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CS FOR SENATE BILL NO. 220(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to energy efficiency, energy conservation, and alternative energy, to an**
2 **emerging energy technology fund, to the lease of state land to a public electric utility, to**
3 **the Alaska heating assistance program, to state energy use data, to the Southeast energy**
4 **fund, to nuclear energy production and facilities, to the definition of 'power project' or**
5 **'project' as it relates to rural and statewide energy programs and the Alaska Energy**
6 **Authority, and to the definition of 'alternative energy system'; establishing an Alaska**
7 **energy efficiency revolving loan fund; directing the Department of Transportation and**
8 **Public Facilities to prepare a report on the feasibility of using compressed natural gas to**
9 **power vehicles in the state, including vehicles owned or operated by the state, and**
10 **including in that study, if warranted, a pilot program proposal for powering some**
11 **vehicles owned or operated by the state with compressed natural gas; authorizing and**
12 **relating to the issuance of bonds by the Alaska Housing Finance Corporation; relating**

1 **to a report regarding a municipal energy improvements financing program and to an**
2 **energy report by the Office of the Governor; and providing for an effective date."**

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 SHORT TITLE. This Act may be known as the Alaska Sustainable Energy Act.

7 * **Sec. 2.** AS 14.08.101 is amended to read:

8 **Sec. 14.08.101. Powers.** A regional school board may

9 (1) sue and be sued;

10 (2) contract with the department, the Bureau of Indian Affairs, or any
11 other school district, agency, or regional board for the provision of services, facilities,
12 supplies, or utilities;

13 (3) determine its own fiscal procedures, including but not limited to
14 policies and procedures for the purchase of supplies and equipment; the regional
15 school boards are exempt from AS 37.05 (Fiscal Procedures Act) and AS 36.30 (State
16 Procurement Code);

17 (4) appoint, compensate, and otherwise control all school employees in
18 accordance with this title; these employees are not subject to AS 39.25 (State
19 Personnel Act);

20 (5) adopt regulations governing organization, policies, and procedures
21 for the operation of the schools;

22 (6) establish, maintain, operate, discontinue, and combine schools
23 subject to the approval of the commissioner;

24 (7) recommend to the department projects for construction,
25 rehabilitation, and improvement of schools and education-related facilities as specified
26 in AS 14.11.011(b), and plan, design, and construct the project when the responsibility
27 for it is assumed under AS 14.11.020;

28 (8) by resolution adopted by a majority of all the members of the board
29 and provided to the commissioner of the department, assume ownership of all land and
30 buildings used in relation to the schools in the regional educational attendance area, as

provided for in AS 14.08.151(b);

(9) provide housing for rental to teachers, by leasing existing housing from a local agency or individual, by entering into contractual arrangements with a local agency or individual to lease housing that will be constructed by the local agency or individual for that purpose, or, without using for the purpose that portion of public school funding that consists of state aid provided under AS 14.17, by constructing or otherwise acquiring housing that is owned and managed by the regional educational attendance area for rental to teachers;

(10) employ a chief school administrator;

(11) **apply for and use the proceeds of a loan from the Alaska energy efficiency revolving loan fund (AS 18.56.855);**

(12) exercise those other functions that may be necessary for the proper performance of its responsibilities.

* **Sec. 3.** AS 18.45.020 is amended to read:

Sec. 18.45.020. United States licenses or permits required. A person may not manufacture, construct, produce, transfer, acquire, or possess a special nuclear material, by-product material, **special nuclear material facility, by-product material facility,** production facility, or utilization facility, or act as an operator of a production **facility** or utilization facility, wholly within the state without first obtaining a license or permit for the activity in which the person proposes to engage from the Nuclear Regulatory Commission if the commission requires a license or permit to be obtained by persons proposing to engage in the activities.

* **Sec. 4.** AS 18.45.025(a) is amended to read:

(a) A person may not construct a nuclear fuel production facility, **nuclear utilization facility,** utilization facility, reprocessing facility, or nuclear waste disposal facility in the state without first obtaining a permit from the Department of Environmental Conservation to construct the facility on land designated by the legislature under (b) of this section.

