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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

3/12/81

(11)

Date: 4/23/81

Mr. Speaker:

The Committee on RESOURCES has had CSSB 26(Fin)

"An Act making special appropriations to the Alaska Power Authority for energy projects and for the power production cost assistance program; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for CSSB 26  same title  
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Tony Dardner  
Frank St. Laurent  
Eric C. Saitoff  
A. Smith

Robert B. ...  
Rule 11a (DONOT PASS UNLESS AMENDED)  
... Do NOT Pass unless Amended  
to be more ...

Tony Dardner  
 CHAIRMAN  
Frank St. Laurent

March 27, 1981

The Honorable Terry Ga        r  
The Honorable Fred Zhai.    r  
Co-Chairman  
Alaska State House Resources Committee  
Pouch "V" State Capitol Building  
Juneau, Alaska 99811

RE: CSSB 26

Dear Co-Chairman:

Sealaska Corporation supports CSSB 26 in its present form except for an additional appropriation which is explained below and urges your support in passage of this bill.

CSSB 26 provides for a number of power project developments throughout the state and establishes a program to meet the growing need for power as our state develops. At the present time, both rural and urban communities are in need of power supplies at a cost that will enable them to ensure sound economic and social growth. The appropriations to the power project development fund and the Alaska Power Authority for feasibility studies for proposed power project sites is a major positive step in the future of Alaska.

Sealaska Corporation urges your consideration of an additional project of constructing a Juneau-Hoonah transmission line using Snettisham Power between Douglas Island to Hawk Inlet to Hoonah. An Alcat Engineering Inc. study, commissioned by the Alaska Power Administration, has indicated that such a transmission line is technically and financially feasible at a cost of \$996,000 for a complete system engineering and design. The cost of transmission could be accomplished for as little as four cents a kilowatt, added to the cost of power from Snettisham, would provide a kilowatt at five and a half cents to ten cents which would be less than half of the current cost of power to the residents of Hoonah who presently pay approximately one hundred eight dollars per household per month. In addition, such a development would be compatible with the Noranda mining development and would do much to encourage the development of the mine.

The additional Juneau-Hoonah transmission line should be incorporated in CSSB 26 by amending Section 4, Item 10 to include

Page Two

Hoonah the additional cost for the project. I urge you consideration of this project and feel strongly that it could have a positive impact within the foreseeable future that would benefit both the public and industry.

Sincerely,

SEALASKA CORPORATION

*Byron I. Mallott*

Byron I. Mallott  
Chairman of the Board



Alaska State Legislature  
House of Representatives  
Juneau, Alaska 99811

April 14, 1981

To Rep. Terry Gardiner  
Rep. Fred Zharoff

From Rep. Thelma Buchholdt *Thelma*

Subject Coal Export Port Facility  
and road/rail connections

Terry and Fred, please consider including the sum of \$2 million for a feasibility study for a major coal export port facility site selection and preliminary design and land transportation (road and rail) to the coal fields in Southcentral Alaska. I'd like to see this appropriation included in the House Committee (Resources) Substitute for CS SB 26.

Back up information will be forthcoming. This budget request comes as a result of the hearings held by the Finance Development Subcommittee a few days ago.

Thank you.



Alaska State Legislature  
House of Representatives  
Juneau, Alaska 99811

April 14, 1981

To Rep. Terry Gardiner  
Rep. Fred Zharoff

From Rep. Thelma Buchholdt

Subject Preliminary Budget Detail for the Major  
Coal Export Port Facility Feasibility Study

Total requested \$2,000,000

- #1) Define coal resource in state. \$50,000
- #2) Define potential market: \$200,000
  - a) Market potential will vary according to coal quality, quantity and location.
- #3) Location and shipping: \$500,000
  - a) Facility needs/coal export
  - b) Short term (Anchorage, Seward) and long term (Granite Point-Baluga coal fields, example) needs.
- #4) Feasibility sites: \$750,000
  - a) Resource availability, location of coal, location of shipping, shipping mode requirements.
- #5) Site specific analysis: \$500,000
  - a) Infrastructure requirements, impact of infrastructure development, transportation to port, port facility, export of raw material shipping mode vessels/barges), possibly investigate receiving facilities, ie, foreign buyers

to have a document drafted or introduced is the prerogative and responsibility of the sponsoring member. The agency or its staff may not endorse or comment on policy matters involved in a bill or resolution. The substance and merits of a bill or resolution are the responsibility of the sponsor.

