

Introduced: 2/18/80  
Referred: Resources and  
Finance

1 IN THE HOUSE

BY BROWN, ANDERSON AND ZHAROFF

2 HOUSE BILL NO. 870

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing an emergency fuel allocation pro-  
7 gram."

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

9 \* Section 1. PURPOSE. The purpose of the program established by this Act  
10 is to assist in the alleviation of fuel shortages in remote communities  
11 during the winter months that result from a community's financial inability  
12 to purchase fuel.

13 \* Sec. 2. AS 18 is amended by adding a new chapter to read:

14 CHAPTER 58. EMERGENCY FUEL ALLOCATION.

15 Sec. 18.58.010. EMERGENCY FUEL ALLOCATION PROGRAM. A community in  
16 the state that experiences a shortage of fuel for heating or electrical  
17 generating purposes between October 1 and April 30 may apply to the  
18 Department of Community and Regional Affairs for an emergency allocation  
19 of fuel under this chapter.

20 Sec. 18.58.015. REVIEW OF APPLICATIONS. The department shall  
21 review each application to determine if the applicant has the financial  
22 ability to satisfy its fuel needs from a source other than the state,  
23 and if the applicant's fuel shortage was intentionally created to take  
24 advantage of the fuel allocation program. The Department of Environmen-  
25 tal Conservation shall also review each application to determine the  
26 efficiency of fuel use by the applicant and recommend approval or dis-  
27 approval by the department.

28 Sec. 18.58.020. APPROVAL OF APPLICATIONS. The department shall  
29 approve an application if the applicant is financially unable to pur-

1 chase fuel from another source, however, if the fuel shortage was in-  
2 tentiously created to take advantage of the fuel allocation, the appli-  
3 cation shall be denied. The department may order the applicant to take  
4 fuel conservation measures as recommended by the Department of Environ-  
5 mental Conservation. The fuel shall be made available to the community  
6 at no cost, but the community shall pay the cost of transporting the  
7 fuel from the refining or storage site.

8 Sec. 18.58.025. SOURCE OF FUEL. (a) The fuel to be allocated  
9 under this chapter shall be refined from state royalty oil.

10 (b) The department shall estimate by March 15 of each year the  
11 amount of oil needed to satisfy emergency fuel allocations during the  
12 next allocation period and prepare a tentative delivery schedule. The  
13 commissioner of natural resources shall by April 1 of each year elect to  
14 take the state's royalty oil in kind according to the estimate and  
15 schedule prepared by the department. The election under this section is  
16 subject to the availability of state royalty oil.

17 (c) The department shall arrange for the oil taken under this  
18 section to be refined at facilities located along the route of the  
19 trans-Alaska pipeline system. The election under (b) of this section  
20 may not be made until the department has received commitments for the  
21 refining of the royalty oil to be taken in kind.

22 (d) The department shall arrange for storage of the fuel until it  
23 is allocated to a particular community.

24 (e) As a condition of a community's receiving fuel refined from  
25 the state's royalty oil taken in kind, the community shall agree to  
26 waive any supplier-purchaser relationship which may have been estab-  
27 lished by such acceptance for the purpose of any federal mandatory crude  
28 oil allocation program. The department shall obtain a written waiver  
29 from a community before its application may be approved.