

HB 226

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 22, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-9-91

The FINANCE Committee considered:

HB 226

HOUSE BILL NO. 226

ELECTRICAL SERVICE EXTENSION FUND

"An Act creating the electrical service extension grant program."

RECOMMENDATIONS:

be replaced with _____

ES HB 226 (Fin)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note PCED

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	X				
<i>[Signature]</i>	X				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	X				
<i>[Signature]</i>	X				
<i>[Signature]</i>	✓				
<i>[Signature]</i>					
<i>[Signature]</i>	X				
<i>[Signature]</i>	X				

[Signature] *[Signature]*
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 226 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
 Referred:

Sponsor(s): REPRESENTATIVES KUBINA, Moyer

A BILL

FOR AN ACT ENTITLED

1 "An Act creating the electrical service extension grant program."

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

3 * Section 1. AS 44.83 is amended by adding a new section to read:

4 ARTICLE 8A. ELECTRICAL SERVICE EXTENSION GRANT PROGRAM.

5 Sec. 44.83.370. ELECTRICAL SERVICE EXTENSION FUND ESTABLISHED. (a)

6 The electrical service extension fund is established as a separate fund in the authority. The fund
 7 consists only of money appropriated to it by the legislature.

8 (b) The authority may make grants from the electrical service extension fund to
 9 certificated electric utilities and to electric utilities exempt from certification under AS 42.05.711
 10 to pay for costs of site preparation and construction for the extension of electrical service to
 11 private residences and small businesses not currently served by an electric utility. The amount
 12 of a grant may not exceed 60 percent of the total cost of construction for the extension of
 13 electrical service. The costs considered in making a grant may not include costs of planning,
 14 feasibility studies, or design.

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(c) An electric utility that has received a grant under this section may charge a connection fee for initial connection to the electrical service made available because of the construction. The connection fee for each residential or commercial structure shall conform to the line extension policy of the utility.

(d) The authority shall adopt regulations under the Administrative Procedure Act (AS 44.62) to implement this section.

(e) In this section, "certificated" means holding a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission under AS 42.05.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 22(FIN)

Revision Date: _____ Department Affected: DGED
 Title: An Act creating the BRU: _____
electrical service extension grant Component: _____
 program.
 Sponsor: Kubina
 Requestor: HOUSE FINANCE COMMITTEE COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Representative Mike Navarre, Co-Chair *Mike Navarre* 465-3706
Representative Eileen MacLean, Co-Chair *Eileen MacLean* Phone: 465-3722
 Division: HOUSE FINANCE COMMITTEE Date: 5/9/91

Approved by Commissioner: _____
 Agency: _____ Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

7-LS0965G
Cramer
5/7/91

CS FOR HOUSE BILL NO. 226 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES KUBINA, Moyer

A BILL

FOR AN ACT ENTITLED

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

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10 to pay for costs of site preparation and construction for the extension of electrical service to
11 private residences and small businesses not currently served by an electric utility. The amount
12 of a grant may not exceed 60 percent of the total cost of construction for the extension of
13 electrical service. The costs considered in making a grant may not include costs of planning,
14 feasibility studies, or design.

1 (c) An electric utility that has received a grant under this section may charge a
2 connection fee for initial connection to the electrical service made available because of the
3 construction. The connection fee for each residential or commercial structure shall conform to
4 the line extension policy of the utility.

5 (d) The authority shall adopt regulations under the Administrative Procedure Act
6 (AS 44.62) to implement this section.

7 (e) In this section, "certificated" means holding a certificate of public convenience and
8 necessity issued by the Alaska Public Utilities Commission under AS 42.05.

FISCAL NOTE

No. 1

Bill Version: CSHB 226(L&C)

(H) Publish Date: 4/22/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Commerce & Economic Development

Title: "An Act creating the electrical serv BRU: _____
extension grant program" Component: _____

Sponsor: Kubina

Requestor: (H) Labor & Commerce COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	37.0	27.0	27.0	27.0	27.0	27.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	37.0	27.0	27.0	27.0	27.0	27.0

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	37.0	27.0	27.0	27.0	27.0	27.0
FEDERAL FUNDS						
OTHER						
TOTAL	37.0	27.0	27.0	27.0	27.0	27.0

POSITIONS:

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

Estimate of current year impact: no FY 91 fiscal impact

ANALYSIS: (Attach a separate page if necessary.) See attached

Prepared By: Robert E. LeResche, Executive Director Phone: 465-3575

Division: Alaska Energy Authority Date: _____

Approved by Commissioner: Glenn Olds *Glenn Olds* Asst. Comm.

