

HB

4005

HFIN

FILE

conceptual amended adopted 6/4 8/4/08

25-LS1757L
Kane
8/4/08

#3
adopted CS FOR HOUSE BILL NO. 4005(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

2 amendments adopted

#1, #3

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the bulk fuel bridge loan fund and the bulk fuel revolving loan fund;
2 relating to Alaska resource rebates, and increasing the amount of the 2008 permanent
3 fund dividend to provide that rebate; suspending the motor fuel tax; eliminating the
4 authority to make certain provisions of the heating assistance program retroactive to
5 November 1, 2007; and providing for an effective date."

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

7 * Section 1. AS 29.60.660(c) is amended to read:

8 (c) Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal
9 year

10 (1) may not exceed \$750,000 [\$500,000]; and

11 (2) shall be repaid within one year after the date of the award.

12 * Sec. 2. AS 42.45.250(e) is amended to read:

13 (c) Loans made from the bulk fuel revolving loan fund to one borrower in any

1 fiscal year

2 (1) may not exceed \$750,000 [\$500,000], or, if the borrower is a
3 cooperative corporation organized under AS 10.15 or an electric cooperative
4 organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more
5 than one community, may not exceed the lesser of \$750,000 [\$500,000] multiplied by
6 the number of communities on whose behalf the bulk fuel is to be purchased, or
7 \$1,800,000;

8 (2) shall be repaid in one year or less; and

9 (3) may not exceed 90 percent of the wholesale price of the fuel
10 purchased.

11 * Sec. 3. Sections 9 and 11, ch. 31, SLA 2008, are repealed.

12 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 ALASKA RESOURCE REBATES. (a) To provide residents of the state with an
15 Alaska resource rebate, the amount of the 2008 permanent fund dividend shall be increased.
16 After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of
17 revenue shall add \$1,200 to determine the total amount of that dividend.

18 (b) Subject to appropriation, the amount necessary to increase 2008 permanent fund
19 dividends under (a) of this section shall be transferred from the general fund to the dividend
20 fund (AS 43.23.045).

21 (c) When issuing checks or pay warrants associated with a direct deposit to residents
22 receiving a permanent fund dividend, the commissioner of revenue shall include the following
23 statement: "The resource rebate is a one-time payment to qualified Alaskans."

24 (d) An individual may elect not to receive the \$1,200 resource rebate authorized under
25 (a) of this section. An individual who elects not to receive the \$1,200 resource rebate
26 authorized under (a) of this section may provide notice of the election on a form provided by
27 the Department of Revenue. Notice must be postmarked or received by the Department of
28 Revenue not later than September 2, 2008.

29 (e) Notwithstanding any contrary provision of law, an individual who did not apply
30 for the 2008 permanent fund dividend and is eligible for veterans' benefits under 38 U.S.C.
31 1315, 1513, 1521, 1541, and 1542 may apply for a \$1,200 Alaska resource rebate payment for

1 2008. The veteran or the spouse or dependent of a living or deceased veteran must apply to
2 the Department of Revenue not later than October 1, 2008, and demonstrate that the
3 individual would have been eligible to receive a 2008 permanent fund dividend under
4 AS 43.23, except for not having applied for the 2008 permanent fund dividend previously.

5 (f) The veteran or the spouse or dependent of a living or deceased veteran who is
6 denied or receives reduced payments or reduced health care benefits solely because the
7 \$1,000 payment under this section received by the individual is counted as income is eligible
8 for benefits under AS 47.25.120 - 47.25.300. Notwithstanding the limit in AS 47.25.130, the
9 veteran or the spouse or dependent of a living or deceased veteran is entitled to receive the
10 same amount as the individual would have received under 38 U.S.C. 1315, 1513, 1521, 1541,
11 and 1542 had a \$1,200 payment not been received under this section.

12 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 SUSPENSION OF THE MOTOR FUEL TAX. (a) Notwithstanding any other
15 provision of law, the motor fuel tax imposed under AS 43.40.010 is suspended and may not
16 be collected for a period beginning September 1, 2008, and ending June 30, 2011.

17 (b) Every person subject to AS 43.40.010(c) in the fiscal year that precedes the
18 suspension established in (a) of this section shall submit a monthly report, under penalty of
19 unsworn falsification, on a form or in a format prescribed by the Department of Revenue
20 showing all sales or transfers of gasoline, diesel, and aviation fuel during the month. The
21 department may require that invoices be attached to the report supporting all sales and
22 transfers of gasoline, diesel, and aviation fuel in the state. The report is due to the Department
23 of Revenue on the last day of the month following the month in which sales or transfers of
24 gasoline, diesel, or aviation fuel were made. The Department of Revenue may assess a penalty
25 of up to \$5,000 against any person that fails to file a monthly report or provide the supporting
26 invoices as required by this subsection.

27 (c) The Department of Revenue may adopt regulations under AS 44.62 to implement
28 this section.

29 * Sec. 6. Section 5(a) of this Act is repealed June 30, 2011.

30 * Sec. 7. Sections 3 and 4 of this Act take effect immediately under AS 01.10.070(c).

31 * Sec. 8. Section 5 of this Act takes effect September 1, 2008.

8/4/04

adopted M/0

CONCEPTUAL AMENDMENT |

OFFERED IN THE HOUSE
TO: CSHB 4005(FIN), Draft Version "L."

BY REPRESENTATIVE MEYER

Page 3, line 7

Delete "\$1,000"

Insert "\$1,200"

8/4/08

25-LS1757\M.4
Bullard/Kane
8/4/08

withdrawn

AMENDMENT 2

OFFERED IN THE HOUSE

BY REPRESENTATIVE KELLY

TO: CSHB 4005(FIN), Draft Version "M"

1 Page 1, line 1, following "An Act":

2 Insert "amending the Alaska energy efficient home grant fund;"

3

4 Page 1, following line 10:

5 Insert a new bill section to read:

6 ** Section 1. AS 18.56.410(b) is amended to read:

7 (b) Subject to appropriation, the corporation may grant funds from the Alaska
8 energy efficient home grant fund to

9 (1) agencies of the state or federal government, individuals, or
10 businesses that retrofit existing single family dwellings or build new single family
11 dwellings that meet criteria adopted by the corporation;

12 (2) individuals who are installing in dwellings wood, wood-pellet, or
13 barley-fired stoves, or other energy efficient heating systems that meet criteria
14 adopted by the corporation; and

15 (3) individuals who are installing in dwellings solar or other energy
16 efficient systems that meet criteria adopted by the corporation."

17

18 Page 1, line 11:

19 Delete "Section 1"

20 Insert "Sec. 2"

21

22 Renumber the following bill sections accordingly.

23

- 1 Page 2, line 14:
- 2 Delete "sec. 2"
- 3 Insert "sec. 3"
- 4
- 5 Page 3, line 12:
- 6 Delete "sec. 4"
- 7 Insert "sec. 5"
- 8
- 9 Page 4, line 9:
- 10 Delete "sec. 6"
- 11 Insert "sec. 7"
- 12
- 13 Page 8, line 3:
- 14 Delete "Sections 10 - 12 and 14(a)"
- 15 Insert "Sections 11 - 13 and 15(a)"
- 16
- 17 Page 8, line 4:
- 18 Delete "Sections 2, 4, 6, and 10"
- 19 Insert "Sections 3, 5, 7, and 11"
- 20
- 21 Page 8, line 5:
- 22 Delete "Sections 3, 5, and 7"
- 23 Insert "Sections 4, 6, and 8"
- 24
- 25 Page 8, line 6:
- 26 Delete "Section 14"
- 27 Insert "Section 15"
- 28
- 29 Page 8, line 7:
- 30 Delete "Sections 9 and 11 - 13"
- 31 Insert "Sections 10 and 12 - 14"

adopted 7/31/08 N/O

25-LS1757E
Kane
7/31/08

CS FOR HOUSE BILL NO. 4005()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the power cost equalization program; authorizing, as a temporary
2 rebate of state resources to certain state residents, payments to assist in meeting heating
3 costs under the federal heating assistance program, limiting payments for heating
4 assistance, and eliminating the authority to make certain provisions of the heating
5 assistance program retroactive to November 1, 2007; relating to Alaska resource
6 rebates, and increasing the amount of the 2008 permanent fund dividend by the amount
7 of the rebate; suspending the motor fuel tax; and providing for an effective date."

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

9 * Section 1. AS 42.45.110(c) is repealed and reenacted to read:

10 (c) The amount of power costs for which equalization is paid to an electric
11 utility is the difference between

12 (1) a minimum power cost calculated as 120 percent of the weighted
13 average retail residential power rate in Anchorage, Fairbanks, and Juneau for the

1 previous calendar year, before equalization under (j) of this section for those cities;
2 and

3 (2) an amount that may not exceed, as determined by the commission,
4 one of the following, whichever is lowest:

5 (A) 75 cents a kilowatt hour;

6 (B) actual power costs; or

7 (C) the average rate for each eligible kilowatt hour sold.

8 * Sec. 2. AS 42.45.110(c) is repealed and reenacted to read:

9 (c) The amount of power cost equalization provided for each kilowatt-hour
10 under (b) of this section may not exceed 95 percent of the power costs, or the average
11 rate for each eligible kilowatt-hour sold, whichever is less, as determined by the
12 commission. However,

13 (1) during the state fiscal year that began July 1, 1999, the power costs
14 for which power cost equalization were paid to an electric utility were limited to
15 minimum power costs of more than 12 cents a kilowatt-hour and less than 52.5 cents a
16 kilowatt-hour; and

17 (2) during each following state fiscal year, the commission shall adjust
18 the power costs for which power cost equalization may be paid to an electric utility
19 based on the weighted average retail residential rate in Anchorage, Fairbanks, and
20 Juneau; however, the commission may not adjust the power costs under this paragraph
21 to reduce the amount below the lower limit set out in (1) of this subsection.

22 * Sec. 3. AS 42.45.110 is amended by adding new subsections to read:

23 (j) An electric utility is entitled to receive five cents a kilowatt-hour for actual
24 consumption of not more than 500 kilowatt-hours a month sold to each residential
25 customer. An electric utility whose customers receive power cost equalization under
26 this subsection shall comply with the provisions of AS 42.45.120 and set out in its
27 tariff the rates without the power cost equalization and the amount of power cost
28 equalization for each kilowatt-hour sold. The rate charged to the customer shall be the
29 difference between the two amounts. In this subsection, "electric utility" means a
30 public, cooperative, or other corporation, company, individual, or association of
31 individuals, including the lessees, trustees, or receivers appointed by a court that owns,

1 operates, manages, or controls a plant or system for the furnishing, by generation,
2 transmission, or distribution, of electric service to the public for compensation but
3 does not meet the requirements of AS 42.45.150(2)(B) - (C).

4 (k) The power cost equalization for each kilowatt-hour may be determined for
5 a utility without historical kilowatt-hour sales data by using kilowatt-hours generated.

6 * Sec. 4. AS 42.45.110(j) is repealed June 30, 2011.

7 * Sec. 5. Sections 9 and 11, ch. 31, SLA 2008, are repealed.

8 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 STATE IMPLEMENTATION OF THE FEDERAL LOW-INCOME HEATING AND
11 ENERGY ASSISTANCE PROGRAM. (a) This section applies to heating assistance
12 payments authorized to persons under 7 AAC 44, adopted under the authority of
13 AS 47.05.010.

14 (b) Notwithstanding another provision of law, for the period beginning October 1,
15 2008, and ending June 30, 2011, to supplement provisions of the federal low-income heating
16 and energy assistance program provided under 42 U.S.C. 8621 - 8629 (Low-Income Home
17 Energy Assistance Act of 1981), as amended, subject to legislative appropriation of state
18 general funds for the purpose, the Department of Health and Social Services shall increase the
19 amount of a heating assistance payment.

20 (c) Amounts payable under this section shall be calculated by application of the
21 assistance formula set out in 7 AAC 44.080, as those provisions read on the effective date of
22 this section, and shall be made from the appropriation described in (b) of this section. The
23 dollar value of a community heating cost point under 7 AAC 44.080 may not exceed \$170.

24 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 STATE IMPLEMENTATION OF THE ALASKA HEATING ASSISTANCE
27 PROGRAM. For the period beginning October 1, 2008, and ending June 30, 2011, amounts
28 payable under AS 47.25.621 - 47.25.625 shall be calculated by application of the assistance
29 formula set out in 7 AAC 44.080, as those provisions read on the effective date of this section,
30 and the dollar value of a community heating cost point under 7 AAC 44.080 may not exceed
31 \$170.

1 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 ALASKA RESOURCE REBATES. (a) To provide residents of the state with an
4 Alaska resource rebate, the amount of the 2008 permanent fund dividend shall be increased.
5 After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of
6 revenue shall add \$1,000 to determine the total amount of that dividend.

7 (b) Subject to appropriation, the amount necessary to increase 2008 permanent fund
8 dividends under (a) of this section shall be transferred from the general fund to the dividend
9 fund (AS 43.23.045).

10 (c) When issuing checks or pay warrants associated with a direct deposit to residents
11 receiving a permanent fund dividend, the commissioner of revenue shall include the following
12 statement: "The resource rebate is a one-time payment to qualified Alaskans."

13 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 SUSPENSION OF THE MOTOR FUEL TAX. (a) Notwithstanding any other
16 provision of law, the motor fuel tax imposed under AS 43.40.010 is suspended and may not
17 be collected for a period beginning September 1, 2008, and ending June 30, 2011.

18 (b) Every person subject to AS 43.40.010(c) in the fiscal year that precedes the
19 suspension established in (a) of this section shall submit a monthly report, under penalty of
20 unsworn falsification, on a form or in a format prescribed by the Department of Revenue
21 showing all sales or transfers of gasoline, diesel, and aviation fuel during the month. Sales
22 invoices must be attached to the report supporting all sales and transfers of gasoline, diesel,
23 and aviation fuel in the state. The report is due to the Department of Revenue on the last day
24 of the month following the month in which sales or transfers of gasoline, diesel, or aviation
25 fuel were made. The Department of Revenue may assess a penalty of up to \$5,000 against any
26 person that fails to file a monthly report or provide the supporting invoices as required by this
27 subsection.

28 (c) The Department of Revenue may adopt regulations under AS 44.62 to implement
29 this section.

30 * Sec. 10. Sections 1 and 3 of this Act take effect October 1, 2008.

31 * Sec. 11. Section 2 of this Act takes effect June 30, 2011.

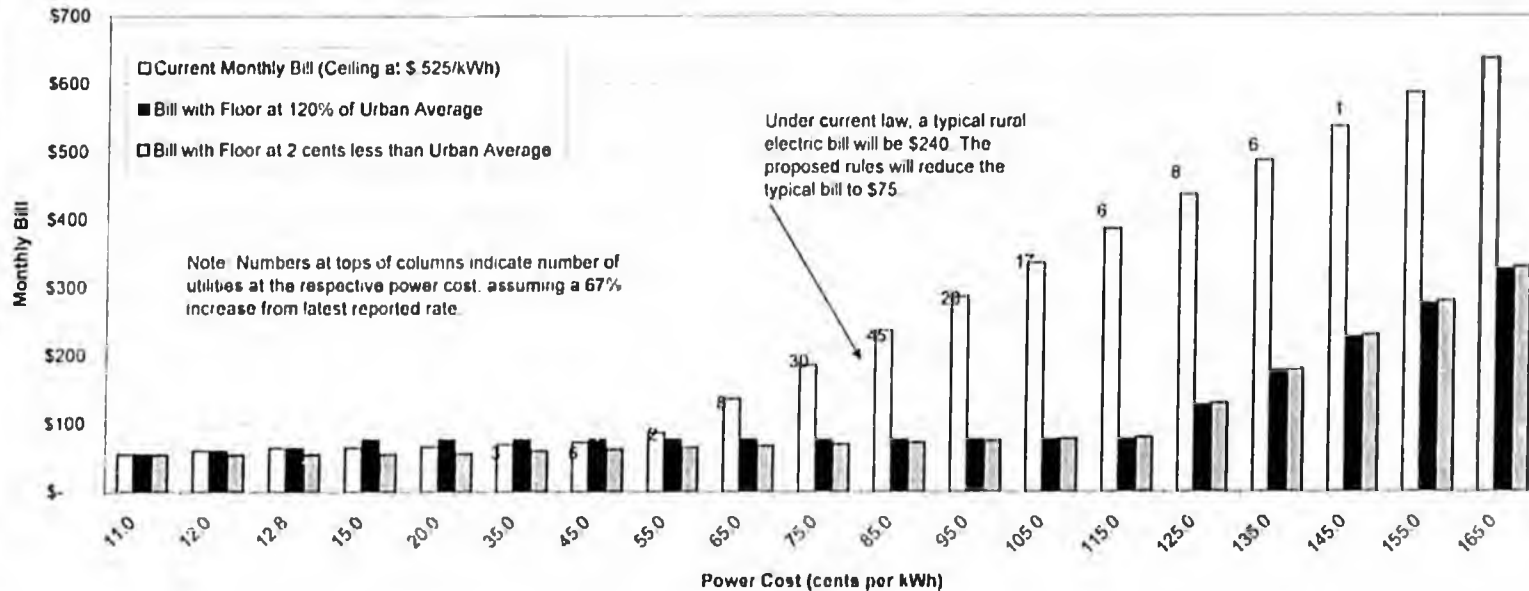
- 1 * Sec. 12. Section 9 of this Act takes effect September 1, 2008.
- 2 * Sec. 13. Sections 5 - 8 of this Act take effect immediately under AS 01.10.070(c).

7/31/08
4005

Comparing Monthly Electric Bills at Various Costs and Usage

Cents per kWh	Utilities at this Power Cost in FY09	Current PCE Subsidy per kWh	120% Floor PCE Subsidy per kWh	Current Customer Rate	Customer Rate at 120% Floor	Customer Rate with Floor at Urban Avg-2 cents	Urban Average Rate (12.8)	300 kWh per Month				500 kWh per Month				700 kWh per Month			
								Cost of Power	Current Monthly Bill	Bill with Floor at 120% of Urban Average	Bill with Floor at 2 cents less than Urban Average	Cost of Power	Current Monthly Bill (Ceiling at \$525/kWh)	Bill with Floor at 120% of Urban Average	Bill with Floor at 2 cents less than Urban Average	Cost of Power	Current Monthly Bill	Bill with Floor at 120% of Urban Average	Bill with Floor at 2 cents less than Urban Average
11.00		-	-	11.00	11.00	10.84	12.83	\$ 33	\$ 33	\$ 33	\$ 33	\$ 55	\$ 55	\$ 55	\$ 54	\$ 77	\$ 77	\$ 77	\$ 76
12.00		-	-	12.00	12.00	11.89	12.83	\$ 36	\$ 36	\$ 36	\$ 33	\$ 60	\$ 60	\$ 60	\$ 54	\$ 84	\$ 84	\$ 84	\$ 78
12.83	0	-	-	12.83	12.83	10.33	12.83	\$ 38	\$ 38	\$ 38	\$ 33	\$ 64	\$ 64	\$ 64	\$ 55	\$ 90	\$ 90	\$ 90	\$ 80
15.00	0	2.06	-	12.94	15.40	11.04	12.83	\$ 45	\$ 39	\$ 46	\$ 33	\$ 75	\$ 65	\$ 77	\$ 55	\$ 105	\$ 95	\$ 107	\$ 85
20.00	0	6.61	4.60	13.19	15.40	11.29	12.83	\$ 60	\$ 40	\$ 46	\$ 34	\$ 100	\$ 66	\$ 77	\$ 56	\$ 140	\$ 106	\$ 117	\$ 96
35.00	3	21.06	19.60	13.94	15.40	12.04	12.83	\$ 105	\$ 42	\$ 46	\$ 36	\$ 175	\$ 70	\$ 77	\$ 60	\$ 245	\$ 140	\$ 147	\$ 130
45.00	6	30.56	29.60	14.44	15.40	12.54	12.83	\$ 135	\$ 43	\$ 46	\$ 38	\$ 225	\$ 72	\$ 77	\$ 63	\$ 315	\$ 162	\$ 167	\$ 153
55.00	2	37.69	39.60	17.31	15.40	13.04	12.83	\$ 165	\$ 52	\$ 46	\$ 39	\$ 275	\$ 87	\$ 77	\$ 65	\$ 385	\$ 197	\$ 187	\$ 175
65.00	8	37.69	49.60	27.31	15.40	13.54	12.83	\$ 195	\$ 82	\$ 46	\$ 41	\$ 325	\$ 137	\$ 77	\$ 68	\$ 455	\$ 267	\$ 207	\$ 198
75.00	30	37.69	59.60	37.31	15.40	14.04	12.83	\$ 225	\$ 112	\$ 46	\$ 42	\$ 375	\$ 187	\$ 77	\$ 70	\$ 525	\$ 337	\$ 227	\$ 220
85.00	45	37.69	69.60	47.31	15.40	14.54	12.83	\$ 255	\$ 142	\$ 46	\$ 44	\$ 425	\$ 237	\$ 77	\$ 73	\$ 595	\$ 407	\$ 247	\$ 243
95.00	28	37.69	79.60	57.31	15.40	15.04	12.83	\$ 285	\$ 172	\$ 46	\$ 45	\$ 475	\$ 287	\$ 77	\$ 75	\$ 665	\$ 477	\$ 267	\$ 265
105.00	17	37.69	89.60	67.31	15.40	15.54	12.83	\$ 315	\$ 202	\$ 46	\$ 47	\$ 525	\$ 337	\$ 77	\$ 78	\$ 735	\$ 547	\$ 287	\$ 288
115.00	6	37.69	99.60	77.31	15.40	16.04	12.83	\$ 345	\$ 232	\$ 46	\$ 48	\$ 575	\$ 387	\$ 77	\$ 80	\$ 805	\$ 617	\$ 307	\$ 310
125.00	8	37.69	99.60	87.31	25.40	26.04	12.83	\$ 375	\$ 262	\$ 76	\$ 78	\$ 625	\$ 437	\$ 127	\$ 130	\$ 875	\$ 637	\$ 377	\$ 380
135.00	6	37.69	99.60	97.31	35.40	36.04	12.83	\$ 405	\$ 292	\$ 106	\$ 108	\$ 675	\$ 487	\$ 177	\$ 180	\$ 945	\$ 757	\$ 447	\$ 450
145.00	1	37.69	99.60	107.31	45.40	46.04	12.83	\$ 435	\$ 322	\$ 136	\$ 138	\$ 725	\$ 537	\$ 227	\$ 230	\$ 1,015	\$ 827	\$ 517	\$ 520
155.00	0	37.69	99.60	117.31	55.40	56.04	12.83	\$ 465	\$ 352	\$ 166	\$ 168	\$ 775	\$ 587	\$ 277	\$ 280	\$ 1,085	\$ 897	\$ 587	\$ 590
165.00	0	37.69	99.60	127.31	65.40	66.04	12.83	\$ 495	\$ 382	\$ 196	\$ 198	\$ 825	\$ 637	\$ 327	\$ 330	\$ 1,155	\$ 967	\$ 657	\$ 660
175.00	0	37.69	99.60	137.31	75.40	76.04	12.83	\$ 525	\$ 412	\$ 226	\$ 228	\$ 875	\$ 687	\$ 377	\$ 380	\$ 1,225	\$ 1,037	\$ 727	\$ 730
185.00	0	37.69	99.60	147.31	85.40	86.04	12.83	\$ 555	\$ 442	\$ 256	\$ 258	\$ 925	\$ 737	\$ 427	\$ 430	\$ 1,295	\$ 1,107	\$ 797	\$ 800
195.00	0	37.69	99.60	157.31	95.40	96.04	12.83	\$ 585	\$ 472	\$ 286	\$ 288	\$ 975	\$ 787	\$ 477	\$ 480	\$ 1,365	\$ 1,177	\$ 867	\$ 870
205.00	1	37.69	99.60	167.31	105.40	106.04	12.83	\$ 615	\$ 502	\$ 316	\$ 318	\$ 1,025	\$ 837	\$ 527	\$ 530	\$ 1,435	\$ 1,247	\$ 937	\$ 940

Figure 1. Monthly Electric Bills at 500 kWh Used per Month and a Ceiling Rate of \$1.15/kWh



Note that the 120% Floor increases costs for customers that pay rates less than \$52.5. A floor \$0.02 below the urban average eliminates that problem.

7/31/08
4005

City of Galena
PO Box 149 - Galena, Alaska 99741-0149
(907) 656-1301 -- (907) 656-1769 Fax

RESOLUTION 2008-27
Declaring Fuel Emergency

WHEREAS, Galena is a village in rural Alaska; a community that has one of the lowest per capita incomes in the state of Alaska and in the United States; and

WHEREAS, Because of the historically very high cost of power, residents and businesses in Galena have been conserving power for many years, resulting in low electricity consumption per capita and very poor economies of scale; and

WHEREAS, Recent activity in world oil markets has resulted in delivered fuel cost reaching unprecedented levels; and

WHEREAS, Galena purchased fuel for its power plants at an average cost of \$1.29 per gallon in 2002, escalating to \$2.93 per gallon in 2007; and

WHEREAS, Galena's fuel price for 2008 deliveries will be at least \$4.60 per gallon based upon the L.A. Platt's Fuel Price Index as of May 13, 2008, and

WHEREAS, Crude oil prices closed on May 21, 2008 at \$132.57, which is a further increase of 6.7% over May 13, indicating that delivered fuel could cost as much as \$4.87 per gallon; and

WHEREAS, Galena has issued purchase orders for fuel totaling 610,000 gallons that will likely cost about \$3,000,000; and

WHEREAS, Galena with a population of 638 does not have the financial ability to make such an outlay, nor do its members have the financial ability to pay the electric bills that will ensue following incorporation of current fuel costs into electric and steam heating rates; and


NOW, THEREFORE, BE IT RESOLVED that the Galena City Council declares a current and ongoing financial emergency; and

BE IT FURTHER RESOLVED, that Galena exhorts the State of Alaska to take proactive steps to reduce the delivered cost of fuel to Galena to a reasonable level of \$10.00 per million BTU which equals \$1.29 per gallon

SIGNED:


Russ L. Sweetsir, Mayor

ATTEST:


Walt Wilcox, Acting City Clerk

City of Galena

Resolution 2008-27

GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741
PHONE (907) 656-1205
FAX (907) 656-2238

SUPERINTENDENT
Jim Smith



Fuel Emergency Resolution June 18, 2008

Whereas, Galena is a village in rural Alaska; a community that has one of the lower per capita incomes in the state of Alaska and in the United States; and

Whereas, the Galena City School District operates a residential Vocational Training Center for one hundred and thirty students from over fifty communities crossed Alaska; and

Whereas, Galena purchased fuel for its power plants at an average cost of \$1.29 per gallon in 2002, escalating to \$2.93 per gallon in 2007; and

Whereas, Galena's fuel price for 2008 deliveries will be at least \$4.60 per gallon upon L.A. Platt's Fuel Price Index as of May 13, 2008, and

Whereas, Fuel oil and gasoline prices have raised to \$7.00 per gallon at the pump for general heating and transportation; and

Whereas, Air Force BRAC properties will become school district utilities obligations in October of this year; and

Whereas, Galena School utilities are projected to cost \$1,530,558.96 for the coming school year; and

Whereas, Galena School programs teach 3,759 students from all across Alaska in 2007-2008, and

Whereas, many rural village students are relocating to Galena because schools are being forced to closure due to high fuel costs; and

Whereas, Galena school facilities provide a proven regional learning center with excellent student performances; **thus**

Therefore Be It Resolved, that the Galena School Board of Trustees declare a current and ongoing financial emergency.

