

SB

109

SENATE COMMITTEE REPORT

FURTHER:

4/13/87

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

FINANCE Committee considered SB 109

rural electrification revolving loan fund.

and recommended:

replace with CS FOR \_\_\_\_\_  or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ *CS SB 206 (Fin)* title \_\_\_\_\_

attached amendment(s) and *Incorporates*

do pass *SB 109*

do not pass *SB 236*

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FURTHER: FINANCE

4/8/87

DATE TURNED INTO OFFICE

4/13/87

Mr. President:

RESOURCES

Committee considered SB 109

RURAL ELECTRIFICATION REVOLVING LOAN FUND.

and recommended:

[ ] replace with CS FOR ) [ ] same title
[ ] or adopt CS FOR SB 109 (LRC) ) [ ] new title

[ ] attached amendment(s) and

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to

[ ] letter of intent adopted

Committee [ ] attached or [ ] adopted fiscal note(s)

[ ] new [ ] updated or [ ] previous [ ] zero [ ] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Blank lines for members signing do pass

Paul Grish N. Rep
Lloyd Jones W. Rep
James Duncan No Rec

Chairman signature and recommendation
Do Pass

[ ] Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-26-87 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

\*\*FISCAL NOTE(S) ATTACHED X \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)

FURTHER RESOURCES  
FINANCE

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

LABOR & COMMERCE Committee considered SB 109  
relating to the rural electrification revolving loan fund.

and recommended:

replace with CS SB 109 (L+C)  same title  
 attached amendment(s) and  new title

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS  
[Signature] (No Pass)  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature] - Do Pass  
Chairman signature and recommendation

Committee Backup Attached

Offered: 4/8/87  
Referred: Resources & Finance

5-0423B

Original sponsors: Coghill and Szymanski

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 109 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the rural electrification revolv-  
7 ing loan fund."

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

9 \* Section 1. FINDINGS AND INTENT. (a) Although the rural electrifica-  
10 tion revolving loan fund has existed since 1981, it has not adequately met  
11 the purpose for which it is intended. The principal reason for that fail-  
12 ure has been regulations that have, at least in part, opposed the purpose  
13 of this program. The purpose of this program is to assist electric util-  
14 ities and their consumers in extending pioneer electric distribution lines  
15 into developing rural areas.

16 (b) The legislature finds that

17 (1) the installation of pioneer electric distribution lines is  
18 essential to the orderly development of areas that are suitable and appro-  
19 priate for development; frequently it is prohibitively expensive for the  
20 utilities and their consumers to build the necessary distribution lines in  
21 anticipation of sufficient development to make the lines feasible;

22 (2) it is in the public interest for the state to assist in  
23 financing distribution lines in areas where development is expected; the  
24 appropriate role of the state in regard to the lines is that of assuming  
25 the risk that the anticipated development will in fact occur;

26 (3) populated areas along state highways that have a source of  
27 central station electric service available for distribution are expected to  
28 develop further and loans from this program to construct pioneer distribu-  
29 tion lines along those state highways are appropriate, and should be given  
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SB0109b

-1-

CSSB 109(L&C)

COMMITTEE COPY

1 priority for one-half of the funds available.

2 (c) It is the intent of the legislature that all existing regulations  
3 relating to this loan program be reconsidered and that they be amended to  
4 conform to this Act.

5 \* Sec. 2. AS 44.83.361(b) is amended to read:

6 (b) The authority may make loans from the rural electrification  
7 revolving loan fund to electric utilities certified by the Alaska  
8 Public Utilities Commission. A loan from the fund may be made only  
9 for the purpose of extending new electric service into an area of the  
10 state that an electric utility may serve under a certificate of public  
11 convenience and necessity issued by the Alaska Public Utilities  
12 Commission. A loan may be made from the fund to an electric utility  
13 if the utility invests the money necessary to provide one pole, one  
14 span of line, one transformer, and one service drop for each consumer  
15 for whom immediate service would be provided by the extension of  
16 electric service. Applications for loans to extend service along  
17 state highways shall be given priority on one-half of the funds avail-  
18 able for loans under this section. However, a loan may not be made  
19 from the fund unless

20 (1) the loan is recommended by a loan advisory committee  
21 appointed under AS 44.83.363; and

22 (2) the extension of electric service would provide immedi-  
23 ate service to at least three consumers.

24 \* Sec. 3. AS 44.83.361(c) is amended to read:

25 (c) A loan from the rural electrification revolving loan fund  
26 shall bear an annual rate of interest of two percent of the unpaid  
27 balance of the loan. Interest received on a loan made under this  
28 section must be transferred annually [MONTHLY] to the commissioner of  
29 revenue for deposit in the general fund. The unpaid balance on a loan

1 made under this section remaining after 20 years may be forgiven.

2 \* Sec. 4. AS 44.83.363 is amended to read:

3       Sec. 44.83.363. LOAN ADVISORY COMMITTEE. When an application  
4 for a rural electrification loan is submitted to the authority under  
5 AS 44.83.361, the authority shall appoint a local advisory committee  
6 from persons residing in the area that the applicant utility is  
7 certified to serve. The loan advisory committee shall consider the  
8 loan application, and shall recommend whether the loan application is  
9 to be approved or disapproved. A favorable recommendation from the  
10 loan advisory committee shall be based on a determination that devel-  
11 opment in the area of the proposed extension of electric service is  
12 likely to provide for full repayment of the loan under AS 44.83.361(d)  
13 within 20 [10] years. In making that determination the committee  
14 shall consider

- 15           (1) permanence of the premises to be served by the exten-  
16 sion;
- 17           (2) land use patterns in the area;
- 18           (3) access for the line that would be installed with loan  
19 proceeds;
- 20           (4) availability of other utility service in the area; and  
21           (5) the financial [ECONOMIC] feasibility of the extension  
22 of electric service with the proceeds of the loan.
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Introduced: 2/5/87  
Referred: Labor and Commerce,  
Resources and Finance

5-0423A

1 IN THE SENATE

BY COGHILL

2 SENATE BILL NO. 109

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the rural electrification revolving  
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No 215

SENATE  
BILL VERSION: CSSB 109 (L&C)  
PUBLISH DATE: 4/8/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST

Bill/Resolution No.: SB109  
Title: An Act Relating to the Rural  
Electrification Revolving Loan Fund  
Requestor: State Comm., (S) Resources Comm.  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Alaska Power Authority  
BRU: Department of Commerce &  
Economic Development  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
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REVENUE	0	0	0	0	0	0
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FINDING (Thousands of Dollars)

TOTAL	0	0	0	0	0	0
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POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS :

Enactment of SB109 would make available one half of the funds available for loans to extend service along the highway; it does not affect the overall activities of the Rural Electrification Revolving Loan Fund.

Prepared by: Robert E. LeResche, Executive Director Phone: 465-3575  
Division: Alaska Power Authority Date: April 7, 1987

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

ALASKA STATE LEGISLATURE

15th... Legislature 1st.... Session

SENATE ... BILL ..... NO. 109...

By COGHILL.....

"An Act relating to the rural electrification revolving loan fund."

Introduced in the Senate ... 2/5 19.87

HISTORY IN THE SENATE

19	87	Read first time and referred to Committee on												
2	5	Labor & Commerce, Resources & Finance												
4	8	Reported back with L & C recommendation that <i>replace</i>												
		<i>with 3 do pass 3 no pass to Resources</i>												
4	8	<i>Pass: 1 do pass 05 (L &amp; C) 3 no pass to Finance.</i>												
		Read second time and												
		Read third time and												
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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Absent	Absent													
Excused	Excused													
		Reported correctly engrossed												
		Signed by President												
		Sent to House												
SECRETARY OF THE SENATE														

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
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Yeas	Yeas												
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Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Returned to Senate												
CHIEF CLERK OF THE HOUSE													

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

Senator John B. (Jack) Coghill  
Alaska State Legislature



Box V  
Juneau, Alaska 99811  
(907) 465-4797

Box 55028  
North Pole, Alaska 99705  
(907) 488-0862

April 21, 1987

MEMORANDUM

To: Members of the Senate Finance Committee

From: Senator John B. Coghill

Re: SB 109, "An act relating to the rural electrification revolving loan fund"

In general, the purpose of SB 109 is to make it easier for the Rural Electrification Revolving Loan Fund to accomplish its original intent i.e. extension of electric service to rural areas where the costs are otherwise prohibitively expensive due to sparsity of customers. The ambiguity of the current statute has resulted in regulations which have been more detrimental than helpful.

Sect. 1 is self-explanatory.

Sect. 2 amends AS 44.83.36(b) by allocating one-half of the available funds for projects that will extend the electrical service along state highways.

Sect. 3 amends AS 44.83.361(c) by eliminating the requirement that interest received on the loans be transferred monthly for deposit into the general fund because the interest is not collected on a monthly basis now. The section is further amended by adding a forgiveness clause that forgives any unpaid balance after 20 years. If the projected growth has not occurred in that time frame and the loan repaid, the burden would be unfair to the remaining customers.

Sect. 4 amends AS 44.83.363 by changing the loan evaluation repayment criteria from ten to twenty years in order to be more consistent with

4/22/87

SB 109 cont.

the actual growth experienced in rural areas after the extension of the electrical service has occurred. Additionally, under the loan evaluation criteria to be considered by the loan advisory committee, financial feasibility is substituted for economic feasibility. Financial feasibility is the more significant and relevant criteria because it evaluates the ability of the parties involved to pay off the loan.