

"An Act establishing the Greater Railbelt Energy and Transmission Corporation and relating to the corporation; relating to transition, financial plan, and reporting requirements regarding planning for the initial business operations of the Greater Railbelt Energy and Transmission Corporation; relating to a report on legislation regarding the Regulatory Commission of Alaska and the Greater Railbelt Energy and Transmission Corporation; authorizing the Alaska Energy Authority to convey the Bradley Lake Hydroelectric Project and the Alaska Intertie to the Greater Railbelt Energy and Transmission Corporation; and providing for an effective date."

*** Section 1.** AS 42 is amended by adding a new chapter to read:

Chapter 50. Greater Railbelt Energy and Transmission Corporation.

Sec. 42.50.010. Greater Railbelt Energy and Transmission Corporation. (a)

The Greater Railbelt Energy and Transmission Corporation is established.

(b) The purpose of the corporation is to plan for and

(1) provide adequate, reliable, safe, and stable wholesale electric power to greater Railbelt electric utilities, on a non-discriminatory basis, at the lowest feasible cost;

(2) procure adequate fuel supply, fuel storage, and fuel resources required to meet the short-term and long-term electric power needs of the greater Railbelt region service territory; and

(3) ensure that adequate generation and transmission assets exist to prudently meet, both locally and regionally, the short- and long-term electric power and reliability needs of the electrically interconnected greater Railbelt region service territory.

(c) The corporation shall operate on a nonprofit basis.

(d) The corporation is exempt from the provisions of AS 10.15 (Alaska Cooperative Corporation Act), AS 10.20 (Alaska Nonprofit Corporation Act), and AS 10.25 (Electric and Telephone Cooperative Act).

(e) The corporation has a separate and independent existence from the state. The corporation may not be considered the state, a state agency, an administrative unit of the

executive branch of state government, a governmental unit of the state, a public corporation of the state, a municipal corporation, or a political subdivision of the state.

(f) The exercise by the corporation of the powers granted by this chapter is considered to be for a public purpose.

Sec. 42.50.020. Board of directors. (a) The corporation shall be governed by a board of directors consisting not more than 13 members, including the following:

(1) the chief executive officer of each greater Railbelt utility or the chief executive officer's designee,

(2) an individual appointed by the governing body of each greater Railbelt electric utility;

(3) a public director appointed by the governor from a list of at least three persons submitted by the directors described in (a)(1) of this section; if the governor rejects the entire list, the directors described in (a)(1) of this section must submit a new list that includes at least three persons who were not included on the previously rejected list.

(b) The term of a director representing a utility under (a)(1) or (2) of this section expires on the earlier of the date

(1) the individual no longer holds the position that qualified the individual to be on a director, or

(2) the utility notifies the corporation that the utility's representative on the board has been replaced.

(c) The term of the director appointed by the governor under (a)(3) of this section is four years. If a vacancy occurs, the governor shall appoint under (a)(3) of this section a public director to serve the remaining term of the director.

(d) The board may remove a director of the board for cause upon two-thirds majority vote of the full board. The bylaws must provide a mechanism for a greater Railbelt electric utility to appoint an alternative director if the chief executive officer of the utility is removed from the corporation board.

(e) A majority of the members of the board constitutes a quorum for the transaction of business and the exercise of the powers and duties of the board.

(f) The directors shall annually elect from among the directors by ballot a chair

and vice-chair and other board officers as may be provided in the corporation's bylaws.

(g) The directors may not receive a salary, but may receive per diem and travel expenses paid by the corporation not to exceed the maximum amounts allowed for members of boards and commissions under AS 39.20.180.

Sec. 42.50.030. Board meetings open; exceptions. (a) A meeting of the board may be attended by the public. The bylaws of the corporation must provide for public participation at board meetings. Except when a voice vote is authorized, a vote shall be conducted in a manner that the public may know the vote of each person entitled to vote. The board may conduct a meeting by teleconference or similar communications equipment if the board gives reasonable notice of the meeting and if the public is able to attend the meeting and hear the meeting. This section applies only to a meeting at which a quorum of the board participates.

