

Introduced: 3/19/81
Referred: State Affairs

1 IN THE HOUSE

BY ROGERS AND BUCHHOLDT

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 9

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to departments and programs of state
7 government which are concerned with energy; and provid-
8 ing for an effective date."

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

10 * Section 1. AS 37.12.125(6) is amended to read:

11 (6) "renewable resource" means

12 (A) non-human living organisms;

13 (B) natural components of the environment, including
14 the air, land, and water; [AND]

15 (C) energy systems which are naturally recurring or
16 replenished; and

17 (D) energy conservation.

18 * Sec. 2. AS 43.20.037(d)(1)(B)(ii) is amended to read:

19 (ii) a method of architectural design and construc-
20 tion which provides for the collection, storage and use of
21 direct radiation from the sun or which provides for the re-
22 tention of heat by the use of an amount or quality of insula-
23 tion which exceeds the amount or quality of insulation re-
24 quired by building performance standards adopted by the
25 Department of Transportation and Public Facilities under
26 AS 44.42.020(14); and

27 * Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

28 (25) develop and administer a village energy conservation
29 program for the benefit of the people of rural areas of the state,

1 **emphasizing**

- 2 (A) the performance of energy audits for residences;
- 3 (B) the installation of energy conservation improve-
- 4 ments; and
- 5 (C) community education and participation in the plan-
- 6 ning and management of village energy conservation programs and
- 7 projects.

8 * Sec. 4. AS 44.42.020(14) is amended to read:

9 (14) adopt energy performance standards and building perfor-

10 mance standards [FOR PUBLIC FACILITIES OF THE STATE, THE CONSTRUCTION

11 OF WHICH BEGINS AFTER JULY 1, 1980]; the standards shall be based on

12 thermal and lighting energy standards established by the American

13 Society of Heating, Refrigeration and Air Conditioning Engineers as

14 adapted for application in high latitude, cold climate environs; the

15 energy performance standards adopted under this paragraph apply to

16 public facilities of the state the construction of which began after

17 July 1, 1980; the building performance standards adopted under this

18 paragraph are recommended for construction of buildings except public

19 facilities;

20 * Sec. 5. AS 44.83.010 is amended to read:

21 Sec. 44.83.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-

22 lature finds, determines and declares that

23 (1) there exist numerous potential hydroelectric and fossil

24 fuel gathering sites in the state;

25 (2) the establishment of energy [POWER] projects at these

26 sites is necessary to supply energy [POWER] at the lowest reasonable

27 cost to the state's municipal electric, rural electric, cooperative

28 electric, and private electric utilities, and regional electric authori-

29 ties, and thereby to the consumers of the state, as well as to supply

1 existing or future industrial needs;

2 (3) the achievement of the goals of lowest reasonable con-
3 sumer energy [POWER] costs and beneficial long-term economic growth and
4 of establishing, operating and developing energy [POWER] projects in
5 the state will be accelerated and facilitated by the creation of an
6 instrumentality of the state with powers to construct, acquire, finance,
7 and operate energy [POWER] projects.

8 (b) It is declared to be the policy of the state, in the interests
9 of promoting the general welfare of all the people of the state, and
10 public purposes, to reduce consumer energy [POWER] costs and otherwise
11 to encourage the long-term economic growth of the state, including the
12 development of its natural resources, through the establishment of
13 energy [POWER] projects by creating the public corporation with powers,
14 duties and functions as provided in this chapter.

15 * Sec. 6. AS 44.83.070 is amended to read:

16 Sec. 44.83.070. PURPOSE OF THE AUTHORITY. The purpose of the
17 authority is to promote, develop and advance the general prosperity and
18 economic welfare of the people of Alaska by providing a means of con-
19 structing, acquiring, financing and operating energy [POWER] production
20 facilities limited to fossil fuel, wind power, tidal, geothermal,
21 hydroelectric, or solar energy production and [WASTE] energy conserva-
22 tion facilities.

