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SENATE COMMITTEE REPORT

FURTHER

5/6/89

DATE TURNED INTO OFFICE 3/21/90

Mr. President:

Finance Committee considered SB 238

power project fund, and to the powers of the Alaska Power Authority to finance and make loans from the power project fund and to sell waste heat; and recommended

- replace with CS SB 238 (Finance)) same title
- or adopt _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) ^{APA} zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature] **No REC** [Signature] (No Rec)
 Chair signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: AK Power Authority
 Title: Act relating to Power Project BRU: _____
 fund
 Sponsor: Rules Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: *[Signature]* Phone: 465-3575
 Division: APA Date: 17 March 89
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

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

Changes in CSSB 238 (Fin)
 have no fiscal impact.
 This fiscal note is
 appropriate. 3/21/90 ML

gou80y5E
Crumer
3/15/90
Adopted
SFC 3/21/90

Original sponsor(s): Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 238 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the power project fund, and to
7 the powers of the Alaska Energy Authority to finance
8 and make loans from the power project fund and to
9 sell waste heat; and providing for an effective
10 date."

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

12 * Section 1. AS 44.83.080(16) is amended to read:

13 (16) to recommend to the legislature

14 (A) the issuance of general obligation bonds of the
15 state to finance the construction of a power project if the
16 authority first determines that the project cannot be financed by
17 revenue bonds of the authority at reasonable rates of interest;

18 (B) the pledge of the credit of the state to guarantee
19 repayment of all or any portion of revenue bonds issued to assist
20 in construction of power projects;

21 (C) an appropriation from the general fund

22 (i) for debt service on bonds or other project
23 purposes; or

24 (ii) to reduce the amount of debt financing for
25 the project;

26 (D) an appropriation to the power project revolving
27 loan fund for a power project;

28 (E) [REPEALED

29 (F)] development of a project under financing

1 arrangements with other entities using leveraged leases or other
2 financing methods;

3 (F) [(G)] an appropriation for a power project ac-
4 quired or constructed under AS 44.83.380 - 44.83.425 (energy
5 program for Alaska).

6 * Sec. 2. AS 44.83.080 is amended by adding a new paragraph to read:

7 (17) to sell waste heat directly to retail consumers.

8 * Sec. 3. AS 44.83.090(a) is amended to read:

9 (a) The authority shall, in addition to the other methods that
10 [WHICH] it may find advantageous, provide a method by which municipal
11 electric, rural electric, cooperative electric, or private electric
12 utilities and regional electric authorities, or other persons au-
13 thorized by law to engage in the distribution of electricity may
14 secure a reasonable share of the power generated by a project, or any
15 interest in a project, or for any right to the power and shall sell
16 the power or cause the power to be sold at the lowest reasonable
17 prices that [WHICH] cover the full cost of the electricity or ser-
18 vices, including capital and operating costs, debt coverage as con-
19 sidered appropriate by the authority, and other charges that may be
20 authorized by this chapter. Notwithstanding the provisions of this
21 subsection, the authority may sell waste heat directly to retail
22 consumers. Except for a contract or lease entered into under AS 44.-
23 83.380 - 44.83.425, a contract or lease for the sale, transmission,
24 and distribution of power generated by a project or any right to the
25 capacity of it shall provide:

26 (1) for payment of all operating and maintenance expenses
27 of a project and costs of renewals, replacements, and improvements of
28 it;

29 (2) for interest on and amortization charges sufficient to

1 retire bonds of the authority issued for the project and reserves for
2 them, plus a debt service coverage factor as may be determined by the
3 authority to be necessary for the marketability of its bonds;

4 (3) for monitoring of the project by the authority or its
5 agents;

6 (4) for full and complete disclosure to the authority of
7 all factors of costs in the transmission and distribution of power, so
8 that rates to any persons may be fixed initially in the contract or
9 lease and may be adjusted from time to time on the basis of true cost
10 data;

11 (5) for periodic revisions of the service and rates to
12 persons on the basis of accurate cost data obtained by the accounting
13 methods and systems approved by the directors and in furtherance and
14 effectuation of the policy declared in this chapter;

15 (6) for the cancellation and termination of a contract or
16 lease upon violation of its terms by any person;

17 (7) for security for performance as the authority may
18 consider practicable and advisable, including provisions assuring the
19 continuance of the distribution and transmission of power generated by
20 a project and the use of its facilities for these purposes; and

21 (8) other terms not inconsistent with the provisions and
22 policy of this chapter as the authority may consider advisable.

