricity generated by renewable resources by 2025, we must invest in a large-scale hydro project," Governor Parnell said.

Earlier this year, the Alaska Legislature appropriated funds to study the feasibility of major Alaska hydroelectric projects including Susitna, Chakachamna and Glacier Fork.

The AEA report concluded that the Susitna Project would produce two to three times more energy and at a lower per unit cost than the others; that Susitna is less likely to result in adverse environmental effects; that the project has fewer licensing and permitting complexities; that it can start sooner and involves simpler construction; and that it has a lower long-term operational risk factor.

Governor Parnell also announced he will propose legislation that will allow AEA to pursue funding for and ownership of the project.

AEA will hold a series of public workshops on the hydro project in February. A copy of AEA's large hydro study is available at: www.akenergyauthority.org

###

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Governor pushes Susitna dam project

by Diana Haecker ~ January 19th, 2011

KTNA

Governor Sean Parnell is actively pushing to make the Susitna Hydro project a reality and submitted a bill to the legislature that would authorize the Alaska Energy Authority to move forward with the project. Parnell said the project must go ahead to create new opportunities for economic development and jobs for Alaskans. According to the bill, the Susitna hydro project would supply 50 percent of the needed energy in the railbelt.

The proposed bill would put AEA in charge to acquire, construct, own and operate new power projects. It also proposes to end the existing Railbelt Energy Fund and to create a new Railbelt Energy Fund that would be controlled by AEA.

The governor's bill would give AEA sweeping authority to go ahead with environmental and feasibility studies and to seek preliminary approvals for the Su Dam project from the Federal Energy Regulatory Commission.

The Su Hydro project, as currently proposed, would dam the Susitna River at Watana and create a nine-mile long water reservoir.

Share

Governor's Bill Paves Way for Susitna Dam Project



Government News

January 14, 2011, Juneau, Alaska – Governor Sean Parnell today transmitted legislation that would authorize the Alaska Energy Authority (AEA) to move forward on pursuing a large hydroelectric project to supply much-needed energy to Interior and Southcentral Alaska.

“Alaska must invest now to create new opportunities for economic development and jobs for Alaskans,” Governor Parnell said. “A Susitna Dam hydroelectric project will not only provide an important supply of energy for Alaskan homes and businesses, it will create jobs for Alaskans.”

The bill would authorize AEA to acquire, construct, own, and operate new power projects; create a new Alaska Railbelt Energy fund, as a fund of AEA; repeal the existing Railbelt Energy fund (AS 37.05.520) after the balance of the existing fund is appropriated and transferred into the new fund, or appropriated and expended for other purposes; address quorum requirements of the AEA board, and allow for the adoption of regulations to govern the procurement of supplies, professional services, and construction.

Alaska's energy policy target is to reach 50 percent of its electricity generation through renewable resources by 2025. The legislation has been designed to give AEA the ability to continue with environmental and feasibility studies, positioning the state to seek preliminary approval from the Federal Energy Regulatory Commission for a project that would provide half of Southcentral Alaska's electricity demand. The bill will also define the board of director's quorum to be four of seven members.

A copy of the bill is available at:

http://gov.alaska.gov/parnell_media/resources_files/11411_susitna.pdf

Jeff Stepp

From: Sara Fisher-Goad [SFisherGoad@aidea.org]
Sent: Saturday, February 05, 2011 1:43 PM
To: Shauna Howell
Cc: Jeff Stepp
Subject: Re: SB 42 Hearing Request

Jeff, I will not have a PowerPoint and my presentation will be on the particulars of the bill. I plan on covering some history of the organization and why we are requesting the restoration of the powers and duties. I'll have some people online for questions: Brian Bjorkquist Dept of Law, Chris Rutz, AEA procurement manager. Amy Adler, AEA controller will be with me in Juneau for fiscal note questions if they arise. I was not planning on Bryan Carey online unless you think there will be specific Susitna questions.

We are working on the followup questions from the Susitna presentation (Wagoner/Stedman) are there other issues or concerns that I should be aware of?

Could you give me the callin number for teleconference?

Let's touch base via phone on Monday.

Thanks for getting the bill scheduled, I appreciate it.

Sent from Sara's iPhone

On Feb 4, 2011, at 3:32 PM, "Shauna Howell" <showell@aidea.org> wrote:

Good afternoon,

I spoke with Sara about this and she said we would be in touch with you on Monday to discuss. Thank you and have a good weekend.

Shauna

From: Jeff Stepp [mailto:Jeff_Stepp@legis.state.ak.us]
Sent: Friday, February 04, 2011 9:10 AM
To: Shauna Howell
Subject: RE: SB 42 Hearing Request

Hi Shauna,

**Senate Resources Committee
SB 42 Invited Testimony
Wednesday, February 9, 2011**

Sara Fisher-Goad, Director, Alaska Energy Authority
Specifics of the Legislation; History of the Organization; Rationale for
the Request to Restore AEA's Powers and Duties

Brian Bjorkquist, Department of Law
Available for Questions (online)

Chris Rutz, AEA Procurement Manager
Available for Questions (online)

Amy Adler, AEA Controller
Available for Fiscal Note Questions, if they arise

AP/AL: Appropriation
Category: Development

Project Type: Energy

Location: Statewide
House District: Statewide (HD 1-40)

Contact: Sarah Fisher-Goad
Contact Phone: (907)771-3000

Estimated Project Dates: 07/01/2011 - 06/30/2016

Brief Summary and Statement of Need:

This request is for environmental permitting and necessary field work for large scale hydroelectric projects. This project contributes to the Department mission of reducing the cost of energy in Alaska.

Funding:	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Rail Enrgy	\$65,731,063	\$32,600,000	\$33,800,000	\$20,100,000	\$10,400,000		\$162,631,063
Total:	\$65,731,063	\$32,600,000	\$33,800,000	\$20,100,000	\$10,400,000	\$0	\$162,631,063

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional information / Prior Funding History:

Refer to the funding matrix in the detailed description.

Project Description/Justification:

This request is for environmental permitting and necessary fieldwork for large-scale hydroelectric projects. Large hydroelectric projects are the only way for the state to become electrical energy secure, provide long term predictable costs of energy and obtain the goal of 50% renewable energy by 2025. These funds will enable Alaska Energy Authority to carry out preparation and filing of Federal Energy Regulatory Commission (FERC) Preliminary Permit, begin work on a FERC license application, required engineering design, environmental studies, financing, and regulatory and resource agency coordination for Susitna and other hydroelectric projects.

Funding History:

YEAR	AMOUNT	LEGISLATION
FY11	\$ 10,000,000	SLA 10 Ch 43 Sec 7 Pg 19 Ln 16
FY09	\$ 2,500,000	SLA 08 Ch 29 Sec 13 Pg 87 Ln 14

Transfers from AIDEA:

- 1) PCE Program Administrator Rg 17 - 080411 (PCE)
- 2) Accounting Technician Rg 12 - 080217 (PCE)
- 3) Deputy Director - Operations Rg 27 - 080405 (Operations Shared Services)
- 4) Data Systems Specialist Rg 22 - 080227 (Operations Shared Services)
- 5) HR Specialist Rg 18 - 080455 (Operations Shared Services)
- 6) Administrative Assistant Rg 13 - 080473 (Operations Shared Services)
- 7) Data Processing Tech II Rg 15 - 08X037 (Operations Shared Services)
- 8) Project Manager Rg 22 - 080223 (Operations Shared Services)
- 9) Technical Engineer Rg 25-080229 (Rural Energy Shared Services)
- 10) Deputy Director-Rural Energy Rg 27 - 080206 (Rural Energy)
- 11) Project Manager II Rg 24 - 080231 (Rural Energy)
- 12) Coordinator Rural Community Outreach Rg 24 -080401 (Rural Energy)
- 13) Project Development Specialist Rg 20 -080403 (Rural Energy)
- 14) Warehouse Manager Rg 15 - 080440 (Rural Energy)
- 15) Technical Engineer II Rg 25 - 080443 (Rural Energy)
- 16) Assistant Project Manager Rg 22 - 080466 (Rural Energy)
- 17) Rural Electric Utility Worker Rg 20 - 080479 (Rural Energy)
- 18) Project Manager Rg 25 - 080491 (Rural Energy)
- 19) Project Manager Rg 25 - 080498 (Rural Energy)
- 20) Rural Electric Utility Worker Rg 20 - 217010 (Rural Energy)
- 21) Project Assistant Rg 16 - 217011 (Rural Energy)
- 22) Rural Electric Utility Worker Rg 20 - 217012 (Rural Energy)
- 23) Program Manager Bulk Fuel & RPSU Rg 25 - 217014 (Rural Energy)
- 24) Project Manager Rg 22 - 08T019 (Rural Energy)
- 25) Circuit Rider Technician Rg 20 - 08X003 (Rural Energy)
- 26) Executive Director Rg 28 - 080208 (AEA Statewide)
- 27) Executive Assistant Rg 16 - 080219 (AEA Statewide)
- 28) Project Manager Rg 25 - 080222 (AEA Statewide)
- 29) Administrative Assistant Rg 12 - 080410 (AEA Statewide)

- 30) Administrative Assistant Rg 12 - 080434 (AEA Statewide)
- 31) Grants Assistant Rg 15 - 080233 (AEA Statewide)
- 32) Grants Administrator Rg 22 - 080457 (AEA Statewide)
- 33) Project Manager Rg 22 - 080230 (AEA Statewide)
- 34) Project Manager Rg 24 - 080232 (AEA Statewide)
- 35) Deputy Director - AEEE Rg 27 - 080407 (AEA Statewide)
- 36) Project Manager - Energy Data Inventory Rg 22 - 080425 (AEA Statewide)
- 37) Project Manager Rg 24 - 080458 (AEA Statewide)
- 38) Project Manager Rg 24 - 08X007 (AEA Statewide)
- 39) Assistant Project Manager - Wind Rg 22 - 08X028 (AEA Statewide)
- 40) Assistant Project Manager - Hydro Rg 22 - 08X029 (AEA Statewide)
- 41) Assistant Project Manager - GEO/Ocean Rg 22 - 08X033 (AEA Statewide)
- 42) Assistant Project Manager - Energy Efficient Rg 20 - 08X034 (AEA Statewide)

New Position:

- 43) Loan Officer Rg 20

JUNEAU CENTRAL LABOR COUNCIL

American Federation of Labor-Congress of Industrial Organizations

Alaska Public Employees Association/AFT
Alaska Regional Council of Carpenters, Local 2247
Alaska State Employees Association/AFSCME Local No. 52
General Teamsters Local 959, State of Alaska
Inlandboatmen's Union of the Pacific, Alaska Region
International Brotherhood of Electrical Workers, Local 1547
International Long Shore Workers Union, Local 200
International Union of Operating Engineers, Local 302

Laborers International Union of North America, Local 942
Juneau Career Fire Fighters Ass'n Local 4303, IAFF
Marine Engineers Beneficial Association, District 1
Masters, Mates & Pilots, Pacific Maritime Region
Plumbers & Pipefitters, Local 262
Public Employees Local 71
Public Safety Employees Ass'n/AFSCME Local No. 803
University of Alaska Federation of Teachers/AFT Local 2404

"Doing Alaska's Work, Living Alaska's Lives, Making Alaska a Great Place to Live"

March 8, 2011

The Honorable Joe Paskvan
State Senate
Alaska State Capitol
Juneau, AK 99801

RE: Support for Classified Employees' Amendment to SB 42

Dear Senator Paskvan:

We are enlisting your support for a committee amendment to transfer exempt employees into classified service. SB 42 relates to energy projects, but also transfers more than 40 employees from the Alaska Industrial Development Export Authority to the Alaska Energy Authority. This is a good opportunity to bring into classified service a group whose job titles and duties are logically and traditionally assigned within the classified service.