(b) Before holding an executive session, the board must first be convened as a regular or special meeting. The board may hold an executive session to discuss matters that come within the exceptions contained in (c) of this section on a majority vote of the board. A subject may not be considered at the executive session except those mentioned in the motion calling for the executive session unless auxiliary to the main question. Formal action may not be taken during the executive session of the board.

(c) The following excepted subjects may be discussed in an executive session:

(1) matters the knowledge of which would clearly have an adverse effect on the finances of the corporation;

(2) subjects that tend to prejudice the reputation and character of a person; however, the person may request a public discussion;

(3) matters discussed with an attorney for the corporation, the knowledge of which could have an adverse effect on the legal position of the corporation;

(4) matters that by law are required to be confidential;

(5) matters pertaining to a plan, a program, or procedures for establishing, maintaining, or restoring security, or to a detailed description or evaluation of systems, facilities, or infrastructure in the corporation, but only to the extent that the discussion of the matter in public

(A) could reasonably be expected to interfere with the

implementation or enforcement of the security plan, program, or procedures;

(B) would disclose confidential guidelines for investigations or enforcement and the disclosure could reasonably be expected to risk circumvention of the law; or

(C) could reasonably be expected to endanger the life or physical safety of an individual or to present a real and substantial risk to the public health and welfare.

(d) Notice shall be given for all regular or special meetings of the board as provided in the bylaws of the corporation.

Sec. 42.50.040. Officers and employees. (a) The board shall employ a chief executive officer. The chief executive officer may not be a member of the board and serves at the pleasure of the board.

(b) The board shall appoint officers of the corporation as required by the corporation's bylaws and as the board determines to be necessary for the effective operations of the corporation. An executive, operating, administrative, or other salaried officer of the corporation may not be a member of the board.

(c) The chief executive officer may hire employees of the corporation as may be determined necessary for the efficient performance of the functions of the corporation. The board shall approve the range of compensation for employees. Employees of the corporation are not employees of the state and are not considered to be employees of a public organization for the purposes of AS 39.35.

Sec. 42.50.050. Bylaws. The board may adopt bylaws for the corporation for the governance and management of the affairs of the corporation, and may alter, amend, or repeal them. The bylaws shall be consistent with this chapter and other laws that apply to the corporation.

Sec. 42.50.060. Indemnification of directors, officers, and employees. The corporation may indemnify directors, officers, and employees, or may purchase and maintain insurance on behalf of directors, officers, and employees. The indemnification and purchase and maintenance of insurance must comply with AS 10.06.490.

Sec. 42.50.070. General powers of the corporation. The corporation may

(1) sue and be sued in its name;

- (2) have perpetual existence;
- (3) adopt a corporate seal and alter it;
- (4) participate with state departments and agencies in formulating and implementing electric power policy, and in planning for the development, construction, and operation of adequate electric power generation and transmission facilities, for the greater Railbelt region service territory;
- (5) engage in programs to support the efforts of the greater Railbelt electric utilities and affiliated electric utilities in order to enhance the development, efficiency, reliability, safety, and price stability of electric power in the greater Railbelt region service territory;
- (6) generate, manufacture, purchase, acquire, accumulate, transmit, meter, and economically dispatch electric power, and sell at wholesale, supply, and dispose of electric power to greater Railbelt electric utilities and affiliated electric utilities;
- (7) procure fuel supplies, fuel storage capacity, and fuel transmission resources;
- (8) construct, buy, lease, or otherwise acquire, and equip, maintain, and operate, and sell, assign, convey, lease, mortgage, pledge, or otherwise dispose of or encumber land, buildings, structures, electric power lines or systems, dams, plants and equipment, and any other real or personal property, tangible or intangible, that is necessary, convenient, or appropriate to accomplish the purpose for which the corporation is organized;
- (9) buy, lease, or otherwise acquire, and use, and exercise and sell, assign, convey, mortgage, pledge, or otherwise dispose of or encumber franchises, rights, privileges, licenses, and easements;
- (10) borrow money and otherwise contract indebtedness, and issue evidences of indebtedness, and secure the payment of the indebtedness by mortgage, pledge, or deed of trust of, or any other encumbrance on its real or personal property, assets, franchises, or revenue;
- (11) construct, maintain, and operate electric transmission lines, along, upon, under, and across publicly owned land and public thoroughfares, including, without limitation, all roads, highways, streets, alleys, bridges, and causeways;