23 * Sec. 4. AS 44.83.170(a) is amended to read:

24 (a) There is established as a separate fund the power project
25 revolving loan fund. The fund consists of

26 (1) appropriations to the fund;

27 (2) repayments to the fund of principal on loans made from
28 the fund;

29 (3) payments of interest on loans made from the fund;

(4) income from investment of money in the fund; and
(5) the proceeds of bonds issued under AS 44.83.171 [THAT SHALL BE DISTINCT FROM ANY OTHER MONEY OR FUNDS OF THE AUTHORITY, AND THAT INCLUDES ONLY MONEY APPROPRIATED BY THE LEGISLATURE].

* Sec. 5. AS 44.83.170(b) is amended to read:

(b) The authority may make loans from the power project revolving loan fund

(1) to electric utilities, regional electric authorities, municipalities, [CITIES, BOROUGHS,] regional and village corporations, village councils, and nonprofit marketing cooperatives to pay the costs of

(A) reconnaissance studies, feasibility studies, license and permit applications, preconstruction engineering, and design of power projects;

(B) constructing, acquiring, equipping, modifying, improving, and expanding [SMALL-SCALE] power projects [PRODUCTION FACILITIES], conservation facilities, bulk fuel storage facilities, and transmission and distribution facilities, including energy production, transmission, and distribution, and waste energy conservation facilities that depend on fossil fuel, wind power, tidal, geothermal, biomass, hydroelectric, solar, or other nonnuclear [NON-NUCLEAR] energy sources; [AND]

(C) reconnaissance studies, preconstruction engineering, design, construction, equipping, modification, and expansion of potable water supply including surface storage and groundwater sources and transmission of water from surface storage to existing distribution systems;

(D) acquisition of bulk fuel reserves or proven reserves of gas, oil, coal, geothermal, or other energy resources;

and

(E) consumer end-use improvements to reduce demand for energy;

(2) to school districts, regional educational attendance areas, regional housing authorities, and business enterprises to pay the cost of

(A) waste energy conservation facilities;

(B) consumer end-use improvements to reduce demand for energy;

(C) acquisition, construction, or repair of bulk fuel storage facilities and acquisition of fuel reserves;

(D) electric distribution facilities for housing development by regional housing authorities;

(E) power generation facilities only when those facilities provide wholesale power or emergency reserve power for a community and the utility certificated to serve that community has formally recommended approval of the loan application;

(3) to a borrower for a power project if

(A) the loan is entered into under a leveraged lease financing arrangement;

(B) the party that will be responsible for the power project is an electric utility, regional electric authority, municipality, [CITY, BOROUGH,] regional or village corporation, village council, school district, regional educational attendance area, regional housing authority, business enterprise, or non-profit marketing cooperative; and

(C) the borrower seeking the loan demonstrates to the authority that the financing arrangement for the power project will reduce project financing costs below costs of comparable

public power projects.

* Sec. 6. AS 44.83.170(c) is amended to read:

(c) Before making a loan from the power project revolving loan fund, the authority shall, by regulation, specify

(1) standards for the eligibility of borrowers and the types of projects to be financed with loans;

(2) standards regarding the technical and economic viability and revenue self-sufficiency of eligible projects;

(3) collateral or other security required for loans;

(4) the terms and conditions of loans;

(5) criteria to establish financial feasibility and to measure the amount of state assistance necessary for particular projects to meet the financial feasibility criteria; and

(6) other relevant criteria, standards, or procedures.