* **Sec. 5.** AS 18.45.025(b) is amended to read:

(b) The legislature shall designate by law the land in the state on which a nuclear fuel production **facility,** nuclear utilization **facility, utilization facility,**

nuclear reprocessing facility, or nuclear waste disposal facility may be located. In designating the land in the state on which

(1) a nuclear utilization facility or utilization facility may be located, the legislature shall act in the interest of regulating the economics of nuclear energy;

(2) a nuclear fuel production facility, [NUCLEAR UTILIZATION,] nuclear reprocessing facility, or nuclear waste disposal facility may be located, the legislature shall act to protect the public health and safety.

* **Sec. 6.** AS 18.45.025(c) is repealed and reenacted to read:

(c) The Department of Environmental Conservation shall adopt regulations governing the issuance of permits required by (a) of this section. However, a permit may not be issued until the municipality with jurisdiction over the proposed facility site has approved the permit.

* **Sec. 7.** AS 18.56.090 is amended by adding a new subsection to read:

(f) In furtherance of its corporate purpose, the corporation may, in cooperation with the Alaska Energy Authority, provide technical assistance to municipalities related to residential and commercial building energy codes and energy efficiency standards.

* **Sec. 8.** AS 18.56 is amended by adding a new section to read:

Sec. 18.56.855. Alaska energy efficiency revolving loan fund. (a) The Alaska energy efficiency revolving loan fund is established in the corporation to carry out the purposes of this section. The revolving loan fund consists of money or assets appropriated or transferred to the corporation for the revolving loan fund, including money and assets deposited in the revolving loan fund by the corporation and earnings on investments of money held in the revolving loan fund. The corporation may establish separate accounts in the fund. The corporation shall establish the interest rates, security provisions, and other terms of a loan made under this section taking into consideration the corporation's cost of funds and other factors the corporation considers appropriate.

(b) Money and other assets of the Alaska energy efficiency revolving loan fund may be used to

(1) make loans to regional educational attendance areas or to municipal governments, including subdivisions of municipal governments, or to the state for the purpose of financing energy efficiency improvements to buildings owned by regional educational attendance areas, by the state, or by municipalities in the state;

(2) secure bonds issued by the corporation to finance the loans described in (1) of this subsection;

(3) pay costs of administering the revolving loan fund; and

(4) pay the costs of administering and enforcing the terms of loans made by the corporation from the revolving loan fund.

(c) Before a regional educational attendance area, a municipal government, or a subdivision of a municipal government, may borrow money from the corporation under this section, the regional educational attendance area or the municipal government shall waive any sovereign immunity defense it may have available to it with respect to enforcement of the terms of the loan. A regional educational attendance area or a municipal government may waive sovereign immunity to comply with the requirement of this subsection. The state waives any sovereign immunity defense against enforcement of the terms of a loan made to the state under this section. A person or corporation having a claim under this section shall bring an action in a state court in Alaska that has jurisdiction over the claim.

(d) All regional educational attendance areas and municipal governments in the state are authorized to borrow from the corporation under this section. The corporation shall set out the terms of a loan to a regional educational attendance area in a loan agreement or similar document. At the discretion of the corporation, a borrowing by a regional educational attendance area or a municipal government under this section may be effected by use of a loan agreement or similar document evidencing and setting out the terms of the loan or by issuance of a bond by the municipal government to the corporation. Notwithstanding a charter provision requiring public sale by a regional educational attendance area or a municipality of its municipal bonds or other indebtedness, a regional educational attendance area or municipality may sell its bonds under this section to the corporation at a negotiated, private sale. At the discretion of the corporation, the bonds or other indebtedness of

1 the municipality may be general obligations of the municipality or may be secured by
2 an identified revenue source or by a combination of the full faith and credit of the
3 municipality and an identified revenue source.

4 (e) Notwithstanding any other provision of law, to the extent that a department
5 or agency of the state is the custodian of money payable to a regional educational
6 attendance area or to a municipality, at any time after written notice to the department
7 or agency head from the corporation that the regional educational attendance area or
8 municipality is in default on the payment of principal of or interest on municipal
9 bonds or other indebtedness then held or owned by the corporation, or amounts due
10 under an agreement between the corporation and a regional educational attendance
11 area or a municipality, the department or agency shall withhold the payment of that
12 money from that regional educational attendance area or municipality and pay over the
13 money to the corporation for the purpose of paying the principal of and interest on the
14 bonds or indebtedness. The notice must be given in each instance of default. If a notice
15 is given under this subsection and under AS 44.85.170 and the default is continuing
16 under this subsection and under AS 44.85.170, the department or agency shall make
17 payment to the corporation and to the Alaska Municipal Bond Bank Authority on a
18 pro rata basis, taking into consideration the principal amount of the respective default
19 amounts.