(12) exercise the power of eminent domain under AS 42.05.631, except the corporation may not exercise the power of eminent domain to take an electric power generation or transmission asset, excluding rights-of-way, from an original greater Railbelt electric utility or affiliated electric utility;

(13) acquire by purchase, lease, bequest, devise, gift, exchange, the satisfaction of debts, the foreclosure of mortgages, or otherwise, personal property, rights, rights-of-way, franchises, easements, and other interests in land, and acquire by appropriation water rights that are located in the state, taking title to the property in the name of the corporation;

(14) hold, maintain, use, operate, improve, lease, exchange, donate, convey, alienate, encumber, or otherwise grant a security interest in, or authorize use or dispose of, land or personal property, subject to other provisions of this chapter;

(15) contract with and accept transfers, gifts, grants, or loans of funds or property from the United States or from the state or its political subdivisions, subject to other provisions of federal or state law or municipal ordinances;

(16) undertake and provide for the management, operation, maintenance, use, repair, renovation, and control of all of the property of the corporation;

(17) apply to the state, the United States, and foreign countries or other proper agencies for the permits, licenses, rights-of-way, or approvals necessary to construct, maintain, and operate electric power and related services, and obtain, hold, and reuse the licenses and permits in the same manner as other similar operators;

(18) enter into agreements with the state or a state agency or other instrumentality of the state;

(19) adopt, amend, and repeal bylaws;

(20) make all contracts necessary, convenient, or appropriate for the full exercise of its powers;

(21) conduct its business and exercise its powers inside or outside the state; and

(22) do and perform any other act and thing, and have and exercise any other power that may be necessary, convenient, or appropriate to accomplish the purpose for which the corporation is organized.

Sec. 42.50.080. Public utility powers and regulation. The corporation shall have all of the powers and duties of a regulated electric public utility under AS 42.05, except as follows:

(1) the corporation is not required to obtain a certificate under AS 42.05.221; and

(2) the corporation may not make retail sales of electric power.

Sec. 42.50.090. Integrated resource plan. (a) The corporation shall adopt an integrated resource plan for the corporation to use in conjunction with the long-range fuel supply plan for determining the need for, and selection of, electric generation and transmission projects to ensure delivery of safe, reliable, and sustainable electric power to greater Railbelt electric utilities at the lowest feasible long-term cost. The corporation in adopting and updating the plan shall evaluate and consider recommendations made in any applicable state energy plan or state integrated resource plan. If the corporation's integrated resource plan deviates from other state energy or resource plans, the corporation's plan must include a report explaining the reasons for the deviation.

(b) The board shall annually review the integrated resource plan, and update the plan at least once every five years.

(c) The board shall make all integrated resource plans available on the Internet to greater Railbelt electric utilities, the governor, the legislature, and the public.

Sec. 42.50.100. Long-range fuel supply plan. (a) The corporation shall adopt a long-range fuel supply plan for the corporation to use in conjunction with the integrated resource plan for determining the need for, and selection of, fuel supplies to be used by electric generation projects to ensure delivery of safe, reliable, and sustainable electric power to greater Railbelt electric utilities at the lowest feasible long-term cost. In adopting and updating the long-range fuel supply plan, the corporation shall evaluate recommendations made in any applicable state energy plan or state integrated resource plan. If the corporation deviates from recommendations in a state plan, the adopted or updated long-range fuel supply plan shall include a report explaining the reasons for the deviation.

(b) The board shall annually review the long-range fuel supply plan, and update the plan at least once every five years.

(c) The board shall make all long-range fuel supply plans available on the Internet to greater Railbelt electric utilities, the governor, the legislature, and the public.

Sec. 42.50.110. Long-range capital improvement plan. (a) The corporation shall adopt a long-range capital improvement plan. The plan must describe the manner in which the corporation intends to accomplish the purposes of this chapter and anticipated capital improvements during each of the following 10 years. The plan shall be based on the principle of providing safe, reliable, and sustainable electric power to greater Railbelt electric utilities at the lowest feasible long-term cost.

(b) The board shall annually review, approve revisions to, and update the long-range capital improvement plan on or before September 30 of each year.

(c) The board shall make all long-range capital improvement plans available on the Internet to greater Railbelt electric utilities, the governor, the legislature, and the public.