ATTESTED:

SIGNED:

John Billings

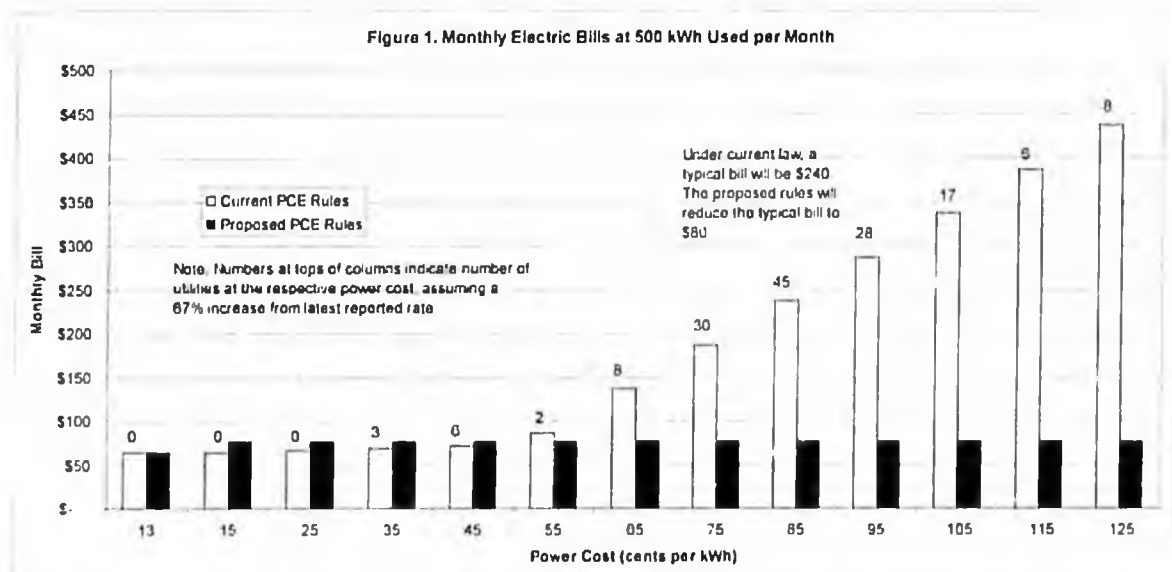
 John Billings, School Board Chair

Power Cost Equalization Program Modifications

July 27, 2008

Situation:

Fuel costs are expected to drive the cost of generating electric power above the ceiling rate of 52.5 cents for almost all utilities eligible for power cost equalization (PCE) payments. As costs break the ceiling, typical electric bills for PCE customers will increase from about \$80 per month to about \$240 per month. (Assumes rates increase by 67% in 2009.)



Program Modifications

The Ceiling Rate

For existing PCE-eligible utilities, simply increasing the ceiling would mitigate rate increases. Points to consider:

1. Program costs increase as the ceiling is raised, but the cost curve flattens at higher ceiling rates because fewer utilities are affected as the ceiling increases.
2. How high should the ceiling be? A ceiling above \$2 would be unrestrictive—all utilities would have rates lower than the ceiling. \$1.25 would leave fewer than 10 utilities above the cap. \$1.05 would leave about 20 utilities above the ceiling.
 - a. Objective: strike a balance between the cost of raising the ceiling and the impact of a restrictive ceiling on customers.
 - b. At a ceiling of \$1.05, residential PCE benefits would be about \$68 million. At \$1.25, benefits would be about \$69 million, and benefits would be about \$69.2 million if the ceiling were at \$2 or higher.
 - c. Does a restrictive ceiling encourage utilities to contain costs?
 - i. The ceiling was invisible until recently; it was far above the cost of generating power.
 - ii. Yet most utilities had rates far below the ceiling.

- iii. Fuel costs are primarily responsible for driving rates up, and fuel costs are essentially beyond the control of utilities.
 - iv. Utilities eligible for PCE tend to be community-owned utilities that have incentive to contain power costs to their owner-customers. Much of the power sold by PCE-eligible utilities is unsubsidized—commercial customers, schools, and residents who exceed the 500 kWh monthly cap pay unsubsidized rates.
 - v. While a ceiling on non-fuel costs is intriguing, there is insufficient time to gather and analyze data required to design a second ceiling.
- d. **Recommendation:** A ceiling near \$1.15 would leave fewer than 20 utilities above the ceiling. Although the affected utilities are small and it would cost relatively little to include them, there appears to be concern that an unrestrictive ceiling would provide no encouragement (for those utilities with rates below the ceiling) to contain costs. \$1.15 may be a workable compromise, considering that 1) the practicality of a non-fuel ceiling has not been investigated and 2) high-cost utilities may not see rate increases as large as anticipated.

Program Eligibility

While increasing the ceiling rate would stabilize costs for those who buy power from PCE-eligible utilities, some utilities that do not qualify for PCE are also experiencing skyrocketing rates. **Recommendation:** Expand PCE by eliminating restrictions pertaining to utility size and to method of power generation in 1984. As an alternative: devise a parallel system for utilities that do not qualify for PCE.

The Floor Rate

Expanding program eligibility would equalize power costs throughout Alaska, but at substantial cost. Although the few newly-eligible utilities would have low subsidy rates (relative to utilities currently eligible for PCE) they sell as much power as all currently eligible utilities combine.¹ This raises concerns about program costs.

Cost containment concerns bring the focus to the floor rate—the point at which PCE begins to subsidize power costs. The floor rate has a much greater impact on program costs than does the ceiling rate. Small changes in the ceiling rate affect only a few (typically small) utilities while the floor rate affects all eligible utilities (and, in fact, determines eligibility). As an example, Utility A sells power for 16 cents and Utility B sells power for 64 cents. At a floor rate of 14 cents, the subsidy is 2 cents and 50 cents, respectively. If the floor is raised to 15 cents, the cost of subsidizing Utility A drops 50% (from 2 cents to 1 cent) while the cost of subsidizing Utility B drops 2% (from 50 cents to 49 cents). Further, if Utility A is 20 times the size of Utility B, changes in total program costs are driven almost entirely by Utility A. Bottom line: The floor rate has a huge impact on program costs, with the impact concentrated on low cost utilities.

- 1 Is the method of computing the floor rate important? Yes, to the extent that the floor determines which utilities are eligible for PCE and how much their rates are subsidized. But there is no single "right" method to compute the floor. Points to consider:
 - a. PCE was designed to reduce power costs for utilities with high rates, but not to reduce all rates to equal those of the lowest cost utilities.
 - b. A floor based on power costs of most Alaskans is a reasonable starting point if program cost is important.
 - c. There is no reason that high-cost power must be reduced to the urban average rate, or to any other precise calculation.
 - d. The floor can be used as a cost containment tool.
- 2 Where should the floor be set? That decision depends on cost objectives and on perceptions of equity.
 - a. The floor proposed in HB 4005 is 20% above the urban average rate.
 - b. The "120% floor" was proposed as a cost containment measure and is targeted toward newly eligible utilities.
 - c. Raising the floor to 110% of the urban average reduces costs by about \$8 million. Raising the floor to 120% of the urban average reduces costs by about \$16 million.
 - d. Figure 1 shows that customers of utilities with rates below the ceiling get more benefits under the existing floor. Figure 1 also shows that only three utilities are expected to have rates lower than 35 cents. All newly eligible utilities are expected to have rates below 30 cents.
 - e. The proposed increase in the floor is linked to a proposed change in the calculation of subsidy.
 - i. Current law pays 95% of the rate above the floor (up to the ceiling) while the bill proposing paying 100% of the difference.
 - ii. Many will find the 95% formula attractive because it provides incentive to contain rates.
 - iii. Retaining the 95% formula while raising the floor rate would have reduced payments to utilities currently eligible for PCE.
 - iv. Setting the floor at 120% of the urban average was the breakeven point for utilities with a rate at the ceiling rate of 52.5 cents per kWh.
 - f. *Recommendation:* The 95% formula should be retained because cost containment incentives provided by the formula are important to the program. Selecting the floor rate is primarily a matter of determining the desired program cost. If the 95% formula is retained, it would mitigate the fiscal impact of setting the floor at less than 120% of the urban average rate. Most of the benefit of a reduced floor would accrue to newly eligible utilities.

The 300/700 Split Cap

Revising the current cap on power usage from 500 kWh per month to a summer cap of 300 kWh and a winter cap of 700 kWh was intended to benefit PCE customers without

raising the annual cap of 6,000 kWh. Data indicate that the proposal does not work as intended because typical usage is substantially higher than average usage. In addition, the proposal adds complexity to regulation and the billing process. **Recommendation:** drop the proposal.

Further Program Expansion

The proposed program expansion omitted Anchorage and much of Southeast Alaska. If PCE were a power cost *assistance* program, this omission would rightly be questioned. But PCE is an *equalization* program that is not designed to reduce power costs for utilities with relatively low rates. While it would be possible to amend the program to provide a rate subsidy to relatively low-cost utilities, doing so would produce an internal conflict—it would increase rate disparity rather than reduce it. The result could be additional equalization payments to the relatively high cost utilities.

This internal conflict may be less important than a desire to offer energy cost relief on a broad basis. No recommendation: this is a policy call.

Funding PCE

Modifications intended to increase PCE benefits will be ineffective unless the program is funded. For the long-term, deposits to the PCE endowment maximize program stability. Points to consider:

- 1 If high fuel costs are a short-term situation, depositing sufficient money to fund PCE at levels based on high fuel prices is premature.
- 2 Renewal of natural gas contracts by Anchorage electrical utilities could result in substantial rate increases. As power costs in Anchorage increase, the PCE subsidy will decline.
- 3 There is a substantial lag between deposit to the endowment and payout from the endowment. Regardless of the amount appropriated to the endowment, PCE will require short-term general fund appropriations to the PCE fund in order to maintain benefit levels above \$28 million.

8-2-08

SARAH PALIN
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 31, 2008

The Honorable Bert Stedman
Alaska State Senator
Co-Chair, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801

The Honorable Lyman Hoffman
Alaska State Senator
Co-Chair, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801

Dear Co-Chair Stedman and Co-Chair Hoffman:

At the hearing on SB 4004 you requested additional information on how much of the marine fuel sold in the state of Alaska was to non-residents. The Department of Revenue does not track sales to residents and non-residents. The Department was able to tell me that about 40 percent of the marine fuel is sold in House District 37 which includes Dutch Harbor and other communities. While there is no breakdown available between marine fuel sold to residents and non-residents, there are approximately 1706 limited entry or open access fishing permits held by residents of Alaska in House District 37. Each of these individuals would likely see a significant benefit from a suspension of the tax on marine fuel. A list by community is enclosed for your review. Please advise if you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Ruaro".

Randy Ruaro
Special Staff Assistant

Enclosure

Community Name	Limited Entry	Open Access	Community Total
Adak	1	7	8
Akutan	0	9	9
Aleknagik	28	1	29
Amchitka	0	0	0
Atka	0	9	9
Attu Station	0	0	0
Chignik	7	12	19
Chignik Bay	3	0	3
Chignik Lagoon	26	26	52
Chignik Lake	5	0	5
Clarks Point	11	0	11
Cold Bay	3	2	5
Dillingham	241	54	295
Dutch Harbor	8	41	49
Eareckson AS	0	0	0
Egegik	19	4	23
Ekuk	0	0	0
Ekwok	3	0	3
False Pass	6	7	13
Ivanof Bay	0	0	0
King Cove	52	47	99
King Salmon	39	3	42
Koliganek	17	0	17
Manokotak	113	3	116
Naknek	113	13	126
Nelson Lagoon	27	2	29
New Stuyahok	25	3	28
Nikolski	0	2	2
Perryville	7	2	9
Pilot Point	12	2	14
Port Heiden	13	2	15
Port Moller	0	0	0
Portage Creek	0	0	0
Pribilof Island	0	0	0
Saint George Island	0	6	6
Saint Paul Island	0	23	23
Sand Point	94	130	224
Shemya Island	0	0	0
South Naknek	32	0	32
Squaw Harbor	0	0	0
Togiak	292	26	318
Twin Hills	10	2	12
Ugashik	5	0	5
Unalaska	9	47	56

House District 37

Year-End Permits
by Community - 2007

Grand Totals	1221	485	1706
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Daily Gas Price Barometer

Contact: Randy Bly, Director Community Relations, AAA Auto Club South, 813-289-5934, or pager: 1-877-766-6215
 Gregg Laskoski, Managing Director, Public & Govt. Relations, 813-289-1320, or pager: 877-764-0975

AAA DAILY GAS PRICE BAROMETER SHOWS CONSUMERS BENEFITED FROM MONTH-LONG REDUCTION IN STATE GAS TAX

TAMPA, FL (Sept. 1) – Today's AAA Daily Gas Price Barometer – comprised of Tuesday's (August 31 data) credit card transactions from more than 5,000 Florida retail stations – estimates that motorists filling up yesterday saved an average of 9.4 cents per gallon that can be attributed to the Motor Fuel Tax Relief Act of 2004.

AAA's report is significant because it is based on actual purchases versus informal surveys and observations. Oil Price Information Service monitors and reports prices from more than 60,000 stations daily for AAA.

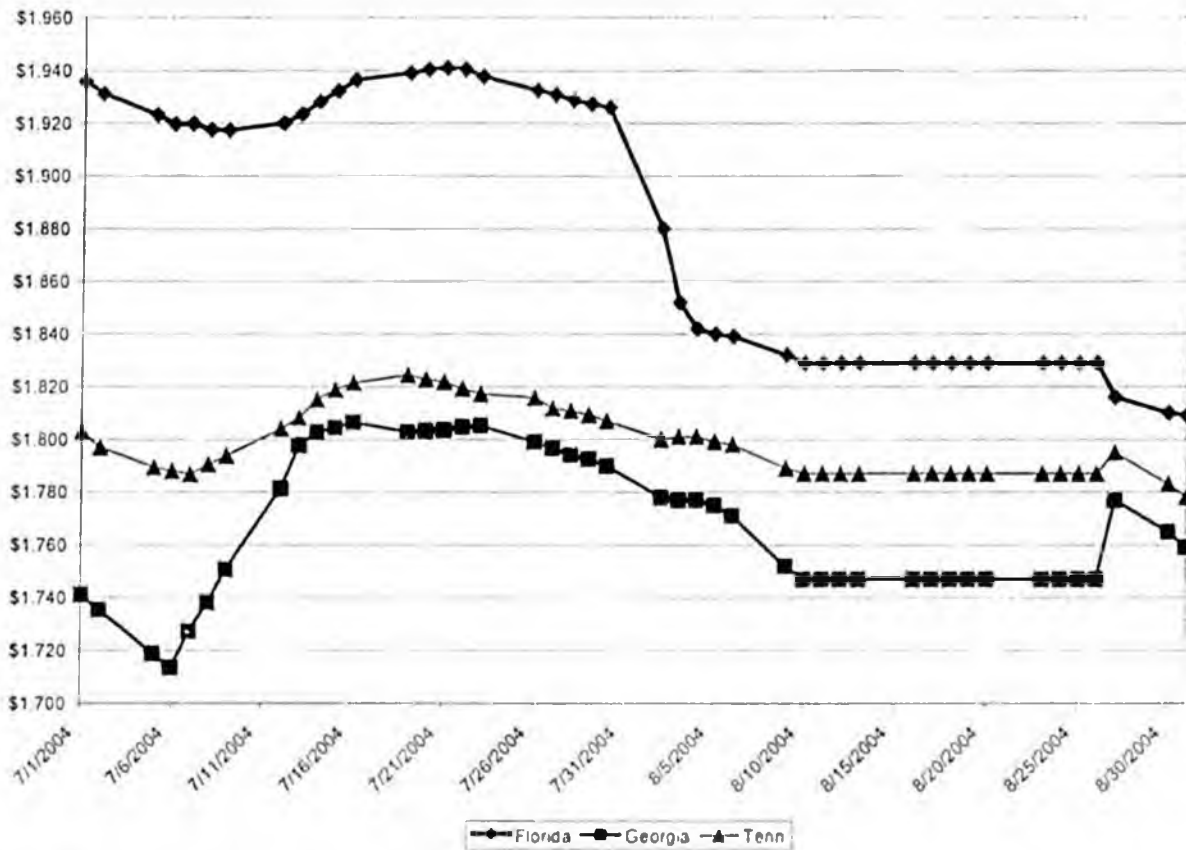
"We are pleased to see that retailers in Florida are still passing along to motorists the full benefit of the tax savings," said Kevin Bakewell, senior vice president, AAA Auto Club South. Bakewell noted that Wednesday's report will reflect the final day of the tax break (Tuesday's prices) and that Thursday's report will reflect the first day of post-tax relief prices (Wednesday's prices).

Following is AAA's estimate of the Savings Per Gallon To Consumer based on Florida's statewide average price for Self Service Regular Unleaded for Saturday, Sunday and Monday, August 31:

Price Date	GA/TN Average Actual Price on This Date	Estimate of FL Average Price Without Tax Cut (GA/TN Average x 107.62%)	FL Actual Price On This Date	Savings Per Gallon To Consumer
08/31	\$1.769	\$1.903	\$1.809	\$0.094
To determine the above estimate AAA used July 2004 data to calculate a monthly average price for Florida and the combined monthly average price for Georgia and Tennessee, using each state's actual daily prices for the entire month. AAA then divided the Florida average by the combined Georgia/Tennessee average to determine the average relationship between prices in these states. For the month of July, prices in Florida averaged 107.62% of prices in Georgia/Tennessee combined. An assumption is made that August will produce a similar price relationship.				

AAA's fuel price information updates can be found at www.aaa.com/fuelgauge. Daily prices reported on Wednesday, Thursday, Friday and Monday represent the average price of all transactions for the 24 hour period ending midnight on the previous weekday. Average prices for the 72 hour period comprised of Saturday, Sunday and Monday are combined and reported on Tuesday.

The following chart illustrates price changes in Florida, Georgia and Tennessee since July 30, 2004.



Source: AAA Auto Club South and Oil Price Information Service (OPIS)

NOTE: Due to Hurricane Charley, no reports were issued (hence the flat lines on the above graph) between August 13 and August 27. Actual price dates affected were August 12 through August 26.

AAA Auto Club South is one of the largest motor clubs in the AAA federation serving the interests of more than 47 million motorists nationwide. Headquartered in Tampa, AAA Auto Club South represents more than 3.6 million members in Florida, Georgia and the western two-thirds of Tennessee.



Alaska Conservation Alliance

Uniting for Alaska's Future

7/27/08
MSTRULL
testimony

May 27, 2008

On behalf of 40 state based conservation organizations with a combined membership of 38,000 Alaskans, Alaska Conservation Alliance is pleased to present this short paper on

Energy Cost Relief and Energy Conservation

Whether it is rural Alaskans coping with \$8 gallon diesel, Fairbanks residents struggling with burdensome increases in home heating oil or Juneau residents coping with an avalanche-induced energy crisis, Alaskans across the state are feeling the pain of high energy costs. Fortunately, rising oil prices also means rising revenues to the State of Alaska and as such the State can provide a path to reduced monthly bills and long-term energy security.

The challenge is to meet this need without undermining the price signals for energy conservation. As noted by economist Greg Erickson, "the most troublesome aspect of these programs (referring to Governor Palin's recent energy rebate proposal) is the incentives they create for us to increase our energy use. Higher prices convey a powerful message of conservation." Furthermore, to provide relief without leadership on energy conservation and efficiency would be the equivalent of applying a band-aid while ignoring the underlying systemic problem of relying on high-priced fossil fuels; a problem that is not going away anytime soon. For that reason, the Alaska Legislature and the Palin Administration, in addition to short-term energy price relief, should carefully consider and institute some longer-term strategies, especially investing in education of the public and integrating energy conservation and efficiency into building, weatherization, and renewable energy into state energy grids.

Fortunately, Alaskans are resourceful and in many areas are already implementing immediate energy conservation measures. The public's response in Juneau to their energy crisis demonstrates this clearly. Virtually overnight individuals and businesses in Juneau adopted multiple conservation measures; and energy consumption dropped by approximately one-third. For example, on Tuesday April 15, prior to the avalanche, Juneau consumed 1,006 MWh, while on Tuesday May 6, after the avalanche, Juneau consumed 660MWh.

It is in response to the dual need of energy cost relief and energy conservation that the conservation community, through Alaska Conservation Alliance, has prepared a list of options to be evaluated and considered by the Alaska Legislature and the Palin Administration. This list is divided into four parts:

- A. Energy Price Relief Alternatives - options that should be further investigated as means to provide price relief while minimizing distorted market signals and incentives to consume more energy.

- B. Immediate Energy Conservation Measures – options that are doable in a short special session.
- C. Other Energy Conservation Measures – options that may have more long-term benefit but may require more legislative deliberation.
- D. Transportation Relief Options - As gasoline and diesel prices increase, Alaskans are facing increased transportation costs and it is appropriate to consider price relief in this arena.

Please note: options with an * are based on the recommendations contained in the "Energy Efficiency Interim Report" prepared for Cold Climate Housing Research Center (CCHRC).

A. Energy Price Relief Alternatives

1. **Fully fund, expand and adjust the Power Cost Equalization Program (PCE).** The legislature should fully fund and expand the Power Cost Equalization Program, as part of its approach to addressing the increased price for electricity in heavily impacted communities. First of all, the PCE needs to be fully funded for this upcoming year to ensure that the first 500 kWhs consumed by residential customers are affordable. In the last six months of 2007, only 89% of the program was covered. It appears that the program is currently under funded by approximately 10 to 15%, a short fall of approximately \$3 million. Secondly, the PCE could be expanded to include schools and other key buildings and institutions not currently covered. In this context, the appropriateness of expanding this program to small businesses should be considered. The cost of this depends on the magnitude of the expansion. Equally important to fully funding the program is the need to remove disincentives for reducing diesel consumption.
2. **Consider Short-Term Residential Electric and Heating Oil Rebates.** The legislature should examine the merits of utility based rebate program that results in credit back to residential electrical users, including tenants. Using established home heating vendors a limited rebate approach could also be targeted to provide price relief to those areas most impacted by escalating prices of heating oil. However, the time frame should be shortened (not the 12 months currently proposed) to avoid creating entitlement expectations and price distortions both which would result in increased energy consumption.

B. Immediate Energy Conservation Measures

1. *** Fund a Comprehensive Energy Conservation Public Awareness Campaign.** There is a need for more public education on energy conservation measures, and, in some cases, implementation assistance. Some energy conservation measures are not universally understood, such as the energy savings achieved from unplugging appliances not in use. A 2000 study by the University of California and Lawrence Berkeley National Laboratory indicates that eliminating this standby electricity could save households between 6 and 26 percent on their average electricity bill. It is estimated that phantom appliances use about 450 kWh per household annually.

One option is to immediately establish an Alaska Energy Conservation Education program within Alaska Energy Authority (AEA). This unit of AEA would work with utilities, the media, key organizations and others to educate the public on ways in which consumers can reduce their energy use quickly and efficiently. Among other immediate projects, this program could modify and expand a state-wide, web-based Alaska Energy Reducer, which would provide quick, practical ways to reduce energy use. It could also work with the media to produce statewide PSAs on energy use reducing strategies; and with key housing and other organizations like RuralCAP, as well as local governments. Printed materials, including posters, would also be utilized.

An alternative option would to provide an \$800,000 grant to an existing entity outside of state government, to provide the services described above.

- 2. Purchase Power Cost Monitors for Alaskan Households** Provide money to utilities to educate their consumers and distribute home metering devices (also called 'smart meters'). Studies show that when consumers can see how much energy they are using and from what sources, they are better able to reduce their energy use. Right now these smart meters cost about \$150 each. They consist of two parts - a transmitter that is attached on the outside of a meter (no electrical expertise needed) that transmits data wirelessly to a receiver in the home. The user programs in his kWh cost information and the device will display what the current load is, how much it costs per hour, what has been used in the last day, month and so on. Anecdotal reports are that a user that understands how their electricity is being used can typically lower their consumption by 15 - 25%. There are about 250,000 households in Alaska so approximately 100,000 of these devices would be enough to blanket the state. They should not be supplied to users at no charge. A nominal amount of \$25 or so should be the co-pay to ensure that recipients make good use of them. They should be made available through the utility because then the utility would know whether their usage actually goes down or not. If a residential consumer using 500 kWh a month can save 15%, that's 75 kWh a month or 900 kWh a year. At 25 cents a kWh, that's an annual saving of \$225. If 250,000 households each reduce their monthly electric consumption by 75 kWh, that would equate to 225,000,000 kWh a year or approximately three and a half Alaska Village Electric Co-ops or the equivalent of 10 million gallons of diesel. For more information go to www.powercostmonitor.com.htm.

Along the same line, purchasing of 'Kill A Watt' meters should be considered. These differ from "smart meters" in that do not meter household energy consumption but rather are specific to metering specific appliances. This enables the homeowner or consumer to determine which appliances are 'energy hogs' and in need of replacement. These meters run about \$25 each and could also be distributed through utilities.

- 3. Juneau Study and Lessons Learned.** Fund a study to examine quickly how Juneau reduced its energy consumption by approximately one-third. This study would document the strategies and lessons learned. The results of this study should be promptly and widely disseminated.

4. **Distribute Energy Efficiency Products.** Provide to consumers via AEA and/or local utilities immediate access to free or low-cost energy conservation products. This could be done either for low income consumers or for all consumers regardless of income levels. Such products could include: compact fluorescent bulbs (CFL bulbs use about 75% less energy than standard incandescent bulbs), programmable room thermostats (average savings about 10%), plug-in strips, and lighting occupancy sensors (average household dedicates 11% of its energy budget to lighting).
5. *** Articulate an Energy Efficiency Vision for Alaska.** Through Legislative Resolution or Executive Order set a goal to reduce energy consumption in buildings 20% by 2020 from 2000 levels. The State of Alaska and its political subdivisions could set an example by reducing energy consumption in state-owned facilities by the same amount – reducing consumption 20 percent by 2020 from 2000 levels. Furthermore, the State of Alaska could implement energy conservation measures wherever they are cost-effective – in facilities, purchasing, transportation, etc. The political climate is ripe for leadership in energy conservation.
6. **Assist Local Governments.** There are several actions that can relatively quickly assist local governments, including schools, in saving energy. Examples include installing more energy efficient street lighting and stop lights, upgrading refrigeration, water conservation measures (water treatment plants are high energy consumers), energy audits and upgrading and making indoor lighting more efficient.
7. **Target Inefficient Community Diesel Systems.** Task AVEC and AEA to evaluate the rural diesel systems that would benefit most from energy-efficiency retrofitting and then provide the money to retrofit those systems.

C. Other Energy Conservation Measures

1. ***Designate a Lead Entity for State End-Use Efficiency Programs.** As noted in the Interim Report to CCHRC referenced above there are 7 state related programs that deal with energy efficiency policies and programs. The Oregon Energy Trust is a non-profit set up by the Oregon Legislature that is a one-stop shop for state energy assistance – see <http://www.energytrust.org/>. An Alaska Energy Trust could be similarly established and housed under AEA. This energy trust could then offer these conservation programs that have a proven record of reducing energy demand:
 - free residential and small business energy audits
 - rebates (\$50-100 range) for purchasing energy star appliances such as refrigerators, clothes washers and dryers,
 - rebates (\$100 – 200 range) for upgrades to high efficiency gas, oil and electric furnaces and hot water heaters
 - free compact fluorescent light bulbs (CFL bulbs use about 75% less energy than standard incandescent bulbs)
 - free energy review for commercial buildings using a certified energy contractor

- free programmable thermostats to low-income residents (average savings about 10%).

While this is not a comprehensive list, it does however demonstrate the potential for an effective one-stop shop dedicated to energy audits, conservation, efficiency and problem-solving.

