

**ALASKA LEGISLATURE**

**HOUSE and SENATE FINANCE COMMITTEE FILES,**

**1993-1994**

**1149**

223

**SB**

**124**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

SENT TO FINANCE FROM FLOOR

DATE: 5/7/93

FURTHER:

*Died in SFC 1994*

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered SENATE BILL NO. 124

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

*Reported out 5/5/93*  
*Returned 5/7/93*

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

### NEW FISCAL NOTES

Department	Date	Zero	Fiscal

### PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

2. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

# SENATE RULES COMMITTEE REPORT

DATE: 5/5/93

DATE TURNED INTO OFFICE: 5-7-93

The Rules Committee considered SENATE BILL NO. 124

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

and recommends it be placed on the calendar:

replace with \_\_\_\_\_ CS \_\_\_\_\_ (RULES)

attaches amendment(s)

adopts \_\_\_\_\_ Letter of Intent

same title  
 new title  
 technical  
title change  
(HB only)

### NEW FISCAL NOTES

Department	Date	Zero	Fiscal

### PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

### MEMBERS SIGNING FOR PLACEMENT ON THE CALENDAR

Rick Halford  
Steve King  
George Tschler  
Chair: Signature and Recommendation

### OTHER RECOMMENDATIONS:

Suzanne R. Little, No Rec

Calendar on: May 7, 1993

Approved by: Mr. George Tschler  
John Stover

# SENATE FINANCE COMMITTEE REPORT

*final*

DATE: 5/4/93

FURTHER: *has no full*

DATE TURNED INTO OFFICE: 5-5-93

The Finance Committee considered SENATE BILL NO. 124

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

and a majority of the committee recommends it be replaced with

and recommends:

- replace with \_\_\_\_\_ CS SB 124 (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attaches amendment(s) \_\_\_\_\_ and do pass

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

*firm*

- do pass
- do not pass
- no recommendation
- individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal
DC 9 E D	2-19-93	<i>7</i>	

Appropriation No Fiscal Note

DO PASS.

*Tim Kelly*  
*Bert Sharp Sr*

OTHER RECOMMENDATIONS:

*2 Steve Pinner -- 1/2 Rec*  
*2 [unclear] 1/2 Rec*

1. *I should do pass*  
 Co-Chair: Signature/Recommendation

2. *True Leance - 1/2 Rec*  
 Co-Chair: Signature/Recommendation

# SENATE COMMITTEE REPORT

DATE: 5/4/93

FURTHER: FINANCE

DATE TURNED INTO OFFICE: \_\_\_\_\_

JUDICIARY Committee considered SENATE BILL NO. 124

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referal to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

### NEW FISCAL NOTES

Department	Date	Zero	Fiscal

### PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

**DO PASS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Chair: Signature and Recommendation

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

DATE: 2/19/93

FURTHER: JUDICIARY  
FINANCE

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

DATE TURNED  
INTO OFFICE: 2/23/93

L&C Committee considered SB 124

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

and recommends:

replace with \_\_\_\_\_ CS \_\_\_\_\_ ( )

same title  
 new title  
 technical  
title change  
(HB only)

attaches amendment(s)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

**DO PASS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Chair: Signature and Recommendation

**ALASKA STATE LEGISLATURE**  
**SENATE BILL NO. 124**

**HISTORY IN THE SENATE**

**HISTORY IN THE HOUSE**

1993

19

Read first time and referred to:

Read first time and referred to:

*1-4 C. JUD. FIN*  
*LEC Waive to JUD JUD Waive to FIN*  
*Returnments: a FIN from floor*

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

5/4

*LEC* RPT( ) CS DP NR DNP AM  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN *Waive* To *JUD*

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

5/4

*JUD* RPT( ) CS DP NR DNP AM  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN *Waive* To *FIN*

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

\_\_\_\_\_ RPT( ) CS DP NR DNP AM  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ Rules Calendar( ) CS \_\_\_\_\_ AM \_\_\_\_\_ Other  
 \_\_\_\_\_ New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
 \_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_

Read second time  
 CS( ) Adopted

Read second time

Amended

\_\_\_\_\_ CS Adopted ( ) \_\_\_\_\_ New Title  
 \_\_\_\_\_ Amended \_\_\_\_\_ Advanced

Advanced

Read third time

Read third time

\_\_\_\_\_ Letter of Intent adopted  
 \_\_\_\_\_ Return to second for specific amendment

Return to second for specific amendment

PASSED EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

PASSED EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reconsideration  
 Reconsideration not taken up

\_\_\_\_\_ Intent adopted

PASSED EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reconsideration  
 Reconsideration not taken up  
 PASSED ON RECON. EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reported correctly engrossed  
 Signed by President, to House

\_\_\_\_\_ Intent adopted

Reported correctly engrossed, signed by the Speaker  
 and returned to the Senate

Secretary of the Senate

Chief Clerk of the House

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/4/93

FURTHER:

DATE TURNED INTO OFFICE: 5-5-93

The Finance Committee considered **SENATE BILL NO. 124**

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS SB 124 (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal
#1 DC 9ED	2/19/93	<del>0</del>	

Appropriation No Fiscal Note

**DO PASS.**

*Tim Kelly*  
*Bob Sharp*

**OTHER RECOMMENDATIONS:**

*Steve Rieck -- No Rec*  
*Jeff Hildebrand -- No Rec*

1. *I should do pass*  
Co-Chair: Signature/Recommendation

2. *Tracy Pearce - 10 Pass*  
Co-Chair: Signature/Recommendation

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 124

HISTORY IN THE SENATE

1993

Read first time and referred to:  
L&C JUD, FIN  
L&C Waive to JUD JUD Waive to FIN  
Returned to FIN from floor

3/19  
5/4  
5/4

L&C RPT( ) CS DP NR DNP AM  
New Title Same Title Previous FN  
FN OFN Waive To JUD

JUD RPT( ) CS DP NR DNP AM  
New Title Same Title Previous FN  
FN OFN Waive To FIN

RPT( ) CS DP NR DNP AM  
New Title Same Title Previous FN  
FN OFN To

Rules Calendar( ) CS AM Other  
New Title Same Title Previous FN  
FN OFN

Read second time

CS Adopted ( ) New Title  
Amended Advanced

Read third time

Letter of Intent adopted  
Return to second for specific amendment

PASSED EFD Same or  
Yeas Yeas  
Nays Nays  
Excused Excused  
Absent Absent

Reconsideration  
Reconsideration not taken up

PASSED EFD Same or  
Yeas Yeas  
Nays Nays  
Excused Excused  
Absent Absent

Reported correctly engrossed  
Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

RPT CS( ) New Title  
DP DNP NR AM  
FN OFN Previous FN

RPT CS( ) New Title  
DP DNP NR AM  
FN OFN Previous FN

RPT CS( ) New Title  
DP DNP NR AM  
FN OFN Previous FN

Read second time  
CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED EFD Same or  
Yeas Yeas  
Nays Nays  
Excused Excused  
Absent Absent

Intent adopted

Reconsideration  
Reconsideration not taken up

PASSED ON RECON. EFD Same or  
Yeas Yeas  
Nays Nays  
Excused Excused  
Absent Absent

Intent adopted

Reported correctly engrossed, signed by the Speaker  
and returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19

Received from the House  
Version: \_\_\_\_\_

Concur in House amendment  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

Failed to concur in House amendment, ask House re  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

House failed to / receded from amendment  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

CC appointed by Senate \_\_\_\_\_ Chair  
\_\_\_\_\_

CC appointed by House \_\_\_\_\_ Chair  
\_\_\_\_\_

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt \_\_\_\_\_  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

(H) Adopted CC Rpt \_\_\_\_\_  
Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

To enrolling  
Received from enrolling  
Sent to Governor

\_\_\_\_\_ By Governor

Chapter Number \_\_\_\_\_

Filed with Lieutenant Governor

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/4/93

FURTHER:

DATE TURNED INTO OFFICE: 5-5-93

The Finance Committee considered **SENATE BILL NO. 124**

"An Act relating to the powers and finances of the Alaska Energy Authority; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS SB 124 (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal
#1 DCEED	2/19/93	<del>0</del>	

Appropriation No Fiscal Note

DO PASS.

Tim Kelly  
Bob Sharp  
I should do pass  
 Co-Chair: Signature/Recommendation

OTHER RECOMMENDATIONS:

Steve Rieck -- No Rec  
Jeff Hildebrand -- No Rec  
Tracy Pearce - 10 Pass  
 Co-Chair: Signature/Recommendation

# FISCAL NOTE

No. 1

**STATE OF ALASKA  
1993 LEGISLATIVE SESSION**

Bill Version: SB 124

(S) Publish Date: 2-19-93

Revision Date: \_\_\_\_\_ Dept. Affected: Dept. of Commerce & Ec. Dev.  
 Title: "An Act relating to the financial reorganization of the AEA" BRU: \_\_\_\_\_  
 Sponsor: Rules by Request of Governor Component: Alaska Energy Authority  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. \_\_\_\_\_

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE FUND SOURCE:</b>	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY93) impact: \$ \_\_\_\_\_

**ANALYSIS:** (Attach a separate page if necessary)

Changes in CS SB 124 (FIN) have no fiscal impact. This fiscal note is appropriate.  
5-5-93 date YMM Comte Aide (initial)

Prepared by: \_\_\_\_\_  
 Division: \_\_\_\_\_  
 Approved by Commissioner: Paul [Signature]  
 Agency: Dept. of Commerce and Economic Dev.

Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_

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WORK DRAFT

WORK DRAFT

WORK DRAFT

5-5-93  
Adopted  
BS  
moved  
out

8-GS1023N  
Cramer  
5/4/93

5-5-93, 1:40pm called  
to Regal Ann

CS FOR SENATE BILL NO. 124( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a task force to advise the legislature concerning the  
2 reduction and elimination of the Alaska Energy Authority; and providing for an  
3 effective date."

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

5 \* Section 1. ENERGY TASK FORCE CREATED. (a) The Alaska Energy Task Force  
6 is created. The purpose of the task force is to develop a plan to reduce, and ultimately  
7 eliminate, the role of the Alaska Energy Authority in providing direct services for energy  
8 projects and replace the services provided by the authority with services provided through  
9 contracts with entities in the private sector, including regional utilities, and by directing other  
10 state agencies to provide those services. The task force shall explore and include in the plan  
11 ways in which the state may transfer ownership and responsibility for operation and  
12 maintenance of the facilities owned by the authority to utilities served by those facilities.