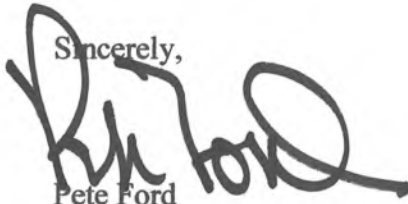
The job titles being proposed for the transfer positions typically found in classified service, including Administrative Assistants, Accounting Technicians, Data Processing Technicians, Warehouse Managers, and Project Managers. Some of these positions are as low as Range 12 and 13; hardly typical of positions found in politically exempt status.

The State of Alaska's personnel system was founded on the merit principle of employment which includes recruiting and selecting employees on the basis of their abilities and skills, retention of employees based on the adequacy of their performance and separation for cause. The selection process also integrates equal treatment of applicants and employees and maintains selection and retention of an employee's position secure from political influences. A more detailed look at the provisions can be found in AS 39.25.101. When the personnel act was first adopted, only a handful of positions were exempt and we suspect that our founders did not envision the too-numerous exemptions now found in the statutes.

We believe the employees in question were hired on the basis of their qualifications and are performing well. By transferring them into classified service, there will be statutory provisions to protect their employment and ensure top quality work free from outside interferences.

Thank you for considering our request. We are grateful for your important work on SB 42 which will help create jobs and lower energy bills.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Ford", written over the word "Sincerely,".

Pete Ford
President
Juneau Central Labor Council

cc: CLC affiliates

Watana Project

Briefing Document on FERC process

1. General

For the Watana dam on the Susitna River, the FERC licensing process will govern the schedule for the project implementation. Unfortunately, over the years, the FERC process has demonstrated a lack of predictability for owners and developers - mainly because of the iterations of consultation, and study scope creep associated with consultation with multiple Federal and State agencies and the substantial and aggressive interest in hydro projects by Non-Governmental Organizations such as American Rivers *et. al.* - whether based locally to a project, or remote and nationally funded. Additionally, FERC has lost much control to agencies with mandatory conditioning authority and often these agencies do not have any mandate to balance power and non-power values so the conditions can create delays and great expense in the implementation of a new license.

The process allows for many opportunities for interventions and disputes over the adequacy of environmental studies and or the conclusions emanating from studies.

With few exceptions, FERC regulates all operating *non-federal* hydropower – extending its jurisdiction to projects that meet at least one of the following tests:

- (1) Occupancy of federal land.
- (2) Residing on a navigable watercourse,
- (3) Use of surplus water or water power from a federal dam, or
- (4) If there is any effect on interstate commerce, including linkage of the project to the grid.

The license:

- Authorizes construction and operation of a hydropower project
- Is issued for a term of up to 50 years
- Includes measures to protect the environment (mitigation)
- Requires the licensee obtains ownership or easement on project lands and waters.

2. FERC License Process

FERC has three processes to obtain a license to construct and operate a hydro power project (Traditional, Alternative, and Integrated), though many of the recent process based strategies and discussions on the matter have been focused on relicensing existing projects rather than licensing a new project. Since 2005, the default process has been the "Integrated Licensing Process (ILP) described herein.

The ILP has five key stages: Notice of Intent; Study Plan Development and NEPA Scoping; Implementation of Study Plan; Preliminary Licensing Proposal and Application; and Review of Application and Final Decision. These stages include 24 discrete steps, which progress on a strict timeline. All of the steps are subject to deadlines determined once the Notice of Intent (NOI) is issued, unless modified with FERC's permission.

The Integrated Licensing Process (ILP) integrates the development of license application and environmental review, and it coordinates FERC and other regulatory agencies that undertake concurrent environmental review.

Under the ILP, the Notice of Intent includes a Pre-Application Document (PAD) that compiles existing information about project impacts on hydrology and other natural resources. By this means, stakeholders can be notified of the available studies and will hopefully not demand extra, redundant studies. In the case of Watana, of course there is a very substantial database of studies from the 1980s that will be referenced in any PAD although it is probable that some studies or analysis will be needed to update the information.

Within 60 days of the NOI, the Office of Energy Projects will start NEPA scoping to assure the consistency of the study plan and the environmental review. This lessens the risk that issues that may prove to be material to the licensing decision have not been adequately studied.

Under the ILP, FERC and other agencies should deliberately explore and implement arrangements for cooperation in the preparation of the environmental document. Such cooperation will begin before the study plan is drafted and lessens any dispute between FERC and the agencies so that FERC's environmental document provides the record necessary for all agency decisions.

An important aspect of the ILP is that it establishes specific criteria for each study request and the licensee's response, including nexus to project impacts and cost-effectiveness compared to an alternative study method. It establishes a mandatory

procedure to resolve any study dispute between the licensee and any agency with mandatory conditioning authority. A panel of three members undertakes a peer review whether a particular study complies with the stated criteria. This avoids unresolved disputes about the study plans being carried forward in the form of challenges to the adequacy of the license application or environmental document.

Under ILP, FERC will publish draft license articles in any draft environmental document (in this case an EIS), in order to permit early analysis of whether its articles and other draft conditions are consistent. This avoids conflicts between FERC and other agencies appearing very late in the process.

As noted above, since 2005, the ILP has been the default process and AEA – if it wishes to do otherwise - will have to request authorization to use the “Traditional License Process” (TLP) or “Alternative License Process” (ALP) at the same time it files its Notice of Intent. These processes are all quite similar, and none of them affords much opportunity to shorten or streamline the licensing process. Authorization to use a process other than ILP typically requires the written support of a one or more resource agencies, Native Americans, or even NGO groups.

The previous work on Susitna in the 1980s was implemented under the Traditional Licensing Process.

3. Preliminary Permit

AEA may apply for a Preliminary Permit from FERC for the site, although this is not a required part of the license process. The awarding of a Preliminary Permit - for 3 years - by FERC essentially provides the following benefits:

- Establishes that AEA has first preference on the site - over other potential applicants - for filing a license application;
- Establishes – for interested agencies – that AEA has initiated the FERC process, and thus allows agencies to establish budgets for their participation;
- Initiates a 3-year study process;
- “Locks up” any Federal land – and interest – in the project.

The Preliminary Permit does not convey any authority to enter project lands or construct the project.

4. Factors driving unpredictability

Together with this note is a simplified, aggressive schedule for the obtaining of a FERC license. Only one "bar" on the schedule is engineering studies because the engineering studies required for the license applications are somewhat more predictable and easily manageable.

The challenges in licensing include:

- The diversity and timing of stakeholders participation that will seek project concessions and benefits
- Myriad stakeholder groups including, but not limited to:

Federal Agencies

- NMFS
- US Fish and Wildlife Service
- Army Corps of Engineers
- Bureau of Land Management
- National Park Service
- USGS

State Agencies

- Alaska Fish and Game
- Department of Environmental Quality (401 cert)
- Alaska Department of Natural Resources

Alaskan Native Groups

- Native Americans
- Native Corporations

NGOs

- Alaska Rate Payers
- American Rivers
- Alaska Conservation Alliance
- Trout Unlimited
- Sierra Club
- Natural Heritage Institute (based in San Francisco)
- American Whitewaters
- Other local groups

The aggressive schedule shown projects that a FERC license could be obtained by mid 2016. However, this target could easily be "derailed", particularly with respect to matters pertaining to the participation of multiple agencies, and the extensive environmental studies often required by them (and NGOs).

Typical delays result from:

- Delays and/or inability to agree on Study Plans;
- Requirements by Agencies for studies (or revised studies) over a longer period than shown (two seasons);
- Delay in State issuance of the Section 401 Water Quality Cert and potential challenges to the permit by stakeholders;
- Inability of FERC to complete the draft and final EIS in the allotted time;
- Other regulatory review cycles within the FERC process;
- Endless comment and response cycles
- Lack of agreement on basic "Protection, Mitigation and Enhancement" measures (PM&Es); and
- Unknown interventions or lawsuits at any time, even after FERC issues the license.

The main tasks particularly subject to delay have been highlighted. If all agencies embraced the project in a responsive and collegial manner, the projected five and a half years could be achieved, but it must be recognized that the schedule could easily extend to eight years or more.

5. Elements of the Proposed Work Plan

To minimize the time required to license the project, there are three key strategies that AEA can embrace:

- Minimizing the need for new studies – by utilizing as many of the previous studies undertaken for the 1980s license application. A foundation of this effort will be to persuade agencies and interested stakeholders that the prior studies retain validity with only basic updates. Instrumental to this is the preparation of a Gap Analysis – which AEA has already initiated - to highlight any missing data or studies (particularly environmental, social and cultural), using the current proposed project layout as the baseline;
- Early and complete engagement with interested agencies and stakeholders so that particular aspects of studies and data gathering required by interested

parties can be 'fleshed out' as soon as possible. Close engagement with stakeholders and demonstrable commitment by AEA to required environmental mitigation and protection measures must continue throughout the FERC process;

- Clear commitment to environmental protection measures; and,
- Settlements between interested parties and AEA must be achieved and recorded as early as possible so that as many matters can be finalized as possible prior to the preparation of the License Application.

To fully define the methodology, tasks and strategy for the FERC process, AEA has scheduled a workshop with its FERC Advisor / Engineering Consultant in March.