2. ***Adopt and Implement Building Energy Efficiency Standard (BEES)** The BEES program was introduced in 1985 and adopted in 1992 (but not fully implemented) as the new state residential energy efficiency building code. BEES should be viewed as the minimal energy efficiency code and research should be quickly conducted to see how best to build upon BEES in light of new international standards and technology. For a brief explanation of BEES see p. 4 of the Interim Report. In regards to commercial building codes, AEA should contract for a stakeholder process to develop a commercial energy efficiency building code.
3. **Training and Certification.** Establish training and certification programs necessary to implement Alaska's new weatherization, renewable energy, and energy conservation programs. In particular, the capability to perform energy audits in response to implementing SB 289 needs to be reviewed and supported where necessary.
4. **Consider Net Metering Legislation.** Pass legislation similar to HB 288 which promotes renewable energy use by establishing a net metering policy for Alaskan utilities. Net metering is the measurement of the difference between electricity purchased from a utility and electricity produced from a customer's private generating equipment. Home and business owners who install renewable energy equipment such as solar panels or wind turbines will receive a credit for any excess monthly energy generation. Alaska utilities also benefit under this legislation. By trading the homeowner a credit for the energy that the homeowner leaves on the grid, the utility does not have to generate more electricity to supply other customers. Alaska is one of the few states left in the nation without such a policy in place. Net metering is current policy in 42 states.

D. Transportation Relief Options

1. **Expand Public Transportation.** Public transportation systems in Alaska are under funded, and provide minimal service. Providing state funding to increase bus service in larger communities, and to begin bus service in smaller ones, is a very desirable option. In the short term, the state could provide money to reduce or even eliminate fares. This strategy also creates bus driving jobs and is especially beneficial to low-income residents. Similarly for residents that depend on marine transportation for community access use of more fuel efficient ferries should be considered.
2. **Expand Van Pooling and Car Pooling.** Van pooling systems in Alaska are under funded. Providing state funding to acquire (preferably hybrid vehicles) and operate vans for van pooling, and/or paying for gas for van pools and car pools would promote

these services. Additional staff should be hired to advertise and coordinate van and car pools.

3. **Implement Bicycle Programs.** Right now, some people who would like to have a bicycle for alternative transportation cannot afford one. This program would make bicycles available either for purchase or rent on needs-based criteria. Also, bike paths and bike routes could be improved and included in such a program.
4. **Increase Pedestrian Programs.** Community planning for pedestrian access to major work centers should be encouraged. And for those communities with active pedestrian systems, support should be considered for sidewalk plowing and safety. Aggressive implementation of the Safe Routes to Schools program would reduce reliance on personal autos.
5. **Provide Efficiency Rebates.** Many people want to purchase new, more efficient vehicles, outboard motors, snow machines, and so forth. This program would provide money to acquire more efficient vehicles. The amount of the rebate could be income based. This program could also be available to municipalities to upgrade their fleet.
6. **Jumpstart Commuter Rail Service – Mat. Valley and Anchorage.** Over 15,000 commuters travel between Palmer and Wasilla and Anchorage every day. At \$4.00/gallon the economics for commuter rail service on the existing rail line has improved dramatically since the Alaska Railroad last studied the issue five years ago. Self propelled and efficient railcars called diesel multiple units (DMU) can move people with approximately 10 times the fuel efficiency of a person traveling alone while getting 15 miles per gallon. Federal grant monies are available to purchase rolling stock and build a Wasilla station and maintenance facility. Side benefits include the likelihood of higher work productivity of commuters, less roadway congestion and fewer dollars needed to maintain the Glenn Highway.

7/27/08

Ms. Kohler

testimony



July 27, 2008

House Finance Committee
Alaska State Legislature

Re: Testimony on HB 4005

Honorable Co-Chairs and Committee Members,

Alaska Village Electric Cooperative is a non-profit, member-owned electric utility serving 53 villages in rural Alaska. Although our villages are small, our combined population is 22,000, about the same as Bethel, Cordova, Dillingham, Kotzebue, Nome and Unalaska rolled together.

AVEC operates 48 power plants and 47 bulk fuel tank farms. Our costs of operation are extremely high because of the lack of efficiencies of scale. Our per capita electricity consumption is 242 kWh per month, compared with 542 in Bethel and over 1,000 in Anchorage or Fairbanks, reflecting the impact of the higher level of commerce associated with lower cost electricity.

Consumption has always been very low, because the true cost of electricity in the villages has always been high. It is high because we must have one power plant and tank farm per every 400 in population – compare that with one power plant for Bethel's 6,000 population, or three power plants for Fairbanks, or five for Anchorage.

We support expansion of the PCE program to include any community contending with very high costs of electricity because we know how crippling it is to contend with such costs even as other energy costs are catapulting at the same time.

We respectfully protest the implementation of a seasonal kWh limit because, despite its good intentions, it would actually cost all of our current PCE beneficiaries money, rather than increasing their assistance by 23% as suggested in the model. AVEC, Cordova, Inside Passage Electric, Kotzebue, Naknek, Nome and Nushagak Electric in Dillingham have all conducted analyses of the change and all have concluded that this change will be detrimental to consumers.

Instead, we request that this committee consider restoring the eligible PCE cap to 700 kWh per month. This is the level at which PCE operated for the first 15 years – from 1984 to 1999. It represents the average kWh consumed by residents of Anchorage,

Fairbanks and Juneau. When the program was cut back in 1999, eligible residential kWh fell by about 22%.

Since eligible kWh today are almost unchanged from 1999, the most likely impact is that the residential kWh covered would go back up by the 22% that it declined eight years ago. The legislative analysis previously presented by staff projects that the 300/700 seasonal cap would result in additional kWh usage of about 23% over current levels. The financial impact of a change to the flat 700 kWh cap should be identical to the seasonal cap's impact as calculated by staff.

In May of this year, the AVEC board adopted a resolution declaring a fuel cost emergency. That resolution was sent to all legislators and a copy is attached to this testimony. The crisis we declared two months ago is coming to its predicted peak right now.

We are two thirds of the way into our fuel delivery season and have fuel bills of \$16 million to pay for and will have another \$12 million due within the next six weeks. Our fuel bill last year was \$14 million, and we are only half way through collecting those monies. We have an emergency amendment to our line of credit, raising it to \$15 million. The cost of that borrowing will add another two cents a kWh to our already high electricity rates. There is no state fund available to borrow from to purchase our fuel and the small amount available in the AEA's fuel loan program will not cover five percent of rural Alaska's needs.

AVEC has proposed having the State provide assistance to cap the delivered cost of fuel for generating electricity at \$10 per million btu. Alaska Power Association endorses this approach and also advocates for the State providing no-cost loans to cover this year's fuel purchase. Something needs to happen soon, or rural Alaska is going to enter this winter without adequate fuel on hand to see them through the season. We will then be faced with the even more crippling cost of flying fuel in on an emergency basis.

This is not tenable, especially when our state is bursting at the seams from revenues gleaned from the burgeoning cost of a barrel of Alaskan crude oil.

Please support the changes proposed to PCE, with the exception of restoring the 700 kWh cap. It is a stop gap measure as we continue our quest to build wind systems across our villages and tap emerging technologies to reduce our dependence on diesel fuel.

Sincerely,



Meera Kohler
President & CEO

**Resolution 08-27
Declaring Fuel Emergency**

WHEREAS, AVEC serves 53 villages in rural Alaska; communities that have the lowest per capita income in the state of Alaska and in the United States; and

WHEREAS, Because of the historically very high cost of power, residents and businesses in AVEC's communities have been conserving power for many years, resulting in extremely low electricity consumption per capita and very poor economies of scale; and

WHEREAS, Recent activity in world oil markets has resulted in delivered fuel cost reaching unprecedented levels; and

WHEREAS, AVEC purchased fuel for its power plants at an average cost of \$1.29 per gallon in 2002, escalating to \$2.93 per gallon in 2007; and

WHEREAS, AVEC's fuel price for 2008 deliveries will be at least \$4.60 per gallon based upon the L.A. Platt's Fuel Price Index as of May 13, 2008, and

WHEREAS, Crude oil prices closed on May 21, 2008 at \$132.57, which is a further increase of 6.7% over May 13, indicating that delivered fuel could cost as much as \$4.87 per gallon; and

WHEREAS, AVEC has issued purchase orders for fuel totaling 5,400,000 gallons that will likely cost at least \$26,300,000; and

WHEREAS, AVEC does not have the financial ability to make such an outlay, nor do its members have the financial ability to pay the electric bills that will ensue following incorporation of current fuel costs into rates - \$0.25 non-fuel cost + \$0.39 fuel cost = \$0.64; and

WHEREAS, Less than 50% of electricity sold by AVEC is eligible for PCE and that benefit is capped at costs below \$0.525 per kWh.

NOW THEREFORE BE IT RESOLVED that the AVEC Board of Directors declares a current and ongoing financial emergency; and,

BE IT FURTHER RESOLVED that AVEC exhorts the State of Alaska to take proactive steps to reduce the delivered cost of fuel to AVEC to a reasonable level of \$10.00 per million BTU and

BE IT FURTHER RESOLVED that AVEC petitions the State of Alaska to develop a relief program for its citizens such that the delivered retail cost of petroleum, propane and natural gas be capped at \$12.50 per million BTU.

CERTIFICATION

I, Phyllis Clough, Secretary, do hereby certify that the above is a true and correct excerpt from the minutes of the meeting of the Board of Directors of the Alaska Village Electric Cooperative, Inc., 4831 Eagle Street, Anchorage, Alaska 99503, on the 23rd day of May 2008, at which meeting a quorum was present.

(seal)

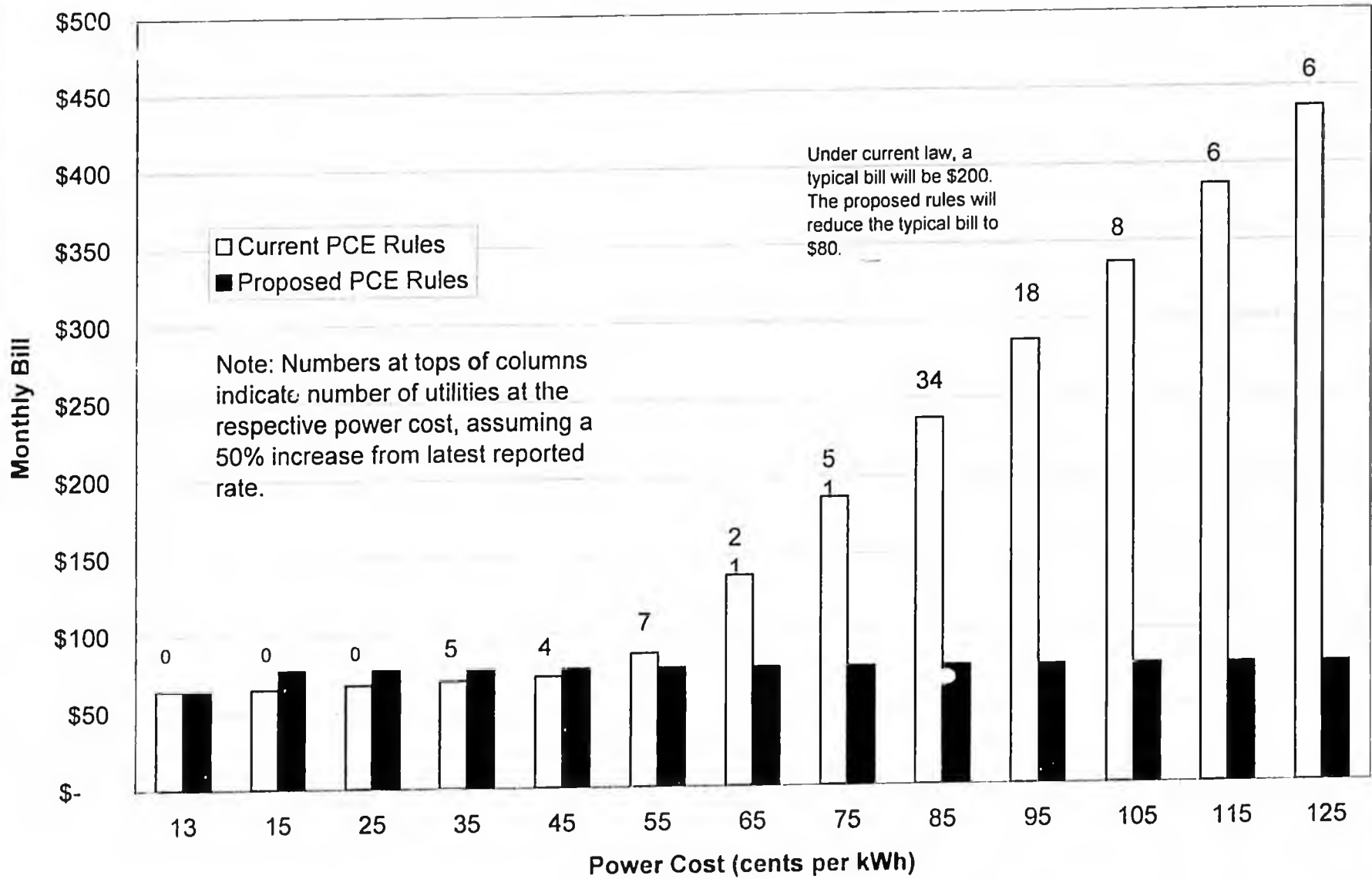




Phyllis Clough, Secretary
Alaska Village Electric Cooperative, Inc.

7/27/08

Monthly Electric Bills at 500 kWh Used per Month



Prepared by Leg Fin Div

Power Cost Equalization Program--FY09 Costs under Various Assumptions

FY09 Appropriation	\$	24,000,000	(1)	(2)	(3)	(4)	(5)	(6)
Current FY09 Base Rate (\$/kWh)			0.1283	0.1283	0.1283	0.1283	0.1283	0.1283
Enter a Factor to Increase the Base Rate (and Revise Reimbursement):			100.00%	100.00%	100.00%	120.00%	120.00%	0.02
Adjusted PCE Base Rate			\$ 0.1283	\$ 0.1283	\$ 0.1283	\$ 0.1540	\$ 0.1540	\$ 0.1083
Enter Rate Factor (Anticipated Increase in FY09):			1.00	1.50	1.50	1.50	1.50	1.60
Enter Rate Factor for New Utilities (Anticipated Increase in FY09):						1.10	1.10	1.10
Per kWh Payment to New Utilities:						\$ -	\$ 0.05	\$ -
Per kWh Payment Not to Reduce Cost Below:								
Enter Ceiling Rate:			0.5250	0.5250	2.0000	1.1500	0.7500	0.7500
Enter 1 if new utilities are eligible for PCE, otherwise enter zero:			0	0	0	1	1	1
Maximum PCE Reimbursement per kWh:			0.3759	0.3759	1.7781	0.9960	0.5960	0.6096

Utility	Total Residential and community kWh subject to PCE	Last Residential Rate	Current Formula at Latest Reported Residential Rate	Current Formula at 150% of Latest Reported Residential Rate (match anticipated fuel price increases)	Increase the Ceiling Rate and use 150% of Latest Reported Rate	PCE applies to greater than 120% of urban average	PCE applies to greater than 120% of urban average \$.xx/kWh to non-PCE utilities	PCE applies to 95% of a floor set at \$.xx below urban average
	30,645							

Payments to Currently Qualified Utilities	\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 57,493,758	\$ 54,464,204	\$ 56,947,961
Payments to Newly Qualified Utilities	\$ -	\$ -	\$ -	\$ 15,331,767	\$ 65,812,770	\$ 47,904,324
PCE Payments	\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 72,825,526	\$ 120,276,974	\$ 104,852,285

Utility	Total Residential and community kWh subject to PCE	Last Residential Rate	PCE Payout under Various Assumptions			
Of the 161 participating utilities, costs for 148 will exceed the ceiling rate if local power costs increase by 50%						
	120,039,821					
Attitash PCE	611,357	0.5300	230,399	230,399	387,212	391,904
Aubur PCE	193,899	0.6000	73,074	73,074	142,150	144,656
Auburn PCE	285,803	0.3230	52,864	96,713	96,713	94,469
Ala Lakes/Alaina PCE	260,518	0.7361	98,180	98,180	241,515	247,542
Bethel/Evanville PCE	146,638	0.6996	55,263	55,263	128,315	131,306
Christchurch PCE	150,568	0.6264	56,744	56,744	116,048	118,292
Colman Cove PCE	473,695	0.5095	171,544	178,519	286,184	289,091
Craig PCE	3,280,077	0.2602	412,263	818,900	818,900	777,577
Dol Lake/Dol Lake Village PCE	125,822	0.4094	33,600	47,418	58,068	57,896
Eagle/Eagle Village PCE	343,709	0.5628	129,532	129,532	233,758	237,242
Haines/Covenant Life PCE	3,831,848	0.2307	372,762	792,666	792,666	736,060
Healy Lake PCE	38,909	0.7464	14,663	14,663	36,642	37,572
Holba PCE	335,370	0.2602	42,149	83,722	83,722	79,408
Hydaburg PCE	667,579	0.2062	49,404	114,790	114,790	103,702
Killock/Rayson PCE	1,562,696	0.2602	195,814	388,955	388,955	369,328
Menasha PCE	124,646	0.7000	46,975	46,975	109,142	111,688
Newell PCE	212,502	0.5082	76,693	80,085	127,890	120,273
Northway/Northway Village PCE	350,396	0.5769	132,052	132,052	245,346	249,268
Stagway PCE	2,532,652	0.2037	181,414	426,467	426,467	383,925
Siena PCE	153,665	0.6057	57,911	57,911	114,778	116,876
Talbot PCE	181,175	0.4084	48,382	68,279	83,614	83,366
Thorne Bay/Kasaan PCE	1,199,256	0.2082	88,751	206,212	206,212	186,292
Tok/Tanahouse PCE	2,835,595	0.4094	757,231	1,068,637	1,308,655	1,304,771
Whale Pass PCE	117,532	0.5079	42,384	44,294	70,730	71,447
Alakanuk PCE	886,913	0.4802	296,499	334,246	498,800	502,294
Ambler PCE	517,986	0.8098	195,211	195,211	534,603	515,935
Anvik PCE	211,559	0.5442	79,729	79,729	138,275	140,124

7/31/08
4005

	30,845								
				Current Formula at Latest Reported Residential Rate	Current Formula at 100% of Latest Reported Residential Rate (match anticipated fuel price increases)	Increase the Ceiling Rate and use 100% of Latest Reported Rate	PCE applies to greater than 120% of urban average	PCE/applies to greater than 120% of urban average \$.xx/kWh to non-PCE utilities	PCE applies to 95% of a floor set at \$.xx below urban average
Payments to Currently Qualified Utilities				\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 57,493,758	\$ 54,464,204	\$ 56,947,961
Payments to Newly Qualified Utilities				\$ -	\$ -	\$ -	\$ 15,331,767	\$ 65,812,770	\$ 47,904,324
PCE Payments				\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 72,825,526	\$ 120,276,974	\$ 104,852,285
Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate		PCE Payout under Various Assumptions					
Braving Mission PCE	500,981	0.4717	183,435	186,802	275,684	277,338	277,338	285,202	
Chavak PCE	1,050,780	0.4727	343,794	396,002	579,728	583,277	583,277	599,693	
Eak PCE	415,249	0.4826	139,767	156,493	234,956	236,667	236,667	242,846	
Elm PCE	513,095	0.4826	172,700	193,368	290,319	292,433	292,433	300,068	
Emmonak PCE	1,283,291	0.4578	401,702	483,627	680,760	683,660	683,660	705,143	
Gambell PCE	801,252	0.5016	284,152	301,964	475,058	479,501	477,578	488,455	
Goodnews Bay PCE	365,559	0.4945	127,174	137,786	213,040	214,872	214,872	219,985	
Grayling PCE	302,344	0.5122	110,266	113,943	183,825	185,742	180,209	184,313	
Holy Cross PCE	377,828	0.5075	138,109	142,390	227,189	229,451	225,201	230,330	
Hooper Bay PCE	1,135,636	0.4600	357,856	427,981	605,992	608,746	608,746	627,569	
Huslia PCE	521,591	0.5099	189,087	196,569	315,418	318,635	318,635	317,970	
Katag PCE	330,807	0.4906	113,893	124,707	191,006	192,568	192,568	197,293	
Kasagluk PCE	617,967	0.4004	159,741	232,890	277,273	276,009	276,009	289,014	
Kuna PCE	637,678	0.5252	240,319	240,319	399,521	404,186	380,082	388,738	
Kivalina PCE	460,343	0.5207	171,607	173,487	285,464	288,676	274,383	280,632	
Koyuk PCE	555,795	0.4654	177,991	209,460	300,857	302,430	302,430	311,417	
Lower Kalsag PCE	344,988	0.4460	104,123	130,014	177,208	177,683	177,683	183,763	
Marshall PCE	570,260	0.4657	185,670	218,303	313,807	315,459	315,459	324,813	
Meluruk PCE	343,141	0.4660	110,085	129,318	186,039	187,026	187,026	192,559	
Minto PCE	387,893	0.4392	114,566	146,183	195,488	195,824	195,824	202,658	
Mt. Village PCE	1,098,804	0.4505	336,333	414,101	571,463	573,345	573,345	592,341	
New Stuyahok PCE	528,855	0.4984	185,943	199,307	311,144	313,949	313,949	321,192	
Nightmute PCE	316,938	0.4880	108,302	119,443	181,769	183,203	183,203	187,791	
Noatak PCE	747,524	0.7411	281,716	281,716	698,324	715,896	445,554	455,702	
Nooruk PCE	961,408	0.5172	355,197	362,321	591,386	597,842	573,038	586,089	
Nulato PCE	595,475	0.5263	224,414	224,414	374,013	378,418	354,927	363,010	
Nunapichuk PCE	587,412	0.4004	151,843	221,375	263,563	262,362	262,362	274,724	
Old Harbor PCE	431,277	0.4445	129,551	162,533	220,619	221,155	221,155	228,804	
Pilot Station PCE	722,403	0.4843	244,317	272,248	410,500	413,568	413,568	424,226	
Pitkas Point PCE	158,287	0.4659	50,766	59,653	85,795	86,249	86,249	88,803	
Quinhagak PCE	883,474	0.4828	297,532	332,950	500,139	503,792	503,792	516,925	
Rustan Mission PCE	345,520	0.4669	111,143	130,214	187,772	188,789	188,789	194,337	
Savoniga PCE	884,887	0.4849	299,773	333,483	503,587	507,385	507,385	520,400	
Scammon Bay PCE	564,022	0.5231	211,542	212,560	351,686	355,723	336,180	343,838	
Selbert PCE	1,275,987	0.4953	444,873	480,875	745,071	751,544	751,544	769,315	
Shageluk PCE	178,271	0.5652	67,184	67,184	121,853	123,692	106,257	108,677	
Shattuck PCE	365,197	0.4548	113,275	137,630	192,168	192,912	192,912	199,107	
Shishmaref PCE	717,088	0.4358	209,479	270,245	357,920	358,358	358,358	371,545	
Shungnak PCE	374,009	0.7203	140,951	140,951	338,307	346,516	222,924	228,001	
St. Mary's/Andreafsky PCE	873,991	0.4659	280,306	329,377	473,723	476,229	476,229	490,329	
St. Michael PCE	699,829	0.4511	214,610	263,741	364,564	365,794	365,794	377,860	
Stebbins PCE	599,887	0.4834	202,369	226,076	340,112	342,610	342,610	351,510	
Talbert PCE	308,684	0.5453	116,332	116,332	202,240	204,963	183,988	188,178	
Tingeb PCE	1,123,244	0.4483	341,466	423,311	580,653	582,391	582,391	601,994	
Tukoot Bay PCE	658,211	0.3728	152,866	248,057	269,442	266,733	266,733	281,948	

	30,645				Current Formula at Latest Reported Residential Rate	Current Formula at 150% of Latest Reported Residential Rate (match anticipated fuel price increases)	Increase the Ceiling Rate and use 150% of Latest Reported Rate	PCE applies to greater than 120% of urban average	PCE applies to greater than 120% of urban average \$.xx/kWh to non-PCE utilities	PCE applies to 95% of a floor set at \$.xx below urban average
Payments to Currently Qualified Utilities					\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 57,493,758	\$ 54,464,204	\$ 56,947,961
Payments to Newly Qualified Utilities					\$ -	\$ -	\$ -	\$ 15,331,767	\$ 65,812,770	\$ 47,904,324
PCE Payments					\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 72,825,526	\$ 120,276,974	\$ 104,852,285
Utility	Total (residential and community) MWh subject to PCE	Last Residential Rate	PCE Payout under Various Assumptions							
Tununuk PCE	439,744	0.3728	102,142	165,724	180,011	178,202	178,202	188,367		
Upper Kalsag PCE	348,679	0.4460	105,237	131,405	179,104	179,584	179,584	185,729		
Wales PCE	217,932	0.4764	72,069	82,131	121,385	122,181	122,181	125,526		
Karluk PCE	80,511	0.6000	30,342	30,342	59,024	60,064	47,988	49,081		
Alta PCE	155,210	0.5520	58,493	58,493	103,170	104,618	92,511	94,618		
Aniak PCE	722,684	0.6705	272,354	272,354	602,413	615,575	430,749	440,559		
Almatuuk PCE	271,403	0.6400	102,282	102,282	214,440	218,762	161,767	165,451		
Beaver PCE	69,645	0.5000	24,593	26,247	41,133	41,511	41,511	42,457		
Bethel/Oscar/Po PCE	8,402,567	0.4404	2,491,319	3,166,633	4,249,052	4,257,077	4,257,077	4,408,701		
Buckland PCE	326,953	0.4036	85,510	123,217	148,190	147,600	147,600	154,402		
Central PCE	218,494	0.5089	79,001	82,343	131,817	133,148	130,231	133,197		
Chenequa Bay PCE	118,683	0.4350	34,580	44,727	59,103	59,168	59,168	61,358		
Chignik PCE	218,408	0.5570	82,310	82,310	146,735	148,854	130,180	133,145		
Chignik Lagoon PCE	205,667	0.4000	53,086	77,509	92,162	91,736	91,736	96,070		
Chitina PCE	161,341	0.5550	60,804	60,804	107,936	109,476	96,166	98,356		
Circle PCE	80,409	0.5000	31,925	34,072	53,397	53,887	53,887	55,115		
Cordova PCE	5,588,427	0.4313	1,608,629	2,106,083	2,753,516	2,755,039	2,755,039	2,859,606		
Diamond PCE	161,023	0.6000	60,684	60,684	118,048	120,130	95,976	98,162		
Egegik PCE	169,452	0.5500	63,861	63,861	112,154	113,709	101,000	103,300		
Ekwok PCE	188,678	0.5000	66,625	71,106	111,436	112,460	112,460	115,021		
Elm Cove PCE	87,993	0.4200	24,384	33,161	41,939	41,888	41,888	43,611		
False Pass PCE	67,387	0.4200	18,674	25,396	32,118	32,079	32,079	33,398		
Cold Bay PCE	157,772	0.6589	59,459	59,459	128,907	131,643	94,038	96,180		
Oakana PCE	1,322,003	0.3980	338,717	498,217	588,642	585,700	585,700	613,760		
Ookpik PCE	241,550	0.5400	91,032	91,032	156,431	158,466	143,973	147,253		
Oustavus Bay PCE	790,267	0.7504	297,824	297,824	748,727	767,855	471,031	481,759		
Fort Yukon PCE	1,036,544	0.4529	319,639	390,637	542,628	544,590	544,590	562,323		
Hughes PCE	147,630	0.5100	53,535	55,637	89,296	60,208	87,903	89,997		
Igroig PCE	85,186	0.6030	32,107	32,107	62,823	63,943	50,780	51,937		
Ikroavik/Nwahaleh/Nondalton PCE	817,524	0.6024	308,096	308,096	602,135	612,849	487,277	498,375		
Deering PCE	288,370	0.6215	108,677	108,677	220,243	224,435	171,830	175,795		
King Cove PCE	1,147,175	0.2400	121,732	252,510	252,510	236,364	236,364	274,307		
Kipnuk PCE	691,873	0.5073	249,109	260,743	415,828	418,960	412,384	421,776		
Kotzebue Bay PCE	221,867	0.5900	83,614	83,614	191,108	195,474	132,242	135,253		
Kotiganeh PCE	249,308	0.5000	88,034	93,955	147,245	148,598	148,598	151,982		
Kotik PCE	741,424	0.5551	279,417	279,417	496,111	503,197	441,918	451,083		
Kotzebue PCE	5,805,877	0.3605	1,280,718	2,188,032	2,274,902	2,245,655	2,245,655	2,385,214		
Koyukuk PCE	89,884	0.4500	27,470	33,874	46,683	46,833	46,833	48,390		
Kwethluk PCE	420,962	0.4400	124,653	158,646	212,634	213,024	213,024	220,632		
Kwigillingok PCE	343,389	0.5000	121,256	129,411	202,811	204,674	204,674	209,335		
Larsen Bay PCE	165,567	0.4000	42,735	62,396	74,193	73,850	73,850	77,339		
Lewis and Clark PCE	129,236	0.5000	45,635	48,705	76,329	77,030	77,030	78,784		
Lima Village PCE	31,472	1.1700	11,861	11,861	48,636	31,347	18,759	19,186		
Manley Hot Springs PCE	109,010	0.6010	41,082	41,082	80,072	81,489	64,974	66,454		
Manokotuk PCE	343,867	0.3400	69,157	124,691	124,691	122,430	122,430	131,225		