* Sec. 7. AS 44.83.170(e) is amended to read:

(e) Repayment of the loans shall be secured in any manner that the authority determines is feasible to assure prompt repayment under a loan agreement entered into with the borrower. The authority may make an unsecured loan from the power project revolving loan fund to a borrower regulated by the Alaska Public Utilities Commission under AS 42.05 if the borrower has a substantial history of repaying long-term loans and the capacity to repay the loan. Under a loan agreement, repayment may be deferred for 10 years or until the project for which the loan is made has achieved earnings from its operations sufficient to pay the loan, whichever is earlier.

* Sec. 8. AS 44.83.170(f) is amended to read:

(f) Power projects are subject to the following limitations on interest and specific restrictions:

(1) power projects for which loans are outstanding from the

former water resources revolving loan fund under former AS 45.86 on July 13, 1978, may receive additional financing from the power project revolving loan fund; the additional financing, if granted, must be

(A) granted for a term not exceeding 50 years;

(B) granted at an interest rate of not less than three or more than five percent a year on the unpaid balance;

(C) conditioned on the repayment of loan principal and interest to begin on the earlier of

(i) the date of the start of commercial operation of the project; or

(ii) 10 years from the date the loan is granted;

(2) loans for power projects shall be granted

(A) for a term not to exceed 50 years; and

(B) at an interest rate that is not less than five percent and that is the lesser of

(i) a rate equal to the percentage that is the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the authority from municipal bond yield rates reported in the 30-year revenue index of the Weekly Bond Buyer; or

(ii) a rate determined by the authority that allows the project to meet criteria of financial feasibility established under (c) of this section.

* Sec. 9. AS 44.83.170(h) is amended to read:

(h) The legislature may forgive the repayment of a loan made from the power project revolving loan fund for a reconnaissance study or a feasibility study when the authority finds that the power project for which the loan was made is not feasible.

* Sec. 10. AS 44.83 is amended by adding a new section to article 5 to

read:

Sec. 44.83.171. POWER PROJECT BONDS. (a) The authority may borrow money and may issue bonds to make or refinance loans for projects authorized under AS 44.83.170. The terms of loans made or refinanced with the proceeds of bonds authorized by this section are subject only to AS 44.83.170(a) - (e).

(b) To enhance the marketability of bonds issued under this section,

(1) the authority may pledge the amounts in the power project revolving loan fund, including appropriated money and any income to the fund from any source, as security for bonds issued under this section; those amounts may be deposited by the authority with a trustee, as may be considered necessary, in order to further enhance the security of the bonds; and

(2) the authority may use all amounts in the power project revolving loan fund, from any source, to make principal, interest, and other payments required on bonds issued under this section, and to pay the administrative costs of the power project revolving loan fund; principal and interest repayments on loans made from appropriations and not otherwise used under this paragraph by the end of each fiscal year shall be deposited in the general fund.

(c) The authority may notify the head of an agency of the state, in writing, that a municipality is in default on the repayment of principal or interest on amounts financed by the sale of bonds under this section. After the notice is given, and notwithstanding any other provision of law, the agency shall, to the extent that the municipality is in default, withhold payment of money that the municipality would otherwise be entitled to receive, and shall pay the money to the authority to pay principal and interest on bonds of the

authority issued under this section.

(d) If a utility is a borrower from the power project revolving loan fund and is in default on the repayment of principal or interest on amounts financed by the sale of bonds under this section, the authority may, to the extent of the utility's default, withhold any payments owing to the utility under the power cost equalization program (AS 44.83.162 - 44.83.164), and shall pay the money to the power project revolving loan fund.

* Sec. 11. AS 44.83.181(c) is amended to read:

(c) The plan of finance must include recommendations of the most appropriate means to finance a project, including, but not limited to,

- (1) the issuance of revenue bonds of the authority;
- (2) the issuance of
 - (A) general obligation bonds of the state; or
 - (B) revenue bonds of the authority that are guaranteed or partially guaranteed by the state;
- (3) an appropriation from the general fund
 - (A) to pay debt service on bonds or for other project purposes; or
 - (B) to reduce the amount of debt financing for the project;
- (4) a loan from the general fund;
- (5) financing arrangements with other entities using leveraged leases or other financing methods;
- (6) assistance from any federal agency, including, but not limited to, the Rural Electrification Administration;
- (7) a loan from the power project revolving loan fund under AS 44.83.170(a); or
- (8) any combination of financing arrangements listed in

this subsection.