20 (f) An authorized state officer may borrow from the corporation under this
21 section for buildings owned by the state. The superintendent of a regional educational
22 attendance area, at the direction of the regional educational attendance area school
23 board, may borrow from the corporation under this section for buildings owned by the
24 regional educational attendance area.

25 (g) In addition to other security that may be given with respect to a loan made
26 under this section, the corporation may require a deed of trust on the building that is
27 the subject of the energy efficiency loan and the real estate on which the building is
28 located. A regional educational attendance area or a municipality may grant a deed of
29 trust to the corporation as needed for this purpose. An authorized state officer may
30 grant a deed of trust to the corporation as needed for this purpose.

31 (h) The corporation shall administer the Alaska energy efficiency revolving

loan fund in accordance with regulations adopted by the corporation. The corporation may adopt regulations under AS 18.56.088 to carry out the purposes of this section.

(i) This section applies to home rule municipalities.

(j) In this section, "authorized state officer" means

(1) the commissioner of the department of the state for a building owned by the state;

(2) the executive director of a public corporation for a building owned by the public corporation;

(3) the legislative council for a building owned by the legislature;

(4) the administrative director of courts for a building owned by the judicial system;

(5) any other person designated in writing by a person listed in (1) - (4) of this subsection.

* **Sec. 9.** AS 37.07.040 is amended to read:

Sec. 37.07.040. Office of management and budget. The Alaska office of management and budget shall

(1) assist the governor in meeting the requirements of AS 37.07.020, including the coordination and analysis of state agency goals and objectives, plans, and budget requests;

(2) prepare for submission to the governor an annually updated six-year capital improvements program and the proposed capital improvements budget for the coming fiscal year, the latter to include individual project justification with documentation of estimated project cost;

(3) develop procedures to produce the information needed for effective policy decision making, including procedures to provide for the dissemination of information about plans, programs, and budget requests to be included in the annual budget and opportunity for public review and comment during the period of budget preparation;

(4) assist state agencies in their statement of goals and objectives to achieve, among other things, the legislature's mission and desired results, preparation of plans, assessments of the extent to which missions and desired results have been

1 achieved, budget requests, and reporting of program performance; all documents
2 forwarded by the office to a state agency containing instructions for the preparation of
3 program plans and budget requests and the reporting of program performance are
4 public information after the date they are forwarded;

5 (5) administer its responsibilities under the program execution
6 provisions of this chapter so that the policy decisions and budget determinations of the
7 governor and the legislature are implemented;

8 (6) provide the legislative finance division with the budget information
9 it may request;

10 (7) provide the legislative finance division with an advance copy of the
11 governor's budget workbooks at least seven days before the legislature convenes in a
12 regular session;

13 (8) prepare the proposed capital improvements budget for the coming
14 fiscal year evaluating both state and local requests from the standpoint of need, equity,
15 and priorities of the jurisdiction; other factors such as project amounts, population,
16 local financial match, federal funds being used for local match, municipality or
17 unincorporated community acceptance of the facility, and all associated costs of the
18 facility may be considered;

19 (9) for each department in the executive branch, report to the
20 legislature by the 45th day of each regular session the amount of money appropriated
21 to the department that is expected to lapse into the general fund at the end of the
22 current fiscal year;

23 (10) establish and administer a state agency program performance
24 management system involving planning, performance budgeting, performance
25 measurement, and program evaluation; the office shall ensure that information
26 generated under this system is useful for managing and improving the efficiency and
27 effectiveness of agency operations;

28 (11) by January 15, list each lease-purchase agreement entered into by
29 an agency during the immediately preceding fiscal year for the acquisition of
30 equipment or other personal property, together with a description of the property
31 acquired and financial details, including the purchase price, the term for payments, the

amount of each payment, and the amount of interest or financing charges paid;

(12) work with state agencies to develop a standardized methodology to collect and store energy consumption and expense data.

