

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON ENERGY**

March 16, 2010

3:12 p.m.

**MEMBERS PRESENT**

Representative Bryce Edgmon, Co-Chair  
Representative Charisse Millett, Co-Chair  
Representative Nancy Dahlstrom  
Representative Kyle Johansen  
Representative Jay Ramras  
Representative Pete Petersen  
Representative Chris Tuck

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 411

"An Act relating to the power project fund; authorizing the Alaska Energy Authority to charge and collect fees relating to the power project fund; authorizing the Alaska Energy Authority to sell and authorizing the Alaska Industrial Development and Export Authority to purchase loans of the power project fund; providing legislative approval for the sale and purchase of loans of the power project fund under the memorandum of understanding dated February 17, 2010; and providing for an effective date."

- MOVED HB 411 OUT OF COMMITTEE

HOUSE BILL NO. 305

"An Act relating to energy; relating to the board of directors of the Alaska Energy Authority; amending the size and composition of the board of directors of the Alaska Energy Authority by removing the members of the Alaska Industrial Development and Export Authority as directors of the Alaska Energy Authority and providing for designation or appointment of other members; amending the quorum requirement for the board of directors of the Alaska Energy Authority; and relating to nuclear waste material."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 411

SHORT TITLE: POWER PROJECT FUND

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/26/10	(H)	READ THE FIRST TIME - REFERRALS
02/26/10	(H)	ENE, RES, FIN
03/09/10	(H)	ENE AT 3:00 PM BARNES 124
03/09/10	(H)	Heard & Held
03/09/10	(H)	MINUTE(ENE)
03/16/10	(H)	ENE AT 3:00 PM BARNES 124

BILL: HB 305

SHORT TITLE: OMNIBUS ENERGY BILL

SPONSOR(s): ENERGY

01/19/10	(H)	READ THE FIRST TIME - REFERRALS
01/19/10	(H)	ENE, RES, FIN
01/26/10	(H)	ENE AT 3:00 PM BARNES 124
01/26/10	(H)	Heard & Held
01/26/10	(H)	MINUTE(ENE)
02/11/10	(H)	ENE AT 3:00 PM BARNES 124
02/11/10	(H)	Heard & Held
02/11/10	(H)	MINUTE(ENE)
03/09/10	(H)	ENE AT 3:00 PM BARNES 124
03/09/10	(H)	Heard & Held
03/09/10	(H)	MINUTE(ENE)
03/16/10	(H)	ENE AT 3:00 PM BARNES 124

**WITNESS REGISTER**

SARA FISHERGOAD, Deputy Director-Operations  
Alaska Industrial Development & Export Authority (AIDEA) and  
Alaska Energy Authority (AEA)  
Department of Commerce, Community, & Economic Development  
(DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Offered to answer questions during the hearing on HB 411; answered a question during the hearing on HB 305.

ADAM BERG, Staff  
Representative Bryce Edgmon  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented amendments during the hearing on HB 305.

JOEL ST. AUBIN, Chief  
Statewide Public Facilities  
Office of the Commissioner  
Department of Transportation & Public Facilities (DOT&PF)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 305.

BRYAN BUTCHER, Director  
Governmental Affairs & Public Relations  
Alaska Housing Finance Corporation (AHFC)  
Department of Revenue (DOR)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 305.

RON KREHER, Chief  
Field Services  
Division of Public Assistance  
Department of Health and Social Services (DHSS)  
Juneau, Alaska

**POSITION STATEMENT:** Testified during the hearing on HB 305.

#### **ACTION NARRATIVE**

[3:12:12 PM](#)

**CO-CHAIR BRYCE EDGMON** called the House Special Committee on Energy meeting to order at 3:12 p.m. Present at the call to order were Representatives Edgmon, Millett, Johansen, Ramras, Dahlstrom, Tuck, and Petersen.

[3:12:24 PM](#)

CO-CHAIR EDGMON recognized Representative Ramras.

[3:12:57 PM](#)

REPRESENTATIVE RAMRAS recalled a previous meeting when the integrity of Black & Veatch Corporation was discussed. Speaking on his own behalf, he said he maintained his critical position. Representative Ramras produced letters from Matanuska Electric Association, Inc. (MEA), Homer Electric Association (Homer Electric), and Anchorage Municipal Light & Power (ML&P), that

were written before Black & Veatch's final report was issued. He read the following line from the Homer Electric letter:

I remain concerned about some of the assumptions and methods of the present modeling; in my opinion, they can lead to potentially misleading conclusions.

REPRESENTATIVE RAMRAS read the following summary conclusion from the MEA letter:

For the reasons discussed below, the Alaska Railbelt Regional Integrated Resource Plan (RIRP) cannot serve the purposes for which it was undertaken.

REPRESENTATIVE RAMRAS observed the ML&P letter was not as succinctly stated, but he opined that Black & Veatch's credibility is greatly in question, and invited others to review copies of the letters.

[3:15:02 PM](#)

CO-CHAIR MILLETT advised this subject will be discussed further at the next meeting.

[3:15:36 PM](#)

**HB 411-POWER PROJECT FUND**

[3:16:06 PM](#)

CO-CHAIR EDGMON announced that the first order of business would be HOUSE BILL NO. 411, "An Act relating to the power project fund; authorizing the Alaska Energy Authority to charge and collect fees relating to the power project fund; authorizing the Alaska Energy Authority to sell and authorizing the Alaska Industrial Development and Export Authority to purchase loans of the power project fund; providing legislative approval for the sale and purchase of loans of the power project fund under the memorandum of understanding dated February 17, 2010; and providing for an effective date."

CO-CHAIR EDGMON opened and closed public testimony.

[3:16:25 PM](#)

SARA FISHERGOAD, Deputy Director-Operations, Alaska Industrial Development & Export Authority (AIDEA) and Alaska Energy

Authority (AEA), Department of Commerce, Community, & Economic Development (DCCED), offered to answer questions.

[3:16:51 PM](#)

CO-CHAIR MILLETT moved to report HB 411, 26-GH2974\A, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 411 was reported out of the House Special Committee on Energy.

[3:17:51 PM](#)

The committee took an at-ease from 3:17 p.m. to 3:20 p.m.