* Sec. 12. AS 44.83.187(a) is amended to read:

(a) The provisions of AS 44.83.177 - 44.83.185 and 44.83.189 apply only to a proposed new project that will generate more than 1.5 megawatts of power and

(1) requires an appropriation from the state general fund [, FROM THE POWER PROJECT FUND, OR FROM THE RENEWABLE RESOURCES FUNDS]; or

(2) is based on a plan of finance that requires the issuance of general obligation bonds or other pledge of the credit of the state.

* Sec. 13. AS 44.83.940 is amended to read:

Sec. 44.83.940. ANNUAL REPORT. Before March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing operations, income, and expenditures, including a detailed accounting of the loans made from and income received by the power project revolving loan fund, for the preceding 12-month period.

* Sec. 14. AS 44.83.990 is amended by adding a new paragraph to read:

(10) "business enterprise" means a single proprietorship, corporation, firm, partnership, or other association of persons organized in any manner, for any business purpose, other than on a nonprofit basis, that sells or transports electricity or waste heat in compliance with all applicable federal and state statutes and regulations.

* Sec. 15. AS 44.83.170(g) and 44.83.990(9) are repealed.

* Sec. 16. This Act takes effect immediately under AS 01.10.070(c).

2/8/90
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Cramer

A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 238

BY THE LABOR AND

COMMERCE COMMITTEE

Page 5, line 2:

Delete "reserves"

3/8/90

Amendment to SB 238

proposed by ARECA

Page 4, lines 12-13

Delete the underlined language.

Page 5, after line 6 by adding:

(2) to school districts, regional educational attendance areas, regional housing authorities and business enterprises to pay the cost of

(A) waste energy conservation facilities;

(B) consumer end-use improvements to reduce demand for energy;

(C) acquisition, construction or repair of bulk fuel storage facilities and acquisition of fuel reserves; and

(D) power generation facilities only when those facilities provide wholesale power or emergency reserve power for a community and the governing body of the utility certificated to serve that community has formally recommended approval of the loan application.

Page 5, line 7

Change (2) to (3).



State of Alaska
Steve Cowper, Governor

Alaska Energy Authority

A Public Corporation

March 14, 1990

The Honorable Drue Pearce
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: SB 238

Dear Senator Pearce:

At the Senate Finance Committee hearings of March 8, 1990 you asked my staff why wording on page 4, lines 19 and 20 of SB 238 was revised to read "power projects" from "small-scale power production facilities." We did not recall the answer at the time and later promised to check with the Department of Law which drafted the bill, after consultation with the Authority, utilities and bond counsel.

It is my recollection that the change was made to conform the authorized purposes of borrowing from the fund to include those defined by existing statute AS 44.83.990(6) where "power project" or "project" is defined as:

A plant, works, system, or facility, together with related or necessary facilities and appurtenances, including a divided or undivided interest in or a right to the capacity of a power project or project, that is used or is useful for the purposes of

- (A) electrical or thermal energy production other than nuclear energy production;
- (B) waste energy utilization and energy conservation; or
- (C) transmission, purchase, sale, exchange, and interchange of electrical or thermal energy, including district heating or interties.

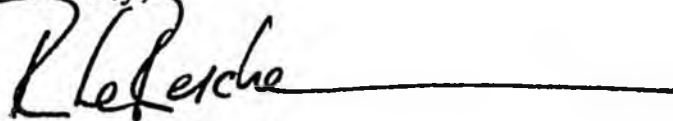
"Small scale power production facility" is specifically and narrowly defined at existing statute AS 44.83.990(9) as "a facility, which by design, is to produce less than 25 megawatts of power." This is a threshold level that is common in the industry and is used at other places in the AEA statutes. The statutes apply special additional procedures to the review and analysis of projects greater than 25MW and these procedures remain in place in the statutes at AS 44.83.187.

