

"An Act authorizing the creation of regional electrical authorities."

COMMITTEE REPORT

2/19/75

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HOUSE BILL NO. 26

under consideration. A Majority of the members of the Committee

~~recommends it DO PASS~~

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 26 AND THAT

CS FOR HB 26 DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

| | | |
|--------------------|--------------------|-------|
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |

Members NOT concurring in the Majority report:

| | | |
|--------------------|-------------|--------------------------|
| <u>[Signature]</u> | recommends: | <u>no recommendation</u> |
| _____ | recommends: | |
| _____ | recommends: | |
| _____ | recommends: | |
| _____ | recommends: | |

[Signature] Chairman

Original sponsor: Duncan, Miller and
Ostrosky

Offered: 3/3/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 26

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act authorizing the creation of regional electrical
authorities; and providing for an effective date."

7

8

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

9

* Section 1. AS 18 is amended by adding a new chapter to read:

10

CHAPTER 57. REGIONAL ELECTRICAL AUTHORITIES.

11

Sec. 18.57.010. FINDING AND PURPOSE. The legislature finds that

12

an acute shortage of adequate, safe, reliable electrical facilities

13

exists in the rural areas of the state and that adequate electrical

14

systems cannot be provided by the private sector due to inadequate

15

projected system revenues and economic depression in certain areas. The

16

legislature further finds that adequate housing, public facilities and

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economic development are heavily dependent upon adequate, safe and

18

reliable electrical facilities. These conditions are inimical to the

19

safety, health, welfare and prosperity of the residents of the state and

20

to the sound growth of rural communities. The legislature further finds

21

that a reasonable means of accomplishing the purpose of providing ade-

22

quate, safe and reliable systems is the creation of regional electrical

23

authorities. It is the purpose and intent of the legislature to provide

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a means whereby public corporations to serve as regional electrical

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authorities may be formed.

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Sec. 18.57.020. CREATION OF AUTHORITIES. An association authorized

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by AS 18.55.996(a) to form a regional housing authority is given the

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authority to form a regional electrical authority. There is created with

29

respect to each of the associations named in AS 18.55.996(a) a public

1 body corporate and politic as a political subdivision of the state to
2 function in the operating areas of the individual associations. Each
3 authority may exercise all powers conferred by this chapter.

4 (a) A regional electrical authority may not transact business or
5 exercise powers granted to it until the governing body of the associa-
6 tion has, by resolution, declared there is a need for the authority to
7 function, given it the authority to function and appointed persons to
8 serve as the board of commissioners of the authority. The number of
9 members of the board of commissioners, their terms of office and the
10 filling of vacancies in office shall be determined by resolution of the
11 governing body of the association.

12 (b) The regional electrical authority has jurisdiction to operate
13 in all or part of the operating area of the individual association as
14 determined by resolution of the governing body of the association. The
15 governing body may, by resolution, add to or subtract from the area
16 served. The authority may operate within the service area of a certi-
17 ficated rural electrical cooperative or within the corporate limits of a
18 municipality only with consent, by resolution, of the governing body of
19 the municipality or cooperative; however, if an authority is operating
20 within an area which becomes part of a municipality or has a certificate
21 of convenience and necessity from the Alaska Public Utility Commission
22 to operate in an area which becomes part of a municipality, no consent
23 is necessary.

24 (c) A municipality, electrical cooperative or other provider of
25 electrical service may transfer all or part of its electrical system
26 including, without limitation, lands and rights in land, equipment and
27 certificates or franchises, to a regional electrical authority by reso-
28 lution of the governing board upon terms agreed upon with the authority;
29 however, approval by resolution, of the board of commissioners of the

1 authority shall be obtained. Unless otherwise provided by law no other
2 approvals to transfers are required.

3 Sec. 18.57.030. TAX EXEMPTION. (a) A regional electrical author-
4 ity is not required to pay a tax or assessment on property owned by the
5 authority.

6 (b) All obligations issued under this chapter are issued by a body
7 corporate and public which is a political subdivision of the state and
8 for an essential public and governmental purpose, and the obligations,
9 and the interest and income on and from the obligations, and all fees,
10 charges, funds, revenues, income and other money pledged or available to
11 pay or secure the payment of the obligations or interest are exempt from
12 taxation except for transfer, inheritance and estate taxes.

13 (c) All obligations or liabilities of a regional electrical
14 authority remain its own and are not obligations or liabilities of the
15 state.

16 Sec. 18.57.040. POWERS OF THE AUTHORITY. A regional electrical
17 authority has the general power to

18 (1) adopt, alter and use a corporate seal;
19 (2) prescribe, adopt, amend and repeal bylaws;
20 (3) sue and be sued in its own name;
21 (4) appoint officers, agents and employees and vest them with
22 powers and duties and to fix, change and pay compensation for their
23 services as the authority may determine;

24 (5) borrow money, make and issue bonds, notes and other
25 evidences of indebtedness of the authority for any of its corporate
26 purposes and to secure payment of its bonds and of other obligations
27 by pledge of or lien on all or any of its assets, contracts, revenue
28 and income;

29 (6) make and issue bonds for the purpose of funding, refund-

1 ing, purchasing, paying or discharging any of the outstanding bonds or
2 obligations issued or assumed by it or bonds or obligations the principal
3 or interest of which is payable in whole or in part from its revenue;

4 (7) make and execute agreements, contracts and other instru-
5 ments necessary or convenient in the exercise of its powers and func-
6 tions, including contracts with any person, firm, corporation, govern-
7 ment agency or other entity;

8 (8) receive, administer and comply with the conditions and
9 requirements of an appropriation, gift, grant or donation of property or
10 money;

11 (9) invest or reinvest money or funds held by the authority
12 in obligations or other securities or investments in which banks or
13 trust companies in the state may legally invest funds held in reserves
14 or sinking funds or funds not required for immediate disbursement, and
15 in certificates of deposits or time deposits;

16 (10) acquire, hold, use, lease, sell or otherwise dispose of
17 property of any kind, real, personal or mixed or any interest in it;

18 (11) acquire, produce, develop, manufacture, use, transmit,
19 distribute, supply, exchange, sell or otherwise dispose of electric
20 energy and other supplies and services as the authority determines
21 necessary, proper, incidental or convenient in connection with its
22 activities;

23 (12) determine, fix, alter, charge and collect rates, fees,
24 rentals and other charges for the use of the facilities of the authority
25 or for the service, electric energy or other commodities sold, rendered,
26 or furnished by it;

27 (13) plan, design, construct, reconstruct, extend or improve
28 any facility necessary or convenient in connection with its activities;

29 (14) enter on any land, water or premises for the purpose of

1 making surveys, soundings or examinations;

2 (15) exercise the powers of eminent domain and declaration of
3 taking in accordance with AS 09.55.250 - 09.55.460;

4 (16) do all acts and things necessary, convenient or desirable
5 to carry out the powers granted or implied in this chapter;

6 (17) adopt, amend and repeal rules and regulations necessary
7 for the exercise and performance of its powers and duties or to govern
8 the rendering of service, sale or exchange of electrical energy.

9 Sec. 18.57.050. BONDS AND NOTES. (a) The authority, by board
10 resolution, may issue bonds and bond anticipation notes in order to
11 provide funds to carry out and effectuate its purposes.