23 * Sec. 7. AS 44.83.080(5) is amended to read:

24 (5) to acquire, whether by construction, purchase, gift or
25 lease, and to improve, equip, operate, and maintain energy [POWER]
26 projects;

27 * Sec. 8. AS 44.83.080(10) is amended to read:

28 (10) to enter into contracts with the United States or any
29 person and, subject to the laws of the United States and subject to

1 concurrence of the legislature, with a foreign country or its agencies,
2 for the financing, construction, acquisition, operation and maintenance
3 of all or any part of an energy [A POWER] project, either inside or
4 outside the state, and for the sale or transmission of energy [POWER]
5 from a project or any right to the capacity of it or for the security
6 of any bonds of the authority issued or to be issued for the project;

7 * Sec. 9. AS 44.83.080(11) is amended to read:

8 (11) to enter into contracts with any person and with the
9 United States, and, subject to the laws of the United States and subject
10 to the concurrence of the legislature, with a foreign country or its
11 agencies for the purchase, sale, exchange, transmission, or use of
12 energy [POWER] from a project, or any right to the capacity of it;

13 * Sec. 10. AS 44.83.080(12) is amended to read:

14 (12) to apply to the appropriate agencies of the state, the
15 United States and to a foreign country and any other proper agency for
16 the permits, licenses, or approvals as may be necessary, and to con-
17 struct, maintain and operate energy [POWER] projects in accordance with
18 the licenses or permits, and to obtain, hold and use the license and
19 permits in the same manner as any other person or operating unit;

20 * Sec. 11. AS 44.83.080(13) is amended to read:

21 (13) to perform reconnaissance studies, feasibility studies,
22 and engineering and design with respect to energy [POWER] projects;

23 * Sec. 12. AS 44.83.080(16) is amended to read:

24 (16) to recommend to the legislature
25 (A) the issuance of general obligation bonds of the
26 state to finance the construction of an energy [A POWER] project
27 if the authority first determines that the project cannot be
28 financed by revenue bonds of the authority at reasonable rates of
29 interest;

1 (B) the pledge of the credit of the state to guarantee
2 repayment of all or any portion of revenue bonds issued to assist
3 in construction of energy [POWER] projects;

4 (C) an appropriation from the general fund

5 (i) for debt service on bonds or other project
6 purposes; or

7 (ii) to reduce the amount of debt financing for the
8 project;

9 (D) an appropriation to the energy [POWER] project fund
10 for a power project;

11 (E) an appropriation of a part of the income of the
12 renewable resources investment fund for an energy [A POWER] pro-
13 ject;

14 (F) development of a project under financing arrange-
15 ments with other entities using leveraged leases or other financing
16 methods.

17 * Sec. 13. AS 44.83.090 is amended to read:

18 Sec. 44.83.090. ENERGY [POWER] CONTRACTS AND THE ALASKA PUBLIC
19 UTILITIES COMMISSION. (a) The authority shall, in addition to the
20 other methods which it may find advantageous, provide a method by which
21 municipal electric, rural electric, cooperative electric, or private
22 electric utilities and regional electric authorities, or other persons
23 authorized by law to engage in the distribution of energy [ELECTRICITY]
24 may secure a reasonable share of the energy [POWER] generated by a
25 project, or any interest in a project, or for any right to the energy
26 [POWER] and shall sell the energy [POWER] or cause the energy [POWER]
27 to be sold at the lowest reasonable prices which cover the full cost of
28 the energy [ELECTRICITY] or services, including capital and operating
29 costs, debt coverage as considered appropriate by the authority, and

1 other charges that may be authorized by this chapter. A contract for
2 the sale, transmission and distribution of energy [POWER] generated by
3 a project or any right to the capacity of it shall provide:

4 (1) for payment of all operating and maintenance expenses of
5 a project and costs of renewals, replacements and improvements of it;

6 (2) for interest on and amortization charges sufficient to
7 retire bonds of the authority issued for the project and reserves for
8 them, plus a debt service coverage factor as may be determined by the
9 authority to be necessary for the marketability of its bonds;

10 (3) for monitoring of the project by the authority or its
11 agents;

12 (4) for full and complete disclosure to the authority of all
13 factors of cost in the transmission and distribution of energy [POWER],
14 so that rates to any persons may be fixed initially in the contract and
15 may be adjusted from time to time on the basis of true cost data;

16 (5) for periodic revisions of the service and rates to
17 persons on the basis of accurate cost data obtained by the accounting
18 methods and systems approved by the directors and in furtherance and
19 effectuation of the policy declared in this chapter;

20 (6) for the cancellation and termination of a contract upon
21 violation of its terms by any person;

22 (7) for security for performance as the authority may con-
23 sider practicable and advisable, including provisions assuring the
24 continuance of the distribution and transmission of energy [POWER]
25 generated by a project and the use of its facilities for these purposes;
26 and

27 (8) other terms not inconsistent with the provisions and
28 policy of this chapter as the authority may consider advisable.