13 (b) The task force shall prepare and submit to the legislature by December 31, 1993,  
14 a plan to implement the reduction or elimination of the authority by March 31, 1994. The

1 task force may identify legislation necessary to implement its recommendations. It is the  
2 intent of the legislature that the plan should be used in preparing the fiscal year 1995  
3 operating budget.

4 (c) The task force consists of nine members selected as follows:

5 (1) the speaker of the house of representatives or the speaker's designee;

6 (2) the president of the senate or the president's designee;

7 (3) one member of the house of representatives and one member of the senate,  
8 selected by the appropriate presiding officer;

9 (4) the commissioner of commerce and economic development;

10 (5) the commissioner of community and regional affairs;

11 (6) three persons currently holding management positions with electric public  
12 utilities in the state;

13 (A) one of these members, to be appointed by the commissioner of  
14 community and regional affairs, shall be selected from an electric utility with fewer  
15 than 1,000 consumers;

16 (B) one of these members, to be appointed by the members of the task  
17 force who are members of the senate, shall be selected from an electric utility located  
18 north of the Alaska Range that has more than 20,000 consumers;

19 (C) one of these members, to be selected by the members of the task  
20 force who are members of the house of representatives, shall be selected from an  
21 electric utility located south of the Alaska Range that has more than 20,000 consumers.

22 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 19, 1993

*The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182*

*Dear Mr. President:*

*Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the financial reorganization of the Alaska Energy Authority. This bill reorganizes most of the loan portfolios, funds, and revenue managed by the Alaska Energy Authority into a single energy authority revolving fund. The substantive statutory language for certain existing funds is retained or modified to provide direction to the authority in carrying out future loan programs or investments. Several existing funds are renamed as accounts in the new revolving fund as follows:*

- "power project fund" (AS 44.83.170) becomes "energy project loan account,"*
- "power development fund" (AS 44.83.382) becomes "energy development account", and*
- "power development revolving loan fund" (AS 44.83.500) becomes "energy development loan account."*

*The bulk fuel revolving loan fund (AS 44.83.600 - 44.83.650) and the rural electrification revolving loan fund (AS 44.83.361 - 44.83.363) are repealed since their purposes*

*The Honorable Rick Halford*

*February 19, 1993*

*Page 2*

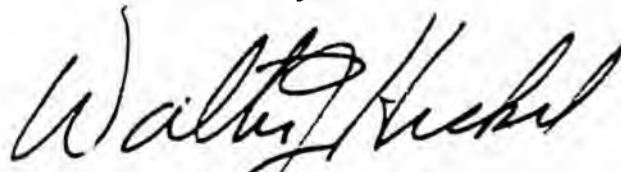
*become consolidated in the new energy project loan account. The electrical service extension fund (AS 44.83.370) and the power cost equalization fund (AS 44.83.162) would still remain separate funds.*

*It is the intent of this bill to consolidate revenue streams of the authority into the new energy authority revolving fund and thus to provide a more predictable non-general-fund source of financing for energy projects and other programs, including construction of electrical transmission interties from Anchorage to the Kenai Peninsula and from Healy to Fairbanks. It is anticipated that in the future the energy authority revolving fund will allow for funding and financing of energy projects such as interties for the Copper Valley region and Southeast Alaska. The fund further allows and plans for power cost equalization (PCE) money to be appropriated from the fund so that by the year 2001 no appropriations will be necessary from the general fund to sustain PCE at the level of \$17 million per year through the year 2013.*

*It is the intent of this legislation that the authority manage the revolving fund in such a manner as to allow the legislature to appropriate from the fund for PCE \$2,429,000 in fiscal year 1995, \$4,857,000 in fiscal year 1996, \$7,286,000 in fiscal year 1997, \$9,714,000 in fiscal year 1998, \$12,143,000 in fiscal year 1999, \$14,571,000 in fiscal year 2000, and \$17,000,000 in fiscal years 2001 through 2013, while allowing the authority to provide, from the revolving fund, a no-interest loan of \$90,000,000 for railbelt interties, and no-interest loans of \$40,000,000 each for interties or other energy projects in the Copper Valley region and Southeast Alaska. For interties that meet the criteria of connecting two or more utility systems that were not previously linked or that provide a second circuit to improve reliability and transfer capability, this legislation allows the authority to issue loans up to a 50-year term at no interest.*

*I urge your favorable consideration of this important legislation.*

*Sincerely,*



*Walter J. Hickel*  
Governor

Senate Floor  
Amendment

Am #1

AMENDMENT

TO: CSSB 124(FIN)

BY: Senator Lincoln

page 2, line 7

insert following "(3) one member of the"  
minority in the

insert following "and one member of the"  
minority in the

**SB**

**126**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: May 7, 1993

FURTHER REFERRALS:

Date of Committee Action: 5/8/93

The FINANCE Committee considered:

CSSB 126(RLS) am(efd fld)

CSSB 126(RLS) AM(EFD FLD)

APPROP: POWER TRANSMISSION INTERTIES

"An Act making appropriations for grants and loans for hydroelectric projects including power transmission interties, to capitalize certain funds for energy grant and loan programs in the state, including the power cost equalization and rural electric capitalization fund, to the Department of Community and Regional Affairs for operating costs related to power projects and programs and to capitalize the Railbelt energy fund."

**RECOMMENDATIONS:**

be replaced with HCS CSSB 126 (FN) [X] the same title ] a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DQ</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Greg Theriault</i>	X	<i>Mike Savane</i>		✓	
<i>Theriault</i>		<i>Ronald J. Larson</i>		X	
		<i>Mark Hamley</i>		X	
		<i>Terry Martin</i>		2	
		<i>Paul Parnell</i>		X	
		<i>Bruce Grussendorf</i>		X	
		<i>Richard Foster</i>		X	
		<i>John H. [unclear]</i>			
		<i>Paul Brown</i>		✓	
		<i>Sam Mackean</i>		X	

*Ronald J. Larson*  
\_\_\_\_\_  
CHAIRMAN'S SIGNATURE

# Alaska Village Electric Cooperative, Inc.

4831 Eagle Street  
Anchorage, Alaska 99503-7497  
(907) 561-1818  
(907) 561-2388 FAX



March 16, 1993

Larry Markley  
302 C Assembly Building  
211 4th Street  
Juneau, Alaska 99801

Post-It™ brand fax transmittal memo 7671		# of pages >
To <i>Larry Markley</i>	From <i>Charlie Walls</i>	
Co. <i>AVEC</i>	Co. <i>AVEC</i>	
Dept.	Phone # <i>561-1818</i>	
FAX # <i>463-3611</i>	FAX # <i>561-2388</i>	

By FAX: 463-3611

Larry,

Our current Capital Projects "wish list" for our 49 villages totals over \$50 million. Of these projects, our tie lines category wish list currently total's some \$13 million in projects. Obviously, we have to prioritize.

Our top priority in the category of tie lines is the Stebbins to St. Michael line, a distance of ten miles. These two communities are connected by a road. Our estimate for total construction costs for this project are:

Construct ten miles of 12.5kV three phase line.....	\$1,000,000
Increase the capacity of St. Michael's generating plant and retire the Stebbins' generating plant.....	\$250,000
	=====
Total project cost estimate	\$1,250,000

We have requested funding from the Alaska Energy Authority on this project in the past. They have indicated they would support funding for this project. What we propose is a matching grant basis, where 75% is funded by a state grant and 25% is funded by AVEC.

If you require further information on our tie line projects, please advise.

Sincerely,

Charles Y. Walls  
General Manager

cc: Ron Garzini, AEA

## Alaska Village Electric Cooperative, Inc.

831 Eagle Street  
Anchorage, Alaska 99503-7497  
(907) 561-1818  
(907) 561-2388 FAX



March 8, 1993  
93-M-66E

Mr. Larry Markley  
302 C Assembly Building  
211 4th Street  
Juneau, AK 99801

Re: St. Michael - Stebbins Teline and St. Michael Generation Plant Upgrade

Dear Larry:

In addition to the projects listed on the 1993-1994 Work Plan there is also an additional project that may be of significant importance. That project involves construction of an interconnecting three-phase powerline between St. Michael and Stebbins, a distance of approximately 10 miles and the upgrading of the generation plant at St. Michael in order to adequately serve the additional load of Stebbins.

A funding request for the majority of the cost of this project was originally listed on the AEA's fiscal year 1994 budget request, but was later removed due to a desire to trim the overall request and also due to the lack of an elaborate study clearly setting forth all of the advantages of the proposed intertie. Currently it is understood that the intent is to complete a study in fiscal year 1994 and then go back with a request in fiscal year 1995 to fund construction. There is a general feeling that the request for actual construction funding should be submitted now. A little background information may or may not make this request a little clearer.

In the mid 1980's a new high school was constructed in Stebbins. Within a couple years of completion the school burned to the ground. Plans were made to replace the school and it was proposed to construct a school facility on the scale of the schools built in Anchorage. The estimates for the electrical demand for the new school approached 400 KW.

Alaska Village Electric Cooperative appealed to the Alaska Energy Authority to fund additional generating capacity for the new school and also proposed that St. Michael be served via a tieline. By including St. Michael, overall operating efficiency would improve and the AEA had discretionary funds for energy-efficiency projects.

The Bureau of Indian Affairs was also constructing an interconnecting road between St. Michael and Stebbins which would substantially reduce the cost of constructing and maintaining a powerline between the two communities assuming that right-of-way along the road could be obtained.

There had also been rumors from the time that the Stebbins power plant had been constructed that it would some day have to be moved from its present location near the Stebbins airport. A tieline would in many ways simplify this relocation.

In any event, the AEA provided AVEC with a grant for \$195,000 to install two 250 KW generator sets and control gear which would allow two new units to run in parallel in addition to a third existing unit for a total potential output of approximately 700 KW.

Throughout this time period, AVEC appealed to the Bering Straits School District to reconsider their original plans of an all-electric kitchen including hot water booster heater(s).

The School District never did advise AVEC that they had decided to replace all of the electrically-heated kitchen equipment with propane-fueled equipment, but when the school came on line the peak demand was 134 KW instead of the originally estimated 300-400 KW, and the peak demand for the entire village of Stebbins was 233 KW instead of the originally estimated 400-500 KW. Consequently, either one of the 250 KW generating units could be run in a stand-alone configuration at a relatively high-generating efficiency and adequately service the village.