	30.645									
					Current Formula at 150% of Latest Reported Residential Rate (match anticipated fuel price increases)	Increase the Ceiling Rate and use 150% of Latest Reported Rate	PCE applies to greater than 120% of urban average	PCE applies to greater than 120% of urban average	PCE applies to greater than 120% of urban average	PCE applies to greater than 120% of urban average
					Current Formula at Latest Reported Residential Rate					
Payments to Currently Qualified Utilities					\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 57,493,758	\$ 54,464,204	\$ 56,947,961
Payments to Newly Qualified Utilities					\$ -	\$ -	\$ -	\$ 16,331,767	\$ 65,812,770	\$ 47,904,324
PCE Payments					\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 72,825,526	\$ 120,276,974	\$ 104,852,285
Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	PCE Payout under Various Assumptions							
McGrath PCE	840,937	0.4778	279,212	316,920	470,067	473,229	473,229	473,229	473,229	486,045
Chuathbaluk PCE	95,782	0.7749	36,097	36,097	94,091	95,403	95,403	95,403	95,403	95,403
Crooked Creek PCE	113,404	0.7749	42,738	42,738	111,402	112,955	112,955	112,955	112,955	112,955
Red Devil PCE	43,257	0.7749	16,302	16,302	42,493	43,086	43,086	43,086	43,086	43,086
Steelmule PCE	137,915	0.7749	51,975	51,975	135,480	137,369	137,369	137,369	137,369	137,369
Stony River PCE	36,504	0.7749	13,757	13,757	35,800	36,359	36,359	36,359	36,359	36,359
Nakne/5 Nakne/UKng Simn PCE	2,902,614	0.3562	628,430	1,093,894	1,119,538	1,103,980	1,103,980	1,103,980	1,103,980	1,174,688
Napaklak PCE	354,008	0.6333	133,413	133,413	276,327	281,787	281,787	281,787	281,787	281,787
Napaklak PCE	454,578	0.6000	171,315	171,315	333,258	339,133	339,133	339,133	339,133	339,133
Chatoanak PCE	411,741	0.5500	155,171	155,171	272,517	276,295	276,295	276,295	276,295	276,295
Nelson Lagoon PCE	162,604	0.5200	60,507	61,280	100,671	101,797	101,797	101,797	101,797	101,797
Wankai PCE	108,950	0.5000	38,472	41,059	64,348	64,939	64,939	64,939	64,939	64,939
Nome PCE	7,480,443	0.3169	1,340,271	2,466,283	2,466,283	2,404,140	2,404,140	2,404,140	2,404,140	2,606,412
Hunam Ioua PCE	278,560	0.3800	66,608	104,980	116,888	115,892	115,892	115,892	115,892	115,892
Oillingham/Aktinagik PCE	4,916,369	0.2278	454,720	996,695	996,695	922,999	922,999	922,999	922,999	1,090,106
Ouzintu PCE	347,601	0.3610	76,842	130,999	136,447	134,709	134,709	134,709	134,709	134,709
Pedro Bay PCE	82,630	0.6000	31,140	31,140	60,577	61,645	61,645	61,645	61,645	61,645
Pilot Point PCE	152,385	0.5000	53,809	57,429	90,001	90,828	90,828	90,828	90,828	90,828
Platinum PCE	30,645	0.5000	10,821	11,549	18,099	18,266	18,266	18,266	18,266	18,266
Kongqanak PCE	449,070	0.4500	137,243	169,239	233,231	233,983	233,983	233,983	233,983	233,983
Ruby PCE	246,859	0.6500	93,033	93,033	198,565	202,681	202,681	202,681	202,681	202,681
Sand Point PCE	1,528,011	0.5248	575,564	575,854	956,466	967,598	967,598	967,598	967,598	967,598
St. Paul PCE	1,039,546	0.5300	391,769	391,769	658,412	666,391	666,391	666,391	666,391	666,391
Stevens Village PCE	86,597	0.5500	32,635	32,535	57,316	58,110	58,110	58,110	58,110	58,110
Talotna PCE	90,729	0.5810	34,193	34,193	64,058	65,102	65,102	65,102	65,102	65,102
Port Alsworth PCE	175,265	0.6696	66,051	66,051	145,872	149,052	149,052	149,052	149,052	149,052
Tanana PCE	408,907	0.5693	154,103	154,103	281,867	286,231	286,231	286,231	286,231	286,231
Tatimak PCE	196,335	0.4300	56,273	73,992	96,374	96,408	96,408	96,408	96,408	96,408
Tanakee Springs PCE	239,991	0.4400	71,065	90,444	121,223	121,445	121,445	121,445	121,445	121,445
Angoon PCE	749,419	0.4177	206,038	282,430	354,728	354,168	354,168	354,168	354,168	354,168
Chalut Valley PCE	537,000	0.4177	147,637	202,377	254,182	253,781	253,781	253,781	253,781	253,781
Hoonah PCE	2,021,126	0.4177	555,668	761,692	956,675	955,164	955,164	955,164	955,164	955,164
Kake PCE	938,647	0.4177	258,062	353,743	444,297	443,595	443,595	443,595	443,595	443,595
Klukwan PCE	216,080	0.4177	59,654	81,772	102,705	102,543	102,543	102,543	102,543	102,543
Tuluksak PCE	252,604	0.6000	95,198	95,198	185,188	188,453	188,453	188,453	188,453	188,453
Tunfutulak PCE	282,850	0.5200	105,253	106,598	175,117	177,075	177,075	177,075	177,075	177,075
Twin Hills PCE	123,651	0.5500	46,600	46,600	81,840	82,975	82,975	82,975	82,975	82,975
Tutak PCE	64,414	0.6000	24,275	24,275	47,223	48,055	48,055	48,055	48,055	48,055
Unalakleet PCE	1,285,189	0.3368	254,564	460,168	460,168	451,410	451,410	451,410	451,410	451,410
Unalakleet PCE	5,091,020	0.4444	1,528,808	1,918,627	2,603,471	2,609,860	2,609,860	2,609,860	2,609,860	2,609,860
Neretuk PCE	264,076	0.7200	99,521	99,521	238,755	244,545	244,545	244,545	244,545	244,545
Veneta PCE	178,959	0.5100	64,893	67,443	108,246	109,351	109,351	109,351	109,351	109,351
White Mountain PCE	334,718	0.6000	126,143	126,143	245,387	249,713	249,713	249,713	249,713	249,713
Yatutal PCE	1,428,247	0.4340	414,784	538,256	709,217	709,896	709,896	709,896	709,896	709,896

	20,845				Current Formula at Latest Reported Residential Rate	Current Formula at 160% of Latest Reported Residential Rate (match anticipated fuel price increases)	Increase the Ceiling Rate and use 160% of Latest Reported Rate	PCE applies to greater than 120% of urban average	PCE/applies to greater than 120% of urban average \$.xx/kWh to non-PCE utilities	PCE applies to 95% of a floor set at \$.xx below urban average
Payments to Currently Qualified Utilities					\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 57,493,758	\$ 54,464,204	\$ 56,947,961
Payments to Newly Qualified Utilities					\$ -	\$ -	\$ -	\$ 16,331,767	\$ 66,812,770	\$ 47,904,324
PCE Payments					\$ 32,062,714	\$ 41,583,975	\$ 57,600,216	\$ 72,825,526	\$ 120,276,974	\$ 104,852,285
Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	PCE Payout under Various Assumptions							
			Utilities Not Currently Eligible for PCE							
Regulated	6000*hookup: * 9									
Chugach Electric Assoc	376,417,800	0.1180			Chugach Electric Assoc	-		18,820,890		7,704,068
AELP (Juneau)	72,878,400	0.1031			AELP (Juneau)	-		3,643,920		353,788
Golden Valley	196,533,000	0.0027			Golden Valley	13,554,095		9,826,650		21,401,402
Homer Electric Association, Inc.	128,752,200	0.1422			Homer Electric Association, Inc.	316,730		6,437,610		5,885,778
Matanuska Electric Association, Inc.	280,773,000	0.1290			Matanuska Electric Association, Inc.	-		14,030,650		8,962,274
Municipal Light & Power	129,837,600	0.0976			Municipal Light & Power	-		6,491,880		-
Unregulated										
Copper Valley Electric Association, Inc.	15,800,400	0.1579			Copper Valley Electric Association, Inc.	211,742		790,020		981,529
KODIAK ELECTRIC ASSOCIATION, INC.	25,007,400	0.1813			KODIAK ELECTRIC ASSOCIATION, INC.	1,137,086		1,250,370		2,164,978
Kake Tribal Corporation	394,200	0.1679			Kake Tribal Corporation	12,114		19,710		28,607
City and Borough of Sitka	27,610,200	0.1047			City and Borough of Sitka	-		1,380,510		181,352
City of Ketchikan	30,731,400	0.0958			City of Ketchikan	-		1,536,570		-
City of Seward	10,708,200	0.0862			City of Seward	-		535,410		-
City of Wrangell	5,691,600	0.1052			City of Wrangell	-		284,580		40,120
City of Petersburg	7,419,600	0.1172			City of Petersburg	-		370,980		145,343
Barrow Utilities and Electric Cooperative	7,700,400	0.1053			Barrow Utilities and Electric Cooperative, Inc.	-		385,020		55,085

MN-0BJ = passed 7-3 8-2-08

adopted
unchanged

~~ATG~~

L.g. - m to amend
withdrew

25 LS1757/E.28
Kane
8/2/08
#1, #2, #3

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEYER

TO: CSHB 4005(), Draft Version "E"

1 Page 1, line 1, following "program;":

2 Insert "authorizing a temporary power cost assistance program;"

3

4 Page 1, line 9, through page 3, line 6:

5 Delete all material and insert:

6 ** Section 1. AS 42.45.110(c) is amended to read:

7 (c) The amount of power cost equalization provided for each [PER] kilowatt-
8 hour under [SUBSECTION] (b) of this section may not exceed 95 percent of the
9 power costs, or the average rate for each [PER] eligible kilowatt-hour sold, whichever
10 is less, as determined by the commission. However,

11 (1) [DURING THE STATE FISCAL YEAR THAT BEGAN JULY 1,
12 1999,] the power costs for which power cost equalization are [WERE] paid to an
13 electric utility are [WERE] limited to minimum power costs of more than 12 cents a
14 [PER] kilowatt-hour and less than ^{1.17}75 [52.5] cents a [PER] kilowatt-hour;

15 (2) each year [DURING EACH FOLLOWING STATE FISCAL
16 YEAR], the commission shall adjust the power costs for which power cost
17 equalization may be paid to an electric utility based on the weighted average retail
18 residential rate in Anchorage, Fairbanks, and Juneau; however, the commission may
19 not adjust the power costs under this paragraph to reduce the amount below the lower
20 limit set out in (1) of this subsection; and

21 (3) the power cost equalization for each [PER] kilowatt-hour may be
22 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
23 hours generated.

1 * Sec. 2. AS 42.45.110(c), as amended by sec. 1 of this Act, is amended to read:

2 (c) The amount of power cost equalization provided for each kilowatt-hour
3 under (b) of this section may not exceed 95 percent of the power costs, or the average
4 rate for each eligible kilowatt-hour sold, whichever is less, as determined by the
5 commission. However,

6 (1) the power costs for which power cost equalization are paid to an
7 electric utility are limited to minimum power costs of more than 12 cents a kilowatt-
8 hour and less than 52.5 [75] cents a kilowatt-hour;

9 (2) each year, the commission shall adjust the power costs for which
10 power cost equalization may be paid to an electric utility based on the weighted
11 average retail residential rate in Anchorage, Fairbanks, and Juneau; however, the
12 commission may not adjust the power costs under this paragraph to reduce the amount
13 below the lower limit set out in (1) of this subsection; and

14 (3) the power cost equalization for each kilowatt-hour may be
15 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
16 hours generated."

17
18 Renumber the following bill sections accordingly.

19
20 Page 3, following line 7:

21 Insert a new bill section to read:

22 "* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 POWER COST ASSISTANCE. (a) For the period beginning October 1, 2008, and
25 ending June 30, 2011, an electric utility that does not receive power cost equalization under
26 AS 42.45.100 - 42.45.150 is entitled to receive ⁽⁴⁾ five cents a kilowatt-hour for actual
27 consumption for each residential customer of not more than 500 kilowatt-hours a month or a
28 maximum of 6,000 kilowatt-hours a year.

29 (b) The assistance provided to the utility under this section shall be passed along
30 directly to the residential customer in the form of a credit by the electric utility.

31 (c) The assistance provided under this section may only accrue to a single individual

1 at a single residence with an individual meter for residential electric service.

2 (d) An electric utility that receives the assistance provided under this section shall
3 comply with the provisions of AS 42.45.120.

4 (e) The Regulatory Commission of Alaska shall modify the tariffs of an electric utility
5 that maintains a tariff with the commission to reflect the utility's participation under this
6 section.

7 (f) The Alaska Energy Authority shall administer the program established in this
8 section and may adopt regulations for that purpose.

9 (g) In this section, "electric utility" means a public, cooperative, or other corporation,
10 company, individual, or association of individuals, including the lessees, trustees, or receivers
11 appointed by a court, that owns, operates, manages, or controls a plant or system for the
12 furnishing, by generation, transmission, or distribution, of electric service to the public for
13 compensation but does not meet the requirements of AS 42.45.150(2)(B) and (C)."
14

15 Renumber the following bill sections accordingly.

16

17 Page 3, line 23:

18 Delete "\$170"

19 Insert "\$127.50"

20

21 Page 3, line 31:

22 Delete "\$170"

23 Insert "\$127.50"

24

25 Page 4, following line 12:

26 Insert new subsections to read:

27 "(d) An individual may elect not to receive the \$1,000 resource rebate authorized
28 under (a) of this section. An individual who elects not to receive the \$1,000 resource rebate
29 authorized under (a) of this section may provide notice of the election on a form provided by
30 the Department of Revenue. Notice must be postmarked or received by the Department of
31 Revenue not later than September 2, 2008.

1 (e) Notwithstanding any contrary provision of law, an individual who did not apply
 2 for the 2008 permanent fund dividend and is eligible for veterans' benefits under 38 U.S.C.
 3 1315, 1513, 1521, 1541, and 1542 may apply for a \$1,000 Alaska resource rebate payment for
 4 2008. The veteran or the spouse or dependent of a living or deceased veteran must apply to
 5 the Department of Revenue not later than October 1, 2008, and demonstrate that the
 6 individual would have been eligible to receive a 2008 permanent fund dividend under
 7 AS 43.23, except for not having applied for the 2008 permanent fund dividend previously.

8 (f) The veteran or the spouse or dependent of a living or deceased veteran who is
 9 denied or receives reduced payments or reduced health care benefits solely because the
 10 \$1,000 payment under this section received by the individual is counted as income is eligible
 11 for benefits under AS 47.25.120 - 47.25.300. Notwithstanding the limit in AS 47.25.130, the
 12 veteran or the spouse or dependent of a living or deceased veteran is entitled to receive the
 13 same amount as the individual would have received under 38 U.S.C. 1315, 1513, 1521, 1541,
 14 and 1542 had a \$1,000 payment not been received under this section."

15

16 Page 4, following line 29:

17 Insert new bill section to read:

18 **"* Sec. 9. Section 4 of this Act is repealed June 30, 2011."**

19

20 Renumber the following bill sections accordingly.

21

22 Page 4, line 30:

23 Delete "Sections 1 and 3"

24 Insert "Sections 1 and 4"

25

26 Page 5, line 1:

27 Delete "Section 9"

28 Insert "Section 8"

29

30 Page 5, line 2:

31 Delete "Sections 5 - 8"

1

Insert "Sections 3 and 5 - 7"

Failed 1-9

8-2-08

AMENDMENT 2

OFFERED IN THE HOUSE FINANCE

BY Meyer by Request

COMMITTEE

TO: CSHB 4005()

Page 4, following line 27:

Insert:

“(c) A retail dealer located in a municipality or community of 1,000 or fewer residents that purchases or receives a transfer of gasoline, diesel, or aviation fuel from a person that would have been subject to AS 43.40.010(c) except for the suspension established in (a) of this section, shall pass on to the end user 100 percent of the tax savings realized from the tax suspension provided under (a) of this section.

(d) While the suspension of the state motor fuel tax is in effect, a retail dealer described under (c) of this section shall annually submit a signed statement, under penalty of unsworn falsification, on a form or in a format prescribed by the Department of Revenue stating that

- (1) the retail dealer will pass on to end users 100 percent of the tax savings while the suspension under (a) of this section is in effect;
- (2) the retail dealer will not increase its price for motor fuel based solely in response to the suspension of the state motor fuel tax; and

(3) the retail dealer's pricing policy will remain consistent with prior practices, and be based on similar criteria as though the suspension of the motor fuel tax had not occurred.

(e) The statement required by (d) of this section is due to the Department of Revenue on the last day of the month following the effective date of a tax suspension provided under (a) of this section.

(f) The Department of Revenue

(1) may audit a retail dealer's books and records to confirm that the statement made under (d) of this section is complete and accurate;

(2) shall authorize a retail dealer of gasoline, diesel, or aviation fuel described under (c) of this section that has complied with (c) of this section to post a sign on its premises, including each pump, that states the retail dealer has passed on to the end user 100 percent of the tax savings realized from the suspension of the motor fuel tax; each retail dealer that displays one or more signs must remove the signs immediately if the retail dealer does not remain in compliance with (c) of this section; all signs described under this subsection must be removed immediately after the expiration of the tax suspension imposed under this section."

Page 4, line 28:

Delete "(c)"

Insert "(h)"

8-2-08

25-LS1757E.1

Kane

7/31/08

Failed 3-7

AMENDMENT 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSHB 4005(), Draft Version "E"

- 1 Page 1, lines 5 - 7:
- 2 Delete "relating to the Alaska resource rebates, and increasing the amount of the
- 3 2008 permanent fund dividend by the amount of the rebate"
- 4
- 5 Page 4, lines 1 - 12:
- 6 Delete all material.
- 7
- 8 Renumber the following bill sections accordingly.
- 9
- 10 Page 5, line 1:
- 11 Delete "Section 9"
- 12 Insert "Section 8"
- 13
- 14 Page 5, line 2:
- 15 Delete "Sections 5 - 8"
- 16 Insert "Sections 5 - 7"

8-2-08

25-LS1757E.4
Kane
7/31/08

Withdrawn

AMENDMENT 4

OFFERED IN THE HOUSE

BY REPRESENTATIVE Thomas

TO: CSHB 4005(), Draft Version "E"

1 Page 3, following line 5:

2 Insert a new subsection to read:

3 "(I) If an electric utility received power cost equalization payments under this
4 section before the effective date of this Act, the electric utility may elect to receive
5 power cost equalization based on the provisions of (c) of this section as it read on the
6 day before the effective date of this Act instead of those in (c) of this section."
7

8 Page 3, line 6:

9 Delete "is"

10 Insert "and 42.45.110(I) are"

Withdrawn

AMENDMENT 5

Thomas

OFFERED IN THE HOUSE

TO: CSHB 4005(), Draft Version "E"

1 Page 3, following line 3:

2 Insert a new subsection to read:

3 "(k) An electric utility that meets all of the requirements of AS 42.45.150(2)
4 but does not qualify for power cos' equalization under the provisions of (c) this section
5 is entitled to receive five cents a kilowatt-hour in power cost equalization

6 (1) for sales of power to local community facilities, calculated in the
7 aggregate for each community served by the electric utility, for actual consumption of
8 not more than 70 kilowatt-hours a month for each resident of the community; the
9 number of community residents shall be based on latest figures of the United States
10 Bureau of the Census or other population data that in the judgment of the commission
11 is reliable; and

12 (2) for actual consumption of not more than 500 kilowatt-hours a
13 month sold to each residential customer."

14

15 Reletter the following subsection accordingly.

16

17 Page 3, line 6:

18 Delete "is"

19 Insert "and 42.45.110(k) are"

8-2-08

25-LS1757AE.13
Mischel/Kane
8/1/08

Withdrawn

AMENDMENT 60

Thomas

OFFERED IN THE HOUSE

TO: CSHB 4005(), Draft Version "E"

1 Page 1, following line 8:

2 Insert a new bill section to read:

3 **** Section 1.** AS 42.45.110(b) is amended to read:

4 (b) An eligible electric utility is entitled to receive power cost equalization

5 (1) for sales of power to local community facilities, calculated in the
6 aggregate for each community served by the electric utility, for actual consumption of
7 not more than 70 kilowatt-hours a month for each resident of the community; the
8 number of community residents shall be determined annually by the latest figures of
9 the United States Bureau of the Census or other population data that the Department of
10 Commerce, Community, and Economic Development determines is reliable; and

11 (2) for actual consumption of not more than 500 kilowatt-hours a
12 month sold to each residential and business customer."

13

14 Page 1, line 9:

15 Delete "Section 1"

16 Insert "Sec. 2"

17

18 Renumber the following bill sections accordingly.

19

20 Page 1, line 13, following "rate":

21 Insert "for a residential customer, and the retail commercial power rate, for a business
22 customer,"

23

1 Page 2, line 19, following "rate":

2 Insert "for a residential customer, and the retail commercial power rate, for a business
3 customer,"

4

5 Page 2, following line 21:

6 Insert a new bill section to read:

7 **"* Sec. 4. AS 42.45.110(d) is amended to read:**

8 (d) An electric utility whose customers receive power cost equalization under
9 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
10 equalization and the amount of power cost equalization **for each** [PER] kilowatt-hour
11 sold. The rate charged to the customer shall be the difference between the two
12 amounts. Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used
13 to reduce the cost of all power sold to local community facilities, in the aggregate, to
14 the extent of 70 kilowatt-hours **a** [PER] month **for each** [PER] resident of the
15 community, and to reduce the cost of the first 500 kilowatt-hours **for each business**
16 **and each** [PER] residential customer **a** [PER] month."

17

18 Renumber the following bill sections accordingly.

19

20 Page 2, line 24, following "residential":

21 Insert "and business"

22

23 Page 4, line 30:

24 Delete "Sections 1 and 3"

25 Insert "Sections 1, 2, 4, and 5"

26

27 Page 4, line 31:

28 Delete "Section 2"

29 Insert "Section 3"

30

31 Page 5, line 1:

- 1 Delete "Section 9"
- 2 Insert "Section 11"
- 3
- 4 Page 5, line 2:
- 5 Delete "Sections 5 - 8"
- 6 Insert "Sections 7 - 10"

passed 6-4

8/2/08

25-LS1757A.E.13
Mischel/Kane
8/1/08

with conceptual amendment #1
New AMENDMENT 6

Thomas

OFFERED IN THE HOUSE

TO: CSHB 4005(), Draft Version "E"

1 Page 1, following line 8:

2 Insert a new bill section to read:

3 **** Section 1.** AS 42.45.110(b) is amended to read:

4 (b) An eligible electric utility is entitled to receive power cost equalization

5 (1) for sales of power to local community facilities, calculated in the
6 aggregate for each community served by the electric utility, for actual consumption of
7 not more than 70 kilowatt-hours a month for each resident of the community; the
8 number of community residents shall be determined annually by the latest figures of
9 the United States Bureau of the Census or other population data that the Department of
10 Commerce, Community, and Economic Development determines is reliable; and

11 (2) for actual consumption of not more than 500 kilowatt-hours a
12 month sold to each residential ~~and business~~ customer."

commercial

14 Page 1, line 9:

15 Delete "Section 1"

16 Insert "Sec. 2"

17

18 Renumber the following bill sections accordingly.

19

20 Page 1, line 13, following "rate":

21 Insert "for a residential customer, and the retail commercial power rate, for a ~~business~~
22 customer,"

23

conceptual
amendment
to add
sunset

June 30 2011

Commercial

consistent
with other
PLF

1 Page 2, line 19, following "rate":

2 Insert "for a residential customer, and the retail commercial power rate, for a ~~business~~ ^{Commercial}
3 customer,"

5 Page 2, following line 21:

6 Insert a new bill section to read:

7 "* Sec. 4. AS 42.45.110(d) is amended to read:

8 (d) An electric utility whose customers receive power cost equalization under
9 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
10 equalization and the amount of power cost equalization for each [PER] kilowatt-hour
11 sold. The rate charged to the customer shall be the difference between the two
12 amounts. Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used
13 to reduce the cost of all power sold to local community facilities, in the aggregate, to
14 the extent of 70 kilowatt-hours a [PER] month for each [PER] resident of the
15 community, and to reduce the cost of the first 500 kilowatt-hours for each ~~business~~ ^{Commercial}
16 and each [PER] residential customer a [PER] month."

17

18 Renumber the following bill sections accordingly.

19

20 Page 2, line 24, following "residential":

21 Insert "and ~~business~~ ^{Commercial}"
22

23 Page 4, line 30:

24 Delete "Sections 1 and 3"

25 Insert "Sections 1, 2, 4, and 5"

26

27 Page 4, line 31:

28 Delete "Section 2"

29 Insert "Section 3"

30

31 Page 5, line 1:

- 1 Delete "Section 9"
- 2 Insert "Section 11"
- 3
- 4 Page 5, line 2:
- 5 Delete "Sections 5 - 8"
- 6 Insert "Sections 7 - 10"

failed 2-8

8-2-08

25-GH4060\C.3
Bullock
8/1/08

Conceptual AMENDMENT 7

OFFERED IN THE HOUSE

BY REPRESENTATIVE STOLTZE

TO: CSHB ~~4005~~
4005, version E

1 Page 1, line 1:

2 Delete "motor fuel tax"

3 Insert "state motor fuel tax and municipal taxes on the sale of motor fuel"

4

5 Page 1, following line 2:

6 Insert a new bill section to read:

7 "* Section 1. The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 LEGISLATIVE INTENT. (a) It is the intent of the legislature that

10 (1) secs. 2 and 3 of this Act will result in a decrease in the cost of motor fuel
11 to the people of the state by reducing the taxes applicable to the sale or transfer of motor fuel;
12 and

13 (2) during the suspension period described in secs. 2 and 3 of this Act, no new
14 tax be imposed by the state or a municipality on the sale or transfer of motor fuel.

15 (b) For the purposes of (a) of this section, "new tax" means a tax on the sale or
16 transfer of motor fuel that would be applicable after the effective date of this Act and that was
17 not levied or collected before the effective date of this Act."

18

19 Page 1, line 3:

20 Delete "Section 1"

21 Insert "Sec. 2"

22

23 Renumber the following bill sections accordingly.

1

2 Page 2, following line 5:

3 Insert a new bill section to read:

4 **** Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to**
5 **read:**

6 **SUSPENSION OF MUNICIPAL TAXES ON THE SALE OF MOTOR FUEL.**

7 **Notwithstanding any other provision of law, a municipality may not levy and collect a tax on**
8 **the sale of gasoline, diesel, or aviation motor fuel for the 12 consecutive calendar months**
9 **immediately following the month of the effective date of this Act."**

10

11 **Renumber the following bill section accordingly.**

8-2-08

with drawn

8-2-08

25-LS1757E.6
Kane
8/1/08

AMENDMENT 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE KELLY

TO: CSHB 4005(), Draft Version "E"

1 Page 1, line 1, following "Act":

2 Insert "establishing the Alaska ^{alternative} energy ~~efficient~~ home heating loan fund and a loan
3 program using the loan fund balance;"

5 Page 1, following line 8:

6 Insert a new bill section to read:

7 ** Section 1. AS 18.56 is amended by adding a new section to read:

8 Sec. 18.56.415. Alaska ^{alternative} energy ~~efficient~~ home heating loan fund. (a) There is
9 established in the corporation the Alaska ^{alternative} energy ~~efficient~~ home heating loan fund
10 consisting of money appropriated to it by the legislature and deposited in it by the
11 corporation.