Agency: Commerce & Economic Development Date: 6/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

This bill would amend AS 44.33 by adding a new section creating the Electrical Service Extension Grant Program, which establishes an Electrical Service Extension Fund in the Department of Commerce and Economic Development. The Fund would consist only of money appropriated by the Legislature. The bills allow for the Department to make grants from the fund to certified electric utilities and to electric utilities exempt from certification under AS 42.05.711. The grants are to be used to pay for the costs of site preparation and construction for the extension of electrical service into areas not currently served by an electric utility. The amount of a grant may not exceed 50 percent of the total cost of construction for the electrical extension project. Grant funds may not be used to cover costs of planning, feasibility studies, or design of an extension project.

HB 226 allows that an electric utility constructing an extension project through a grant made under this section, may charge a connection fee for the initial connection to the electrical service made available through the construction. The residential or commercial connection fee may not exceed \$1,000.

The Department is required to adopt regulations to implement Sec. 44.33.601 as proposed in HB 226. The Department's responsibility for administration of loans made from the electrical service extension fund and adoption of regulations will provide for the fiscal impact as noted above. Additional funding for personal services would be required to pay position costs associated with administration of the program. The funding level for the grant program would be determined each fiscal year through legislative appropriation to the fund. HB 227 proposes \$1,000,000 to be appropriated for initial capitalization of the electrical service extension fund when established.

Alaska State Legislature



Representative Eugene Kubina

Chairman
State Affairs
Committee

Legislative Council

Transportation
Committee

During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-4859

During Interim:
P.O. Box 2463
Valdez, Alaska 99686
(907) 835-2111

SPONSOR STATEMENT

Sponsor: Representative Gene Kubina
Subject: HB 226 & HB 227: Electrical Extension Grant
Date: 11 April 1991

HB 226 & HB 227 would create and appropriate funds for the creation of an electrical extension grant to extend electrical services into outlying areas of the state currently not served. The intent is that through a matching grant program our electrical utilities would be encouraged to extend their lines into areas not financially viable.

A primary point of the bill is that the grant program would fund only the construction costs. The utilities would have to utilize their own resources for the full cost of planning, study, and design.

Rationale: bringing additional rural families and businesses on line is beneficial to our electrical utilities, good for the development of our rural communities, and more energy efficient than the use of individual generators.

— DISTRICT SIX —

• Chenega Bay • Chitina • Cooper Landing • Cordova • Hope • Moose Pass • Seward • Tatitlek • Valdez • Whittier •



Alaska State Legislature

Please enter into the record my testimony to the House
Labor & Commerce, Finance
 committee name
 committee on HB 226 - HB 227, dated 4-17-91
 bill/subject

HB 226 - Very good bill, but should go
 further to pay for site preparation
 and construction of the extension.

HB 227 - Very good bill, and is needed,
 but the amount is only about
 20% of the amounts needed.

It would make sense to spend more
 money for line extensions than to spend
 funds on demand-side management
 programs, and other energy studies.

Spend the money were it would do the
 most good for the average person!

Signed: [Signature] LARRY PEET
 Testifier

Representing (Optional)

Box 520985 Big Lake Ak. 99652

Address

907-892-8113

Phone No.



Cordova Electric Cooperative, Inc.

P.O. BOX 20 • CORDOVA ALASKA 99374 • (907) 424-5555 • FAX (907) 424-5527

April 16, 1991

Representative Kubina
House of Representatives
P.O. Box 1
Juneau, AK 99811

Dear Representative Kubina:

This is in regards to HB 227 of which you are a sponsor. Cordova Electric Cooperative supports the concept of an electrical service extensions fund, as it will help a lot of utilities extend their lines to consumers who cannot afford line extensions. It should be noted that REA Cooperatives have tariffs that require a payback of an extension within a certain time frame. This bill will certainly help lower that cost. However, we would like to obtain clarification on the connection fee as described in the bill.

Again, Cordova Electric Cooperative is in favor of the bill and would like to be kept apprised of any changes as it proceeds through the legislature.

Sincerely,

James H. Roberts, Jr.
General Manager



COPPER VALLEY ELECTRIC ASSOCIATION, INC.

P.O. BOX 45 GLENNALLEN, ALASKA 99588-0045

Glennallen (907) 822-3211
Valdez (907) 835-4301
Telefax # (907) 822-5588

April 17, 1991

Mr. Tom Van Brocklin
*The Honorable Eugene Kubina
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

Subject: HB 226 & HB 227 - Electrical Extension Grant

Dear Tom:

I appreciate the opportunity to express my support for the concept expressed in HB 226. Many individuals are near electrical service facilities; however, are not close enough to afford the serving utility with economic feasibility.