Delivered to sponsor: 4-14-81

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Natural Resources for a feasibility study on  
8 site selection and rail and road connections for a  
9 major coal export facility; and providing for an  
10 effective date."

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

12 \* Section 1. The sum of \$2,000,000 is appropriated from the general fund  
13 to the Department of Natural Resources for a feasibility study on site  
14 selection and rail and road connections for a major coal export facility.

15 \* Sec. 2. The unexpended and unobligated portion of the appropriation  
16 made by this Act lapses into the general fund June 30, 1982.

17 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.  
18 070(c).

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# Rural Alaska Community Action Program, Inc.

APR 9 1981

April 6, 1981

Fred F. Zharoff  
Alaska House of Representatives  
Pouch V  
Juneau, AK 99811

REF: RESOLUTION #81-03 (copy attached)

Dear Representative Zharoff,

By means of this letter, I am transmitting a copy of Rural CAP Resolution #81-03 (copy attached), adopted unanimously by the Board of Directors of Rural CAP at our meeting in Juneau on the 14th of March.

The Resolution is, I believe, self-explanatory. Certainly, the efforts that the Legislature and the Administration have been making during the past month to address the critical need for adequate energy conservation activities in rural Alaska is noted and appreciated. Meanwhile, please don't hesitate to contact me should you have any questions or comments.

Thanks, again, for your continuing interest in this important concern. Be assured we are willing and able to work with you as you resolve it.

Sincerely,



Phil Smith  
Executive Director

PS:lw  
Enc.

# Rural Alaska Community Action Program, Inc.

## RESOLUTION #81 - 03

ENTITLED: Urging Full Funding for the Village Energy  
Reconnaissance and Conservation Program

WHEREAS, energy costs of up to 50¢ per kilowatt-hour for electricity and \$3.00 per gallon for fuel oil are distressingly common in rural Alaskan communities, and

WHEREAS, low-income residents of rural Alaska are unable to bear the impact of these high and steadily rising costs, and

WHEREAS, the very existence of many communities is threatened by these excessive costs, and

WHEREAS, state and federal welfare payments make up more than 50% of the total income of some rural communities, including a total of \$10 million per year statewide for direct energy welfare bill-paying assistance, and

WHEREAS, the need for these energy welfare payments will continue to grow dramatically unless the state acts to lower the cost of energy in rural Alaska, without recourse to operating subsidies, and

WHEREAS, agencies such as the Alaska Power Authority, the Division of Energy & Power Development, the Department of Community and Regional Affairs, the Institute for Social and Economic Research, the Alaska Regional Energy Association and RurAL CAP have joined together to develop a program that would reduce household energy bills by an average of at least 30% per household statewide, and

WHEREAS, the present value of the net energy savings from this program would be at least \$433 million in avoided energy costs over the next 20 years, and

WHEREAS, every house in rural Alaska could be properly insulated to meet Alaskan climatic conditions by the fourth and final year of this program, and



Robertson  
APR 8 1981

## tingit & haida regional electrical authority

P.O. Box 2517 • Juneau, Alaska 99803 • (907) 789-3196



April 3, 1981

Honorable Fred Zharoff  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Zharoff:

The following is a summary of my testimony before your committee on the evening of April 1, 1981.

The deplorable conditions in rural Alaska resulting from high-cost energy are well documented. We believe and have evidence that the very survival of rural Alaska is now in question.

Very early in our short history we saw that hydro was going to be the answer to high cost energy and we have been working to develop hydro now for five years. The problems we experienced are those that other rural areas soon will be seeing as they begin their own development process.

As we began to receive results from the various studies, it was immediately obvious that financing costs would exceed our present diesel costs and the results would be an immediate rate increase. It was obvious that diesel costs would exceed stabilized hydro costs at some time in the future, so we continued our efforts.

We also tried to decrease the costs by several methods some of which were successful. For example, we took advantages of better economics of scale by planning the development of Black Bear Lake as a regional project serving three or more communities. We also took advantage of larger nearby hydro developments such as Tye Lake or Snettisham. Those proposals are for construction of transmission interties to Kake and Hoonah respectively.

While we had some success in reducing energy costs with these and other methods, we were still faced with very high investments and any rate of interest resulted in staggering debt-service payments.