12 (b) Subject to appropriation, the corporation may provide to qualified
13 residents zero-interest loans from the Alaska ^{alternative} energy ~~efficient~~ home heating loan fund
14 to assist in installing in dwellings wood, wood-pellet, or barley-fired stoves, or other
15 ^{alternative} energy ~~efficient~~ heating systems that meet criteria adopted by the corporation.

16 (c) The corporation shall

- 17 (1) administer the Alaska ^{alternative} energy efficient home heating loan fund; and
18 (2) adopt guidelines and procedures for the fund and for administering
19 the loan program, both as established under the provisions of this section."

21 Page 1, line 9:

22 Delete "Section 1"

23 Insert "Sec. 2

1

2 Renumber the following bill sections accordingly.

3

4 Page 4, line 30:

5 Delete "Sections 1 and 3"

6 Insert "Sections 2 and 4"

7

8 Page 4, line 31:

9 Delete "Section 2"

10 Insert "Section 3"

11

12 Page 5, line 1:

13 Delete "Section 9"

14 Insert "Section 10"

15

16 Page 5, line 2:

17 Delete "Sections 5 - 8"

18 Insert "Sections 1 and 6 - 9"

not taken up # 8 with drawn. Gava
due to Amendment 1 to Amendment 8.

Insert at

line 8 + 9 + 13 + 17

~~"and the power"~~

"and electricity" after "heating"

Insert at line 14 after "stoves," the
following: "solar panels, wind
turbines,"

Insert at line 15 after "heating,"
the following: "or electrical"

Withdrawn

8-2-08

8-2-08

25-LS1757E.11
Luckhaupt/Kane
8/1/08

AMENDMENT 9

OFFERED IN THE HOUSE

BY REPRESENTATIVE KELLY

TO: CSHB 4005(), Draft Version "E"

1 Page 1, line 1, following "Act":

2 Insert "establishing the Alaska ^{alternative} energy ~~efficient~~ home heating grant fund and a
3 grant program using the grant fund balance;"

(how about tapping the \$300mil for this?)

4
5 Page 1, following line 8:

6 Insert a new bill section to read:

7 "* Section 1. AS 18.56 is amended by adding a new section to read:

8 Sec. 18.56.415. Alaska ^{alternative} energy ~~efficient~~ home heating grant fund. (a) There
9 is established in the corporation the Alaska ^{alternative} energy ~~efficient~~ home heating grant fund
10 consisting of money appropriated to it by the legislature and deposited in it by the
11 corporation.

12 (b) Subject to appropriation, the corporation may provide to qualified
13 residents grants of up to \$1,000 from the Alaska ^{alternative} energy ~~efficient~~ home heating grant
14 fund to assist in installing in dwellings wood, wood-pellet, or barley-fired stoves, or
15 other ^{alternative} energy ~~efficient~~ heating systems that meet criteria adopted by the corporation.

16 (c) The corporation shall

17 (1) administer the Alaska ^{alternative} energy ~~efficient~~ home heating grant fund;

18 and

19 (2) adopt guidelines and procedures for the fund and for administering
20 the grant program, both as established under the provisions of this section."

21
22 Page 1, line 9:

23 Delete "Section 1"

- 1 Insert "Sec. 2"
- 2
- 3 Renumber the following bill sections accordingly.
- 4
- 5 Page 4, line 30:
- 6 Delete "Sections 1 and 3"
- 7 Insert "Sections 2 and 4"
- 8
- 9 Page 4, line 31:
- 10 Delete "Section 2"
- 11 Insert "Section 3"
- 12
- 13 Page 5, line 1:
- 14 Delete "Section 9"
- 15 Insert "Section 10"
- 16
- 17 Page 5, line 2:
- 18 Delete "Sections 5 - 8"
- 19 Insert "Sections 1 and 6 - 9"

8-2-08

25-LS1757\E.15
Luckhaupt/Kane
8/1/08

Withdrawn

AMENDMENT)(

OFFERED IN THE HOUSE

BY REPRESENTATIVE NELSON

TO: CSHB 4005(), Draft Version "E"

- 1 Page 2, line 1:
- 2 Delete "before"
- 3 Insert "after"

8-2-08

25-LS1757\E.10

Kane

8/1/08

failed 4-6

AMENDMENT 10

OFFERED IN THE HOUSE

TO: CSHB 4005(), Draft Version "E"

Rep. Nelson

- 1 Page 2, line 5:
- 2 Delete "75 cents"
- 3 Insert "\$1.15"

with drawn

8-2-08

AMENDMENT 12

OFFERED IN THE HOUSE
TO: CSHB 4005 (), Draft Version "E"

BY REPRESENTATIVE NELSON

- 1 Page 3, line 23:
- 2 Delete "\$170"
- 3 Insert "\$300"
- 4
- 5 Page 3, Line 31:
- 6 Delete "\$170"
- 7 Insert "\$300"

*conceptual amend.
insert \$170.
failed 55*

*Adopted with
conceptual amendment*

8-2-08

25-LS-1757AE.5
Mischel/Kane
7/31/08

AMENDMENT 13

OFFERED IN THE HOUSE

BY REPRESENTATIVE NELSON

TO: CSHB 4005(), Draft Version "E"

*conceptual amendment:
adopted*

1 Page 1, line 1, following "Act":

2 Insert "amending the bulk fuel bridge loan fund;" *"and to also reflect the bulk*
3 *fuel revolving fund;"*

4 Page 1, following line 8:

5 Insert a new bill section to read:

6 **** Section 1.** AS 29.60.660(c) is amended to read:

7 (c) Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal
8 year

9 (1) may not exceed \$750,000 [\$500,000]; and

10 (2) shall be repaid within one year after the date of the award."

11

12 Page 1, line 9:

13 Delete "Section 1"

14 Insert "Sec. 2"

15

16 Renumber the following bill sections accordingly.

17

18 Page 3, following line 5:

19 Insert a new bill section to read:

20 **** Sec. 5.** AS 42.45.250(e) is amended to read:

21 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
22 fiscal year

23 (1) may not exceed \$750,000 [\$500,000], or, if the borrower is a

1 cooperative corporation organized under AS 10.15 or an electric cooperative
2 organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more
3 than one community, may not exceed the lesser of \$750,000 [\$500,000] multiplied by
4 the number of communities on whose behalf the bulk fuel is to be purchased, or
5 \$1,800,000;

6 (2) shall be repaid in one year or less; and

7 (3) may not exceed 90 percent of the wholesale price of the fuel
8 purchased."

9
10 Renumber the following bill sections accordingly.

11
12 Page 4, line 30:

13 Delete "Sections 1 and 3"

14 Insert "Sections 2 and 4"

15
16 Page 4, line 31:

17 Delete "Section 2"

18 Insert "Section 3"

19
20 Page 5, line 1:

21 Delete "Section 9"

22 Insert "Section 11"

23
24 Page 5, line 2:

25 Delete "Sections 5 - 8"

26 Insert "Sections 7 - 10"

8-2-08

25-LS1757E.7
Bullock/Kane
8/1/08

replaced

AMENDMENT 14

OFFERED IN THE HOUSE

BY REPRESENTATIVE GARA

TO: CSHB 4005(), Draft Version "E"

1 Page 1, line 7, following "tax":

2 Insert "during certain months based on the average price per barrel for Alaska
3 North Slope crude oil for sale on the United States West Coast"

4
5 Page 3, following line 5:

6 Insert new bill sections to read:

7 "* Sec. 4. AS 43.40.010(c) is amended to read:

8 (c) Except as provided in AS 43.40.013, [EVERY] dealer who sells or
9 otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and
10 remit the total tax collected during each calendar month of each year to the department
11 by the last day of each succeeding month. Every user shall likewise remit the tax
12 accrued on motor fuel actually used by the user during each month. If the monthly tax
13 return is timely filed, one percent of the total monthly tax due, limited to a maximum
14 of \$100, may be deducted and retained to cover the expense of accounting and filing
15 the monthly tax return. At the time the remittance is made, each dealer or user shall
16 submit a statement to the department showing all fuel that [WHICH] the dealer or
17 user has distributed or used during the month.

18 * Sec. 5. AS 43.40 is amended by adding a new section to read:

19 Sec. 43.40.013. Temporary suspension of tax collection. (a) The collection
20 of the tax required to be collected under AS 43.40.010(c) is suspended for the calendar
21 month immediately following the end of a 30-day period during which the average
22 price per barrel for Alaska North Slope crude oil for sale on the United States West
23 Coast is more than \$80.

1 (b) The department shall adjust the average price per barrel in (a) of this
2 section based on the percentage increase in the Consumer Price Index for urban wage
3 earners and clerical workers for Anchorage, Alaska, during the previous calendar year,
4 as determined by the United States Department of Labor, Bureau of Labor Statistics.

5 (c) The department shall adopt regulations necessary to implement this section
6 and a procedure for notifying persons responsible for the collection of the tax levied
7 and collected under this chapter."

8

9 Renumber the following bill sections accordingly.

10

11 Page 4, lines 13 - 29:

12 Delete all material.

13

14 Renumber the following bill sections accordingly.

15

16 Page 5, line 1:

17 Delete all material.

18

19 Renumber the following bill section accordingly.

20

21 Page 5, line 2:

22 Delete "Sections 5 - 8"

23 Insert "Sections 4, 5, and 7 - 10"

82V

withdrawn

AMENDMENT

14 new

OFFERED IN THE HOUSE

BY REPRESENTATIVE GARA

TO: CSHB 4005(), Draft Version "E"

1 Page 1, line 7, following "tax":

2 Insert "during ce 'ain months based on the average price per barrel for Alaska
3 North Slope crude oil for sale on the United States West Coast"

5 Page 3, following line 5:

6 Insert new bill sections to read:

7 ** Sec. 4. AS 43.40.010(c) is amended to read:

8 (c) Except as provided in AS 43.40.013, [EVERY] dealer who sells or
9 otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and
10 remit the total tax collected during each calendar month of each year to the department
11 by the last day of each succeeding month. Every user shall likewise remit the tax
12 accrued on motor fuel actually used by the user during each month. If the monthly tax
13 return is timely filed, one percent of the total monthly tax due, limited to a maximum
14 of \$100, may be deducted and retained to cover the expense of accounting and filing
15 the monthly tax return. At the time the remittance is made, each dealer or user shall
16 submit a statement to the department showing all fuel that [WHICH] the dealer or
17 user has distributed or used during the month.

18 * Sec. 5. AS 43.40 is amended by adding a new section to read:

19 Sec. 43.40.013. Temporary suspension of tax collection. (a) The collection
20 of the tax required to be collected under AS 43.40.010(c) is suspended for the calendar
21 month immediately following the end of a 30-day period during which the average
22 price per barrel for Alaska North Slope crude oil for sale on the United States West
23 Coast is more than \$80.

Insert "ending on the
15th day of the
previous month,"

1 (b) The department shall adjust the average price per barrel in (a) of this
2 section based on the percentage increase in the Consumer Price Index for urban wage
3 earners and clerical workers for Anchorage, Alaska, during the previous calendar year,
4 as determined by the United States Department of Labor, Bureau of Labor Statistics.

5 (c) The department shall adopt regulations necessary to implement this section
6 and a procedure for notifying persons responsible for the collection of the tax levied
7 and collected under this chapter."

8

9 Renumber the following bill sections accordingly.

10

11 Page 4, lines 13 - 29:

12 Delete all material.

13

14 Renumber the following bill sections accordingly.

15

16 Page 5, line 1:

17 Delete all material.

18

19 Renumber the following bill section accordingly.

20

21 Page 5, line 2:

22 Delete "Sections 5 - 8"

23 Insert "Sections 4, 5, and 7 - 10"

Failed 3-6

8-2-08

AMENDMENT 15

by Representative Crawford

on CS for HB4005E

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offered in the House Finance Committee

page 4, before line 1

add

Sec. 8. The uncodified law of the state of Alaska is amended by adding a new section to read:

MOTOR FUEL REBATE. (a) To provide residents of the state with a rebate equivalent to the state motor fuels tax, the amount of the 2008 permanent fund dividend shall be increased.

(b) Subject to appropriation, sum of \$40,000,000 to increase 2008 permanent fund dividends under (a) of this section shall be transferred from the general fund to the dividend fund (AS 43.23.045).

page 4, line 12

"The resource and motor fuel rebates are [is] a one time payment to qualified Alaskans."

page 4, line 13 through 29

delete all information

page 5, line 1

delete all information

renumber sections accordingly

Failed 3-6

8-2-08

AMENDMENT 16

by Representative Crawford
on CS for HB4005/E

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offered in the House Finance Committee

page 4, following line 12

insert a new subsection to read

“(d) Notwithstanding AS 43.23.011, AS 43.23.015, and other provisions of law, an individual may elect to contribute from that individual’s 2008 permanent fund dividend to the renewable energy grant fund established under AS 4245.045 an amount equal to one half of the Alaska Resource Rebate described in this section. An election to contribute under this subsection may be made only on a form provided by the Department of Revenue that is received by the department on or before September 2, 2008. An agency or individual who applied for the 2008 permanent fund dividend on behalf of another individual may not elect to contribute from that dividend. Notwithstanding an election to contribute under this subsection, the Department of Revenue may not pay any money from a 2008 permanent fund dividend to the renewable energy grant fund if the dividend has been claimed or assigned, in whole or part, under AS 43.23.065 – 43.23.073.”

8-2-08

25-LS1757E.26

Kane

8/1/08

withdrawn
AMENDMENT 17

OFFERED IN THE HOUSE

BY REPRESENTATIVE THOMAS

TO: CSHB 4005(), Draft Version "E"

1 Page 1, lines 1 - 5:

2 Delete "amending the power cost equalization program; authorizing, as a
3 temporary rebate of state resources to certain state residents, payments to assist in
4 meeting heating costs under the federal heating assistance program, limiting payments
5 for heating assistance, and eliminating the authority to make certain provisions of the
6 heating assistance program retroactive to November 1, 2007;"

7

8 Page 1, line 7:

9 Delete "suspending the motor fuel tax;"

10

11 Page 1, line 9, through page 3, line 31:

12 Delete all material.

13

14 Page 4, line 1:

15 Delete "Sec. 8"

16 Insert "Section 1"

17

18 Renumber the following bill sections accordingly.

19

20 Page 4, line 6:

21 Delete "\$1,000"

22 Insert "\$1,750"

23

- 1 Page 4, line 13, through page 5, line 1:
- 2 Delete all material.
- 3
- 4 Renumber the following bill section accordingly.
- 5
- 6 Page 5, line 2:
- 7 Delete "Sections 5 - 8 of this Act take"
- 8 Insert "This Act takes"

8-2-08

25-LS1757E.30

Kane

8/2/08

withdrawn
AMENDMENT 18

OFFERED IN THE HOUSE

BY REPRESENTATIVE CHENAULT

TO: CSHB 4005(), Draft Version "E"

1 Page 2, line 31, following "that":

2 Insert "(1)"

3

4 Page 3, line 3, following "AS 42.45.150(2)(B) - (C)":

5 Insert "; and

6

7

8

9

10

(2) the executive director of the Alaska Industrial Development and Export Authority certifies to the legislature is not engaged in litigation regarding any contractual obligation to the Alaska Industrial Development and Export Authority with respect to a power generation project owned by the Alaska Industrial Development and Export Authority"

8-2-08

adopted N10

Conceptual Amendment

19

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEYER

To: CS HB 4005(), Draft Version "E"

Page 4, line 21

After "month."

Delete "Sales invoices must be attached"

Insert "The department may require that invoices be attached"

Amendment 20

Gara ^{SE}

Page 1, line 1, following "Act":

Withdrawn

Insert "establishing the Alaska alternative energy efficient home heating and electricity loan fund and a loan program using the loan fund balance;"

Page 1, following line 8:

Insert a new bill section to read:

****Section 1.** AS 18.56 is amended by adding a new section to read:

Sec. 18.56.415. Alaska alternative energy efficient home heating and electricity loan fund. (a) There is established in the corporation the Alaska alternative energy efficient home heating and electricity loan fund consisting of money appropriated to it by the legislature and deposited in it by the corporation.

(b) Subject to appropriation, the corporation may provide to qualified residents zero-interest loans from the Alaska alternative energy efficient home heating and electricity loan fund to assist in installing in dwellings wood, wood-pellet, barley-fired stoves, solar panels, or wind turbines, or other alternative energy efficient heating or electrical systems that meet criteria adopted by the corporation.

(c) The corporation shall

- (1) administer the Alaska alternative energy efficient home heating and electricity loan fund; and
- (2) adopt guidelines and procedures for the fund and for administering the loan program, both as established under the provisions of this section."

Page 1, line 9:

Delete "Section 1"

Insert "Sec. 2

original

82✓

AMENDMENT 14 new

OFFERED IN THE HOUSE BY REPRESENTATIVE GARA
TO: CSHB 4005(), Draft Version "E"

1 Page 1, line 7, following "tax":

2 Insert "during certain months based on the average price per barrel for Alaska
3 North Slope crude oil for sale on the United States West Coast"

4
5 Page 3, following line 5:

6 Insert new bill sections to read:

7 "* Sec. 4. AS 43.40.010(c) is amended to read:

8 (c) Except as provided in AS 43.40.013, [EVERY] dealer who sells or
9 otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and
10 remit the total tax collected during each calendar month of each year to the department
11 by the last day of each succeeding month. Every user shall likewise remit the tax
12 accrued on motor fuel actually used by the user during each month. If the monthly tax
13 return is timely filed, one percent of the total monthly tax due, limited to a maximum
14 of \$100, may be deducted and retained to cover the expense of accounting and filing
15 the monthly tax return. At the time the remittance is made, each dealer or user shall
16 submit a statement to the department showing all fuel that [WHICH] the dealer or
17 user has distributed or used during the month.

18 * Sec. 5. AS 43.40 is amended by adding a new section to read:

19 Sec. 43.40.013. Temporary suspension of tax collection. (a) The collection
20 of the tax required to be collected under AS 43.40.010(c) is suspended for the calendar
21 month immediately following the end of a 30-day period during which the average
22 price per barrel for Alaska North Slope crude oil for sale on the United States West
23 Coast is more than \$80.

Insert "ending on the
15th day of the
previous month,"

1 (b) The department shall adjust the average price per barrel in (a) of this
2 section based on the percentage increase in the Consumer Price Index for urban wage
3 earners and clerical workers for Anchorage, Alaska, during the previous calendar year,
4 as determined by the United States Department of Labor, Bureau of Labor Statistics.

5 (c) The department shall adopt regulations necessary to implement this section
6 and a procedure for notifying persons responsible for the collection of the tax levied
7 and collected under this chapter."
8

9 Renumber the following bill sections accordingly.

10

11 Page 4, lines 13 - 29:

12 Delete all material.

13

14 Renumber the following bill sections accordingly.

15

16 Page 5, line 1:

17 Delete all material.

18

19 Renumber the following bill section accordingly.

20

21 Page 5, line 2:

22 Delete "Sections 5 - 8"

23 Insert "Sections 4, 5, and 7 - 10"

AMENDMENT

#9

Sen. Thomas

OFFERED IN THE SENATE

TO: CSSB 4002(FIN), Draft Version "T"

1 Page 1, line 1, following "Act":

2 Insert "relating to grants from the renewable energy grant fund;"

3

4 Page 1, following line 7:

5 Insert new bill sections to read:

6 **** Section 1.** AS 42.45.045(e), as enacted in sec. 3, ch. 31, SLA 2008, is amended to read:

7 (e) In consultation with the advisory committee established in (i) of this
8 section, the authority shall make recommendations to the legislature regarding eligible
9 applicants' projects that finance feasibility studies, reconnaissance studies, energy
10 resource monitoring, and construction of renewable energy projects, alternative
11 energy projects, natural gas projects, or transmission or distribution infrastructure
12 located in Alaska that meet the requirements of (f), (g), [OR] (h), or (m) of this
13 section, as applicable, and shall, at least once each year, solicit from the advisory
14 committee funding recommendations for all grants.

15

16

17

18 * ~~Sec 3~~ ² AS 42.45.045, as enacted in sec. 3, ch. 31, SLA 2008, is amended by adding a new
19 subsection to read:

20 (m) For an alternative energy project to qualify for a grant recommendation
21 under (e) of this section, the project must be a

22 (1) new project not in operation on the effective date of this bill section
23 or an addition to an existing project made after the effective date of this bill section;

Renumber
Section 1

1 and

2 (2) facility that generates energy or fuel that is less expensive, more
3 efficient, or has a less adverse effect on the environment than the energy or fuel that
4 was previously used by a community."
5

6 Page 1, line 8:

7 Delete "Section 1"

8 Insert "Sec. 4"

9

10 Renumber the following bill sections accordingly.

11

12 Page 2, line 4:

13 Delete "sec. 1"

14 Insert "sec. 4"

15

16 Page 3, line 20:

17 Delete "sec. 4"

18 Insert "sec. 7"

19

20 Page 4, following line 9:

21 Insert new bill sections to read:

22 "* Sec. 9. The uncodified law of the State of Alaska enacted in sec. 1(b), ch. 31, SLA 2008,
23 is amended to read:

24 (b) It is the intent of the legislature that each year for the next five years
25 \$50,000,000 in capital funds be appropriated to fund renewable energy projects
26 recommended by the Alaska Energy Authority as described in AS 42.45.045(f) and
27 sec. [SECS. 3 AND] 6 of this Act.

28 * Sec. 10. The uncodified law of the State of Alaska enacted in sec. 6, ch. 31, SLA 2008, is
29 amended to read:

30 RENEWABLE ENERGY GRANTS DURING STATE FISCAL YEAR 2009.

31 (a) For the fiscal year ending June 30, 2009, from an appropriation made under the

1 statement of intent set out in sec. 1(b) of this Act, the Alaska Energy Authority shall
 2 distribute grants to applicants determined by the authority and that meet the criteria in
 3 AS 42.45.045(f) - (h) and (m) [, ADDED BY SEC. 3 OF THIS ACT,] based on the
 4 procedure described in (b) of this section.

5 (b) For administering grants under AS 42.45.045(f) - (h) and (m) [, ADDED
 6 BY SEC. 3 OF THIS ACT,] for the fiscal year ending June 30, 2009, notwithstanding
 7 AS 42.45.045(d), (e), and (i) - (l), added by sec. 3 of this Act,

8 (1) the Alaska Energy Authority shall submit to the Legislative Budget
 9 and Audit Committee for review a revised program setting out the proposed grants;

10 (2) 45 days shall elapse before commencement of expenditures under
 11 the revised program unless the Legislative Budget and Audit Committee earlier
 12 recommends otherwise;

13 (3) should the Legislative Budget and Audit Committee recommend
 14 within the 45-day period that the Alaska Energy Authority not award the grants as set
 15 out in the revised program, the Alaska Energy Authority shall again review the grant
 16 applications and, if the Alaska Energy Authority determines to authorize the
 17 expenditures, the Alaska Energy Authority shall provide the Legislative Budget and
 18 Audit Committee with a statement of the Alaska Energy Authority's reasons before
 19 commencement of expenditures making the approved grants."
 20

21 Renumber the following bill sections accordingly.

22
 23 Page 4, line 14:

24 Delete "sec. 7"

25 Insert "sec. 12"

26
 27 Page 4, line 15:

28 Delete "sec. 8"

29 Insert "sec. 13"

30
 31 Page 9, line 13:

1 Delete "Sections 8(a), (b), (d) - (f), (i) - (o), and (q)"

2 Insert "Sections 13(a), (b), (d) - (f), (i) - (o), and (q)"

3

4 Page 9, line 15:

5 Delete "Sections 2 and 5"

6 Insert "Sections 5 and 8"

7

8 Page 9, line 16:

9 Delete "Sections 1, 3, 4, 9, and 10"

10 Insert "Sections 4, 6, 7, 14, and 15"

11

12 Page 9, line 17:

13 Delete "Sections 6 - 8"

14 Insert "Sections 1 - 3 and 9 - 13"

replaced

adopted 8/3/08 N/D

25-1 S1757 M
Kane
8.2.08

CS FOR HOUSE BILL NO. 4005(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

** amended 8/3/08
effective date
to 1/1/09*

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the bulk fuel bridge loan fund and the bulk fuel revolving loan fund;
2 amending the power cost equalization program; authorizing a temporary power cost
3 assistance program; authorizing, as a temporary rebate of state resources to certain
4 state residents, payments to assist in meeting heating costs under the federal heating
5 assistance program, limiting payments for heating assistance, and eliminating the
6 authority to make certain provisions of the heating assistance program retroactive to
7 November 1, 2007; relating to Alaska resource rebates, and increasing the amount of the
8 2008 permanent fund dividend by the amount of the rebate; suspending the motor fuel
9 tax; and providing for an effective date."

10 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

11 * Section 1, AS 29.60.660(e) is amended to read:

12 (e) Loans made from the bulk fuel bridge loan fund to one borrower in a fiscal

1 year

2 (1) may not exceed \$750,000 [\$500,000]; and

3 (2) shall be repaid within one year after the date of the award.

4 * Sec. 2. AS 42.45.110(b) is amended to read:

5 (b) An eligible electric utility is entitled to receive power cost equalization

6 (1) for sales of power to local community facilities, calculated in the
7 aggregate for each community served by the electric utility, for actual consumption of
8 not more than 70 kilowatt-hours a month for each resident of the community; the
9 number of community residents shall be determined annually by the latest figures of
10 the United States Bureau of the Census or other population data that the Department of
11 Commerce, Community, and Economic Development determines is reliable; and

12 (2) for actual consumption of not more than 500 kilowatt-hours a
13 month sold to each residential and commercial customer.

14 * Sec. 3. AS 42.45.110(b), as amended by sec. 2 of this Act, is amended to read:

15 (b) An eligible electric utility is entitled to receive power cost equalization

16 (1) for sales of power to local community facilities, calculated in the
17 aggregate for each community served by the electric utility, for actual consumption of
18 not more than 70 kilowatt-hours a month for each resident of the community; the
19 number of community residents shall be determined annually by the latest figures of
20 the United States Bureau of the Census or other population data that the Department of
21 Commerce, Community, and Economic Development determines is reliable; and

22 (2) for actual consumption of not more than 500 kilowatt-hours a
23 month sold to each residential [AND COMMERCIAL] customer.

24 * Sec. 4. AS 42.45.110(c) is amended to read:

25 (c) The amount of power cost equalization provided for each [PER] kilowatt-
26 hour under [SUBSECTION] (b) of this section may not exceed 95 percent of the
27 power costs, or the average rate for each [PER] eligible kilowatt-hour sold, whichever
28 is less, as determined by the commission. However,

29 (1) [DURING THE STATE FISCAL YEAR THAT BEGAN JULY 1,
30 1999.] the power costs for which power cost equalization are [WERE] paid to an
31 electric utility are [WERE] limited to minimum power costs of more than 12 cents a

1 [PER] kilowatt-hour and less than 75 [52.5] cents a [PER] kilowatt-hour;

2 (2) each year [DURING EACH FOLLOWING STATE FISCAL
3 YEAR], the commission shall adjust the power costs for which power cost
4 equalization may be paid to an electric utility based on the weighted average retail
5 residential rate for a residential customer and the retail commercial power rate for
6 a commercial customer in Anchorage, Fairbanks, and Juneau; however, the
7 commission may not adjust the power costs under this paragraph to reduce the amount
8 below the lower limit set out in (1) of this subsection; and

9 (3) the power cost equalization for each [PER] kilowatt-hour may be
10 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
11 hours generated.

