

SB

567

Introduced 4-17-80
Referred to Commerce & Finance .

Committee Log Book - 1980

Tape Number XX11

SENATE C/RA

Side Number 1 & 2

Committee

Dates 4/15/80 to --

PRESENT: Senators Mulcahy, Rodey, Chairman Sturgulewski
 LATE: Senators Stimson and Kelly

Bill Numbers Discussed

CSHB 550	SB 546								
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
1:30 p. 4/15/80	005	CSHB 550	Chairman Sturgulewski opened meeting & gave a brief summary
	029		Representative Joyce Munson, Sponsor
	123		Sen. Rodey / Traffic lights owned by city?
	188		Mike Thompson, Anchorage Municipality Traffic Div.
	208		Sen. Rodey questioned past cooperation/coordination between State and Municipality
	242		Ron Lind, Dept. of Transportation & D.P. - No Objections
	250		Mitch Gravo, Anchorage Municipality, Support bill
	281		Senator Rodey moved to "do pass" no objections..
	300	RES.	Summary / resolution requesting Gov. to direct Dept. Fish & Game to conduct study relating to the restocking of Anchorage lakes. COMM. INTRODUCE?? by Sen. Rodey No objections for Committee introduction.
	373	RES	Summary / Utility Revolving Loan Fund / by Sen. Sturgulewski. No objections to Comm. introduction
	405	SB 546	Capitol Foundation Program
	536		Marge Gorsuch, AA Hs. C/RA
	449		Jim Rhodes, AA Rep. Malone / Formula Summary
	159		Sen. Kelly objects to formula base
	221		Meeting adjourned.

SIDE 2 -----

*No Action
Take*

Alaska State Legislature

Arliis

SENATOR
ARLISS STURGULEWSKI
COMMITTEES
CHAIRMAN
Community & Regional Affairs
VICE-CHAIRMAN
Commerce
Health & Social Services




Senate

2967 SHELDON JACKSON
ANCHORAGE, ALASKA 99504
DISTRICT 10-H

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 466-2712

March 21, 1980

will send

TO: Billy Berrier, Director
Legal Services
FROM: Arliss Sturgulewski 
Senator, District 10-H
RE: DRAFTING REQUEST

I would appreciate having a bill drafted which would update SB 116 introduced by Senator Rader in 1975. The updates which I feel are necessary deal with certain technical issues, for example, interest rates, and updating to include a class of utility needs not specifically identified in SB 116.

- Page 1, 1. 22 , delete "the curtailment . . .gencies(line 23) and substitute:
"delays experienced in obtaining low cost federal loans."
- Page 2, 1.9 delete "eight" and insert "the current borrowing rate by the state"
- 1.10 delete "per cent a year"
- page 2, after line 13 and before the section identified on line 14 as (2) insert a new section (2) to read: " make loans to public utilities to meet short term or interim capital needs prior to receipt by the public utility of federal loan funds;"
- Page 2, line 14 readjust numbering 2-5 becomes 3-6.
- Page 5, line 21, change effective date.

I have attached a copy of SB 116 for your convenience.

1 IN THE SENATE

BY RADER

2 SENATE BILL NO. 116

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the public utility revolving loan
7 fund; and providing for an effective date."

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

9 * Section 1. AS 42 is amended by adding a new chapter to read:

10 CHAPTER 08. PUBLIC UTILITY REVOLVING LOAN FUND.

11 Sec. 42.08.010. DECLARATION OF POLICY AND FURPOSE. The legis-
12 lature finds that

13 (1) the availability of adequate public utility services
14 and facilities at reasonable rates in this state is a proper matter
15 of public concern;

16 (2) the ability of privately, municipally and cooperatively
17 owned public utilities in the state to finance service to the public
18 and capital improvement requirements to extend and improve those
19 services on reasonable terms and conditions that will enable utility
20 service rates to remain at reasonable levels in the foreseeable future
21 is seriously impaired by the unavailability of low-cost private
22 financing and the curtailment of low-cost loans available from federal
23 agencies;

24 (3) as a matter of public policy, to ensure the sound
25 development of the state and its resources and to provide an acceptable
26 level of utility services to its residents at reasonable rates, the
27 state should assist these public utilities in acquiring the funds
28 that are essential to operate and maintain and expand utility facilities
29 and services.

1 Sec. 42.08.020. REVOLVING LOAN FUND CREATED. There is created
2 in the Department of Commerce the public utility revolving loan fund.

3 Sec. 42.08.030. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
4 department shall formulate general polices and procedures to implement
5 the provisions of this chapter and promulgate regulations in consulta-
6 tion with the Alaska Public Utilities Commission.

7 (b) The department may

8 (1) if other credit is not readily available from private
9 lending institutions at a rate of interest that does not exceed ~~eight~~
10 *the current borrowing rate by the State* per cent a year, for the term required, make loans to public utilities
11 to finance or refinance capital improvements, plant and facilities,
12 and to improve and expand services, subject to the provisions of this
13 chapter;

14 (2) consult with appropriate federal agencies and other
15 lending institutions which make loans to public utilities in the state
16 concerning policies, regulations and procedures to carry out the pro-
17 visions of this chapter;

18 (3) designate agents and delegate powers to them as is
19 necessary;

20 (4) require bonds and undertakings from persons employed by
21 it as in the commissioner's judgment are necessary, and pay the
22 premiums on them;

23 (5) establish amortization plans as provided in sec. 50 of
24 this chapter.