[3:20:06 PM](#)

### HB 305-OMNIBUS ENERGY BILL

CO-CHAIR EDGMON announced that the next order of business would be HOUSE BILL NO. 305, "An Act relating to energy; relating to the board of directors of the Alaska Energy Authority; amending the size and composition of the board of directors of the Alaska Energy Authority by removing the members of the Alaska Industrial Development and Export Authority as directors of the Alaska Energy Authority and providing for designation or appointment of other members; amending the quorum requirement for the board of directors of the Alaska Energy Authority; and relating to nuclear waste material."

[3:21:21 PM](#)

CO-CHAIR MILLETT moved Amendment 1, 26-LS1223\E.2, which read:

Page 7, following line 7:

Insert a new bill section to read:

"\* **Sec. 10.** 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 achieved, budget requests, and reporting of program performance; all documents forwarded by the office to a state agency containing instructions for the preparation of program plans and budget requests and the reporting of program performance are public information after the date they are forwarded;

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

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

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

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

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

(10) establish and administer a state agency program performance management system involving planning, performance budgeting, performance

measurement, and program evaluation; the office shall ensure that information generated under this system is useful for managing and improving the efficiency and effectiveness of agency operations;

(11) by January 15, list each lease-purchase agreement entered into by an agency during the immediately preceding fiscal year for the acquisition of equipment or other personal property, together with a description of the property 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.**"

Renumber the following bill sections accordingly.

Page 13, line 28, through page 14, line 16:

Delete all material and insert:

"\* **Sec. 21.** AS 44.42 is amended by adding a new section to read:

**Sec. 44.42.067. Retrofits and new construction for energy efficiency; energy efficiency report.** (a) Not later than January 1, 2020, the department shall work with other state agencies to retrofit at least 25 percent of all public facilities, starting with those it determines are the least energy efficient, if the department determines that retrofitting the public facilities will result in a net savings in energy costs to the state within 15 years after completion of the retrofits for a public facility and if funding for the retrofits is available.

(b) A retrofit or deferred maintenance of a public facility performed under this section, to the extent feasible, shall meet or exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1, Energy Standard for Buildings Except for Low-Rise Residential Buildings, as published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

(c) New construction of a public facility under this section shall meet or exceed the most recently published edition of the ASHRAE/IESNA Standard 90.1, Energy Standard for Buildings Except for Low-Rise Residential Buildings, as published by the American

Society of Heating, Refrigerating and Air-Conditioning Engineers.

(d) Not later than January 1 of each year, the department, in consultation with the Department of Administration, shall submit a report to the legislature detailing the department's progress in meeting the requirements of this section to reduce state energy consumption and costs and carrying out the duties listed in AS 44.42.020 related to energy use. The department shall include in the report an analysis of the consumption and expense data recorded by the office of management and budget under AS 37.07.040, comparing energy consumption levels in each year with past years to determine if reductions are being achieved.

(e) In this section, "public facility" means a facility owned and controlled by the state for government or public use that is 10,000 square feet or more and is not a legislative building or court building."

Page 19, line 19:

Delete "sec. 16"

Insert "sec. 17"

Page 19, lines 19 - 20:

Delete "sec. 17"

Insert "sec. 18"

Page 19, following line 20:

Insert a new bill section to read:

**"\* Sec. 37.** AS 44.42.067(d), enacted by sec. 21 of this Act, is repealed January 1, 2021."

Renumber the following bill sections accordingly.

Page 19, line 24:

Delete "sec. 22"

Insert "sec. 23"

Page 20, following line 2:

Insert a new bill section to read:

**"\* Sec. 40.** The uncodified law of the State of Alaska is amended by adding a new section to read:

OFFICE OF MANAGEMENT AND BUDGET. Not later than November 1, 2010, the Office of Management and Budget shall develop a standardized methodology to collect

and store energy consumption and expense data as described in AS 37.07.040(12), as enacted by sec. 10 of this Act."

Renumber the following bill section accordingly.

REPRESENTATIVE DAHLSTROM objected.

[3:22:00 PM](#)

ADAM BERG, staff, Representative Bryce Edgmon, Alaska State Legislature, explained that Amendment 1 adds a new section asking the Office of Management & Budget (OMB), Office of the Governor, to develop a standardized methodology to collect and store energy consumption and expense data. The amendment also replaces the existing retrofit section with new language, and adds a new section that repeals the retrofit section on 1/1/21. Further, the amendment adds a section in uncodified law giving OMB until 11/1/10 to develop the aforementioned methodology.

[3:23:37 PM](#)

REPRESENTATIVE TUCK asked whether the amendment addressed was section 20.

[3:23:49 PM](#)

MR. BERG said sec. 20 was renumbered to sec. 21.

[3:23:59 PM](#)

REPRESENTATIVE DAHLSTROM removed her objection. There being no further objection, Amendment 1 was adopted.

[3:24:16 PM](#)

CO-CHAIR MILLETT moved Amendment 2, 26-LS1223\E.3, which read:

Page 1, line 12, following "**material**":

Insert "; directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned or operated by the state, and including in that study, if warranted, a pilot program proposal for powering some vehicles owned or operated by the state with compressed natural gas"

Page 20, following line 2:

Insert a new bill section to read:

"\* **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to read:

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

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

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

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

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

(5) if warranted by the findings of the study, set out a proposal for a pilot 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 June 30, 2010. The department shall notify the legislature when the report is available."

Renumber the following bill section accordingly.

CO-CHAIR EDGMON objected for purposes of discussion.

[3:24:37 PM](#)

MR. BERG explained Amendment 2 adds a new section into uncodified law directing the Department of Transportation & Public Facilities (DOT&PF) to study the feasibility of using compressed natural gas in vehicles, and to determine whether a pilot program is warranted. Further, DOT&PF would have until 6/30/11 to prepare the report.

[3:25:02 PM](#)

REPRESENTATIVE TUCK recommended that the state obtain information from ENSTAR Natural Gas Company regarding the portion of its fleet of vehicles that were fueled by natural gas.

[3:25:33 PM](#)

REPRESENTATIVE PETERSEN confirmed that Amendment 2 authorizes a study of the feasibility.

[3:25:51 PM](#)

CO-CHAIR EDGMON indicated yes.

[3:25:57 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 2 was adopted.