12 * Sec. 5. AS 42.45.110(c), as amended by sec. 4 of this Act, is amended to read:

13 (c) The amount of power cost equalization provided for each kilowatt-hour
14 under (b) of this section may not exceed 95 percent of the power costs, or the average
15 rate for each eligible kilowatt-hour sold, whichever is less, as determined by the
16 commission. However,

17 (1) the power costs for which power cost equalization are paid to an
18 electric utility are limited to minimum power costs of more than 12 cents a kilowatt-
19 hour and less than 52.5 [75] cents a kilowatt-hour;

20 (2) each year, the commission shall adjust the power costs for which
21 power cost equalization may be paid to an electric utility based on the weighted
22 average retail residential rate for a residential customer [AND THE RETAIL
23 COMMERCIAL POWER RATE FOR A COMMERCIAL CUSTOMER] in
24 Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the
25 power costs under this paragraph to reduce the amount below the lower limit set out in
26 (1) of this subsection; and

27 (3) the power cost equalization for each kilowatt-hour may be
28 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
29 hours generated.

30 * Sec. 6. AS 42.45.110(d) is amended to read:

31 (d) An electric utility whose customers receive power cost equalization under

1 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
2 equalization and the amount of power cost equalization for each [PER] kilowatt-hour
3 sold. The rate charged to the customer shall be the difference between the two
4 amounts. Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used
5 to reduce the cost of all power sold to local community facilities, in the aggregate, to
6 the extent of 70 kilowatt-hours a [PER] month for each [PER] resident of the
7 community, and to reduce the cost of the first 500 kilowatt-hours for each
8 commercial and each [PER] residential customer a [PER] month.

9 * Sec. 7. AS 42.45.110(d), as amended by sec. 6 of this Act, is amended to read:

10 (d) An electric utility whose customers receive power cost equalization under
11 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
12 equalization and the amount of power cost equalization for each kilowatt-hour sold.
13 The rate charged to the customer shall be the difference between the two amounts.
14 Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce
15 the cost of all power sold to local community facilities, in the aggregate, to the extent
16 of 70 kilowatt-hours a month for each resident of the community, and to reduce the
17 cost of the first 500 kilowatt-hours for [EACH COMMERCIAL AND] each
18 residential customer a month.

19 * Sec. 8. AS 42.45.250(e) is amended to read:

20 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
21 fiscal year

22 (1) may not exceed \$750,000 [\$500,000], or, if the borrower is a
23 cooperative corporation organized under AS 10.15 or an electric cooperative
24 organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more
25 than one community, may not exceed the lesser of \$750,000 [\$500,000] multiplied by
26 the number of communities on whose behalf the bulk fuel is to be purchased, or
27 \$1,800,000;

28 (2) shall be repaid in one year or less; and

29 (3) may not exceed 90 percent of the wholesale price of the fuel
30 purchased.

31 * Sec. 9. Sections 9 and 11, ch. 31, SLA 2008, are repealed

1 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 **POWER COST ASSISTANCE.** (a) For the period beginning October 1, 2008, and
4 ending June 30, 2011, an electric utility that does not receive power cost equalization under
5 AS 42.45.100 - 42.45.150 is entitled to receive five cents a kilowatt-hour for actual
6 consumption for each residential customer of not more than 500 kilowatt-hours a month or a
7 maximum of 6,000 kilowatt-hours a year.

8 (b) The assistance provided to the utility under this section shall be passed along
9 directly to the residential customer in the form of a credit by the electric utility.

10 (c) The assistance provided under this section may only accrue to a single individual
11 at a single residence with an individual meter for residential electric service.

12 (d) An electric utility that receives the assistance provided under this section shall
13 comply with the provisions of AS 42.45.120.

14 (e) The Regulatory Commission of Alaska shall modify the tariffs of an electric utility
15 that maintains a tariff with the commission to reflect the utility's participation under this
16 section.

17 (f) The Alaska Energy Authority shall administer the program established in this
18 section and may adopt regulations for that purpose.

19 (g) In this section, "electric utility" means a public, cooperative, or other corporation,
20 company, individual, or association of individuals, including the lessees, trustees, or receivers
21 appointed by a court, that owns, operates, manages, or controls a plant or system for the
22 furnishing, by generation, transmission, or distribution, of electric service to the public for
23 compensation but does not meet the requirements of AS 42.45.150(2)(B) and (C).

24 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 **STATE IMPLEMENTATION OF THE FEDERAL LOW-INCOME HEATING AND**
27 **ENERGY ASSISTANCE PROGRAM.** (a) This section applies to heating assistance
28 payments authorized to persons under 7 AAC 44, adopted under the authority of
29 AS 47.05.010.

30 (b) Notwithstanding another provision of law, for the period beginning October 1,
31 2008, and ending June 30, 2011, to supplement provisions of the federal low-income heating

1 and energy assistance program provided under 42 U.S.C. 8621 - 8629 (Low-Income Home
2 Energy Assistance Act of 1981), as amended, subject to legislative appropriation of state
3 general funds for the purpose, the Department of Health and Social Services shall increase the
4 amount of a heating assistance payment.

5 (c) Amounts payable under this section shall be calculated by application of the
6 assistance formula set out in 7 AAC 44.080, as those provisions read on the effective date of
7 this section, and shall be made from the appropriation described in (b) of this section. The
8 dollar value of a community heating cost point under 7 AAC 44.080 may not exceed \$127.50.

9 * Sec. 12. The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 STATE IMPLEMENTATION OF THE ALASKA HEATING ASSISTANCE
12 PROGRAM. For the period beginning October 1, 2008, and ending June 30, 2011, amounts
13 payable under AS 47.25.621 - 47.25.625 shall be calculated by application of the assistance
14 formula set out in 7 AAC 44.080, as those provisions read on the effective date of this section,
15 and the dollar value of a community heating cost point under 7 AAC 44.080 may not exceed
16 \$127.50.

17 * Sec. 13. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 ALASKA RESOURCE REBATES. (a) To provide residents of the state with an
20 Alaska resource rebate, the amount of the 2008 permanent fund dividend shall be increased.
21 After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of
22 revenue shall add \$1,000 to determine the total amount of that dividend.

23 (b) Subject to appropriation, the amount necessary to increase 2008 permanent fund
24 dividends under (a) of this section shall be transferred from the general fund to the dividend
25 fund (AS 43.23.045).

26 (c) When issuing checks or pay warrants associated with a direct deposit to residents
27 receiving a permanent fund dividend, the commissioner of revenue shall include the following
28 statement: "The resource rebate is a one-time payment to qualified Alaskans."

29 (d) An individual may elect not to receive the \$1,000 resource rebate authorized under
30 (a) of this section. An individual who elects not to receive the \$1,000 resource rebate
31 authorized under (a) of this section may provide notice of the election on a form provided by

1 the Department of Revenue. Notice must be postmarked or received by the Department of
2 Revenue not later than September 2, 2008.

3 (e) Notwithstanding any contrary provision of law, an individual who did not apply
4 for the 2008 permanent fund dividend and is eligible for veterans' benefits under 38 U.S.C.
5 1315, 1513, 1521, 1541, and 1542 may apply for a \$1,000 Alaska resource rebate payment for
6 2008. The veteran or the spouse or dependent of a living or deceased veteran must apply to
7 the Department of Revenue not later than October 1, 2008, and demonstrate that the
8 individual would have been eligible to receive a 2008 permanent fund dividend under
9 AS 43.23, except for not having applied for the 2008 permanent fund dividend previously.

10 (f) The veteran or the spouse or dependent of a living or deceased veteran who is
11 denied or receives reduced payments or reduced health care benefits solely because the
12 \$1,000 payment under this section received by the individual is counted as income is eligible
13 for benefits under AS 47.25.120 - 47.25.300. Notwithstanding the limit in AS 47.25.130, the
14 veteran or the spouse or dependent of a living or deceased veteran is entitled to receive the
15 same amount as the individual would have received under 38 U.S.C. 1315, 1513, 1521, 1541,
16 and 1542 had a \$1,000 payment not been received under this section.

17 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 **SUSPENSION OF THE MOTOR FUEL TAX.** (a) Notwithstanding any other
20 provision of law, the motor fuel tax imposed under AS 43.40.010 is suspended and may not
21 be collected for a period beginning September 1, 2008, and ending June 30, 2011.

22 (b) Every person subject to AS 43.40.010(c) in the fiscal year that precedes the
23 suspension established in (a) of this section shall submit a monthly report, under penalty of
24 unsworn falsification, on a form or in a format prescribed by the Department of Revenue
25 showing all sales or transfers of gasoline, diesel, and aviation fuel during the month. The
26 department may require that invoices be attached to the report supporting all sales and
27 transfers of gasoline, diesel, and aviation fuel in the state. The report is due to the Department
28 of Revenue on the last day of the month following the month in which sales or transfers of
29 gasoline, diesel, or aviation fuel were made. The Department of Revenue may assess a penalty
30 of up to \$5,000 against any person that fails to file a monthly report or provide the supporting
31 invoices as required by this subsection.

1 (c) The Department of Revenue may adopt regulations under AS 44.62 to implement
2 this section.

3 * Sec. 15. Sections 10 - 12 and 14(a) of this Act are repealed June 30, 2011.

4 * Sec. 16. Sections 2, 4, 6, and 10 of this Act take effect October 1, 2008.

5 * Sec. 17. Sections 3, 5, and 7 of this Act take effect June 30, 2011.

6 * Sec. 18. Section 14 of this Act takes effect September 1, 2008.

7 * Sec. 19. Sections 9 and 11 - 13 of this Act take effect immediately under AS 01.10.070(c).

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8 2 08

CS FOR HOUSE BILL NO. 4005(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the bulk fuel bridge loan fund and the bulk fuel revolving loan fund;
 2 amending the power cost equalization program; authorizing a temporary power cost
 3 assistance program; authorizing, as a temporary rebate of state resources to certain
 4 state residents, payments to assist in meeting heating costs under the federal heating
 5 assistance program, limiting payments for heating assistance, and eliminating the
 6 authority to make certain provisions of the heating assistance program retroactive to
 7 November 1, 2007; relating to Alaska resource rebates, and increasing the amount of the
 8 2008 permanent fund dividend by the amount of the rebate; suspending the motor fuel
 9 tax; and providing for an effective date."

10 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

11 * Section 1, AS 29.60.660(c) is amended to read

12 (c) Loans made from the bulk fuel bridge loan fund to any borrower are a local

1 year

2 (1) may not exceed \$750,000 [\$500,000]; and

3 (2) shall be repaid within one year after the date of the award.

4 * Sec. 2. AS 42.45.110(b) is amended to read:

5 (b) An eligible electric utility is entitled to receive power cost equalization

6 (1) for sales of power to local community facilities, calculated in the
7 aggregate for each community served by the electric utility, for actual consumption of
8 not more than 70 kilowatt-hours a month for each resident of the community; the
9 number of community residents shall be determined annually by the latest figures of
10 the United States Bureau of the Census or other population data that the Department of
11 Commerce, Community, and Economic Development determines is reliable; and

12 (2) for actual consumption of not more than 500 kilowatt-hours a
13 month sold to each residential and commercial customer.

14 * Sec. 3. AS 42.45.110(b), as amended by sec. 2 of this Act, is amended to read:

15 (b) An eligible electric utility is entitled to receive power cost equalization

16 (1) for sales of power to local community facilities, calculated in the
17 aggregate for each community served by the electric utility, for actual consumption of
18 not more than 70 kilowatt-hours a month for each resident of the community; the
19 number of community residents shall be determined annually by the latest figures of
20 the United States Bureau of the Census or other population data that the Department of
21 Commerce, Community, and Economic Development determines is reliable; and

22 (2) for actual consumption of not more than 500 kilowatt-hours a
23 month sold to each residential [AND COMMERCIAL] customer.

24 * Sec. 4. AS 42.45.110(c) is amended to read:

25 (c) The amount of power cost equalization provided for each [PER] kilowatt-
26 hour under [SUBSECTION] (b) of this section may not exceed 95 percent of the
27 power costs, or the average rate for each [PER] eligible kilowatt-hour sold, whichever
28 is less, as determined by the commission. However,

29 (1) [DURING THE STATE FISCAL YEAR THAT BEGAN JULY 1,
30 1999,] the power costs for which power cost equalization are [WERE] paid to an
31 electric utility are [WERE] limited to minimum power costs of more than 12 cents a

1 [PER] kilowatt-hour and less than 75 [52.5] cents a [PER] kilowatt-hour;

2 (2) each year [DURING EACH FOLLOWING STATE FISCAL
3 YEAR], the commission shall adjust the power costs for which power cost
4 equalization may be paid to an electric utility based on the weighted average retail
5 residential rate for a residential customer and the retail commercial power rate for
6 a commercial customer in Anchorage, Fairbanks, and Juneau; however, the
7 commission may not adjust the power costs under this paragraph to reduce the amount
8 below the lower limit set out in (1) of this subsection; and

9 (3) the power cost equalization for each [PER] kilowatt-hour may be
10 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
11 hours generated.

12 * Sec. 5. AS 42.45.110(c), as amended by sec. 4 of this Act, is amended to read:

13 (c) The amount of power cost equalization provided for each kilowatt-hour
14 under (b) of this section may not exceed 95 percent of the power costs, or the average
15 rate for each eligible kilowatt-hour sold, whichever is less, as determined by the
16 commission. However,

17 (1) the power costs for which power cost equalization are paid to an
18 electric utility are limited to minimum power costs of more than 12 cents a kilowatt-
19 hour and less than 52.5 [75] cents a kilowatt-hour;

20 (2) each year, the commission shall adjust the power costs for which
21 power cost equalization may be paid to an electric utility based on the weighted
22 average retail residential rate for a residential customer [AND THE RETAIL
23 COMMERCIAL POWER RATE FOR A COMMERCIAL CUSTOMER] in
24 Anchorage, Fairbanks, and Juneau; however, the commission may not adjust the
25 power costs under this paragraph to reduce the amount below the lower limit set out in
26 (1) of this subsection; and

27 (3) the power cost equalization for each kilowatt-hour may be
28 determined for a utility without historical kilowatt-hour sales data by using kilowatt-
29 hours generated.

30 * Sec. 6. AS 42.45.110(d) is amended to read:

31 (d) An electric utility whose customers receive power cost equalization under

1 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
2 equalization and the amount of power cost equalization for each [PER] kilowatt-hour
3 sold. The rate charged to the customer shall be the difference between the two
4 amounts. Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used
5 to reduce the cost of all power sold to local community facilities, in the aggregate, to
6 the extent of 70 kilowatt-hours a [PER] month for each [PER] resident of the
7 community, and to reduce the cost of the first 500 kilowatt-hours for each
8 commercial and each [PER] residential customer a [PER] month.

9 * Sec. 7. AS 42.45.110(d), as amended by sec. 6 of this Act, is amended to read:

10 (d) An electric utility whose customers receive power cost equalization under
11 AS 42.45.100 - 42.45.150 shall set out in its tariff the rates without the power cost
12 equalization and the amount of power cost equalization for each kilowatt-hour sold.
13 The rate charged to the customer shall be the difference between the two amounts.
14 Power cost equalization paid under AS 42.45.100 - 42.45.150 shall be used to reduce
15 the cost of all power sold to local community facilities, in the aggregate, to the extent
16 of 70 kilowatt-hours a month for each resident of the community, and to reduce the
17 cost of the first 500 kilowatt-hours for [EACH COMMERCIAL AND] each
18 residential customer a month.

19 * Sec. 8. AS 42.45.250(e) is amended to read:

20 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
21 fiscal year

22 (1) may not exceed \$750,000 [\$500,000], or, if the borrower is a
23 cooperative corporation organized under AS 10.15 or an electric cooperative
24 organized under AS 10.25 and uses the loan to purchase bulk fuel on behalf of more
25 than one community, may not exceed the lesser of \$750,000 [\$500,000] multiplied by
26 the number of communities on whose behalf the bulk fuel is to be purchased, or
27 \$1,800,000,

28 (2) shall be repaid in one year or less; and

29 (3) may not exceed 90 percent of the wholesale price of the fuel
30 purchased.

31 * Sec. 9. Sections 9 and 11, ch. 31, SFA 2008, are repealed.

1 * Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 POWER COST ASSISTANCE. (a) For the period beginning October 1, 2008, and
4 ending June 30, 2011, an electric utility that does not receive power cost equalization under
5 AS 42.45.100 - 42.45.150 is entitled to receive five cents a kilowatt-hour for actual
6 consumption for each residential customer of not more than 500 kilowatt-hours a month or a
7 maximum of 6,000 kilowatt-hours a year.

8 (b) The assistance provided to the utility under this section shall be passed along
9 directly to the residential customer in the form of a credit by the electric utility.

10 (c) The assistance provided under this section may only accrue to a single individual
11 at a single residence with an individual meter for residential electric service.

12 (d) An electric utility that receives the assistance provided under this section shall
13 comply with the provisions of AS 42.45.120.

14 (e) The Regulatory Commission of Alaska shall modify the tariffs of an electric utility
15 that maintains a tariff with the commission to reflect the utility's participation under this
16 section.

17 (f) The Alaska Energy Authority shall administer the program established in this
18 section and may adopt regulations for that purpose.

19 (g) In this section, "electric utility" means a public, cooperative, or other corporation,
20 company, individual, or association of individuals, including the lessees, trustees, or receivers
21 appointed by a court, that owns, operates, manages, or controls a plant or system for the
22 furnishing, by generation, transmission, or distribution, of electric service to the public for
23 compensation but does not meet the requirements of AS 42.45.150(2)(B) and (C).

24 * Sec. 11. The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 STATE IMPLEMENTATION OF THE FEDERAL LOW-INCOME HEATING AND
27 ENERGY ASSISTANCE PROGRAM. (a) This section applies to heating assistance
28 payments authorized to persons under 7 AAC 44, adopted under the authority of
29 AS 47.05.010.

30 (b) Notwithstanding another provision of law, for the period beginning October 1,
31 2008, and ending June 30, 2011, to supplement provisions of the federal low income heating

1 and energy assistance program provided under 42 U.S.C. 8621 - 8629 (Low-Income Home
2 Energy Assistance Act of 1981), as amended, subject to legislative appropriation of state
3 general funds for the purpose, the Department of Health and Social Services shall increase the
4 amount of a heating assistance payment.

5 (c) Amounts payable under this section shall be calculated by application of the
6 assistance formula set out in 7 AAC 44.080, as those provisions read on the effective date of
7 this section, and shall be made from the appropriation described in (b) of this section. The
8 dollar value of a community heating cost point under 7 AAC 44.080 may not exceed \$127.50.

9 * Sec. 12. The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

11 STATE IMPLEMENTATION OF THE ALASKA HEATING ASSISTANCE
12 PROGRAM. For the period beginning October 1, 2008, and ending June 30, 2011, amounts
13 payable under AS 47.25.621 - 47.25.625 shall be calculated by application of the assistance
14 formula set out in 7 AAC 44.080, as those provisions read on the effective date of this section,
15 and the dollar value of a community heating cost point under 7 AAC 44.080 may not exceed
16 \$127.50.

17 * Sec. 13. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 ALASKA RESOURCE REBATES. (a) To provide residents of the state with an
20 Alaska resource rebate, the amount of the 2008 permanent fund dividend shall be increased.
21 After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of
22 revenue shall add \$1,000 to determine the total amount of that dividend.

23 (b) Subject to appropriation, the amount necessary to increase 2008 permanent fund
24 dividends under (a) of this section shall be transferred from the general fund to the dividend
25 fund (AS 43.23.045).

26 (c) When issuing checks or pay warrants associated with a direct deposit to residents
27 receiving a permanent fund dividend, the commissioner of revenue shall include the following
28 statement: "The resource rebate is a one-time payment to qualified Alaskans."

29 (d) An individual may elect not to receive the \$1,000 resource rebate authorized under
30 (a) of this section. An individual who elects not to receive the \$1,000 resource rebate
31 authorized under (a) of this section may provide notice of the election on a form provided by

1 the Department of Revenue. Notice must be postmarked or received by the Department of
2 Revenue not later than September 2, 2008.

3 (e) Notwithstanding any contrary provision of law, an individual who did not apply
4 for the 2008 permanent fund dividend and is eligible for veterans' benefits under 38 U.S.C.
5 1315, 1513, 1521, 1541, and 1542 may apply for a \$1,000 Alaska resource rebate payment for
6 2008. The veteran or the spouse or dependent of a living or deceased veteran must apply to
7 the Department of Revenue not later than October 1, 2008, and demonstrate that the
8 individual would have been eligible to receive a 2008 permanent fund dividend under
9 AS 43.23, except for not having applied for the 2008 permanent fund dividend previously.

10 (f) The veteran or the spouse or dependent of a living or deceased veteran who is
11 denied or receives reduced payments or reduced health care benefits solely because the
12 \$1,000 payment under this section received by the individual is counted as income is eligible
13 for benefits under AS 47.25.120 - 47.25.300. Notwithstanding the limit in AS 47.25.130, the
14 veteran or the spouse or dependent of a living or deceased veteran is entitled to receive the
15 same amount as the individual would have received under 38 U.S.C. 1315, 1513, 1521, 1541,
16 and 1542 had a \$1,000 payment not been received under this section.

17 * Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 SUSPENSION OF THE MOTOR FUEL TAX. (a) Notwithstanding any other
20 provision of law, the motor fuel tax imposed under AS 43.40.010 is suspended and may not
21 be collected for a period beginning September 1, 2008, and ending June 30, 2011.

22 (b) Every person subject to AS 43.40.010(c) in the fiscal year that precedes the
23 suspension established in (a) of this section shall submit a monthly report, under penalty of
24 unsworn falsification, on a form or in a format prescribed by the Department of Revenue
25 showing all sales or transfers of gasoline, diesel, and aviation fuel during the month. The
26 department may require that invoices be attached to the report supporting all sales and
27 transfers of gasoline, diesel, and aviation fuel in the state. The report is due to the Department
28 of Revenue on the last day of the month following the month in which sales or transfers of
29 gasoline, diesel, or aviation fuel were made. The Department of Revenue may assess a penalty
30 of up to \$5,000 against any person that fails to file a monthly report or provide the supporting
31 invoices as required by this subsection.

1 (c) The Department of Revenue may adopt regulations under AS 44.62 to implement
2 this section.

3 * Sec. 15. Sections 10 - 12 and 14(a) of this Act are repealed June 30, 2011.

4 * Sec. 16. Sections 2, 4, 6, and 10 of this Act take effect October 1, 2008.

5 * Sec. 17. Sections 3, 5, and 7 of this Act take effect June 30, 2011.

6 * Sec. 18. Section 14 of this Act takes effect September 1, 2008.

7 * Sec. 19. Sections 9 and 11 - 13 of this Act take effect immediately under AS 01.10.070(c).

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB4005(FIN)
() Publish Date: _____

Identifier (file name): HB4005CS(FIN) DHSS-EAP-8-2-08 (2) Dept. Affected: DHSS
Title: PCE Elig. Amts. Eligible Utility Defined RDU: Public Assistance
Component: Energy Assistance Program
Sponsor: House Finance
Requester: House Finance Component Number: 226

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information				
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012
OPERATING EXPENDITURES						
Personal Services	220.0		220.0	220.0		
Travel						
Contractual	40.0		40.0	40.0		
Supplies						
Equipment	36.0					
Land & Structures						
Grants & Claims	9,772.5		9,772.5	9,772.5		
Miscellaneous						
TOTAL OPERATING	10,068.5	0.0	10,032.5	10,032.5	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	10,068.5		10,068.5	10,068.5		
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Interagency Receipts						
TOTAL	10,068.5	0.0	10,068.5	10,068.5	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	5		5	5		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Analysis: CS HB 4005 (FIN) with adoption of amendment E 28 increases the amount of assistance that may be paid to households eligible to participate in the federally-funded Low Income Heating and Energy Assistance Program (LIHEAP) and the solely state-funded Alaska heating assistance program (AKHAP). It establishes that the dollar value of a community heating cost point (HCP) may not exceed \$127.50. These provisions are in effect for the period beginning October 1, 2008 and ending June 30, 2011.

Prepared by: Kenneth Chief of Field Operations Phone: 465-5843
Division: Public Assistance Date/Time: 08/02/08
Approved by: William H. Hogan Date: 8.2.2008
Commissioner, Dept. Health & Social Services

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CS HB 4005 (FIN)

ANALYSIS CONTINUATION

The minimum number of HCP allowed is 2 and the maximum is 35. Based on income below 25% of the federal poverty guidelines (FPG) and at \$127.50 per HCP, the highest payment would be \$4,462.50 and the lowest would be \$255. In FY08, an average of 13 HCP was used to calculate a LIHEAP household's payment. At \$85 per HCP, the average household in FY08 received a payment of \$1,105. Under CS HB 4005, a household with 13 HCP would receive a grant of \$1,657.50.

We have no payment history for AKHAP and cannot calculate an average or per capita payment. However, we know that the maximum number of HCP will be 14 and the minimum number will be 2 points. For the purposes of estimating costs for this fiscal note, we assume the average will be 5 HCP for households between 150-225% FPG.

Assumptions:

- The Department estimates that, in addition to the approximately 15,000 households served by LIHEAP, an additional 8,800 households will be served by AKHAP. Note: information about the number of qualifying households with incomes between 150% and 225% of the FPG for Alaska is difficult to project. Information from the 2005 American Community Survey for Alaska (ACS) released on 8/29/2006 provides the most recent data about household income in Alaska. Using the ACS, the department estimated the caseload as follows:

Household calculation: In FY2008, the average household served by LIHEAP had 3 members. The income of a three person household at 150% FPG is \$33,000. Approximately 61,000 Alaskan households had income below this limit. In 2008 LIHEAP served approximately 25% of these households.

An estimated 35,200 households had incomes between \$33,000 (150% FPG) and \$49,500 which is 225% of the FPG for a household of three. If AKHAP serves only 25% of these households, an estimated 8,800 households will receive AKHAP payments.

- The average household below 150% FPG will receive 13 HCP.
- The average household between 150% and 225% FPG will receive 5 HCP.
- The maximum allowable dollar value per community heating cost point is \$127.50.
- The Department intends to give Alaska Native organizations who operate tribal energy assistance programs an opportunity to administer AKHAP as authorized under HB 152.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CS HB 4005 (FIN)

ANALYSIS CONTINUATION

Analysis Continued:

Total annual benefit costs are estimated to be \$9,772.5 for FY2009.

