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Offered: 6/8/81  
For Today's Calendar

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 25 (Finance) am H  
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 energy."

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

8 \* Section 1. AS 44.83.030 is amended to read:

9 Sec. 44.83.030. MEMBERSHIP OF THE AUTHORITY. [(a)] The author-  
10 ity shall consist of the following directors:

11 (1) three [FOUR] directors at large to be appointed by the  
12 governor and confirmed by the legislature; only one director may be  
13 appointed from each judicial district described in AS 22.10.010;

14 (2) four persons appointed by the governor from among the  
15 heads of state agencies [THE COMMISSIONER OF COMMERCE AND ECONOMIC  
16 DEVELOPMENT.

17 (b) THE COMMISSIONERS OF COMMUNITY AND REGIONAL AFFAIRS, NATURAL  
18 RESOURCES, TRANSPORTATION AND PUBLIC FACILITIES, AND REVENUE SHALL HAVE  
19 THE RIGHTS AND PRIVILEGES OF DIRECTORS EXCEPT FOR THE RIGHT TO VOTE AND  
20 MAY NOT BE CONSIDERED FOR PURPOSES OF QUORUM OR VOTING].

21 \* Sec. 2. AS 44.83.040 is amended to read:

22 Sec. 44.83.040. OFFICERS AND QUORUM. The directors [DIRECTOR]  
23 shall elect one of their number [THE DIRECTORS AT LARGE] as chairman  
24 and may elect other officers they determine desirable. The powers of  
25 the authority are vested in the directors, and four [THREE] directors  
26 of the authority constitute a quorum. Action may be taken and motions  
27 and resolutions adopted by the authority at a meeting by the affirma-  
28 tive vote of at least four [THREE] directors. The directors of the  
29 authority serve without compensation, but they shall receive the same

1 travel pay and per diem as provided by law for board members.

2 \* Sec. 3. AS 44.83.045(a) is amended to read:

3 (a) The directors at large shall [MUST] be residents and quali-  
4 fied voters of Alaska and shall comply with the requirements of  
5 AS 39.50 (conflict of interests). The directors at large shall serve  
6 overlapping four-year terms. [THE FOUR ORIGINAL DIRECTORS AT LARGE  
7 HAVE TERMS OF ONE, TWO, THREE, AND FOUR YEARS, RESPECTIVELY.]

8 \* Sec. 4. AS 44.83.070 is amended to read:

9 Sec. 44.83.070. PURPOSE OF THE AUTHORITY. The purpose of the  
10 authority is to promote, develop and advance the general prosperity and  
11 economic welfare of the people of Alaska by providing a means of con-  
12 structing, acquiring, financing and operating

13 (1) power projects [PRODUCTION FACILITIES] limited to fossil  
14 fuel, wind power, tidal, geothermal, hydroelectric, or solar energy  
15 production; and

16 (2) facilities that recover and use waste energy [CONSERVA-  
17 TION FACILITIES].

18 \* Sec. 5. AS 44.83.080 is amended by adding a new paragraph to read:

19 (17) to make grants for power projects in accordance with  
20 AS 44.83.085.

21 \* Sec. 6. AS 44.83 is amended by adding a section to read:

22 Sec. 44.83.085. GRANTS FOR POWER PROJECTS. (a) When an appro-  
23 priation is made to the authority for payment as a grant to a municipi-  
24 tality for a power project, the authority shall promptly notify the  
25 municipality of the availability of the grant. When the authority  
26 receives an agreement executed by the municipality that provides that  
27 the municipality (1) will spend the grant for the purposes specified  
28 in the appropriation and (2) will allow, on request, an audit by the  
29 state of the uses made of the grant, the authority shall pay the grant

1 directly to the municipality.

2 (b) When an appropriation is made to the authority for payment as  
3 a grant for a named recipient that is not a municipality for a power  
4 project, the authority shall promptly notify the named recipient of the  
5 availability of the grant and request the named recipient to submit a  
6 proposal for the project for which the appropriation is made. At the  
7 same time, the authority shall issue a request for proposals from other  
8 persons qualified to undertake the power project in the same area. The  
9 authority shall contract with the named recipient unless, with due  
10 regard for any local expertise or experience among those making propo-  
11 sals, the authority determines that an award of the contract to a  
12 different party would better serve the public interest. If the contract  
13 is awarded to another party than that named by the legislature, the  
14 basis of that action shall be stated in writing at the time the grant  
15 is issued.

16 (c) When an appropriation is made to the authority for payment as  
17 a grant to an unincorporated community for a power project, the grant  
18 shall be disbursed as follows:

19 (1) Within 45 days after the effective date of the a  
20 ppropriation, the authority shall notify the governing body of the  
21 unincorporated community, if any, that a grant is available.

22 (2) The authority shall determine whether there is a quali-  
23 fied incorporated entity in the community area which will agree to  
24 receive the grant and administer it, subject to terms generally applic-  
25 able to private grantees. If there is more than one such entity, the  
26 authority shall select the most qualified and the grant shall be awarded  
27 to that incorporated entity for the purposes of the appropriation.  
28 However, the authority shall give preference to a nonprofit corporation  
29 organized by a community for receipt of the grant.

1 (3) If there is no incorporated entity qualified to receive  
2 the grant, the authority shall administer the program directly or  
3 through contractors with whom it contracts in the area of the unincor-  
4 porated community.

5 \* Sec. 7. AS 44.83.162 is repealed and reenacted to read:

6 Sec. 44.83.162. POWER COST ASSISTANCE. (a) The power cost  
7 assistance fund is established as a separate fund to provide financial  
8 assistance to eligible electric utilities in the state. The fund shall  
9 be administered by the authority as a fund distinct from other funds of  
10 the authority. The fund is composed of money appropriated for the  
11 purpose of providing power cost assistance to eligible electric utili-  
12 ties.

13 (b) The costs used to calculate the amount of power cost assis-  
14 tance for all electric utilities eligible under this section include  
15 all allowable costs, except return on equity, used by the commission to  
16 determine the revenue requirement for electric utilities subject to  
17 rate regulation under AS 42.05. The costs used in determining the  
18 power cost assistance per kilowatt-hour shall exclude any other type of  
19 assistance that reduces the customer's cost of power on a kilowatt-hour  
20 basis and that is provided to the electric utility within 60 days  
21 before the commission determines the power cost assistance per kilowatt-  
22 hour of the electric utility.