12 (b) The principal and interest on these bonds or notes is payable
13 from authority funds. Bond anticipation notes may be payable from the
14 proceeds of the sale of bonds or from the proceeds of sale of other bond
15 anticipation notes or, if bond or bond anticipation note proceeds are
16 not available, such notes may be paid from other funds or assets of the
17 authority. Bonds or notes may be additionally secured by a pledge of a
18 grant or contribution from the federal or state government, a corpora-
19 tion, association, institution or person, or a pledge of money, income,
20 or revenues of the authority from any source.

21 (c) Bonds or bond anticipation notes may be issued as provided by
22 board resolution, in one or more series and shall (1) be dated; (2) bear
23 interest at the prescribed rate per year or within the maximum rate; (3)
24 be in a certain denomination or form, either coupon or registered; (4)
25 carry the conversion or registration provisions; (5) have rank or
26 priority; (6) be executed in a certain manner and form; (7) be payable
27 from the sources in the medium of payment and place or places inside or
28 outside the state; (8) be subject to authentication by a trustee or
29 fiscal agent; and (9) be subject to terms of redemption, with or without

1 premium. Bond anticipation notes mature at a time determined by the
2 authority. Bonds mature at a time, not exceeding 50 years from the date
3 of their issuance, as determined by the authority. Before the prepara-
4 tion of definitive bonds or bond anticipation notes, the authority may
5 issue interim receipts or temporary bonds or bond anticipation notes,
6 with or without coupons, exchangeable for bonds or bond anticipation
7 notes when the definitive bonds or bond anticipation notes have been
8 executed and are available for delivery.

9 (d) Bond or bond anticipation notes may be sold in the manner, on
10 the terms, and at the price the authority determines.

11 (e) If an officer whose actual or facsimile signature appears on
12 any bonds or notes or coupons attached to them ceases to be an officer
13 before the delivery of the bond, note or coupon, his signature is valid
14 as if he had remained in office until delivery.

15 (f) In a resolution of the authority authorizing or relating to
16 the issuance of bonds or bond anticipation notes, the authority may,
17 with the holders of the bonds or bond anticipation notes;

18 (1) pledge to any payment or purpose all or any part of
19 revenues to which it is or will be entitled to and similarly pledge the
20 money derived from the revenues, and the proceeds of any bonds or notes;

21 (2) covenant against pledging all or any part of its revenues
22 or against permitting or suffering a lien on the revenues or its prop-
23 erty;

24 (3) covenant as to the use and disposition of any and all
25 payments of principal or interest received by the authority on mortgage
26 loans, construction loans or other investments held by the authority;

27 (4) covenant as to establishment of reserves or sinking funds
28 and the making of provision for and the regulation and disposition of
29 the reserves or sinking funds;

1 (5) covenant with respect to or against limitations on a
2 right to sell or otherwise dispose of property of any kind;

3 (6) covenant as to bonds and notes to be issued, and their
4 limitations, terms and conditions, and as to the custody, application
5 and disposition of the proceeds of the bonds and notes;

6 (7) covenant as to the issuance of additional bonds or notes,
7 or as to limitations on the issuance of additional bonds or notes and
8 the incurring of the other debts;

9 (8) covenant as to the payment of the principal of or inter-
10 est on the bonds or notes, as to the sources and methods of the payment,
11 as to the rank or priority of the bonds or notes with respect to a lien
12 or security, or as to the acceleration of the maturity of the bonds or
13 notes;

14 (9) provide for the replacement of lost, stolen, destroyed or
15 mutilated bonds or notes;

16 (10) covenant against extending the time for the payment of
17 bonds or notes or interest on the bonds or notes;

18 (11) covenant as to the redemption of bonds or notes and
19 privileges of their exchange for other bonds or notes of the authority;

20 (12) covenant to create or authorize the creation of special
21 funds of money to be held in pledge or otherwise for operation expenses,
22 payment or redemption of bonds or notes, reserves or other purposes, and
23 as to use and disposition of the money held in the funds;

24 (13) establish the procedure, if any, by which the terms of
25 any contract or covenant with or for the benefit of the holders of bonds
26 or notes may be amended or abrogated, the amount of bonds or notes the
27 holders of which must consent to amendment or abrogation, and the manner
28 in which the consent may be given;

29 (14) covenant as to the custody of any of its properties or

1 investments, their safekeeping and insurance, and the use and disposi-
2 tion of insurance money;

3 (15) covenant as to the time or manner of enforcement or
4 restraint from enforcement of any rights of the corporation arising by
5 reason of or with respect to nonpayment of principal or interest of any
6 mortgage loans or construction loans;

7 (16) provide for the rights and liabilities, powers and duties
8 arising upon the breach of a covenant, condition or obligation, and to
9 prescribe the events of default and the terms and conditions upon which
10 any or all of the bonds, notes or other obligations of the authority
11 become or may be declared due and payable before maturity and the terms
12 and conditions upon which such a declaration and its consequences may be
13 waived;

14 (17) vest in a trustee or trustees inside or outside the state
15 property, rights, powers and duties in trust as the authority may
16 determine, which may include any or all of the rights, powers and duties
17 of a trustee appointed by the holders of bonds or notes, and to limit or
18 abrogate the right of the holders of bonds or notes of the authority to
19 appoint a trustee under this chapter or limit the rights, powers and
20 duties of the trustee;

21 (18) pay the costs or expenses incident to the enforcement of
22 the bonds or notes or of the provisions of the resolution or of a
23 covenant or agreement of the authority with the holders of its bonds or
24 notes;

25 (19) agree with a corporate trustee which may be a trust
26 company or bank having the powers of a trust company inside or outside
27 the state as to the pledging or assigning of revenues or funds to which
28 or in which the authority has any rights or interest; and further pro-
29 vide for other rights and remedies exercisable by the trustee as may be

1 proper for the protection of the holders of any bonds or notes of the
2 authority and not otherwise in violation of law and may provide for the
3 restriction of the rights of an individual holder of bonds or notes of
4 the authority;

5 (20) appoint and provide for the duties and obligations of a
6 paying agent or other fiduciary, by resolution, inside or outside the
7 state;

8 (21) limit the rights of the holders of bonds or notes to
9 enforce a pledge or covenant securing bonds or notes;

10 (22) make covenants other than expressly authorized in this
11 section, of like or different character, and to make covenants as may be
12 necessary or desirable, to better secure bonds or notes or which, in the
13 discretion of the authority, will tend to make bonds or notes more
14 marketable, notwithstanding the fact that the covenants are not enumer-
15 ated in this section.

16 Sec. 18.57.060. VALIDITY OF PLEDGE. The pledge of assets or
17 revenues of the authority to the payment of the principal or interest of
18 obligations of the authority is valid and binding from the time the
19 pledge is made and assets or revenues pledged are immediately subject to
20 the lien of the pledge without physical delivery or further action. The
21 lien of a pledge is valid and binding against all parties having claims
22 of any kind in tort, contract or otherwise against the authority,
23 irrespective of whether those parties have notice of the lien of the
24 pledge. Nothing prohibits the authority from selling assets subject to
25 a pledge, except that a sale may be restricted by the trust agreement or
26 resolution providing for the issuance of the obligations.