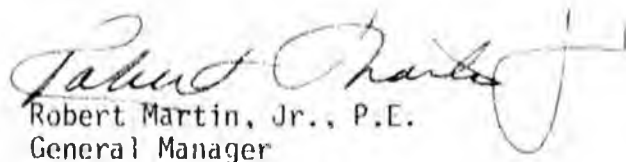
Now, we see an array of possible financing plans all of which are designed to counter-act the problem of financing costs having such a drastic effect on end-user energy costs. My testimony is in favor of the plan represented by CS SS SB 25 and CS SB 26 for the following reasons:

The Honorable Fred Zharoff  
April 3, 1981  
Page 2

1. Because of higher costs and reverse economies of scale, any statewide interest rate places the rural areas at a disadvantage.
2. The same arguments can be made against a one-time, "per capita" grant.
3. The plan allows development of other alternates including wind, geothermal, solar, bio-moss, etc. and is not limited to hydro.
4. Allows use of non-renewable resources if locally plentiful as if no other resource is economically feasible.
5. Allows the opportunity to consider projects on a regional scale, to take advantage of economics of scale.
6. The plan protects the State from wholesale construction of every conceivable project, because each project must meet specific criteria for economic feasibility before it can be financed under this program.
7. Provides funds for reconnaissance, feasibility and/or design and construction of projects in certain areas where specific projects have yet to be identified. Where FERC is not needed, construction of feasible projects could actually begin very soon.
8. We see this plan as a way to distribute benefits from oil revenue dollars to Alaskan residents without having part of those benefits go to the feds in the form of increased income taxes.

There is tremendous pressure on us to do something and to do it quickly. Passage of this plan appears to be the quickest because of its approval in the Senate. We strongly urge your favorable consideration of the two bills.

Sincerely,

  
Robert Martin, Jr., P.E.  
General Manager

cc: Representative Jim Duncan  
Representative Ernie Haugan

RM:cmg

*File*

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-0412  
JUNEAU, AK 99804

1961 MAR 27 AM 10 37

02004 TDA HOONAH ALASKA 59 03-27 0750A AST

PMS REP FRED ZHAROFF

JUNEAU **0428**

HOONAH TOTEM CORPORATION STRONGLY URGE YOU TO SUPPORT THE PASSAGE OF CSSP25 (FINANCE) AND CSSP26. THE HIGH COST OF ENERGY IN RURAL AREAS SUCH AS HOONAH CONTINUES TO BE A CAUSE OF GREAT CONCERN, AND A HINDURANCE TO ECONOMIC DEVELOPMENT. WE FEEL THAT THE PASSAGE OF THE ABOVE MENTIONED BILLS IS AN IMPORTANT STEP TOWARD ALLEVIATING THE SITUATION.

JAMES AUSTIN PRESIDENT

*Kristine*

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

02005 TDA KAKE ALASKA 33 04-10 0655A AST

1 MS REP FRED ZHAROFF

JUNEAU *9-20*

THE KAKE IRA COUNCIL SUPPORTS SENATE BILL 25 AND 26 WITH HOPES  
THAT OUR UTILITY RATES WILL DECREASE IN THE FUTURE. WE URGE YOU  
TO PASS THE BILL. OUT OF THE RESOURCE COMMITTEE.

DANIEL PAUL

IRA PRESIDENT

*Kristina*

# TELEGRAM

ALASCOM, INC.  
PHONE: 586-6442  
JUNEAU, AK 99802

02013 TDA KAKE ALASKA 48 04-10 0740A AST

PMS REP FRED ZHAROFF

JUNEAU **06927**

THE CITIZENS AND THE CITY COUNCIL OF KAKE URGES THAT YOU PASS SB25  
AND SB26. WE FEEL THAT IN THE VILLAGES WE WILL CONTINUE TO HAVE  
OUR HATS IN OUR HANDS ASKING TO BE BAILED OUT OF OUR ENERGY  
PROBLEMS IF THESE BILLS ARE NOT PASSED. SINCERELY

LONI ANDERSON

MAYOR CITY OF KAKE

APR 14 1981

April 14, 1981

Southwest District Representative

Chairman, House Resource Committee

Room V (D753100)

Juneau, Alaska 99801

Gentlemen,

If the word "Help!"  
were only a magic word that would  
change our outrageous predicament in  
our electric costs - there'd be a lot of  
"happy" people in Homer - but as we  
know our legislators help is just as  
powerful, if I can use the word "powerful".

Compassion for our fellowman is a  
blessing earned, in many a way, and we  
in Homer need your compassion -  
knowing that there is so much to be done  
in passing, amending, and preparing in bills  
& your work for all Alaska - We are in one  
word: Desperate! Please let the funds  
pass for the subsidy - and also for the Hydo  
development. I thank you and we do  
appreciate you.

P.O. Box 114

Mr. James M. Jackson  
Homer, Alaska 99824