* **Sec. 10.** AS 38.05.810(e) is amended to read:

(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license. **A lease with a licensed public utility that is an electric utility entered into under this subsection may not include, as part of the rent or other fee that is negotiated or charged, an amount that is based on or determined by a percentage of gross revenue for renewable energy produced by the electric utility.**

* **Sec. 11.** AS 42.45.040 is repealed and reenacted to read:

Sec. 42.45.040. Southeast energy fund. (a) The Southeast energy fund is established as a separate fund. The fund consists of

- (1) money appropriated to the fund by the legislature;
- (2) money transferred to it under former AS 42.45.050;
- (3) gifts, bequests, contributions from other sources, and federal money;
- (4) interest earned on the fund balance; and
- (5) investments, to be managed by the Department of Revenue, which shall be the fiduciary of the fund under AS 37.10.071.

(b) The fund is not a dedicated fund.

(c) The authority may make grants from the Southeast energy fund to a municipality of the state, a joint action agency established under AS 42.45.300, or a member-owned electric cooperative established under AS 10.25, for power projects, repayment of loans, and payments on bonds for hydroelectric projects and electrical transmission lines or interties serving Southeast Alaska that are entirely owned by the grantee.

(d) An appropriation from the fund for a project described in (c) of this section lapses back into the fund if substantial, ongoing work on the project has not begun

within seven years after the effective date of the appropriation.

* **Sec. 12.** AS 42.45 is amended by adding a new section to read:

Article 7A. Emerging Energy Technology Fund.

Sec. 42.45.375. Emerging energy technology fund. (a) In order to promote the expansion of energy sources available to Alaskans, the emerging energy technology fund is established. The fund consists of

(1) money appropriated to the fund by the legislature to provide grants for energy projects; and

(2) gifts, bequests, contributions from other sources, and federal money appropriated to the fund.

(b) The fund is not a dedicated fund.

(c) The fund shall be administered by the authority, but the authority may contract for the investment of money appropriated to the fund but not disbursed for a grant. The authority, in consultation with the advisory committee established under (f) of this section, may make grants from the fund to eligible applicants for demonstration projects of technologies that have a reasonable expectation to be commercially viable within five years and that are designed to

(1) test emerging energy technologies or methods of conserving energy;

(2) improve an existing energy technology; or

(3) deploy an existing technology that has not previously been demonstrated in the state.

(d) In making grants under this section, the authority, in consultation with the advisory committee established under (f) of this section, shall give priority to

(1) Alaska residents, associations, organizations, or institutions;

(2) projects that demonstrate partnership with the University of Alaska or another Alaska postsecondary institution;

(3) projects supported by matching funds or in-kind partnerships; and

(4) projects with potential for widespread deployment in the state.

(e) In administering the fund, the authority may enter into a contract or agreement with the University of Alaska to provide technical and economic review

1 and analysis for the advisory committee established under (f) of this section and data
2 acquisition and analysis of the projects awarded grants.

3 (f) An advisory committee is established and consists of seven members. Each
4 member of the committee shall have a degree in science or engineering, or equivalent
5 professional experience, and at least two years of experience working in the state.
6 Members of the committee shall be appointed by the governor to staggered three-year
7 terms. The committee consists of one representative of each of the following groups:

- 8 (1) a business or organization engaged in the renewable energy sector;
- 9 (2) a business or organization engaged in the fossil fuel energy sector;
- 10 (3) the Alaska Power Association or an Alaska electric utility;
- 11 (4) the Denali Commission established under P.L. 105-277 and
12 mentioned in a note at 42 U.S.C. 3121;
- 13 (5) the National Renewable Energy Laboratory;
- 14 (6) the Arctic Energy Office of the National Energy Technology
15 Laboratory;
- 16 (7) the Alaska Industrial Development and Export Authority.

17 (g) A member of the advisory committee appointed under (f) of this section
18 serves without compensation but is entitled to per diem and travel expenses as
19 provided in AS 39.20.180.

