

HB

482



Official Business

COMMITTEE:

HOUSE LABOR & COMMERCE

DATE: March 15, 1988

SIGN-IN

Subject of meeting:

A presentation on the Alliance Bank and the proposed Hallwood Stabilization Trust.
 HJR 64 "Relating to Alaska's participation in the bottomfish fisheries in the exclusive economic zone."
 SB 15 "An Act relating to trade secrets."
 HB 482 "Appropriation loan to the Alaska Power Authority."
 HB 483 "An Act relating to loans from the Railbelt energy fund; and providing for an effective date."
 SB 322 "An Act relating to workers' compensation and providing for an effective date."

PLEASE PRINT
NAME & TITLE

REPRESENTING

ADDRESS & ZIP

PHONE

**DO YOU WANT
 TO TESTIFY?
 YES / NO**

**SUBJECT:
 BILL #**

City Manager Nancy Gross	City of Unalaska	PO Box 89 Unalaska 99685	H W 581-1251	HJR64	
			H W		
TONY GUMBINER	CHAIRMAN OF THE BOARD THE HALLWOOD GROUP	767 Third Avenue NY NY 10017	H W		
JIM CAIRNS	CHAIRMAN OF THE BOARD ALLIANCE BANK	MINNESOTA / BENSON BLVD ANC AK	H W		
GARY DAILY	CITY OF UNALASKA	Box 89 Unalaska AK 99685	H 581-1682 W 581-1250	HJR64	HJR64
Barbara Shenberg	State Div. of Governmental Coordin.	PO Box AEW 99811	H W		
C.S. Christensen	Sen Fails	Capitol Bldg Rm 107	H W 3755	IF NEEDED	SB 15
			H W		
			H W		
			H W		

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H L+C

3-15-88

2:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/15/88

FURTHER REFERRALS:

Resources
Finance

DATE: 3/15/88

The Labor & Commerce Committee has considered HB 482

"An Act making an appropriation from the Railbelt energy fund as a loan to the Alaska Power Authority for construction of the Bradley Lake power project; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 482 (LTC) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] (NO REC)

[Signature] (no rec)

[Signature] (not a good use of fund!)

[Signature]

[Signature] no rec.

[Signature]

Chairman's Signature

Original sponsors: Cotten, Sund, Navarre
and Brown

Funding Information

General Fund	\$183,000,000
Other Funds	-0-
	<u>\$183,000,000</u>

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 482 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations from the Railbelt
7 energy fund to the Railbelt energy account of the
8 power development revolving loan fund for construc-
9 tion of the Bradley Lake power project and the Fritz
10 Creek transmission line; and providing for an
11 effective date."

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

13 * Section 1. The sum of \$165,000,000 is appropriated from the Railbelt
14 energy fund (AS 37.05.153) to the Railbelt energy account of the power
15 development revolving loan fund (AS 44.33.600) in the Department of Com-
16 merce and Economic Development for the purpose of making a loan to the
17 Alaska Power Authority for construction of the Bradley Lake power project.

18 * Sec. 2. The sum of \$18,000,000 is appropriated from the Railbelt
19 energy fund (AS 37.05.153) to the Railbelt energy account of the power
20 development revolving loan fund (AS 44.33.600) in the Department of Com-
21 merce and Economic Development for the purpose of making a loan to the
22 Alaska Power Authority for the construction of the Fritz Creek transmission
23 line from Bradley Lake Junction to Soldotna.

24 * Sec. 3. The appropriations made by this Act are for capitalization of
25 a loan fund and do not lapse under AS 37.25.010.

26 * Sec. 4. This Act takes effect on the effective date of an Act enacted
27 by the Fifteenth Alaska State Legislature that creates the Railbelt energy
28 account in the power development revolving loan fund.

5-1872B
 Utermohle
 3/14/88

Original sponsors: Cotten, Sund, Navarre
 and Brown

Funding Information

General Fund	\$	-0-
Other Funds		165,000,000
		<u>\$165,000,000</u>

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 482 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation from the Railbelt
 7 energy fund to the Railbelt energy account of the
 8 power development revolving loan fund for construc-
 9 tion of the Bradley Lake power project; and providing
 10 for an effective date."

