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Referred: Commerce and  
Finance

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SNIDER, AND SPECKING

1 IN THE HOUSE

2 HOUSE BILL NO. 356 *am oms*

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the water resources revolving loan  
7 fund."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 45.86.010 is amended to read:

10 Sec. 45.86.010. FUND ESTABLISHED. There is established as a  
11 separate fund the water resources revolving loan fund. Loans from this  
12 fund are to be used to develop and conserve in the public interest the  
13 water resources of Alaska, using state revenues from nonrenewable re-  
14 source [MINERAL] development.

15 \* Sec. 2. AS 45.86.020 is repealed and re-enacted to read:

16 Sec. 45.86.020. FUND UTILIZATION. (a) Loans from the fund shall  
17 be for a term not to exceed 50 years, and the rate of interest shall be  
18 not less than three nor more than five per cent per year on the unpaid  
19 balance. The repayment schedule shall be as determined by the depart-  
20 ment. Repayment of a loan shall commence at the date of commercial  
21 operation of the project or 10 years from the date the loan is granted,  
22 whichever is sooner.

23 (b) The loans may be used for capital construction projects, for  
24 hydroelectric generation and potable water supply including surface  
25 storage and groundwater sources and transmission of water from surface  
26 storage to the existing distribution system, and development of hydro-  
27 electric generating facilities including transmission of power to the  
28 load center. Loans may be made to applicants for new or existing pro-  
29 jects including feasibility and preconstruction engineering studies,

1 expenses incurred in securing necessary permits and licenses, design of  
2 the project and construction of capital improvements. Existing hydro-  
3 electric and water supply projects may be expanded or rehabilitated with  
4 loan funds under this chapter if the rehabilitation and expansion is a  
5 capital improvement project.

6 (c) Loans shall be repaid to the fund by the borrower from revenue  
7 derived from the sale of electric power or water.

8 \* Sec. 3. AS 45.36.040(b) and (c) are repealed and re-enacted to read:

9 (b) There is created within the department the Water Resources  
10 Revolving Loan Fund Committee chaired by the commissioner or his deputy,  
11 and including as members the director of the division of energy and  
12 power development and the director of the division of business loans.  
13 The committee shall review all applications referred to it for approval  
14 by the department.

15 (c) The department shall establish a priority list for the ap-  
16 proval of project applications based upon a determination of which  
17 projects will better serve the interests of the state. An applicant may  
18 appeal the level of priority assigned to his application by requesting a  
19 review of the list of priorities by the committee. The committee, upon  
20 sufficient notice and a public hearing, may change an assigned priority.  
21 Applications not approved due to a lack of funds will retain the  
22 priority assigned and may be held for reconsideration.

23 \* Sec. 4. AS 45.36.040 is amended by adding a new subsection to read:

24 (d) If the committee finds that preconstruction feasibility and  
25 engineering studies establish that a project is not feasible from either  
26 a technical, economic or financial viewpoint, the department may waive  
27 repayment of loans granted to conduct the studies.

28 \* Sec. 5. AS 45.36.050 is amended to read:

29 Sec. 45.36.050. ELIGIBILITY FOR PROJECT LOANS. A public utility

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is an eligible borrower for a project loan under this chapter if

(1) it is a public utility as defined in AS 42.05.701(2)(A),  
and (C);

(2) the utility can demonstrate in its loan application that  
the project is economically and technically [AND] feasible and, taking  
into account the low interest on loans under this chapter, is the most  
economical means of furnishing the proposed service.

\* Sec. 6. AS 45.86 is amended by adding a new section to read:

Sec. 45.86.060. DEFINITIONS. In this chapter,

(1) "commissioner" means the commissioner of the Department  
of Commerce and Economic Development;

(2) "department" means the Department of Commerce and Econo-  
mic Development.

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