

HB

20

COMMITTEE REPORT

HOUSE

2/18/81  
(5)

FURTHER: FINANCE

Date: 3-9-81

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 20

"An Act relating to loans for the development of electric service in rural areas; and providing for an effective date."

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 HB 20  same title  
 new title
- and recommends CS HB 20 DO PASS
- 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]  
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 \_\_\_\_\_  
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 \_\_\_\_\_  
 \_\_\_\_\_

[Signature]  
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 20

Title An Act relating to loans for the Development of electric services in rural areas

Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	-0-	95.3	104.8	115.3	126.8	139.5
200 TRAVEL	-0-	43.6	48.0	52.8	58.0	63.8
300 CONTRACTUAL	-0-	18.0	19.8	21.8	24.0	26.3
400 COMMODITIES	-0-	.1	.1	.1	.1	.2
500 EQUIPMENT	-0-	5.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>162.0</b>	<b>172.7</b>	<b>190.0</b>	<b>208.9</b>	<b>229.8</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	162.0	172.7	190.0	208.9	229.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	3	3	3	3	3
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-

FISCAL NOTE DETAIL

HB 20 - Loans to Rural Electric Services

100.	1 Loan Examiner III @ \$2,837/mo.		\$ 34.0
	1 Documents Processeing Clerk III @ \$1,564/mo.		18.8
	1 Accounting Tech. I @ \$1,761/mo.		<u>21.1</u>
	Total Wages.....		\$ 73.9
	Standard Benefits (wages x .1555)		11.5
	Supplimental Benefits (wages x .0613)		4.5
	Health insurance (man months x \$150)		<u>5.4</u>
	Total Personal Services.....		\$ 95.3
200.	Trips to close loans:		
	15 trips @ \$600	9.0	
	30 days per diem @ \$65/day	2.0	
	Trips for six board meetings:		
	48 trips @ \$500	24.0	
	144 days per diem @ \$60/day	8.6	43.6
300.	Telephone & postage	9.9	
	Office Space @ \$8,100/yr.	8.1	18.0
400	Office Supplies	.1	<u>.1</u>
	Twelve months operating costs		157.0
500.	Equipment:		
	3 disks @ 330	1.0	
	2 Typist's extention @ 455	1.0	
	1 Credenza @ 470	.5	
	2 Secretarial chairs @ 150	.3	
	1 executive chair @ 190	.2	
	3 side chairs @ 100	.3	
	3 File cabinets @ 325	1.0	
	3 Calculators @ 200	.6	
	2 Typewriters @ 100	.2	
	3 Waste baskets @ 20	<u>.06</u>	<u>5.0</u>
	TOTAL 1st YEAR		<u>162.0</u>

# Alaska State Legislature



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 485-4990

REPRESENTATIVE  
H. PAPPY MOSS  
P.O. BOX 182  
DELTA JUNCTION, ALASKA 99737  
(907) 895-4384

## House of Representatives

March 4, 1981

The Honorable Mike Miller  
Chairman  
House State Affairs

Mr. Chairman and Members of the Committee:

I would like to thank you for scheduling House Bill 20 & House Bill 21. There is an urgent need for electric power in many areas of the state. However, the consumer groups are neither able to collectively amass the funds for immediate service, nor are they able to shoulder the financial burden of monthly/minimum payments if the supplier provides service. This bill will provide the necessary funds for any electric utility certified by the Alaska Public Utilities Commission to provide electric power to some areas of the state that are currently without service.

I have offered amendments to the bill for your consideration which I believe will make the implementation of rural electrification more responsive to the regional requirements.

Sincerely,

A handwritten signature in cursive script that reads "H. Pappy Moss".

H. Pappy Moss

Amendments for House Bill 20 by Representative Moss

Page 1, line 13:

Delete Department of Commerce and Economic Development and add Alaska Power Authority.