- Total annual LIHEAP benefit costs are estimated to be \$24,862.5 (15,000 households x 13 HCP x \$127.50 per HCP = \$24,862.5)
- Total annual AKHAP benefit costs are estimated to be \$5,610.0 (8,900 households x 5 HCP x \$127.50 per HCP = \$5,610.0)
- \$10,000.0 has already been appropriated to support heating assistance programs.
- The department anticipates receiving a federal LIHEAP block grant of \$10,700.0 for FY09
- $\$24,862.5 + \$5,610.0 - 20,700.0 = \$9,772.5$

Administrative Cost Assumptions:

• 4 Eligibility Technicians (Range 13) and 1 Accounting Tech I (Range 12) will be needed to manage the increased applications and workload resulting from more households applying for heating assistance. These positions are responsible for providing customer service, communicating with applicants and vendors, verifying applicant information, and making the eligibility decisions, processing and accounting for vendor payments and processing vendor agreements. The positions are seasonal and work up to 8 months each year (Sept - April)

Total Administrative Costs: \$296.0

Personal Services: \$220.0 (salary and benefits for 5 seasonal positions)

Contractual: \$40.0 (annual costs for information technology, telecommunications, office space, phones)

Equipment/Supplies: \$36.0 (one-time costs for desktop computers, printers, and work stations for 16 positions)

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 4005 (FIN)/ M
() Publish Date: _____

Identifier (file name): HB4005-CED-BULK FUEL FUN CAPS-08-03-08 Dept. Affected: FUND CAPITALIZATIONS
Title: PCE:ELIGIB:AMTS:ELIGIBLE UTILITY DEFINED RDU: Bulk Fuel Revolving Loan Fund
Sponsor: House Finance Component: Bulk Fuel Revolving Loan Fund
Requester: House Finance Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required FY 2009	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Misc Fnd Cap Bulk Fuel 1074	3,461.0						
TOTAL OPERATING	3,461.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts						
1003 GF Match						
1004 GF	3,461.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other PCE Fund 1089						
TOTAL	3,461.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the statute for the Bulk Fuel Revolving Loan Fund [AS 42.45.250(e)] by raising the cap from \$500,000 to \$750,000 for any one borrower. The cap is also raised for a cooperative corporation or an electric cooperative that uses the loan to purchase bulk fuel on behalf of more than one community. This cap may not exceed the lesser of \$750,000 (from \$500,000) multiplied by the number of communities on whose behalf the bulk fuel is to be purchased, or \$1.8 million.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations
Division: Alaska Energy Authority
Approved by: Amanda Ryder, Director
Division of Administrative Services

Phone: 907-771-3012
Date Time: _____
Date: 8/3/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-AIDEA-07-26-08 Dept. Affected: Commerce
Title: PCE:ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: AIDEA (125)
Component: AIDEA Operations
Sponsor: House Finance
Requester: House Finance Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	121.0		121.0	121.0	121.0	121.0	121.0	121.0
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	121.0	0.0	121.0	121.0	121.0	121.0	121.0	121.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1007 Interagency Receipts	121.0		121.0	121.0	121.0	121.0	121.0	121.0
TOTAL	121.0	0.0	121.0	121.0	121.0	121.0	121.0	121.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the PCE program administered by the Alaska Energy Authority (AEA) by expanding program eligibility. AIDEA provides staff support for AEA programs. Two employees, one Range 12 and one Range 14 will be hired to assist in administering the increased workload for this program.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations
Division: Alaska Industrial Development and Export Authority
Approved by: Amanda Ryder, Director
Division of Administrative Services

Phone 907-771-3012
Date/Time _____
Date 7/28/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-AEA-08-03-08 Dept. Affected: Commerce
Title: PCE:ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: Alaska Energy Authority (453)
Component: AEA Power Cost Equalization
Sponsor: House Finance
Requester: House Finance Component Number: 2602

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual	121.0		281.0	281.0			
Supplies							
Equipment							
Land & Structures							
Grants & Claims	130,252.0		158,252.0	158,252.0			
Miscellaneous							
TOTAL OPERATING	130,373.0	0.0	158,533.0	158,533.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other PCE Fund 1089	130,373.0		158,252.0	158,252.0			
TOTAL	130,373.0	0.0	158,252.0	158,252.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

HB 4005 amends the PCE program by adjusting the PCE formula that is used to calculate a utility's PCE subsidy and allows commercial customers to receive a 500 kWh/month credit. The bill also creates a new temporary program for non-pce eligible utilities. Page 2 details the changes and estimated increased grants paid to utilities. AEA contracts with AIDEA for staff support. The contractual costs reflect the costs to hire two employees to assist in the administration of the program.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations Phone 907-771-3012
Division: Alaska Energy Authority Date/Time: _____
Approved by: _____ Date: _____

ANALYSIS CONTINUATION

PROJECTIONS FOR PCE and NEW PROGRAM

ASSUMPTIONS

ESTIMATED RATE I	1.500
FLOOR	0.1283
CEILING	0.75
Multiply Factor	0.95

Type	Customers	kWh	\$ Grant	
Estimate 2-classic				
Community		31,391,312	14,969,479.99	
Residential 2	25,797	122,307,878	56,849,751.51	Based on reported residential sales
Commercial - ESTIM	6,400	38,400,000	19,200,000.00	Est PCE rate of 5.kWh
		<u>192,099,190</u>	<u>91,019,231.50</u>	
Estimate - new				
New Residential Cus	244,485	1,344,664,750	67,233,237.50	
Community Facilities			0.00	
			<u>67,233,237.50</u>	
Total - New Program			<u>158,252,469.00</u>	
Maximum res custom \$	PCE	Power Assistance		
	295.30	\$ 25.00		

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-AEA-08-03-08 Dept. Affected: FUND CAPITALIZATIONS
Title: PCE-ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: PCE Fund
Component: PCE Fund
Sponsor: House Finance
Requester: House Finance Component Number: 2500

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Misc Cap PCE Fund 1089	130,373.0		130,373.0	130,373.0			
TOTAL OPERATING	130,373.0	0.0	130,373.0	130,373.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	130,373.0		130,373.0	130,373.0			
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other PCE Fund 1089							
TOTAL	130,373.0	0.0	130,373.0	130,373.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

HB 4005 amends the PCE program by adjusting the PCE formula that is used to calculate a utility's PCE subsidy and allows commercial customers to receive a 500 kWh/month credit. The bill also creates a new temporary program for non-pce eligible utilities. This fiscal note reflects the capitalization need for the PCE Fund.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations Phone: 907-771-3012
Division: Alaska Energy Authority Date/Time: _____
Approved by: Amanda Ryder, Director Date: 8/3/2008
Division: Division of Administrative Services

Need New Note

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-AIDEA-07-26-08 Dept. Affected: Commerce
Title: PCE:ELIGIB;AMTS:ELIGIBLE UTILITY DEFINED RDU: AIDEA (125)
Component: AIDEA Operations
Sponsor: House Finance
Requester: House Finance Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	121.0		121.0	121.0	121.0	121.0	121.0	121.0
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	121.0	0.0	121.0	121.0	121.0	121.0	121.0	121.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1007 Interagency Receipts	121.0		121.0	121.0	121.0	121.0	121.0	121.0
TOTAL	121.0	0.0	121.0	121.0	121.0	121.0	121.0	121.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the PCE program administered by the Alaska Energy Authority (AEA) by expanding program eligibility. AIDEA provides staff support for AEA programs. Two employees, one Range 12 and one Range 14 will be hired to assist in administering the increased workload for this program.

Prepared by: Sara Fisher-Goad, Deputy Director-Operations
Division: Alaska Industrial Development and Export Authority
Approved by: Amanda Ryder, Director
Division of Administrative Services

Phone: 907-771-3012
Date/Time: _____
Date: 7/28/2008

Should be OK

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-RCA-7-31-08 Dept. Affected: Commerce
Title: PCE: Eligibility; Amounts; Eligible Utility Defined RDU: Regulatory Commission of Alaska (399)
Component: Regulatory Commission of Alaska
Sponsor: House Finance
Requester: House Finance Component Number: 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal Services	133.1	0.0	145.0	145.0	145.0	145.0	145.0
Travel							
Contractual							
Supplies	7.5						
Equipment	7.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	147.6	0.0	145.0	145.0	145.0	145.0	145.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	147.6	0.0	145.0	145.0	145.0	145.0	145.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
1141 RCA Receipts							
TOTAL	147.6	0.0	145.0	145.0	145.0	145.0	145.0

Estimate of any current year (FY2009) cost: 147.6

POSITIONS

Full-time	2	2	2	2	2	2	2
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation would add new utilities to the PCE program. This legislation would also require all participating utilities to file new tariff revisions or cost information to allow the RCA to recalculate PCE levels. The impact of this additional work varies between currently regulated utilities and non-regulated utilities.

ANALYSIS CONTINUED

Prepared by: Robert M. Pickett
Division: Regulatory Commission of Alaska
Approved by: Amanda Ryder, Director
DCCED, Administrative Services

Phone: 907.276.6222
Date/Time: 7/28/08 6:15 PM
Date: 7/31/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HB 4005

ANALYSIS CONTINUATION

Regulated Utilities: This legislation increases the work of the RCA Tariff section because many of the regulated utilities will need tariff revisions more often (PCE will be adjusted more frequently). The legislation makes these filings more complicated and therefore will take additional review time. The costs associated with staff time are passed back to all regulated utilities through the Regulatory Cost Charge (RCC) mechanism. This is similar to a Cost Allocation Plan in place for some divisions or agencies that results in the RCA charging regulated utilities based on the cost of regulating.

Non-regulated Utilities: This legislation increases the work of the RCA Finance section. Similar to regulated utilities, the number of filings and depth of the filings will increase. In addition, the new thresholds currently planned in this legislation will result in an increase to the number of non-regulated utilities involved in the program. The non-regulated utilities are charged differently than regulated utilities. Non-regulated utilities may be assessed the RCA's costs for review in accordance with a flat fee schedule set in 2001. However, true actual costs are not fully assessed or fully collected from these small utilities. This legislation will directly increase the gap between what PCE utilities pay and the actual costs of the program, which is largely borne by entities not participating in the PCE program, such as water, sewer and gas service providers.

The extra work associated with increased filings and increased number of utilities is estimated to require 2 new positions;

Utility Tariff Analyst I / range 14 at	\$65.3 / 12 =	\$5.4 * 11 =	\$59.4
Utility Financial Analyst I / range 17 at	\$79.8 / 12 =	\$6.7 * 11 =	\$73.7
Total Personal Services 2	\$145.0 / 12 =	\$12.1 * 11 =	\$133.1

Upon review of the number of personnel assigned and level of impact, funding these new positions from General Funds would reduce the cost transfer from non-regulated utilities to regulated utilities that pay RCCs. Another alternative would be to impose all costs directly on the utilities participating in the PCE program – however that issue should be addressed after a more thorough review of the rate and cost structure.

This fiscal note assumes an effective date of August 1, 2008 for this legislation, and apportions 11/12ths of the payroll costs of the new positions to FY2009. Annual cost of living increases are not included in the fiscal note.

No general funds are currently allocated for support of the agency.

70 Revised "E"

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB4005(FIN)
() Publish Date: _____

Identifier (file name): CSHB4005-DOR-TAX-8-2-08 Dept. Affected: Revenue 04
Title: PCE:ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: Taxation and Treasury
Component: Tax Division
Sponsor: RULES
Requester: House Finance Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	*	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()		(33,250.0)	(39,900.0)	(39,900.0)	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	*	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

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

Prepared by: Johanna Bales Phone: 269-6528
Division: Tax Date/Time: 8/2/08 1:13 PM
Approved by: Jerry Burnett Date: 8/2/2008
Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CSHB4005(FIN)

ANALYSIS CONTINUATION

Bill Language: This bill would suspend the Motor Fuel tax for the period September 1, 2008 through June 30, 2011.

Revenues: The Department of Revenue expects that suspending the Motor Fuel Tax would result in the loss of \$39.8 million in general fund unrestricted revenues, and \$0.1 million in revenue which is customarily shared with municipalities, for a total of \$39.9 million in lost revenues. The suspension period covers 10 months of fiscal year 2009 and all of fiscal years 2010 and 2011. As such, the Department expects a reduction in revenue in FY 2009 of \$33,250,00 and \$39,900,000 in FY 2010 and FY 2011.

The Department of Revenue's current forecast for Motor Fuel Tax revenues for FY2009 is \$39.9 million. The breakdown of revenues by fuel type is as follows:

Highway	\$29.6 million
Marine	\$ 5.6 million
Aviation Gas	\$ 0.7 million
Aviation Jet Fuel	\$ 4.1 million
Subtotal	\$40.0 million
Municipal Share	-\$ 0.1 million
Total	\$39.9 million

Expenditures: The Department of Revenue will not realize any reduction of expenditures during this tax suspension.

Although there will be no tax liabilities incurred during the tax suspension, this bill require taxpayers to continue to file reports which will allow the Department to collect data which we are required to provide to the Federal Highway Administration in order to secure Federal funding for the Alaska Department of Transportation. The Department of Revenue will therefore need to continue to collect and process Motor Fuel Tax forms.

The Tax Division shares 60% of the Aviation Gas revenues collected at municipally owned or operated airports with the municipality. This municipal share has held steady at \$0.15 million in the recent past. If it were desired to hold the municipalities harmless during this tax suspension, an appropriation of \$150,000 would be required to match the forecast amount.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 4005 FIN
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component Energy Assistance Program

ID(File name) HB4005CS(FIN)-DHSS-EAP-08-03-08
 Title PCE: ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED

Sponsor HOUSE FINANCE
 Requester HOUSE FINANCE Component No. 226

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	220.0			220.0	220.0			
Travel								
Contractual	40.0			40.0	40.0			
Supplies								
Equipment	36.0							
Land & Structures								
Grants & Claims	9,772.5			9,772.5	9,772.5			
Miscellaneous								
TOTAL OPERATING	10,068.5	0.0		10,032.5	10,032.5	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF	10,068.5		10,032.5	10,032.5			
1037 GF/Mental Health							
Other(Specify Type-do not abbreviate)							
Other(Specify Type-do not abbreviate)							
TOTAL	10,068.5	0.0	10,032.5	10,032.5	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	5		5	5			
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

Analysis: CS HB 4005 (FIN) with adoption of amendment E.28 increases the amount of assistance that may be paid to households eligible to participate in the federally-funded Low Income Heating and Energy Assistance Program (LIHEAP) and the solely state-funded Alaska heating assistance program (AKHAP). It establishes that the dollar value of a community heating cost point (HCP) may not exceed \$127.50. These provisions are in effect for the period beginning October 1, 2008 and ending June 30, 2011.

Prepared by: Ron Kreher, Chief of Field Operations
 Division: Public Assistance
 Approved by: William H. Hogan, Commissioner
 Agency: Department of Health and Social Services

Phone 465-5843
 Date/Time 08/02/2008
 Date 08/03/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: CS HB 4005 FIN

ANALYSIS CONTINUATION

The minimum number of HCP allowed is 2 and the maximum is 35. Based on income below 25% of the federal poverty guidelines (FPG) and at \$127.50 per HCP, the highest payment would be \$4,462.50 and the lowest would be \$255. In FY08, an average of 13 HCP was used to calculate a LIHEAP household's payment. At \$85 per HCP, the average household in FY08 received a payment of \$1,105. Under CS HB 4005, a household with 13 HCP would receive a grant of \$1,657.50.

We have no payment history for AKHAP and cannot calculate an average or per capita payment. However, we know that the maximum number of HCP will be 14 and the minimum number will be 2 points. For the purposes of estimating costs for this fiscal note, we assume the average will be 5 HCP for households between 150-225% FPG.

Assumptions:

- The Department estimates that, in addition to the approximately 15,000 households served by LIHEAP, an additional 8,800 households will be served by AKHAP. Note: information about the number of qualifying households with incomes between 150% and 225% of the FPG for Alaska is difficult to project. Information from the 2005 American Community Survey for Alaska (ACS) released on 8/29/2006 provides the most recent data about household income in Alaska. Using the ACS, the department estimated the caseload as follows:

Household calculation: In FY2008, the average household served by LIHEAP had 3 members. The income of a three person household at 150% FPG is \$33,000. Approximately 61,000 Alaskan households had income below this limit. In 2008 LIHEAP served approximately 25% of these households.

An estimated 35,200 households had incomes between \$33,000 (150% FPG) and \$49,500 which is 225% of the FPG for a household of three. If AKHAP serves only 25% of these households, an estimated 8,800 households will receive AKHAP payments.

- The average household below 150% FPG will receive 13 HCP.
- The average household between 150% and 225% FPG will receive 5 HCP.
- The maximum allowable dollar value per community heating cost point is \$127.50.
- The Department intends to give Alaska Native organizations who operate tribal energy assistance programs an opportunity to administer AKHAP as authorized under HB 152.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: CS HB 4005 FIN

ANALYSIS CONTINUATION

Total annual benefit costs are estimated to be \$9,772.5 for FY2009.

- Total annual LIHEAP benefit costs are estimated to be \$24,862.5 (15,000 households x 13 HCP x \$127.50 per HCP = \$24,862.5).
- Total annual AKHAP benefit costs are estimated to be \$5,610.0 (8,800 households x 5 HCP x \$127.50 per HCP = \$5,610.0).
- \$10,000.0 has already been appropriated to support heating assistance programs.
- The department anticipates receiving a federal LIHEAP block grant of \$10,700.0 for FY09
- $\$24,862.5 + \$5,610.0 - 20,700.0 = \$9,772.5$

Administrative Cost Assumptions:

- 4 Eligibility Technicians (Range 13) and 1 Accounting Tech I (Range 12) will be needed to manage the increased applications and workload resulting from more households applying for heating assistance. These positions are responsible for providing customer service, communicating with applicants and vendors, verifying applicant information, and making the eligibility decisions, processing and accounting for vendor payments and processing vendor agreements. The positions are seasonal and work up to 8 months each year (Sept - April).

Total Administrative Costs: \$296.0

Personal Services: \$220.0 (salary and benefits for 5 seasonal positions)

Contractual: \$40.0 (annual costs for information technology, telecommunications, office space, phones)

Equipment/Supplies: \$36.0 (one-time costs for desktop computers, printers, and work stations for 5 positions)

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 4005 FIN
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: PFD Hold Harmless

ID (File name.s): HB4005CS(FIN)-DHSS-PFDHH-08-03-08
 Title: PCE: ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED
 Sponsor: HOUSE FINANCE
 Requester: HOUSE FINANCE

Component No. 225

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims		400.0						
Miscellaneous								
TOTAL OPERATING		400.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (0)								
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FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(PFD Hold Harmless)	400.0					
Other(Specify Type-do not abbreviate)						
TOTAL	400.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSHB 4005 (FIN) increases the 2008 Permanent Fund Dividend by \$1,000 to provide residents of the state with an Alaska resource rebate. The increase of \$1,000 to the total amount of the dividend will be funded by transfers from the general fund to the dividend fund.

The Food Stamp, Social Security Supplemental Income (SSI), and Adult Public Assistance (APA) programs count the Permanent Fund Dividend (PFD) as income in determining whether a person or household qualifies for benefits. PFD money that is not spent and is kept after the month of receipt is also considered an available asset (cash on hand or money in the bank) for program participants.

Prepared by: Ellie Fitzjarrald
 Division: Public Assistance
 Approved by: William H. Hogan, Commissioner
 Agency: Department of Health and Social Services

Phone 465-5847
 Date/Time 08/02/2008
 Date 08/03/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: CS HB 4005 FIN

ANALYSIS CONTINUATION

The Permanent Fund Dividend Hold Harmless program established in AS 43.32.075 requires that public assistance benefits which are lost as the result of counting the PFD as income or as an asset must be replaced by issuing a PFD Hold Harmless (PFD HH) benefit. PFD HH replacement benefits are limited to four months a year.

The department estimates an increment of \$400,000 in PFD HH will be needed in FY 09 to replace Food Stamp benefits that would otherwise be reduced or stopped as a result of households receiving the extra \$1,000 in the PFD.

The department does not expect the \$1,000 increase in the 2008 PFD to affect the amount of PFD HH expenditures needed to replace lost APA and SSI benefits. The amount of the PFD has been so high in recent years that benefits to these program recipients have been replaced with PFD Hold Harmless benefits, even without the additional \$1,000. These appropriations are accounted for in the FY 09 budget. The department also expects that the extra \$1,000 received by program participants will be spent on additional expenses such as increased energy costs.

Assumptions:

In FY09, the department expects that the \$1,000 added to the 2008 PFD will affect 1,000 households. The average PFD HH payment for food stamps is \$400/month. $1,000 \times \$400 = \$400,000$

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 4005 FIN
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component General Relief Assistance

ID(File name) HB4005CS(FIN)-DHSS-GRA-08-03-08
 Title PCE: ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED
 Sponsor HOUSE FINANCE
 Requester HOUSE FINANCE

Component No. 221

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	76.4							
Travel	10.0							
Contractual	49.5							
Supplies	20.3							
Equipment								
Land & Structures								
Grants & Claims	1,207.1							
Miscellaneous								
TOTAL OPERATING	1,363.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (0)								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	1,363.3							
1037 GF/Mental Health								
Other(Specify Type-do not abbreviate)								
Other(Specify Type-do not abbreviate)								
TOTAL	1,363.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary		2					

ANALYSIS: (Attach a separate page if necessary)

CSHB4005 (FIN) increases the 2008 Permanent Fund Dividend by \$1,000 to provide residents of the state with an Alaska resource rebate. The bill also allows veterans, spouses or dependents of a living or deceased veteran to apply for the \$1,000 resource rebate payment if they did not apply for a 2008 permanent fund dividend. Veterans' benefits, both pension and medical, that would be lost as a result of counting the rebate must be replaced with Hold Harmless (HH) benefits through the General Relief Assistance program.

Prepared by: Ellie Filzjarrald, Director
 Division Public Assistance
 Approved by: William H. Hogan, Commissioner
 Agency Department of Health and Social Services

Phone 465-5847
 Date/Time 08/02/2008
 Date 08/03/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: CS HB 4005 FIN

ANALYSIS CONTINUATION

Some veterans benefits are income tested. The Veterans Administration has advised us it will likely treat the resource rebate as income. Pension benefits will be reduced dollar for dollar and prorated over the calendar year. The cost of replacing medical benefits will vary according the veteran's usage of VA medical services. The pension and medical benefits will be replaced through payment of a Hold Harmless benefit.

Cost Assumptions

VA estimates 376 beneficiaries (312 vets and 64 widows and dependents) will be impacted. We estimate the VA hold harmless cost to replace these benefits is \$376.0 (376 x \$1,000).

VA estimates that 497 veterans are receiving assistance with costs of medications, inpatient/outpatient care, and long-term care services. Based on information provided by the VA, the anticipated cost for holding these services harmless is \$831.1

In order to issue these benefits, the Division will need to employ two temporary Project Assistant positions to manage the additional workload associated with determining eligibility and issuing hold harmless benefits, and will need to modify DPA's Eligibility Information System (EIS) to facilitate the issuance of Hold Harmless benefits for veterans whose benefits are reduced due to the resource rebate.

FY09 Administrative Costs for VA benefits: \$156.2

Personal Services (2 positions): \$76.4

Travel (to facilitate employee training and outreach): \$10.0

Contractual (telecommunication, printing, and outreach to inform veterans of the program's availability): \$14.5

Contractual (EIS Computer Programming Modifications): \$35.0

Supplies (equipment and supplies for issuing notices and warrants): \$20.3

All costs for the Alaska Resource Rebate Hold Harmless Program are eliminated in FY 2010 to reflect the sunset of the program June 30, 2009.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-CRA-08-03-08 Dept. Affected: FUND CAPITALIZATIONS
Title: PCE:ELIGIB;AMTS,ELIGIBLE UTILITY DEFINED RDU: Bulk Fuel Bridge Loan Fund
Component: Bulk Fuel Bridge Loan Fund
Sponsor: House Finance
Requester: House Finance Component Number: 2920

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Misc Cap Fuel Bridge 1208	2,518.0						
TOTAL OPERATING	2,518.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	2,518.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other PCE Fund 1089							
TOTAL	2,518.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)
This legislation amends the statute for the Bulk Fuel Bridge Loan Fund by raising the cap from \$500,000 to \$750,000 on the amount that can be borrowed by communities for fuel purchases. As a result, another \$2.5 million is expected to be needed for loans from this fund. The \$18.0 is the amount expected to be needed for increased on-site travel by the contractor operating the program and is included in the fiscal note for DCRA.

Prepared by: Tara Jollie, Director Phono 907-269-7959
Division: Division of Community and Regional Affairs Date/Time: _____
Approved by: Amanda Ryder, Director Date: 8/3/2008
Division: Division of Administrative Services

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 4005
() Publish Date: _____

Identifier (file name): HB4005-CED-CRA-08-03-08 Dept. Affected: Commerce
Title: PCE:ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: Comm Assist & Econ Development
Sponsor: House Finance Component: Community & Regional Affairs
Requester: House Finance Component Number: 2703

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual	18.0		18.0	18.0	18.0	18.0	18.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	18.0	0.0	18.0	18.0	18.0	18.0	18.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other Fuel Bridge Fund (1208)	18.0		18.0	18.0	18.0	18.0
TOTAL	18.0	0.0	18.0	18.0	18.0	18.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the statute for Bulk Fuel Bridge Loan Fund by raising the cap (from \$500,000 to \$750,000) on the amount that can be borrowed by communities for fuel purchases. Because this program is a lender of last resort, a rise in the cap may increase the possibility that borrowers (i.e., communities) may struggle to repay the loans. When this occurs, the contractor provides on-site assistance to the loan recipient regarding the retail pricing of fuel, sales, or collection on past due retail accounts, or strategies regarding use of government funds for repayment of loans.

While it is difficult to determine exactly how much more the contractor may need to travel, the contractor is reimbursed only for travel that actually occurs.

Prepared by: Tara Jollie, Director Phone 907-269-7959
Division: Division of Community and Regional Affairs Date/Time: _____
Approved by: Amanda Ryder, Director Date 8/3/2008
Division of Administrative Services

FISCAL NOTE

*To Revised "E"
with adoption of
amendment 1*

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB4005(FIN)
() Publish Date: _____

Identifier (file name): CSHB4005(FIN)-DDR-RRP-8-2-08 Dept. Affected: 04 Revenue
Title: PCE:ELIGIB;AMTS;ELIGIBLE UTILITY DEFINED RDU: Taxation and Treasury
Sponsor: _____ Rules: _____ Component: Resource Rebate
Requester: _____ House Finance _____ Component Number: 2930

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual		100.0	50.0					
Supplies								
Equipment								
Land & Structures								
Grants & Claims		620,400.0						
TOTAL OPERATING		0.0	620,500.0	50.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		620,500.0	50.0				
1005 GF/Program Receipts							
1037 GF/Mental Health							
TOTAL		620,500.0	50.0				

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill adds \$1,000.00 to each 2008 PFD from the general fund. It also adds a one time \$1,000.00 payment for approximately 400 disabled veterans who have not previously applied for a 2008 PFD. In addition to the small impact of processing 400 new applications, we expect additional costs to the PFD Division in terms of additional public contacts and appeals of eligibility determinations. The increased size of the dividend will result in more appeals and more time spent on appeals. The \$100,000 in FY 09 and \$50,000 in FY 10 are based on increased appeal costs from the Office of Administrative Hearings beyond what can be absorbed in the current PFD Division budget for both FY 09 and FY 10. Funding for this program is in a separate appropriations bill. Estimated costs based on 620,000 eligible PFD applicants and 400 disabled veterans, actual number will not be determined until mid-September.