[3:26:09 PM](#)

CO-CHAIR MILLETT moved Amendment 3, 26-LS1223\E.4, which read:

Page 20, following line 2:

Insert a new bill section to read:

"\* **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to read:

EXHAUSTION OF UNUSED RENEWABLE ENERGY REFUNDABLE TAX CREDITS. Notwithstanding the repeal of AS 43.98.040 by sec. 35 of this Act, an unused portion of a tax credit acquired under AS 43.98.040, enacted by sec. 17 of this Act, may be carried forward until exhausted, except that the unused portion of the tax credit may not be carried forward to tax years beginning after December 31, 2023."

Renumber the following bill section accordingly.

[3:26:36 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[3:26:40 PM](#)

MR. BERG explained Amendment 3 adds a new section to uncodified law that mandates that unused portions of tax credits acquired through sec. 17 of the Committee Substitute (CS) would not be carried forward to tax years beginning after 12/31/23.

[3:26:48 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 3 was adopted.

[3:26:54 PM](#)

CO-CHAIR MILLETT moved Amendment 4, 26-LS1223\E.5, which read:

Page 4, line 29:

Delete "or"

Insert "facility,"

Page 8, lines 2 - 3:

Delete all material and insert:

"(4) require activity reports for each project funded at intervals determined by the authority"

CO-CHAIR EDGMON objected for purposes of discussion.

[3:27:10 PM](#)

MR. BERG explained that Amendment 4 was a technical amendment clarifying language.

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 4 was adopted.

[3:27:38 PM](#)

CO-CHAIR MILLETT moved Amendment 5, 26-LS1223\E.6, which read:

Page 8, line 9, through page 10, line 9:

Delete all material and insert:

**\* Sec. 14.** 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) 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;

(2) amounts deposited under (f) of this section; and

(3) 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 (g) of this section, may make grants from the fund to eligible applicants for

(1) research, development, or demonstration projects designed to

(A) test new energy technologies or methods of conserving energy; or

(B) improve an existing energy technology;  
and

(2) applied research projects that employ energy technology with a reasonable expectation that the technology will be commercially viable in not more than five years.

(d) In making grants under this section, the authority, in consultation with the advisory committee established under (g) 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; and

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

(e) In administering the fund, the authority may enter into a contract or agreement with the University of Alaska to provide technical and economic analysis for the advisory committee established under (g) of this section and a review of the projects awarded grants.

(f) As a condition of all grants awarded under this section, the authority shall require that the grantee pay to the authority a fair and reasonable return to the fund, as determined by the authority, from the revenue, economic value, or profits derived by the grantee from the grant project. The authority shall deposit the amounts received under this subsection into the fund. To secure payment of sums owed to the authority under a grant agreement, the authority may own and take a security interest in patents, copyrights, and other intellectual property.

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

(1) a business or organization engaged in the renewable energy sector;

(2) a business or organization engaged in the fossil fuel energy sector;

(3) the Alaska Power Association or an Alaska electric utility;

(4) the Denali Commission established under P.L. 105-277 and mentioned in a note at 42 U.S.C. 3121;

(5) the National Renewable Energy Laboratory;

(6) the Arctic Energy Office of the National Energy Technology Laboratory;

(7) the Alaska Industrial Development and Export Authority.

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

(i) If a member of the advisory committee appointed under (g)(4), (g)(5), or (g)(6) is not available to serve as a member of the committee, the governor shall appoint a representative from a federal agency or department with a comparable mission or purpose to the agency listed in (g)(4), (g)(5), or (g)(6) to fill the position on the committee. If a representative from a federal agency or department is not available to fill the position, the governor may appoint a member from a state agency or department.

(j) In this section,

(1) "eligible applicant" means

(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."

3:27:55 PM

The committee took an at-ease from 3:27 p.m. to 3:28 p.m.

CO-CHAIR MILLETT offered Conceptual Amendment 1 to Amendment 5. She read:

Page 1, after line 11, insert (a) Investments to be managed by the Department of Revenue which shall be the fiduciary of the fund under AS 37.10.017, and then ask that legal be allowed to do any clean-up associated with having revenue be the fiduciary.

3:29:05 PM

CO-CHAIR EDGMON objected to Amendment 5 for purposes of discussion.

3:29:23 PM

SARA FISHERGOAD, Deputy Director-Operations, Alaska Industrial Development & Export Authority (AIDEA) and Alaska Energy Authority (AEA), Department of Commerce, Community, & Economic Development (DCCED), explained that the purpose of the amendment is to establish consistency with the renewable energy fund of which the Department of Revenue (DOR) is the fiduciary.

CO-CHAIR MILLETT re-stated Conceptual Amendment 1 to Amendment 5.

3:30:34 PM

CO-CHAIR EDGMON withdrew his objection to Conceptual Amendment 1. There being no further objection, Conceptual Amendment 1 was adopted. Amendment 5, as amended, was before the committee.

3:31:20 PM

MR. BERG explained that Amendment 5, as amended, replaces the existing emerging energy technology fund language with language that allows the Alaska Energy Authority (AEA) to enter into a contract or agreement with the University of Alaska to provide technical and economic analysis, and requires the grantee to pay AEA a reasonable return to the fund from the grant project. In

addition, it expands the advisory committee from five to seven members, adding a member from the Arctic Energy Office of the National Energy Technology Laboratory, Department of Energy, and a member from AIDEA.

[3:32:17 PM](#)

REPRESENTATIVE TUCK referred to the committee structure on page 2 of the amendment, and pointed out that each member is required to have a degree in science or engineering, or equivalent professional experience. He asked whether including a consumer member was discussed.

[3:33:36 PM](#)

CO-CHAIR MILLETT stated that the language is consistent with other boards and commissions that operate at a technical level of expertise.

[3:34:12 PM](#)

CO-CHAIR EDGMON noted a member can be from a nonprofit organization.

[3:34:22 PM](#)

CO-CHAIR EDGMON removed his objection to Amendment 5, as amended. There being no further objection Amendment 5, as amended, was adopted.

[3:34:39 PM](#)

CO-CHAIR MILLETT moved Amendment 6, 26-LS1223\E.7, which read:

Page 11, line 21, following "energy":

Insert "or \$30,000,000 for each project, whichever is less"

Page 12, following line 6:

Insert a new paragraph to read:

"(3) "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 renewable energy production;"

Renumber the following paragraph accordingly.

[3:34:46 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[3:34:53 PM](#)

MR. BERG explained that Amendment 6 would cap the renewable energy refundable tax credits at \$30 million per project, or 10 percent of the capital investment, whichever is less, and adds a definition of "project."

