

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

March 29, 2012

3:11 p.m.

**MEMBERS PRESENT**

Representative Neal Foster, Co-Chair  
Representative Lance Pruitt, Co-Chair  
Representative Bob Lynn  
Representative Kurt Olson  
Representative Dan Saddler  
Representative Pete Petersen  
Representative Chris Tuck

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 357

"An Act establishing the sustainable energy transmission and supply development program in the Alaska Industrial Development and Export Authority."

- HEARD & HELD

HOUSE BILL NO. 323

"An Act relating to the Alaska energy efficient home grant fund; and creating a grant program for converting homes in regions designated as particulate matter nonattainment areas to efficient home heating systems."

- MOVED CSHB 323(ENE) OUT OF COMMITTEE

HOUSE BILL NO. 336

"An Act establishing an energy assistance program in the Department of Revenue to issue an energy voucher to Alaska permanent fund dividend recipients; and relating to the analysis and recommendation of an energy assistance program by the governor."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 357

SHORT TITLE: AIDEA SUSTAINABLE ENERGY PROGRAM

SPONSOR(s): REPRESENTATIVE(s) PRUITT

02/22/12 (H) READ THE FIRST TIME - REFERRALS  
02/22/12 (H) ENE, FIN  
03/06/12 (H) ENE AT 3:00 PM BARNES 124  
03/06/12 (H) <Bill Hearing Postponed to 3/13/12>  
03/13/12 (H) ENE AT 3:00 PM BARNES 124  
03/13/12 (H) Heard & Held  
03/13/12 (H) MINUTE(ENE)  
03/29/12 (H) ENE AT 3:00 PM BARNES 124

BILL: HB 323

SHORT TITLE: NONATTAIN AREA HOME HEATING SYSTEM GRANTS

SPONSOR(s): REPRESENTATIVE(s) T.WILSON

02/17/12 (H) READ THE FIRST TIME - REFERRALS  
02/17/12 (H) ENE, FIN  
03/06/12 (H) ENE AT 3:00 PM BARNES 124  
03/06/12 (H) <Bill Hearing Postponed to 3/13/12>  
03/13/12 (H) ENE AT 3:00 PM BARNES 124  
03/13/12 (H) Heard & Held  
03/13/12 (H) MINUTE(ENE)  
03/22/12 (H) ENE AT 3:00 PM BARNES 124  
03/22/12 (H) Heard & Held  
03/22/12 (H) MINUTE(ENE)  
03/27/12 (H) ENE AT 3:00 PM BARNES 124  
03/27/12 (H) Heard & Held  
03/27/12 (H) MINUTE(ENE)  
03/29/12 (H) ENE AT 3:00 PM BARNES 124

BILL: HB 336

SHORT TITLE: ENERGY ASSISTANCE PROGRAM & VOUCHERS

SPONSOR(s): REPRESENTATIVE(s) THOMPSON

02/22/12 (H) READ THE FIRST TIME - REFERRALS  
02/22/12 (H) ENE, L&C, FIN  
03/06/12 (H) ENE AT 3:00 PM BARNES 124  
03/06/12 (H) <Bill Hearing Postponed to 3/13/12>  
03/13/12 (H) ENE AT 3:00 PM BARNES 124  
03/13/12 (H) Heard & Held  
03/13/12 (H) MINUTE(ENE)  
03/27/12 (H) ENE AT 3:00 PM BARNES 124  
03/27/12 (H) Heard & Held  
03/27/12 (H) MINUTE(ENE)  
03/29/12 (H) ENE AT 3:00 PM BARNES 124

**WITNESS REGISTER**

DIRK CRAFT, Staff  
Representative Lance Pruitt  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Speaking on behalf of Representative Lance Pruitt, prime sponsor, reviewed aspects of the proposed CS for HB 357.

MARK DAVIS, Deputy Director  
Investment Finance & Analysis  
Alaska Industrial Development & Export Authority (AIDEA)  
Department of Commerce, Community & Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Described how HB 357 would expand the tasks of AIDEA.

DON KUBLEY, Representative  
Alaska Independent Power Producers Association  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 357.