Watana Project

23-Feb-11 17:13

Activity ID	Activity Name	Duration	Start	Finish	2011												2012												2013												2014												2015												2016												2017												2018																																																											
					Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4																																																																																																											
Watana Project					Watana Project																																																																																																																																															
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FERC Process					FERC Process																																																																																																																																															
A1000	Planning/Contracting	254d	03-Jan-11	30-Dec-11	Planning/Contracting																																																																																																																																															
A1010	Prepare Prelim Permit Applications	127d	03-Jan-11	30-Jun-11	Prepare Prelim Permit Applications																																																																																																																																															
A1020	File PPA	0d	03-Jan-11	30-Jun-11	File PPA																																																																																																																																															
A1030	Eval Licensing Options <TLP, ALP, ILP>	127d	03-Jan-11	30-Jun-11	Eval Licensing Options <TLP, ALP, ILP>																																																																																																																																															
A1040	Meeting with FERC	5d	01-Apr-11	07-Apr-11	Meeting with FERC																																																																																																																																															
A1050	Resource Agency Consultation	760d	01-Jul-11	30-Jun-14	Resource Agency Consultation																																																																																																																																															
A1060	Review Previous Work / Prepare PAD	193d	01-Mar-11	30-Nov-11	Review Previous Work / Prepare PAD																																																																																																																																															
A1070	File PAD/NOI	0d	03-Jan-11	30-Nov-11	File PAD/NOI																																																																																																																																															
A1080	Study Scoping / Plan Preparation	274d	01-Dec-11	31-Dec-12	Study Scoping / Plan Preparation																																																																																																																																															
A1090	Environmental Studies	634d	01-Jul-11	31-Dec-13	Environmental Studies																																																																																																																																															
Study Planning					Study Planning																																																																																																																																															
A1095	Gap Analysis	254d	03-Jan-11	30-Dec-11	Gap Analysis																																																																																																																																															
A1100	Site Access Permits	127d	01-Jul-11	30-Dec-11	Site Access Permits																																																																																																																																															
A1110	Study Plan Preparation	254d	03-Jan-11	30-Dec-11	Study Plan Preparation																																																																																																																																															
Engineering Studies					Engineering Studies																																																																																																																																															
A1290	Engineering Studies	760d	03-Jan-11	30-Dec-13	Engineering Studies																																																																																																																																															
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A1120	Fisheries & Aquatic	634d	01-Jul-11	31-Dec-13	Fisheries & Aquatic																																																																																																																																															
A1130	Wildlife / Botanical	634d	01-Jul-11	31-Dec-13	Wildlife / Botanical																																																																																																																																															
A1140	Water Quality	634d	01-Jul-11	31-Dec-13	Water Quality																																																																																																																																															
A1150	Historic / Cultural	380d	02-Jul-12	31-Dec-13	Historic / Cultural																																																																																																																																															
A1160	Fluvial	380d	02-Jul-12	31-Dec-13	Fluvial																																																																																																																																															
A1170	Recreation Surveys	506d	03-Jan-12	30-Dec-13	Recreation Surveys																																																																																																																																															
A1180	Socio-Economic Studies	507d	03-Jan-12	31-Dec-13	Socio-Economic Studies																																																																																																																																															
A1190	Land Use Studies	634d	01-Jul-11	02-Jan-14	Land Use Studies																																																																																																																																															
A1200	Prepare PLP	380d	02-Jul-12	31-Dec-13	Prepare PLP																																																																																																																																															
License Application					License Application																																																																																																																																															
A1210	Data Analysis / Prepare Prelim Lic Plan / Draft License	507d	03-Jan-12	31-Dec-13	Data Analysis / Prepare Prelim Lic Plan / Draft License																																																																																																																																															
A1220	Submit PLP	0d	03-Jan-12	31-Dec-13	Submit PLP																																																																																																																																															
A1230	FERC Processes Application / Draft EIS	507d	02-Jan-14	31-Dec-15	FERC Processes Application / Draft EIS																																																																																																																																															
A1240	EIS Completed	0d	03-Jan-12	30-Jun-15	EIS Completed																																																																																																																																															
A1250	FERC Issues License	381d	02-Jan-15	30-Jun-16	FERC Issues License																																																																																																																																															
A1260	FERC License Issued	0d	03-Jan-12	30-Jun-16	FERC License Issued																																																																																																																																															
A1270	Plan Approvals Complete	0d	03-Jan-12	30-Dec-16	Plan Approvals Complete																																																																																																																																															
A1280	Permitting <COE, 404, 401, 1605, etc>	507d	02-Jun-15	30-Dec-16	Permitting <COE, 404, 401, 1605, etc>																																																																																																																																															

Preliminary working draft for client review

- Tasks
- ◇ Milestone
- ▬ Critical Tasks
- ▬ Summary

* These tasks are particularly subject to delay.



ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

March 14, 2011

Dear Senator Paskvan and Senator Wagoner,

This afternoon, I had a phone conversation with Rich Wilson, Bill Noll and Frank Mielke of the Alaska Rate Payers Association to discuss their ideas and recommendations on possible changes to Senate Bill 42. I understand that both of you have been acquaintances of these gentlemen for quite a long time and I believe you are familiar with who they are and what the Alaska Rate Payers Association represents.

I have not had the opportunity to study the 15 page proposed amendments or CS to SB 42, but have been briefed on the highlights during a 45 minute discussion. I believe there are some very good ideas coming from decades of experience. I will continue to review these recommendations and would be more than happy to discuss them with you at your convenience. I also have advised the Rate Payers to reach out to both of you as co-chairs to see what options there are to adopt some of these changes to Senate Bill 42 or at least have them discussed with the committee.

Attached, please find two copies of the recommendations and highlights from the Alaska Rate Payers Association. Thank you, and please feel free to contact me to discuss this at any time.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Thomas".

Senator Joe Thomas

Highlighting Important Features of
The Alaska Ratepayers Proposed Bill Entitled
“The Susitna Power Authority”

1. **Board and Purpose.** The Susitna Power Authority (“Authority”) is governed by a five-person Board of Directors to build and operate hydroelectric generation in the Susitna River, and transmission facilities anywhere in the state conveying Susitna power. [Section .030]
2. **Appointment and Terms of Board.** The Authority is established as a new authority in the Dept. of Commerce, Community & Economic Development. Members of the Board are appointed by the Governor and confirmed by the Legislature serving 5 year fixed terms on good behavior, removable only for cause. [Section .040]
3. **Executive Director.** An Executive Director serves at the pleasure of the Board which establishes the Director’s duties and compensation. Employment by the Authority is exempt from the provisions of the State Personnel Act. [Section .050]
4. **Annual Report; Exemption from Certain General Statutes.** The Authority will provide an annual management and performance report, including financial variance reporting, to the Legislature and to the Governor. This will offer the Legislature more detailed oversight than what is contained in the provisions of the current revised HB 103. The Authority is exempt from the Executive Budget Act, as well as from the State Procurement Act, Title 42 (regulating public utilities) and Title 35 (governing public facilities). Any project of this size and cost needs authority to avoid unnecessary delays and costs to complete work on time and on budget. [Section .080(b)]

This Authority is governed by five directors with relevant engineering, large project management and financial experience. Their objective is to produce hydroelectric power on the Susitna River in the quickest possible time at the lowest possible cost. Therefore, the Authority is relieved of the generally applicable exactions of the Budget Act, the Procurement Act, the Public Utilities and Public Facilities Acts as well as the State Personnel Act. Like other State entities, the Authority will adopt its own rules covering all these subjects with provisions of particular relevancy to the construction and operation of a large hydroelectric project. It is organized for success and achievement. [Section .080]

5. **Borrowing, Bonds, Debt.** The Authority is able to issue and refund bonds, with certain limits on the total amount of issue and the interest rates which may be paid. The extensive statutory language is calculated to make the Authority's bonds fully salable and acceptable in the bond markets. None of the debt or liability of the Authority is a debt or liability of the State of Alaska. [Section .150]
6. **Exemption from Taxes.** The real and personal property of the Authority are exempt from taxes and special assessments. [Section .150]
7. **Legislative Auditor's Annual Review.** The Legislative Auditor conducts an annual audit of the Authority whose records are available to the auditor at all times. [Section .080]
8. **Exemption from Local Planning, Zoning and Building Codes.** The Authority is exempt from planning, zoning, permitting or other such governmental powers of the State's political subdivisions. [Section .280]
9. **Permits and Powers under Federal Power Act.** The Authority may seek licenses and permits under the Federal Power Act and may proceed to condemn property under the provisions of said Act. [Section .080]
10. **Power of Condemnation.** The Authority shall have the power of eminent domain set forth in AS 09 including the declaration of taking. The State consents to the occupation and use of any State property for any hydroelectric facility of this Authority. [Section .080]
11. **Setting of Rates and Charges.** The Authority establishes its rates and charges, and is not subject Title 42 authorities of the Regulatory Commission of Alaska. [Section .080]

An Act creating the Susitna Power Authority

Sec. 44.89.010. Purpose

The purpose of the Authority created in this chapter is to develop own and operate electric power and transmission and related facilities in the Susitna Basin. Transmission facilities may also be built and operated in areas other than the Susitna Basin.

Sec. 44.89.020. Establishment of Authority

(a) There is established a Susitna Power Authority. The Authority is a public corporation and an instrumentality of the State within the Department of Commerce, Community and Economic Development, but the Authority has a separate and independent legal existence from the State. The exercise by the Authority of the powers in this chapter is considered an essential governmental function of the State.

(b) The Authority may not be terminated as long as it has bonds, notes, or other obligations outstanding. Upon termination of the Authority, its rights and property pass to the State.

Sec. 44.89.030. Board of Directors of Authority

(a) The Authority shall be governed by a board of directors consisting of the following:

(1) Five members, appointed by the governor and confirmed by the Legislature who shall have experience in electric utility, management, finance, construction or operations;

(2) Members shall serve for staggered terms of 5 years, and may be reappointed to additional terms. The Initial board members' terms for four of the seats shall be for one, two, three and four years each. All appointments for members thereafter shall be for a five year term. Such members may only be removed for cause.

(b) If a vacancy occurs in a member's seat, the governor shall make an appointment, effective immediately, for the unexpired portion of that member's term, subject to subsequent confirmation of the Legislature.

Sec. 44.89.040. Operation of Authority

(a) The powers of the Authority are vested in the board.

(b) Three members constitute a quorum.

(c) The board shall elect a chairman, and other officers, to serve at the pleasure of the board.

(d) Action may be taken on the affirmative vote of 3 board members.

(e) The members of the board shall receive a stipend of \$300 a day while performing business of the Authority.

Sec. 44.89.050. Executive Director

The Authority shall employ an executive director who may not be a member of the board. The executive director shall serve at the pleasure of the board. The board shall establish the duties and compensation of the executive director.

Sec. 44.89.060. Employment of Personnel; Exception from State Personnel Act

The executive directory may hire employees of the Authority, which is independent of the State Personnel Act. The board shall prescribe the duties and compensation of Authority employees.

Sec. 44.89.070. Legal Advisor

The Authority may retain legal counsel to advise the Authority on legal matters, or may contract with the department of law for legal counsel.