Sec. 42.50.120. Long-range capital management plan. (a) The corporation shall adopt a long-range capital management plan. The plan must describe the manner in which the corporation intends to accomplish the purposes of this chapter, and the corporation's plans for acquisition, accumulation, and issuance of equity and debt for the next 10 years. The plan shall be based on the principle of providing safe, reliable, and sustainable electric power to greater Railbelt electric utilities at the lowest feasible long-term cost.

(b) The board shall annually review, approve revisions to, and update the long-range capital management plan on or before September 30 of each year.

(c) The board shall make all long-range capital management plans available on the Internet to greater Railbelt electric utilities, the governor, the legislature, and the public.

Sec. 42.50.130. Pledge of the state. (a) The state pledges to and agrees with any lender to the corporation that the state will not limit or alter the rights and powers given to the corporation by this chapter to fulfill the terms of a contract made by the corporation with the lender to the corporation, or in any way impair the rights and remedies of the lender to the corporation. The corporation is authorized to include this pledge and agreement of the state in a contract with any lender to the corporation.

(b) The pledge of the state is limited to the express provisions of (a) of this

section and is not a guarantee, surety, promise, undertaking, or assurance of repayment or performance of any obligation of the corporation.

Sec. 42.50.140. Fuel supply. The corporation may acquire long-term fuel supplies as required to ensure electric power generation facilities can operate without fuel-related interruption, including direct ownership of fuel supply production, transportation, and storage facilities as required to meet the corporate purpose stated in AS 42.50.010(b). The corporation may acquire long-term fuel supplies under this section in conjunction with other persons acquiring long-term fuel supplies for any lawful purpose.

Sec. 42.50.150. Tax exemption. The real and personal property of the corporation and the assets, income, and receipts of the corporation are exempt from all taxes and special assessments of the state or a political subdivision of the state.

Sec. 42.50.160. Reports and publications. The board shall publish on the Internet an annual report for the greater Railbelt electric utilities. The report shall be made available to the governor, the legislature, and the public. The report must include financial statements audited by independent outside auditors, a discussion of the corporation's circumstances and operations during the period covered by the report, and any other information that the board believes would be of interest to the governor, the legislature, and the public, or that the legislature requests the board to include. The board may publish other reports considered appropriate to its purposes.

Sec. 42.50.170. Right to examine books and records. (a) Except as provided in (c) of this section, greater Railbelt electric utilities and the public may, at a reasonable time and for any proper purpose, examine and make copies of the books and records of the corporation at the principal office of the corporation.

(b) The corporation may charge a requestor an amount equal to the actual cost of duplicating documents requested under this section.

(c) The corporation may withhold books and records concerning the following subjects:

- (1) records required to be kept confidential by law;
- (2) personnel records;
- (3) records that are proprietary, privileged, or a trade secret;

(4) records or information pertaining to a plan, a program, or procedures for establishing, maintaining, or restoring security, or to a detailed description or evaluation of systems, facilities, or infrastructure of the corporation, but only to the extent that the production of the records or information

(A) could reasonably be expected to interfere with the implementation or enforcement of the security plan, program, or procedures;

(B) would disclose confidential guidelines for investigations or enforcement and the disclosure could reasonably be expected to risk circumvention of the law; or

(C) could reasonably be expected to endanger the life or physical safety of an individual or to present a real and substantial risk to the public health and welfare;

(5) specific matters that were prepared for or during an executive session of the board, and not subsequently made public by the corporation.

Sec. 42.50.180. Audits and examinations of corporation. (a) At the direction of the Legislative Budget and Audit Committee, the legislative auditor may conduct an audit of the corporation in the manner and under the conditions established by AS 24.20.281. The corporation shall provide the legislative audit division upon its request with access to all books and papers of the corporation that relate to the business of the corporation and books and papers kept by a director, officer, or employee relating to or upon which a record of the business of the corporation is kept.

(b) The corporation shall be audited annually by an independent outside auditor. The legislative auditor may confer with the outside auditor and review the work papers of the audit. The board shall engage the outside auditor, who shall be responsible to the board. The corporation shall submit copies of each report of the outside auditor to the legislative auditor within 30 days after receipt of the report by the corporation.

