

Fund Source Report

1086 SE Energy Southeast Energy Fund

Year Authorized 1993	Year Repealed	Active? No	Mental Health? No	Duplicated? No	Fund Group Designated General
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No Appropriations during last 10 years

Legal Authority

AS 42.45.040

Source of Revenue

The fund consists of money transferred to it under former AS 42.45.050 (40% of the balance of the four dam pool fund).

Restrictions on Use

The fund was intended to make grants to utilities participating in the power transmission intertie between Swan Lake and Tyee Lake hydroelectric projects. The grants would be for power projects, repayment of loans and payments on bonds.

Description and History

In the late 1970's, the transformation of a significant portion of Alaska's new oil wealth into a "permanent fund of hydroelectric power projects" with dividends of perpetual inexpensive energy for Alaska, was proposed. Inexpensive energy was seen as one of the best means for promoting economic development and the (never-constructed) Susitna Dam was the first project proposed to meet this goal. The Alaska Power Authority was created in 1976 with \$1 billion to spend on constructing a series of power projects. In 1993, the Authority and its projects were restructured to the funds relating to the Four Dam Pool and three additional energy-related funds.

Ch 18, SLA 93, moved several programs from the Alaska Energy Authority to the Department of Community and Regional Affairs. The largest and most controversial set of programs and funds transferred from the Energy Authority involved the Power Cost Equalization fund and the Four Dam Pool. The Power Cost Equalization and Rural Capitalization Fund, the Southeast Energy Fund, and the Power Project Fund receive the payments (which formerly went to the Power Development Fund) from the loan agreement between the State and the Alaska Energy Authority. The loan was to be paid through year 2030.

The status of money in the fund has never been clear. A grant for the Swan Lake-Tyee intertie was made via appropriation in 1993, but there was no appropriation from the Four Dam Pool Transfer Fund to the Southeast Energy Fund. The process was counter to traditional treatment of grant funds, which typically require an appropriation to the fund and make grants without further appropriation. Per AS 42.45.050, transfers from the Transfer fund to the three energy fund is subject to appropriation.

The Alaska Energy Authority became part of the Alaska Industry Development Export Authority in 2001. Sec. 84, ch. 58, SLA 1999, appropriates all debt service payments from the four dam pool received after June 30, 2001, to the PCE Endowment Fund instead of dividing this between the Four Dam Pool Fund and the Southeast Energy Fund.

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A \$2.56 million appropriation in FY96 from the fund to the City of Ketchikan for the Swan Lake - Tyee intertie was the last recorded use of the fund. The remaining balance of the fund (\$128.0) was transferred to the general fund in 2006.

May 2013

Deactivate--as a grant fund, money flows without appropriation, and the code has not been used since FY96.