29 (b) The authority is not subject to the jurisdiction of the

1 Alaska Public Utilities Commission. Nothing in this chapter grants the
2 authority any jurisdiction over the services or rates of any public
3 utility or diminishes or otherwise alters the jurisdiction of the
4 Alaska Public Utilities Commission with respect to any public utility,
5 including any right the commission may have to review and approve or
6 disapprove contracts for the purchase of energy [ELECTRICITY] by a
7 public utility.

8 * Sec. 14. AS 44.83.110(a)(1)(B) is amended to read:

9 (B) the fixing and collection of rentals, charges, fees
10 or other consideration for, and the other terms to be incorporated
11 in, contracts with respect to a project or to energy [GENERATED
12 POWER];

13 * Sec. 15. AS 44.83.110(a)(1)(C) is amended to read:

14 (C) the assignment by the authority of its rights in
15 contracts with respect to a project or to energy [GENERATED POWER]
16 or in a mortgage or other security interest created with respect
17 to a project or energy [GENERATED POWER] to a trustee for the
18 benefit of bondholders;

19 * Sec. 16. AS 44.83.110(b) is amended to read:

20 (b) Notwithstanding any other provisions of this chapter, the
21 trust agreement shall contain a covenant by the authority that it will
22 at all times maintain rates, fees or charges sufficient to pay, and
23 that a contract entered into by the authority for the sale, transmission
24 or distribution of energy [POWER] shall contain rates, fees or charges
25 sufficient to pay the costs of operation and maintenance of the project,
26 the principal of and interest on bonds issued under the trust agreement
27 as the same severally become due and payable, to provide for debt
28 service coverage as considered necessary by the authority for the
29 marketing of its bonds and to provide for renewals, replacements and

1 improvements of the project, and to maintain reserves required by the
2 terms of the trust agreement.

3 * Sec. 17. AS 44.83.170 is amended to read:

4 Sec. 44.83.170. ENERGY [POWER] PROJECT FUND. (a) There is
5 established as a separate fund the energy [POWER] project fund which
6 shall be distinct from any other money or funds of the authority, and
7 which includes only money appropriated by the legislature.

8 (b) The authority may make loans from the energy [POWER] project
9 fund

10 (1) to electric utilities, regional electric authorities,
11 municipalities, cities, boroughs, regional and village corporations,
12 village councils, and nonprofit marketing cooperatives to pay the costs
13 of

14 (A) reconnaissance studies, feasibility studies, license
15 and permit applications, preconstruction engineering, and design
16 of energy [POWER] projects;

17 (B) constructing, equipping, modifying, improving, and
18 expanding small-scale energy [POWER] production facilities, con-
19 servation facilities, bulk fuel storage facilities, and transmis-
20 sion and distribution facilities, including energy production,
21 transmission and distribution, and [WASTE] energy conservation
22 facilities which depend on fossil fuel, wind power, tidal, geo-
23 thermal, biomass, hydroelectric, solar or other non-nuclear energy
24 sources; and

25 (C) reconnaissance studies, preconstruction engineering,
26 design, construction, equipping, modification, and expansion of
27 potable water supply including surface storage and groundwater
28 sources and transmission of water from surface storage to existing
29 distribution systems;

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(2) to a borrower for an energy [A POWER] project if

(A) the loan is entered into under a leveraged lease financing arrangement;

(B) the party which will be responsible for the energy [POWER] project is an electric utility, regional electric authority, municipality, city, borough, regional or village corporation, village council, or nonprofit marketing cooperative; and

(C) the borrower seeking the loan demonstrates to the authority that the financing arrangement for the energy [POWER] project will reduce project financing costs below costs of comparable public energy [POWER] projects.