So everything was going well except for the nagging rumors that the Stebbins power plant might have to be relocated. Otherwise, there was now adequate generating capacity at Stebbins to serve both Stebbins and St. Michael (peak demand of 233 and 162 respectively for a total of 395 KW). The road was completed between Stebbins and St. Michael and the AEA was requesting funding for the tieline.

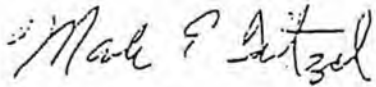
Then the AEA dropped the funding request for the tieline and relatively soon after the D.O.T. finally put into writing (copy attached) their desire to have the Stebbins Power Plant relocated.

Now, if the Stebbins plant must be relocated, instead of serving St. Michael from Stebbins it may be more feasible to serve Stebbins from St. Michael, although this would now require relocating all of the generation equipment in Stebbins to St. Michael. The only other drawback which would affect both of the current plant site locations is the lack of adequate space for the consolidation of all of the fuel tanks from both Stebbins and St. Michael necessary to store an adequate fuel supply for power generation for both communities. St. Michael does have an advantage in the form of an established fuel distributor, one of the few locations

having a workable truck haul facility and adequate commercial storage. However, the delivered cost of fuel has been known to skyrocket when tied into a sole source of this type.

The foregoing information may have muddied the waters more than it cleared it, but in any event, we feel that the St. Michael-Stebbins tieline makes as much or more economic sense than the railbelt interties, and is worthy of being funded.

Sincerely yours,



Mark E. Teitzel  
Assistant General Manager

MET/am

att.

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

### MEMORANDUM

May 8, 1993

**SUBJECT:** Sectional Summary of CSSB 126 (Rules) am (efd fld). (Appropriations for hydroelectric projects, to capitalize energy grant and loan programs and funds)

**TO:** Representative Ramona Barnes  
Speaker of the House of Representatives

**FROM:** Teresa B. Cramer *TBC*  
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

**Section 1** appropriates \$43,200,000 from the Railbelt intertie reserve for a grant to Golden Valley Electric Association for construction of the Healy-Fairbanks intertie. Subsections (b) and (c) set out conditions that must be met before the grant can be made.

**Sec. 2** appropriates \$46,800,000 from the Railbelt intertie reserve for a grant to Chugach Electric Association for construction of the Anchorage-Kenai Peninsula intertie. Subsections (b) and (c) set out conditions that must be met before the grant can be made.

**Sec. 3** appropriates the balance in the Railbelt intertie reserve to the Railbelt energy fund.

**Sec. 4** appropriates \$35,000,000 from the Railbelt energy fund to the power project fund in the Department of Community and Regional Affairs for a loan for the Sutton-Glennallen intertie. Subsection (b) directs that repayments of the loan be made to the Railbelt energy fund. Subsections (c) and (d) set out conditions that must be met before the loan can be made.

Representative Ramona Barnes

May 8, 1993

Page 2

**Sec. 5** appropriates \$20,000,000 from the Railbelt energy fund to the power project fund in the Department of Community and Regional Affairs for a loan for the Swan Lake-Tyee Lake power transmission intertie. Subsection (b) directs that repayments of the loan be made to the Railbelt energy fund. Subsection (c) sets out conditions that must be met before the loan can be made.

**Sec. 6** appropriates \$3,900,000 for the operating costs Community and Regional Affairs will have with its new responsibilities for power projects.

**Sec. 7** reappropriates the unexpended and unobligated amounts of appropriations for the Bradley Lake hydroelectric project to the Railbelt energy fund.

**Sec. 8** appropriates money from the general fund to the Railbelt energy fund and from the Railbelt energy fund to the power cost equalization and rural electric capitalization fund.

**Sec. 9** appropriates \$5,000,000 for a grant for the hydroelectric power project on the Tazimina River and for the associated distribution system.

**Sec. 10** transfers the balances in various funds of the Alaska Energy Authority to the Department of Community and Regional Affairs to reflect the transfer of the activities financed by those funds from AEA to DCRA.

**Sec. 11** appropriates \$3,000,000 for a grant for the electric transmission line from Seward to the Lawing substation.

**Sec. 12** appropriates the revenue stream from the portion of the former power development revolving loan fund that is to be deposited in the Southeast energy fund as a grant for expenses related to the Swan Lake-Tyee Lake power transmission intertie.

**Sec. 13** appropriates \$126,600 from federal receipts to DCRA for federally authorized energy programs and projects.

**Sec. 14** appropriates to DCRA the retained money held by AEA that is related to programs transferred to the department.

**Sec. 15** states that the bill takes effect only if the companion bill, making the substantive changes necessary to support this appropriation bill, is enacted.

TC:pl

93-360.plm

AMENDMENT TO CURRENT VERSION OF SB 126 BY FOSTER

Insert a new section 15.

The sum of \$750,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment as a grant under AS 37.05.316 to the Alaska Village Electric Cooperative for the consolidation of the St. Michael and Stebbins generation plants and the design and construction of an electrical intertie between St. Michael and Stebbins.

Renumber existing section 15 to 16.

# Alaska Village Electric Cooperative, Inc.

4831 Eagle Street  
Anchorage, Alaska 99503-7497  
(907) 561-1818  
(907) 561-2388 FAX



March 16, 1993

Larry Markley  
302 C Assembly Building  
211 4th Street  
Juneau, Alaska 99801

Post-It™ brand fax transmittal r. memo 7671		# of pages >	
To	Larry Markley	From	Charlie Walls
Co.		Co.	AVEC
Dept.		Phone #	561-1818
FAX #	463-3611	FAX #	561-2388

By FAX: 463-3611

Larry,

Our current Capital Projects "wish list" for our 49 villages totals over \$50 million. Of these projects, our tie lines category wish list currently total's some \$18 million in projects. Obviously, we have to prioritize.

Our top priority in the category of tie lines is the Stebbins to St. Michael line, a distance of ten miles. These two communities are connected by a road. Our estimate for total construction costs for this project are:

Construct ten miles of 12.5kV three phase line.....	\$1,000,000
Increase the capacity of St. Michael's generating plant and retire the Stebbins' generating plant.....	\$250,000
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We have requested funding from the Alaska Energy Authority on this project in the past. They have indicated they would support funding for this project. What we propose is a matching grant basis, where 75% is funded by a state grant and 25% is funded by AVEC.

If you require further information on our tie line projects, please advise.

Sincerely,

Charles Y. Walls  
General Manager

cc: Ron Garzini, AEA

## Alaska Village Electric Cooperative, Inc.

4831 Eagle Street  
Anchorage, Alaska 99503-7497  
(907) 561-1818  
(907) 561-2388 FAX



March 8, 1993  
93-M-66E

Mr. Larry Markley  
302 C Assembly Building  
211 4th Street  
Juneau, AK 99801

Re: St. Michael - Stebbins Tieline and St. Michael Generation Plant Upgrade

Dear Larry:

In addition to the projects listed on the 1993-1994 Work Plan there is also an additional project that may be of significant importance. That project involves construction of an interconnecting three-phase powerline between St. Michael and Stebbins, a distance of approximately 10 miles and the upgrading of the generation plant at St. Michael in order to adequately serve the additional load of Stebbins.

A funding request for the majority of the cost of this project was originally listed on the AEA's fiscal year 1994 budget request, but was later removed due to a desire to trim the overall request and also due to the lack of an elaborate study clearly setting forth all of the advantages of the proposed intertie. Currently it is understood that the intent is to complete a study in fiscal year 1994 and then go back with a request in fiscal year 1995 to fund construction. There is a general feeling that the request for actual construction funding should be submitted now. A little background information may or may not make this request a little clearer.

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Alaska Village Electric Cooperative appealed to the Alaska Energy Authority to fund additional generating capacity for the new school and also proposed that St. Michael be served via a tieline. By including St. Michael, overall operating efficiency would improve and the AEA had discretionary funds for energy-efficiency projects.

The Bureau of Indian Affairs was also constructing an interconnecting road between St. Michael and Stebbins which would substantially reduce the cost of constructing and maintaining a powerline between the two communities assuming that right-of-way along the road could be obtained.

There had also been rumors from the time that the Stebbins power plant had been constructed that it would some day have to be moved from its present location near the Stebbins airport. A tieline would in many ways simplify this relocation.

In any event, the AEA provided AVEC with a grant for \$195,000 to install two 250 KW generator sets and control gear which would allow two new units to run in parallel in addition to a third existing unit for a total potential output of approximately 700 KW.

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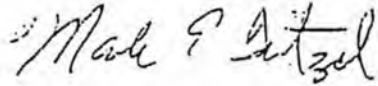
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Sincerely yours,



Mark E. Teitzel  
Assistant General Manager

MET/am

att.

**SB**

**126**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 1/19/93

FURTHER:

Date of 5-Day Notice: 2-25-93  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-15-93

The Finance Committee considered SB 126

"An Act making special appropriations for design and construction of power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and Tye Lake hydroelectric projects; and providing for an effective date."

and recommends:

replace with \_\_\_\_\_ CS SB 126 (FINANCE)  
or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_  
 attaches amendment(s)

same title  
 new title  
 technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

**DO PASS:**

George S. Adams  
Tom Kelly

**OTHER RECOMMENDATIONS:**

Steve King No Rec

1. Arnon DO PASS  
Co-Chair: Signature/Recommendation

2. Steve King NO REC  
Co-Chair: Signature/Recommendation

*Sh...*

SB 126  
4/9/93 workdraft 8-LSO649\B

**AMENDMENT #1**

page 2, line 29-30 **delete**

[section 8]

\* Renumber sections and section references accordingly.