There was no intent to expand the size of a project that might be financed from this loan fund, but there was a desire to expand purposes to include thermal energy and energy conservation measures. During drafting discussions it seemed the best way to accomplish this would be to use an existing statutory definition that encompassed those purposes instead of one that focused solely on power generation.

Given the desire to raise capital for these purposes through issuance of revenue bonds and the scrutiny that such issues receive by the legal and financial communities, We believe the proposed new language would be more accurate for the purposes intended.

I hope this helps clarify the issue and is responsive to your question.

Sincerely,



Robert E. LeResche
Executive Director

REL:yw

cc: Honorable Rick Uehling
Co-Chairman, Senate Finance Committee

Honorable Johne Binkley
Co-Chairman, Senate Finance Committee

Members, Senate Finance Committee
Carolyn Jones, Assistant Attorney General

WASTE HEAT PROJECTS AND PROGRAM

In the early 1980's the Alaska Power Authority entered into construction agreements to build thirteen waste heat systems in rural Alaska. Through the agreements, electric utilities serving these rural communities were responsible for the operation and maintenance of the systems and the sale of waste heat to schools, city halls and other public facilities.

The systems were constructed and put into operation, although nine (9) of the systems were not maintained as planned and required under the agreements. Because of the inoperable condition of the systems, the customers of the local utilities were not receiving the benefits of waste heat. Local utilities cited a number of reasons as to why they were not providing for waste heat sales to the intended customers. Among these were that the utility operators did not have the adequate skills or interest in maintaining the systems and a number of utilities decided they did not want to accept the responsibility for heat and preferred to remain entirely in the business of electricity sales.

As the systems were still viable, the Alaska Power Authority took back the systems, refurbished them and established a preventative maintenance and inspection program which currently is in place. The cost of refurbishing and the necessary O & M was addressed and is financed through a shared savings contract. Presently, under the agreements in place, this provides consumers of waste heat with a 20 -50% savings in heating fuel costs.

As a result of the APA's expertise and experience in the area of waste heat recovery system design and construction, the systems are now standardized and are proving to be relatively easy to operate and maintain after installation. Customers are generally schools and public facilities or large buildings, usually 2 to 3 buildings in each community. Utilization of waste heat clearly saves heating fuel costs which in turn provides a long-term savings to the State and local governments.

The waste heat provisions proposed in SB 238 are a result of the APA's efforts in looking into ways to assist cities and schools with reducing their expenses for heating fuel, and as an avenue to finance these systems without the reliance on general fund monies. Financing of waste heat systems as proposed in SB 238 will save general fund dollars. The retail sales language as proposed in the bill was included on the recommendation of bond counsel. This language clarifies the APA's ability to sell heat for other than resale and the provisions apply only to heat.

Alaska Energy Authority

WASTE HEAT RECOVERY SYSTEMS

In cooperation with the Alaska Village Electric Cooperative, the Power Authority has repaired and recommissioned seven waste heat recovery systems in Grayling, Elim, Savoonga, Kaltag, Kiana, Ambler and Shungnak. These communities and/or their associated school districts have signed 15-year operation, maintenance and heat sales agreements for those systems. Under the agreements, the city or school district pays the Power Authority 50% of the cost it would otherwise incur if it used fuel oil to heat schools or other public buildings now heated by waste heat. The Power Authority uses these revenues to pay for operation costs of the waste heat systems.

Ten separate agreements are currently in place:

Bering Straits School District:	Elim Savoonga
City of:	Kiana Grayling Ambler Shungnak
Iditarod School District:	Grayling Kiana
Northwest School District:	Shungnak Ambler
Total FY89 billings to date: -	\$27,087.00*

* This represents one half of the fuel savings accruing from these waste heat sales agreements.