Sec. 42.50.190. Dissolution, merger, consolidation, and disposition of assets. Without legislative approval, the corporation may not

(1) dissolve;

(2) merge or consolidate; or

(3) dispose of corporate assets other than in the ordinary course of

business.

Sec. 42.50.490. Definitions. In this chapter, unless the context otherwise requires,

(1) "affiliated electric utilities" means an electric utility that is wholly owned by one or more greater Railbelt electric utilities, and by or through which one or more greater Railbelt electric utilities obtain electric power or electric generation or transmission services;

(2) "board" means the board of directors of the corporation;

(3) "corporation" means the Greater Railbelt Energy and Transmission Corporation;

(4) "electric power" means electric energy and capacity;

(5) "greater Railbelt electric utilities" means

(A) Homer Electric Association, Inc.;

(B) the City of Seward, Electric Utility Department;

(C) Chugach Electric Association, Inc.;

(D) the Municipality of Anchorage d/b/a Municipal Light and Power Utility;

(E) Matanuska Electric Association, Inc.;

(F) Golden Valley Electric Association, Inc.; and

(G) an entity holding a certificate of public convenience and necessity issued by the Regulatory Commission of Alaska, that succeeds to the entity named in (A) - (F) of this paragraph as the result of a merger or acquisition; if two or more of the entities named in (A) - (F) of this paragraph merge or otherwise combine under this subparagraph, the list of entities that make up the greater Railbelt electric utilities is reduced to include only the succeeding entity;

(6) "greater Railbelt region service territory" means the combined service territories identified in the certificates of public convenience and necessity issued by the Regulatory Commission of Alaska for each of the greater Railbelt electric utilities.

* **Sec. 2.** AS 42.50.010, 42.50.020, 42.50.030, 42.50.040, 42.50.050, 42.50.060, 42.50.070, 42.50.080, 42.50.090, 42.50.100, 42.50.110, 42.50.120, 42.50.130, 42.50.140, 42.50.150, 42.50.160, 42.50.170, 42.50.180, 42.50.190, and 42.50.490, enacted by sec. 1 of this Act, are

repealed.

* **Sec. 3.** AS 42.50.490(5)(A), enacted by sec. 1 of this Act, is repealed.

* **Sec. 4.** AS 42.50.490(5)(B), enacted by sec. 1 of this Act, is repealed.

* **Sec. 5.** AS 42.50.490(5)(C), enacted by sec. 1 of this Act, is repealed.

* **Sec. 6.** AS 42.50.490(5)(D), enacted by sec. 1 of this Act, is repealed.

* **Sec. 7.** AS 42.50.490(5)(E), enacted by sec. 1 of this Act, is repealed.

* **Sec. 8.** AS 42.50.490(5)(F), enacted by sec. 1 of this Act, is repealed.

* **Sec. 9.** Sections 10 – 12 of this Act are repealed.

* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: TRANSITION AND FINANCE PLAN; REPORT; TERM OF INITIAL PUBLIC DIRECTOR. (a) The greater Railbelt Energy and Transmission Corporation shall organize and, jointly with the Alaska Energy Authority, develop on or before January 19, 2010 a transition and finance plan to enable the corporation to eventually become an all requirements supplier of electric power and transmission services to greater Railbelt electric utilities. The transition and finance plan must include the following:

(1) a phased commitment agreement among the Alaska Energy Authority, the corporation, and two or more greater Railbelt electric utilities that

(A) identifies commitments by the corporation, the state, and the greater Railbelt electric utilities, that will be necessary to enable the corporation to achieve the corporate purpose stated in AS 42.50.010(b); and

(B) includes commitments by which the greater Railbelt electric utilities will, over time, contract to obtain from the corporation electric power and transmission services;

(2) provisions to address the equity and creditworthiness of the corporation and the greater Railbelt electric utilities to secure repayment of existing and new, intermediate and long-term financing for the construction or acquisition of electric power generation and transmission assets needed in the greater Railbelt region service territory; the provisions made under this paragraph must include provisions to

(A) pay debt associated with any electric power generation or transmission asset transferred to the corporation;

(B) secure adequate financing for new electric power generation or transmission assets that become necessary before the corporation becomes fully functioning; and