(c) Before making a loan from the energy [POWER] project fund, the authority shall, by regulation, specify

(1) standards for the eligibility of borrowers and the types of projects to be financed with loans;

(2) standards regarding the technical and economic viability and revenue self-sufficiency of eligible projects;

(3) collateral or other security required for loans;

(4) the terms and conditions of loans;

(5) criteria to establish financial feasibility and to measure the amount of state assistance necessary for particular projects to meet the financial feasibility criteria; and

(6) other relevant criteria, standards or procedures.

(d) Any loan made by the authority must be made according to the standards, criteria, and procedures established by regulation under this section.

(e) Repayment of the loans shall be secured in any manner which the authority determines is feasible to assure prompt repayment under a loan agreement entered into with the borrower. The authority may make

1 an unsecured loan from the energy [POWER] project fund to a borrower
2 regulated by the Alaska Public Utilities Commission under AS 42.05 if
3 the borrower has a substantial history of repaying long-term loans and
4 the capacity to repay the loan. Under a loan agreement, repayment may
5 be deferred for 10 years or until the project for which the loan is
6 made has achieved earnings from its operations sufficient to pay the
7 loan, whichever is earlier.

8 (f) Energy [POWER] projects are subject to the following limita-
9 tions on interest and specific restrictions:

10 (1) Energy [POWER] projects for which loans are outstanding
11 from the water resources revolving loan fund (AS 45.86) on July 13,
12 1978, may receive additional financing from the energy [POWER] project
13 fund; the additional financing, if granted,

14 (A) shall be granted for a term not exceeding 50 years;

15 (B) shall be granted at an interest rate of not less
16 than three or more than five percent a year on the unpaid balance;

17 (C) shall be conditioned on the repayment of loan
18 principal and interest to begin on the earlier of

19 (i) the date of the start of commercial operation
20 of the project; or

21 (ii) 10 years from the date the loan is granted.

22 (2) Loans for energy [POWER] projects

23 (A) shall be granted for a term not to exceed 50 years;

24 and

25 (B) shall be granted at an interest rate which is not
26 less than five percent and which is the lesser of

27 (i) a rate equal to the percentage which is the
28 average weekly yield of municipal bonds for the 12 months
29 preceding the date of the loan, as determined by the authority

1 from municipal bond yield rates reported in the 30-year
2 revenue bond index of the Weekly Bond Buyer; or

3 (ii) a rate determined by the authority which
4 allows the project to meet criteria of financial feasibility
5 established under AS 44.83.170(c).

6 (g) Loan repayments and interest earned by loans from the energy
7 [POWER] project fund shall be deposited in the state general fund.

8 (h) The legislature may forgive the repayment of a loan made from
9 the energy [POWER] project fund for a reconnaissance study or a feasi-
10 bility study when the authority finds that the energy [POWER] project
11 for which the loan was made is not feasible.

12 * Sec. 18. AS 44.83.177(a) is amended to read:

13 (a) To identify energy [POWER] project alternatives for a com-
14 munity or region, the authority shall, after consultation with other
15 state agencies and after review of information on alternative sources
16 of energy [POWER], complete a reconnaissance study for each proposed
17 new energy [POWER] project.

18 * Sec. 19. AS 44.83.177(b) is repealed and reenacted to read:

19 (b) A reconnaissance study shall

20 (1) identify the present and anticipated electrical and
21 thermal energy requirements of a community or region;

22 (2) survey all electrical and thermal energy sources avail-
23 able to the community or region and evaluate the relative economic
24 merits of alternative sources of power and heat, including energy
25 conservation;

26 (3) assess the effect of development of alternative sources
27 of power and heat on the environment so as to assure that there is no
28 adverse effect to the environment which would make the project inadvis-
29 able; and

1 (4) include public comment from residents of the community
2 and adjacent area.

3 * Sec. 20. AS 44.83.177(c)(2) is amended to read:

4 (2) standard criteria and measures for comparative analysis
5 of alternative energy [POWER] sources.

6 * Sec. 21. AS 44.83.179(c) is amended to read:

7 (c) For purposes of this section, an energy [A POWER] project is
8 approved if the reconnaissance study for the project has not been
9 disapproved by the division of budget and management within 30 days of
10 submission of the reconnaissance study for the project to it by the
11 authority.