5397/0050/1

Alaska Energy Authority

WASTE HEAT FORMULA

$$\begin{aligned} \text{COST OF WASTE HEAT (\$)} = & \text{BASE FUEL SAVINGS (gal)} \\ & \times \text{ACTUAL GENERATION (kwh)} \\ & + \text{BASE GENERATION (kwh)} \\ & \times \text{FUEL PRICE (\$/gal)} \\ & \times .50 \end{aligned}$$

This gives one half of the cost savings, or the amount due to the Power Authority on a monthly basis for the nine winter months the agreements are in effect.

STEVE COWPER
GOVERNOR



238

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 23, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the powers of the Alaska Power Authority. This bill has two main components:

1. the conversion of the power project fund from a fund supported by the general fund to a revolving loan fund financed primarily by the sale of bonds, and
2. the authorization permitting the agency to sell waste heat directly to retail customers.

With regard to the first of these components, the authority would sell bonds to finance loans from the power project revolving loan fund. The fund would consist of appropriations, repayments of principal to the fund, interest on loans made from the fund, income from investment of money in the fund, and the proceeds of bond sales. The authority would pledge the money repaid to the fund as security for bond debt service, but the balance from appropriated money would be returned to the general fund at the end of each fiscal year.

Although temporary retention of interest and income in the fund raises an issue under the dedicated-fund prohibition of art. IX, sec. 7, of the Alaska Constitution, the Department of Law believes that the constitutionality of that "dedication" of interest and income would be defensible. 1982 Op. Att'y Gen. No. 13 (Nov. 30).

The bill provides a mechanism for the authority to recover money to which the borrower is entitled under the power cost equalization program, or from another state agency, when the borrower is in default on its loan payments to the fund.

The list of eligible borrowers would be expanded from those utilities eligible under AS 44.83.170 to include school districts, regional educational attendance areas, regional housing authorities, and certain business enterprises (defined in sec. 14 of the bill). The list of activities eligible for loans would be expanded to include the acquisition of an existing power project, the acquisition of bulk fuel reserves, or other energy resources, and consumer end-use improvements to reduce the demand for energy.

In addition, the loan fund would no longer be limited to costs associated with a "small-scale power production facility." Instead, AS 44.83.170(b)(1)(B) would refer to "power projects," as including those activities described in the bill. The definition of "small-scale power production facility" would be repealed. Sections 5 and 15 of the bill.

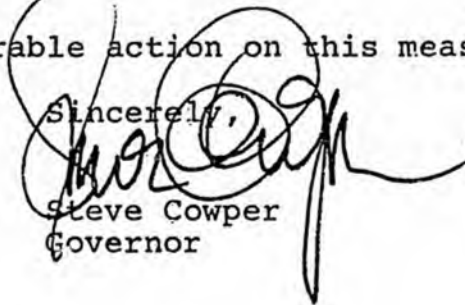
Under existing law, the authority sells energy to utilities, who then pass the energy on to their retail customers. This bill would permit the authority to bypass the utilities and to sell waste heat directly to retail consumers. The waste heat sold by the APA would displace other heat sources, such as diesel fuel and oil, currently being used to heat the retail customers' facilities.

The proposed amendments described above necessitate the following additional changes in existing statutes. In order to enhance marketability of bonds, AS 44.83.187(a) is amended in sec. 12 of the bill so that projects financed by the power project revolving loan fund would not be subject to OMB review, and approval by the legislature, under AS 44.83.177 -- 44.83.185. The statement of the enumerated powers of the authority would be amended by sec. 2 of the bill, to reflect the authority's power to sell waste heat to retail consumers. The requirement that loan repayments be deposited in the general fund would be repealed (in sec. 15) since those payments would be paid into the power project revolving loan fund and used as security for the bond financing.

Additionally, the bill would make several technical corrections. One is that the reference in AS 44.83.187(a)(1) (sec. 12 of the bill) to the renewable resources fund would be eliminated since that fund was repealed in 1984. Section 16, ch. 161, SLA 1984. Another is that the terms "cities" and "boroughs" would be deleted from two lists in AS 44.83.170(b) which also include "municipalities." As defined in AS 29.71.800, the term "municipality" includes cities and boroughs, making the separate references unnecessary. Section 5 of the bill.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor