

HB

483

# HOUSE COMMITTEE REPORT

(7)

Date referred: 2/15/88

FURTHER REFERRALS: Finance

DATE: 3/15/88

The Labor & Commerce Committee has considered HB 483

"An Act relating to loans from the Railbelt energy fund; and providing for an effective date."

**RECOMMENDS:**

- replace with CS HB 483 (L+C)  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 PARS:**

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
*Mike Kagan*  
 \_\_\_\_\_  
*Donna Boncher*  
 \_\_\_\_\_  
*John Ellis*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*Smith Memorial ND APP*  
 \_\_\_\_\_  
*Hurricane Honor (not a good use of fund)*  
 \_\_\_\_\_  
*David Donley (NO REC)*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*David Donley*  
 \_\_\_\_\_  
 Chairman's signature

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

HL+C

3-15-88

2:30 p.m.



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 #**

<i>City Manager Nancy Gross</i>	<i>City of Unalaska</i>	<i>PO Box 89 Unalaska 99685</i>	H W 581-1251	<i>HJR64</i>	
			H W		
<i>TONY GUMBINER</i>	<i>CHAIRMAN OF THE BOARD THE HALLWOOD GROUP</i>	<i>767 Third Avenue NY NY 10017</i>	H W		
<i>JIM CAIRNS</i>	<i>CHAIRMAN OF THE BOARD ALLIANCE BANK</i>	<i>MINNESOTA / BENSON BLVD Anch Ak</i>	H W		
<i>GARY DAILY</i>	<i>CITY OF UNALASKA</i>	<i>Box 89 Unalaska AK 99685</i>	H 581-1682 W 581-1254	<i>HJR64</i>	<i>HJR64</i>
<i>Barbara Sheinberg</i>	<i>State Div. of Governmental Coordin.</i>	<i>PO Box A-11 99811</i>	H W		
<i>C.S. Christensen</i>	<i>Sen Fiala</i>	<i>Capitol Bldg Rm 107</i>	H W 3755	<i>IF NEEDED</i>	<i>SB 15</i>
			H W		
			H W		
			H W		



Original sponsors: Cotten, Sund,  
Navarre, et al.

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 483 (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 establishing the Railbelt energy account in  
7 the power development revolving loan fund; and pro-  
8 viding for an effective date."

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

10 \* Section 1. AS 44.33.600 is amended by adding a new subsection to  
11 read:

12 (c) There is established in the fund the Railbelt energy account  
13 for the purpose of funding loans for projects to meet Railbelt energy  
14 needs, including demand side energy conservation projects and energy  
15 use studies. The account consists of appropriations to the account,  
16 repayments of principal to the account, and subject to AS 37.07,  
17 income from investment of money in the account and from loans made  
18 from the account. The department may not make a loan from the account  
19 unless the loan has been authorized by the legislature. Loans made  
20 from the account must bear an interest rate of six percent.

21 \* Sec. 2. AS 44.33.610(a) is amended to read:

22 (a) The department may make a loan from the power development  
23 revolving loan fund to the Alaska Power Authority for the purpose of  
24 financing a power project acquired or constructed by the authority  
25 under the energy program for Alaska (AS 44.83.380 - 44.83.425). The  
26 department may make a loan from the Railbelt energy account in the  
27 fund for the additional purpose of financing demand side energy con-  
28 servation projects and energy use studies. Repayment of a loan from  
29 the fund must be made with the proceeds from the sale of power from

1 projects in the energy program for Alaska. Except as provided in  
2 AS 44.83.398(i), the payments required to be made by the authority on  
3 a loan from the fund constitute debt service for the purpose of  
4 calculating the wholesale power rate in AS 44.83.398(b)(1).

5 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

FISCAL NOTE

REQUEST:

Revision Date: 3/14/88  
Title: \_\_\_\_\_

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

Sponsor: Cottell, 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. Spen  
Income  
Invested  
After 1990

FUNDING: (Thousands of Dollars)

GENERAL FUND							
FEDERAL FUNDS							
OTHER <sup>Railbelt</sup> <sub>energy</sub>							
TOTAL							

POSITIONS:

FULL-TIME	none						
PART-TIME							
TEMPORARY							

ANALYSIS : (Attach a separate page if necessary)

See attached. This analysis assumes 6% loans.

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

Approved by Commissioner: 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> <sup>(2)</sup>	<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.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Revenue  
 Title: Loans from the Railbelt Energy BRU: Treasury Management  
 Fund \_\_\_\_\_  
 Sponsor: Cotten Components: \_\_\_\_\_  
 Requestor: House Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 28	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: March 14, 1988

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 3/14/88

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