20 (h) If a member of the advisory committee appointed under (f)(4), (5), or (6)
21 of this section is not available to serve as a member of the committee, the governor
22 shall appoint a representative from a federal agency or department with a comparable
23 mission or purpose to the agency listed in (f)(4), (5), or (6) of this section to fill the
24 position on the committee. If a representative from a federal agency or department is
25 not available to fill the position, the governor may appoint a member from a state
26 agency or department.

27 (i) A business or organization represented by a member of the advisory
28 committee under (f) of this section is not eligible to receive a grant from the fund.

29 (j) In this section,

30 (1) "eligible applicant" means

31 (A) an electric utility holding a certificate of public

convenience and necessity under AS 42.05;

(B) an independent power producer;

(C) a local government, quasi-governmental entity, or other governmental entity, including a tribal council or housing authority;

(D) a business holding an Alaska business license; or

(E) a nonprofit organization.

(2) "energy technology" means technology that promotes, enhances, or expands the diversity of available energy supply sources or means of transmission, increases energy efficiency, or reduces negative energy-related environmental effects; "energy technology" includes technology related to renewable sources of energy, conservation of energy, enabling technologies, efficient and effective use of hydrocarbons, and integrated energy systems;

(3) "fund" means the emerging energy technology fund.

*** Sec. 13.** AS 42.45.990(4) is amended to read:

(4) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of

(A) electrical or thermal energy production [OTHER THAN NUCLEAR ENERGY PRODUCTION];

(B) waste energy utilization and energy conservation; or

(C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;

*** Sec. 14.** AS 44.42.020(a) is amended to read:

(a) The department shall

(1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities;

(2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;

(3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;

(4) develop a comprehensive, long-range, intermodal transportation plan for the state;

(5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;

(6) cooperate and coordinate with and enter into agreements with federal, state, and local government agencies and private organizations and persons in exercising its powers and duties;

(7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;

(8) study alternative means of transportation in the state, considering the economic, social, and environmental effects of each alternative;

(9) coordinate and develop state and regional transportation systems, considering deletions, additions, and the absence of alterations;

(10) develop facility program plans for transportation and state buildings, docks, and breakwaters required to implement the duties set out in this section, including but not limited to functional performance criteria and schedules for completion;

(11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety; for state vehicles maintained by the department, the department shall every five years evaluate the cost, efficiency, and commercial availability of alternative fuels for automotive purposes, and the purpose for which the vehicles are intended to be used, and convert **vehicles to use alternative fuels** or purchase **energy efficient** vehicles [TO USE ALTERNATIVE FUELS] whenever practicable; the department may participate in joint ventures with public or private partners that will foster the availability of alternative fuels for all automotive fuel consumers;

(12) supervise aeronautics inside the state, under AS 02.10;

(13) implement the safety and financial responsibility requirements for air carriers under AS 02.40;

(14) inspect weights and measures;

(15) at least every four years study alternatives available to finance transportation systems in order to provide an adequate level of funding to sustain and improve the state's transportation system.

*** Sec. 15.** AS 44.83.990(6) is amended to read:

(6) "power project" or "project" means a plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purpose of

(A) electrical or thermal energy production [OTHER THAN NUCLEAR ENERGY PRODUCTION];

(B) waste energy utilization and energy conservation; or

(C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties;

*** Sec. 16.** AS 46.11.900(1) is amended to read:

(1) "alternative energy system"

(A) means a source of thermal, mechanical, or electrical energy that is not dependent on oil or gas [OR A NUCLEAR FUEL] for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(B) includes

(i) an alternative energy property as defined by 26 U.S.C. 48(a)(3)(A); and

(ii) a method of architectural design and construction that provides for the collection, storage, and use of direct radiation from the sun;

*** Sec. 17.** AS 47.25.621 is amended to read:

Sec. 47.25.621. Alaska affordable heating [ASSISTANCE] program. (a)

The Alaska affordable heating [ASSISTANCE] program is established in the Department of Health and Social Services to provide expanded eligibility for Alaska residents for home heating assistance, to the extent funds are available in the Alaska affordable heating fund [APPROPRIATED BY THE LEGISLATURE FOR THAT PURPOSE].

(b) The Alaska affordable heating [ASSISTANCE] program established under this section is in addition to the federal low-income heating and energy assistance provided under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and implementing regulations.