[3:35:22 PM](#)

REPRESENTATIVE TUCK observed this tax credit would be for major projects.

[3:35:37 PM](#)

MR. BERG indicated yes, for projects of \$300 million or more.

[3:35:47 PM](#)

CO-CHAIR EDGMON removed his objection to Amendment 6. There being no further objection, Amendment 6 was adopted.

[3:36:02 PM](#)

CO-CHAIR MILLETT moved Amendment 7, 26-LS1223\E.8, which read:

Page 16, line 28:  
Delete "prior to"  
Insert "before"

CO-CHAIR EDGMON objected for purposes of discussion.

[3:36:22 PM](#)

MR. BERG stated Amendment 7 was a stylistic amendment to language.

[3:36:29 PM](#)

CO-CHAIR EDGMON removed his objection to Amendment 7. There being no further objection, Amendment 7 was adopted.

[3:36:39 PM](#)

CO-CHAIR MILLETT moved Amendment 8, 26-LS1223\E.9, which read:

Page 19, line 20:  
Delete "2025"  
Insert "2018"

CO-CHAIR EDGMON objected for purposes of discussion.

[3:36:46 PM](#)

MR. BERG stated that Amendment 8 changed the repeal year for the tax credit statutes from 2025 to 2018.

[3:37:26 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 8 was adopted.

[3:37:51 PM](#)

CO-CHAIR MILLETT moved Amendment 9, 26-LS1223\E.10, which read:

Page 1, line 12:  
Delete "**and nuclear waste material**"

Page 19, line 17:  
Delete "AS 18.45.027;"

CO-CHAIR EDGMON objected for the purpose of discussion.

[3:37:59 PM](#)

MR. BERG advised Amendment 9 deleted the repeal of the statute found in the CS that prohibits the transportation of high level nuclear waste material.

[3:38:36 PM](#)

REPRESENTATIVE PETERSEN assumed that the deletion would actually allow the transportation of nuclear material.

[3:38:55 PM](#)

MR. BERG said no. This amendment removed the repeal of the prohibition.

[3:39:10 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 9 was adopted.

[3:39:36 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 10, 26-LS1223\E.11, which read:

Page 2, following line 1:

Insert a new bill section to read:

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

LEGISLATIVE FINDINGS. For the purpose of sec. 5 of this Act, the legislature finds that a provision requiring a binding contract for the disposal or storage of nuclear waste before a permit may be issued is necessary for regulating the economics of nuclear power and that having a contract in place is a needed sign of the economic viability of a project."

Page 2, line 2:

Delete "**Section 1**"

Insert "**Sec. 2**"

Re-number the following bill sections accordingly.

Page 5, line 15:

Delete "[(1)"

Insert "(1) ["

Page 5, line 17:

Delete "[; AND"

Insert "; and

(2) a person has provided evidence satisfactory to the department that a binding contract is in place for the disposal and storage of any nuclear waste"

Page 5, line 18:

Delete "(3)"

Insert "[(3)"

Page 19, line 19:  
Delete "sec. 16"  
Insert "sec. 17"

Page 19, lines 19 - 20:  
Delete "sec. 17"  
Insert "sec. 18"

Page 19, line 24:  
Delete "sec. 22"  
Insert "sec. 23"

CO-CHAIR EDGMON objected for the purposes of discussion.

[3:40:21 PM](#)

REPRESENTATIVE PETERSEN explained that Amendment 10 requires that a nuclear project has a binding contract in place for the storage and disposal of nuclear waste before the project can be permitted. In addition, the amendment includes a finding that [the contract] is essential to regulating the economics of nuclear power and its economic viability. The amendment also prevents the state from being on the hook for the storage and disposal [of nuclear waste] should a nuclear project fall into bankruptcy. Representative Petersen opined the finding is necessary because states are only allowed to regulate the economics of nuclear projects, and the U.S. Nuclear Regulatory Commission (NRC) regulates other aspects of nuclear power.

[3:41:18 PM](#)

REPRESENTATIVE RAMRAS observed there are no nuclear power plants in Alaska and asked for the relevancy of the amendment.

[3:41:53 PM](#)

REPRESENTATIVE PETERSEN advised there has been discussion about building nuclear facilities; furthermore, the adoption of a long-range energy policy such as HB 305 should cover any areas of future energy development.

[3:42:05 PM](#)

REPRESENTATIVE DAHLSTROM opined this issue was covered by the previous amendment.

[3:42:50 PM](#)

REPRESENTATIVE PETERSEN pointed out that there would not be waste to transport until after a facility was open and operating. This amendment assures there is a storage place for nuclear waste prior to the opening and operation of a nuclear facility.

[3:44:01 PM](#)

REPRESENTATIVE RAMRAS said this amendment was far-sighted.

[3:44:41 PM](#)

A roll call vote was taken. Representatives Tuck and Petersen voted in favor of Amendment 10. Representatives Dahlstrom, Ramras, Millett, and Edgmon voted against it. Therefore, Amendment 10 failed by a vote of 2-4.

[3:45:29 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 11, 26-LS1223\E.12, which read:

Page 5, lines 12 - 19:

Delete all material and insert:

"(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

(1) [REPEALED

(2)] the municipality with jurisdiction over the proposed facility site has approved the permit; or

(2) for a facility that is not within a municipality, [AND

(3) REPEALED

(4)] the governor has approved the permit."

[3:45:49 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[3:45:53 PM](#)

REPRESENTATIVE PETERSEN explained that Amendment 11 would require that the governor approve any nuclear project that is not within a municipality before a permit could be issued.

Currently, the governor must approve all nuclear projects unless the project is in a municipality; however, there are areas of the state that are unorganized, and this would give the governor authority over those projects.

[3:46:18 PM](#)

A roll call vote was taken. Representatives Petersen and Tuck voted in favor of Amendment 11. Representatives Dahlstrom, Ramras, Millett, and Edgmon voted against it. Therefore, Amendment 11 failed by a vote of 2-4.

[3:46:56 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 12, 26-LS1223\E.13, which read:

Page 7, following line 13:

Insert a new section to read:

"\* **Sec. 12.** AS 42.45.010 is amended by adding a new subsection to read:

(k) A loan may not be made under this section for a project involving the production of power from nuclear energy unless the authority determines that no other available power source is as cost-effective as the proposed project involving power production from nuclear energy."

Renumber the following bill sections accordingly.

