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1 IN THE HOUSE

2 HOUSE BILL NO. 356 am S

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 MINERAL DEVELOP-
14 MENT].

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 AS 45.86.020 is repealed and re-enacted to read: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 AS 45.86.040(b) and (c) are repealed and re-enacted to read: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 45.86.050 is amended to read:

24 Sec. 45.86.050. ELIGIBILITY FOR PROJECT LOANS. A public utility
25 is an eligible borrower for a project loan under this chapter if

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

28 (2) the utility can demonstrate in its loan application that
29 the project is economically and technically [AND] feasible and, taking

1 into account the low interest on loans under this chapter, is the most
2 economical means of furnishing the proposed service.

3 * Sec. 5. AS 45.86 is amended by adding a new section to read:

4 Sec. 45.86.060. DEFINITIONS. In this chapter,

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

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