(C) create a capital defeasance fund to secure repayment of new or existing debt associated with new or existing electric power generation and transmission assets;

(3) a plan to develop the business organization of the corporation;

(4) a plan to eventually acquire ownership of, or operational control over, greater Railbelt region service territory electric power generation and transmission assets necessary for the corporation to fulfill its corporate purposes;

(5) provisions to ensure that the transition

(A) does not negatively affect the ability of any greater Railbelt electric utility to operate and generate sufficient revenues to meet all obligations to ratepayers, creditors, and lenders; and

(B) includes adequate mechanisms to build sufficient equity to provide for the financing of and for the construction or acquisition of generation and transmission assets needed in the greater Railbelt region service territory before the corporation becomes the all-requirements supplier of electric power and transmission services to greater Railbelt electric utilities; and

(6) standards of reliability for electric generation and transmission services the corporation provides, based upon national loss of load probability for forced outage rates and outage duration standards, as modified to reflect the unique configuration of the greater Railbelt region service territory; and

(7) recommendations for statutory changes to improve the ability of the corporation to achieve the corporate purpose stated in AS 42.50.010(b), enacted by sec. 1 of this Act.

(b) The Greater Railbelt Energy and Transmission Corporation shall annually report to the governor, the legislature, and, on the Internet the public on progress made toward implementing the transition and financing plan. The annual report must include a description of

(1) progress made and actions taken since the last annual report;

(2) actions taken to acquire existing electric power generation and transmission

assets from greater Railbelt electric utilities and affiliated electric utilities;

(3) actions taken to plan for acquisition or construction of new electric power generation and transmission assets, including project status relating to design, permitting, construction, and financing;

(4) recommendations for financing the construction or acquisition of necessary electric power generation or transmission assets, which may include the acquisition of those services from independent power producers;

(5) action taken to develop or adopt an integrated resource plan;

(6) action taken to maintain reliability standards by each greater Railbelt electric utility; and

(7) other information requested by the governor or legislature.

(c) Notwithstanding AS 42.50.020(c), enacted by sec. 1 of this Act, the term of the initial public director appointed by the governor under AS 42.50.020(a)(3), enacted by sec. 1 of this Act, expires on June 30, 2012.

(d) In this section, unless the context otherwise requires,

(1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

(2) "corporation" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act;

(3) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act;

(4) "Greater Railbelt Energy and Transmission Corporation" means the corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

(5) "greater Railbelt region service territory" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act.

* **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT ON PROPOSED LEGISLATION REGARDING THE REGULATORY COMMISSION OF ALASKA AND THE GREATER RAILBELT ENERGY AND TRANSMISSION CORPORATION. (a) The Greater Railbelt Energy and Transmission Corporation shall on or before January 19, 2010 report to the governor and legislature with proposed statutory changes regarding the scope of regulation of the corporation by the

Regulatory Commission of Alaska. The report must address the following:

(1) rates for electric power sales and transmission to enable the corporation to fully recovery its reasonable costs;

(2) a single, system-wide rate for electric power sales and transmission for greater Railbelt electric utilities that become all-requirements purchasers of electric power and transmission services from the corporation;

(3) system-wide rates for electric power sales and transmission and other services for greater Railbelt electric utilities that become partial-requirements purchasers of electric power sales and transmission and other services;

(4) rates for electric power sales and transmission adequate to meet all financial covenants contained in mortgages or other lending instruments of the corporation;

(5) the principles and practices regarding accounts, records, and reports contained in AS 42.05.451 – 42.05.501 to ensure full disclosure of information necessary to determine the revenue requirement of the corporation;

(6) statutory deadlines for the Regulatory Commission of Alaska to consider and issue final orders on regulatory filings required from the corporation will be established;

(7) the scope of Regulatory Commission of Alaska review of the capital management, cash flow, and capital improvement plans of the corporation;

(8) a revenue requirement and rates for electric power sales and transmission to be established annually by the corporation in a simplified rate-making process; at the end of each rate year, a true-up system will credit or charge amounts to greater Railbelt electric utilities on a pro-rata basis; rate stabilization, equity management, and renewal and replacement funds may be included in the revenue requirement and rates established for electric power sales and transmission services.