Page 19, line 19:

Delete "sec. 16"

Insert "sec. 17"

Page 19, lines 19 - 20:

Delete "sec. 17"

Insert "sec. 18"

Page 19, line 24:

Delete "sec. 22"

Insert "sec. 23"

[3:47:03 PM](#)

CO-CHAIR EDGMON objected for the purpose of discussion.

[3:47:13 PM](#)

REPRESENTATIVE PETERSEN explained that Amendment 12 requires that prior to AEA issuing a loan from the power project loan fund the agency must determine that the proposed project is the most cost-effective available power source.

[3:47:47 PM](#)

REPRESENTATIVE TUCK related that nuclear power has been proven to be a cost-effective source of power; in fact, the Boeing Company developed its industry in the State of Washington because it had cheap energy from nuclear power.

[3:49:21 PM](#)

CO-CHAIR MILLETT expressed her belief that nuclear power is cost-effective and has no carbon emissions. She said she did not want "to send the signal that we're not open to nuclear power" to rural communities.

[3:50:08 PM](#)

CO-CHAIR EDGMON added that sec. 5 implicitly requires a nuclear facility to get approval from the legislature prior to construction.

[3:51:20 PM](#)

A roll call vote was taken. Representative Petersen voted in favor of Amendment 12. Representatives Ramras, Tuck, Dahlstrom, Millett, and Edgmon voted against it. Therefore, Amendment 12 failed by a vote of 1-5.

[3:51:34 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 13, 26-LS1223\E.14, which read:

Page 2, following line 1:

Insert a new bill section to read:

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

LEGISLATIVE INTENT. For sec. 21 of this Act, it is the intent of the legislature that the Department of Transportation and Public Facilities engage in a partnership with the University of Alaska, nonprofit organizations, and other organizations to assist in

maintaining the energy audit database in order to lower the cost to the state."

Page 2, line 2:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

Page 13, following line 27:

Insert a new bill section to read:

"\* **Sec. 21.** AS 44.42.065 is amended by adding a new subsection to read:

(d) The department shall

(1) create and maintain a database of the results of the energy audits of public buildings performed under (a) of this section; and

(2) make the information in the database available to the legislature and the public."

Renumber the following bill sections accordingly.

Page 19, line 19:

Delete "sec. 16"

Insert "sec. 17"

Page 19, lines 19 - 20:

Delete "sec. 17"

Insert "sec. 18"

Page 19, line 24:

Delete "sec. 22"

Insert "sec. 24"

CO-CHAIR EDGMON objected for purposes of discussion.

REPRESENTATIVE PETERSEN explained that Amendment 13 requires DOT&PF create a database from the energy audits that are conducted every seven years. The cost of the database would be minimized through partnerships with the university and private organizations. He opined this is a way to use the audits to improve energy efficiency.

[3:52:07 PM](#)

REPRESENTATIVE RAMRAS asked how many new government positions are needed to create and maintain the database.

[3:52:22 PM](#)

REPRESENTATIVE PETERSEN opined the only additional cost would be that of the computer disk.

[3:52:42 PM](#)

REPRESENTATIVE DAHLSTROM asked whether [the amendment] was necessary.

[3:53:39 PM](#)

JOEL ST. AUBIN, Chief, Statewide Public Facilities, Office of the Commissioner, Department of Transportation & Public Facilities (DOT&PF), informed the committee that the database would not be a large increase in work to the audits: it would entail putting the audits in a format that people could access. In further response to Representative Dahlstrom, he said staffing time for HB 305 is estimated to be one position as shown in the fiscal note. That same position would cover the work required by this amendment.

[3:56:16 PM](#)

CO-CHAIR EDGMON asked about the effect of putting intent language in the bill.

[3:56:28 PM](#)

MR. ST. ALBIN stated that currently the audits are not done as the funding to do so has not been received. He clarified that without the bill, the audits are not done.

[3:57:24 PM](#)

REPRESENTATIVE DAHLSTROM further clarified that with the passage of the bill, the audits will be conducted.

[3:57:46 PM](#)

MR. ST. ALBIN assumed the information would be summarized to create a simple database.

[3:58:06 PM](#)

REPRESENTATIVE DAHLSTROM concluded that the intent of the amendment is accomplished in the bill.

[3:58:25 PM](#)

CO-CHAIR MILLETT asked whether the involvement of the university would complicate the performance based contracting process.

[3:58:55 PM](#)

REPRESENTATIVE PETERSEN explained the intent of involving the university, or the private sector, was to mitigate the cost of creating and maintaining the database.

[3:59:57 PM](#)

A roll call vote was taken. Representatives Tuck and Petersen voted in favor of Amendment 13. Representatives Johansen, Dahlstrom, Ramras, Millett, and Edgmon voted against it. Therefore, Amendment 13 failed by a vote of 2-5.

[4:00:21 PM](#)

REPRESENTATIVE PETERSEN moved Amendment 14, 26-LS1223\E.15, which read:

Page 18, line 8, following "pellet":  
Insert "or grain"

CO-CHAIR EDGMON objected for purposes of discussion.

[4:00:24 PM](#)

REPRESENTATIVE PETERSEN recalled previous testimony that barley grown in Alaska is being used as a fuel in wood stoves. This amendment adds the words "or grain" so barley could be used in pellet stoves. This type of stove qualifies for federal tax credits; furthermore, providing a bigger market for Alaskan barley will spur economic activity and strengthen the economy.

[4:00:55 PM](#)

REPRESENTATIVE RAMRAS applauded the maker for this amendment. Barley is an efficient fuel and he said he supports the amendment.

[4:02:01 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 14 was adopted.

[4:02:08 PM](#)

REPRESENTATIVE RAMRAS moved Amendment 15, 26-LS1223\E.16, which read:

Page 13, line 19:  
Delete "and"

Page 13, line 20, following "program":  
Insert "; and  
(4) a residential solid fuel burning device  
change out program"

CO-CHAIR EDGMON objected for purposes of discussion.

[4:02:22 PM](#)

REPRESENTATIVE RAMRAS advised that the communities of Fairbanks and Juneau have been identified by the Environmental Protection Agency (EPA) as non-attainment communities in that they have consistently failed regulations on particulate matter in the air. The amendment would insert language allowing a residential solid fuel burning device change out program to also be allowed under Sec. 44.38.030.

