

Sponsor Statement

House Bill 495

“An Act relating to the four dam pool joint action agency; and providing for an effective date.”

The main purpose of this legislation is to allow the Four Dam Pool Power Agency (FDPPA), the first agency formed under the statute allowing joint action agencies (JAA's), to refinance their approximately \$73 million loan owed to the Alaska Industrial Development and Export Authority (AIDEA).

[HB 495](#) clarifies existing JAA statute to state explicitly that joint action agencies are political subdivisions of the state *for the purposes of securities law*. This is necessary if the FDPPA is to avoid certain expensive and damaging hurdles having to do with registration of securities under some bond sale circumstances.

Further, the legislation allows the agency to mortgage the four dam pool assets. Such a mortgage will likely be necessary in order to sell the bonds as contemplated. The assets are presently mortgaged to AIDEA, just as they would be mortgaged to the new lenders.

The legislation re-states the important principal established by the legislature that the Four Dam Pool assets may not be sold to a party outside the FDPPA without legislative approval. However, it makes it clear that mortgaging the assets- or a foreclosure under the terms of that mortgage- does not constitute a sale under this restriction, providing that certain requirements are met.

When this refinancing occurs and the AIDEA loan is retired, the state and consumers in a large part of Alaska will benefit by:

- Allowing the FDPPA to return approximately \$73 million to AIDEA for other uses
- Helping consumers of Four Dam Pool power by lowering interest rates and administrative costs associated with the acquisition

I urge your favorable consideration of this important legislation.