23 (c) An eligible electric utility is entitled to receive power  
24 cost assistance

25 (1) for sales of power to local community facilities, cal-  
26 culated in the aggregate for each community served by the electric  
27 utility, for actual consumption up to 55 kilowatt-hours per month for  
28 each resident of the community; and

29 (2) for actual consumption up to 600 kilowatt-hours per

1 month sold to each customer in all classes served by the electric  
2 utility except to customers of the electric utility under (1) of this  
3 subsection.

4 (d) The amount of power cost assistance provided per kilowatt-  
5 hour under (c) of this section may not exceed 95 percent of the power  
6 costs, or the average rate per eligible kilowatt-hour sold, whichever  
7 is less, as determined by the commission. However,

8 (1) during the fiscal year ending June 30, 1982, the power  
9 costs for which power cost assistance may be paid to an electric  
10 utility are limited to power costs of more than 12 cents per kilowatt-  
11 hour and less than 45 cents per kilowatt-hour;

12 (2) during each following fiscal year, the costs for which  
13 power cost assistance may be paid to an electric utility are limited to

14 (A) power costs that are greater than the minimum power  
15 costs specified in (1) of this subsection plus two cents per  
16 kilowatt-hour for the fiscal year ending June 30, 1983, plus two  
17 cents per kilowatt-hour for each fiscal year thereafter; and

18 (B) power costs of less than 45 cents per kilowatt-hour;  
19 and

20 (3) the power cost assistance per kilowatt-hour may be  
21 determined using kilowatt hours generated for electric utilities with  
22 no historical kilowatt-hour sales data.

23 (e) An electric utility whose customers receive assistance under  
24 this section shall set out in its tariff the rates without the power  
25 cost assistance provided in this section and the amount of power cost  
26 assistance per kilowatt-hour sold. The rate charged to the customer  
27 shall be the difference between the two amounts. Power cost assistance  
28 paid under this section shall be used to reduce the cost of all power  
29 sold to local community facilities, in the aggregate, to the extent of

1 55 kilowatt-hours per month per resident of the community, and to  
2 reduce the cost of the first 600 kilowatt-hours per customer per month  
3 for all other classes served by the electric utility.

4 (f) The power cost assistance program shall be administered by  
5 the authority based on a determination by the commission under (b) and  
6 (d) of this section of power cost assistance per kilowatt-hour for each  
7 eligible electric utility.

8 (g) An eligible electric utility may not be denied power cost  
9 assistance because complete cost information is not available. An  
10 eligible electric utility that is exempt from rate regulation under  
11 AS 42.05 shall be assisted by the commission to provide the cost infor-  
12 mation the commission considers necessary to comply with the require-  
13 ments of this section. Only power costs that are supportable will be  
14 considered in calculating power cost assistance. Each electric utility  
15 is responsible for keeping records that provide the information neces-  
16 sary to comply with the requirements of this section including, but not  
17 limited to, records of monthly kilowatt-hour sales or generation,  
18 monthly fuel balances, fuel purchases, and monthly utility fuel  
19 consumption.

20 (h) For each eligible electric utility, the determination of the  
21 cost of fuel by the commission shall be in accordance with the  
22 procedure for approving fuel cost rate adjustments of electric utilities  
23 subject to rate regulation under AS 42.05.

24 (i) Each electric utility receiving power cost assistance approved  
25 by the commission shall

26 (1) report monthly to the authority within the time and in  
27 the form the authority requires; and

28 (2) shall include operational equipment designed to meter  
29 individual utility customer power consumption and to determine and

1 record the utility's overall fuel consumption.

2 (j) The authority shall review the report required under (i)(1)  
3 of this section and may submit the report to the commission for addi-  
4 tional review before payment. After review and approval of the report  
5 by the authority, the authority shall, subject to appropriation, pay to  
6 each eligible electric utility an amount equal to the power cost assis-  
7 tance per kilowatt-hour determined by the commission under (b) and (d)  
8 of this section, multiplied by the number of kilowatt-hours eligible  
9 for power cost assistance that were sold during the preceding month to  
10 all customers of the utility in accordance with (c) of this section.  
11 Payment shall be made by the authority within 30 days after receipt  
12 from the utility of the report required under (i) of this section.  
13 However, if there is a dispute between the authority and the utility  
14 relating to the payment, the authority shall submit the report to the  
15 commission for review within 30 days after its receipt by the authority.  
16 When a report is submitted to the commission for review under this  
17 section, payment shall be made by the authority within 30 days after  
18 submission, based on a commission determination. If appropriations are  
19 insufficient for payment in full, the amount paid to each electric  
20 utility is reduced on a pro rata basis.

21 (k) If an electric utility receives power cost assistance under  
22 this section, the utility shall either

23 (1) give the following notice to its electric service cus-  
24 tomers eligible under this program for each period for which the pay-  
25 ment is received:

26 NOTICE TO CUSTOMER

27 For the current billing period the utility will be paid under the  
28 State of Alaska's power cost assistance program (AS 44.83.162) to  
29 assist the utility and its customers in reducing the high cost of

1 generation of electric energy.

2 Your total electrical service cost \$.....

3 Less state assistance \$.....

4 Your charge \$.....; or

5 (2) give to its electric service customers a notice approved  
6 by the authority, which notice provides electric service customers the  
7 same information provided by the notice in (1) of this subsection.

8 (1) In order to qualify for power cost assistance, each electric  
9 utility must make every reasonable effort to minimize administrative,  
10 operating, and overhead costs, including using the best available  
11 technology consistent with sound utility management practices. In  
12 reviewing applications for power cost assistance, the commission has  
13 the authority to require the elimination of duplicative or otherwise  
14 unnecessary operating expenses. Each eligible electric utility shall  
15 cooperate with appropriate state agencies, including but not limited to  
16 the Alaska Public Utilities Commission, the Alaska Power Authority, the  
17 Alaska Energy Center, and the division of energy and power development  
18 in the Department of Commerce and Economic Development, to implement  
19 cost-effective energy conservation measures, and to plan for and imple-  
20 ment feasible alternatives to diesel generation.

21 (m) For purposes of (c) of this section, the number of residents  
22 of the community equals the number of residents of the community deter-  
23 mined by the Department of Community and Regional Affairs in accordance  
24 with AS 29.88.015.