JODI MITCHELL, CEO/General Manager  
Inside Passage Electric Cooperative (IPEC)  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 357.

DUFF MITCHELL, Vice President & Business Manager  
Juneau Hydropower Inc.  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of HB 357.

JOE GRIFFITH, General Manager  
Matanuska Electric Association; President  
Alaska Railbelt Cooperative Transmission & Electric Company  
(ARCTEC)  
Palmer, Alaska

**POSITION STATEMENT:** Testified in support of HB 357.

REPRESENTATIVE TAMMIE WILSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Speaking as the prime sponsor of HB 323, clarified previous testimony from the Alaska Housing Finance Corporation (AHFC), and answered questions.

REPRESENTATIVE STEVE THOMPSON  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Speaking as the prime sponsor of HB 336, described the intent of proposed Amendment 1.

PAUL LABOLLE, Staff  
Representative Neal Foster  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the intent of proposed Amendment 1 to the proposed committee substitute (CS) for HB 336.

#### **ACTION NARRATIVE**

[3:11:33 PM](#)

**CO-CHAIR NEAL FOSTER** called the House Special Committee on Energy meeting to order at 3:11 p.m. Representatives Foster, Pruitt, Tuck, Petersen, Saddler, Olson, and Lynn were present at the call to order.

#### **HB 357-AIDEA SUSTAINABLE ENERGY PROGRAM**

[3:12:18 PM](#)

CO-CHAIR FOSTER announced that the first order of business would be HOUSE BILL NO. 357, "An Act establishing the sustainable energy transmission and supply development program in the Alaska Industrial Development and Export Authority."

[Although the proposed CS for HB 357 was identified as Version I, Version M was adopted during the hearing on 3/13/12, and was before the committee.]

[3:12:27 PM](#)

REPRESENTATIVE LANCE PRUITT, Alaska State Legislature, explained that today's hearing was a continuation of the discussion on HB 357, which expands the power of the Alaska Industrial Development and Export Authority (AIDEA) to facilitate the financing of energy projects through a new fund within AIDEA known as the sustainable energy transmission and supply development (SETS) fund. Representative Pruitt highlighted five key components of the bill that grant AIDEA the ability to: ensure project obligations and guarantee loans or bonds for

projects; defer principal payments and capitalize interest; offer financing terms up to 30 years for energy projects and 50 years for transmission and hydroelectric (hydro) projects; offer sales lease-back agreements, build-operate-transfer agreements, and other agreements to finance energy projects; and offer reduced interest rates for renewable projects, projects in rural areas, or projects that promote economic development.

[3:14:48 PM](#)

DIRK CRAFT, Staff to Representative Lance Pruitt, Alaska State Legislature, reminded the committee he had presented a sectional analysis of the bill at a previous meeting. He pointed out that HB 357 is a companion bill to SB 25, which empower and create a new fund within AIDEA that puts a portion of state savings to work financing the construction and development of energy projects within Alaska. The bill authorizes AIDEA to facilitate the financing of energy projects, through which rates would repay the loans or investments from AIDEA. The agency would also have the authority to use capital markets to "backfill the fund" by using loans as an asset, thereby establishing a perpetual investment vehicle. Thus, 20 years or 30 years from now, there will be funding available for the replacement of infrastructure. Mr. Craft stressed that the principal and interest payments from these funds will remain in-state, as opposed to the current practice of placing loans out-of-state. He referred to previous testimony heard by the committee on the future capital energy needs of Southeast and the Railbelt - which will cost billions of dollars - and said the intent of the bill is to fill the financing gap between what the utilities can bond for, and what is needed. Furthermore, to address concerns about limitations on financing, he called attention to page 10, line 22 of the bill which read:

Sec. 44.88.740. Limitations on financing. (a) Unless the authority has obtained legislative approval by law, the authority may not finance or participate in financing of

- (1) more than one-third of the capital cost of an energy project; or
- (2) a loan guarantee that exceeds \$20,000,000.

(b) Financing under AS 44.88.730 is limited to the life of an energy project, which may not be more than

- (1) 30 years; or

(2) 50 years for a transmission line or hydroelectric energy projects.