(b) In this section, unless the context otherwise requires,

(1) "corporation" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act;

(2) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act;

(3) "Greater Railbelt Energy and Transmission Corporation" means the corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

(4) "Regulatory Commission of Alaska" means the commission created in AS 42.04.010.

* **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE AUTHORIZATION TO CONVEY. (a) Notwithstanding AS 44.83.396, the Alaska Energy Authority may convey to the Greater Railbelt Energy and Transmission Corporation the Bradley Lake Hydroelectric Project and the Alaska Intertie, under a phased commitment agreement negotiated and entered among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission Corporation, and two or more greater Railbelt electric utilities. In the phased commitment agreement, the Alaska Energy Authority may agree to convey either the Bradley Lake Hydroelectric Project or the Alaska Intertie after the Alaska Energy Authority obtains necessary approvals, or after outstanding bonds or other outstanding debt associated with the Bradley Lake Hydroelectric Project or with the Alaska Intertie are paid, refinanced, or defeased. Nothing in this section precludes the Alaska Energy Authority from contracting with the Greater Railbelt Energy and Transmission Corporation for the operation or maintenance of either the Bradley Lake Hydroelectric Project or the Alaska Intertie before completion of a conveyance authorized by this section.

(b) In this section, unless the context otherwise requires,

(1) "Alaska Energy Authority" means the authority created in AS 44.83.020;

(2) "Alaska Intertie" means the electric power transmission intertie owned by, or subject to contractual rights of, the Alaska Energy Authority, and located between the Teeland substation near Knik, Alaska and Healy, Alaska;

(3) "Bradley Lake Hydroelectric Project" means the hydroelectric project owned by the Alaska Energy Authority, and licensed as Project Number 8221 under 16 U.S.C. 792 – 823c (Federal Power Act);

(4) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act;

(5) "Greater Railbelt Energy and Transmission Corporation" means the corporation established in AS 42.50.010, enacted by sec. 1 of this Act;

(6) "phased commitment agreement" means a phased commitment agreement among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission Corporation,

and two or more greater Railbelt electric utilities, to be developed under sec. 10 of this Act, under which greater Railbelt electric utilities will, over time, contract to obtain electric power and transmission services from the Greater Railbelt Energy and Transmission Corporation.

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

CONDITIONAL EFFECT. (a) The following sections of this Act take effect only if the listed utility fails to deliver to the Alaska Energy Authority, not later than July 31, 2010, a letter of intent in the form and substance acceptable to the Alaska Energy Authority, under which the listed utility commits to enter a phased commitment agreement among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission Corporation, and the listed utility. The listed utilities and applicable sections of this Act are as follows:

- (1) Homer Electric Association, Inc., sec. 3 of this Act;
- (2) the City of Seward, Electric Utility Department, sec. 4 of this Act;
- (3) Chugach Electric Association, Inc., sec. 5 of this Act;
- (4) the Municipality of Anchorage d/b/a Municipal Light and Power Utility, sec. 6 of this Act;
- (5) Matanuska Electric Association, Inc., sec. 7 of this Act;
- (6) Golden Valley Electric Association, Inc., sec. 8 of this Act.

(b) If fewer than two of the listed utilities in (a) of this section meet the conditions described in (a) of this section, secs. 2 and 9 of this Act takes effect.

(c) The executive director of the Alaska Energy Authority shall notify the lieutenant governor and the revisor of statutes when any of the conditions described in (a) and (b) of this section are met.

(d) In this section, unless the context otherwise requires,

- (1) "Alaska Energy Authority" means the authority created in AS 44.83.020;
- (2) "greater Railbelt electric utilities" has the meaning given in AS 42.50.490, enacted by sec. 1 of this Act;
- (3) "Greater Railbelt Energy and Transmission Corporation" means the corporation established in AS 42.50.010, enacted by sec. 1 of this Act;
- (4) "phased commitment agreement" means a phased commitment agreement among the Alaska Energy Authority, the Greater Railbelt Energy and Transmission Corporation,

and two or more greater Railbelt electric utilities, to be developed under sec. 10 of this Act, under which greater Railbelt electric utilities will, over time, contract to obtain electric power and transmission services from the Greater Railbelt Energy and Transmission Corporation.

* **Sec. 14.** This Act takes effect immediately under AS 01.10.070(c).