25 (n) In this section,

26 (1) "commission" means the Alaska Public Utilities Commis-  
27 sion;

28 (2) "community facility" means a water and sewer facility,  
29 public outdoor lighting, or community building whose operations are not

1 paid for by the state, the federal government, or private commercial  
2 interests;

3 (3) "eligible electric utility" or "electric utility" means  
4 each corporation (whether public, cooperative, or otherwise), company,  
5 individual, or association of individuals, their lessees, trustees, or  
6 receivers appointed by a court, that owns, operates, manages, or con-  
7 trols a plant or system for the furnishing, by generation, transmission  
8 or distribution, of electric service to the public for compensation;

9 (4) "energy conservation measures" include weatherization  
10 and other insulating methods, utilization of waste heat, appropriate  
11 sizing of new generating equipment, and other programs of the state or  
12 federal government intended and available for the purpose of energy  
13 conservation;

14 (5) "feasible energy projects" include projects that are  
15 selected after a field reconnaissance study under AS 44.33.090 and  
16 after completion of a feasibility study according to the criteria in  
17 AS 44.83.181 to determine cost benefit in comparison to existing power  
18 generating methods and other alternatives considered in reconnaissance  
19 studies;

20 (6) "fund" means the power cost assistance fund;

21 (7) "power costs" means costs used in determining the power  
22 cost assistance in accordance with (b) and (d) of this section.

23 \* Sec. 8. AS 44.83 is amended by adding a new section to read:

24 Sec. 44.83.163. ADJUSTMENTS TO POWER COST ASSISTANCE. (a) The  
25 power cost assistance per kilowatt-hour payable to an electric utility  
26 as determined under AS 44.83.162 may be adjusted by the commission if

27 (1) an increase or decrease in the electric utility's cost  
28 of fuel has resulted in the approval of a fuel cost rate adjustment by  
29 the commission;

1 (2) a permanent or interim rate increase or decrease has  
2 been approved by the commission, thereby establishing a higher or lower  
3 power cost;

4 (3) an adjustment is required after the authority has dis-  
5 covered discrepancies in its review of monthly data submitted by the  
6 electric utility; or

7 (4) the authority determines that appropriations are  
8 insufficient to finance full payments to eligible electric utilities.

9 (b) An electric utility that is eligible to receive power cost  
10 assistance under this section and that receives power cost assistance  
11 per kilowatt-hour approved by the commission shall report monthly to  
12 the authority within the time and in the form the authority requires.  
13 An electric utility shall report

14 (1) the power cost assistance per kilowatt-hour approved by  
15 the commission;

16 (2) the total kilowatt-hours sold to each class of customer  
17 during the preceding month;

18 (3) the total kilowatt-hours eligible for power cost assis-  
19 tance under this section sold to each class of customer during the  
20 preceding month;

21 (4) the total kilowatt-hours generated during the preceding  
22 month, if available;

23 (5) any commission-approved amendments to the schedule of  
24 rates in effect during the preceding month; and

25 (6) an increase or decrease in the current unit price of  
26 fuel from the base price used by the commission in the determination of  
27 power costs which may be expected to result in a subsequent power cost  
28 assistance adjustment.

29 (c) The provisions of AS 44.83.162 relating to determination of

1 the amount of power cost assistance and payment of the assistance apply  
2 to assistance under this section.

3 \* Sec. 9. AS 44.83.164 is repealed and reenacted to read:

4 Sec. 44.83.164. ASSISTANCE TO UTILITIES NOT REGULATED BY PUBLIC  
5 UTILITIES COMMISSION. (a) An electric utility that is not subject to  
6 rate regulation by the commission may receive power cost assistance if  
7 the utility is otherwise eligible for assistance under AS 44.83.162 and  
8 if the utility

9 (1) files with the commission financial data necessary to  
10 determine the power cost assistance per kilowatt-hour as prescribed by  
11 the commission and which is in compliance with AS 44.83.162;

12 (2) reports monthly to the authority, within the time and in  
13 the form the authority requires, the information required in (b) of  
14 this section;

15 (3) sets rates

16 (A) that consider the power cost assistance provided  
17 under AS 44.83.162 by subtracting from its revenue requirements  
18 for electric services the power cost assistance per kilowatt-hour  
19 that it is eligible to receive; and

20 (B) under which the power cost assistance provided in  
21 AS 44.83.162 is applied as a credit only against the cost of  
22 kilowatt-hours eligible for assistance under AS 44.83.162 that are  
23 consumed by each customer in any month;

24 (4) allows audits that the commission determines are neces-  
25 sary to insure compliance with this section; and

26 (5) furnishes its electric service customers eligible under  
27 this program a notice as specified in AS 44.83.162(k).

28 (b) An electric utility that is eligible to receive power cost  
29 assistance under this section shall report in accordance with (a)(2) of

1 this section

2 (1) the power cost assistance per kilowatt-hour approved by  
3 the commission;

4 (2) the total kilowatt-hours sold to each class of customer  
5 during the preceding month;

6 (3) the total kilowatt-hours eligible for power cost assis-  
7 tance under this section sold to each class of customer during the  
8 preceding month;

9 (4) the total kilowatt-hours generated during the preceding  
10 month, if available;

11 (5) any amendments to the schedule of rates in effect during  
12 the preceding month; and

13 (6) an increase or decrease in the current unit price of  
14 fuel from the base price used by the commission in the determination of  
15 power costs which may be expected to result in a subsequent assistance  
16 level adjustment.

17 (c) An electric utility that is eligible to receive power cost  
18 assistance under this section may have its power cost assistance per  
19 kilowatt-hour determination changed by the commission if

20 (1) an increase or decrease in the electric utility's cost  
21 of fuel has been verified by the commission;

22 (2) an increase in rates has occurred based on an increase  
23 in costs and has been verified by the commission;

24 (3) an adjustment is required after the authority has dis-  
25 covered discrepancies in its review of monthly data submitted by the  
26 electric utility; or

27 (4) the authority determines that appropriations are  
28 insufficient to finance full payments to eligible electric utilities.

29 (d) The provisions of AS 44.83.162 relating to determination of

1 the amount of power cost assistance and payment of the assistance apply  
2 to assistance under this section.

3 (e) An application for power cost assistance by an electric  
4 utility that is eligible to receive power cost assistance under this  
5 section does not extend the jurisdiction of the commission beyond that  
6 established by AS 42.05.