Page 1, line 22:

Delete Department of Commerce and Economic Development and add Alaska Power Authority.

Page 1, line 28 to Page 2, line 19:

Delete.

Page 2, line 22:

Delete Department of Commerce and Economic Development and add Alaska Power Authority.

Page 2, line 24:

(b) An applicant shall be an electric utility certified by the Alaska Public Utilities Commission.



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

TO: Rep. Sam Cotton  
Chairman, House Finance

FROM: Rep. Mike Miller  
Chairman, State Affairs

DATE: March 9, 1981

RE: HB 20 (Loans to Develop Electrical Service)  
HB 21 (Rural Electrification Fund)

Mr. Chairman:

The two bills referenced above were heard in House State Affairs on March 9, and as the Committee Report indicates were passed out of committee with Do Pass recommendation from a majority of the State Affairs Committee.

Regarding HB 21, however, the Committee has authorized me to make the following recommendation. Although we are conceptually in agreement with the need for an appropriation for a revolving loan fund to make loan monies available for State REA, there is a question in our minds as to whether the 50 million dollar figure is indeed the proper figure. With the concurrence of Representative Moss, we are, therefore, sending the bill on to Finance with the suggestion that you might wish to appoint a subcommittee of Finance to investigate in more detail the number of dollars which will be necessary to fund the revolving loan fund. It was our thought that perhaps in the formative years at least a considerably smaller appropriation than 50 million dollars might be appropriated. A possible way of handling such a fund might be to appropriate only those monies estimated each year to be necessary, up to a total of 50 million dollars, after which no more appropriations would be made-- After which, in fact, the revolving loan fund would become a true revolving loan fund. (That is, after 50 million dollars has been loaned out, it would be replenished by the payment of previous loans, plus interest.

Regarding HB 20, I should mention as well that the fiscal note which accompanies the bill is no longer really operative. This



# Alaska State Legislature

## House of Representatives

### Committee on State Affairs

Official Business

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Juneau, Alaska 99811

fiscal note developed when the function was to be located in the Department of Commerce and Economic Development. Under the auspices of the Alaska Power Authority, it was estimated that the cost for funding the program could be very drastically reduced. This committee has requested that the APA develop a new fiscal note for your consideration, and we've asked that that note be forwarded to your attention.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department <b>Commerce and Economic Development</b>	Sponsor (Principal) <b>Moss</b>	Bill Number <b>HB 20</b>
Department Position		
Division Director	Date	Completed by <i>Carolyn S. Guess</i> Date <b>2/23/81</b>

GOVERNOR'S OFFICE USE		
Comments:		
<input type="checkbox"/> Position Noted	By	Date

SUMMARY	
1. a) Related Bills (Similar or Conflicting)	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill	2. b) Organizational Opposition to Bill
3. Program Effects of Bill	
4. Fiscal Impact: <input type="checkbox"/> None <input type="checkbox"/> Fiscal Note Attached	
5. Amendments Proposed:	

6. Comments: The Commission is supportive of the availability of low interest loans to all public utilities. Depending on the capital intensiveness of a utility, the benefits of low interest debt can have a significant effect on rates. The Commission is also aware that two percent loan monies to rural electric and telephone cooperatives have made utility services available in areas of the State that could not have received service with a higher cost of debt capital.

It is the Commission's understanding that any loan monies issued under the proposed statute would be subordinate to a utility's existing REA loan.

The Commission observes that the availability of low interest loan monies for rural electrification will not necessarily insure that a utility's rates are affordable by prospective or existing consumers. Rural electric utilities today charge rates as high as 45¢/kwh. The deregulation of oil will result in ever higher rates in the near future. At least half, and in many instances 75 percent of a diesel generated electric utility rate is the result of power

(Cont'd) production costs (fuel, maintenance and other operation expenses associated with the generation of electricity). The effect of two percent loan monies in these instances is minimal insofar as its effect on the cost to provide service is concerned.