SENATE FINANCE  
COMMITTEE  
Amendment Number: ①  
Bill Number: SB 126  
Sponsor: \_\_\_\_\_ Date: 4/14/93  
Logged In By: Bra

*adopted upon  
5-15-93*

*amended  
sic  
adopted*

SB 126  
4/9/93  
workdraft  
8-LSO649\B

AMENDMENT #2

4/15/93

CONCEPTUAL AMENDMENT

*reinsert*

**Section 8** The sum of \$2,100,000 is appropriated from the Power Development Revolving Loan Fund to Alaska Energy Revolving Fund and is allocated for the following purposes in the amounts listed:

APPROPRIATION	AMOUNT
(1) Operation, Technical and Emergency Assistance	\$1,100,000.00
(2) Electrical System Life, Health and Safety Improvements	\$730,000.00
(3) Rural Utility Regionalization, Consolidation & Business Mgmt Training	\$270,000.00

SENATE FINANCE COMMITTEE  
 Amendment Number: SB 126  
 Sponsor: [Signature] Date: 4/15/93  
 Logged In By: [Signature]

*amended*

**Section 9** The sum of \$4,300,000.00 is appropriated from the General Fund to Alaska Energy Revolving Fund and is allocated for the following purposes in the amounts listed:

APPROPRIATION	AMOUNT
(1) Rural Power Systems Upgrade	<del>\$750,000.00</del> 650,000
(2) Snettisham Acquisition	\$50,000.00
(3) Emergency Bulk Fuel Repairs/Prevention	\$500,000.00
(4) Statewide Electric and Power Project Development	\$250,000.00
(5) Bulk Fuel System Upgrades	\$2,000,000.00
(6) Alternative and Applied Energy Technology Development	<del>\$500,000.00</del> 350,000
(7) King Cove Hydroelectric Project	<del>\$250,000.00</del> 500,000

PAGE 2  
SB 126  
4/9/93  
workdraft  
8-LSO649\B

AMENDMENT #2 cont.  
CONCEPTUAL AMENDMENT

4/15/93

*new* **Section 10** The Alaska Energy Authority Revolving Loan Fund is authorized to receive and expend \$2,000,000.00 in program receipts from non-state sources for statewide energy project development.

*new* **Section 11** The Alaska Energy Authority Revolving Loan Fund is authorized to receive and expend \$5,000,000 in program receipts from non-state or trustee held funds for renewal and replacement funds at authority owned facilities.

- \* Renumber the following sections accordingly.
- \* Effective date should be the same as the effective establishing the Alaska Energy Revolving Fund.
- \* Conform the title

8-LS0649B  
Cramer  
4/9/93

*adopted*  
5-15-93

CS FOR SENATE BILL NO. 126( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATORS SHARP, Taylor, Miller

A BILL

FOR AN ACT ENTITLED

1 "An Act making special appropriations to fund the energy authority revolving  
2 fund and for design and construction of power transmission interties between  
3 Anchorage and the Kenai Peninsula, between Healy and Fairbanks, between the  
4 Swan Lake and Tye Lake hydroelectric projects, and between Sutton and  
5 Glennallen; and providing for an effective date."

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

7 \* Section 1. The balance in the Railbelt intertie reserve (sec. 159, ch. 208, S.L.A. 1990) on  
8 June 30, 1993, is appropriated from the Railbelt intertie reserve to the energy authority  
9 revolving fund (AS 44.83.107) to capitalize the fund.

10 \* Sec. 2. The sum of \$90,000,000 is appropriated from the energy authority revolving fund  
11 (AS 44.83.107) to the Alaska Energy Authority for design and construction of a power  
12 transmission intertie of at least 138 kilovolts between Healy and Fairbanks and for design and  
13 construction of a power transmission intertie of at least 138 kilovolts between Anchorage and

1 the Kenai Peninsula.

2 \* Sec. 3. The sum of \$35,000,000 is appropriated from the energy authority revolving fund  
3 to the Alaska Energy Authority for the design and construction of a power transmission  
4 intertie of at least 115 kilovolts between the Tyee Lake and Swan Lake hydroelectric projects.

5 \* Sec. 4. The sum of \$27,500,000 is appropriated from the energy authority revolving fund  
6 to the Alaska Energy Authority for the design and construction of a power transmission  
7 intertie of at least 138 kilovolts between Sutton and Glennallen.

8 \* Sec. 5. The balance in the Railbelt energy fund (AS 37.05.520) on June 30, 1993, is  
9 appropriated to the energy authority revolving fund (AS 44.83.107) to capitalize the fund.

10 \* Sec. 6. (a) The unexpended and unobligated balance of the appropriation made in sec. 3,  
11 ch. 128, SLA 1986, page 8, line 7, as amended by sec. 1, ch. 96, SLA 1987 (Alaska Power  
12 Authority, Bradley Lake power project - \$50,000,000) is repealed and reappropriated to the  
13 energy authority revolving fund (AS 44.83.107) to capitalize the fund.

14 (b) The unexpended and unobligated balance of the appropriation made in sec. 6,  
15 ch. 172, SLA 1988 (Bradley Lake power project - \$7,000,000) is repealed and reappropriated  
16 to the energy authority revolving fund (AS 44.83.107) to capitalize the fund.

17 \* Sec. 7. (a) All right, title, and interest in loans described in (b) of this section as of  
18 June 30, 1993, and all right, title, and interest in all mortgages, notes, power sales agreements,  
19 reserves, and other instruments of security made in connection with those loans as of June 30,  
20 1993, are transferred and appropriated to the Alaska Energy Authority to capitalize the energy  
21 authority revolving fund (AS 44.83.107).

22 (b) This section transfers and appropriates

23 (1) power project fund loans made under former AS 44.83.170;

24 (2) rural electrification revolving loan fund loans made under former  
25 AS 44.83.361 - 44.83.363;

26 (3) power development revolving loan fund loans made under former  
27 AS 44.83.500 - 44.83.530; and

28 (4) bulk fuel loan fund loans made under former AS 44.83.600 - 44.83.650.

29 \* Sec. 8. The sum of \$9,300,000 is appropriated from the general fund to the energy  
30 authority revolving fund (AS 44.83.107) to capitalize the fund.

31 \* Sec. 9. The appropriations made by secs. 2 - 4 of this Act are for capital projects and

1 lapse under AS 37.25.020.

2 \* Sec. 10. The appropriations made by secs. 1 and 5 - 8 of this Act are for capitalization  
3 of a fund and do not lapse under AS 37.25.010.

4 \* Sec. 11. Section 2 of this Act takes effect on the effective date of an Act enacted by the  
5 Eighteenth Alaska State Legislature that authorizes the Alaska Energy Authority to design and  
6 construct power transmission interties between Healy and Fairbanks and between the Kenai  
7 Peninsula and Anchorage.

8 \* Sec. 12. Section 3 of this Act takes effect on the effective date of an Act enacted by the  
9 Eighteenth Alaska State Legislature that authorizes the Alaska Energy Authority to design and  
10 construct a power transmission intertie between the Tyee Lake and Swan Lake hydroelectric  
11 projects.

12 \* Sec. 13. Section 4 of this Act takes effect on the effective date of an Act enacted by the  
13 Eighteenth Alaska State Legislature that authorizes the Alaska Energy Authority to design and  
14 construct a power transmission intertie between Sutton and Glennallen.

15 \* Sec. 14. Sections 1 and 5 - 8 of this Act take effect July 1, 1993, but only if a bill  
16 establishing the energy authority revolving fund is enacted into law on or before that date.

# Alaska State Legislature

SENATOR  
**BERT SHARP**

DISTRICT P

CHAIRMAN  
TRANSPORTATION COMMITTEE

MEMBER  
FINANCE COMMITTEE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
HEALTH & SOCIAL SERVICES



FAIRBANKS

DENALI BANK BUILDING  
119 N. CUSHMAN, SUITE 201  
FAIRBANKS, ALASKA 99701  
(907) 452-7885/7886

SESSION ADDRESS

STATE CAPITOL, ROOM 514  
JUNEAU, ALASKA 99801-1182  
(907) 465-3004/4921

*Senate*

## SECTIONAL ANALYSIS

SB - 126

4/13/93

**SECTION 1.** Appropriates the balance of the Railbelt intertie reserve on 6-30-93 to the energy authority revolving fund. This consists of \$100 million plus interest of approximately \$18.9 million.

**SECTION 2.** Appropriates \$90 million from the energy authority revolving fund to the Alaska Energy Authority for design and construction of a transmission intertie between Healy and Fairbanks and for a transmission intertie between Anchorage and the Kenai Peninsula.

**SECTION 3.** Appropriates \$20 million from the energy authority revolving fund to the Alaska Energy Authority for design and construction of a transmission intertie between Tye Lake and Swan Lake hydroelectric projects.

**SECTION 4.** Appropriates \$35 million from the energy authority revolving fund to the Alaska Energy Authority for design and construction of a transmission intertie between Sutton and Glennallen.

**SECTION 5.** Appropriates the balance of the Railbelt energy fund to the energy authority revolving fund. This amount is approximately \$2.5 million.

**SECTION 6.** Appropriates the money left from construction of the Bradley Lake hydroelectric project to the energy authority revolving fund. This amount is approximately \$11 million.



REPRESENTING  
GOLDEN HEART  
OF ALASKA

SECTION 7. Appropriates the right, title and interest in all receivables on loans or power sales agreements and reserves of the energy authority to the energy authority revolving fund. The largest of these items is the 4-dam pool power sales agreement.

SECTION 8. Appropriates an amount from the general fund required to complete the capitalization of the energy authority revolving fund.

SECTION 9-14. Provide for lapse conditions and effective dates.

SB 126  
4/9/93  
workdraft  
8-LSO649\B

AMENDMENT #5

4/15/93

CONCEPTUAL AMENDMENT

**Section** The sum of \$5,000,000.00 is appropriated from the General Fund to Alaska Energy Revolving Fund for INNEC Tazamina Hydroelectric project and area interties.

- \* Renumber the following sections accordingly.
- \* Effective date should be the same as the effective establishing the Alaska Energy Revolving Fund.
- \* Conform the title

SENATE FINANCE  
COMMITTEE  
Amendment Number: 5  
Bill Number: SR 126  
Sponsor: \_\_\_\_\_ Date: 4/15/93  
Logged In By: Don

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance




P.O. Box 113200  
Juneau, AK 99811-3200  
(907) 465-3795  
FAX (907) 463-4215

Memorandum

March 1, 1993

TO: Senator Bert Sharp

FROM: Nancy J. Stagle   
Fiscal Analyst

RE: Railbelt Energy and Intertie Reserve Fund Balances

The following is the balance of the Railbelt Funds as of 2/26/93:

Railbelt Energy Fund	\$2,565,500
Railbelt Intertie Reserve	116,530,663

The Intertie Reserve is accumulating approximately \$400,000 per month in investment earnings. This would add another \$2,400,000 for the remainder of FY93. Our projected balance for the two funds on June 30, 1993 is estimated at \$121,500,000.