7 \* Sec. 10. AS 44.83.170(f)(1)(B) is amended to read:

8 (B) shall be granted at an interest rate of [NOT LESS  
9 THAN] three [OR MORE THAN FIVE] percent a year on the unpaid  
10 balance unless a different interest rate is provided under (i) of  
11 this section;

12 \* Sec. 11. AS 44.83.170(f)(2)(B) is repealed and reenacted to read:

13 (B) shall be granted at an interest rate of three  
14 percent a year on the unpaid balance unless a different interest  
15 rate is provided under (i) of this section.

16 \* Sec. 12. AS 44.83.170 is amended by adding a new subsection to read:

17 (i) If, by July 1, 1986, the legislature has not appropriated at  
18 least \$5,000,000,000 to the power project fund, beginning on that date  
19 the rate of interest on loans for which the rate of interest is estab-  
20 lished in (f)(1)(B) and (f)(2)(B) of this section is six percent a year  
21 on the unpaid balance.

22 \* Sec. 13. AS 44.83 is amended by adding a new section to read:

23 Sec. 44.83.172. ENERGY CONSERVATION. The authority shall ensure

24 (1) that communities served by energy projects built from  
25 amounts appropriated to the power project fund implement cost-effective  
26 energy conservation measures for residences, commercial and public  
27 buildings, and industries; and

28 (2) that communities shall fulfill their responsibilities  
29 under (1) of this section by cooperating with state agencies concerned

1 with development and conservation of energy, including but not limited  
2 to

3 (A) the Alaska Public Utilities Commission;

4 (B) the Alaska Energy Center;

5 (C) the division of energy and power development,  
6 Department of Commerce and Economic Development; and

7 (D) the division of business loans, Department of  
8 Commerce and Economic Development.

9 \* Sec. 14. AS 44.83.181(a) is amended to read:

10 (a) The [UNLESS THE RECONNAISSANCE STUDY HAS BEEN DISAPPROVED BY  
11 THE DIVISION OF BUDGET AND MANAGEMENT UNDER AS 44.83.179, THE] authority  
12 shall complete a feasibility study and plan of finance for each proposed  
13 project.

14 \* Sec. 15. AS 44.83.230(4) is amended to read:

15 (4) "power project" or "project" means a plant, works,  
16 system, facility, water rights, fuel deposits or sources, and real  
17 estate and personal property [OF ANY NATURE WHATSOEVER], together with  
18 all facilities and appurtenances related to them or necessary for the  
19 purposes of them, used or useful in electrical or thermal [POWER]  
20 production limited to fossil fuel, wind power, tidal, geothermal,  
21 hydroelectric, or solar energy production and waste energy utilization  
22 and energy conservation and the transmission, purchase, sale, exchange  
23 and interchange of electrical or thermal energy [POWER], and shall  
24 include any interest in them, whether divided or undivided, or any  
25 right to the capacity of them;

26 \* Sec. 16. AS 44.83.230(7) is repealed and reenacted to read:

27 (7) "reconnaissance study" means a field reconnaissance  
28 study report completed by the office of energy management, Department  
29 of Commerce and Economic Development, in accordance with AS 44.33.090;

1 \* Sec. 17. AS 43.20.037(d)(1)(B)(ii) is amended to read:

2 (ii) a method of architectural design and construc-  
3 tion which provides for the collection, storage and use of  
4 direct radiation from the sun or which provides for the re-  
5 retention of heat by the use of an amount or quality of insula-  
6 tion which exceeds the amount or quality of insulation re-  
7 quired by building performance standards adopted by the Alaska  
8 Energy Center under AS 46.12.120; and

9 \* Sec. 18. AS 44.33 is amended by adding new sections to read:

10 ARTICLE 2. ENERGY CONSERVATION AND MANAGEMENT [POWER DEVELOPMENT].

11 Sec. 44.33.031. DIVISION OF ENERGY CONSERVATION. The division of  
12 energy conservation is established in the Department of Commerce and  
13 Economic Development. The division is established to promote and  
14 encourage the efficient use of energy resources for residential,  
15 commercial, industrial and public uses in the state.

16 Sec. 44.33.041. DUTIES OF DIVISION. The division of energy  
17 conservation shall

18 (1) establish and administer regional and local technical  
19 assistance programs to encourage and assist municipalities, communi-  
20 ties, and the public to develop and use energy conservation measures  
21 and alternative energy systems;

22 (2) establish and maintain an energy information and techni-  
23 cal assistance office to collect and publish current information con-  
24 cerning energy conservation measures, alternative energy systems, and  
25 state and federal energy laws, regulations and programs;

26 (3) administer the state energy audit program (AS 46.11.030);

27 (4) by regulation adopted in accordance with the Administra-  
28 tive Procedure Act (AS 44.62), establish and implement a training and  
29 certification program for persons who perform energy audits;

1 (5) by regulation, adopt and revise as necessary thermal and  
2 lighting energy standards applicable to buildings and structures other  
3 than public facilities;

4 (6) for purposes of program implementation, determine whether  
5 a device qualifies as an alternative energy system or an energy conser-  
6 vation improvement;

7 (7) from money appropriated by the legislature,

8 (A) make grants to school districts and regional educa-  
9 tional attendance areas to plan, develop, and implement standards  
10 for the design, construction, and operation of rural educational  
11 facilities and energy conservation measures for rural educational  
12 facilities;

13 (B) make grants for recipients eligible for grants from  
14 the United States Department of Energy under the appropriate  
15 technology small grants program for Alaska authorized by Title I  
16 of the Department of Energy Appropriation Authorization Act of  
17 1977, P.L. 95-39 (42 U.S.C. 5907a) and 10 C.F.R. 470;

18 (8) administer the energy conservation assistance program  
19 established by AS 46.13.100;

20 (9) administer the bulk fuel revolving loan fund (AS 45.87);

21 (10) administer the bulk fuel storage facilities grant program  
22 (AS 44.33.100).

23 \* Sec. 19. AS 44.33 is amended by adding new sections to article 2 to  
24 read:

25 Sec. 44.33.070. OFFICE OF ENERGY MANAGEMENT. The office of  
26 energy management is established in the Department of Commerce and  
27 Economic Development. The office is established to encourage, promote,  
28 and assist the orderly development of the state's resources to meet the  
29 present and future energy needs of the state and its people at the

1 lowest reasonable cost.

