



LAWS OF ALASKA

1984

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Chapter No.

169

AN ACT

Relating to the Alaska Power Authority; authorizing the construction of the Watana and Bradley Lake hydroelectric projects; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 11

Approved by the Governor: July 13, 1984
Actual Effective Date: July 14, 1984

AN ACT

Relating to the Alaska Power Authority; authorizing the construction of the Watana and Bradley Lake hydroelectric projects; and providing for an effective date.

* Section 1. AS 44.33 is amended by adding new sections to read:

Sec. 44.33.600. CREATION OF FUND. (a) There is established in the Department of Commerce and Economic Development the power development revolving loan fund to carry out the purpose of AS 44.83.600 - 44.33.630. The fund may be used for no other purpose.

(b) The fund consists of

- (1) appropriations to the fund by the legislature;
- (2) repayments of principal to the fund; and
- (3) income from investment of money in the fund and from

loans made from the fund.

Sec. 44.33.610. POWERS AND DUTIES OF DEPARTMENT IN ADMINISTERING THE FUND. (a) The department may make a loan from the power development revolving loan fund to the Alaska Power Authority for the purpose of financing a power project acquired or constructed by the authority under the energy program for Alaska (AS 44.83.380 - 44.83.425). Repayment of a loan from the fund must be made with the proceeds from the sale of power from projects in the energy program for Alaska. Except as provided in AS 44.83.398(i), the payments required to be made by the authority on a loan from the fund constitute debt service

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1 for the purpose of calculating the wholesale power rate in AS 44.83.-
2 398(b)(1).

3 (b) After completion of a final plan of finance and approval of
4 a project under AS 44.83.185(c), a loan may be made from the fund for

5 (1) the cost or a portion of the cost of final design,
6 acquisition, and construction of a power project;

7 (2) defeasance or payment of bonds or notes of the author-
8 ity issued for a power project;

9 (3) the establishment of a reserve fund for renewals and
10 replacements for the operation of a completed power project; and

11 (4) any other project related expenses including those
12 described in AS 44.83.398(i).

13 Sec. 44.33.620. LOAN TERMS. (a) A loan from the fund must be
14 repaid in accordance with the terms that the department determines to
15 be appropriate. In establishing the terms, including provision for a
16 return to the state of an amount in excess of the principal amount of
17 the loan, the department shall consider the revenue that the authority
18 could reasonably derive from the sale of power from the projects based
19 upon

20 (1) the market rate of interest for a loan of comparable
21 size and duration at the time the loan is made; and

22 (2) the estimated costs of alternative sources of energy
23 generation for utilities purchasing power from a project financed with
24 a loan from the fund.

25 (b) The department may agree with the authority to defer repay-
26 ment of a loan. However, the loan must be repaid in full during the
27 period of the loan agreement.

28 (c) A loan to the authority from the fund may not exceed 5
29 years.
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1 Sec. 44.33.630. DEFINITIONS. In AS 44.33.600 - 44.33.630

2 (1) "authority" means the Alaska Power Authority;

3 (2) "department" means the Department of Commerce and
4 Economic Development;

5 (3) "fund" means the power development revolving loan fund;

6 (4) "power project" means a project acquired or constructed
7 under the energy program for Alaska, AS 44.83.380 - 44.83.425.

8 * Sec. 2. AS 44.83.398 is amended by adding a new subsection to read:

9 (i) The authority may place in a separate interest bearing
0 account money appropriated to the authority as a loan for the purpose
1 of meeting the operating expenses of a facility in the initial pro-
2 ject. The money may be used to replace amounts which were expected to
3 be paid by a utility potentially served by a facility in the initial
4 project, which has not entered into a power sales agreement with the
5 authority. Repayment of the amount loaned must be made from revenues
6 attributable to power sales from that facility, as limited by the
7 terms of power sales agreements with power purchasers from that facil-
8 ity. A loan made in accordance with this subsection is not a state
9 loan for purposes of calculating the wholesale power rate under (b)(1)
0 of this section.

* Sec. 3. AS 44.83.398(a) is amended to read:

(a) The authority shall sell power produced from power projects
acquired or constructed under the energy program for Alaska. For
purposes of this section, Lake Tye, Swan Lake, Solomon Gulch, and
Terror Lake hydroelectric facilities are considered to be one power
project. This power project is referred to as the initial project [A
UTILITY THAT PURCHASES POWER PRODUCED BY A POWER PROJECT OF THE AU-
THORITY SHALL AGREE WITH THE AUTHORITY

(1) TO GIVE PREFERENCE IN THE SALE OF POWER AT RETAIL TO

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1 ALL CLASSES OF CONSUMERS OF POWER EXCEPT INDUSTRIAL CONSUMERS;

2 (2) TO CHARGE INDUSTRIAL CONSUMERS OF POWER A RATE DE-
3 TERMINED BY THE AUTHORITY IN ACCORDANCE WITH (d) OF THIS SECTION].