12 * Sec. 22. AS 44.83.181(c)(7) is amended to read:

13 (7) a loan from the energy [POWER] project fund (AS 44.83.-
14 170(a)), or from the renewable resources investment fund (AS 37.11.050);
15 or

16 * Sec. 23. AS 44.83.187(a)(1) is amended to read:

17 (1) requires an appropriation from the state general fund,
18 from the energy [POWER] project fund, or from the renewable resources
19 funds; or

20 * Sec. 24. AS 44.83.195 is amended to read:

21 Sec. 44.83.195. OPERATION OF PROJECTS. (a) When a project is
22 operated by the authority, the authority shall enter into one or more
23 contracts for the sale of electrical energy [POWER] from the project.
24 A contract entered into under this section shall meet all requirements
25 of AS 44.83.090.

26 (b) If, at the expiration of a contract entered into by the
27 authority under (a) of this section, revenues earned by the authority
28 under the contract exceed expenses of the authority for the project, an
29 amount equal to the excess shall be used by the authority to reduce

1 rates or improve services to consumers served by the energy [POWER]
2 project.

3 * Sec. 25. AS 44.83.230(4) is amended to read:

4 (4) "energy [POWER] project" or "project" means a plant,
5 works, system, facility, water rights, fuel deposits or sources, and
6 real estate and personal property [OF ANY NATURE WHATSOEVER], together
7 with all facilities and appurtenances related to them or necessary for
8 the purposes of them, used or useful in electrical or thermal [POWER]
9 production limited to fossil fuel, wind power, tidal, geothermal,
10 hydroelectric, or solar energy production and waste heat utilization
11 and energy conservation and the transmission, purchase, sale, exchange
12 and interchange of electrical or thermal [POWER], and shall include any
13 interest in them, whether divided or undivided, or any right to the
14 capacity of them;

15 * Sec. 26. AS 44.83.230(7) is amended to read:

16 (7) "reconnaissance study" means a study conducted for the
17 purpose of assessing the present and future electrical and thermal
18 energy [POWER] needs of an area under AS 44.83.177;

19 * Sec. 27. AS 44.83.230(8)(A) is amended to read:

20 (A) means a study conducted for the purpose of estab-
21 lishing the economic and environmental practicality of completing
22 a proposed energy [POWER] project under AS 44.83.181;

23 * Sec. 28. AS 45.88.030 is amended by adding a new subsection to read:

24 (f) The department may not require security for a loan for
25 development of an alternative energy system.

26 * Sec. 29. AS 45.88.500(2)(B) is amended to read:

27 (B) a method of architectural design and construction
28 which

29 (1) provides for the collection, storage and use

of direct radiation from the sun; or

(ii) provides for the retention of heat by the use of an amount or quality of insulation which exceeds the amount or quality of insulation required by building performance standards adopted by the Department of Transportation and Public Facilities under AS 44.42.020(14); and

* Sec. 30. AS 45.89.020 is amended to read:

Sec. 45.89.020. REFUNDS OR GRANTS REQUIRING ENERGY AUDITS. (a)

The department may make refunds or grants for the purchase, construction, and installation of an energy conservation improvement, except an energy conservation improvement listed in AS 45.89.025(d), in a residential building if the person applying for a refund or grant demonstrates, on the basis of an energy audit, that the expenditures of the refund or grant for the purchase, construction or installation of the energy conservation improvement would be exceeded by reduced energy costs attributable to the purchase, construction or installation of the energy conservation improvement [WITHIN SEVEN YEARS].

(b) A refund or grant made under this section may not exceed an amount determined by the department by application of each of the factors set out in (c)(4) of this section to the base rate applicable to the dwelling or residential building. The base rate is

(1) \$300 for a single-family dwelling; or

(2) \$200 for each unit in a multi-unit residential building.

(c) The department

(1) shall establish simple procedures for the payment of a refund to an applicant within 30 days of submission to the department of an application by the applicant, if the application is supported by receipts for expenditures which comply with the results of an energy audit;

1 (2) may establish procedures for the payment of a grant to
2 an applicant before the purchase, construction or installation of an
3 energy conservation improvement;

4 (3) shall prescribe a form for applying for a refund or
5 grant under this section; and

6 (4) shall determine the amount of a refund or grant payable
7 under (a) of this section by adjusting the base rate set out in (b) of
8 this section by

9 (A) a regional cost-of-living index determined by the
10 department;

11 (B) a degree day factor.