MR. CRAFT explained that this section ensures that a loan exceeding \$20,000,000 requires approval from the legislature.

[3:17:00 PM](#)

REPRESENTATIVE TUCK asked whether the loans would be transferable.

MR. CRAFT deferred to AIDEA. In further response to Representative Tuck, he said the loans are intended for any transmission and energy projects.

REPRESENTATIVE PRUITT added that energy projects are defined on page 11, line 3 of the bill.

MR. CRAFT advised that a new proposed CS with changes to this section will be provided to the committee.

REPRESENTATIVE PETERSEN asked whether the bill sets the interest rates for the loans.

MR. CRAFT said beginning on page 6, line 14 of the bill, sections 8 through 12 set the interest rates for AIDEA, and define the different sources of revenue available to finance projects. The proposed legislation clarifies that the interest rate applies to the fund being created. In further response to Representative Petersen, he confirmed that the fund is self-sustaining in that when loans are paid back, more principal becomes available to make additional loans.

[3:20:21 PM](#)

MARK DAVIS, Deputy Director, Investment Finance & Analysis, Alaska Industrial Development & Export Authority (AIDEA), Department of Commerce, Community & Economic Development (DCCED), stated the bill creates an energy infrastructure bank within AIDEA. He explained that AIDEA does not currently make direct loans, and in fact, the bill does more than authorize AIDEA to make loans. At this time, AIDEA operates the enterprise development fund which is used for loan participation with banks and for development projects. However, the proposed bill creates a new fund separate from the enterprise development fund for energy projects, and the new fund will make loans, raise money through bonds, and issue loan and bond guarantees.

In addition, there are special powers to defer interest payments, to capitalize interest, and to allow for a project to "cash flow over time." Mr. Davis gave the example of the DeLong Mountain Transportation System (DMTS), saying that large projects need time to develop, hence the term "patient capital." He further explained the bill allows for money from a state savings account to be transferred to AIDEA and used for energy projects by way of loans, bonds, and guarantees in order to work with a private partner. For example, a private utility could issue a bond and AIDEA could guarantee that the bond is for a public project, making it a tax-exempt bond, and improving the debt financing for the project. Thus the project is financed by the same vehicle, but the debt service is substantially lowered. He assured the committee that AIDEA would continue to work with the Alaska Energy Authority (AEA), DCCED, to coordinate projects in rural Alaska. Mr. Davis stressed that AIDEA does not intend to delve into the energy business, but to lower the cost of energy projects that is usually passed along to the ratepayers.

[3:24:32 PM](#)

CO-CHAIR FOSTER opened public testimony.

[3:24:50 PM](#)

DON KUBLEY, Representative, Alaska Independent Power Producers Association (AIPPA), informed the committee he was a sixth generation Alaska resident. He expressed his support of HB 357, and said AIPPA is a newly-formed energy advocacy organization dedicated to encouraging private investment in capital to assist Alaska achieve its renewable energy resource goals and provide competitive-priced power for residents. Further, AIPPA consists of Alaska's leading independent power producers and developers from all over Alaska and who are interested in geothermal, wind, biomass, hydrokinetic, and hydropower developments. Some of its members are Cook Inlet Region, Inc. (CIRI), Delta Wind Farm, Alaska Power and Telephone (AP&T), Kootznoowoo, Juneau Hydropower, Inc., and polarconsult alaska, inc., all of whom dream of making stranded renewable energy resources available to Alaska and the U.S. He spoke of removing barriers to a new industry that will bring jobs, a tax-base, and economic well-being to the state, and of AIPPA's efforts to encourage private investment in Alaska's energy infrastructure. Mr. Kubley recalled that the original plan for the Four Dam Pool [hydroelectric facilities built by the state in the 1980s] envisioned a grid from Metlakatla to Skagway providing clean energy to Southeast residents, and by way of a 30-mile

extension, to the Canada grid in British Columbia (B.C.). This grid would be a green pipeline sending clean power to B.C. and all of the villages and communities of Southeast, providing power for local manufacturing. Although finishing the grid would be expensive, it would be worth it. Mr. Kubley restated his strong support of the legislation.