Sec. 44.89.080. Powers and Duties

(a) Except as otherwise explicitly made applicable to the Authority, the performance of the Authority's duties and the exercise of its powers, including its powers to issue bonds and otherwise incur debt, shall be governed exclusively by this chapter. In furtherance of its purposes, the Authority may

(1) own, acquire, construct, develop, create, construct, equip, operate, maintain, extend and improve any and all assets of any kind related to the generation and transmission of electricity within the Susitna River Basin, and in the case of transmission and related facilities in areas other than the Susitna River Basin;

(2) sue and be sued;

(3) adopt a seal;

(4) adopt, amend, and repeal regulations under AS44.62 and establish bylaws.

(5) make and execute agreements, contracts, and all other instruments with any public or private person, government unit, corporation, cooperative, municipality or other business entity lawfully conducting business in the United States for the exercise of its

powers and functions under this chapter and for the analysis, licensing, financing, design, construction, maintenance, improvement or operation of facilities, properties, or projects of the Authority:

(A) incurring indebtedness, obtaining investments in the Authority's projects, acquiring or granting lump sum payments for services in advance or in arrears, grants and other financing; and

(B) entering into public-private partnerships or service contracts in any form;

(6) in its own name acquire, lease, sell, rent or convey real and personal property;

(7) issue and refund bonds in accordance with this chapter, in order to pay the cost of any electrical generation, transmission and related facilities; the Authority may also secure payment of the bonds as provided in this chapter;

(8) incur other indebtedness, including lines of credit and indebtedness to the Rural Utilities Services, or any other governmental agency, and secure that indebtedness as provided in this chapter;

(9) apply for and accept gifts, grants, or loans from a federal agency or an agency or instrumentality of the State, or from a municipality, private organization, or other source, including obtaining title to state, local government, or privately owned land, directly or through a department of the State having jurisdiction of the land;

(10) fix and collect charges for the generation and transmission of electricity, and related services, including any necessary costs preliminary to construction.

(11) bring civil actions, refer criminal actions to the appropriate Authority, and take other actions or enter into agreements with law enforcement or property owners or managers to enforce property rights or other rights of the Authority.

(12) pledge, encumber, transfer, or otherwise obligate revenue derived by the Authority from any source, including charges for the generation and transmission of electricity, and related facilities or services;

(13) deposit or invest its funds, subject to agreements with bondholders;

(14) procure insurance against any loss in connection with its operation;

(15) contract for and engage the services of consultants, experts, financial, engineering and technical advisors that the Authority considers necessary for the exercise of its powers and functions under this chapter;

(16) apply for, obtain, hold, and use permits, licenses, or approvals from

appropriate agencies of the State, the United States, a foreign country and any other proper agency in the same manner as any other person;

(17) perform reconnaissance studies and engineering, survey, and design studies with respect to the facilities for the generation and transmission of electricity and appurtenant facilities;

(18) exercise powers of eminent domain or file a declaration of taking as necessary for any facilities for or related to the generation and transmission of electricity;

If for any of the purposes hereunder, including temporary construction purposes, and the making of additions or improvements, the Authority shall find it necessary or convenient for it to acquire any real property whether for immediate or future use, then the Authority may find and determine that such property is required for a public use, and upon such due determination, such property shall be and shall be deemed to be required for such public use until otherwise determined by the Authority, such determination of fact shall not be affected by the fact that such property has theretofore been taken for, or is then devoted to, a public use; but the public use in the hands or under the control of the Authority shall be deemed superior to the public use in the hands of any other person, association or corporation. If the Authority is unable to agree for the acquirement of any such property, or if the owner thereof shall be incapable of disposing of the same, or if, after diligent search and inquiry, the name and residence of any such owner cannot be ascertained, or if any such property has been acquired or attempted to be acquired and title or other rights therein have been found to be invalid or defective, the Authority may acquire such property by condemnation under and pursuant to the provisions of this chapter:

When any real property within this State is sought to be acquired by condemnation, the Authority shall cause a survey and map to be made thereof, and shall cause such survey and map to be filed in its office. There shall be annexed to such survey and map a certificate executed by the chief engineer of the Authority, or by such other officer or employee as may be designated by the Board of Directors stating that the property or interest therein described in such survey and map are necessary for its purposes.

Upon filing such survey and map, the Authority may proceed to acquire the real property by eminent domain as set forth in AS 09.55.240-460, including the power of declaration of taking set forth in AS 09.55.420 et seq., all as may be modified by provisions of this chapter.

The Authority may, at its option, acquire such real property within the State of Alaska, under the aforesaid eminent domain law or, in the event it is a licensee under the Federal Power Act, it may acquire such real property as is necessary for its purposes through the exercise of the right of eminent domain as provided in the Federal Power Act, as it may be from time to time amended.

The term "real property" as used in this chapter is defined to include lands, structures, franchises and interests in land, including lands under water and riparian rights, and any and all other things and rights usually included within the said term, and includes also any and all interests in such property less than full title, such as easements, rights of way, uses, leases, licenses and all other incorporeal hereditaments and every estate, interest or right, legal or equitable, including terms for years and liens thereon by ways of judgments, mortgages or otherwise, and also all claims for damages for such real estate.

(19) confer and contract with municipalities, other governments, and electrical cooperatives, concerning electrical generation and transmission facilities;

(20) do all acts and things necessary or useful to carry out the powers expressly granted or necessarily implied in this chapter; nothing in this chapter limits the powers of the Authority that are expressly granted or necessarily implied.

(b) the Authority shall

(1) prepare an annual report of its operations to include a financial and income statement, a statement of changes in financial position, a reconciliation of changes in equity accounts, a summary of significant accounting principles, an auditor's report, comments regarding the year's business, and prospects for the next year; the report shall be completed by the twentieth day of the regular session of the Legislature and submitted to the Legislative Budget and Audit Committee and the presiding offices of each house of the Legislature, and the governor of Alaska. Quarterly budget variance reports shall be filed with the same parties during construction of facilities.

(2) be exempt from AS 37.07 (Executive Budget Act);

(3) establish a personnel management system for hiring employees and setting employee-benefit packages;

(4) establish procedures, rules, and rates governing per diem and travel expenses of the employees of the Authority in substantial conformity to statutes, procedures, rules, and rates applicable to State employees of similar State entities;

(5) coordinate the exercise of its powers to plan, design, construct, operate and maintain electrical generation and transmission and related facilities;

(6) have the exclusive Authority to determine and fix charges for the generation and transmission of electricity and related services that it owns, constructs or operates;

(7) be exempt from the AS 36.30 (State Procurement Act);

(8) be exempt from regulation under AS 42 (Public Utilities);

(9) be exempt from AS 35.

Sec. 44.89.090. Assets Funds and Revenue of the Authority

(a) The Department of Revenue shall separately account for all assets and revenue of the Authority.

(b) The deposit or investment of money in the Authority's funds may be made by the board. The interest earned on or profits derived from the deposit, investment, or sale of an investment by the Authority are funds of the Authority.

Sec. 44.89.100. Bonds of the Authority

(a) Notwithstanding any other provision of law, the Authority may borrow money and issue and refund bonds on which the principal and interest are paid out of and secured by the gross revenue derived by the Authority for the ownership, use, and operation of its facilities and services, and other revenue of the Authority under this chapter and any other revenue or money that the legislature may appropriate. Before issuing bonds, the Authority shall submit to the state bond committee a description of the bond issue and a preliminary prospectus, offering circular, or official statement relating to the bond issue, and shall contain a finding on the effect on the State or its political subdivisions to market bonds.

(b) The bonds of the Authority may be sold in the amount or series at the time determined by its board of directors. Bonds or a series of bonds may not be sold if the effective interest rate over the life of the bonds exceeds 11 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for the week previous to the date of the sale of the bonds, whichever is higher.

(c) The Authority may issue bonds in an aggregate amount not to exceed \$12,000,000,000, plus the cost of issuance.

(d) The amount of refunding bonds that can be issued by the Authority and bond premiums may not be included in the aggregate amount, but may be in addition to the amount authorized by (c) of this section.

Sec. 44.89.110. Trust Indentures and Trust Agreements; Funds and Reserves

(a) in the discretion of the Authority, an issue of bonds may be secured by a trust indenture or trust agreement between the Authority and a corporate trustee, by a secured loan agreement or other instrument, or by a resolution giving powers to a corporate trustee, by means of which the Authority may

(1) make agreement with the trustee or the holders of the bonds that the Authority

determines to be necessary or desirable, including agreements as to the

(A) application, investment, deposit, use and disposition of

(i) the proceeds of bonds of the Authority;

(ii) money or other property of the Authority;

(iii) money or other property in which the Authority has an interest;

(B) fixing charges for the generation and transmission of electricity and related facilities and services;

(C) assignment by the Authority of its rights in in any contract with respect to its facilities or services or in a mortgagee or other security interest created with respect to its facilities;

(D) terms and condition under which the Authority may issue additional bonds;

(E) vesting in a trustee of rights, powers, duties, money, or property in trust for the benefit of the bondholders, including the right to enforce payment, performance and all other rights of the Authority or of the bondholders, under a lease, contract, power sales agreement, contract of sale, mortgage, security agreement, or other trust by injunction or other proceeding or by taking possession by agent or otherwise, and operating electrical generation and transmission and facilities and services and applying the same in accordance with the trust agreement;

(2) pledge, mortgage, or assign money, leases, agreements, property, or other rights or assets of the Authority either currently in hand or to be received in the future, or both; and

(3) provide for any other matters that affect the security or protection of the bonds.

(b) Notwithstanding any other provision of this chapter, the trust agreement must contain an agreement by the Authority that the Authority will at all time maintain charges sufficient to

(1) pay the costs of operation and maintenance of its facilities and the principal of and interest on bonds issued under the trust agreement as the bonds severally become due and payable;

(2) provide for debt service coverage as considered necessary by the Authority for the marketing its bonds; and

(3) provide for renewals, replacements, and improvements of its facilities , and to maintain reserves required by the terms of the trust agreement.

(c) For the purpose of securing one or more issues of its bonds, the Authority may establish one or more special funds, called "capital reserve funds", and shall pay into those funds the proceeds of the sale of its bonds and any other money that is available to the Authority of the purposes of those funds. The funds shall be established only if the Authority determines that the establishment would enhance the marketability of the bonds. All money held in a capital reserve fund, except as provided in this section, shall be used as required solely for the (1) payment of the principal of and interest on bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or redemption of bonds, or (3) the payment of a redemption premium required to be paid when those bonds are redeemed before maturity, However, money in a fund may not be withdrawn from the fund at any time in an amount that would reduce the amount of the fund to less than the capital reserve requirement set out in (d) of this section, except for the purpose of making, with respect to those bonds, payment, when due, of principal, interest, redemption premiums, and the sinking fund payments for the payment of which other money of the Authority is not available. Income or interest earned by or increment to a capital reserve fund due to the investment of the funds of any other amounts in the fund may be transferred by the Authority to other funds or accounts of the Authority to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(d) If the Authority decides to issue bonds secured by a capital reserve fund, the bonds may not be issued if the amount in the capital reserved fund is less than the amount of the capital reserve fund requirement, if any, established by resolution of the Authority, unless the Authority at the time of issuance of the obligation, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources an amount that, together with the amount then in the fund, will not be less than the capital reserve fund requirements.