12 * Sec. 31. AS 45.89 is amended by adding a new section to read:

13 Sec. 45.89.025. REFUNDS OR GRANTS NOT REQUIRING ENERGY AUDITS.

14 (a) The department may make refunds or grants for the purchase, con-
15 struction, and installation of an energy conservation improvement
16 listed in (d) of this section in a residential building.

17 (b) A refund or grant made under this section may not exceed an
18 amount determined by the department by application of each of the fac-
19 tors set out in (c)(4) of this section to the base rate applicable to
20 the dwelling or residential building. The base rate is

21 (1) \$300 for a single-family dwelling; or

22 (2) \$200 for each unit in a multi-unit residential building.

23 (c) The department

24 (1) shall establish simple procedures for the payment of a
25 refund to an applicant within 30 days of submission to the department
26 of an application by the applicant;

27 (2) may establish procedures for the payment of a grant to
28 an applicant before the purchase, construction or installation of an
29 energy conservation improvement;

1 (3) shall prescribe a form for applying for a refund or
2 grant under this section; and

3 (4) shall determine the amount of a refund or grant payable
4 under (a) of this section by adjusting the base rate set out in (b) of
5 this section by

6 (A) a regional cost-of-living index determined by the
7 department;

8 (B) a degree day factor.

9 (d) The following energy conservation improvements qualify for a
10 refund or grant under this section:

11 (1) thermal windows and doors;

12 (2) a device for modifying flue openings designed to increase
13 the efficiency of operation of the heating system;

14 (3) an electrical or mechanical furnace ignition system
15 which replaces a gas pilot light;

16 (4) caulking and weatherstripping of doors and windows;

17 (5) insulating shades and shutters;

18 (6) water heater insulating jacket;

19 (7) shower flow reducer.

20 * Sec. 32. AS 45.89.030(b) is amended to read:

21 (b) A loan for the purchase, construction, and installation of an
22 energy conservation improvement under this chapter may not exceed [THE
23 LESSER OF

24 (1) AN AMOUNT, AS DETERMINED BY AN ENERGY AUDIT, WHICH IS
25 EQUAL TO THE ESTIMATED TOTAL ENERGY COST SAVING ATTRIBUTABLE TO THE
26 ENERGY CONSERVATION IMPROVEMENT AT A DATE WHICH IS 10 YEARS AFTER
27 PURCHASE, CONSTRUCTION, OR INSTALLATION OF THE ENERGY CONSERVATION
28 IMPROVEMENT; OR

29 (2) \$5,000.

1 * Sec. 33. AS 45.89.030(g) is amended to read:

2 (g) The department may not require security for a loan under this
3 section. When a loan is made under this section, the department may
4 require the loan applicant to present copies of invoices or billings
5 for expenses which the proceeds of the loan will be used to pay.

6 * Sec. 34. AS 45.89.030 is amended by adding a new subsection to read:

7 (j) The department shall establish procedures for making an
8 advance or draw of a portion of the proceeds of a loan which has been
9 approved.

10 * Sec. 35. AS 45.89.500(4) is amended by adding new subparagraphs to
11 read:

12 (L) water heater insulating jacket;

13 (M) shower flow reducer;

14 * Sec. 36. AS 45.89.500 is amended by adding new paragraphs to read:

15 (5) "degree day" means a unit that represents one degree of
16 declination from 65 degrees in the mean outdoor temperature of a day;

17 (6) "degree day factor" means the factor determined by
18 dividing the average number of degree days for the community in which a
19 dwelling or residential building is located by the average number of
20 degree days for the state;

21 (7) "regional cost-of-living index" is an index determined
22 by calculating costs of living in the election districts of the state
23 by using the cost of living in Anchorage as a base of 1.00;

24 (8) "residential building" means a building which is used as
25 a home, dwelling or sleeping place and includes a newly constructed
26 building and a building proposed for construction as well as an exist-
27 ing structure.