4 * Sec. 4. AS 44.83.398(b) is amended to read:

5 (b) The authority shall establish a wholesale power rate struc-
6 ture applicable to sales of power to the [ITS] customers [AT THE
7 BUSBAR] of a power project as follows:

8 (1) The authority shall establish and maintain a separate
9 wholesale power rate applicable to each power project that it has
10 acquired or constructed under the energy program for Alaska, other
11 than a project described in (f) of this section. The wholesale power
12 rate established by the authority for the initial project shall be a
13 rate calculated under this paragraph except that the portion of the
14 rate applicable to (A) and (C) of this paragraph shall be adjusted for
15 the hydroelectric facilities in the initial project as set out in (3)
16 of this subsection. The wholesale power rate shall be computed by the
17 authority annually, or more frequently as may be necessary, and shall
18 equal the rate that the authority estimates is necessary to produce
19 revenue that is sufficient to pay

20 (A) operation, maintenance, and equipment replacement
21 costs of the power project;

22 (B) the power project's proportionate share of the
23 debt service on state loans and bonds for all power projects in
24 the energy program for Alaska, determined in accordance with (g)
25 of this section;

26 (C) safety inspections and investigations of the power
27 project by the authority.

28 (2) If, by July 1, 1991, the legislature has not appropri-
29 ated at least \$5,000,000,000 to the fund, in addition to

appropriations to the fund of interest earned on money in the fund, the authority shall, beginning on that date, establish and maintain a separate wholesale power rate applicable to each power project that is acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, or more frequently as may be necessary, and shall be the greater of

(A) 10 percent of the amount the authority has invested in the power project, including loans and grants made by the state; or

(B) the rate that the authority estimates is necessary to produce revenue sufficient to pay

(i) operation, maintenance, and equipment replacement costs of the power project;

(ii) the power project's proportionate share of debt service on state loans and bonds for all power projects in the energy program for Alaska, determined in accordance with (g) of this section; and

(iii) safety inspections and investigations of the power project by the authority.

(3) For the purposes of determining amounts to be allocated to each hydroelectric facility in the initial project under (1)(A) and (1)(C) of this subsection, the authority shall determine for each hydroelectric facility its individual operation, maintenance, equipment replacement, safety inspection, and investigation costs.

* Sec. 5. AS 44.83.398(e) is amended to read:

(e) After determining the wholesale power rate for a power project under the provisions of this section, the authority may adjust the rate or change the rate provisions to insure that the revenue derived from that power project and the aggregate revenues of the

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1 authority will be adequate to comply with the rate covenants and other
2 agreements contained in any trust indenture or trust agreement entered
3 into by the authority for the security of the holders of bonds issued
4 to finance power projects in the energy program [ENERGY PROGRAM] for
5 Alaska. The authority may agree with a purchaser of power to limit
6 rate increases caused by debt service payable by the authority on
7 subsequent projects.

8 * Sec. 6. AS 44.83.398(g) is amended to read:

9 (g) For the purposes of (b)(1)(B) [AND (b)(2)(B)(ii)] of this
10 section, a power project's proportionate share of debt service on
11 state loans and bonds for all power projects in the energy program for
12 Alaska is equal to the state's investment in the power project divided
13 by the state's investment in all power projects in the energy program
14 for Alaska and multiplied by the debt service on state loans and bonds
15 for all power projects in the energy program for Alaska. In this
16 subsection

17 (1) "state's investment in the power project" includes all
18 state money invested in a power project, including loans, grants, and
19 proceeds from bonds, less the principal repayments on the project's
20 proportionate share of debt service on state loans and bonds;

21 (2) "state's investment in all power projects in the energy
22 program for Alaska" includes all state money invested in the power
23 projects, other than interties, in the energy program for Alaska
24 including loans, grants, and proceeds from bonds, less the principal
25 repayments on bonds and state loans issued for the power projects.

26 * Sec. 7. AS 44.83.398(b)(2) is repealed.

27 * Sec. 8. AS 44.83.398(d) is repealed.

28 * Sec. 9. In accordance with AS 44.83.185(c), the Bradley Lake hydro
29 electric project is authorized for construction at a construction cost c
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\$300,000,000 in July 1983 dollars.

* Sec. 10. In accordance with AS 44.83.185(c), the Watana Dam phase of the Susitna River hydroelectric project is authorized for construction at a construction cost of \$3,750,000,000 in January 1983 dollars.

* Sec. 11. Sections 1 and 2 of this Act take effect July 1, 1984.

* Sec. 12. Sections 3 - 10 of this Act take effect immediately in accordance with AS 01.10.070(c).