(e) In computing the amount of a capital reserve fund for the purposes of this section, securities in which all or a portion of the fund is invested shall be valued by some reasonable method established by the Authority by resolution. Valuation on a particular date shall include the amount of any interest earned or accrued to that date.

(f) If the Authority decides to issue bonds secured by a capital reserve fund, the bonds may not be issued until 30 days after the Authority has mailed notification to the State bond committee and the Legislative Budget and Audit Committee by certified mail of its intention to establish a capital reserve fund to secure the bond issue. The notification must include the amount of the capital reserve fund to be established, the amount of bonds proposed to be issued, and the total cost for which the bonds are to be issued. The notification shall be accompanied by an estimate by the Authority of the need to withdraw money from the capital reserve fund during the term of the bond issue, the amount that may be necessary to withdraw, and the time at which withdrawals are

estimated to be needed. By January 30 of each year, the Authority shall prepare, and provide to the State Bond Committee and the Legislative Budget and Audit Committee, a revised estimate, considering the same factors, and a statement of all withdrawals that have occurred from the date of issuance of the bonds to the end of the preceding calendar year.

(g) Nothing in this section creates a debt or liability of the State.

(h) Notwithstanding any other provision of law, the Authority may establish other funds and reserves as the board of directors may determine reasonable and prudent for the issuance of bonds or for the conduct of the business and affairs of the Authority. The interest earned on or profit derived from these funds and reserves shall be the property of the Authority.

Sec. 44.89.120. Validity of Pledge

It is the intention of the legislature that a pledge made in respect of bonds shall be perfected and shall be valid and binding from the time the pledge is made, that the money or property so pledged and after that received by the Authority shall immediately be subject to the lien of the pledge without physical delivery or further act, and that the lien of the pledge shall be valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the Authority irrespective of whether the parties have noticed. Neither the resolution, trust agreement, or any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code in order to be perfected or to be valid, binder, effective against the parties. This section does not affect title to or conveyances of real property and does not limit the applicability of AS 40.17.080(b).

Sec. 44.89.130. Non-Liability on Bonds

(a) Neither the members of the board nor a person executing the bonds of the Authority is liable personally on the bonds or is subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the Authority do not constitute an indebtedness or other liability of the State or of a political subdivision of the State other than the Authority, but shall be payable solely from the income, receipts, or other money or property of the Authority. All documents published by the Authority or to which the Authority is a signatory and used in or for the issuance of bonds by the Authority must state that they are prepared by or for the Authority.

(c) The Authority may not pledge the faith or credit of the State or of a political subdivision of the State other than the Authority, and the issuance of a bond by the Authority does not directly, indirectly, or contingently obligate the State or a political subdivision of the State to apply money from, levy, or pledge any form of taxation to the

payment of the bond or to make payments due on the bonds from any source of funds not pledged for repayment of the bonds.

Sec. 44.89.140. Pledge of State

The State pledges to and agrees with the holders of bonds issued under this chapter and with a federal agency that loans or contributes money in respect to electrical generation and transmission and related facilities that the State will not limit or alter the rights and powers vested in the Authority under this chapter to fulfill the terms of a contract made by the Authority with the holders or federal agency or in any way impair the rights and remedies of the holders under the bonds, together with the interest on them, with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, until such obligations are fully met and discharged. The Authority may include this pledge and agreement of the State, insofar as it refers to holders of bonds of the Authority, in a contract with the holders and, insofar as it relates to a federal agency, in a contract with the federal agency.

Sec. 44.89.150. Exemption from Taxation

The real and personal property of the Authority and its assets, income and receipts are declared to be the property of a political subdivision of the State and are exempt from all taxes and special assessments of the State or a political subdivision of the State. All Bonds of the Authority are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose. The bonds, the interest on the bonds, the income from the bonds and the transfer of the bonds, and all assets, income, and receipts pledged to pay or secure the payment of the bonds or interest on the bonds are, at all times, except from taxation by or under the Authority of the State, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income, or other taxes provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the Authority in any property, assets, income, receipts, project, or lease, regardless of whether financed under this chapter.

Sec. 44.89.160. Bonds, Legal Investments for Fiduciaries

The bonds of the Authority are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on any insurance business, all banks, bankers, trust companies, savings banks, savings association, including savings and loan associations and building and loan associations, investment companies and other persons carry on banking business, all administrators, guardians, executors, trustee, and other fiduciaries , and other persons who are now or may afterward be authorized to invest in

bonds or other obligations of the State may property and legally invest money, including capital in their control or belonging to them. Notwithstanding any other provision of law, the bonds of the Authority are also securities that may be deposited with any and be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purposes for whittle deposit of bonds or other obligations the State is now or may afterward be authorized to issue.

Sec. 44.89.170. Audit

The legislative auditor annually shall audit, or cause to have audited, the financial records of the Authority. The form and content of the financial records shall be in accordance with generally accepted accounting procedures. The financial records shall be available to the legislative auditor any reasonable time.

Sec. 44.89.180. State Appropriations Not Affected.

The chapter does not prevent the State from making appropriations for or in aid of the acquisition, design, construction, or operation of electrical generation and transmission and related facilities.

Sec. 44.89.190. Insurance

The Authority shall keep in force public liability insurance in an amount reasonably calculated to cover potential claims for bodily injury, death or disability, and property damage that may arise from or be related to its operation and activities, naming the State as an additional insured.

Sec. 44.89.200. Safeguarding of Money

The Authority shall maximize revenue from and deposit all money in depositories under guidelines issued by the commissioner of revenue and otherwise safeguard the money under guidelines as the commissioner of revenue may from time to time issue..

Sec. 44.89.210. Fidelity Bond

The Authority shall obtain a fidelity bond in an amount determined by the board, for the members of the board and any official responsible for Authority accounts and finances. A bond must be in effect for the tenure of the bonded person.
[use terms of 19.75.321]

Sec. 44.89.220. Bond Terms

(a) the bonds of the Authority mature at the time fixed by the board. The bonds may be subject to redemption before their fixed maturities as determined by the board, or the Authority's executive director when delegated that responsibility on AS 44.89.230, and with the premium fixed by the board, but a bond may not be subject to redemption before its fixed maturity date unless the right to redeem that bond is expressly mentioned on the face of the bond. The bonds

(1) may be denominations determined by the board;

(2) may be issued in coupon form or in fully registered form, and may be registerable as to principal or both principal and interest, and under regulations and conditions the board provides;

(3) are payable as to principal and interest at the place determined by the board;

(4) shall be signed on behalf of the Authority as the board may direct; the signatures may be facsimile signatures; each of the interest coupons, if any, attached to the bonds shall be signed by the facsimile signatures of the officials as the board may direct;

(5) shall have the seal of the Authority impressed, printed, or lithographed on them; and

(6) shall be issued under and subject to the terms, condition, and covenants, providing for the payment of the principal and interest on the bonds and the other terms, conditions, covenants, and protective features safeguarding this payment and relating to the operations, maintenance or capital improvements as found necessary by the board, which covenants may include a provision requiring the setting aside and maintenance of certain reserves to secure the payment of the principal and interest or for operations, maintenance or capital improvements.

(b) The board may select a trustee or trustees for the holders of the bonds or any series of the bonds, for the safeguarding and disbursement of any of the money in any of the funds created under this chapter or for the duties of authentication, delivery, and registration of the bonds as the board may determine. The board shall fix the rights, duties, powers, and obligations of the trustee or trustees.

(c) In determining the matters and questions relating to the issuance and sale of the bonds and the fixing of the maturities, terms, condition, covenants, and other subjects of the bonds as provided in (a) and (b) of this section, the decisions of the board shall be those found to be reasonably necessary for the best interests of the Authority and the construction, operation and maintenance of its facilities, and those that will accomplish the most advantageous sale of the bonds, giving due regard to (1) necessary or normal

costs of maintenance and operation; (2) renewals and replacements of and repairs to the facilities; (3) all improvements to electrical generation and transmission and related facilities; (4) the future growth and expansion of all of the facilities; and (5) the possibility of additional revenue bond financing for electrical generation and transmission and related facilities. A decision of the board as expressed in any bond resolution is final when any bonds have been issued under the bond resolution.

(d) A bond resolution may provide that the bonds issued must contain a recital that the bonds are issued under this chapter, and any bonds containing this recital are conclusively considered to be valid and to have been issued in conformity with this chapter.

(e) The validity of the authorization and issuance of bonds is not affected by any proceeding for the acquisition or construction of the additions, improvements, or facilities for which the bonds have been issued or by any contract in connection with the acquisition or construction.

Sec. 44.89.230. Bond Resolution

(a) When issuing bonds of the Authority, the board shall adopt the bond resolution and approve all other documents and proceedings necessary for the issuance, sale, and delivery of the bonds or any part or series of them. The bond resolution shall fix the aggregate principal amount and denomination, date, maturities, place or places of payment, rights of redemption, if any, terms, form, conditions, and covenants of the bonds or each of them. The board shall also determine and provide for the date and manner of sale of the bonds, and shall provide where the notice of sale, if any, is to be published.

(b) The board may delegate to the Authority's executive director the Authority to approve final principal maturities and dates, interest rates, redemption rights, and interest payment dates under the terms and conditions the board determines by resolution.

Sec. 44.89.240. Enforcement by Holder

The holder of any bonds or the trustee for the holders of bonds or any series of them, may by appropriate proceedings in state court, compel the transfer, setting aside, and payment of money and the enforcement of all of the terms, conditions, and covenants as required and provided in AS 44.89.220 and AS 44.89.230 and in the bond resolution.

Sec. 44.89.250. Bond Negotiability

The bonds and the coupons attached to them are fully negotiable instruments under the laws of the State.

Sec. 44.89.260. Refunding

(a) The bonds or any part of them may be refunded at or before their maturity by the issuance of refunding revenue bonds of the Authority if, in the opinion of the board, refund is advantageous to and in the best interest of the Authority.

(b) The board shall adopt the resolution authorizing refunding and all other documents and proceedings necessary for the issuance, exchange or sale, and delivery of the bonds. All provisions of AS 44.89.100-.160 except AS 44.89.100(c) and AS 44.89.220-.270 applicable to revenue bonds are applicable to the refunding bonds and to the issuance, sale, or exchange of the bonds, except as otherwise provided in this section.