28 * Sec. 37. AS 46.11.030(a) is amended by adding new paragraphs to read:

29 (4) establish procedures by which to assure prompt payment

1 for energy audits performed under (e) of this section;

2 (5) evaluate the costs and benefits of the energy audit
3 program established by this section.

4 * Sec. 38. AS 46.11.030(c) is amended to read:

5 (c) The department may contract

6 (1) with a municipality for the performance of energy audits
7 in the municipality;

8 (2) with a nonprofit development corporation or community
9 action agency for the performance of energy audits in any community
10 which the nonprofit development corporation or community action agency
11 serves.

12 * Sec. 39. AS 46.11.030(d) is amended to read:

13 (d) Unless exempted by (f) of this section, a [A] person request-
14 ing an energy audit is required to pay for the audit. The fee for an
15 audit of a one- or two-family residence is \$25 [\$10]. The fee for an
16 audit of other residences or of a commercial or industrial building
17 shall be established by regulations adopted, in accordance with the
18 Administrative Procedure Act (AS 44.62), by the commissioner of commerce
19 and economic development.

20 * Sec. 40. AS 46.11.030(e) is amended to read:

21 (e) The department shall reimburse persons performing energy
22 audits in the state for the cost, in excess of fees received, of per-
23 forming energy audits. A reimbursement under [IN] this subsection may
24 include reimbursement of an ["COST" INCLUDES] administrative cost. A
25 reimbursement under this subsection for each energy audit which the
26 person performs may not exceed \$100 for each audit, adjusted by a re-
27 gional cost-of-living index determined by the department. For pur-
28 poses of computing and applying a cost-of-living index under this sub-
29 section, a "regional cost-of-living index" is an index determined by

1 calculating costs of living in the election districts of the state by
2 using the cost of living in Anchorage as a base of 1.00.

3 * Sec. 41. AS 46.11.030 is amended by adding a new subsection to read:

4 (f) An indigent person may not be required to pay the fee re-
5 quired by (d) of this section. The department shall, by regulation,

6 (1) define "indigent person" for purposes of this section;
7 and

8 (2) prescribe an application form by which a person may
9 apply for the waiver of the fee authorized by this subsection.

10 * Sec. 42. AS 46.11.900(1)(B)(ii) is amended to read:

11 (ii) a method of architectural design and construc-
12 tion which provides for the collection, storage and use of
13 direct radiation from the sun or which provides for the re-
14 retention of heat by the use of an amount or quality of insula-
15 tion which exceeds the amount or quality of insulation re-
16 quired by building performance standards adopted by the
17 Department of Transportation and Public Facilities under
18 AS 44.42.020(14); and

19 * Sec. 43. AS 46.11.900(3) is amended to read:

20 (3) "energy audit" means a determination and written summary
21 prepared under AS 46.11.030 or sec. 215(b)(1)(A) of the National Energy
22 Conservation Policy Act (42 U.S.C. 8216(b)(1)(A)) of

23 [(A) THE ENERGY CONSUMPTION CHARACTERISTICS OF A BUILD-
24 ING, INCLUDING THE SIZE, TYPE, AND RATE OF ENERGY CONSUMPTION OF
25 MAJOR ENERGY CONSUMING SYSTEMS OF THE BUILDING AND THE CLIMATE
26 CHARACTERIZING THE REGION WHERE THE BUILDING IS LOCATED; AND

27 (B)] the energy conservation and cost savings likely to
28 result from appropriate energy-conserving maintenance and operat-
29 ing procedures and modifications, including the purchase and

1 installation of energy-related fixtures; [FOR PURPOSES OF THIS
2 SUBPARAGRAPH WHEN A FOSSIL FUEL IS THE ENERGY SOURCE, THE ENERGY
3 COST SAVINGS SHALL BE DETERMINED WITH REFERENCE TO THE PROJECTED
4 PRICE OF THAT FOSSIL FUEL OVER A 10-YEAR PERIOD;]

5 * Sec. 44. The Alaska Housing Finance Corporation may not reduce the
6 maximum loan amount for which an owner-builder is eligible under AS 18.56 if
7 a loan has been issued to an owner-builder from the alternative technology
8 and energy revolving loan fund (AS 45.88) or the residential energy conser-
9 vation fund (AS 45.89).

10 * Sec. 45. This Act takes effect July 1, 1981.