[3:29:38 PM](#)

JODI MITCHELL, CEO/General Manager, Inside Passage Electric Cooperative (IPEC), said IPEC is a nonprofit member-owned utility serving 1,300 members in the small communities of Angoon, Hoonah, Kake, Klukwan, and the upper Chilkat Valley. Her cooperative is almost entirely dependent on diesel generation and she spoke in support of the bill. Ms. Mitchell observed grant funding is necessary in rural Alaska to avoid expensive financing that could result in a hydro project with rates higher than diesel. Thus IPEC pursues grant funding through the AEA renewable energy fund. However, a loan program to provide "gap funding" will be needed for monies needed in excess of grants. At this time, IPEC has loans through the Rural Utilities Service (RUS), U.S. Department of Agriculture for \$5.3 million; however, her organization would prefer to repay a loan to the state rather than to the federal government. Ms. Mitchell suggested the legislation should also allow utilities to refinance federal loans with state loans.

[3:32:28 PM](#)

DUFF MITCHELL, Vice President & Business Manager, Juneau Hydropower Inc., disclosed he was also a member of AIPPA. Mr. Mitchell expressed his support of HB 357, saying it is a great vehicle to advance the goals of the state energy policy. He explained that infrastructure investments pay dividends in three ways: AIDEA will receive money back from sound loans; economically feasible infrastructure stabilizes rates for today and for the future, especially with hydro; and local well-paying jobs are created. In addition, syndicating loans encourages outside investors to come and invest in Alaska. In closing, Mr. Mitchell recommended increasing the appropriation from \$250,000,000 to \$500,000,000.

[3:36:15 PM](#)

JOE GRIFFITH, General Manager, Matanuska Electric Association (MEA); CEO, Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC), stated MEA serves 57,000 members from Eagle

River to Petersville, and ARCTEC is a generation and transmission cooperative that provides interregional energy solutions to utilities through cooperative actions. He agreed with some of the previous speakers and staff on reasons for the bill, adding that the costs of electrical infrastructure - although critically needed - are staggering throughout the state. In fact, \$6,000,000,000 will be required in the Railbelt, exclusive of the distribution utilities. Currently, consumers are financially stressed by fuel costs, which are driving businesses out of the state. Mr. Griffith opined that HB 357 will reduce the impact of the cost of capital improvements, provide a reasonable method of financing, keep money in the state, create jobs, and reduce costs to consumers. Mr. Griffith agreed that the appropriation should be increased to \$500,000,000, and the limitation on financing - which requires a project of \$20,000,000 to be approved by the legislature - should be increased to \$50,000,000 to avoid delays.

[3:40:05 PM](#)

CO-CHAIR FOSTER, after determining that no one else wished to testify, closed public testimony. He asked whether the bill allows for the refinancing of federal loans.

MR. CRAFT deferred to the sponsor of the companion bill.

REPRESENTATIVE PETERSEN pointed out a clause in the bill allows for repurchase and leaseback, which may be a way for AIDEA to lower the interest rates on existing projects.

CO-CHAIR FOSTER asked how the amount of the \$250,000,000 appropriation was decided.

[3:42:43 PM](#)

MR. CRAFT said, "... they thought this would be an easier number to get through [because] right now there is an urgency, that we're at unprecedented interest rates right now ... right now is the ideal time to get something like this in place."

[3:43:25 PM](#)

CO-CHAIR FOSTER held over HB 357.

The committee took a brief at-ease.

**HB 323-NONATTAIN AREA HOME HEATING SYSTEM GRANTS**

[3:43:36 PM](#)

CO-CHAIR FOSTER announced that the next order of business would be HOUSE BILL NO. 323, "An Act relating to the Alaska energy efficient home grant fund; and creating a grant program for converting homes in regions designated as particulate matter nonattainment areas to efficient home heating systems."