(c) Refunding bonds may be issued in a principal amount sufficient to provide money for the payment of all bonds to be refunded by them, and in addition, for the payment of all expenses incident to the calling, retiring, or paying of the outstanding bonds, and the issuance of the refunding bonds. These expenses include, without limitation,

(1) the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold;

(2) any amount necessary to be made available for the payment of interest on the refunding bonds from the date of sale of the bonds to the date of payment of the bonds to be refunded or to the date on which the bonds to be refunded will be paid under the call of the bonds or agreement with holders of the bonds;

(3) the premium, if any, necessary to be paid in order to call or retire the outstanding bonds; and

(4) the interest accruing on the outstanding bonds to the date of the call or retirement and other costs of issuance and refunding.

Sec. 44.89.270. Bonds as Legal Investments

Bonds of the Authority, including electrical generation and transmission and related facilities bonds, are legal investments for all banks, trust companies, savings banks, savings and loan associations, and other persons carrying on a banking business, all insurance companies and other persons carrying on an insurance business, and all executors, administrators, trustee, and other fiduciaries. The bonds may be accepted as security for deposits of all money of the State and its political subdivisions.

Sec. 44.89.280. Exemption from Local Regulation

Notwithstanding any contrary provision of law, the activities of the Authority are exempt

from land use planning, zoning, permitting, or other similar governmental powers of political subdivision of the State.

Sec. 44.89.290. Statutory Construction

This chapter shall be liberally construed in order to carry out the purposes for which it was enacted. All existing laws in conflict with this chapter are superseded as necessary to accomplish the purposes of this chapter.

Sec. 44.89.300. Compelling Attendance of Witnesses

For the purpose of exercising its powers and performing its duties hereunder, and of securing such information as it may deem necessary hereunder, the Authority shall have the power to compel the attendance of witnesses and the production of documents. The power hereby conferred upon the Authority may be exercised by any one or more of the Board of Directors if he or they are authorized so to act on behalf of the Authority by resolution or by law. A subpoena issued under this section shall be regulated by the civil practice law and rules.

Sec. 44.89.310. Consent of State

The State of Alaska hereby consents to the occupation and use by the Authority of any and all property of the State of whatever kind or character for any hydroelectric or transmission facility authorized herein, and hereby vests the Authority with and delegates to it the rights to exercise any and every right and power of the State in connection therewith, whether proprietary or sovereign in character, which the State itself might exercise.

Sec. 44.89.320. Definitions

(a) "Electrical generation and transmission and related facilities", for purposes of this chapter means facilities for the generation of electricity from renewable sources, including hydroelectric of any capacity and volume, wind power and geothermal, and facilities for the transmission of electricity from any source whatsoever, and any other facilities reasonably necessary or useful to accomplish the generation and transmission of such electricity.

Highlighting Important Features of
The Alaska Ratepayers Proposed Bill Entitled
“The Susitna Power Authority”

1. **Board and Purpose.** The Susitna Power Authority (“Authority”) is governed by a five-person Board of Directors to build and operate hydroelectric generation in the Susitna River, and transmission facilities anywhere in the state conveying Susitna power. [Section .030]
2. **Appointment and Terms of Board.** The Authority is established as a new authority in the Dept. of Commerce, Community & Economic Development. Members of the Board are appointed by the Governor and confirmed by the Legislature serving 5 year fixed terms on good behavior, removable only for cause. [Section .040]
3. **Executive Director.** An Executive Director serves at the pleasure of the Board which establishes the Director’s duties and compensation. Employment by the Authority is exempt from the provisions of the State Personnel Act. [Section .050]
4. **Annual Report; Exemption from Certain General Statutes.** The Authority will provide an annual management and performance report, including financial variance reporting, to the Legislature and to the Governor. This will offer the Legislature more detailed oversight than what is contained in the provisions of the current revised HB 103. The Authority is exempt from the Executive Budget Act, as well as from the State Procurement Act, Title 42 (regulating public utilities) and Title 35 (governing public facilities). Any project of this size and cost needs authority to avoid unnecessary delays and costs to complete work on time and on budget. [Section .080(b)]

This Authority is governed by five directors with relevant engineering, large project management and financial experience. Their objective is to produce hydroelectric power on the Susitna River in the quickest possible time at the lowest possible cost. Therefore, the Authority is relieved of the generally applicable exactions of the Budget Act, the Procurement Act, the Public Utilities and Public Facilities Acts as well as the State Personnel Act. Like other State entities, the Authority will adopt its own rules covering all these subjects with provisions of particular relevancy to the construction and operation of a large hydroelectric project. It is organized for success and achievement. [Section .080]

5. **Borrowing, Bonds, Debt.** The Authority is able to issue and refund bonds, with certain limits on the total amount of issue and the interest rates which may be paid. The extensive statutory language is calculated to make the Authority's bonds fully salable and acceptable in the bond markets. None of the debt or liability of the Authority is a debt or liability of the State of Alaska. [Section .150]
6. **Exemption from Taxes.** The real and personal property of the Authority are exempt from taxes and special assessments. [Section .150]
7. **Legislative Auditor's Annual Review.** The Legislative Auditor conducts an annual audit of the Authority whose records are available to the auditor at all times. [Section .080]
8. **Exemption from Local Planning, Zoning and Building Codes.** The Authority is exempt from planning, zoning, permitting or other such governmental powers of the State's political subdivisions. [Section .280]
9. **Permits and Powers under Federal Power Act.** The Authority may seek licenses and permits under the Federal Power Act and may proceed to condemn property under the provisions of said Act. [Section .080]
10. **Power of Condemnation.** The Authority shall have the power of eminent domain set forth in AS 09 including the declaration of taking. The State consents to the occupation and use of any State property for any hydroelectric facility of this Authority. [Section .080]
11. **Setting of Rates and Charges.** The Authority establishes its rates and charges, and is not subject Title 42 authorities of the Regulatory Commission of Alaska. [Section .080]



Alaska State Legislature

Representative Les Gara

Senator Bill Wielechowski

February 11, 2011

Sara Fischer-Goad
Executive Director, Alaska Energy Authority
813 W. Northern Lights Blvd.
Anchorage, AK 99503-2495

Cora Campbell
Commissioner, Alaska Department of Fish and Game
PO Box 115526
Juneau, AK 99811-5526

Re: Questions on Potential Fish Impact of Proposed Susitna Hydroelectric Project

Dear Sara Fischer-Goad and Commissioner Cora Campbell:

The Susitna River and its clear water tributaries are home to some of Alaska's most important populations of wild rainbow trout and salmon. We are writing to learn more about the potential fisheries impacts of the proposed Susitna Hydroelectric project. To date, we have found the information to be scarce.

At the outset we'd note that we believe a large scale Hydroelectric power project would benefit Southcentral Alaska residents, if done right, and if it does not damage important fish populations our residents rely upon for recreational and commercial fishing activities.

The Susitna drainage is home to trophy wild rainbow trout and grayling. Many of those fish overwinter in the Susitna River, and spend the warmer months in the Susitna's clearwater tributaries. The Susitna River is, in areas where these fish overwinter, braided. We would like to know what information is available to assure Alaskans that during periods of low water caused by dam operations, these braids will not be dewatered. We do not want to see winter-kill of one of Alaska's most important wild trout populations.

Conversely, in the summer months, trophy-sized silvers, kings, chum, and pink salmon come up the Susitna in large numbers. We would not want dam-induced low water levels to impact the braids used by these fish as they come upriver to their spawning streams. Small numbers of these fish continue to travel the Susitna through November in some years.

We would like a comprehensive answer to these questions, as well as information on the risk to these fish populations through dam-induced low water periods.

Thank you very much. We look forward to a timely response.

Handwritten signature of Les Gara.

Representative Les Gara

Handwritten signature of Bill Wielechowski.

Senator Bill Wielechowski



Susitna Hydro Transmission Study

EPS Job #09-0254

Prepared for:
Alaska Energy Authority

Prepared by:
Dr. James W. Cote, P.E.
David W. Burlingame, P.E.
Kelly Ridge

ELECTRIC POWER SYSTEMS, INC.
4020 148th Ave. N.E. Suite C
Redmond, WA 98052

October 22, 2009

SUMMARY OF CHANGES

Revision Number	Revision Date	Revision Description
0	Oct 22, 2009	Initial Release

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1 Executive Summary

Electric Power Systems, Inc. (EPS) studied the feasibility of adding a new hydro generation plant at Susitna. Both 420 MW and 600 MW plant sizes were evaluated. The study evaluated the feasibility of the project and performed a phase one study of the required system improvements necessary to support the new generation and transmission.

The study indicates that the project is feasible. Numerous transmission system improvements are required to support the proposed generation. Transmission improvements from Fairbanks to the Mat-Su valley will be required, as listed below.

- New Gold Creek 230 kV substation along the existing Railbelt 138 kV Northern Intertie at Gold Creek.
- Three new 230 kV lines between Gold Creek and the Susitna Hydro Plant.
- The existing 138 kV line from Healy to Douglas will need to be converted to 230 kV.
- Two new 230 kV lines connecting Douglas to the new substation at Gold Creek.
- A new 230 kV line between Gold Creek and Healy.
- A new 230 kV bus is required at Healy substation.
- The existing 138 kV bus sections at Cantwell, Stevens, and Douglas must be converted to 230 kV along with the substation step down transformers.
- The Healy - Wilson 138 kV will be converted to 230 kV operation.
- Two new 100 MVA, 230 / 138 kV transformers will be required at Wilson.
- The existing Healy – Gold Hill 138 kV line will need to be upgraded to 230 kV operation.
- The conversion of the Ester and Nenana substations to 230 kV will be required.
- Two new 100 MVA 230 / 138 kV transformers will be required at Gold Hill.
- Two new static VAR compensation (SVC) devices will be required to support the project. The SVCs will most likely be required at Healy and Douglas, interconnecting at 230 kV.
- A new 230 kV substation at Lorraine was added. This substation intersects the Pt. MacKenzie - West Terminal – East Terminal – Plant 2 230 kV line and the Pt. MacKenzie - Teeland 230 kV line.
- A new 230 kV line from Pt. MacKenzie to Douglas was added.
- A new 230 kV line from Lorraine to Douglas was added.

Some modifications to the spinning reserve policies and to the underfrequency load shedding schemes will also be necessary.