[4:03:29 PM](#)

REPRESENTATIVE TUCK assumed this is a wood stove change out program instituted by the state.

[4:03:45 PM](#)

REPRESENTATIVE RAMRAS related that there is a considerable problem in Fairbanks with air quality. He reviewed the language on page 13, lines 16-20, of the bill, before and after the amendment. The amendment would allow residents to upgrade wood burning stoves. He stressed that the air quality problem is more unique than a single region in the state.

[4:05:22 PM](#)

REPRESENTATIVE TUCK re-stated his question. He asked whether this is an option for the state to consider.

REPRESENTATIVE RAMRAS expressed his understanding that this is another loan program available to consumers.

[4:06:06 PM](#)

BRYAN BUTCHER, Director, Governmental Affairs & Public Relations, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), stated that the language is taken from AHFC and moved to what would be a new department of energy. He said he was unsure whether a "switch-out" would be considered energy conservation and weatherization. Although this may not be the appropriate place to put the wood stove program in the bill, it must be looked at as a separate program, because the current program is set up to measure the efficiency improvement of a home. Under the current program, a homeowner can switch from one heat source to another if the change out improves the energy efficiency. AHFC has determined that this would have to be a separate program with separate funding.

[4:07:26 PM](#)

CO-CHAIR EDGMON concluded there would be fiscal impacts.

[4:07:35 PM](#)

MR. BUTCHER said that depends on whether the program is a grant or a low-interest loan.

[4:07:57 PM](#)

REPRESENTATIVE RAMRAS offered an amendment to Amendment 15, so that line 6 would read:

(4) a residential solid fuel burning device change out loan program.

[4:08:31 PM](#)

REPRESENTATIVE EDGMON objected to Amendment 1 to Amendment 15 for discussion purposes.

[4:08:51 PM](#)

MR. BUTCHER said Amendment 1 alleviates any concern AHFC has regarding capitalization of the proposed program.

[4:08:58 PM](#)

REPRESENTATIVE JOHANSEN pointed out that page 13, line 17, of the bill includes "without limitation" and opined that would authorize the pursuit of other relevant programs. He assumed the intent of Amendment 15 is to highlight concern about this specific issue.

[4:09:39 PM](#)

REPRESENTATIVE RAMRAS said correct.

[4:09:48 PM](#)

REPRESENTATIVE TUCK asked whether a resident could apply for a solid fuel burning device change out under the existing home energy loan program.

[4:10:13 PM](#)

MR. BUTCHER advised legal advice was needed to determine whether that could fit under the program title.

[4:10:36 PM](#)

REPRESENTATIVE RAMRAS stated that legislative drafters suggested a separate program was appropriate because this speaks to air quality rather than "more energy."

[4:11:13 PM](#)

REPRESENTATIVE PETERSEN asked whether the program is capitalized sufficiently to make the loans.

[4:11:38 PM](#)

MR. BUTCHER indicated yes.

[4:11:55 PM](#)

CO-CHAIR EDGMON removed his objection to Amendment 1 to Amendment 15. There being no further objection, Amendment 1 was adopted. He then removed his objection to Amendment 15, as amended. There being no further objection, Amendment 15, as amended, was adopted.

[4:12:25 PM](#)

CO-CHAIR MILLETT moved Amendment 16, 26-LS1223\E.17, which read:

Page 1, line 1:  
Delete ", **operating costs**,"

Page 4, lines 12 - 17:  
Delete all material.

Renumber the following bill sections accordingly.

Page 19, line 19:  
Delete "sec. 16"  
Insert "sec. 14"

Page 19, lines 19 - 20:  
Delete "sec. 17"  
Insert "sec. 15"

Page 19, line 24:  
Delete "sec. 22"  
Insert "sec. 20"

[4:12:36 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[4:12:44 PM](#)

MR. BERG explained Amendment 16 was a technical amendment that removes sec. 2 and sec. 3 from the CS. This is on advice from the legal department that the sections go beyond the bounds of the subject of energy.

[4:13:07 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further discussion, Amendment 16 was adopted.

[4:13:35 PM](#)

CO-CHAIR MILLETT moved Amendment 17, 26-LS1223\E.18, which read:

Page 14, line 16:  
Delete "or court building"

[4:13:58 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[4:14:03 PM](#)

MR. BERG stated Amendment 17 is also a technical amendment. Amendment 17 clarifies sec. 8.

[4:14:10 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 17 was adopted.

[4:14:21 PM](#)

CO-CHAIR MILLETT moved Amendment 18, 26-LS1223\E.19, which read:

Page 1, line 1:

Delete "**construction plans**"

Insert "**energy consumption and costs**"

Page 3, lines 13 - 14:

Delete "**an operations and maintenance cost report**"

Insert "**projected energy consumption and costs**"

[4:14:31 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[4:14:34 PM](#)

MR. BERG advised Amendment 18 changes the terms regarding responsibilities of the Department of Education and Early Development (EED), again in order to comply with the single subject rule.

[4:14:53 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 18 was adopted.

[4:15:02 PM](#)

CO-CHAIR MILLETT moved Amendment 19, 26-LS1223\E.20, which read:

Page 1, line 11, following "**fund;**":

Insert "relating to the bulk fuel bridge loan fund; relating to the bulk fuel revolving loan fund and moving administration of the fund from the Alaska Energy Authority to the Department of Commerce, Community, and Economic Development;"

Page 6, following line 22:

Insert new bill sections to read:

"\* **Sec. 9.** AS 29.60 is amended by adding a new section to article 5 to read:

**Sec. 29.60.655. Bulk fuel revolving loan fund.**

(a) The bulk fuel revolving loan fund is established in the department to assist communities, utilities providing power to communities, and fuel retailers in communities in purchasing bulk fuel to generate power or to supply the public with fuel for use in communities. A community, or a person generating power or selling fuel in a community that has a written endorsement from the governing body of a community for which a loan from the fund is sought, is eligible for a loan from the bulk fuel revolving loan fund for a purchase of an emergency supply or a semiannual or annual supply of bulk fuel to be used in the community.

(b) The legislature may use money in the fund to make appropriations for costs of administering this section.

(c) The foreclosure expense account is established as a special account within the bulk fuel revolving loan fund. This account is established as a reserve from fund equity.

(d) The department may spend money credited to the foreclosure expense account when necessary to protect the state's security interest in collateral on loans made under this section or to defray expenses incurred during foreclosure proceedings after a default by an obligor.