27 Sec. 18.57.070. REMEDIES. A holder of obligations or coupons
28 attached to them issued under the provisions of this chapter, and a
29 trustee under a trust agreement or resolution authorizing the issuance

1 of the obligations, if not restricted by the trust agreement or resolu-
2 tion, either at law or in equity, may enforce all rights granted under
3 the coupons or under the trust agreement or resolution, or under any
4 other contract executed by the authority under this chapter, and may
5 enforce and compel the performance of all duties required by this
6 chapter or by the trust agreement or resolution to be performed by the
7 authority or by an officer of it.

8 Sec. 18.57.080. NEGOTIABLE INSTRUMENTS. All obligations and
9 interest coupons attached to the obligations are negotiable instruments
10 under the laws of this state, subject only to applicable registration
11 provisions.

12 Sec. 18.57.090. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
13 issued under the provisions of this chapter are securities in which all
14 public officers and public bodies of the state and its political sub-
15 divisions, all insurance companies, trust companies, banking associa-
16 tions, investment companies, executors, administrators, trustees and
17 other fiduciaries may properly and legally invest funds, including
18 capital in their control or belonging to them. These obligations may be
19 deposited with the state or municipal officer of an agency or political
20 subdivision of the state for any purpose for which the deposit of bonds,
21 notes or obligations of the state is authorized by law.

22 Sec. 18.57.100. REFUNDING OBLIGATIONS. (a) The authority may
23 provide for the issuance of refunding obligations for the purpose of
24 refunding obligations then outstanding which have been issued under the
25 provisions of this chapter, including the payment of redemption premium
26 on them and interest accrued or to accrue to the date of redemption of
27 the obligations. The issuance of the obligations, the maturities and
28 other details of them, the rights of the holders of them, and the
29 rights, duties and obligations of the authority in respect of them are

1 governed by the provisions of this chapter which relate to the issuance
2 of appropriate obligations.

3 (b) Refunding obligations may be sold or exchanged for outstanding
4 obligations issued under this chapter. If sold, the proceeds may be
5 applied, in addition to other authorized purposes, to the purchase,
6 redemption or payment of the outstanding obligations. Pending the
7 application of the proceeds of any such refunding obligations, with any
8 other available funds, to the payment of the principal (accrued interest
9 and any redemption premium on the obligations being refunded, and, if so
10 provided or permitted in the resolution authorizing the issuance of the
11 refunding obligations or in the trust agreement securing them, to the
12 payment of any interest on the refunding obligations and any expenses in
13 connection with the refunding), the proceeds may be invested in direct
14 obligations of, or obligations the principal of and the interest on
15 which are unconditionally guaranteed by, the United States of America
16 which mature or which will be subject to redemption, at the option of
17 the holders of them, not later than the respective dates when the
18 proceeds, together with the interest accruing on them, will be required
19 for the purposes intended.

20 Sec. 18.57.110. CREDIT OF STATE NOT PLEDGED. Obligations issued
21 under the provisions of this chapter do not constitute a debt, liability
22 or obligation of the state or of any other political subdivision of the
23 state or a pledge of the faith and credit of the state or a political
24 subdivision of the state but are payable solely from the revenues or
25 assets of the authority. Each obligation issued under this chapter
26 shall contain on its face a statement that the authority is not obli-
27 gated to pay it nor the interest on it except from the revenues or
28 assets pledged for it and that neither the faith and credit nor the
29 taxing power of the state or of a political subdivision of the state is

pledged to the payment of the principal of or interest on the obligation.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-

070(c).

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1 IN THE HOUSE

BY DUNCAN AND MILLER

2 HOUSE BILL NO. 26

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the creation of regional electrical
7 authorities."

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

9 * Section 1. AS 18 is amended by adding a new chapter to read:

10 CHAPTER 57. REGIONAL ELECTRICAL AUTHORITIES.

11 Sec. 18.57.010. FINDING AND PURPOSE. The legislature finds that
12 an acute shortage of adequate, safe, reliable electrical facilities exists
13 in the rural areas of the state and that adequate electrical systems can-
14 not be provided by the private sector due to inadequate projected system
15 revenues and economic depression in certain areas. The legislature
16 further finds that adequate housing, public facilities and economic devel-
17 opment are heavily dependant upon adequate, safe and reliable electrical
18 facilities. These conditions are inimical to the safety, health, welfare
19 and prosperity of the residents of the state and to the sound growth of
20 rural communities. The legislature further finds that a reasonable means
21 of accomplishing the purpose of providing adequate, safe and reliable
22 systems is the creation of regional electrical authorities. It is the
23 purpose and intent of the legislature to provide a means whereby public
24 corporations to serve as regional electrical authorities may be formed.

25 Sec. 18.57.020. CREATION OF AUTHORITIES. An association authorized
26 by AS 18.55.996(a) to form a regional housing authority is given the
27 authority to form a regional electrical authority. There is created with
28 respect to each of the associations named in AS 18.55.996(a) a public
29 body corporate and politic as a political subdivision of the state to

1 function in the operating areas of the individual associations. Each
2 authority may exercise all powers conferred by this chapter.

3 (a) A regional electrical authority may not transact business or
4 exercise powers granted to it until the governing body of the association
5 has, by resolution, declared there is a need for the authority to function,
6 given it the authority to function and appointed persons to serve as the
7 board of commissioners of the authority. The number of members of the
8 board of commissioners, their terms of office and the filling of vacan-
9 cies in office shall be determined by resolution of the governing body
10 of the association.

11 (b) The regional electrical authority has jurisdiction to operate
12 in all or part of the operating area of the individual association as
13 determined by resolution of the governing body of the association. The
14 governing body may, by resolution, add to or subtract from the area
15 served. The authority may operate within the corporate limits of a muni-
16 cipality only with consent, by resolution, of the governing body of the
17 municipality; however, if an authority is operating within an area which
18 becomes part of a municipality or has a certificate of convenience and
19 necessity from the Alaska Public Utility Commission to operate in an
20 area which becomes part of a municipality, no consent is necessary.

21 (c) A municipality, electrical cooperative or other provider of
22 electrical service may transfer all or part of its electrical system
23 including, without limitation, lands and rights in land, equipment and
24 certificates or franchises, to a regional electrical authority by
25 resolution of the governing board upon terms agreed upon with the author-
26 ity; however, approval by resolution, of the board of commissioners of
27 the authority shall be obtained. Unless otherwise provided by law no
28 other approvals to transfers are required.

29 Sec. 18.57.030. TAX EXEMPTION. (a) A regional electrical authority

1 is not required to pay a tax or assessment on property owned by the
2 authority.

3 (b) All obligations issued under this chapter are issued by a body
4 corporate and public which is a political subdivision of the state and
5 for an essential public and governmental purpose, and the obligations,
6 and the interest and income on and from the obligations, and all fees,
7 charges, funds, revenues, income and other money pledged or available to
8 pay or secure the payment of the obligations or interest are exempt from
9 taxation except for transfer, inheritance and estate taxes.

10 (c) All obligations or liabilities of a regional electrical
11 authority remains its own and are not obligations or liabilities of the
12 state.