I believe that this concept might afford opportunities for a greater number of people to be connected to central station service. I do, however, have some concern with Section I, Item C, which restricts consumer contributions.

I would suggest deletion of that sentence, and in lieu thereof have a sentence which states, "Residential or commercial consumers may enter into a contract for service with the utility for the remaining 50%, provided that the repayment is a minimum billing which provides for energy per standard utility tariff."

If I may provide additional information, I will be happy to do so.

Again, thank you for the opportunity to provide comment.

Sincerely,

R. D. (Doug) Bursey
General Manager

c:\wp\rdb\91-141.jw



THE TIEKEL RIVER LODGE

Cafe - Gifts - Gas - Lodging - Campground

Mile 56 SR Box 110
Valdez, Alaska 99686
(907) 822-3258

Dec. 14, 1990

Mr. Doug Bursey
Copper Valley Electric Association
Box 45
Glennallen, Ak. 99588

Dear Mr. Bursey,

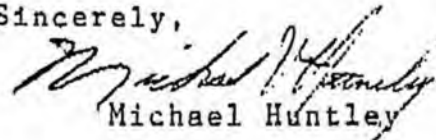
I am writing to ask the Copper Valley Electric Association to request funding from the Alaska Energy Authority to extend the existing power lines from Mile 62 on the Richardson Highway (Ernestine Highway Camp) to Mile 56 on the Richardson Highway. We now have 6 privately owned parcels of property within a half mile of the 56 Mile Post and another at the 57 Mile Marker. Five of these sites have either full or part time residences.

In many respects, my ability to provide services to travelers is dependent on the availability of an adequate supply of electricity. This Lodge sits in the middle of a 50 mile stretch of deserted highway. We regularly find ourselves assisting travelers with a variety of emergency needs. The unavailability of commercial power limits what we can offer.

Since this Valley has a heavy spruce beetle kill, we are currently making arrangements for Fire Fighting Equipment. Again however, we find our choices of equipment is limited to what our generator can support.

We would all appreciate any assistance you can provide.

Sincerely,


Michael Huntley

cc Gene Kubina

David E. Kendall
Star Route Box 115
Mile 56 Richardson Hwy.
Valdez, Alaska 99686

RECEIVED

DEC 28 1990

COPPER VALLEY
ELECTRIC ASSOC.

December 21, 1990

Mr. Doug Bursey
Copper Valley Electric Ass'n.
P.O. Box 45
Glennallen, Alaska 99588

Dear Mr. Bursey:

My wife and I moved into the Mile 56 area in 1961, and began building Tiekel River Lodge (then known as Kendall Cache) and operated it for sixteen years. Even after selling the business, we built our home on adjacent property and continue to live here. Alaska was still a frontier then, with little traffic on the road and no services of any kind. Of course, it was then necessary to generate our own electric power, and have continued to do so for 29 years.

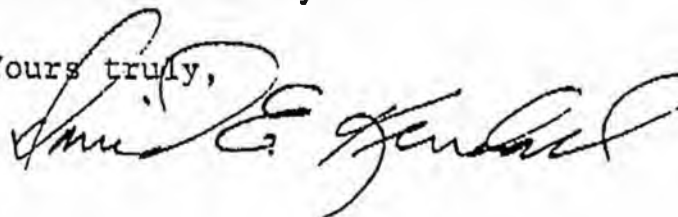
Right after the Great Earthquake of 1964, Alaska State Highways moved the Maintenance Camp from 45 Mile to Mile 62 on the Richardson Hwy. (Ernestine Camp), and power lines were brought down to it. We had hoped that the line could be extended the additional 6 miles to our area, but our small business could not support the tremendous expense of construction.

A little over 10 years ago the Pipeline activity sparked the Solomon Gulch Hydro Project in Valdez, and a High Primary Transmission Line was constructed to Glennallen, roughly following the Pipeline Corridor. Although it went right past our door, electric power was still not available to us as it would require a step down sub-station at great expense.

However, now the Alaska Energy Authority is engaged in extending the power grid to rural Alaska, with funding from the State Legislature. I am writing to ask the Copper Valley Electric Ass'n to request funding from the Alaska Energy Authority to extend the existing power lines from Mile 62 to Mile 56 on the Richardson, a distance of only six miles.

As my wife and I do not get around as well anymore, commercial power really becomes a necessity for lights, heat and dependable refrigeration. We also feel that having to generate our own power is a waste of oil resources, as Copper Valley could probably generate the power more efficiently. Besides, there is enough private land in the area, and a small community is developing. In any case, any assistance on this project would be very much appreciated. Thank you.

Yours truly,



cc: Mr. Gene Kubina