[3:44:58 PM](#)

REPRESENTATIVE TAMMIE WILSON, Alaska State Legislature, clarified statements made by the Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), during the 3/27/12 hearing on HB 323. She stated HB 323 applies to owner-occupied housing units only, of which there are 21,410, according to 2010 U.S. Census data. Furthermore, 501 wood stoves in the Fairbanks North Star Borough (FNSB) have already been replaced and 2,256 homes have participated in the AHFC energy rebate program, with 324 homes pending, so they would be disqualified for the program proposed by HB 323. In addition, 940 homes are disqualified by their participation in the AHFC weatherization program. Representative T. Wilson said her office took a survey of constituents and found that about 40 percent have old oil furnaces. She concluded that the \$1,000,000 cap on the appropriation for HB 323 is more than sufficient to test the program.

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REPRESENTATIVE TUCK observed that the options in the bill are grants in the amount of \$7,500 to replace a furnace, or \$5,000 to replace a wood stove. Also, participation in this program will disqualify a homeowner from participation in the energy rebate program. Representative Tuck pointed out the intent of the legislation was to achieve attainment so FNSB is no longer out of compliance with the Environmental Protection Agency (EPA) and to help people have more energy efficient homes. He opined residents should not have to choose between the programs, and suggested that they could apply for both programs for a cumulative amount not to exceed \$10,000.

REPRESENTATIVE T. WILSON said most people who take advantage of the energy rebate program spend in excess of \$10,000. She advised that HB 323 should advance without changes for one year,

after which the response to the program and the raters' experiences can be reevaluated.

[3:49:11 PM](#)

REPRESENTATIVE OLSON moved to report the proposed CS for HB 323, Version 27-LS1275\I, Kirsch/Nauman, 3/26/12, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 323(ENE) was reported out of the House Special Committee on Energy.

[Although the maker of the motion stated HB 232, the clear intent of the committee was to move HB 323.]

[3:50:04 PM](#)

The committee took an at-ease from 3:50 p.m. to 3:55 p.m.

**HB 336-ENERGY ASSISTANCE PROGRAM & VOUCHERS**

[3:55:38 PM](#)

CO-CHAIR FOSTER announced that the final order of business would be HOUSE BILL NO. 336, "An Act establishing an energy assistance program in the Department of Revenue to issue an energy voucher to Alaska permanent fund dividend recipients; and relating to the analysis and recommendation of an energy assistance program by the governor."

[3:56:09 PM](#)

REPRESENTATIVE STEVE THOMPSON, Alaska State Legislature, reminded the committee HB 336, and public testimony on the bill, were previously heard. He said questions have been addressed by a friendly amendment which puts wood, coal, and other heating products into the bill in addition to the \$250 payment to homeowners who do not use electricity or fuel oil.

CO-CHAIR FOSTER questioned how the other body deals with power cost equalization (PCE), and determining the dollar value of the voucher. Also, he confirmed that biomass is included in the bill.

[3:57:53 PM](#)

The committee took an at-ease from 3:57 p.m. to 3:58 p.m.

[3:58:01 PM](#)

REPRESENTATIVE OLSON moved Amendment 1 which read [original punctuation provided]:

Pg 3 line 14 after the word address, insert

**Or other identifying information requested by the corporation**

CO-CHAIR FOSTER objected for the purpose of discussion.

[3:59:55 PM](#)

PAUL LABOLLE, Staff to Representative Neal Foster, Alaska State Legislature, said Amendment 1 is a housekeeping amendment necessary to comply with the companion bill in the other body. Page 3, line 14, of the bill instructs that the distribution method is based on the address listed on the heating oil, natural gas, or electricity account. However, in many villages addresses are not used, and the president of the Alaska Village Electrical Cooperative Inc. (AVEC) suggested the language for Amendment 1. He explained that "the corporation" referred to in the amendment is the electrical utility. In response to Representative Tuck, he clarified that in over 90 percent of cases the corporation would be an electric utility.

REPRESENTATIVE TUCK suggested the amendment should say "by the corporation and/or utility."

MR. LABOLLE said he was unsure of whether corporation covered all of the possibilities, but cooperatives and public utilities are corporations. In addition, to qualify as a vendor, an entity must meet the requirements in section 1, subsection (e) of the bill.

CO-CHAIR FOSTER maintained his objection.