* **Sec. 18.** AS 47.25.621 is amended by adding a new subsection to read:

(c) The Alaska affordable heating fund is established as a separate fund to be managed by the Department of Revenue. The fund consists of appropriations made to it. Interest earned by the fund may be appropriated to it. The Department of Health and Social Services shall use money in the fund for Alaska affordable heating payments.

* **Sec. 19.** AS 47.25.622 is amended to read:

Sec. 47.25.622. Duties. The Department of Health and Social Services [DEPARTMENT] shall

(1) administer the Alaska affordable heating [ASSISTANCE] program provided under AS 47.25.621;

(2) adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the purpose of the program;

(3) coordinate payments among other heating assistance programs to avoid duplication of payments.

* **Sec. 20.** AS 47.25.623 is amended to read:

Sec. 47.25.623. Eligibility; payment amount. An individual is eligible for home heating assistance payments under the Alaska affordable heating [ASSISTANCE] program if the individual

(1) is a resident of the state;

(2) is physically present and resides in a home in the state when the home heating costs are incurred;

(3) for assistance calculated under (b) and (c) of this section, has

gross household income not to exceed, as a percentage of the federal poverty guideline for Alaska set by the United States Department of Health and Human Services and revised under 42 U.S.C. 9902(2),

(A) 225 percent for a determination to be made under (c)(1)

- (3) of this section; and

(B) 250 percent for a determination to be made under (c)(4)

of this section; and [HAS GROSS HOUSEHOLD INCOME ABOVE 150 PERCENT BUT THAT DOES NOT EXCEED 225 PERCENT OF THE FEDERAL POVERTY GUIDELINE FOR ALASKA SET BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AND REVISED UNDER 42 U.S.C. 9902(2);]

(4) meets other eligibility requirements specified in regulations adopted under AS 47.25.622.

* **Sec. 21.** AS 47.25.623 is amended by adding new subsections to read:

(b) The Department of Health and Social Services shall determine the number of points for each eligible individual based on the point formula used under 42 U.S.C. 8621 - 8629 (Low-Income Home Energy Assistance Act of 1981), as amended, and implementing regulations. Except as provided in (d) of this section, the amount of the Alaska affordable heating payment for an individual equals the base amount calculated under (c) of this section minus the amount the individual is eligible to receive under the federal low-income home energy assistance program under 42 U.S.C. 8621 - 8629, as amended, and implementing regulations.

(c) The Department of Health and Social Services shall calculate the base amount of the Alaska affordable heating payment for the individual based on points determined under (b) of this section and on the average price a barrel of Alaska North Slope crude oil for sale on the United States West Coast during September through February of the preceding fiscal year as follows:

(1) \$130 a point when the average price is not more than \$75 a barrel;

(2) \$140 a point when the average price is more than \$75 and not more than \$100 a barrel;

(3) \$150 a point when the average price is more than \$100 and not

more than \$150 a barrel;

(4) \$165 a point when the average price is more than \$150 a barrel.

(d) Under the program authorized by AS 47.25.621 - 47.25.626, taking into consideration the gross household income rates established in (a) of this section and the base amounts to be calculated under (b) and (c) of this section,

(1) if insufficient money is appropriated to fully fund the Alaska affordable heating payments during the fiscal year, the department

(A) shall, for the duration of that fiscal year, suspend calculation and payment under (a)(3)(B) of this section and calculate and pay all eligible individuals under (a)(3)(A) of this section; and

(B) may, to the extent there is or may be an appropriation balance surplus to the amount required to make all payments under (A) of this paragraph, by regulation, establish at any time during the fiscal year a prospective pro rata reduction of the payment rates that the department will pay to eligible individuals under the program during that fiscal year qualifying under (a)(3)(B) of this section and, thereafter, may provide for prorated payments; and

(2) if the commissioner reasonably determines that the total of appropriations from all sources during the fiscal year may exceed the amount required to fully fund all applications for assistance for Alaska affordable heating payments, the commissioner may expend the amount of excess money, not to exceed the total amount of the appropriations, to carry out the purpose of AS 47.25.621 - 47.25.626; under the authority of this paragraph, the commissioner shall distribute the estimated excess money pro rata among individuals receiving assistance under this section without regard to the limitations set out in the dollar value of the point formula expressed in (c)(1) - (4) of this section.