(e) Loans made from the bulk fuel revolving loan fund to one borrower in any fiscal year

(1) may not exceed \$750,000, or, if the borrower is a cooperative corporation organized under AS 10.15 or an electric cooperative organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more than one community, may not exceed the lesser of \$750,000 multiplied by the number of communities on whose behalf the bulk fuel is to be purchased, or \$1,800,000;

(2) shall be repaid in one year or less;  
and

(3) may not exceed 90 percent of the wholesale price of the fuel purchased.

(f) The department may charge interest on a loan made from the bulk fuel revolving loan fund. The department shall charge interest on a loan at a rate equal to the percentage of the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the department from municipal bond yield rates reported in the 30-year revenue index of The Bond Buyer. However, if the department finds that a community cannot afford to repay a portion of interest on a loan, and makes a determination in writing, the department may reduce or eliminate the interest rate applicable to the loan.

(g) Repayments of the principal, the interest, and the money chargeable to principal or interest that is collected through liquidation by foreclosure or other process on a loan made under this section shall be paid into the bulk fuel revolving loan fund. The fund is not a dedicated fund.

(h) The department may contract for the administration of the bulk fuel loan program established in this section.

(i) The department shall dispose of property acquired through default or foreclosure of a loan made under this section. Disposal shall be made in a manner that serves the best interests of the state, and may include the amortization of payments over a period of years.

(j) The department

(1) may adopt regulations necessary to carry out the provisions of this section, including regulations to establish reasonable fees for services provided and charges for collecting the fees; and

(2) shall prescribe a loan application form, which may be used for applications for loans from the fund under this section and for the bulk fuel bridge loan fund and program under AS 29.60.660.

(k) The department may collect the fees and collection charges established in regulation under (j) of this section and shall deposit the money in the general fund.

(l) In this section,

(1) "community" means an organized municipality or an unincorporated village that is a social unit with a population of less than 2,000;

(2) "person" has the meaning given in AS 01.10.060 and includes a corporation, a cooperative, a joint venture, and a governmental entity.

\* **Sec. 10.** AS 29.60.660(b) is amended to read:

(b) A community, utility, fuel retailer, or other person generating power or supplying fuel in a community as described in (a) of this section is eligible to receive a loan from the bulk fuel bridge loan fund for a purchase of bulk fuel to be used in the community if the community, utility, fuel retailer, or other person

(1) has a written endorsement from the governing body of the community for which a loan from the fund under this section is sought; and

(2) first applied for and has been denied a loan from

(A) the bulk fuel revolving loan fund **(AS 29.60.655)** [(AS 42.45.250) ADMINISTERED BY THE ALASKA ENERGY AUTHORITY];

(B) any other funding source used by the community, utility, fuel retailer, or other person in the past three years to finance purchases of bulk fuel for the community; and

(C) any other funding source that the department determines is available to the community, utility, fuel retailer, or other person to purchase bulk fuel.

\* **Sec. 11.** AS 29.60.660(d) is amended to read:

(d) Interest may not be charged on a loan made from the bulk fuel bridge loan fund, **except that a person receiving a loan from the fund**

**(1) in two consecutive years shall pay an interest rate of two percent for the second year; and**

**(2) in three consecutive years shall pay an interest rate of four percent for the third year.**"

Renumber the following bill sections accordingly.

Page 19, line 17, following "AS 18.56.850;":

Insert "AS 42.45.010(b)(3), 42.45.250;"

Page 19, line 19:

Delete "sec. 16"

Insert "sec. 19"

Page 19, lines 19 - 20:

Delete "sec. 17"

Insert "sec. 20"

Page 19, line 24:

Delete "sec. 22"

Insert "sec. 25"

Page 20, following line 2:

Insert a new bill section to read:

"\* **Sec. 41.** BULK FUEL REVOLVING LOAN FUND TRANSFER: TRANSITION. On the effective date of secs. 9 - 11 of this Act, the Alaska Energy Authority shall transfer the personnel responsible for fund management, and the assets, liabilities, and balance of the bulk fuel revolving loan fund to the Department of Commerce, Community, and Economic Development."

Renumber the following bill section accordingly.

Page 20, line 5, following "INSTRUCTION.":

Insert "(a)"

Page 20, following line 7:

Insert a new subsection to read:

"(b) The revisor of statutes shall change the heading of art. 5 of AS 29.60 from "Bulk Fuel Bridge Loan Fund and Program" to "Bulk Fuel Loan Funds and Programs."

[Although there was no objection, the committee heard discussion on Amendment 19.]

[4:15:19 PM](#)

MR. BERG offered that Amendment 19 does three things: combines the bulk fuel revolving loan fund with the bridge fuel loan fund housed in the Division of Community and Regional Affairs, Department of Commerce, Community, & Economic Development (DCCED); combines the application process for both loan funds; sets the interest rate for the bridge loan fund. He described the purpose of the bridge loan fund.

[4:16:31 PM](#)

REPRESENTATIVE TUCK assumed the amendment will streamline the process when a community is declined for a bulk fuel revolving loan.

[4:16:51 PM](#)

MR. BERG agreed that one application, and having both programs in the same division, would result in immediate assistance.

[4:17:06 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 19 was adopted.

[4:17:20 PM](#)

CO-CHAIR MILLETT moved Amendment 20, 26-LS1223\E.1, which read: Page 1, line 5, following "**credit**,":

Insert "to the Alaska heating assistance program,"

Page 19, following line 16:

Insert new bill sections to read:

"\* **Sec. 34.** 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. 35.** 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. 36.** 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. 37.** 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. 38.** 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. 39.** 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. 40.** 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. 41.** 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, 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."

Renumber the following bill sections accordingly.

Page 20, line 5:

Delete "INSTRUCTION."

Insert "INSTRUCTIONS. (a) The revisor of statutes shall change the heading of art. 6 of AS 18.56 from "Article 6. Energy Conservation" to "Article 6. Energy Efficiency and Conservation Programs."

(b)"

[4:18:05 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[4:18:06 PM](#)

MR. BERG referred to an email from Jack Chenoweth included in the committee packet, and said the amendment basically changed the way benefits are determined for the Alaska heating assistance program by assigning dollar values to an existing point system, rather than determining after an appropriation how much the points are worth. This change will link the price points to the price of a barrel of oil, and allow the department to prorate assistance payments in the case of an insufficient appropriation. In addition, the amendment would change the name of the program, and establish a heating fund in the Department of Revenue (DOR).