13 Sec. 18.57.040. POWERS OF THE AUTHORITY. A regional electrical
14 authority has the general power to

- 15 (1) adopt, alter and use a corporate seal;
- 16 (2) prescribe, adopt, amend and repeal bylaws;
- 17 (3) sue and be sued in its own name;
- 18 (4) appoint officers, agents and employees and vest them with
19 powers and duties and to fix, change and pay compensation for their
20 services as the authority may determine;
- 21 (5) borrow money, make and issue bonds, notes and other
22 evidences of indebtedness of the authority for any of its corporate
23 purposes, and to secure payment of its bonds and of other obligations by
24 pledge of or lien on all or any of its assets, contracts, revenue and
25 income;
- 26 (6) make and issue bonds for the purpose of funding, refunding
27 purchasing, paying or discharging any of the outstanding bonds or obliga-
28 tions issued or assumed by it or bonds or obligations the principal or
29 interest of which is payable in whole or in part from its revenue;

1 (7) make and execute agreements, contracts and other
2 instruments necessary or convenient in the exercise of its powers and
3 functions, including contracts with any person, firm, corporation,
4 government agency or other entity;

5 (8) receive, administer and comply with the conditions and
6 requirements of an appropriation, gift, grant or donation of property or
7 money;

8 (9) invest or reinvest money or funds held by the authority
9 in obligations or other securities or investments in which banks or
10 trust companies in the state may legally invest funds held in reserves
11 or sinking funds or funds not required for immediate disbursement, and
12 in certificates of deposits or time deposits;

13 (10) acquire, hold, use, lease, sell or otherwise dispose of
14 property of any kind, real, personal or mixed or any interest in it;

15 (11) acquire, produce, develop, manufacture, use, transmit,
16 distribute, supply, exchange, sell or otherwise dispose of electric
17 energy and other supplies and services as the authority determines
18 necessary, proper, incidental or convenient in connection with its
19 activities;

20 (12) determine, fix, alter, charge and collect rates, fees,
21 rentals and other charges for the use of the facilities of the authority
22 or for the service, electric energy or other commodities sold, rendered,
23 or furnished by it;

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25 any facility necessary or convenient in connection with its activities;

26 (14) enter on any land, water or premises for the purpose of
27 making surveys, soundings or examinations;

28 (15) exercise the powers of eminent domain and declaration of
29 taking in accordance with AS 09.55.250 - 09.55.460;

1 (16) do all acts and things necessary, convenient or desirable
2 to carry out the powers granted or implied in this chapter;

3 (17) adopt, amend and repeal rules and regulations necessary
4 for the exercise and performance of its powers and duties or to govern
5 the rendering of service, sale or exchange of electrical energy.

6 Sec. 18.57.050. BONDS AND NOTES. (a) The authority, by board
7 resolution, may issue bonds and bond anticipation notes in order to
8 provide funds to carry out and effectuate its purposes.

9 (b) The principal and interest on these bonds or notes is payable
10 from authority funds. Bond anticipation notes may be payable from the
11 proceeds of the sale of bonds or from the proceeds of sale of other bond
12 anticipation notes or, if bond or bond anticipation note proceeds are not
13 available, such notes may be paid from other funds or assets of the auth-
14 ority. Bonds or notes may be additionally secured by a pledge of a
15 grant or contribution from the federal or state government, a corporation,
16 association, institution or person, or a pledge of money, income, or
17 revenues of the authority from any source.

18 (c) Bonds or bond anticipation notes may be issued as provided by
19 board resolution, in one or more series and shall (1) be dated; (2) bear
20 interest at the prescribed rate per year or within the maximum rate; (3)
21 be in a certain denomination or form, either coupon or registered; (4)
22 carry the conversion or registration provisions; (5) have rank or
23 priority; (6) be executed in a certain manner and form; (7) be payable
24 from the sources in the medium of payment and place or places inside or
25 outside the state; (8) be subject to authentication by a trustee or
26 fiscal agent; and (9) be subject to terms of redemption, with or without
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29 of their issuance, as determined by the authority. Before the preparation

1 of definitive bonds or bond anticipation notes, the authority may issue
2 interim receipts or temporary bonds or bond anticipation notes, with or
3 without coupons, exchangeable for bonds or bond anticipation notes when
4 the definitive bonds or bond anticipation notes have been executed and
5 are available for delivery.

6 (d) Bond or bond anticipation notes may be sold in the manner, on
7 the terms, and at the price the authority determines.

8 (e) If an officer whose actual or facsimile signature appears on
9 any bonds or notes or coupons attached to them ceases to be an officer
10 before the delivery of the bond, note or coupon, his signature is valid
11 as if he had remained in office until delivery.

12 (f) In a resolution of the authority authorizing or relating to
13 the issuance of bonds or bond anticipation notes, the authority may, with
14 the holders of the bonds or bond anticipation notes;

15 (1) pledge to any payment or purpose all or any part of
16 revenues to which it is or will be entitled to and similarly pledge the
17 money derived from the revenues, and the proceeds of any bonds or notes;

18 (2) covenant against pledging all or any part of its revenues,
19 or against permitting or suffering a lien on the revenues its property;

20 (3) covenant as to the use and disposition of any and all
21 payments of principal or interest received by the authority on mortgage
22 loans, construction loans or other investments held by the authority;

23 (4) covenant as to establishment of reserves or sinking funds
24 and the making of provision for and the regulation and disposition of the
25 reserves or sinking funds;

26 (5) covenant with respect to or against limitations on a
27 right to sell or otherwise dispose of property of any kind;

28 (6) covenant as to bonds and notes to be issued, and their
29 limitations, terms and conditions, and as to the custody, application and

1 disposition of the proceeds of the bonds and notes;

2 (7) covenant as to the issuance of additional bonds or notes,
3 or as to limitations on the issuance of additional bonds or notes and
4 the incurring of the other debts;

5 (8) covenant as to the payment of the principal of or interest
6 on the bonds or notes, as to the sources and methods of the payment, as
7 to the rank or priority of the bonds or notes with respect to a lien or
8 security, or as to the acceleration of the maturity of the bonds or notes;

9 (9) provide for the replacement of lost, stolen, destroyed or
10 mutilated bonds or notes;

11 (10) covenant against extending the time for the payment of
12 bonds or notes or interest on the bonds or notes;

13 (11) covenant as to the redemption of bonds or notes and
14 privileges of their exchange for other bonds or notes of the authority;

15 (12) covenant to create or authorize the creation of special
16 funds of money to be held in pledge or otherwise for operation expenses,
17 payment or redemption of bonds or notes, reserves or other purposes, and
18 as to use and disposition of the money held in the funds;

19 (13) establish the procedure, if any, by which the terms of
20 any contract or covenant with or for the benefit of the holders of bonds
21 or notes may be amended or abrogated, the amount of bonds or notes the
22 holders of which must consent to amendment or abrogation, and the manner
23 in which the consent may be given;

24 (14) covenant as to the custody of any of its properties or
25 investments, their safekeeping and insurance, and the use and disposition
26 of insurance money;

27 (15) covenant as to the time or manner of enforcement or
28 restraint from enforcement of any rights of the corporation arising by
29 reason of or with respect to nonpayment of principal or interest of any

mortgage loans or construction loans;