If you need any further clarification, please let me know.

# Alaska State Legislature

SENATOR  
**BERT SHARP**

DISTRICT P

CHAIRMAN  
TRANSPORTATION COMMITTEE

MEMBER  
FINANCE COMMITTEE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
HEALTH & SOCIAL SERVICES



FAIRBANKS

DENALI BANK BUILDING  
119 N. CUSHMAN, SUITE 201  
FAIRBANKS, ALASKA 99701  
(907) 452-7805/7886

SESSION ADDRESS

STATE CAPITOL, ROOM 514  
JUNEAU, ALASKA 99801-1182  
(907) 465-3004/4921

Senate

## MEMORANDUM

DATE: April 13, 1993

TO: All legislators

FROM: Senator Bert Sharp

SUBJECT: Proposed Energy Plan

---

After analysis of many alternatives, I believe this combination offers the most positives to address interties, long-term PCE policy and a revolving loan fund for future projects that offer economic energy alternatives.

I strongly urge your support of this package.

The proposed draft substitutes for SB 106 and SB 126 would do the following:

- \* Provide a \$90 million grant for the Railbelt interties
- \* Provide a total of \$55 million in 3% - 50 year loans to be allocated to Swan-Tyee Lake and Sutton-Glennallen interties
- \* Provide \$17 million annually for the PCE program with GF appropriations ending approximately year 2000
- \* Authorize construction of each of the interties subject to utilities agreeing to assume completion risk and cost overruns. The Sutton-Glennallen intertie is further conditioned upon approval by OMB of the feasibility study.
- \* Minimum statutory changes required.
- \* All expenditures from the new AEA account will be subject to legislative appropriation.



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GOLDEN HEART  
OF ALASKA

- \* Provides a 4-dam pool account (50% of the 4-dam pool revenues) to support 4-dam pool projects.

The funding sources used to capitalize the fund to accomplish the items listed above:

Railbelt Energy Fund	\$ 2,565,500
Railbelt Intertie Reserve Fund	100,000,000
Interest on Rblt Int. Reserve	18,930,663
Bradley Lake Surplus	11,000,000
Additional State Contribution	<u>9,303,837</u>
	\$141,800,000

Revenues used to complete the funding for this compromise approach include;

- Revolving Fund Investment Income
- Collections on Existing Loans
- Intertie State Loan Repayments
- Debt Service from 4-Dam Pool
- Appropriation - PCE Grants
- Appropriation - PCE Administration

Enclosed is a spreadsheet which projects the revenues and expenses to the combined fund which would be created by this work draft for SB 106. Please keep in mind, however, as you look at this spreadsheet that all expenditures beyond the capital appropriations for the interties contained in the work draft for SB 126 would require appropriations by the legislature. This approach does not guarantee that these expenditures, and it creates the political presumption that this is how those funds will be used.

# Alaska State Legislature

SENATOR  
**BERT SHARP**

DISTRICT P

CHAIRMAN  
TRANSPORTATION COMMITTEE

MEMBER  
FINANCE COMMITTEE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
HEALTH & SOCIAL SERVICES



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Senate

## SECTION ANALYSIS

**CS** SB - 106

3/3/93

SECTION 1. Amends AS 36.30.850(b) to include the requirement that a contract between Alaska Energy Authority (AEA) and public utilities for the construction of a intertie can only occur if the utility has agreed, in writing, to pay any additional costs over the agreed upon project cost, and operation and maintenance costs of the project.

SECTION 2. Authorizes the AEA to design and construct a 138 kilovolt power transmission intertie between Anchorage and the Kenai Peninsula at a cost of \$103,000,000.

SECTION 3. Authorizes the AEA to design and construct a 138 kilovolt power transmission intertie between Healy and Fairbanks, at a cost of \$95,500,000.

SECTION 4. (a) Authorizes the Alaska Energy Authority to design and construct a 138 kilovolt power transmission intertie between Swan Lake and Tye Lake hydroelectric projects, at a cost of \$55,600,000.

(b) It is the intent of the Legislature that the Alaska Energy Authority finance the design and construction of the Swan Lake and Tye Lake intertie through the sale of revenues bonds which are to be repaid from revenue from the sale of power from the hydroelectric projects included in the Four Dam Pool.



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OF ALASKA

(c) This is contingent upon a written agreement between the utilities involved in the project and AEA providing the utilities agree to pay the design and construction cost not to exceed \$27,800,000, and also the operation and maintenance costs of the intertie project.

(d) This project is contingent on OMB's recommending approval of the feasibility study and the plan of finance for the project

SECTION 5. The authorizations made by secs. 2 and 3 of the Act are contingent upon written agreements between the AEA and the participating utilities, providing the participating utilities agree to cover the the design and construction costs exceeding \$99,250,000; and the total operation and maintenance costs of the interties.

SECTION 6. Under AS 01.10.070(c), this Act takes effect immediately.

## SECTION ANALYSIS

SB - 106

SECTION 1. AS 44.83.185(c) contingent upon sec.4 of this Act, authorizes the Alaska Energy Authority to design and construct a 138 kilovolt power transmission intertie with the capability of being upgraded to 230 kilovolts, between Anchorage and the Kenai Peninsula at a cost of \$84,100,000.

SECTION 2. AS 44.83.185(c) contingent upon sec. 4 of this Act, authorizes the Alaska Energy Authority to design and construct a 138 kilovolt power transmission intertie with the capability of being upgraded to 230 kilovolts, between Healy and Fairbanks, at a cost of \$77,600.00.

SECTION 3. (a) AS 44.83.185.(c), authorizes the Alaska Energy Authority to design and construct a 138 kilovolt power transmission intertie between Swan Lake and Tye Lake hydroelectric projects, at a cost of \$55,600,000.

SECTION 3. (b) It is the intent of the Legislature that the Alaska Energy Authority shall finance the design and construction of the intertie authorized in (a) of this section through the sale of revenues bonds which are to be repaid from revenue from the sale of power from the hydroelectric projects included in the Four Dam Pool.

SECTION 4. The authorizations made by secs. 1 and 2 of the Act are contingent upon written agreement between the Alaska Energy Authority and the participating electric utilities, providing the participating utilities agree to pay 50 percent of the design and construction costs; and the total operation and maintenance costs of the power transmission interties authorized by this Act.

SECTION 5. Under AS 01.10.070(c), this Act takes effect immediately.

Adopted  
3-3-93

WORK DRAFT

WORK DRAFT

WORK DRAFT

8-LS0649K  
Cramer  
3/2/93

CS FOR SENATE BILL NO. 126( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

Funding Information: General Fund \$  
Other Funds -0-  
\$

Sponsor(s): SENATORS SHARP, Taylor, Miller

A BILL

FOR AN ACT ENTITLED

1 "An Act making special appropriations for design and construction of power  
2 transmission interties between Anchorage and the Kenai Peninsula, between Healy  
3 and Fairbanks, and between the Swan Lake and Tye Lake hydroelectric projects;  
4 and providing for an effective date."

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

6 \* Section 1. The sum of \$99,250,000 and the interest earned on that sum beginning on the  
7 effective date of this Act is appropriated from the general fund, Railbelt intertie reserve  
8 (sec. 159, ch. 208, SLA 1990), to the Alaska Energy Authority for design and construction  
9 of a 138 kilovolt power transmission intertie between Anchorage and the Kenai Peninsula and  
10 for design and construction of a 138 kilovolt power transmission intertie between Healy and  
11 Fairbanks.

12 \* Sec. 2. The sum of \$9,000,000 is appropriated from the power development revolving  
13 loan fund (AS 44.83.500(a)) to the Alaska Energy Authority for the design and construction  
14 of a 138 kilovolt power transmission intertie between the Swan Lake and the Tye Lake

1 hydroelectric projects.

2 \* Sec. 3. The appropriations made by this Act are for capital projects and lapse under  
3 AS 37.25.020.

4 \* Sec. 4. This Act takes effect on the effective date of an Act enacted by the Eighteenth  
5 Alaska State Legislature that authorizes the Alaska Energy Authority to design and construct  
6 power transmission interties between Anchorage and the Kenai Peninsula, between Healy and  
7 Fairbanks, and between the Swan Lake and the Tyee Lake hydroelectric projects.

# Alaska State Legislature

SENATOR  
**BERT SHARP**

DISTRICT P

CHAIRMAN  
TRANSPORTATION COMMITTEE

MEMBER  
FINANCE COMMITTEE  
LEGISLATIVE BUDGET & AUDIT COMMITTEE  
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- \* Provide \$17 million annually for the PCE program with GF appropriations ending approximately year 2000
- \* Authorize construction of each of the interties subject to utilities agreeing to assume completion risk and cost overruns. The Sutton-Glennallen intertie is further conditioned upon approval by OMB of the feasibility study.
- \* Minimum statutory changes required.
- \* All expenditures from the new AEA account will be subject to legislative appropriation.



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OF ALASKA

- \* Provides a 4-dam pool account (50% of the 4-dam pool revenues) to support 4-dam pool projects.

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Bradley Lake Surplus	11,000,000
Additional State Contribution	<u>9,303,837</u>
	\$141,800,000

Revenues used to complete the funding for this compromise approach include;

- Revolving Fund Investment Income
- Collections on Existing Loans
- Intertie State Loan Repayments
- Debt Service from 4-Dam Pool
- Appropriation - PCE Grants
- Appropriation - PCE Administration

Enclosed is a spreadsheet which projects the revenues and expenses to the combined fund which would be created by this work draft for SB 106. Please keep in mind, however, as you look at this spreadsheet that all expenditures beyond the capital appropriations for the interties contained in the work draft for SB 126 would require appropriations by the legislature. This approach does not guarantee that these expenditures, and it creates the political presumption that this is how those funds will be used.

# Alaska State Legislature

SENATOR  
**BERT SHARP**

DISTRICT P

CHAIRMAN  
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LEGISLATIVE BUDGET & AUDIT COMMITTEE  
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Senate

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(907) 465-3004/4921

## SECTIONAL ANALYSIS

**CS** SB - 126

3/3/93

SECTION 1. \$99,250,000.00 is appropriated from the Railbelt intertie reserve to the Alaska Energy Authority for the design and construction of a 138 kilovolt power transmission intertie between Anchorage/Kenai Peninsula, and Healy/Fairbanks.

SECTION 2. \$9,000,000.000 is appropriated from the power development revolving loan fund to the AEA for the design and construction of a 138 kilovolt power transmission intertie between Swan Lake and the Tyee Lake hydroelectric project.