25 Sec. 42.08.040. ELIGIBILITY FOR LOANS. A public utility is
26 eligible for a loan under this chapter if

27 (1) it is a public utility as defined in AS 42.05.701(2)(A) - *through*
28 (E);

29 (2) it is serving the public under a certificate of public

1 convenience and necessity issued by the Alaska Public Utilities Commis-
2 sion at the time of application for a loan;

3 (3) in the judgment of the department

4 (A) the public utility shows a definite potential for
5 providing improved or expanded service in the community or service
6 area it serves or otherwise requires the financing to maintain
7 adequate, efficient and safe service; and

8 (3) the utility will be able to repay the loan.

9 Sec. 42.08.050. CONDITIONS AND LIMITATIONS ON LOANS. (a) A
10 loan to a public utility under this chapter may not exceed \$1,000,000.

11 (b) The loan shall be on terms and conditions the department
12 determines appropriate and if secured by collateral may not exceed
13 .75 per cent of the value of the collateral offered.

14 (c) Amortization plans for the repayment of loans made under
15 this chapter may not exceed 30 years. The rate of interest may not
16 exceed eight per cent a year on the unpaid balance.

17 (d) Unless a loan made under this chapter is participated in by
18 a financial institution as provided in (e) of this section, it may
19 not be made until an investigation and an economic feasibility study
20 is conducted and, as a result of the investigation and study, the
21 department determines that the loan is economically sound and that the
22 utility will be financially self-sustaining and the loan will be fully
23 amortized within and in accordance with the terms and conditions of
24 the loan. The economic feasibility study shall be conducted by the
25 department staff or by consultants, engineers or other technical
26 experts approved by the department. To facilitate its determination
27 of economic feasibility and the ability of the utility to be fully and
28 financially self-sustaining and to amortize the loan, the department
29 shall require the applicant for a loan under this chapter to furnish

1 those systems studies, long-range economic forecasts, financial data,
2 and technical information that the department considers necessary.

3 (e) If a loan under this chapter is participated in by a finan-
4 cial institution in an amount not less than 20 per cent of the total
5 amount of the loan, the department may accept the investigation and
6 study made or accepted by the institution as a basis for its partici-
7 pation.

8 (f) If a financial institution participates in a loan made under
9 this chapter, it may elect to administer and service the loan for a
10 reasonable fee not exceeding one-half of one per cent.

11 (g) The state and the participating institution shall each
12 have a lien or share the collateral to the extent of their respective
13 portions of the total loan.

14 Sec. 42.08.060. ADMINISTRATION. Money loaned shall be delivered
15 to the borrower in the form of a warrant drawn on the treasury,
16 vouchered in the manner prescribed for state disbursing officers, and
17 charged against the public utility revolving loan fund. Each voucher
18 shall be approved by the commissioner of commerce or a bonded deputy
19 authorized by him to act as a certifying officer. Upon repayment of
20 loans by installments or otherwise, in accordance with the prescribed
21 terms, or upon liquidation by foreclosure or other process, or upon
22 receipt of interest or other revenue, the money so received shall be
23 turned over to the commissioner of revenue for deposit in the public
24 utility revolving loan fund.

25 Sec. 42.08.07J. SALE OR TRANSFER OF NOTES, MORTGAGES AND OTHER
26 COLLATERAL. (a) The commissioner of commerce may sell or transfer
27 at par value or at a premium or discount to any bank or other private
28 purchaser for cash or other consideration the notes, mortgages and
29 other collateral held by the Department of Commerce as security for

1 loans made under this chapter.

2 (b) The commissioner of commerce may sell or transfer at par
3 value to the Department of Revenue the notes, mortgages and other
4 collateral held by the Department of Commerce as security for loans
5 made under this chapter. The Department of Revenue shall purchase
6 all of the notes, mortgages and other collateral so offered, allowing
7 the Department of Commerce a one-half of one per cent service fee.

8 Sec. 42.08.080. GUARANTEES OF LOANS BY OTHERS AUTHORIZED. The
9 commissioner of commerce may enter into agreements with other state
10 departments and agencies, private banks, other lending institutions,
11 and individuals for the purpose of guaranteeing loans made to qualified
12 public utilities. The guarantees may not exceed 90 per cent of the
13 amount loaned and the loans shall be secured in the same manner as
14 provided for direct loans under this chapter. A loan made under this
15 chapter and guaranteed by the commissioner of commerce and the state
16 shall bear an interest rate not exceeding eight per cent a year on
17 the unpaid balance.

18 Sec. 42.08.090. PROCEEDINGS AND REGULATIONS. The Administrative
19 Procedure Act (AS 44.62) governs all proceedings, and the promulgation
20 of regulations, under this chapter.

21 * Sec. 2. This Act takes effect on July 1, 1975.
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