

SB

438

COMMITTEE REPORT
SENATE

2/14/80

FURTHER: None

Date: 3/4/80

Mr. President:

The Committee on JUDICIARY has had SB 438
exempting certain sales of energy from regulation by the Alaska Public
Utilities Commission

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 438 same title
 new title
- and recommends SB 438
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]
CHAIRMAN



ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

801 W. FIREWEED LANE • SUITE 101 • ANCHORAGE, ALASKA 99503 • (907) 276-3235

February 28, 1980

Honorable Robert H. Ziegler, Chairman
Senate Judiciary Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Ziegler:

I regret very much that I must be out of state on March 4th, the date that has been set for consideration of Senate Bill 438. Please accept this letter as testimony which I wish to submit on behalf of our association.

We very strongly support SB 438 as a measure which will reduce the amount of energy being wasted and make that reclaimed energy available to consumers at a lower cost than they would otherwise have to pay for energy from conventional sources. The opportunity for this result comes from the fact that waste energy is now available from industrial operations, and utilities serving nearby areas would like to buy this waste energy.

There are two very good examples of this within our association. Golden Valley Electric Association of Fairbanks has been negotiating with Alyeska Pipeline Company for some time to buy the waste heat from four pumpstations. The Alaska Power Authority has agreed to finance the necessary waste heat recapture facilities, and legislation is now pending (SJR 46, HJR 68 and HJR 72) which would authorize the APA to issue \$110 million of revenue bonds for that purpose. Copper Valley Electric Association of Glennallen is also quite interested in installing a pressure reducing turbine on the pipeline between Thompson Pass and Valdez to recapture this energy which is not now being used.

The sale of waste energy is invariably a very small item in comparison with the industrial operation which produces it. It is so small, in fact, that the potential sellers of this waste energy find that it makes economic sense for them to let this energy go unused rather than going to the expense and aggravation of subjecting themselves to regulation on those sales by the Alaska Public Utilities Commission.

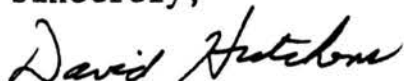
DEMOCRACY IN ACTION

Honorable Robert H. Ziegler
February 28, 1980
Page Two

Senate Bill 438 exempts from regulation sales to a certified utility of waste heat, electricity, or other energy which is available as a by-product of an industrial operation. The sponsor's substitute is carefully drafted so that nothing new is exempted except these specific sales. It also takes care that the utility is maintained as the entity solely responsible for providing the utility service to the public.

We think this legislation is clearly in the public interest, and we respectfully request your support for SB 438.

Sincerely,



David Hutchins
Executive Director

cc: Senator Fahrenkamp

NEED:

Presently there are numerous opportunities for energy which is now being wasted to be recovered and used economically. This waste energy is a byproduct of industrial or pipeline operations. It may come from burning wood chips, the heat from pump stations or the flow of oil between Thompson Pass and Valdez. In each instance, the sale of this waste energy would be a very small item to the prospective seller. Because this small sale could subject them to additional state regulation, and because they would have to deal with a whole new set of state regulations, these companies find it makes economic sense for them to let the energy go to waste rather than sell it.

EFFECT:

This bill exempts sales of economy energy to an electric utility from regulation by the APUC. However, the bill is drafted so as to limit this exemption only to those sales which do not create a utility obligation on the part of the seller. If the seller were to contract to provide firm energy rather than economy energy to a buyer, he would be subject to APUC jurisdiction.



SKILL
RESPONSIBILITY
INTEGRITY

THE ALASKA CHAPTER
**ASSOCIATED GENERAL CONTRACTORS
OF AMERICA, INC.**

BOX 4-2500 • ANCHORAGE, ALASKA 99509
TELEPHONE (907) 276-5354



3201 SPENARD ROAD
ANCHORAGE
H. GLENZER, JR.
MANAGER

February 28, 1980

The Honorable Robert H. Ziegler
Chairman, Senate Judiciary Committee
Alaska State Senate
Juneau, Alaska 99811

Dear Senator Ziegler:

At its duly constituted February Board of Directors meeting held in Juneau, Alaska on February 27 and 28, 1980, the members of the Board of Directors of the Alaska Chapter Associated General Contractors of America passed the following resolution in support of Committee Substitute for Senate Bill 340.

BE IT RESOLVED that the Board of Directors of the Alaska Chapter of the Associated General Contractors of America wish their testimony to become a matter of record in support of Committee Substitute for Senate Bill 340.

FURTHER BE IT RESOLVED that no member of the Board of Directors of the Alaska Chapter A.G.C. can recall that any present elected member of the State of Alaska Legislature can be identified as having sought election to office who espoused the increased regulation of the lives or businesses of the citizens of the State of Alaska, and that quite the contrary, to the best of our knowledge all the present elected Senators and Representatives of the State of Alaska had as one of their campaign promises the stopping of quasi-legislative law being promulgated by the regulation writers who form such a substantive portion of the employees of various State agencies and departments.

FURTHER BE IT RESOLVED that the Board of Directors of the Alaska Chapter A.G.C. of America is desirous of seeing the responsibility of the laws enacted by the State of Alaska legislature returned totally to their rightful location, which is the legislature itself, and removed from the various regulation writers within the State agencies and commissions.

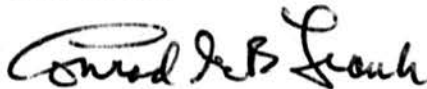
FURTHER BE IT RESOLVED that it is the opinion of the Board of Directors of the Alaska Chapter A.G.C. of America, acting as spokesman for the over 500 general, associate and sub-contractor members from throughout the entire State of Alaska, that the legislature should concern itself to a much greater degree with the elimination of existing regulations that stifle the freedom of the individual, and which are used as a tool of the radical element of the environmental community to delay, impede or stop the economic development of the State of Alaska.

Senator Robert H. Ziegler
February 28, 1980
Page 2

FURTHER BE IT RESOLVED and noted that it is the opinion of the Board of Directors of the Alaska Chapter A.G.C. of America that the problem addressed by Committee Substitute for Senate Bill 340 is not localized to the State of Alaska but is of national concern and is a root cause of the extremely high inflationary burden being placed upon the citizens of the entire United States by bureaucrats dedicated to the proposition that they alone know what is best for the citizenry in America.

We therefore unanimously have passed this resolution with the hope and intent that the laws of the State of Alaska and the regulations related thereto be returned to the people's elected representatives and removed from the bureaucratic bastions within the various agencies and commissions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Con Frank".

Con Frank, President
Alaska Chapter Associated General Contractors of America

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