The estimated costs of the transmission and substation projects are as follows (in millions):

• Triple Circuit From Devils Canyon to Gold Creek	-	\$47.4
• Single Circuit 230 kV Gold Creek – Healy	-	\$153.3
• Double circuit 230 kV Gold Creek – Douglas	-	\$192.1
• Single Circuit 230 kV Douglas – Teeland	-	\$37.9
• Double Circuit 230 kV Douglas – Lorraine	-	\$117.0
• Single Circuit 230 kV Lorraine – Pt MacKenzie	-	\$7.3
• Convert 138 kV Healy – Gold Hill 230 kV line	-	\$149.2
• Pt MacKenzie Modifications	-	\$2.4
• Lorraine Substation	-	\$13.4

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• Douglas Station	-	\$14.3
• Teeland Station	-	\$1.0
• Gold Creek Station	-	\$17.0
• Healy Station	-	\$5.6
• Wilson Station	-	\$6.5
• Nenana/Ester stations	-	\$6.0
• Intertie Transformers	-	\$7.0
• SVC systems	-	\$52.0
• Devils Canyon Substation (exc transformers)	-	\$9.5
• <u>Unidentified projects</u>	-	<u>\$50.0</u>
Total Susitna Integration Costs	-	\$888.9

The identified projects are those that are required as a result of a high-level screening study of the Susitna Hydroelectric project. These projects include the major infrastructure necessary to integrate the Susitna project into the Railbelt. However, there will be many projects, such as communications improvements required for relaying and control, control and monitoring (Supervisory Control And Data Acquisition) and minor transmission and substation improvements that will be required to strengthen the interconnected grid of the Railbelt. These projects cannot be identified by a high level screening study, but are estimated at \$50.0 in the above summary.

It should also be pointed out that certain improvements not included in the above list would be required if slightly different generation dispatches were utilized in the study. The study assumed 200 MW of the Susitna project was utilized in the Fairbanks area and 400 MW was used in the Anchorage/Kenai area. Differences in the actual power flow out of Susitna could result in significant changes to the list of recommended projects. Power flow above 400 MW to the Anchorage and Kenai areas may require transmission improvements from the Pt. MacKenzie, Lorraine, Teeland area into the Anchorage area and from Anchorage to the Kenai Peninsula.

In all the power flows used in the study, Bradley Lake was required to be dispatched. Absent the energy from Bradley Lake, acceptable power flows and system stability achieved in the study would not be possible unless a Kenai gas-fired resource was used in Bradley's place. Without the addition of the Southern Intertie, the Kenai will be subject to essentially the same generation restrictions that exist today. In order to alleviate Kenai "must run" generation, the Southern Intertie would be required to optimally utilize the energy of Susitna on the Kenai Peninsula.

2 Introduction

The Alaska Energy Authority (AEA) has asked Electric Power Systems, Inc (EPS) to determine the required system improvements to the Railbelt electrical system to support the proposed Susitna Hydroelectric Project (Project). Specifically, this study evaluated the feasibility of the Susitna project and identified the basic electrical infrastructure improvements necessary to support the project.

EPS evaluated the operation of the Railbelt electrical system with the addition of the project in the 2020 time frame. EPS studied two generation levels for the project, 420 MW and 600 MW. The project interconnects with the existing Railbelt system along the existing Anchorage – Fairbanks Intertie, between Cantwell and Stevens substations.

The report is separated into two sections, the first is the electrical studies required to identify the Railbelt improvements necessary to support the Susitna Project and the second part includes feasibility level costs estimates for the projects identified in the studies.

3 Power Flow Base Cases and Modeling Issues

EPS created three power flow base cases, representing the 2020 winter peak, 2020 summer peak, and 2020 summer valley load condition. Additionally, two levels of generation at Susitna were evaluated; a 420 MW and a 600 MW level. This resulted in a total of six power flow base cases.

The Railbelt power flow base cases used for this study are the 2015 planning cases developed for previous studies for the Railbelt Intertie Operating Committee (IOC). The planning cases have load levels representative of the 2020 time frame within reasonable estimates of the load growth. The power flow model also includes various generation and transmission upgrades to the Railbelt, expected to be in place by 2020. These improvements are outlined below.

Load Updates

The system loads were updated to a 2020 level based on load forecasts.

Generation Updates

Three combustion turbines (CTs) and one heat recovery steam generator (HRSG) generator were added at the new International substation (ITSS) within Chugach (CEA). The generators are configured as one stand-alone CT plus a 2x1 configuration (two CTs feeding waste heat to one steam turbine (ST)).

Three combustion turbines and one HRSG generator were added at Eklutna substation within MEA. The generators were configured as one stand-alone CT plus a 2x1 CT / HRSG configuration.

Beluga unit #8 is decommissioned in the CEA area.

The Nikiski Solars units are decommissioned in the HEA area.

Transmission Updates

The AMLP Substation #14 (115 kV) substation was built out to remove a tapped line within the AMLP system. The AMLP A.P.A. Switchyard (115 kV) substation was built out to remove a tapped line within the AMLP system. Substation #15 was also reconfigured to accommodate this change. A Fort Richardson (115 kV) substation was added with connections to Substation #20 and Plant 2. The Fort Richardson 34.5 kV substation was modified to connect to the North Sub substation.

CEA International Substation (138 kV) was built out to remove bus ties, reconfigure the bus structure, add breaker positions, and remove tapped line configurations. A 138 kV transmission line from Retherford substation to University substation was added.

A second (express) 115 kV line was added between Briggs substation and Eklutna substation, within the MEA system.

Within HEA, the Tesoro 115 kV substation was expanded to remove a tapped line configuration to Bernice substation. A new Tesoro load bus was added. The Bernice 115 kV substation was built out to remove the Bernice tapped line segment. New load transformers were added at Bernice Lake substation. The Bernice Lake – Tesoro – Marathon - Beaver Creek - Soldotna 69 kV lines and subsystem was reconfigured to incorporate a new normal operating configuration. Sterling 115 kV and Pioneer 115 kV substations were added. A Diamond Ridge 69 kV substation load bus was added.

Susitna Generation Upgrades

Both proposed Susitna generation options were modeled. The Susitna units were modeled as three 140 MW units for the 420 MW cases or three 200 MW units for the 600 MW cases. This results in the loss of one of the Susitna units becoming the single largest contingency for the Railbelt. The capacity of the Susitna units required that the Railbelt carry at least 140 MW or 200 MW (depending on the generation scenario) of spinning reserve online. EPS created the six power flow dispatches with this new spinning reserve requirement. Table 1 below lists the dispatches that were used for this study.

The dispatch cases attempted to use Susitna at or near maximum as much as possible. Other hydro resources were typically dispatched, along with the most efficient new or proposed combustion turbines within the system.

Table 1 – Generation Dispatch

Bus Name	Susitna at 420 MW			Susitna at 600 MW		
	summer peak	summer valley	winter peak	summer peak	summer valley	winter peak
BES						
BRADLEY LAKE 1	30.6	21.0	35.4	30.9	19.0	43.5
BRADLEY LAKE 2	27.0	20.0	35.0	27.0	15.0	43.0
TESORO 1	3.0	3.0	3.0	3.0	3.0	3.0
TESORO 2	3.0	3.0	3.0	3.0	3.0	3.0
SUSITNA 1	140.0	130.0	140.0	200.0	140.0	200.0
SUSITNA 2	140.0	130.0	140.0	200.0	140.0	200.0
SUSITNA 3	140.0	130.0	140.0	200.0	140.0	200.0
AMLP #3						
AMLP #6	31.5		29.2			26.1
AMLP #7	65.0		73.4			65.7
Beluga 6			67.2			
Beluga 7			63.3			
ITSS #1						
ITSS #2	44.0	25.0	40.8	26.5		36.5
ITSS #3			40.8			36.5
ITSS #4	10.1	5.8	18.7	12.2		16.8
COOPER 1	4.0		8.0	2.0		3.0
COOPER 2	4.0		8.0	2.0		3.0
EKLUTNA 1	7.0		16.0	4.0		8.0
EKLUTNA 1	7.0		16.0	4.0		8.0
Healy	24.6	14.0	22.8	14.8	14.0	20.4
HCCP#2-G	54.5	30.0	50.4	32.8	30.0	45.2
B MILL#1	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0
B MILL#2	-4.0	-4.0	-4.0	-4.0	-4.0	-4.0
NORTH POLE 1						
NORTH POLE 2						
NPCC 1	36.3		42.0	21.9		38.7
NPCC 2	8.9		10.6	5.4		9.5
Total Generation	772.6	503.8	995.6	781.5	496.0	1001.9

Susitna Transmission Upgrades

To accommodate the addition of the Susitna project, several transmission improvements to the Railbelt are required. These are described below.

- A new substation was added along the existing Railbelt 138 kV Northern Intertie at Gold Creek. This is the point of interconnection for the Susitna Hydro Project.
- From Gold Creek, three 230 kV lines run seven miles to the Susitna Hydro Plant.
- The substation at Gold Creek intercepts the existing northern Intertie that runs between Teeland and Healy. The existing 138 kV line from Healy to Douglas is built to a 345 kV design, but operated at 138 kV. This section of the line will need to be converted to 230 kV operation, and was converted in the model.

- Two additional 230 kV lines were added to the power flow model, directly connecting the Douglas substation to the new substation at Gold Creek.
- An additional 230 kV line was added from the new substation at Gold Creek to Healy.
- A new 230 kV bus is required at Healy substation.
- The existing 138 kV bus sections at Cantwell, Stevens, and Douglas were converted to 230 kV and the substation step down transformers were changed to 230 kV on the high side.
- The Healy to Wilson 138 kV was converted to 230 kV operation and moved to the new 230 kV Healy bus.
- Two 100 MVA, 230 / 138 kV transformers were added at Wilson.
- Two new static VAR compensation (SVC) devices were added to support the new Susitna generation and transmission. A new 200 MVAR SVC was added at the new Healy 230 kV bus and a new 200 MVAR SVC was added at the upgraded Douglas 230 kV bus.
- A new 230 kV substation at Lorraine was added. This substation intersects the Pt. MacKenzie - West Terminal – East Terminal – Plant 2 230 kV line and the Pt. MacKenzie - Teeland 230 kV line.
- A new 230 kV line from Pt. MacKenzie to Douglas was added.
- A new 230 kV line from Lorraine to Douglas was added.
- The study results eventually indicated that the existing Healy – Gold Hill 138 kV line will also need to be upgraded to 230 kV operation (will require re-conductoring). This will also necessitate the conversion of the Ester and Nenana substations from 138 kV to 230 kV, and will require adding two 100 MVA 230 / 138 kV transformers at Gold Hill.

One line diagrams showing the 2020 Railbelt system with the changes mentioned above are included in appendix A.

4 Transient Stability Cases

Standard IEEE dynamic stability models for the generator, turbine, and excitation models of the Susitna units were used. IEEE standard models were also used for the new SVC's added at Douglas and Healy.

EPS ran several line faults and unit trips to determine the impact that the new Susitna generation would have on the Railbelt. Below is a description of the line fault and trip contingencies run for this study.