1 (16) provide for the rights and liabilities, powers and duties
2 arising upon the breach of a covenant, condition or obligation, and to
3 prescribe the events of default and the terms and conditions upon which
4 any or all of the bonds, notes or other obligations of the authority
5 become or may be declared due and payable before maturity and the terms
6 and conditions upon which such a declaration and its consequences may be
7 waived;

8 (17) vest in a trustee or trustees inside or outside the state
9 property, rights, powers and duties in trust as the authority may
10 determine, which may include any or all of the rights, powers and duties
11 of a trustee appointed by the holders of bonds or notes, and to limit
12 or abrogate the right of the holders of bonds or notes of the authority
13 to appoint a trustee under this chapter or limit the rights, powers and
14 duties of the trustee;

15 (18) pay the costs or expenses incident to the enforcement of
16 the bonds or notes or of the provisions of the resolution or of a
17 covenant or agreement of the authority with the holders of its bonds or
18 notes;

19 (19) agree with a corporate trustee which may be a trust company,
20 or bank having the powers of a trust company inside or outside the state
21 as to the pledging or assigning of revenues or funds to which or in which
22 the authority has any rights or interest; and further provide for other
23 rights and remedies exercisable by the trustee as may be proper for the
24 protection of the holders of any bonds or notes of the authority and
25 not otherwise in violation of law and may provide for the restriction of
26 the rights of an individual holder of bonds or notes of the authority;

27 (20) appoint and provide for the duties and obligations of a
28 paying agent or other fiduciary, by resolution, inside or outside the
29

1 state;

2 (21) limit the rights of the holders of bonds or notes to
3 enforce a pledge or covenant securing bonds or notes;

4 (22) make covenants other than expressly authorized in this
5 section, of like or differnt character, and to make covenants as may be
6 necessary or desirable, to better secure bonds or notes or which, in the
7 discretion of the authority, will tend to make bonds or notes more
8 marketable, notwithstanding the fact that the covenants are not
9 enumerated in this section.

10 Sec. 18.57.060. VALIDITY OF PLEDGE. The pledge of assets or
11 revenues of the authority to the payment of the principal or interest of
12 obligations of the authority is valid and binding from the time the
13 pledge is made and assets or revenues pledged are immediately subject
14 to the lien of the pledge without physical delivery or further action.
15 The lien of a pledge is valid and binding against all parties having
16 claims of any kind in tort, contract or otherwise against the authority,
17 irrespective of whether those parties have notice of the lien of the
18 pledge. Nothing prohibits the authority from selling assets subject to
19 a pledge, except that a sale may be restricted by the trust agreement or
20 resolution providing for the issuance of the obligations.

21 Sec. 18.57.070. REMEDIES. A holder of obligations or coupons
22 attached to them issued under the provicions of this chapter, and a
23 trustee under a trust agreement or resolution authorizing the issuance
24 of the obligations, if not restricted by the trust agreement or
25 resolution, either at law or in equity, may enforce all rights granted
26 under the coupons or under the trust agreement or resolution, or under
27 any other contract executed by the authority under this chapter, and
28 may enforce and compel the performance of all duties required by this
29 chapter or by the trust agreement or resolution to be performed by the

1 authority or by an officer of it.

2 Sec. 18.57.080. NEGOTIABLE INSTRUMENTS. All obligations and
3 interest coupons attached to the obligations are negotiable instruments
4 under the laws of this state, subject only to applicable registration
5 provisions.

6 Sec. 18.57.090. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
7 issued under the provisions of this chapter are securities in which all
8 public officers and public bodies of the state and its political sub-
9 divisions, all insurance companies, trust companies, banking associations,
10 investment companies, executors, administrators, trustees and other
11 fiduciaries may properly and legally invest funds, including capital in
12 their control or belonging to them. These obligations may be deposited
13 with the state or municipal officer of an agency or political subdivis-
14 ion of the state for any purpose for which the deposit of bonds, notes
15 or obligations of the state is authorized by law.

16 Sec. 18.57.100. REFUNDING OBLIGATIONS. (a) The authority may
17 provide for the issuance of refunding obligations for the purpose of
18 refunding obligations then outstanding which have been issued under
19 the provisions of this chapter, including the payment of redemption
20 premium on them and interest accrued or to accrue to the date of
21 redemption of the obligations. The issuance of the obligations, the
22 maturities and other details of them, the rights of the holders of them,
23 and the rights, duties and obligations of the authority in respect of
24 them are governed by the provisions of this chapter which relate to the
25 issuance of appropriate obligations.

26 (b) Refunding obligations may be sold or exchanged for outstanding
27 obligations issued under this chapter. If sold, the proceeds may be
28 applied, in addition to other authorized purposes, to the purchase,
29 redemption or payment of the outstanding obligations. Pending the

1 application of the proceeds of any such refunding obligations, with any
2 other available funds, to the payment of the principal (accrued interest
3 and any redemption premium on the obligations being refunded, and, if so
4 provided or permitted in the resolution authorizing the issuance of the
5 refunding obligations or in the trust agreement securing them, to the
6 payment of any interest on the refunding obligations and any expenses
7 in connection with the refunding), the proceeds may be invested in direct
8 obligations of, or obligations the principal of and the interest on which
9 are unconditionally guaranteed by, the United States of America which
10 mature or which will be subject to redemption, at the option of the
11 holders of them, not later than the respective dates when the proceeds,
12 together with the interest accruing on them, will be required for the
13 purposes intended.

14 Sec. 18.57.110. CREDIT OF STATE NOT PLEDGED. Obligations issued
15 under the provisions of this chapter do not constitute a debt, liability
16 or obligation of the state or of a political subdivision of the state
17 or a pledge of the faith and credit of the state or a political sub-
18 division of the state but are payable solely from the revenues or assets
19 of the authority. Each obligation issued under this chapter shall contain
20 on its face a statement that the authority is not obligated to pay it
21 nor the interest on it except from the revenues or assets pledged for it
22 and that neither the faith and credit nor the taxing power of the state
23 or of a political subdivision of the state is pledged to the payment of
24 the principal of or interest on the obligation.
25
26
27
28
29

#

ALASKA FEDERATION OF NATIVES, INC.



1675 C STREET
ANCHORAGE, ALASKA 99501
PHONE (907) 274-3611

*Staffer
Filer
Boh*

Integrity, Pride in Heritage, Progress

EXECUTIVE OFFICES
RECEIVED
JAN 27 1975

Tlingit & Haida Regional Housing Authority
525 Village Street
Juneau, Alaska 99801

January 22, 1975

Mr. Robert W. Loescher
Executive Director
Tlingit & Haida Regional Housing Authority
525 Village Street
Juneau, Alaska 99801

Dear Robert:

First, let me congratulate you on your proposed Rural Electrification legislation. With your usual wisdom and forethought, I find that your noble approach to solving the problem of delivery of hand maintenance the cheap power source for villages in Southeast Alaska is a good one.

I am pleased to see that at a recent meeting of villages and towns in Sitka, that your proposal and your concept was adopted by those in attendance. Please let me know if there is anything I can do to help you in establishing these new means of developing rural electric co-ops.

Sincerely,

Roger Lang
Roger Lang
President



Alaska Village Electric Co-operative, inc.