2 Sec. 44.33.075. DUTIES OF OFFICE. The office of energy manage-  
3 ment shall

4 (1) collect, publish, and distribute data and information  
5 relating to the use of energy resources in the state;

6 (2) promote and assist in establishing and implementing  
7 regional and local energy planning programs;

8 (3) with the assistance of the Alaska Power Authority,  
9 prepare and maintain a plan for the orderly development of state energy  
10 resources in accordance with AS 44.33.095;

11 (4) undertake and prepare reports of field reconnaissance  
12 studies to identify and evaluate the present and future energy needs in  
13 accordance with AS 44.33.090;

14 (5) after consulting with the Alaska Power Authority, adopt  
15 regulations

16 (A) establishing procedures to obtain the information  
17 required to prepare reports of field reconnaissance studies under  
18 AS 44.33.090; and

19 (B) defining criteria and measures for comparative  
20 analysis of alternative energy sources;

21 (6) review feasibility studies of the Alaska Power Authority  
22 to determine whether the completed studies are consistent with the plan  
23 prepared in accordance with AS 44.33.095;

24 (7) provide technical support for the department in matters  
25 relating to energy and coordinate policies, programs, and budgets of  
26 the department which relate to energy.

27 Sec. 44.33.080. COOPERATION WITH AGENCIES. In carrying out its  
28 duties, the office of energy management shall cooperate with and coor-  
29 dinate its activities with those federal and state agencies which are

1 responsible for the development, use, and conservation of the natural  
2 resources in the state, and shall enter into formal cooperative rela-  
3 tions with the Alaska Energy Center, the Alaska Power Authority, the  
4 Alaska Royalty Oil and Gas Development Advisory Board, the Alaska  
5 Public Utilities Commission, the Department of Natural Resources, the  
6 Department of Transportation and Public Facilities and with other state  
7 agencies directly involved with the development, use, and conservation  
8 of the state's energy resources.

9 Sec. 44.33.085. EMPLOYMENT OF PERSONNEL. Persons employed by the  
10 office of energy management are in the partially exempt service.

11 Sec. 44.33.090. PREPARATION OF FIELD RECONNAISSANCE STUDY REPORTS.

12 (a) To identify power project alternatives and energy needs and con-  
13 sumption patterns for a community, the office of energy management  
14 shall, after consultation with other state agencies and after review of  
15 information on alternative sources of power, complete a field recon-  
16 naissance study for each proposed new power project. A field recon-  
17 naissance study prepared by the office of energy management shall

18 (1) identify the present and future demand for energy by  
19 end-use within a community or region;

20 (2) survey all energy sources that are available to a com-  
21 munity or region and evaluate and make recommendations concerning the  
22 relative economic merits of alternative energy sources and of energy  
23 conservation methods that will help to meet projected energy demand;

24 (3) assess the effect of the development of alternative  
25 energy sources on the environment to determine that there are no  
26 adverse effects which would make a proposed project involving local  
27 energy sources inadvisable;

28 (4) include public comments from residents of the community  
29 or region that is the subject of the field reconnaissance study.

1 (b) The office of energy management shall adopt regulations  
2 defining

3 (1) the methods that it shall apply to determine that the  
4 information required by (a) of this section is obtained; and

5 (2) standard criteria and measures for comparative analysis  
6 of alternative energy sources.

7 (c) In completing a field reconnaissance study, the office of  
8 energy management shall consult with the Alaska Power Authority and  
9 with the Alaska Energy Center to determine the information that each  
10 may require for energy planning and the development of technology.

11 (d) Each field reconnaissance study completed in accordance with  
12 this section shall become part of the energy development plan provided  
13 for under AS 44.33.095.

14 Sec. 44.33.095. ENERGY DEVELOPMENT PLAN. (a) The office of  
15 energy management shall develop an energy development plan for the  
16 state. The plan shall address the orderly development of state energy  
17 resources for the purpose of providing energy to meet present and  
18 anticipated energy needs of the citizens of the state by providing  
19 energy at the lowest reasonable cost.

20 (b) The energy development plan shall be amended and revised as  
21 the office of energy management determines necessary to meet changing  
22 state energy requirements and circumstances. The plan, and any revi-  
23 sions to it, shall be submitted annually by the office of energy manage-  
24 ment to the heads of the principal departments of the executive branch  
25 for review. When the heads of the principal departments of the execu-  
26 tive branch have completed review of the energy development plan, the  
27 plan shall be submitted by the office of energy management to the  
28 governor for his approval. A plan approved by the governor shall be  
29 transmitted by him to the legislature not later than February 1 each

1 year.

2 (c) The energy development plan, and any revisions to it, shall  
3 include:

4 (1) an end-use component that examines and reports on the  
5 nature and amount of energy used and the purpose of its use;

6 (2) a data base component that describes and explains the  
7 energy resources and applicable energy technologies that are available  
8 to meet present and projected energy demands;

9 (3) an energy development component for meeting projected  
10 thermal, electrical, and transportation energy needs in the state at  
11 the lowest reasonable cost, including environmental and social costs,  
12 consistent with acceptable standards of reliability, giving an equal  
13 consideration as practicable to all types of energy sources (except  
14 those based on nuclear fuels) which are technologically feasible, and  
15 which promote the efficient use of facilities and fuels consistent with  
16 energy conservation goals;

17 (4) an energy conservation component that includes but is  
18 not limited to an enumeration of energy conservation goals for reducing  
19 use of energy, identifying the region for which a goal is applicable,  
20 the source or type of energy to which the goal is applicable, and the  
21 specific methods or means of achieving the goals within a region;

22 (5) an energy emergency preparedness component that includes  
23 specific energy emergency conservation measures that apply during times  
24 of emergencies; and

25 (6) a component that reports on subjects for research,  
26 development, and demonstration projects which involve alternative  
27 energy systems, local energy sources, and energy conservation.

28 Sec. 44.33.100. BULK FUEL STORAGE FACILITIES GRANT FUND. (a)  
29 There is established in the Department of Commerce and Economic Develop-

1 ment the bulk fuel storage facilities grant fund. Grants may be made  
2 by the department from this fund to a community to acquire and install  
3 community bulk storage facilities.

4 (b) Grants made under this section for the acquisition and instal-  
5 lation of a bulk fuel storage facility may not exceed \$100,000 per  
6 community.