[4:03:47 PM](#)

REPRESENTATIVE OLSON moved Amendment 2 which read [original punctuation provided]:

Page 4 line 10 after the word rent, delete

[,ENERGY, OR HEATING COSTS]

Page 4 line 12 after the word voucher, insert

or

Page 4 line 13 insert a new subsection, subsection (3)

(3) not withstanding direct payment for electricity in (g) of this section, for a recipient whose primary residence heats exclusively with a fuel not listed in (b) of this section, upon certification the \$500 will be used toward heating costs at the recipient's primary residence in the state, for a check for \$500 in the name of the recipient of the energy voucher.

[4:03:53 PM](#)

CO-CHAIR FOSTER objected for the purpose of discussion.

[4:03:59 PM](#)

MR. LABOLLE called attention to page 4, which was the cash disbursement section of the bill. He said the intent of Amendment 2 was to address those who heat with a fuel other than natural gas, diesel, or electricity. Page 4, line 10 instructs that the cash disbursement will be used toward rent or energy costs other than those provided for in the bill. As the \$250 cash payment is not equitable with the identified fuel sources, and in keeping with the "spirit of the bill" the amendment equates two cords of wood with two months of heat, 250 gallons of fuel oil, or 35,000 cubic feet of natural gas. Thus on page 4, line 10, Amendment 2 deletes "energy, or heating costs." Mr. Labolle said the bill would still provide for those whose utilities are included in their rent and whose landlord does not want to apply to the transfer options of the bill. Amendment 2 also inserts the word "or" on page 4, line 12 after the word "voucher" and adds the aforementioned new subsection (3). For example, he explained that a resident who lives in a cabin and heats with wood, but who has an electric utility, would still qualify for the larger cash disbursement that is to be used for home heating.

[4:07:29 PM](#)

REPRESENTATIVE PETERSEN observed the bill retains the language that limits one cash disbursement to \$250, but increases another cash disbursement to \$500, and asked for the difference.

MR. LABOLLE explained that if the utilities are included in rent they are generally a smaller amount. Furthermore, the sponsor intends to discourage applying for a cash payment instead of a utility payment, because the bill is an energy rebate measure.

REPRESENTATIVE TUCK estimated the average statewide cost for electricity is 15.1 cents per kilowatt (kW) hour. If so, the cash payment will be higher than needed for some. Also, the cash payment is an option for tenants.

[4:10:11 PM](#)

MR. LABOLLE said the voucher transfer provisions are on page 4, line 7, paragraph (1), and remain unchanged. He then summarized Amendment 2 for those who rejoined the meeting.

CO-CHAIR FOSTER added that the amendment originated from his intent to include other fuel sources such as biomass and wood. He acknowledged that there is no easy way to administer these additions, and cautioned that increasing the cash payment may encourage residents to apply for the cash payment.

[4:13:18 PM](#)

MR. LABOLLE related that the Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), indicated its preference for a cash payment rather than a "separate section out specifically for wood" because of the challenges to qualifying distributors, and because there are many other sources of heat such as propane, district heat, and pellet stoves, that would not be included. In response to a previous question from Representative Tuck, he said one reason to carve out the new provision was to allow residents the option to choose between heat and electricity. The current version of the bill allows a resident who heats with an alternative source of fuel to apply the \$250 cash payment toward an electricity bill, but they would have no provision for heat.

REPRESENTATIVE PETERSEN confirmed that any form of heating one's home, although not mentioned in the bill, was covered by the amendment.

[4:15:10 PM](#)

MR. LABOLLE said correct.

[4:15:14 PM](#)

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

MR. LABOLLE summarized Amendment 1.

[4:17:16 PM](#)

CO-CHAIR FOSTER removed his objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[4:18:16 PM](#)

REPRESENTATIVE TUCK moved Conceptual Amendment 3. He directed attention to page 4, lines 8 and 9 of the bill which read:

owner of the residence in the state in which the recipient resides, the value of which may, subject to negotiations between the landlord and tenant, be deducted from rent; or

REPRESENTATIVE TUCK observed that a tenant can transfer their voucher to the landlord "for the cost of the utility or for \$250." He cautioned that landlords could "line their pockets," because the bill instructs that the value, subject to negotiations between the landlord and tenant, be deducted from rent. Representative Tuck opined the full value should be given for rent and it should not be subject to negotiations between the landlord and tenant.