* **Sec. 22.** AS 47.25.626(a) is amended to read:

(a) The **Department of Health and Social Services** [DEPARTMENT] may develop a regional Alaska heating [ASSISTANCE] program for the administration of AS 47.25.621 - 47.25.626 to provide home heating assistance in a uniform and cost-effective manner in a region of this state if an Alaska Native organization is authorized

to implement a federally approved tribal family assistance plan that includes that region and has been awarded a tribal energy assistance grant for a program that includes that region under 42 U.S.C. 8623(d).

* **Sec. 23.** AS 47.25.626(b) is amended to read:

(b) The department may award contracts to implement a program developed under (a) of this section. A contract authorized for delivery of home heating assistance under a regional Alaska heating [ASSISTANCE] program under this section is exempt from the competitive bid requirements of AS 36.30 (State Procurement Code). Subject to appropriation, a contract under this section must be in an amount that represents a fair and equitable share of the money appropriated for the Alaska affordable heating [ASSISTANCE] program under AS 47.25.621 - 47.25.626 to serve the state residents specified in (a) of this section. The authority provided under this section to contract is in addition to the authority to contract in AS 47.05.015 or other law.

* **Sec. 24.** AS 47.25.626(f) is amended to read:

(f) If the department establishes a regional Alaska heating [ASSISTANCE] program and awards a contract to provide home heating assistance under this section,

(1) a person applying for home heating assistance under AS 47.25.621 - 47.25.626 in the region of the state covered by the regional Alaska heating assistance program may obtain home heating [ASSISTANCE] from the department only through the organization designated by the department to serve the region;

(2) the department may require the contractor

(A) to operate and administer the contract in a manner consistent with the organization's federally approved energy assistance grant and plan; or

(B) to apply the provisions of AS 47.25.623 to determine eligibility for home heating assistance to a person for whom assistance may be paid under the contract or may allow the contractor to use other criteria to determine that eligibility.

* **Sec. 25.** AS 42.45.375, enacted by sec. 12 of this Act, is repealed January 1, 2015.

* **Sec. 26.** The uncoded law of the State of Alaska is amended by adding a new section to read:

1 OFFICE OF MANAGEMENT AND BUDGET. Not later than January 31, 2011, the
2 Office of Management and Budget shall develop a standardized methodology to collect and
3 store energy consumption and expense data as described in AS 37.07.040(12), as enacted by
4 sec. 9 of this Act.

5 * **Sec. 27.** The uncoded law of the State of Alaska is amended by adding a new section to
6 read:

7 OFFICE OF THE GOVERNOR ENERGY REPORT. Not later than January 31, 2011,
8 the governor shall submit a report to the legislature providing recommendations for how best
9 to structure state energy programs and offices to increase the coordination and efficiency of
10 the state's efforts. The report must also include an examination of existing powers and duties
11 and the structure of the Alaska Energy Authority and its board of directors, specifically
12 analyzing the relationship between the Alaska Energy Authority and the Alaska Industrial
13 Development and Export Authority.

14 * **Sec. 28.** The uncoded law of the State of Alaska is amended by adding a new section to
15 read:

16 USE OF COMPRESSED NATURAL GAS TO POWER VEHICLES; PILOT
17 PROGRAM; STUDY; PROPOSAL; REPORT. (a) The Department of Transportation and
18 Public Facilities shall, under the authority of AS 44.42.020(a)(3), study the feasibility of using
19 compressed natural gas to power vehicles in the state. The study must

20 (1) review existing government programs and incentives offered in Utah and
21 other North American jurisdictions that promote the use of compressed natural gas to power
22 vehicles;

23 (2) review and summarize relevant studies and investigations on existing
24 public policy incentives that encourage the use of compressed natural gas to power vehicles;

25 (3) evaluate the environmental benefits and technical merits of using
26 compressed natural gas to power vehicles;

27 (4) consider the economic, environmental, and technological advantages and
28 disadvantages of using and promoting the use of compressed natural gas to power vehicles in
29 the state; and

30 (5) if warranted by the findings of the study, set out a proposal for a pilot
31 program in the state to test the use of compressed natural gas to power vehicles owned or

operated by the state; the proposal must

(A) recommend the most cost-effective and appropriate departments and geographic locations for a pilot program;