999 TUDOR RD., ANCHORAGE, ALASKA 99503
TELEPHONE 279-3548

September 16, 1974

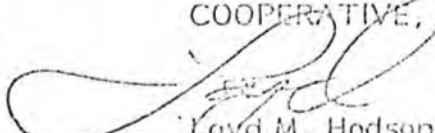
Robert Loescher
Executive Director
Tlingit Haida Regional Housing Authority
525 Village Street
Juneau, Alaska 99801

Dear Mr. Loescher:

In accordance with recent correspondence and followup of your meeting with the A.V.E.C. Board, attached is a copy of a Resolution passed by the A.V.E.C. Board on September 10, 1974.

Best Wishes,

ALASKA VILLAGE ELECTRIC
COOPERATIVE, INC.


Lloyd M. Hodson
General Manager

LMH/ma
Encl.

RECEIVED
SEP 19 1974

Tlingit-Haida Regional Housing Authority
525 Village Street
Juneau, Alaska 99801

4225

Regional Electrification Authority

Whereas: adequate housing, public facilities, and economic development are desperately needed in our rural areas, and

Whereas: development of those adequate housing depend on safe electrical systems, and

Whereas: it is necessary to provide public corporations to assist in providing those electrical systems, and

Whereas: The SEAGAP Board of Directors is aware of the filing of HB 26 by Representatives Duncan and Miller,

Now therefore be it resolved: that SEAGAP Board of Directors, meeting this day, February 13, 1975, in Juneau, Alaska, vote to support House Bill 26, authorizing the creation of regional electrification authorities.

ATTEST:

Oratha Williams
Secretary

Dick Whittaker
President

February 14, 1975
Date

RESOLUTION NO. _____

ENTITLED: DEVELOPMENT OF A SOUTHEAST
ALASKA ELECTRICAL COOPERATIVE

WHEREAS, the Alaska Village Electric Cooperative, Inc. is a nonprofit Cooperative association established under the and by virtue of the Electric and Telephone Cooperative Act of 1959 for the express purpose of providing electrical generation and service to the people of small and often remote village of the State of Alaska, and,

WHEREAS, AVEC'S Electrification program was made possible through an REA loan granted in 1968 and subsequent REA loans to date, and,

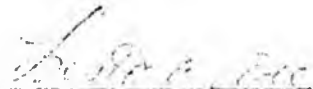
WHEREAS, the Alaska Village Electric Cooperative was established and is being supported through the mutual cooperation of several state and federal agencies, and

WHEREAS, AVEC is currently providing service to 48 villages in the State of Alaska, only one of which is located in Southeast Alaska, and

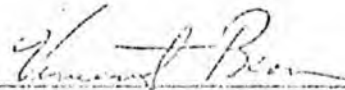
WHEREAS, the Tlingit & Haida Regional Housing Authority is working with various State and Federal agencies in an effort to electrify several rural Southeast Alaskan communities.

THEREFORE, BE IT RESOLVED, that the Alaska Village Electric Cooperative, Inc. does hereby approve of and endorse the Authority's efforts to have a comprehensive study conducted in the villages in question to determine the feasibility of establishing a separate REA sponsored cooperative to serve rural Southeast Alaska.

Passed and approved by the Board of Directors of the Alaska Village Electric Cooperative, Inc. this 10th day of Sept, 1974, by a vote of ___ years and ___ days.



President
Alaska Village Electric Cooperative, Inc.



Secretary

BILLY G. BERRIER
ATTORNEY
146 HOWELL STREET
JUNEAU, ALASKA
99801

Phone 586-6142

Dec. 6, 1974

MEMORANDUM TO: Robert W. Loescher
Executive Director
Tlingit-Haida Regional Housing Authority

Enclosed are the two bills I have drafted at your request.

The problem you outlined was to find a means whereby electrical systems could be constructed, operated, and financed in certain specified areas. Because of the current state of the existing service and the limited revenue potential several factors were necessary;

- (a) Financing at the lowest possible cost which requires authority to receive and utilize federal and state grants and loans (including R.F.A. financing) and a capability to issue securities, the income of which is not taxable to the holder to realize the interest savings inherent in tax exempt securities
- (b) It must be possible to construct and operate the systems on a larger than local basis because individually the village operations would not be feasible financially
- (c) Maximum operating flexibility in order that the diverse factors which exist and may arise in the future could be accommodated and maximum operating efficiency could be attained thus realizing such cost economies as are possible.

Under existing law part, but not all, of these objectives can be attained. There are several limitations on electrical cooperatives organized under AS. 10.25 the principal ones being structural and service limitations and the lack of authority to issue tax exempt securities. Municipal operation does not allow the scope necessary for a feasible project and,

althouth the municipalities could enter into a cooperation agreement under the constitution and statues, no seperate corporate entity to carry out the required functions could be created directly. This could be handled in a somewhat cumbersome manner but because the fact that one of the areas which must be included is not a municipal corporation this avenue is not open.

After considerable exploration of the alternatives we agreed that legislation providing a vehicle to accomplish this should be prepared. Any such legislation must avoid conflict with a state-wide agency for financing electrical systems should one be created.

Since there are two reasonable approaches to do this I have drafted a bill for each alternative approach. The enclosed bills, in my opinion, accomplish these objectives. Further the vehicles which can be created would be useful in a wide varity of situations so that they should be acceptable to other areas of the state, since many areas face similar problems.

Billy J. Lussier

Nushagak Electric Co-operative, Inc.

P. O. BOX 197

DILLINGHAM, ALASKA 99576

February 7, 1975

Mr. Nels A. Anderson, Jr.
State House of Representatives
Pouch V
Juneau, Alaska 99801

RE: House Bill No. 26

Dear Nels:

A copy of HB No. 26 came across my desk the other day and it moves me to make some comment in behalf of Nushagak Electric Cooperative, Inc.

I heartily approve of the concept of increasing, improving and insuring the reliability of electric service in this state especially since climatic conditions play such a significant part in our life style. Unfortunately, most communities today have very few options available for their very survival in the event of an electrical system breakdown.

We need a plan to handle contingencies of an emergency nature, and as far as I can see, there has been nothing forthcoming from any agency to handle the ever increasing frequency of prolonged power outages and breakdowns that occur each winter. For an example, the military generators that were shipped to Kodiak in their recent power crisis were immediately shipped back outside for storage. Why were they not stored at Elmendorf or other suitable military installations in Alaska for future contingencies?

On the surface, it would appear that HB 26 would not readily lend itself to more efficient rural electric utility operations. Apparent disadvantages would include the following:

1. The establishment of a regional electrical authority would provide a political tool for assumption of responsibilities already adequately handled by other agencies, i.e., Federal Power Commission, Rural Electrification Administration, Alaska Public Utilities Commission, various municipalities and REA cooperatives throughout the state.
2. HB 26 as written does not make provision for technical expertise on the governing body of the association. This is really the crux of most power supply problems -- lack of funds and good technical assistance.

Nels A. Anderson, Jr.
February 7, 1975 -- Page 2

3. The mailing list dated January 31, 1975 and signed by Bob Bradley appears to be essentially directed at Native organizations throughout the State. No utilities are included. I cannot help but feel that this may be an effort to make political hay over a particular event which did not affect more than one community. If this is not the case, I would certainly be receptive to some enlightenment.