[4:19:42 PM](#)

CO-CHAIR MILLETT moved Conceptual Amendment 1 to Amendment 20. She read:

Page 2, lines 15-16:

Delete all material and insert:

"(3) for assistance calculated under (b) and (c) of this section, has gross household income [ABOVE 150 PERCENT BUT THAT DOES] not to 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); and"

[4:20:21 PM](#)

CO-CHAIR EDGMON objected for purposes of discussion.

[4:20:27 PM](#)

RON KREHER, Chief, Field Services, Division of Public Assistance, Department of Health and Social Services (DHSS), informed the committee the amendment converted the Alaska heating assistance program to the Alaska affordable heating program in the DOR. Further, the amendment tied the funding to the average price of a barrel of North Slope crude oil between February and September of the preceding fiscal year. In addition, the community heating points that are used to calculate benefits are tied to the price of oil, thus as the price of oil goes up, the dollar value of the community heating points also grows. He opined the intent was to provide a funding source that was linked to the value of oil, recognizing that the cost of heating fuel for families goes up with the price of oil.

[4:22:23 PM](#)

CO-CHAIR EDGMON confirmed that the amendment would not change eligibility criteria for the federal Low Income Home Energy Assistance Program (LIHEAP), or the Alaska Heating Assistance Program (AKHAP). He also stressed that a larger part of the funds disbursed for the statewide program goes to urban areas. In response to Representative Tuck, Co-Chair Edgmon said Conceptual Amendment 1 to Amendment 20 would remove the provision that would change the eligibility criteria.

[4:23:55 PM](#)

MR. KREHER stated currently, the AKHAP program is capped at 225 percent of poverty. The original bill allowed DHSS to serve households with incomes up to 250 percent of poverty when the price of oil is above \$150 per barrel.

[4:25:09 PM](#)

REPRESENTATIVE PETERSEN surmised the original bill raised the income cap to 250 percent of poverty, but Conceptual Amendment 1 leaves the cap at 225 percent.

[4:25:35 PM](#)

[The committee treated Conceptual Amendment 1 as adopted.]

[4:25:44 PM](#)

CO-CHAIR EDGMON removed his objection. There being no further objection, Amendment 20, as amended, was adopted. He advised that all of the amendments would be incorporated into a new CS.

[4:26:26 PM](#)

CO-CHAIR MILLETT reminded the committee the co-chairs asked the administration for a detailed report on the proposed department of energy, and for an organizational chart for current agencies and advisors involved in energy policy and projects. She expressed disappointment that the requested information had not been received from the administration, and urged the committee to press the administration to respond.

[4:28:30 PM](#)

CO-CHAIR EDGMON agreed with the importance of the issue.

[4:29:20 PM](#)

CO-CHAIR MILLETT read from the fiscal note signed by Jack Kreinheder, Senior Analyst, Office of Management and Budget (OMB), and Karen Rehfeld, Director, OMB, and dated 3/16/10. The fiscal note totaled \$1,371,700, and contained estimates for a total of 30 new positions to staff a new department of energy, in addition to estimates for leasing and equipping office space. Co-Chair Millett stated that when the committee proposed the department of energy to the previous administration, there was an agreement that the department of energy would not grow government, but would streamline the various agencies involved in energy projects, and move existing staff to existing office space in a cohesive new department. She questioned the accuracy of the fiscal note.

[4:31:50 PM](#)

REPRESENTATIVE RAMRAS opined that the fiscal note is a poison pill in the middle of HB 305, and an issue that is important to all. He stated that a healthy tension between the administration and the legislature can lead to better-vetted issues; however, he pointed out that the administration energy people are again conspicuously absent, and he shared the disappointment of the co-chairs. Representative Ramras said the

responsibility lies at the top of the "energy org. chart as it exists now." He expressed his hope for an opportunity to ask representatives from the administration for an explanation.

[4:35:18 PM](#)

CO-CHAIR EDGMON noted that the energy policy bill would be on the House floor 3/17/10, and it includes provisions surrounding the centralization of the "energy pieces in state government." There is a lot of support for the bill, and Co-Chair Edgmon concurred with the comments made by Representative Ramras.

[4:36:03 PM](#)

REPRESENTATIVE JOHANSEN said the issue was important and the fiscal note caused a problem. He advised the committee that he participated in the meetings with the previous administration, and the committee was clear in its intent not to grow, but rebuild, government. He concluded that the input of the administration was greatly missed.

[4:37:30 PM](#)

CO-CHAIR MILLETT stated that she was looking for leadership from the administration, now or in the near future. She stressed that the state has many phenomenal programs to help Alaskans with energy efficiency, weatherization, and other programs, but residents cannot get to them. She affirmed that the energy committee would continue to search for solutions instead of reasons not to do something.

[4:38:59 PM](#)

REPRESENTATIVE RAMRAS suggested that the committee hold the Greater Railbelt Energy Transmission Corporation (GRETC) bill.

[4:39:40 PM](#)

CO-CHAIR EDGMON noted the presence of administration representatives in the galley; however, he expressed the need for an appropriate response from a higher level advisor from the governor's office.

[4:40:42 PM](#)

REPRESENTATIVE JOHANSEN recalled that in Washington D.C. the question was, "Who(m) do you talk to in the State of Alaska?"

This is an appalling situation; in fact, some federal departments have not even heard of the state's energy advisors.

4:42:16 PM

REPRESENTATIVE PETERSEN agreed with Representative Johansen. Constituents are also confused, and are calling his office for information. Others may give up. He encouraged the creation of a department of energy to solve the problem.

4:43:27 PM

REPRESENTATIVE TUCK agreed that the need for a department of energy was repeated throughout the state. Furthermore, one of the purposes of the omnibus energy bill was to get everything centralized to "make it easier for Alaskans to access information, programs, and to be able to provide energy and efficiencies."

4:44:40 PM

CO-CHAIR EDGMON concluded that the committee's comments do not diminish the efforts of the state agencies that are doing an outstanding job. He announced that a new CS is forthcoming.

4:45:29 PM

REPRESENTATIVE DAHLSTROM also recalled the committee's initial meetings with the previous administration. She said she was looking forward to "clear up a lot of questions" with the current administration.

[HB 305 was held.]

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 4:46 p.m.