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# Alaska State Legislature

## Senate

Official Business

### Labor & Commerce Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

SUMMARY SB 614:

Appropriates the sum of \$50,000,000 from the general fund to the rural electrification revolving loan fund in the Alaska Power Authority. Further provides that the appropriation made by this act is for capitalization of a loan fund and does not lapse in accordance with AS 37.25.010.

BILL ANALYSIS

ASSIGNMENT DATE \_\_\_\_\_

UNASSIGNED \_\_\_\_\_

DEPARTMENT Commerce & Economic Development Alaska Power Authority	SPONSOR (PRINCIPAL) Kerttula	BILL NO. SB614
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DEPARTMENT POSITION  
Amount appropriated is in excess of needs for FY83 which are estimated at \$6.5 million.

DIVISION DIRECTOR	DATE	COMMISSIONER	DATE
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GOVERNOR'S OFFICE USE

POSITION NOTED                       POSITION APPROVED                       POSITION DISAPPROVED

BY: \_\_\_\_\_ DATE: \_\_\_\_\_

SUMMARY

(1) RELATED BILLS (SIMILAR OR CONFLICTING)  
(2) OTHER AGENCIES AFFECTED BY BILL.

<p>(2) a. ORGANIZATIONAL SUPPORT FOR BILL</p> <p>Electric utilities and consumers currently without central service</p>		<p>(2) b. ORGANIZATIONAL OPPOSITION TO BILL</p> <p>Unknown</p>
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(3) PROGRAM EFFECTS OF BILL  
Bill would heavily capitalize the RERLF for six to eight years and would fund a program to extend electric service to numerous areas of rural Alaska with a heavy subsidy by the State.

(4) FISCAL IMPACT:             NONE                       FISCAL ANALYSIS ATTACHED

(5) AMENDMENTS PROPOSED:  
The enabling statute should be amended to clarify terms of loans, principal repayment provisions, and to simplify the administrative requirements of the program.

(6) COMMENTS:

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 616 - An act making a special appropriation to the rural  
 Title electrification revolving loan fund; and providing for an effective date.  
 Requested by Kerttula Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Alaska Power Authority, Dept of Commerce & Economic Development  
 Program Category Affected Energy Development  
 BRU, Program, Or Subprogram(s) Affected Alaska Power Authority  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		25.0	27.2	29.6		
200 TRAVEL		5.0	5.5	6.0		
300 CONTRACTUAL		8.0	8.8	9.7		
400 COMMODITIES		2.0	2.1	2.3		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		40.0	43.6	47.6		

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		40.0	43.6	47.6		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		1	1	1		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)  
 In addition to the \$50 million cost of this bill to capitalize the fund, the Power Authority will experience operating budget costs associated with administration of the loan fund due to the procedures established in Chapter 118, SLA1981 creating the fund. One-half time of a loan officer will be required to administer the program. In addition to personnel costs, there will be costs associated with travel to borrower locations to audit expenditure of funds and inspect funded improvements, travel to Citizen Advisory Committee meetings and legal costs associated with loan document preparation. Estimated expenditures beyond FY83 are inflated at 9%/year.

IV. DATE 2/3/82 PREPARED BY T.J. McGuire  
 AGENCY Alaska Power Authority  
 Original: Legislative Finance PHONE 76-0001  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Name(s))  
 33-001 (Rev. 12/81)

Sec. 37.25.030. Appropriations for projects of the Alaska energy center. An appropriation to the Alaska Energy Center for a research, development, or demonstration project under AS 46.12.120(2) is valid for the duration of the project and the unexpended balance for the project shall be carried forward to subsequent fiscal years. (§ 6 ch 148 SLA 1970)

### Chapter 35. Alaska Paperwork Reduction and Simplification Act.

Section

10 — 70. [Expired]

Secs. 37.35.010 — 37.35.070. Legislative intent; creation and duties of paperwork reduction coordinator; compliance by agencies; report to legislature; construction; definitions; short title.

Expired pursuant to § 2, ch. 147, SLA 1979.

Editor's notes. — The expired chapter derived from § 1, ch. 147, SLA 1977.

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**Sec. 44.83.361. Rural electrification revolving loan fund.** (a) The rural electrification revolving loan fund is established in the Alaska Power Authority. The fund consists of

- (1) appropriations made to the fund; and
- (2) principal and interest payments on loans made under this section.

(b) The authority may make loans from the rural electrification revolving loan fund to electric utilities certified by the Alaska Public Utilities Commission. A loan from the fund may be made only for the purpose of extending new electric service into an area of the state that an electric utility may serve under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission. A loan may be made from the fund to an electric utility if the utility invests the money necessary to provide one pole, one span of line, one transformer, and one service drop for each consumer for whom immediate service would be provided by the extension of electric service. However, a loan may not be made from the fund unless

- (1) the loan is recommended by a loan advisory committee appointed under AS 44.83.363; and
- (2) the extension of electric service would provide immediate service to at least three consumers.

(c) A loan from the rural electrification revolving loan fund shall bear an annual rate of interest of two percent of the unpaid balance of the loan.

(d) When a loan is made by the authority under this section, the electric utility receiving the loan

(1) shall, in addition to the rates that it is authorized to charge, charge the consumers served by the electric service extended with the loan proceeds an amount sufficient to pay the interest costs of the loan;

(2) shall pay to the authority annually an amount equal to

- (A) interest of two percent on the unpaid balance of the loan; and
- (B) payments on the unpaid balance of the principal of the loan for each new consumer served by the electric service during the preceding year for which the loan was made; payments on the unpaid balance of the principal of the loan shall be made at a rate equal to the difference between the actual cost of making the service connection to the consumers and the minimum investment per consumer required of the utility before a loan is made under (b) of this section.

(e) The authority shall

(1) adopt regulations necessary to carry out the provisions of this section;

(2) administer the rural electrification revolving loan fund; and

(3) submit to the legislature within the first 10 days of each regular legislative session a report of actions taken by the authority under this section and an accounting of the rural electrification revolving loan fund. (§ 1 ch 118 SLA 1981)