SECTION 3. Funds lapse under AS 37.25.020, when the project is complete.

SECTION 4. The appropriation takes effect only when SB 106 passes the legislature and authorizes the design and construction of interties between Anch./Kenai, Healy/Fbks, and Swan/Tyee Lake.



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## SECTIONAL ANALYSIS

SB - 126

SECTION 1. \$80,850,000.00 is appropriated from the Railbelt intertie reserve to the Alaska Energy Authority for the design and construction of a 138 kilovolt power transmission intertie between Anchorage/Kenai Peninsula, and Healy/Fairbanks.

SECTION 2. \$9,000,000.000 is appropriated from the general fund to the AEA for the design and construction of a 138 kilovolt power transmission intertie between Swan Lake and the Tye Lake hydroelectric project.

SECTION 3. Funds lapse under AS 37.25.020

SECTION 4. The appropriation takes effect only when SB 106 passes the legislature and authorizes the design and construction of interties between Anch./Kenai, Healy/Fbks, and Swan/Tye Lake.

ALASKA ENERGY AUTHORITY  
(All Dollars in Thousands)

page 1 of 2  
13-Apr-93

SENT BY:

	6/30/93	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>AEA Revolving Fund Balance</b>	<b>\$141,800</b>	<b>\$161,926</b>	<b>\$173,344</b>	<b>\$178,428</b>	<b>\$121,470</b>	<b>\$82,033</b>	<b>\$88,164</b>	<b>\$92,385</b>	<b>\$94,160</b>	<b>\$96,090</b>	<b>\$98,120</b>
<b>Revenue</b>											
Revolving Fund Investment Income		10,635	12,144	13,001	13,232	9,110	6,152	6,812	6,929	7,062	7,207
Collections on Existing Loans		2,413	2,413	2,271	2,244	2,234	2,181	2,130	1,856	1,837	1,831
Debt Service from 4-Dam Pool		10,396	10,667	10,909	11,155	11,405	11,584	11,766	11,932	12,064	12,121
Appropriation - FCC		17,000	14,571	12,143	9,714	7,288	4,857	2,429	0	0	0
Appropriation - PCE Admin.		182	190	199	207	217	227	237	0	0	0
<b>Total</b>		<b>33,626</b>	<b>39,985</b>	<b>38,522</b>	<b>36,553</b>	<b>30,252</b>	<b>25,001</b>	<b>23,174</b>	<b>20,217</b>	<b>21,063</b>	<b>21,259</b>
<b>Expenditure</b>											
Railbelt Intertie Grant		1,000	9,000	14,400	65,600	0	0	0	0	0	0
Tyee-Swan Intertie Grant		500	500	1,200	3,600	29,200	0	0	0	0	0
Copper Valley Intertie Grant		500	500	1,200	3,600	21,700	0	0	0	0	0
Other Capital Projects/ Programs		0	0	0	0	0	0	0	0	0	0
PCE Outlay		\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Rural Technical Assistance		1,500	1,568	1,838	1,712	1,789	1,869	1,953	2,041	2,139	2,229
<b>Total</b>		<b>20,500</b>	<b>28,568</b>	<b>35,438</b>	<b>91,512</b>	<b>69,889</b>	<b>18,869</b>	<b>18,953</b>	<b>19,041</b>	<b>19,199</b>	<b>18,229</b>
<b>Surplus (Shortage)</b>		<b>\$ 20,126</b>	<b>\$ 11,418</b>	<b>\$ 3,084</b>	<b>(\$4,959)</b>	<b>(\$39,437)</b>	<b>\$ 6,132</b>	<b>\$ 4,220</b>	<b>\$ 1,778</b>	<b>\$ 1,930</b>	<b>\$ 2,030</b>

4-13-93 13:49

AK ENERGY AUTHORITY

Revolving Fund Beginning Balance		Assumptions	
Railbelt Energy Fund	\$2,800	Annual Inflation Rate	4.5 %
Railbelt Intertie Reserve Fund	100,000	Return on AEA Fund	7.5 % of fund balance
Interest on Rblt Intertie Reserve	18,000	PCE State Appropriation	7 year ramp
Bradley State Fund Surplus	11,000	Railbelt Intertie Est. Total Cost	\$180,000
Additional State Contribution	10,000	Railbelt Intertie State Grant	\$90,000
<b>Total</b>	<b>\$141,800</b>	Tyee-Swan Est. Total Cost	\$60,000
		Tyee-Swan State Grant	\$35,000
		Copper Valley Est. Total Cost	\$60,000
		Copper Valley State Grant	\$27,500

Funds are available in the Revolving Fund for annual appropriation to AEA Administration

Projections exclude restricted revenues and associated expenditures.  
(Example: revenues dedicated to project operations and maintenance.)

Case 9J

SPREAD SHEET #1

# 1

ALASKA ENERGY AUTHORITY  
(All Dollars in Thousands)

page 2 of 2  
13-Apr-93

SENT BY:

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
<b>AEA Revolving Fund Balance</b>	<b>\$100,162</b>	<b>\$102,077</b>	<b>\$103,894</b>	<b>\$105,711</b>	<b>\$107,589</b>	<b>\$109,543</b>	<b>\$111,570</b>	<b>\$113,669</b>	<b>\$115,839</b>	<b>\$118,082</b>	
<b>Revenue</b>											
Revolving Fund Investment Income	7,359	7,612	7,656	7,792	7,929	8,068	8,216	8,368	8,525	8,688	\$172,188
Collections on Existing Loans	1,831	1,609	1,425	1,347	1,333	1,333	1,333	1,333	1,333	1,333	95,920
Debt Service from 4-Dam Pool	12,182	12,228	12,280	12,336	12,386	12,454	12,512	12,568	12,625	12,684	238,263
Appropriation - PCE	0	0	0	0	0	0	0	0	0	0	68,000
Appropriation - PCE Admin.	0	0	0	0	0	0	0	0	0	0	1,458
<b>Total</b>	<b>21,872</b>	<b>21,349</b>	<b>21,361</b>	<b>21,475</b>	<b>21,658</b>	<b>21,856</b>	<b>22,061</b>	<b>22,269</b>	<b>22,483</b>	<b>22,705</b>	<b>515,839</b>
<b>Expenditure</b>											
Railbelt Inter tie Grant	0	0	0	0	0	0	0	0	0	0	90,000
Tye-Swan Inter tie Grant	0	0	0	0	0	0	0	0	0	0	35,000
Copper Valley Inter tie Grant	0	0	0	0	0	0	0	0	0	0	27,500
Other Capital Projects/ Programs	0	0	0	0	0	0	0	0	0	0	0
PCE Outlay	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	340,000
Rural Technical Assistance	2,329	2,434	2,544	2,658	2,778	2,903	3,034	3,170	3,313	3,482	47,057
<b>Total</b>	<b>19,329</b>	<b>19,434</b>	<b>19,544</b>	<b>19,658</b>	<b>19,778</b>	<b>19,903</b>	<b>20,034</b>	<b>20,170</b>	<b>20,313</b>	<b>20,482</b>	<b>539,557</b>
<b>Surplus (Shortage)</b>	<b>\$ 2,043</b>	<b>\$ 1,915</b>	<b>\$ 1,817</b>	<b>\$ 1,817</b>	<b>\$ 1,878</b>	<b>\$ 1,953</b>	<b>\$ 2,027</b>	<b>\$ 2,099</b>	<b>\$ 2,170</b>	<b>\$ 2,243</b>	<b>(23,716)</b>

: 4-13-93 : 13:49 : AK ENERGY AUTHORITY

Case 9J

# 2

SB 126



BOX 337, VALDEZ, ALASKA 99686 907-835-2231

March 31, 1993

Senator Drew Pearce, Co-Chair  
Senate Finance Committee  
State Capital, Room 508  
Juneau, Alaska 99801

Dear Senator Pearce:

Copper Valley Telephone Cooperative, Inc., is a non-profit, member owned cooperative providing communications services throughout a large portion of South-Central Alaska. The nature of this area requires us to provision many small, remote buildings in which we house electronic equipment requiring AC power to operate. We have a constant first question we ask when engineering and planning upgrades or new facilities--what is the availability of AC power?

This dependence translates into charges for electrical services from Copper Valley Electric Cooperative in excess of \$65,000 per year--and growing!! Since we operate on a non-profit basis, any net effect upon those costs ultimately appears on our customers' bills. We have more than enough expensive obstacles to overcome in order to accomplish our goals, and strongly support any project which can help us keep the lid on our operating expenses as we intend to remain in business here for many years to come.

The Sutton-Glennallen Intertie Project has the potential to stabilize rates--a direct benefit for our customers. It has the potential to encourage economic development--a direct benefit for our customers. And it addresses future need for many years--again, a direct benefit for our customers. We can only see positive returns through this project, returns which directly affect the pocketbooks of our 4000 customers.

We urge your support of this very necessary and worthwhile project. House Bills 50 and 51, Senate Bills 106 and 126, 124 and 125 all have impact on funding for this intertie. Please give these your attention and support.

Sincerely yours,

Scott L. Smith  
General Manager

Alaska Village Electric Cooperative, Inc.  
4831 Eagle Street  
Anchorage, Alaska 99503  
561-1818

April 15, 1993

Memo to: Senate Finance Committee

From: Charlie Walls, General Manager *CYW*

Re: SB 106/126 -Energy Plan

The Alaska Village Electric Cooperative (AVEC) is a bush electric utility system that serves a population of about 20,000 rural people who live in 49 villages. This summer that will increase to 50 villages with the community of Brevig Mission joining us.

The power cost equalization program is of critical importance to rural Alaska. We have followed the progression of SB106/126 and support the bill as amended on April 14. Our bottom line is twenty year funding for the PCE program at \$17 million per year. The cash flow will enable us to move toward the goal of self sufficiency. When we talk with the federal government about loans for our villages, the fact that the state has made a long term commitment will greatly enhance our ability to increase federal participation in solving the rural energy problems.

We also support the state investing in the transmission interties. This strengthened infrastructure will provide the means for future economic development in the state. The bill is a good balance for the whole state.

We fully support the bills in their present form and urge reporting them out of the Senate Finance Committee.