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

12 * Section 1. The sum of \$165,000,000 is appropriated from the Railbelt
 13 energy fund (AS 37.05.153) to the Railbelt energy account of the power
 14 development revolving loan fund (AS 44.33.600) in the Department of Com-
 15 merce and Economic Development for the purpose of making a loan to the
 16 Alaska Power Authority for construction of the Bradley Lake power project.

17 * Sec. 2. The appropriation made by this Act is for a capital project
 18 and is subject to AS 37.25.020.

19 * Sec. 3. This Act takes effect on the effective date of an Act enacted
 20 by the Fifteenth Alaska State Legislature that creates the Railbelt energy
 21 account in the power development revolving loan fund.

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 482()

Page 1, line 6:

Delete "an appropriation"

Insert "appropriations"

Page 1, line 9, after "project":

Insert "and the Fritz Creek transmission line"

Page 1, after line 16:

Insert the following new bill section to read:

"* Sec. 2. The sum of \$18,000,000 is appropriated from the Railbelt energy fund (AS 37.05.153) to the Railbelt energy account of the power development revolving loan fund (AS 44.33.600) in the Department of Commerce and Economic Development for the purpose of making a loan to the Alaska Power Authority for the construction of the Fritz Creek transmission line from Bradley Lake Junction to Soldotna."

Renumber the following bill sections accordingly.

Page 1, lines 16 - 17:

Delete "appropriation made by this Act is for a capital project and is"

Insert "appropriations made by this Act are for capital projects and are"

FISCAL NOTE

REQUEST:

Revision Date: 3/14/88
Title: _____

Agency Affected: AK Power Authority; Dept. of Revenue
BRU: _____

Sponsor: Cotten, Sund, Navarre, Brown
Requestor: House Labor and Commerce

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91(2)	FY 92	FY 93	FY94-FY22
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING							

CASE 1

Net CAPITAL	0	0	0	172,220(1)	320	430	12,210
-------------	---	---	---	------------	-----	-----	--------

CASE 2

NET CAPITAL	0	0	0	172,220(1)	1,230	1,740	201,600
-------------	---	---	---	------------	-------	-------	---------

SEE NOTE
inc. Spent
income
invested
after 1990

FUNDING: (Thousands of Dollars)

GENERAL FUND							
FEDERAL FUNDS							
OTHER Railbelt energy							
TOTAL							

POSITIONS:

FULL-TIME	none						
PART-TIME							
TEMPORARY							

ANALYSIS : (Attach a separate page if necessary)

See attached. This analysis assumes 6% loan.

Prepared by: Robert E. LeResche *RLeResche* Phone: 465-3575
Division: Alaska Power Authority Date: March 14, 1988

Approved by Commissioner: J. Anthony Smith *J. Anthony Smith* Date: 3/14/88
Agency: Dept. of Commerce & Economic Development

- Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Fiscal Years

<u>1991</u>	<u>1992</u> ⁽²⁾	<u>1993</u>	<u>1994-2022</u>
172,220 (1)	320	430	12,210

(1) Loan amount of \$164.62 million (329.24 total cost X 50% utility share) for Bradley plus 18.0 million for Fritz Creek Line is offset by one-half the financing costs that would be incurred if revenue bonds were issued instead.

(2) Amounts shown for FY92 and thereafter reflect interest earnings that could occur (if the funds were invested at a rate of 8.5%) offset by loan repayments at an assumed interest rate of 6.0% (as in the Four Dam Pool). Interest rate on the loan under the bills could range from 0% to the alternative cost of financing (approximately 8.0% in today's market). Costs would be offset in part (up to the alternative cost of financing by bonds) by savings to power consumers from lower rates.

NOTE: Costs shown assume that reinvestment earnings and loan repayments are spent the following year. If these amount remained with the fund and accrued interest earnings, the costs would increase to \$1.23 million, \$1.74 million and \$201.6 million for FY 92, FY93, and FY94-FY2022 respectively.