7 (c) If the governing body of two or more communities determine  
8 that their fuel requirements may be served by a single bulk fuel storage  
9 facility, the communities may jointly apply for grants to acquire and  
10 install a single bulk fuel storage facility. When communities apply  
11 jointly under this subsection, the limitation in (b) of this section is  
12 multiplied by the number of communities which submit the joint applica-  
13 tion.

14 (d) Before a grant is made under this section, the city council  
15 or, if the community is not incorporated, a responsible representative  
16 body in the community shall agree in writing to maintain and operate  
17 the bulk storage facility to be constructed with the proceeds of the  
18 grant.

19 \* Sec. 20. AS 39.25.120 is amended by adding a new paragraph to read:

20 (19) employees of the office of energy management (AS 44.33.-  
21 070).

22 \* Sec. 21. AS 44.47.140 is amended to read:

23 Sec. 44.47.140. LIMITATIONS. The annual cost of a [A] program of  
24 the department under AS 44.47.130 in a rural area may not exceed \$40,000  
25 [IN A COST A YEAR, EXCEPT THAT A GRANT OF NOT MORE THAN \$60,000 MAY BE  
26 MADE UNDER AS 44.47.145 FOR A BULK FUEL STORAGE FACILITY].

27 \* Sec. 22. AS 45.88.500(2)(B) is repealed and reenacted to read:

28 (B) a method of architectural design and construction  
29 that

1 (i) provides for the collection, storage and use  
2 of direct radiation from the sun; or

3 (ii) provides for the retention of heat by the use  
4 of an amount or quality of insulation which exceeds the  
5 amount or quality of insulation required by building perform-  
6 ance standards adopted by the Alaska Energy Center; and

7 \* Sec. 23. AS 46.11.030(c) is amended to read:

8 (c) The department may contract

9 (1) with a municipality for the performance of energy audits  
10 in the municipality;

11 (2) with a nonprofit corporation for the performance of  
12 energy audits in any community that the nonprofit corporation serves;

13 (3) with a public or private electric utility for the per-  
14 formance of energy audits.

15 \* Sec. 24. AS 46.11 is amended by adding new sections to read:

16 Sec. 46.11.032. CLASSIFICATION OF AUDITS. In establishing stan-  
17 dards for energy audits of residences under AS 46.11.030(a), the depart-  
18 ment shall provide criteria for performance of

19 (1) abbreviated audits that

20 (A) identify the energy conservation improvements  
21 defined in AS 46.13.190(4) which are appropriate to the residence;

22 (B) identify other low-cost improvements which a resi-  
23 dent may make to conserve energy;

24 (C) advise the resident of possible conservation prac-  
25 tices; and

26 (D) recommend areas to be analyzed in a detailed energy  
27 audit;

28 (2) detailed audits that

29 (A) analyze building characteristics;

1 (B) evaluate the applicability of structural retrofit,  
2 upgrading, and the replacement of energy systems with alternative  
3 energy systems;

4 (C) recommend appropriate alternative energy systems  
5 for the residence; and

6 (D) provide to the resident an estimate of the costs to  
7 implement the recommended measures, and an estimate of the time in  
8 which the estimated cost of the energy saved by implementation of  
9 the recommended measures exceeds the cost of implementing the  
10 recommended measures.

11 Sec. 46.11.034. FEES AND PAYMENTS FOR ENERGY AUDIT. (a) The fee  
12 for an energy audit may not be set by the state.

13 (b) The department shall reimburse a person who performs an  
14 abbreviated energy audit of a residence in the state. The reimburse-  
15 ment for the energy audit may not exceed the lesser of the cost of the  
16 audit or \$50 adjusted by a regional cost-of-living and inflation index  
17 determined by the department.

18 (c) For purposes of this section, a regional cost-of-living index  
19 is determined by calculating the cost of living in each region of the  
20 state by using the annually adjusted cost of living in Anchorage as a  
21 base of 1.00.

22 \* Sec. 25. AS 46.11.900(1)(B)(ii) is amended to read:

23 (ii) a method of architectural design and construc-  
24 tion which provides for the collection, storage and use of  
25 direct radiation from the sun or which provides for the re-  
26 retention of heat by the use of an amount or quality of insula-  
27 tion which exceeds the amount or quality of insulation re-  
28 quired by building performance standards adopted by the  
29 Alaska Energy Center under AS 46.12; and

1 \* Sec. 26. AS 46.11.900(3) is amended to read:

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

5 [(A) THE ENERGY CONSUMPTION CHARACTERISTICS OF A BUILD-  
6 ING, INCLUDING THE SIZE, TYPE, AND RATE OF ENERGY CONSUMPTION OF  
7 MAJOR ENERGY CONSUMING SYSTEMS OF THE BUILDING AND THE CLIMATE  
8 CHARACTERIZING THE REGION WHERE THE BUILDING IS LOCATED; AND

9 (B)] the energy [CONSERVATION AND COST] savings likely  
10 to result from appropriate energy-conserving maintenance and  
11 operating procedures and modifications, including the purchase and  
12 installation of energy-related fixtures; [FOR PURPOSES OF THIS  
13 SUBPARAGRAPH WHEN A FOSSIL FUEL IS THE ENERGY SOURCE, THE ENERGY  
14 COST SAVINGS SHALL BE DETERMINED WITH REFERENCE TO THE PROJECTED  
15 PRICE OF THAT FOSSIL FUEL OVER A 10-YEAR PERIOD;]

16 \* Sec. 27. AS 46.12.010 is amended to read:

17 Sec. 46.12.010. ALASKA ENERGY CENTER ESTABLISHED. There is  
18 established the Alaska Energy Center. The center is a public corpora-  
19 tion of the state. It is an instrumentality of the state in the Depart-  
20 ment of Commerce and Economic Development [ADMINISTRATION], but has a  
21 legal existence independent of and separate from the state. Exercise  
22 by the center of the powers conferred by this chapter is an essential  
23 governmental function of the state.

24 \* Sec. 28. AS 46.12.120 is amended by adding a new paragraph to read:

25 (6) adopt building energy performance standards for  
26 (A) public facilities of the state; and  
27 (B) residences, commercial and industrial buildings,  
28 and other privately owned buildings in the state for which alterna-  
29 tive energy system and energy conservation improvement loans may

1 be made under AS 46.13 or for which an energy conservation credit  
2 is sought under AS 43.20.037.