**Testimony of Daniel E. Bloomer--Chugach Electric Association, Inc.  
On SB 106 & 126**

**Before Senate Finance Committee  
April 15, 1993**

Thank you for the opportunity to present Chugach Electric Association's comments on SB 106/126. As many of you know, Chugach is the largest electric utility in the state of Alaska, providing service to more than 63,000 customers in the Anchorage bowl and upper Kenai Peninsula.

Chugach is also the largest generator and transmitter of electricity in Alaska. In addition to generating power for our own customers, Chugach also produces the electricity used by Matanuska Electric Association in Palmer (29,000 customers), Homer Electric Association on the Kenai Peninsula (18,000 customers), City of Seward (2,600 customers), and sells economy energy to Golden Valley Electric Association in Fairbanks (27,000 customers). Therefore, Chugach has substantial interest in this legislation.

The bills before you, as amended yesterday, present a solid energy package that will help to strengthen power systems throughout the state. In the Railbelt, the new interties will improve the ability to transfer Bradley Lake power throughout the region and reduce operating costs for the utilities. The Sutton to Glennallen intertie will electrically tie the Copper River Basin and City of Valdez into the railbelt providing those areas with access to inexpensive reliable electricity. The Swan-Tyee intertie will enhance southeast's ability to utilize their hydroelectric facilities and ultimately reduce costs for all of the four-dam pool participants. PCE funding gives our rural systems financial support which allows them time to resolve their energy problems.

In a nutshell, these bills represent a good energy package that addresses a majority of the electrical needs in Alaska. The utilities are united in our support for the package and we urge your support to move the bills to the Senate floor. Thanks again for the opportunity to comment on these bills.

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

DATE: 2/19/93

FURTHER: FINANCE

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

**DATE TURNED INTO OFFICE:** \_\_\_\_\_

L&C            Committee considered    SB 126

"An Act making special appropriations for design and construction of power transmission interties between Anchorage and the Kenai Peninsula, between Healy and Fairbanks, and between the Swan Lake and Tye Lake hydroelectric projects; and providing for an effective date."

and recommends:

replace with \_\_\_\_\_ CS \_\_\_\_\_ ( )

- same title
- new title
- technical title change (HB only)

attaches amendment(s)

adopts \_\_\_\_\_ letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

*waived 2-19-93*

**FISCAL NOTE INFORMATION**

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal

Appropriation, No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

**DO PASS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Chair: Signature and Recommendation

**S B**

**1 2 8**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/13/93

FURTHER:

DATE TURNED INTO OFFICE: 4-14-93

The Finance Committee considered SENATE BILL NO. 128

"An Act relating to legislative audits."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)
- or  adopt previous \_\_\_\_\_ CS SB 128 (STA)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts SFC Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal
<u>SFC / CALOME</u>	<u>4-14-93</u>	<u>0</u>	

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

**DO PASS**

Steve Rios  
George Vicks Jr.  
Tom Kell  
Butt Thayer

**OTHER RECOMMENDATIONS:**

John Kuntz No Rec.

1. Shank DO PASS  
 Co-Chair: Signature/Recommendation

2. Tom Kell - 10/1/93  
 Co-Chair: Signature/Recommendation

F I S C A L N O T E

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Gov. (OMB)  
Title: "An Act relating to legislative audits." BRU: \_\_\_\_\_

Sponsor: Rules \_\_\_\_\_ Components: \_\_\_\_\_  
Requestor: Senate Finance \_\_\_\_\_

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (THOUSANDS OF DOLLARS)

General Fund						
Federal Fund						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

Prepared By: Drue Pearce Date: 4-14-93  
 Senator Drue Pearce, Co-chair  
 Senate Finance Committee Phone: 465-4993

Prepared By: Steve Frank Date: \_\_\_\_\_  
 Senator Steve Frank, Co-chair  
 Senate Finance Committee Phone: 465-3709



Official Business

# Alaska State Legislature

*Senate*

*Committee on Finance*

Pouch V  
State Capitol  
Juneau, Alaska 99811

## SENATE FINANCE COMMITTEE

LETTER OF INTENT  
for  
CSSB 128 (STA)

In recommending items for monitoring to the Legislative Budget and Audit Committee, the legislative auditor will prioritize items according to their significance in terms of the necessity for immediate action and their relative fiscal and/or policy impacts. The legislative auditor will work in concert with OMB to balance the resources reasonably available to monitor items with the Committee's recommendation of items for monitoring.

In approving an item for monitoring under AS 24.20.312, the Legislative Budget and Audit Committee should consider the fiscal and policy significance of the item recommended by the legislative auditor. Matters of lesser significance may be referred to OMB to the extent that OMB and the legislative auditor agree that resources are available to adequately monitor the items.

4-14-93

Rick -  
Proposed intent  
to accompany  
SB 128 for your  
approval

*(Handwritten initials)*

Kathy  
2018

4-14-93  
Adopt  
Lang.  
as SEC  
Intent  
+ recommend  
as policy  
to LBA

APR 13 1993

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



### MEMORANDUM

**TO:** The Honorable Steve Frank  
Co-Chair, Senate Finance Committee

**FROM:** Raudy S. Welker *Raudy*  
Legislative Auditor

**DATE:** April 13, 1993

**RE:** LBA Policy on SB 128

4-14-93  
Asked Rick Solie  
if the committee  
should draft  
formal corres.  
recommending the  
attached policy to  
LBA. Rick said he  
would check w/ Sen.  
Frank.

At your request, I have drafted the following proposed Legislative Budget and Audit Committee policy and procedure that specifically addresses your concern over the issues to be referred to OMB for monitoring and follow-up.

As I stated today before the Finance Committee, the bill clearly provides for the LBA Committee to make the determination of which items will be forwarded for monitoring. Section 1 of the bill (on page 1, lines 6-8) adds language stating "A committee recommendation involving an agency in the executive branch may be identified for monitoring under AS 24.20.312." Further, Section 2 (page 2, lines 2-3) states that "the office of management and budget shall review each item identified for monitoring in a recommendation involving an agency in the executive branch. . ."

The following policy and procedure would be proposed to the LBA Committee to address the concern over the amount of resources necessary for OMB to monitor items identified by LBA. This recommended language would become part of the more comprehensive procedures proposed for full implementation of the legislation.

- In recommending items for monitoring to the Committee, the legislative auditor will prioritize items according to their significance in terms of the necessity for immediate action and their relative fiscal and/or policy impacts. The legislative auditor will work in concert with OMB to balance the resources reasonably available to monitor items with the Committee's recommendation of items for monitoring.

Senator Frank

-2-

April 13, 1993

- In approving an item for monitoring under AS 24.20.312, the Committee should consider the fiscal and policy significance of the item recommended by the legislative auditor. Matters of lesser significance may be referred to OMB to the extent that OMB and the legislative auditor agree that resources are available to adequately monitor the items.

As you can see, there is ample room in the language of the bill and the ability of the LBA Committee to temper its referral of items to OMB for monitoring through the adoption of policy and procedures. This discretionary authority will allow the Committee to operate within the confines of a zero fiscal note, provided some concession of priority from OMB.

Without some reordering of priorities within OMB, a modest fiscal note may be necessary.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347

### MEMORANDUM

TO: The Honorable Randy Phillips  
Chairman, Legislative Budget  
and Audit Committee

FROM: Randy S. Welker *Randy*  
Legislative Auditor

DATE: February 13, 1993

RE: Audit Recommendation Follow-up Process

The attached table outlines a procedure that could be used to provide an ongoing follow-up process to the special/performance audit recommendations made by the Division of Legislative Audit.

The process we recommend involves using the Office of the Governor's Office of Management and Budget (OMB). Within OMB is the Division of Audit and Management Services. This division is staff with auditors who would have the necessary qualifications to adequately address the issues. I have not discussed these procedures with OMB, so I do not have an indication of their willingness to earnestly participate.

While the procedures I have outlined are lengthy, I believe that the majority of them could be adopted as LBA procedures and I would recommend that only the critical steps be placed in statute. The following outlines those items I think should be statutory requirements:

AS 24.20.311 should be amended to read:

**Sec. 24.20.311. Reports.** The committee shall file copies of its approved audit reports including any committee recommendations with the governor, the agency concerned and the legislature. Committee recommendations may include items requiring follow-up by the Office of Management and Budget under AS 24.20.312. An annual report summarizing....

(continued)

AS 24.20 is amended by adding a new sections to read:

**Sec. 24.20.312. Audit Recommendation Follow-up.** (a) The Office of Management and Budget is responsible for the review, resolution of differences, and follow-up on recommendations made by the legislative auditor and filed with the governor under AS 24.20.311.

(b) For follow-up items with which the audited agency concurs, the office shall monitor the agencies progress towards full implementation. For items with which the agency partially or fully disagrees, the office shall review the position of the legislative auditor and the agency. The office shall then either seek the governor's directive to implement the recommended action or report to the committee and the legislative auditor within sixty days with an alternative resolution or final position of opposition.

(c) By January 31, the office shall submit a report to the committee and the legislative auditor on the follow-up items filed with the governor during the previous calendar year. The report shall address the degree of implementation or continued opposition to the follow-up items.

(d) The legislative auditor shall review the report submitted by the office and make recommendations to the committee on the disposition of each follow-up item. The auditor may recommend closure of an item fully implemented, closure through waiver of implementation for a stated cause, or continued monitoring by the office for an additional year. The committee shall make the final determination on closure or continued monitoring by the office.

I have not developed a detailed "follow-up" format, but it would not be difficult to do. The process outlined in the attached pretty well identifies the type of information we would want to get from the audited agencies.

The committee procedures could also provide for our follow-up reporting to the committee by January 31 of the recommendations made in our single audits (financial). The committee could also refer any of those recommendations to OMB for follow-up resolution as well.