On the plus side, I believe HB 26 brings to light and helps to underscore a very basic problem area -- that the power supply in most Alaskan communities leaves much to be desired. We do not have a readily available supply of technical manpower which is of primary importance if the lights are to be kept burning. Most Alaskan communities are at the mercy of one fuel supplier. Most utilities in those areas have to rely on diesel generation which is, historically, the most expensive. Requirements involving development of hydro power are astronomical -- no rural community can foot the bill by itself!

Yes, there are very definite power supply problems begging for solutions. To start with, I would suggest establishing a power pool under the aegis of the APUC or the Alaska Power Administration that would supply emergency diesel generation units on short notice to any Alaskan community. In addition, this same agency should survey all possible hydro sites, determine feasibility over the long run and assist through the REA or a state bonding bank to develop these facilities as soon as possible. The immediate effect would be twofold -- the cost of fuel would be eliminated and the cost of producing power over the long run would remain relatively stable. There is no chance for this condition to exist as long as we are tied to a rapidly depleting fuel.

Nels, thank you for listening. I would like some feedback on this matter, if possible.

Best Regards,

NICHANAK ELECTRIC COOPERATIVE, INC.

David F. Bouker
David F. Bouker
Manager

DFB:ju



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 10, 1974

RECEIVED
JAN 16 1975

Mr. Robert W. Loescher
Executive Director
Tlingit-Haida Regional
Housing Authority
525 Village Street
Juneau, Alaska 99801

Tlingit-Haida Regional Housing Authority
525 Village Street
Juneau, Alaska 99801

Dear Mr. Loescher:

This will acknowledge our receipt of your letter of December 17, 1974, concerning rural electrification problems and legislation.

I know personally that the electrification problems you speak of in your letter are genuine and that their solution is critical to achieve better living conditions for rural residents throughout the State. Reliable electric service and other basic public utilities have a key role in community development and are a major responsibility of local government and related public utility organizations.

Therefore, I have requested the Department of Community and Regional Affairs to study the draft legislation you propose to determine how it might contribute to realization of the State's community development objectives. When that review is completed, a more detailed reply will be forthcoming.

Thank you for sharing your experience with rural utility problems and your ideas about possible legislative solutions.

Sincerely,

Jay S. Hammond
Governor

file
STATE OF ALASKA

DEPARTMENT OF COMMERCE
ALASKA PUBLIC UTILITIES COMMISSION

JAY S. HAMMOND, Governor

1100 MACKAY BUILDING
333 DENALI STREET - ANCHORAGE 99501

January 17, 1975

Robert W. Loescher, Executive Director
Tlingit and Haida Regional
Housing Authority
525 Village Street
Juneau, Alaska 99801

Dear Mr. Loescher:

I have read your letter of December 18, 1974 with interest, and have given copies of this material to my fellow commissioners. We will keep your discussions in mind during the upcoming legislative session in the event we are asked to comment regarding the power situation in small communities.

I appreciate the time and effort that you have taken to develop what I consider a valid document discussing the difficulties of financing electric generation and distribution systems in these areas.

Very truly yours,

ALASKA PUBLIC UTILITIES COMMISSION

Jim Hendershot
James R. Hendershot, Commissioner

JRH/pat

CC: Mayor Frank See - Hoonah
Mayor Cyril George - Angoon
Mayor Frank Gordon - Kake
Mayor John Stann - Klawock
Mayor Dick Hetch - Klutina

RECEIVED
JAN 22 1975

Tlingit and Haida Housing Authority
525 Village Street
Juneau, Alaska 99801



tingit & haida regional housing authority



ROBERT W. LOESCHER
Executive Director

February 10, 1975

Honorable Tim Wallis
House of Representatives
State of Alaska
Vice-Chairman
Commerce Committee
Pouch V - State Capitol
Juneau, Alaska 99801

Dear Representative Wallis:

Pursuant to your request, enclosed for the Commerce Committee's information in reviewing House Bill No. 26, "An Act Authorizing the creation of Regional Power Authorities", is the preliminary feasibility study prepared by the Tlingit-Haida Regional Housing Authority.

Also, included are the preliminary responses from various State and Federal agencies after reviewing the bill.

We urge early consideration of this legislation. Thanking you for this consideration.

Sincerely,

TLINGIT-HAIDA REGIONAL HOUSING AUTHORITY

Robert W. Loescher
Executive Director

encls.

REL: (11: 10)
FRANK SEE -- Chairman, Hoonah
CYRIL GEORGE -- 1st Vice Chairman, Angoon
CAROLYN POWELL -- Secretary, Yakutat

ROBERT SANDERSON -- Treasurer, Hydaburg
BERTHA CAVANAUGH -- Member at Large, Kake



tingit & haida regional housing authority



ROBERT W. LOESCHER
Executive Director

February 14, 1975

Mr. Robert Bradley
Chairman
House Commerce Committee
Alaska State Legislature
Pouch V
State Capital
Juneau, Alaska 99801

Re: HB 26

Dear Mr. Bradley:

We would like to thank your committee for the diligent work it has put into HB 26 entitled "An Act Authorizing the Creation of Regional Electrical Authorities." As proponents of the bill, we have been working to generate support of interested groups around the State of Alaska in order to secure proper input on the legislation for its passage. Today in a meeting with the Alaska Rural Electric Cooperative Association an amendment was proposed by the group that would improve the legislation and prevent encroachments into existing electrical service areas without consent of already established cooperatives. The changes are as follow:

Proposed amendment to HB 26 on page 2 Sec. 18.57.020 subsection (b) line 15 after the words "The authority may operate within" add the words "the service area of a certificated rural electrical cooperative or within..."

Further, delete the word "municipality" on line 17 after the word "municipality" add the words "or cooperative;"

The whole Sec 18.57.020 subsection (b) would then read as follows:

(b) The regional electrical authority has jurisdiction

FRANK SEE -- Chairman, Hoonah
CYRIL GEORGE -- 1st Vice Chairman, Angoon
CAROLYN POWELL -- Secretary, Yakutat

ROBERT SANDERSON -- Treasurer, Hydaburg
BERTHA CAVANAUGH -- Member at Large, Kake

February 14, 1975

to operate in all or part of the operating area of the individual association as determined by resolution of the governing body of the association. The governing body may, by resolution, add to or subtract from the area served. The authority may operate within the service area of a certificated rural electrical cooperative or within the corporate limits of a municipality only with consent, by resolution, of the governing body of the municipality or cooperative; however, if an authority is operating within an area which becomes part of a municipality or has a certificate of convenience and necessity from the Alaska Public Utility Commission to operate in an area which becomes part of a municipality, no consent is necessary.

With the aforementioned changes, the Alaska Rural Electric Cooperative Association went on record as supporting the legislation.

Our group completely supports the recommended changes and requests the amendment as soon as possible. We will ask the sponsors of the legislation, Representatives Duncan and Miller, by a copy of this letter, to endorse these changes in the draft legislation.

Thanking you for this consideration.