3 \* Sec. 29. AS 46 is amended by adding a new chapter to read:

4 CHAPTER 13. ENERGY CONSERVATION AND DEVELOPMENT.

5 ARTICLE 1. ENERGY CONSERVATION REFUNDS AND GRANTS.

6 Sec. 46.13.010. FUND ESTABLISHED. There is established in the  
7 Department of Commerce and Economic Development the residential energy  
8 conservation grant fund to carry out the purposes of AS 46.13.010 -  
9 46.13.099. Refunds and grants made under AS 46.13.010 - 46.13.099 may  
10 be used to purchase, construct, and install an energy conservation  
11 improvement in residential buildings. The fund may be used for no  
12 other purpose.

13 Sec. 46.13.020. REFUNDS AND GRANTS. (a) The department may make  
14 refunds or grants for the purchase, construction, and installation of  
15 an energy conservation improvement in a residential building if the  
16 energy conservation improvement is recommended in an abbreviated energy  
17 audit under AS 46.11.032.

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

22 (1) \$300 for a single-family dwelling; or

23 (2) \$200 for each unit in a multi-unit residential building.

24 (c) In making a refund or grant under this section, the depart-  
25 ment shall determine the amount of a refund or grant payable under (a)  
26 of this section by adjusting the base rate set out in (b) of this  
27 section by

28 (1) a regional cost-of-living index determined by the depart-  
29 ment;

1 (2) a degree day factor.

2 Sec. 46.13.099. DEFINITIONS. In AS 46.13.010 - 46.13.099,

3 (1) "degree day" means a unit that represents one degree of  
4 declination from 65 degrees Fahrenheit in the mean outdoor temperature  
5 of a day;

6 (2) "degree day factor" means the factor determined by  
7 dividing the average number of degree days for the community in which a  
8 dwelling or residential building is located by the average number of  
9 degree days for the state;

10 (3) "energy audit" means a determination and written summary  
11 prepared under AS 46.11.030 - 46.11.032 or sec. 215(b)(1)(A) of the  
12 National Energy Conservation Policy Act (42 U.S.C. 8216(b)(1)(A)) of  
13 the energy savings likely to result from appropriate energy-conserving  
14 maintenance and operating procedures and modifications, including the  
15 purchase and installation of energy-related fixtures;

16 (4) "energy conservation improvement" means

17 (A) structural insulation;

18 (B) storm and thermal windows and doors;

19 (C) a furnace replacement burner designed to achieve a  
20 reduction in the amount of fuel consumed as a result of increased  
21 combustion efficiency;

22 (D) a device for modifying flue openings designed to  
23 increase the efficiency of operation of the heating system;

24 (E) an electrical or mechanical furnace ignition system  
25 that replaces a gas pilot light;

26 (F) an automatic energy-saving setback thermostat;

27 (G) a meter that displays the cost of energy usage;

28 (H) caulking and weatherstripping of doors and windows;

29 (I) insulating shades and shutters;

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(J) air and water recuperators;

(K) electrical outlet insulating gaskets;

(L) water heater insulating jacket;

(M) shower flow reducer;

(N) any other energy-saving device approved by the commissioner of commerce and economic development under AS 44.33.-041(6);

(5) "regional cost-of-living index" is an index determined by calculating the cost of living in each region of the state by using the cost of living in Anchorage as a base of 1.00;

(6) "residential building" means a building that is used as a home, dwelling, or sleeping place and includes a newly constructed building and a building proposed for construction as well as an existing structure.

ARTICLE 2. ENERGY CONSERVATION ASSISTANCE.

Sec. 46.13.100. ENERGY CONSERVATION ASSISTANCE. The department may make a grant to an individual, municipality, or nonprofit corporation to install an energy conservation improvement in a building or dwelling

(1) in which an individual who receives low income resides;

or

(2) in a community

(A) that has a population of less than 600;

(B) that does not have year-round surface transportation; and

(C) that lacks the goods and services necessary for installation of energy conservation improvements.

Sec. 46.13.110. LIMITATION ON GRANT. A grant under AS 46.13.100 may not exceed \$3,000.

1           Sec. 46.13.120. STANDARDS. The department shall by regulation  
2 establish

3           (1) income standards for individuals who are eligible for  
4 assistance under AS 46.13.100 - 46.13.140 based on poverty guidelines  
5 provided by the federal Office of Management and Budget adjusted to  
6 Alaska and regional conditions by United States Department of Labor  
7 statistics and a cost-of-living index;

8           (2) eligibility requirements for contractors of the grantee  
9 who install energy conservation improvements;

10          (3) the energy conservation improvements that may be made  
11 under AS 46.13.100 - 46.13.140;

12          (4) the amount of assistance that may be provided to an  
13 individual under AS 46.13.100 - 46.13.140 considering

14           (A) the estimated life of the housing unit;

15           (B) prior energy conservation improvements made to the  
16 housing unit;

17           (C) the cost effectiveness of any proposed improvements  
18 that are made to conserve energy;

19           (D) costs of materials and transportation of materials;  
20 and

21           (E) the availability of other financial resources for  
22 energy conservation in the building or dwelling.

23          Sec. 46.13.130. LIMITATION ON ASSISTANCE. If an energy conserva-  
24 tion improvement in a building or dwelling is financed by a refund or  
25 grant made under AS 46.13.010 - 46.13.099, a low-income individual who  
26 later resides in the building or dwelling may receive assistance under  
27 AS 46.13.100 - 46.13.140 for other energy conservation improvements.  
28 However,

29          (1) only one grant may be made under AS 46.13.100 - 46.13.140

1 for each building or dwelling; and

2 (2) when a grant is given for a building or dwelling under  
3 AS 46.13.100 - 46.13.140, the owner of the building or dwelling may not  
4 obtain a refund or grant under AS 46.13.010 - 46.13.099.

5 Sec. 46.13.140. AUDIT. A grant may not be made under AS 46.13.-  
6 100 - 46.13.140 unless an abbreviated energy audit is completed and the  
7 audit recommends an energy conservation improvement.

8 ARTICLE 10. GENERAL PROVISIONS.

9 Sec. 46.13.900. DEFINITION. In this chapter, "department" means  
10 the Department of Commerce and Economic Development.