AUDIT RECOMMENDATION FOLLOW-UP			
AGENCY		ACTION	DISCUSSION
1.	Leg. Audit	Preliminary Audit submitted to LBA will include an "Audit Follow-up Summary".	"Audit Follow-up Summary" will contain those items the Leg. Auditor believes should be tracked.
2.	LBA Committee	Review report and summary; approve for release to agency for response.	In normal LBA process, would require response to audit and completion of information requested on the "Audit Follow-up Summary".
3.	Audited Agency	Agency would prepare response to the audit report and complete the "Audit Follow-up Summary" within 20 days.	In addition to normal agency response, the "Summary" would require info such as agreement, partial agreement or disagreement; detail timeline, position responsible for implementation, limitations on implementation.
4.	Leg. Audit	Formal Response and "Summary" included in report for final presentation to LBA.	Like current process, audit response and "Follow-up Summary" would be included in final audit presented to LBA.
5.	LBA Comm.	Approve release of audit to public and "Follow-up Summary" to Gov./OMB.	Release procedures would include the transmittal of the "Summary" to OMB.
6.	OMB	OMB responsible for review, resolution of differences and follow-up.	For follow-up items the agency agrees with, OMB would monitor the progress of implementation; for items of partial or full disagreement, OMB review positions of auditor and agency, then seek gov. directive to implement or report back to LBA and Leg. Auditor w/in 60 days w/ alternative solution or final position of opposition.
7.	Leg. Auditor	Make interim reports to LBA on acceptability of alternatives proposed by OMB and final rebuttal on position of opposition.	As necessary, the Leg. Auditor will keep the Committee apprised of the ongoing monitoring and review by OMB. Particular focus will be on areas of opposition.
8.	LBA Comm.	Consider interim actions.	The Committee at any time could exercise options such as formal communication to the Governor, requesting Commissioner or agency personnel to appear before LBA.

**AUDIT RECOMMENDATION FOLLOW-UP**

AGENCY		ACTION	DISCUSSION
9.	OMB	Submit Annual Report on Follow-up to LBA and Leg. Auditor.	By Jan. 31 OMB would be required to issue a report to the LBA and the Leg. Auditor detailing the extent of departmental implementation of "Follow-up Summary" items. Report would be required for all items issued in previous year detailing degree of implementation, lack of implementation, or continued opposition to recommendations.
10.	Leg. Auditor	Review report, make any necessary verification inquiries, and report to the LBA with recommended action.	The review would include acceptance of status reported and recommendation to LBA on an item by item basis for (1) closure-fully implemented, (2) continued monitoring for additional year and report following Jan. 31, (3) closure- waiver of implementation for stated cause.
11.	LBA	Review OMB Annual Report and Leg. Auditor suggested recommendations on action.	LBA would have final determination on closure recommendations and those items referred back to OMB for continued follow-up during next year. For items not closed, consider any or all options available: (1) Commissioner and/or agency personnel called before the LBA for discussion, (2) Referral of item to Finance Committee's for continued discussion during budget deliberations, (3) Formal communication with Gov., (4) Recommend OMB impound funds until adequate progress is made towards implementation, (5) Recommend the Finance Committees or Conference Committee assess a misc. reduction or conditioned appropriation budget item until implementation.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300  
Juneau, AK 99811-3300  
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### MEMORANDUM

TO: The Honorable Randy Phillips  
Chairman, Legislative Budget  
and Audit Committee

FROM: Randy S. Welker  
Legislative Auditor

DATE: March 9, 1993

RE: SB 128 - An Act relating to legislative audits

Senate Bill 128 was introduced to enhance the implementation rate of recommendations contained in audit reports issued by the Division of Legislative Audit. The Audit Division does not have enforcement powers. Therefore, we must rely on our ability to convince the audited agency that our recommendations have merit and would improve financial accountability and/or improve the efficiency, effectiveness and economy of state operations.

Often, agencies agree with our recommendations in their response to the audit report. Other times, the agency disagrees in part or entirely with our recommendations. Regardless of the agreement or disagreement, we believe that a formal system of follow-up on audit recommendations is necessary.

We presently review the implementation of recommendations made in our annual financial/compliance Single Audit of the State of Alaska. Each year's audit addresses the status of recommendations made in the prior year audit. We presently do not have a systematic method to follow up on items contained in our performance or special audits.

The responsibility for implementing audit recommendations rests with the administration. It is our responsibility to ensure that the agencies have an effective system for resolving audit differences and pursuing implementation. Senate Bill 128 provides the framework for that system of follow-up within the Office of Management and Budget (OMB).

Senator Randy Phillips

-2-

March 9, 1993

The Division of Audit and Management Services within OMB is staffed with auditors who have the necessary qualifications to adequately address the issues raised in our reports. The attached table should give you some idea of the number of recommendations we issue in a year. This table was prepared from the highlighted recommendations in the audit digests contained in the 1992 Annual Report of the Legislative Budget and Audit Committee. As you can see, recommendations were made to virtually every department and to many other state entities. According to language in the bill, the Legislative Budget and Audit Committee would not necessarily refer all recommendations to OMB.

OMB would have the responsibility to monitor the implementation of those items with which the audited agency agrees and to seek resolution of items with which the audited agency disagrees in whole or in part.

Please contact me if I can provide any additional information.

Attachment

**SUMMARY OF AUDIT RECOMMENDATIONS BY DEPARTMENT - 1992 AUDITS**

AUDIT ↓	DEPARTMENT →	GOV	DOA	LAW	DOR	DOE	HSS	LAB	CED	MVA	UNR	DFG	DPS	DEC	DOC	CRA	DOT	UNIV	OTHER
SWSA '91		1	9	1	2	8	11	1	1	1		3	1	2		1	20		
AKPAY Controls			9																
State Publications			3																
OPA			9																
Statewide Procurement		3	4	3	4	2	5	1						1	3	3	5	1	7
Employee Incentive Award Program			4																1
PFDD					6														
DOR-Income & Excise Tax Audit Division					5														
Special Education Agency						3													
PERA Impact on School Districts						1													1
DFYS							5												
Selected Abortion Issues							3												
Medicaid Rate Advisory Commission Rate Setting Issues							4												
5 Licensing Board Audits									5										
Big Game Commercial Services Board- Consistency of Penalties													2						
AEA/DEC - Circuit Rider Maintenance Program & Remote Maintenance Worker Program									2										
Alaska Tourism Marketing Council									6										
Submerged Lands Recalculation Project												1							
Wood-Tikchik State Park												1							
OHSR Corps and Emergency Response Depots										3				5					
Intensive Supervision Surveillance Program															4				
<b>TOTALS BY DEPARTMENT (187)</b>		<b>4</b>	<b>38</b>	<b>4</b>	<b>17</b>	<b>14</b>	<b>28</b>	<b>2</b>	<b>14</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>7</b>	<b>4</b>	<b>25</b>	<b>1</b>	<b>9</b>

Other Column is made up of: Permanent Fund Corporation (1), Alaska Science and Technology Foundation (1), Alaska Railroad Corporation (1), Alaska Court System (3), Alaska Energy Authority (1), and recommendations for Legislation to the Alaska Legislature (2)

# FISCAL NOTE

**STATE OF ALASKA**  
**1993 LEGISLATIVE SESSION**

**BD L NO.** CSSB 128

Revision Date: _____	Dept. Affected: <u>OFFICE OF THE GOVERNOR</u>
Title: <u>An Act Relating to Legislative Audits</u>	BRU: <u>Office of Management &amp; Budget</u>
Sponsor: <u>Phillips</u>	Component: <u>Division of Audit &amp; Management Services</u>
Requestor: <u>Phillips</u>	COMPONENT SERIAL NO. <u>17</u>

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	190.2	199.7	209.7	220.2	231.2	242.8
TRAVEL	8.9	9.3	9.8	10.3	10.8	11.3
CONTRACTUAL	3.8	4.0	4.2	4.4	4.6	4.9
SUPPLIES	2.6	2.1	2.2	2.3	2.4	2.6
EQUIPMENT	5.1					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>210.6</b>	<b>215.1</b>	<b>225.9</b>	<b>237.2</b>	<b>249.0</b>	<b>261.6</b>
<b>CAPITAL</b>						

**REVENUE FUND SOURCE:** \_\_\_\_\_

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	210.6	215.1	225.9	237.2	249.0	261.6
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>210.6</b>	<b>215.1</b>	<b>225.9</b>	<b>237.2</b>	<b>249.0</b>	<b>261.6</b>

**POSITIONS:**

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

**ANALYSIS:** (Attach a separate page if necessary)

See Attached

Prepared by: <u>Gary Anderson</u>	Phone: <u>465-4668</u>
Division: <u>Audit and Management Services</u>	Date: <u>4/12/93</u>
Approved by Commissioner: <u><i>[Signature]</i></u>	Date: <u>4/13/93</u>
Agency: <u><i>[Signature]</i></u>	

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**Analysis**

Based on OMB/DAMS experience with following up on our own audits we assume that the following percentages of the original project time will be required to follow-up on Legislative Audit reports.

Review of report and workpapers	5%
Follow-up procedures	10%
Reporting	<u>5%</u>
	<u>20%</u>

Legislative audit has approximately 30 auditors who would average a minimum of 1200 hours per year on projects which calculates out to  $30 \times 1200 = 36,000$  project hours. Legislative Audit currently follows up on their State Single Audit Report which constitutes approximately 50% of their project hours. Follow-up time at 20% of the remaining hours (18,000) would then constitute 3,600 hours requiring the same utilization numbers: 3 internal auditors. Following is a cost breakdown for three new internal auditors.

3 auditors at range/step 19C	\$139,860
Fringe benefits at 36%	<u>50,350</u>
Total personal services	\$190,210
Travel *	8,865
Contractual *	3,780
Supplies *	2,600
Equipment (new computers: 3 x \$1,700)	<u>5,100</u>
Grand Total	<u>\$210,555</u>

\* Represents prorated variable costs for these items in the FY 1994 budget.

Position Title Internal Auditor II		No. of Positions 3	Range / Step 19C	Barg. Unit Exempt
Time Status FT	Staff Months 36	Location Juneau		Election District
<b>TYPE OF EXPENDITURE</b>		<b>Amount</b>		
Salary	46.6	139.9		
Benefits	16.8	50.3		
Premium Pay				
Other				
<b>Total Personal Services</b>	<b>63.4</b>	<b>190.2</b>		
Travel		8.9		
Contractual		3.8		
Commodities		2.6		
Equipment		5.1		
Other				
<b>Total Cost</b>		<b>210.6</b>		
<b>FUNDING SOURCE FOR TOTAL COST</b>				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	210.6		
IA Receipts	1007			
CIP Receipts	1061			
Other				
		Justification		
		A staff auditor (Journeyman level). Additional positions required to perform follow-up on Legislative Audit report.		

**Request For  
New Position**

AGENCY Office of the Governor  
 BRU Office of Management and Budget  
 COMPONENT Division of Audit and Management Services

**FY** 94

Page \_\_\_\_\_ of \_\_\_\_\_  
 Revised Date: \_\_\_\_\_