(B) detail how the pilot program, if successful, could be expanded to provide for increased use of compressed natural gas to power vehicles owned or operated by the state, as well as privately owned or operated vehicles;

(C) estimate the costs to the state of a pilot program in which the state would purchase vehicles powered by compressed natural gas or convert existing vehicles to be powered by compressed natural gas, including

(i) the costs of maintaining vehicles powered by compressed natural gas and training maintenance personnel;

(ii) the costs of adapting, or encouraging the adapting of, state vehicle fueling locations to provide compressed natural gas;

(iii) the costs of using compressed natural gas instead of diesel fuel or gasoline;

(iv) the costs of expanding the pilot program or developing additional pilot programs under (B) of this paragraph;

(v) other costs or savings that can be reasonably expected to accompany the pilot program.

(b) The Department of Transportation and Public Facilities shall prepare a report containing the results of the study under (a) of this section not later than January 31, 2011. The department shall notify the legislature when the report is available.

* **Sec. 29.** The uncodified law of the State of Alaska is amended by adding a new section to read:

BOND AUTHORIZATION AND PROVISIONS. (a) In addition to the powers in AS 18.56.090, the Alaska Housing Finance Corporation may issue bonds in an amount not to exceed \$250,000,000 to make loans from the energy efficiency revolving loan fund established by AS 18.56.855, enacted by sec. 8 of this Act, and to finance the purposes permitted by AS 18.56.855, enacted by sec. 8 of this Act. AS 18.56.110 - 18.56.190 and 18.56.855, enacted by sec. 8 of this Act, apply to bonds issued under this section, except that bonds issued under this section are not subject to, and may not be counted against, the bond

1 issuance limitation set out in AS 18.56.110(g).

2 (b) The Alaska Housing Finance Corporation shall deposit the proceeds of bonds
3 issued under (a) of this section in the Alaska energy efficiency revolving loan fund in
4 accordance with AS 18.56.855, enacted by sec. 8 of this Act.

5 * **Sec. 30.** The uncoded law of the State of Alaska is amended by adding a new section to
6 read:

7 MUNICIPAL ENERGY IMPROVEMENTS FINANCING PROGRAM
8 RECOMMENDATION. Not later than January 31, 2011, the Department of Revenue shall
9 submit to the legislature a report and recommendations regarding the feasibility of a
10 municipal energy improvements financing program. The report must

11 (1) address financing programs for energy efficiency and renewable energy
12 projects on residential, commercial, and industrial property through property tax assessments;
13 and

14 (2) identify the costs and benefits of a municipal energy improvements
15 financing program in the state.

16 * **Sec. 31.** The uncoded law of the State of Alaska is amended by adding a new section to
17 read:

18 TRANSITION: REGULATIONS. (a) To the extent consistent with secs. 17 - 24 of
19 this Act, regulations of the Department of Health and Social Services adopted under the
20 authority of AS 47.25.622 that are in effect on the effective date of secs. 17 - 24 of this Act
21 remain in effect until the department adopts regulations consistent with secs. 17 - 24 of this
22 Act.

23 (b) A state agency affected by this Act with the authority to adopt regulations under
24 state law may proceed to adopt regulations necessary to implement the changes made by this
25 Act. The regulations take effect in accordance with applicable state law but not before the
26 effective date of the law implemented by the regulation.

27 * **Sec. 32.** The uncoded law of the State of Alaska is amended by adding a new section to
28 read:

29 REGULATIONS: ATTORNEY INSTRUCTION. Throughout the Alaska
30 Administrative Code, the regulations attorney is instructed to change the phrase "Alaska
31 Heating Assistance Program" to "Alaska Affordable Heating Program," as appropriate, if

consistent with the changes made in secs. 17 - 24 of this Act.

* **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTIONS. (a) The revisor of statutes is instructed to change the heading of art. 6 of AS 18.56 from "Energy Conservation" to "Energy Efficiency and Conservation Programs."

(b) The revisor of statutes is instructed to change the heading of art. 4 of AS 47.25 from "Alaska Heating Assistance Program" to "Alaska Affordable Heating Program."

* **Sec. 34.** Section 31(b) of this Act takes effect immediately under AS 01.10.070(c).