Sincerely,

TLINGIT-HAIDA REGIONAL
HOUSING AUTHORITY

Robert M. Leoscher
President

cc: Rep. Duncan
Rep. Miller
Senator Bill Ray
Mayor of Hoonah
Mayor of Eke
Mayor of Angoon
Mayor of Klawock
Mayor of Klukwan
Alaska Village Electric Cooperative Inc.

RWlejl



UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Juneau Area Office
P. O. Box 3-8000
Juneau, Alaska 99801

January 2, 1975

Mr. Robert W. Loescher
Executive Director
Tlingit & Haida Regional
Housing Authority
525 Village Street
Juneau, Alaska 99801

Dear Mr. Loescher:

Indeed we are interested in your approach to Rural Electrification legislation as advanced by your December 19, 1974 letter. We hope you have been in touch with AVEC on the matter, as we understand they have been working on the same basic approach for several months past. The impacts of the proposed legislation on the economics of rural utilities might be best presented for comparison using the AVEC operating experience of the past five years.

Perhaps it would help for you to understand our particular aspect of the AVEC dilemma. Five years ago a three-way agreement was made between REA, AVEC and BIA. Essentially, an income base was established for AVEC by BIA agreement to pay a minimum rate for all schools using AVEC electricity so AVEC could build up the system and be able to repay REA loans needed to start the system. The State Operated Schools system accepted a like agreement shortly thereafter. When started, the rate was \$1200 per location per month; it is currently \$2835 per month per location. As you can see, this is an increased cost of over 150 percent over five years to BIA and SOS. This is a substantial cost borne by both the BIA and SOS educational budgets.

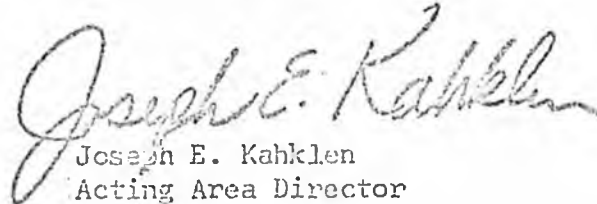
Within the BIA budgetary system our budget increases over the same five years have not kept pace. Our appropriations have increased less than 40% over the same period of time. Our school maintenance and operating budgets now buy little more than electricity, even extending to our schools where there are no AVEC systems. This, combined with the extreme increases in petroleum products and general inflation, face us with very serious problems this fiscal year and next.

While we cannot readily gauge the dollar impact of what you propose as a legislative remedy, we see quite clearly that the method used

with AVEC in the recent past cannot support either the continuing rural electric systems nor development of any new rural systems. A new base must be built so rural electrical systems can achieve sound financing, especially because of the impacts you point out caused by housing improvements and increased economic and industrial-type development activities. The reliance on educational facilities as the financing base is too narrow and cannot sustain the base over the long term.

While your letter does not solicit specific help, we will be happy to assist with the development of materials for legislative presentation at your request. We are limited so far as staff knowledgeable in this particular area, but do have records and information which may be helpful as you develop your presentations.

Sincerely yours,

A handwritten signature in cursive script that reads "Joseph E. Kahklen". The signature is written in dark ink and is positioned above the typed name and title.

Joseph E. Kahklen
Acting Area Director

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
WASHINGTON, D.C. 20250

OFFICE OF THE ADMINISTRATOR

JAN 14 1975

Mr. Robert W. Loescher, Executive Director
Tlingit & Haida Regional Housing Authority
Juneau, Alaska 99801

Dear Mr. Loescher:

We have read the proposal that you submitted to your legislators and do wish to offer some comments regarding it.

In earlier correspondence to you dated July 17, 1974, and September 12, 1974, Mr. Fitch and I have indicated reasons why we are not in favor of the creation of additional organizations which may detract from the ability of the AVEC to accomplish its objective.

In a letter to Senator Gravel dated August 15, 1974, we discussed the possibility of making REA funds available directly to the State of Alaska or an authority created by the State for such a purpose. Under such an arrangement REA could make loans and advance funds based on assignment of bonds or other forms of security. The State would continue to have access to other Federal funds as it now does. Under such an arrangement the property of AVEC could be transferred to the State by debt assumption. Since the State is now contributing substantially to the support of AVEC through the high minimum revenue guarantee by the State operated schools, substantial savings may be made by using village school employees, many of whom are already qualified to operate the generating plants. In addition, the State is in the best position to determine where and at what rate additional village systems should be added in coordination with its other village activities.

We now suggest that perhaps such a solution may still be the best means of resolving the problems of feasibility limitations and could result in more villages being provided service at a faster rate. REA would be favorable to such an arrangement.

Sincerely,



DAVID A. HARRIS
Administrator



Alaska State Legislature

House

JUNEAU ALASKA

Commerce Committee

Meeting Feb. 6,
House Bill 26

Members Present: Wallis, Kelley, Rhodes, Union, Freeman

Commissioner Motley: Power requirements here are mainly affected by outmoded equipment and a change in use requirements. The methodology of the bill is good, though it needs to set an effective date.

Bob Loescher: Through the work of the Tlinglet-Haida Housing Authority he and others have found that a chief area of difficulty is the development of electrical facilities which can handle industry and growth. A year ago they did a study with Community and Regional Affairs and other groups to provide data to use to go to the Rural Electrification Administration (REA) for low-interest loan money. In this process they took a look at the State Co-operative Act and the Rural Electrification Co-operative Act which normally are used as the legal instrument of the business entity of an electrical firm. They realized there would be difficulties under these laws, they would like to merge municipal systems into a common system. They also need some powers, such as condemnation, tax-exemption, and new sources of funding. They drafted this bill so they can incorporate.

Bill Berrier: Mr. Berrier was called in to propose solutions to the electrical problem, of how electricity can best be provided. Many villages through out Alaska have similar problems. Individual villages may not get REA loans, because they aren't singly large enough to have feasible projects. Some system is needed to combine them into larger units. So one thing they found out they needed was something capable of REA loans. Also they needed to be given the authority to operate under. And last it had to be something capable of issuing tax-exempt securities. There are several approaches.

1. An REA co-op formed, there are some difficulties
 - a. The acts is outmoded
 - b. there are technical difficulties
 - c. they can't issue tax-exempt securities.
2. Using the Cooperation agreement of the Consitution, municipalities involved could enter into a cooperation agreement but this is very complex when you have five cities. None of these devices seemed adequate. The approach they came up with would also have to tie in with other factors.

1. The possibility of a state authority.
 2. Possibilities of state appropriations of direct aid.
- This bill seemed to create a mechanism that would solve the problems involved, and it should not hurt AVEC.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CS CS HB 26
 Title: Creation of Regional Electrical Authorities
 Requested by: Senate Finance Date: May 12, 1975
 Return Date Requested: May 15, 1975
 Agency: Community & Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

| OBJECT | FY 75 | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | Ø | | | | |

B. FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|--|---|--|--|--|--|
| GENERAL FUND | | Ø | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |

C. POSITIONS:

| | | | | | | |
|---------------------|---|---|---|---|---|---|
| PERMANENT/TEMPORARY | / | / | / | / | / | / |
| MAN MONTHS (P./T.) | / | / | / | / | / | / |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No State administrative costs anticipated.

IV. ATTACHMENTS

V. DATE: 5/15/75 PREPARED BY: Kevin Wain

Director
Community Planning

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)