- L1. Fault on Susitna - Gold Creek 230 kV line at 1 second, near the Susitna end. Fault cleared at 5 cycles.
- L2. Fault on Gold Creek - Healy 230 kV line at 1 second, near the Gold Creek end. Fault cleared at 5 cycles.
- L3. Fault on Healy - Wilson 230 kV line at 1 second, near the Healy end. Fault cleared at 5 cycles.
- L4. Fault on Healy - Nenana 138 kV line at 1 second, near the Healy end. Fault cleared at 5 cycles.
- L5. Fault on Gold Creek - Douglas 230 kV line at 1 second, near the Gold Creek end. Fault cleared at 5 cycles.
- L6. Fault on Teeland - Douglas 230 kV line at 1 second, near the Teeland end. Fault cleared at 5 cycles.

- L7. Fault on Lorraine - West Terminal 230 kV line at 1 second, near the Lorraine end. Fault cleared at 5 cycles.
- L8. Fault on Pt MacKenzie - International 138 kV line at 1 second, near the Pt MacKenzie end. Fault cleared at 5 cycles.
- L9. Fault on Teeland - Cottle 115 kV line at 1 second, near the Teeland end. Fault cleared at 6 cycles.
- L10. Fault on Briggs - Plant 2 115 kV line at 1 second, near the Briggs end. Fault cleared at 5 cycles.
- L11. Fault on Plant 2 - University 230 kV line at 1 second, near the Plant 2 end. Fault cleared at 5 cycles.
- L12. Fault on University - Dave's Creek 115 kV line at 1 second, near the University end. Fault cleared at 6 cycles.
- L13. Fault on Soldotna - Quartz Creek 115 kV line at 1 second, near the Soldotna end. Fault cleared at 6 cycles.

The following unit trip contingencies were also studied. Each scenario represents a unit trip (unit breaker opens) event.

- G1. Susitna Unit #1 during the 420 MW loading cases (140 MW trip).
- G2. Susitna Unit #1 during the 600 MW loading cases (200 MW trip).
- G3. AML&P Plant 2 Unit #7
- G4. Bradley Lake Unit #1
- G5. International Substation Unit #2
- G6. Healy Clean Coal
- G7. North Pole Combined Cycle Unit #1

Table 2 lists the transient stability results for each of the contingencies described above.

Table 2 – Transient Stability Results

		420 MW Susitna			600 MW Susitna		
		summer peak	summer valley	w inter peak	summer peak	summer valley	w inter peak
Line Outages							
L1	Susitna-Gold Creek	stable	stable	stable	stable	stable	stable
L2	Gold Creek-Healy	stable	stable	stable	stable	stable	stable
L3	Healy-Wilson	unstable	unstable	unstable	unstable	unstable	unstable
L3 with 230 kV Healy-Goldhill build out	Healy-Wilson	stable	stable	stable	stable	stable	stable
	Healy-Nenana	stable	stable	stable	stable	stable	stable
L5	Gold Creek-Douglas	stable	stable	stable	stable	stable	stable
L6	Teeland-Douglas	stable	stable	stable	stable	stable	stable
L7	Lorraine-West Terminal	stable	stable	stable	stable	stable	stable
L8	Pt. MacKenzie-International	stable	stable	stable	stable	stable	stable
L9	Teeland-Cottle	stable	stable	stable	stable	stable	stable
L10	Briggs-Plant 2	stable	stable	stable	stable	stable	stable
L11	Plant 2-University	stable	stable	stable	stable	stable	stable
L12	University-Daves Creek	stable with load shedding	stable with load shedding	stable with load shedding	stable with load shedding	stable with load shedding	stable with load shedding
L13	Soldotna-Quartz Creek	stable with load shedding	stable with load shedding	stable with load shedding	stable with load shedding	stable with load shedding	stable with load shedding
Unit Trips							
G1	Susitna #1	stable, freq at 59.1 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.			
G2	Susitna #4				stable, freq at 60.0 Hz after 20 secs.	stable, freq at 59.9 Hz after 20 secs.	stable, freq at 60.2 after 20 secs.
G3	ML&P 7	stable, freq at 60.3 Hz after 20 secs.		stable, freq at 59.6 Hz after 20 secs.			stable, freq at 59.6 Hz after 20 secs.
G4	Bradley Lake	stable, freq at 59.9 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.	stable, freq at 59.9 Hz after 20 secs.	stable, freq at 59.9 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.	stable, freq at 59.8 Hz after 20 secs.
G5	ITSS #2	stable, freq at 59.8 Hz after 20 secs.	stable, freq at 60.1 Hz after 20 secs.	stable, freq at 59.9 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.		stable, freq at 59.9 Hz after 20 secs.
G6	HCCP#2-G	stable, freq at 59.6 Hz after 20 secs.		stable, freq at 59.9 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.		stable, freq at 59.9 Hz after 20 secs.
G7	NPCC	stable, freq at 59.9 Hz after 20 secs.		stable, freq at 59.9 Hz after 20 secs.	stable, freq at 60.0 Hz after 20 secs.		stable, freq at 59.9 Hz after 20 secs.

Most of the line fault contingencies analyzed showed stable results. The University - Daves Creek and Soldotna - Quartz Creek line contingencies resulted in considerable load shedding, which is the expected result when the Kenai Tie is opened with heavy transfers.

The results for the original L3 line contingency (fault and trip the Healy – Wilson 230 kV line) were unstable for all of the power flow base cases. The system would go out of step and collapse between Fairbanks and Healy along the remaining Healy – Gold Hill 138 kV line.

There are currently two lines connecting Healy to Fairbanks. One is the Healy - Wilson line that was converted to 230 kV for the purposes of this study, and the other is the Healy – Gold Hill line which remained at 138 kV in the original cases of this study. For this study, generation at both the northern and southern ends of the Railbelt was decreased or turned off to accommodate the new Susitna generation. This increased flow heading both north and south along the Railbelt. When the Healy - Wilson line is faulted and tripped, the flow on the remaining Healy – Gold Hill 138 kV line increases considerably, causing the system to go unstable along this line.

The Healy – Gold Hill 138 kV line was upgraded to 230 kV operation and changes were made to Nenana, Ester, and Gold Hill stations to accommodate the 230 kV operation. Two new 100 MVA, 230 / 138 kV transformers were added at Gold Hill. New transient stability cases were run for the Healy – Wilson and Healy Gold Hill 230 kV line fault and trip contingencies. These contingencies are stable following the upgrade of the Healy – Gold Hill line.

The addition of the Susitna Hydro plant significantly increases the size of the single largest generation contingency within the Railbelt. All of the generation trip scenarios were stable.

For the unit trip scenarios where a Susitna unit was tripped, the Railbelt experiences significant load shedding. This sudden large loss of generation highlights the need for the Railbelt to re-examine the underfrequency load shedding (UFLS) scheme. In the summer peak case with 420 MW of Susitna online, when 140 MW of Susitna generation is tripped, the system frequency hangs near 59.2 Hz after 20 seconds. This indicates that a larger kicker block of load should be shed in order to bring the system towards 60 Hz more quickly. In the summer valley case with 600 MW of Susitna online, the trip of 200 MW of Susitna causes the system to over-shed load and the system frequency settles at 60.2 Hz after 20 seconds. Should a large hydro project such as Susitna be considered, especially in conjunction with other renewable energy projects such as wind energy, strong consideration should be given to a stored energy system to provide regulation and spinning reserve requirements.

5 Transmission Cost Estimates

The transmission improvements identified in the electrical study were estimated using a unit cost estimate for each transmission line section. In each of the identified transmission lines, a preliminary route was identified and an estimate of mountainous vs flat terrain was developed. A per mile cost of mountainous transmission line construction and flat terrain construction was developed and used for all lines included in the study.

Line routes that include more than one circuit assume a double circuit transmission line construction. The new transmission lines between Douglas and Healy stations are assumed constructed along the corridor of the Anchorage – Fairbanks Intertie. The construction of the Douglas – Lorraine circuit line is assumed to be a double-circuit transmission line, with one line continuing from Lorraine to Pt. MacKenzie station.

The conversion of the Healy – Gold Hill transmission line is assumed to be the same cost as new construction.

All line costs are based on using twin bundled 954 kcmil conductor supported on steel H-frame structures. A single overhead fiber optic ground wire (OPGW) and a single overhead ground wire (OHGW) are included in the estimates. Routes are assumed to follow existing transmission corridors, and double circuit structures are used where applicable. Costs include administration, engineering, permitting and construction management allowances (assumed to be 15% of

construction cost), but do not include land acquisition costs. Following is a summary of our estimates:

	<u>Length</u>	<u>Avg. cost/mile</u>	<u>Total cost</u>
Triple circuit (one S/C and one D/C line) Devils Canyon to Gold Creek	12 miles	\$3,948k	\$47.4
Single circuit 230kV from Gold Creek to Healy	96 miles	\$1,597k	\$153.3
Double circuit 230kV from Gold Creek to Douglas	74 miles	\$2,596k	\$192.1
Single circuit 230kV from Douglas to Teeland	26 miles	\$1,459k	\$37.9
Double circuit 230kV from Douglas to Lorraine	47 miles	\$2,489k	\$117.0
Single circuit 230kV from Lorraine to Pt. Mackenzie	5 miles	\$1,459k	\$7.3
Single circuit 230kV from Healy to Gold Hill	103 miles	\$1,448k	\$149.1

6 Conclusions

EPS has completed a high level study to evaluate the improvements required to the Railbelt transmission system to support the proposed Susitna project. The study indicates that the project is feasible and identified a minimum number of projects that would be required to integrate the project into the Railbelt. Although these projects are listed as projects required to support the Susitna project, the majority of the identified projects are not specific to the Susitna project, but are required to strengthen the Railbelt transmission system to allow power to be reliably transferred between load areas, irrespective of the generation source.

The transmission improvements are dependent upon the assumed power flows from Susitna and the generation of existing Railbelt units, primarily the new ITSS plant in Anchorage and the Bradley Lake and Cooper Lake hydro units on the Kenai. Susitna power flows different than those assumed in the study will result in considerably different projects. In particular, increased flows to the south and decreased energy from Bradley/Cooper Lake projects will increase the need for transmission to the Anchorage and Kenai areas above that which is identified in this study.

SVCs will be required at Healy and Douglas stations to control voltage and provide support for transient stability. EPS did not determine the exact ratings for the SVCs but rather determined that the transmission system is feasible.

There are many projects that would be required to integrate the Susitna project, or any other large generation project with the Railbelt electrical system that cannot be identified in this study. The control and operation of the transmission system would require improvements to the communication system of the electric utilities as well as control and monitoring improvements, improvements to the spinning reserve and under frequency load shedding policies.