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Referred: Resources and  
Finance

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1 IN THE SENATE

2

SENATE BILL NO. 443

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the rural electrification loan  
7 fund."

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

9 \* Section 1. LEGISLATIVE FINDINGS AND INTENT. The legislature finds  
10 that

11 (1) it is in the public interest for the state to promote the  
12 orderly and rational development of rural areas where economic development  
13 is probable by assisting in the financing of electric distribution facili-  
14 ties in those areas;

15 (2) the purpose of the rural electrification revolving loan fund  
16 is to provide financial assistance to construct pioneer electric distribu-  
17 tion lines in developing rural areas; this program is modeled in part on  
18 utility line extension policies approved by the Alaska Public Utilities  
19 Commission that provide for nonutility financing of the costs of construc-  
20 tion of distribution lines that are in excess of the per customer invest-  
21 ment that would normally be made by a utility;

22 (3) the rural electrification revolving loan fund is intended to  
23 extend electric service to rural areas in which rapid development can be  
24 expected after utility services are made available; it is expected that  
25 loans made under this program will be repaid in full, but the state will  
26 undertake the risk of loss if the expected development does not occur;

27 (4) the intent of the legislature is that the rural electrifica-  
28 tion revolving loan fund not be used to finance utility facilities for  
29 private subdivision developers.

1 \* Sec. 2. AS 44.83.361(b) is repealed and reenacted to read:

2 (b) The authority may make a loan from the rural electrification  
3 revolving loan fund to a public utility for construction of an elec-  
4 tric distribution line in a rural area of the state that is not re-  
5 ceiving central station electric service. A loan may be made from the  
6 fund if

7 (1) the loan is recommended by the loan advisory committee  
8 appointed under AS 44.83.363;

9 (2) the proposed electric distribution line will provide  
10 service to at least three consumers in the calendar year in which  
11 construction is completed; and

12 (3) the applicant has a certificate of convenience and  
13 necessity issued by the Alaska Public Utilities Commission to serve  
14 the area in which it proposes to construct the electric distribution  
15 line.

16 \* Sec. 3. AS 44.83.361(d) is repealed and reenacted to read:

17 (d) When a loan is made by the authority under this section, the  
18 utility receiving the loan shall

19 (1) charge the consumers served by an electric distribution  
20 line constructed with a loan made under this section an amount suffi-  
21 cient to pay the annual interest cost of the loan, in addition to the  
22 rates the consumers pay for electric service; and

23 (2) pay to the authority annually

24 (A) interest of two percent on the unpaid balance of  
25 the loan; and

26 (B) an amount towards the unpaid balance of the prin-  
27 cipal of the loan equal to the unit cost of the line multiplied  
28 by the number of new consumers to whom service has been extended  
29 by the distribution line in that year and who have not previously

1           been counted for determining either the maximum amount of the  
2           loan or the amount of principal payments.

3       \* Sec. 4. AS 44.83.361(e) is amended to read:

4           (e) The authority shall

5                 (1) adopt regulations necessary to carry out the provisions  
6           of this section;

7                 (2) administer the rural electrification revolving loan  
8           fund; and

9                 (3) submit to the legislature within the first 30 [10] days  
10          of each regular legislative session a report of actions taken by the  
11          authority under this section and an accounting of the rural electri-  
12          fication revolving loan fund.

13       \* Sec. 5. AS 44.83.361(f) is amended to read:

14           (f) In this section,

15                 (1) "consumer" means a person, as defined in AS 01.10.-  
16          060(7), or a governmental agency, if the person or governmental agency  
17          requests and offers to pay for electrical service to a facility or  
18          part of a facility; the authority shall consider a person who, or a  
19          governmental agency that, offers to pay for electrical service to  
20          several facilities to be a separate consumer for each facility, if  
21          each facility is physically separate from another facility, other than  
22          through electric service lines, and if the person or governmental  
23          agency requests and offers to pay for electrical service to each  
24          facility;

25                 (2) "facility" means a structure capable of receiving and  
26          using electrical energy; [AND]

27                 (3) "governmental agency" includes, with respect to the  
28          state or federal government or a municipal government, a legislative  
29          body, board of regents, administrative body, board, commission,

1 committee, subcommittee, authority, council, agency, public corpo-  
2 ration, school board, department, division, bureau, or other subordi-  
3 nate unit, whether advisory or otherwise, of the state, federal, or  
4 municipal government; and

5 (4) "unit cost of the line" means the actual cost of con-  
6 struction of an overhead electric distribution line or the cost of an  
7 equivalent overhead line if the line is buried or under water, multi-  
8 plied by 350 and divided by the length of the line in feet.

9 \* Sec. 6. AS 44.83.361 is amended by adding a new subsection to read:

10 (g) The maximum loan amount under this section is the actual  
11 cost of construction of an overhead electric distribution line, or the  
12 cost of an equivalent overhead line if the line is buried or under  
13 water, less the unit cost of the line multiplied by the number of  
14 consumers served by the distribution line during the calendar year in  
15 which construction of the line is completed.

16 \* Sec. 7. AS 44.83.363 is amended to read:

17 Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application  
18 for a rural electrification loan is submitted to the authority under  
19 AS 44.83.361, the executive director of the authority shall appoint a  
20 local loan advisory committee from persons residing in the area for  
21 which [THAT] the applicant has a certificate of convenience and neces-  
22 sity [UTILITY IS CERTIFIED] to serve. The loan advisory committee  
23 shall consider the loan application, and shall recommend whether the  
24 loan application is to be approved or disapproved. A favorable recom-  
25 mendation from the loan advisory committee shall be based on a deter-  
26 mination that development in the area of the proposed extension of  
27 electric service is likely to provide the [FOR] full repayment of the  
28 loan under AS 44.83.361(d) within 20 [10] years. In making that  
29 determination the committee shall consider

- 1                   (1) permanence and use of the premises to be served by the  
2 proposed electric distribution line [EXTENSION];
- 3                   (2) land availability and land use patterns in the area;
- 4                   (3) availability of right-of-way [ACCESS] for the line that  
5 would be installed with loan proceeds; and
- 6                   (4) availability of other utility service in the area [;
- 7 AND
- 8                   (5) THE ECONOMIC FEASIBILITY OF THE EXTENSION OF ELECTRIC  
9 SERVICE WITH THE PROCEEDS OF THE LOAN].