11 \* Sec. 30. The following laws are repealed: AS 44.33.030, 44.33.040,  
12 44.33.050, 44.33.060; AS 44.47.130(7), 44.47.145; AS 44.83.177, 44.83.179,  
13 44.83.224; AS 46.11.030(d) and (e); and secs. 51 and 54, ch. 83, SLA 1980.

14 \* Sec. 31. APPLICABILITY OF ACT TO DIRECTORS. (a) The terms of office  
15 of all members of the Board of Directors of the Alaska Power Authority  
16 serving on the effective date of this section terminate on the effective  
17 date of this section.

18 (b) The governor shall appoint three directors of the Alaska Power  
19 Authority at large. When making his appointments under this subsection, the  
20 governor shall appoint persons to serve in accordance with AS 44.83.030(1)  
21 and shall specify the length of the term of office of each member he appoints.  
22 Of the members at large first appointed by the governor under this subsection,

23 (1) one member shall serve a two-year term;

24 (2) one member shall serve a three-year term;

25 (3) one member shall serve a four-year term.

26 \* Sec. 32. TRANSITIONAL PROVISIONS, POWER COST ASSISTANCE. (a) The  
27 Alaska Power Authority shall make payments to eligible electric utilities in  
28 accordance with AS 44.83.162 as that section read before its repeal and  
29 reenactment by sec. 7 of this Act, until the earlier of

1 (1) January 1, 1982; or

2 (2) the date on which the Alaska Power Authority determines, with  
3 respect to the electric utility, that

4 (A) the electric utility has had sufficient time to apply  
5 for power cost assistance under AS 44.83.162 as that section is re-  
6 enacted in sec. 7 of this Act, and the Alaska Public Utilities Commis-  
7 sion has had sufficient time to review the application; or

8 (B) the Alaska Power Authority or the Alaska Public Utilities  
9 Commission determines that the electric utility is not eligible for  
10 power cost assistance under AS 44.83.162 as that section is reenacted  
11 in sec. 7 of this Act.

12 \* Sec. 33. LOAN INTEREST RATES. (a) Subject to (b) of this section,  
13 beginning July 1, 1981, the rate of interest for each of the following loans  
14 is three percent a year on the unpaid balance:

15 (1) the sum of \$450,000, part of the general fund appropriation  
16 made to the water resources revolving loan fund by sec. 1, ch. 237, SLA  
17 1976, and loaned from the water resources revolving loan fund to the City  
18 and Borough of Sitka for the Green Lake power project;

19 (2) the sum of \$1,600,000, the general fund appropriation made to  
20 the Department of Revenue by sec. 1(1), ch. 152, SLA 1977, as a loan to the  
21 City and Borough of Sitka for the Green Lake hydroelectric project;

22 (3) the sum of \$7,000,000, the general fund appropriation made to  
23 the Department of Revenue by sec. 2, ch. 111, SLA 1978, as a loan to the  
24 City and Borough of Sitka for the Green Lake hydroelectric project;

25 (4) the sum of \$200,000, an allocation within an appropriation  
26 made from the renewable resources development fund to the power project fund  
27 of the Alaska Power Authority by sec. 2, ch. 54, SLA 1980, and loaned to the  
28 Kodiak Electric Association for the Port Lions power project;

29 (5) the sum of \$420,000, part of the general fund appropriation

1 made to the water resources revolving loan fund by sec. 1, ch. 237, SLA  
2 1976, and loaned to Ketchikan Public Utilities for the Swan Lake power  
3 project;

4 (6) the sum of \$200,000, part of the general fund appropriation  
5 made to the power project revolving loan fund by sec. 1(2), ch. 152, SLA  
6 1977, and part of the general fund appropriation made to the power project  
7 revolving fund by sec. 1, ch. 111, SLA 1978, and loaned to Ketchikan Public  
8 Utilities for the Swan Lake power project;

9 (7) the sum of \$135,000, part of the general fund appropriation  
10 made to the power project revolving loan fund by sec. 1(2), ch. 152, SLA  
11 1977, and part of the general fund appropriation made to the power project  
12 revolving fund by sec. 1, ch. 111, SLA 1978, and loaned to Ketchikan Public  
13 Utilities for the Swan Lake power project;

14 (8) the sum of \$18,000,000, an allocation within an appropriation  
15 made from the renewable resources development fund to the power project fund  
16 of the Alaska Power Authority by sec. 2, ch. 54, SLA 1980, and loaned from  
17 the power project fund to Ketchikan Public Utilities for the Swan Lake power  
18 project;

19 (9) the sum of \$420,000, part of the general fund appropriation  
20 made to the water resources revolving loan fund by sec. 1, ch. 237, SLA  
21 1976, and loaned from the water resources revolving loan fund to the Kodiak  
22 Electric Association for the Terror Lake power project;

23 (10) the sum of \$100,000, part of the general fund appropriation  
24 made to the power project revolving loan fund by sec. 1(2), ch. 152, SLA  
25 1977, and part of the general fund appropriation made to the power project  
26 revolving fund by sec. 1, ch. 111, SLA 1978, and loaned to Kodiak Electric  
27 Association for the Terror Lake power project;

28 (11) the sum of \$1,050,000, an allocation within an appropriation  
29 made from the renewable resources development fund to the power project fund

1 of the Alaska Power Authority by sec. 2, ch. 54, SLA 1980, and loaned to  
2 Kodiak Electric Association for the Terror Lake hydroelectric project;

3 (12) the sum of \$120,000, part of the general fund appropriation  
4 made to the power project revolving loan fund by sec. 1(2), ch. 152, SLA  
5 1977, and part of the general fund appropriation made to the power project  
6 revolving fund by sec. 1, ch. 111, SLA 1978, and loaned to the Thomas Bay  
7 Power Authority for the Tyee Lake project.

8 (b) If, by July 1, 1986, the legislature has not appropriated at least  
9 \$5,000,000,000 to the power project fund, beginning on that date the rate of  
10 interest on the loans set out in (a) of this section is six percent a year  
11 on the unpaid balance.

12 \* Sec. 34. The Alaska Power Authority may design, acquire easements for,  
13 and construct a high voltage electrical transmission system connecting  
14 Anchorage and Fairbanks. Notwithstanding other provisions of law, the  
15 transmission system authorized by this section shall be considered a use  
16 that is compatible with the purposes of the Denali State Park. Within the  
17 boundaries of the Denali State Park, the transmission system authorized by  
18 this section shall be routed in consultation with the division of parks.

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