CO-CHAIR PRUITT stated the possibility that a landlord may discount the value of the voucher.

REPRESENTATIVE TUCK said correct. A tenant is in a disadvantaged position because they have no options; however, a landlord with a voucher can get 1,500 kW of power which may be worth twice the value of the voucher. He said, "That's what I'm trying to prevent, is that the full value is not going as intended." Conceptual Amendment 3 adds the word "full" before the word "value" on page 4, line 8 of the bill. Also, the amendment removes the words "subject to negotiations between the landlord and tenant," from page 4, line 9. He said page 4, lines 7 through 9 would read:

(1) if applicable, for a replacement voucher in the name of the landlord or owner of the residence in the

state in which the recipient resides, the full value may be deducted from rent;

[4:20:57 PM](#)

CO-CHAIR FOSTER objected for the purpose of discussion.

REPRESENTATIVE PETERSEN ascertained the voucher does not have to be \$250 because if the landlord is heating with electricity, oil or natural gas, in parts of the state the value of the voucher would be significantly higher. He said, "These vouchers would be in equal value to, to what the cost of that energy [is] that the landlord is providing, to that tenant."

REPRESENTATIVE TUCK pointed out the language in the bill allows for the landlord to negotiate something less to apply to the rent than the actual cost.

REPRESENTATIVE PETERSEN further noted that the utility sends the landlord the bill thus the tenant may not know the value of the energy, especially in a multi-unit building with a central heating system, where it is difficult to know what the amount per unit is.

[4:23:38 PM](#)

MR. LABOLLE suggested a similar scenario is a house that has a small apartment with a shared meter and boiler. He advised that the sponsor is waiting for language on regulations for PCE, so more work is to be done on the bill, and he would work with Representative Tuck on this issue also.

REPRESENTATIVE TUCK said:

I believe the language is already there. It's price times 1,500 kilowatts of power. We know what the price is; you don't have to know how much they use. All you have to know is what the price is. So, I don't see the problem with this. I think it's spelled out very well, to, to keep that from happening.

MR. LABOLLE understood Representative Tuck's point.

[4:25:13 PM](#)

REPRESENTATIVE PETERSEN restated his example of a four-plex metered by one natural gas meter, and how to determine the cost per unit.

MR. LABOLLE explained that in the case of a four-plex, with each unit rented by one tenant, and sharing one diesel furnace, each tenant will be credited for an amount equal to "whatever the going rate for diesel was, multiplied by 250 gallons." He opined Representative Tuck's point is that the language in the bill is not specific to usage, and that the volume [250 gallons] would already be written into law.

[4:26:45 PM](#)

CO-CHAIR FOSTER asked whether the bill sponsor wished to address the conceptual amendment.

REPRESENTATIVE THOMPSON indicated he had no objection to Conceptual Amendment 3.

[4:27:18 PM](#)

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

REPRESENTATIVE PETERSEN gave an example of a landlord who lives in a building that also houses renters. He asked whether the landlord can choose to use their voucher on their personal residence or on rental units.

REPRESENTATIVE THOMPSON advised if the landlord's name is on the utility bill, they could apply it to the building or to their residence. Only one voucher would be issued, and AHFC will write regulations, but there would be only one credit per name.

REPRESENTATIVE TUCK recalled there was previous discussion with AHFC that suggested the use of PFD application addresses for this program.

MR. LABOLLE directed attention to page 3, line 3, of the bill and read:

(6) is valid for heating oil, natural gas, or electricity delivered to the voucher recipient's primary residence in the state;

[4:30:51 PM](#)

MR. LABOLLE advised an issue in addition to that of PCE is the language on page 4, line 7, with the use of the term "landlord." The sponsor has been informed that utility billings are sometimes paid by a condominium homeowners' association thus a determination must be made on whether a homeowners' association could be considered a landlord.

CO-CHAIR FOSTER held over HB 336.

[4:32:06 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 4:32 p.m.