Prepared by: Loretta Withington
Division: Admin Services
Approved by: Jerry Burnett
Department of Revenue

Phone 465-2312
Date/Time 8/2/08 12:00 AM
Date 8/2/2008

Power Cost Equalization Program--FY09 Costs under Various Assumptions

FY08 Appropriation	\$ 28,000,000							
Current FY08 Base Rate (\$/MWh)		0.1283	0.1283	0.1283	0.1283	0.1283	0.1283	0.1283
Enter a Factor to Increase the Base Rate (and Revise Reimbursement)		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	120.00%
Adjusted PCE Base Rate	\$	0.1283	0.1283	0.1283	0.1283	0.1283	0.1283	0.1540
Enter Winter Maximum kWh/month (retaining 8,000 kWh annual ceiling)		500	500	500	500	500	700	700
Additional Cost of Seasonal Variation		0%	0%	0%	0%	0%	23%	23%
Enter Rate Factor (Anticipated Increase in FY09)		1.00	1.00	1.50	1.50	1.80	1.80	1.80
Rate Factor 1/1/08			AEA estimate of impact of fuel on the rate per MWh		AEA estimate of impact of fuel on the rate per MWh			
Enter Ceiling Rate		0.5250	0.5250	1.1200	1.1200	0.0000	3.0000	3.0000
Maximum PCE Reimbursement per kWh		0.3789	0.3789	0.8421	0.8421	1.7781	1.7781	1.8463
			Current Formula at Latest Reported Residential Rate		Current Formula at 150% of Latest Reported Residential Rate		Increase the Ceiling Rate and Use AEA Rate Factor	
							Enter Any Scenario	Enter Any Scenario
								Enter Any Scenario
Payments to Currently Qualified Utilities	\$	33,351,333	\$ 41,962,729	\$ 60,404,858	\$ 60,631,806	\$ 74,623,761	\$ 70,832,719	
Payments to Newly Qualified Utilities	\$	25,672,373	\$ 25,672,373	\$ 25,672,373	\$ 25,672,373	\$ 1,596,767	\$ 17,981,786	
PCE Payments	\$	59,023,706	\$ 67,635,102	\$ 86,077,231	\$ 86,304,179	\$ 106,220,528	\$ 88,794,505	
FY09 Supplemental Appropriation (Full year)	\$	31,023,706	\$ 39,635,102	\$ 58,077,231	\$ 59,304,179	\$ 78,220,528	\$ 60,794,505	
FY09 Supplemental (enter portion of FY)	0.75	\$ 31,023,706	\$ 29,726,327	\$ 43,557,923	\$ 43,728,134	\$ 58,665,396	\$ 45,595,879	
Add to PCE Endowment (in the Early Fund PCE after FY2013)	\$	456,000,000	\$ 579,000,000	\$ 843,000,000	\$ 846,000,000	\$ 1,130,000,000	\$ 881,000,000	

Cost of Applying PCE to Commercial Customers	\$	\$	\$	\$	\$	\$	\$	\$
(Assumes commercial customers would use 17% of the amount of PCE power used by residential customers per FY09 usage)								
Enter a factor for subsidy to commercial customers					0%			

Increase kWh Covered by PCE to	600	Note: 750 kWh is national average consumption. 700 kWh is estimated average consumption for Anchorage, Fairbanks and Juneau.					
Subsidy Rate (from 500 kWh to new limit)	100%	kWh up to 500/mph are covered at 100%. enter the portion of costs subsidized for consumption above 500 kWh/mph.					
Portion of Residential kWh used	75%	Current average consumption in PCE households is 390 kWh/mph. Consumption may not increase proportionately as the amount of subsidized power is increased.					
Residential Increase	\$	\$	\$	\$	\$	\$	\$
Residential Total	\$	\$ 59,023,706	\$ 67,635,102	\$ 86,077,231	\$ 86,304,179	\$ 106,220,528	\$ 88,794,505
Portion of Commercial kWh used	100%	Commercial consumers are more likely to use the upper limit of subsidized power.					
Commercial Increase	\$	\$	\$	\$	\$	\$	\$
Commercial Total	\$	\$	\$	\$	\$	\$	\$
Total PCE Payments	\$	\$ 59,023,706	\$ 67,635,102	\$ 86,077,231	\$ 86,304,179	\$ 106,220,528	\$ 88,794,505
Add to PCE Endowment (in the Early Fund PCE after FY2013)	\$	\$ 456,000,000	\$ 579,000,000	\$ 843,000,000	\$ 846,000,000	\$ 1,130,000,000	\$ 881,000,000

Utility	Total kWh subject to PCE	Latest Residential Rate	Base PCE Payout under Various Assumptions about Power Costs and the Ceiling Rate					
Of the 181 participating utilities, costs for 143 will increase the ceiling rate if local power costs increase by 50%								
Alaska PCE	811,357	0.5300	230,388	230,388	407,582	407,582	501,857	482,344
Alaska PCE	181,898	0.6000	73,074	73,074	149,632	149,632	194,162	178,039
Alaska PCE	285,803	0.3250	55,848	55,848	101,803	101,803	125,296	116,270
Alaska/Katmai PCE	200,518	0.7361	88,180	88,180	245,438	245,438	312,894	304,887
Bethel/Evening PCE	148,638	0.6396	55,283	55,283	135,083	135,083	188,238	181,807
Chitina PCE	150,588	0.6294	56,748	56,748	122,158	122,158	150,146	145,590
Coffman Cove PCE	473,695	0.5095	178,519	178,519	301,246	301,246	370,785	355,825
Craig PCE	3,290,677	0.2662	433,961	462,000	862,000	862,000	1,080,823	957,018
Dot Lake/Dot Lake Village PCE	121,822	0.4544	35,369	47,818	71,124	81,124	75,230	71,256
Edna/Village PCE	341,709	0.5629	129,532	129,532	248,081	248,081	302,843	291,890
Haines/Coyahnd Lake PCE	3,831,848	0.2307	592,381	634,385	834,385	834,385	1,026,835	805,820
Healy Lake PCE	38,908	0.7484	14,863	17,863	36,657	38,570	47,471	48,243
Healy PCE	336,970	0.2912	44,367	88,129	88,129	88,129	104,806	97,845
Hwy69 PCE	887,578	0.2062	82,064	120,832	120,832	120,832	149,716	127,615
Klawock/Kasaan PCE	1,502,690	0.2012	208,120	409,426	409,426	409,426	503,808	454,517
Mentana PCE	124,641	0.7805	48,875	48,875	114,886	114,886	141,358	137,482
Naklat PCE	212,522	0.5082	80,085	80,085	154,726	154,726	183,817	156,108
Northway/Northway Village PCE	380,396	0.5789	132,052	12,152	218,258	218,258	317,858	306,732
Shagway PCE	2,532,652	0.2017	186,902	448,913	448,913	448,913	552,808	472,535
Siena PCE	153,905	0.6097	57,911	57,911	120,818	120,818	148,700	143,847
TADN PCE	181,175	0.4094	50,808	68,279	88,016	91,515	108,326	102,804
Thorne Bay/Kasaan PCE	1,199,258	0.2062	95,422	217,385	217,385	217,385	267,157	229,283
Tukituk PCE	2,805,595	0.4084	187,086	1,088,617	1,177,532	1,177,532	1,495,424	1,405,873
Whale Pass PCE	117,532	0.5079	44,294	44,294	74,492	74,492	91,848	87,854
Alaska PCE	886,913	0.4802	312,105	334,246	626,052	626,052	846,218	618,208
Anchor PCE	317,846	0.3086	185,211	185,211	448,002	448,002	592,803	497,244
Anvik PCE	211,111	0.5482	79,729	79,729	143,033	143,033	179,142	175,480
Berby Mission PCE	500,081	0.4117	172,037	184,802	290,183	290,183	357,161	347,516
Chevak PCE	1,050,180	0.4727	365,888	398,000	610,240	610,240	781,085	717,880
Eek PCE	410,248	0.4826	147,123	156,931	247,322	247,322	304,397	291,282
Elim PCE	813,095	0.4826	181,780	183,068	305,588	305,588	376,122	358,818
Estovak PCE	1,293,291	0.4578	422,848	493,627	716,580	716,580	881,957	841,429
Gambell PCE	801,212	0.5018	298,157	301,994	500,081	500,081	615,480	580,155
Goodman Bay PCE	365,556	0.4845	133,888	137,786	224,252	224,252	276,005	264,458
Grayling PCE	302,588	0.5122	113,943	113,943	191,500	191,500	236,154	228,808
Holy Cross PCE	377,628	0.5079	142,590	142,590	279,148	279,148	344,154	323,411
Huachuca PCE	1,155,836	0.4600	519,890	471,081	617,887	617,887	781,081	748,226
Huslia PCE	821,581	0.5086	186,568	186,568	332,018	332,018	404,838	382,588
Katag PCE	330,907	0.4906	118,888	124,707	201,358	201,358	247,457	237,007
Kavik PCE	617,967	0.4054	180,149	212,890	291,866	291,866	358,219	338,703
Kiana PCE	617,819	0.5212	240,518	240,518	420,549	420,549	517,568	487,459
Kivalina PCE	460,343	0.5207	173,487	173,487	300,488	300,488	369,852	350,294
Koyuk PCE	655,190	0.4654	187,088	208,480	348,880	348,880	438,775	412,222
Lower Katakag PCE	543,558	0.4880	193,024	193,024	346,136	346,136	429,582	413,580
Marshall PCE	579,280	0.4817	180,482	218,303	300,323	300,323	368,651	348,767
Mekoryuk PCE	543,141	0.4880	193,024	193,024	346,136	346,136	429,582	413,580
Minto PCE	387,803	0.4382	120,586	148,183	205,772	205,772	253,284	241,014
Mt. Village PCE	1,008,804	0.4507	354,036	414,331	601,840	601,840	748,851	708,851
New Khyahak PCE	128,655	0.4984	146,729	146,729	277,820	277,820	343,161	346,161

7/22/2008
11/24/08

Powe: Cost Equalization Program--FY09 Costs under Various Assumptions

FY08 Approaches		Current FY09 Base Rate (SAW)		100.00%		100.00%		100.00%		100.00%	
Enter a Factor to Increase the Base Rate (and Restore Reimbursement)		Adjusted PCE Base Rate		100.00%		100.00%		100.00%		100.00%	
Enter Winter Maximum kWh/month (retaining 8,000 kWh annual ceiling)		Additional Cost of Seasonal Variation		1.00		1.50		1.50		1.50	
Enter Rate Factor (Anticipated Increase in FY09)		Rate Factor Notes		AEA estimate of impact of rate on the rate per kWh		AEA estimate of impact of rate on the rate per kWh		AEA estimate of impact of rate on the rate per kWh		AEA estimate of impact of rate on the rate per kWh	
Enter Ceiling Rate		Enter Ceiling Rate		2.0000		2.0000		2.0000		2.0000	
Maximum PCE Reimbursement per kWh		Maximum PCE Reimbursement per kWh		0.3789		0.3789		0.3789		0.3789	
		Current Formula at Latest Reported Residential Rate		Current Formula at 150% of Latest Reported Residential Rate		Increase the Ceiling Rate and Use AEA Rate Factor		Enter Any Scenario		Enter Any Scenario	
Dillingham/Alatnagik PCE	4,818,368	0.2278	489,178	1,048,153	1,048,153	1,048,153	1,048,153	1,281,215	1,135,999		
Duval PCE	347,601	0.3610	66,887	130,899	143,629	143,629	143,629	176,774	165,786		
Padre Rey PCE	82,830	0.6000	31,140	31,140	83,798	83,798	83,798	78,481	79,871		
Paradise PCE	152,385	0.5000	58,542	57,428	94,738	94,738	94,738	118,800	111,798		
Platinum PCE	33,645	0.5000	11,381	11,548	19,052	19,052	19,052	23,448	22,481		
Pompano Beach PCE	448,070	0.4500	144,486	188,239	245,507	245,507	245,507	302,182	287,880		
Ruby PCE	248,858	0.8500	93,033	83,033	208,018	208,018	208,018	257,250	248,434		
Sand Point PCE	1,528,011	0.5248	575,954	575,874	1,008,826	1,008,826	1,008,826	1,238,148	1,190,889		
St. Paul PCE	1,038,546	0.5300	381,769	381,768	683,085	683,085	683,085	853,063	820,173		
Stovena Village PCE	84,587	0.5500	32,635	32,635	60,332	60,332	60,332	74,255	71,520		
Tarabza PCE	93,728	0.5810	34,183	34,183	67,430	67,430	67,430	82,991	80,125		
Port Aisworth PCE	175,265	0.6898	65,051	68,051	153,550	153,550	153,550	188,984	183,448		
Tanana PCE	408,807	0.5683	154,103	154,103	298,723	298,723	298,723	365,194	352,714		
Tatoh PCE	198,335	0.4350	58,234	73,992	101,446	101,446	101,446	124,857	118,658		
Tenakee Springs PCE	238,981	0.4400	74,805	80,444	127,603	127,603	127,603	157,050	149,471		
Angoon PCE	749,418	0.4177	218,882	282,430	373,398	373,398	373,398	455,587	435,889		
Chitka Valley PCE	537,008	0.4177	155,408	202,377	267,560	267,560	267,560	329,505	312,346		
Haakon PCE	2,021,128	0.4177	844,914	781,682	1,007,028	1,007,028	1,007,028	1,234,417	1,175,561		
Kake PCE	838,647	0.4177	271,644	353,743	467,681	467,681	467,681	575,607	545,965		
Blukwon PCE	218,982	0.4177	62,708	81,772	108,110	108,110	108,110	133,058	128,208		
Tuluksat PCE	252,804	0.6000	65,188	65,188	184,935	184,935	184,935	239,818	231,942		
Tumukluh PCE	282,850	0.5200	108,598	108,598	184,935	184,935	184,935	228,872	217,898		
Twin Hills PCE	123,651	0.5100	48,800	48,800	84,148	84,148	84,148	108,029	102,123		
Nikolai PCE	64,414	0.6000	24,275	24,275	49,708	49,708	49,708	61,178	58,145		
Unalakleet PCE	1,285,189	0.3989	287,983	484,343	484,348	484,348	484,348	598,170	555,581		
Unalakleet PCE	9,081,020	0.4444	1,630,271	1,818,627	2,740,486	2,740,486	2,740,486	3,372,831	3,212,138		
Unalakleet PCE	264,078	0.7200	89,521	89,521	248,790	248,790	248,790	308,319	300,878		
Unalakleet PCE	178,858	0.5100	67,443	67,443	113,843	113,843	113,843	140,238	134,588		
White Mountain PCE	334,718	0.6000	128,143	128,143	258,302	258,302	258,302	317,810	307,939		
White Mountain PCE	1,428,247	0.4540	436,815	538,258	748,545	748,545	748,545	918,824	878,718		
Chugach Electric Assoc	418,242,000	0.11654									
Golden Valley	218,370,000	0.21066	18,237,983	18,237,983	18,237,983	18,237,983	18,237,983	18,935,222	13,088,782		
Home Electric Association, Inc	443,058,000	0.1758	8,785,255	8,785,255	8,785,255	8,785,255	8,785,255	8,363,381	3,845,398		
Matanuska Electric Association, Inc	111,870,000	0.129	219,578	219,578	219,578	219,578	219,578	248,274			
Municipal Light & Power	144,244,800	0.2678									
Cooper Valley Electric Association, Inc	17,558,000	0.1578	419,858	519,858	519,858	519,858	519,858	638,578	85,133		
KODIAK ELECTRIC ASSOCIATION, INC	31,788,000	0.1813	1,472,858	1,472,858	1,472,858	1,472,858	1,472,858	1,812,502	934,879		
Koon Tribal Corporation	438,000	0.1879	17,345	17,345	17,345	17,345	17,345	21,347	7,818		
Kenai Village Electric Cooperative (Tale)	35,784,000										
City and Borough of Sitka	30,878,000	0.1817	411,085	411,085	411,085	411,085	411,085	595,651			
City of Anchorage	34,148,000	0.0958									
City of Seward	11,884,000	0.0862									
City of Wasilla	8,324,000	0.114									
City of Kenai	8,248,000	0.119									
Barrow Utilities and Electric Cooperative	8,158,000	0.1011									

For non-utility facilities community power (all into utility costs) and use latest reported rate which may be less than current rates

8-2-08

**2008 Poverty Guidelines for Alaska
Income Guidelines as Published**

2008 Annual Guidelines

No in Household	2008 AK Guidelines	75%	135%	150%	175%	200%	225%	250%	300%
1	\$13,000	9,750	17,550	19,500	22,750	26,000	29,250	32,500	39,000
2	17,500	13,125	23,625	26,250	30,625	35,000	39,375	43,750	52,500
3	22,000	16,500	29,700	33,000	38,500	44,000	49,500	55,000	66,000
4	26,500	19,875	35,775	39,750	46,375	53,000	59,625	66,250	79,500
5	31,000	23,250	41,850	46,500	54,250	62,000	69,750	77,500	93,000
6	35,500	26,625	47,925	53,250	62,125	71,000	79,875	88,750	106,500
7	40,000	30,000	54,000	60,000	70,000	80,000	90,000	100,000	120,000
8	44,500	33,375	60,075	66,750	77,875	89,000	100,125	111,250	133,500

For family units of more than eight, add \$4,500 for each additional member

2008 Monthly Guidelines

No in Household	2008 AK Guidelines	75%	135%	150%	175%	200%	225%	250%	300%
1	\$1,083.33	812	1,463	1,625	1,896	2,167	2,437	2,708	3,250
2	1,458.33	1,094	1,969	2,188	2,552	2,917	3,281	3,646	4,375
3	1,833.33	1,375	2,475	2,750	3,208	3,667	4,125	4,583	5,500
4	2,208.33	1,656	2,981	3,313	3,865	4,417	4,969	5,521	6,625
5	2,583.33	1,938	3,488	3,875	4,521	5,167	5,813	6,458	7,750
6	2,958.33	2,219	3,994	4,438	5,177	5,917	6,656	7,396	8,875
7	3,333.33	2,500	4,500	5,000	5,833	6,667	7,500	8,333	10,000
8	3,708.33	2,781	5,006	5,563	6,490	7,417	8,344	9,271	11,125

For family units of more than eight, add \$4,500 for each additional member

D+ISS

	30,845			Current Formula at Latest Reported Residential Rate	PCE applies to costs greater than 120% of urban average \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	PCE applies above a \$.10 Floor with a minimum of \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	House to Senate
Payments to Currently Qualified Utilities				\$ 32,062,714	\$ 54,667,204	0.1780	\$ 89	\$ 63,971,107	0.1005	\$ 50	\$ 9,303,903
Payments to Newly Qualified Utilities				\$ -	\$ 69,448,230	0.0897	\$ 45	\$ 83,803,667	0.0793	\$ 40	\$ 14,355,437
Payments for Newly Qualified Community Facilities					\$ -			\$ 21,000,000			\$ 21,000,000
PCE Payments				\$ 32,062,714	\$ 124,115,434	0.0967	\$ 48	\$ 168,774,774	0.0810	\$ 41	\$ 44,659,340
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

PCE Payout under Various Assumptions:

Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	Anticipated FY09 Rate								
Atakanuk PCE	886,913	0.4802	0.7203	296,499	498,800	79	550,152	0.1000	50	51,352	
Ambler PCE	517,986	0.8098	1.2147	195,211	305,930	312	543,885	0.1000	82	237,955	
Anvik PCE	211,559	0.5442	0.8163	79,729	124,950	113	151,540	0.1000	50	26,590	
Bravig Mission PCE	500,981	0.4717	0.7076	163,435	275,684	79	304,371	0.1000	50	28,687	
Chevak PCE	1,050,780	0.4727	0.7091	343,794	579,728	79	639,978	0.1000	50	60,249	
Ek PCE	415,249	0.4826	0.7239	139,767	234,956	79	259,074	0.1000	50	24,118	
Elim PCE	513,095	0.4826	0.7239	172,700	290,319	79	320,120	0.1000	50	29,801	
Emmonak PCE	1,283,291	0.4578	0.6867	401,702	680,760	78	752,907	0.1000	50	72,147	
Gambell PCE	801,252	0.5016	0.7524	284,152	473,231	81	522,737	0.1000	50	49,505	
Goodnews Bay PCE	365,559	0.4945	0.7418	127,174	213,040	79	234,597	0.1000	50	21,558	
Grayling PCE	302,344	0.5122	0.7683	110,266	178,569	89	202,056	0.1000	50	23,468	
Holy Cross PCE	377,828	0.5075	0.7613	136,109	223,151	85	249,839	0.1000	50	26,688	
Hooper Bay PCE	1,135,636	0.4600	0.6900	357,856	605,992	78	670,025	0.1000	50	64,033	
Huslia PCE	521,591	0.5099	0.7649	189,087	308,059	87	346,780	0.1000	50	38,720	
Kallag PCE	330,907	0.4906	0.7359	113,893	191,006	79	210,424	0.1000	50	19,418	
Kasigluk PCE	617,967	0.4004	0.6006	159,741	277,273	76	309,354	0.1000	50	32,082	
Kiana PCE	637,678	0.5252	0.7878	240,319	376,622	99	438,595	0.1000	50	61,973	
Kivalina PCE	460,343	0.5207	0.7811	171,607	271,885	95	313,517	0.1000	50	41,631	
Koyuk PCE	555,795	0.4654	0.6981	177,991	300,857	78	332,421	0.1000	50	31,564	
Lower Kalamag PCE	344,988	0.4460	0.6690	104,123	177,208	78	196,298	0.1000	50	19,090	
Marshall PCE	579,260	0.4657	0.6986	185,670	313,807	78	346,716	0.1000	50	32,909	
Makoryuk PCE	343,141	0.4660	0.6990	110,085	186,039	78	205,541	0.1000	50	19,502	
Minto PCE	387,893	0.4392	0.6588	114,566	195,488	77	216,755	0.1000	50	21,266	
Mt. Village PCE	1,098,804	0.4505	0.6758	336,333	571,463	78	632,636	0.1000	50	61,173	
New Stuyahok PCE	528,855	0.4984	0.7476	185,943	311,144	80	342,486	0.1000	50	31,343	
Nightmute PCE	316,938	0.4880	0.7320	108,302	191,769	79	200,305	0.1000	50	18,536	
Noatak PCE	747,524	0.7411	1.1117	281,716	441,452	281	756,233	0.1000	50	314,734	
Noorvik PCE	961,408	0.5172	0.7758	355,197	567,822	93	649,720	0.1000	50	81,898	
Nulato PCE	595,475	0.5263	0.7895	224,414	351,696	99	410,550	0.1000	50	58,854	
Nunapitchook PCE	587,412	0.4004	0.6006	151,843	263,563	76	294,058	0.1000	50	30,495	
Old Harbor PCE	431,277	0.4445	0.6668	129,551	220,610	78	244,426	0.1000	50	23,816	
Pilot Station PCE	722,403	0.4843	0.7265	244,317	410,500	79	452,549	0.1000	50	42,049	
Pitkas Point PCE	158,287	0.4659	0.6989	50,766	85,795	78	94,790	0.1000	50	8,995	
Quinhagak PCE	883,474	0.4828	0.7242	297,532	500,139	79	551,464	0.1000	50	51,325	
Rusklan Mission PCE	345,520	0.4669	0.7004	111,143	187,772	78	207,433	0.1000	50	19,661	
Savoonga PCE	884,887	0.4849	0.7274	299,773	503,587	79	555,134	0.1000	50	51,547	
Scammon Bay PCE	564,022	0.5231	0.7847	211,542	333,120	97	386,158	0.1000	50	53,038	
Selawik PCE	1,275,987	0.4953	0.7430	444,873	745,071	80	820,396	0.1000	50	75,325	

	30,645			Current Formula at Latest Reported Residential Rate	PCE applies to costs greater than 120% of urban average \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	PCE applies above a \$.10 Floor with a minimum of \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	House to Senate
Payments to Currently Qualified Utilities				\$ 32,062,714	\$ 54,667,204	0.1780	\$ 89	\$ 63,971,107	0.1005	\$ 50	\$ 9,303,903
Payments to Newly Qualified Utilities				\$ -	\$ 69,448,230	0.0897	\$ 45	\$ 83,803,667	0.0793	\$ 40	\$ 14,355,437
Payments for Newly Qualified Community Facilities				\$ -	\$ -			\$ 21,000,000			\$ 21,000,000
PCE Payments				\$ 32,062,714	\$ 124,115,434	0.0967	\$ 48	\$ 168,774,774	0.0810	\$ 41	\$ 44,659,340
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	Anticipated FY09 Rate	PCE Payout under Various Assumptions							
Shageluk PCE	178,271	0.5652	0.8478	67,184	105,290		129	133,311	0.1000	50	28,022
Shaktolik PCE	365,197	0.4548	0.6822	113,275	192,168		78	212,618	0.1000	50	20,449
Shishmaref PCE	717,088	0.4358	0.6537	209,479	357,920		77	397,052	0.1000	50	39,131
Shungnak PCE	374,009	0.7203	1.0805	140,951	220,895		245	366,697	0.1000	50	145,802
St. Mary's/Andreasafsky PCE	873,991	0.4659	0.6989	280,306	473,723		78	523,390	0.1000	50	49,667
St. Michael PCE	699,829	0.4511	0.6767	214,610	364,564		78	403,556	0.1000	50	38,993
Stebbins PCE	599,887	0.4834	0.7251	202,369	340,112		79	374,989	0.1000	50	34,877
Teller PCE	308,684	0.5453	0.8180	116,332	182,313		114	221,620	0.1000	50	39,306
Togiak PCE	1,123,244	0.4483	0.6725	341,466	580,653		78	643,001	0.1000	50	62,348
Toksook Bay PCE	658,211	0.3728	0.5592	152,886	269,442		75	302,250	0.1000	50	32,809
Tununak PCE	439,744	0.3728	0.5592	102,142	180,011		75	201,930	0.1000	50	21,919
Upper Kalaag PCE	348,679	0.4460	0.6690	105,237	179,104		78	198,398	0.1000	50	19,294
Wales PCE	217,932	0.4764	0.7146	72,069	121,385		79	133,941	0.1000	50	12,556
Warduk PCE	80,511	0.6000	0.9000	30,342	47,551		155	64,409	0.1000	50	16,858
Witka PCE	155,210	0.5520	0.8280	58,493	91,669		119	112,993	0.1000	50	21,324
Aniak PCE	722,684	0.6705	1.0058	272,354	426,828		208	654,571	0.1000	50	227,743
Almatulik PCE	271,403	0.6400	0.9600	102,282	160,295		185	233,407	0.1000	50	73,112
Beaver PCE	69,645	0.5000	0.7500	24,593	41,133		80	45,269	0.1000	50	4,136
Bethel/Oscarville PCE	8,402,567	0.4404	0.6606	2,491,319	4,249,052		77	4,710,479	0.1000	50	461,427
Buckland PCE	326,953	0.4036	0.6054	85,510	148,190		76	165,242	0.1000	50	17,052
Central PCE	218,494	0.5089	0.7634	79,001	129,046		86	144,938	0.1000	50	15,892
Chenega Bay PCE	118,883	0.4350	0.6525	34,580	59,103		77	65,572	0.1000	50	6,469
Chignik PCE	218,408	0.5570	0.8355	82,310	128,995		122	160,639	0.1000	50	31,644
Chignik Lagoon PCE	205,667	0.4000	0.6000	53,086	92,162		76	102,834	0.1000	50	10,671
Chitina PCE	161,341	0.5550	0.8325	60,804	95,290		121	118,182	0.1000	50	22,892
Circle PCE	90,409	0.5000	0.7500	31,925	53,397		80	58,766	0.1000	50	5,369
Cordova PCE	5,588,427	0.4313	0.6470	1,608,629	2,753,516		77	3,056,590	0.1000	50	303,074
Diomede PCE	161,023	0.6000	0.9000	60,684	95,103		155	128,818	0.1000	50	33,716
Egegik PCE	169,452	0.5500	0.8250	63,861	100,081		117	122,853	0.1000	50	22,772
Ekwook PCE	188,678	0.5000	0.7500	66,625	111,436		80	122,641	0.1000	50	11,205
Fifin Cove PCE	87,993	0.4200	0.6300	24,384	41,939		77	46,636	0.1000	50	4,698
False Pass PCE	67,387	0.4200	0.6300	18,674	32,118		77	35,715	0.1000	50	3,597
Colt Bay PCE	157,772	0.6589	0.9884	59,459	93,183		199	140,157	0.1000	50	46,974
Galena PCE	1,322,003	0.3980	0.5970	338,717	588,642		76	657,035	0.1000	50	68,394
Golovin PCE	241,550	0.5400	0.8100	91,032	142,683		110	171,501	0.1000	50	28,837
Guadalupe PCE	790,267	0.7504	1.1256	297,824	466,744		267	810,498	0.1000	50	343,754
Fort Yukon PCE	1,038,544	0.4529	0.6794	319,639	542,628		78	600,522	0.1000	50	57,894
Hughes PCE	147,630	0.5100	0.7650	53,533	87,192		87	98,174	0.1000	50	10,981

	30,645			Current Formula at Latest Reported Residential Rate	PCE applies to costs greater than 120% of urban average \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	PCE applies above a \$.10 Floor with a minimum of \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	House to Senate
Payments to Currently Qualified Utilities				\$ 32,062,714	\$ 54,667,204	0.1780	\$ 89	\$ 63,971,107	0.1005	\$ 50	\$ 9,303,903
Payments to Newly Qualified Utilities				\$ -	\$ 69,448,230	0.0897	\$ 45	\$ 83,803,667	0.0793	\$ 40	\$ 14,355,437
Payments for Newly Qualified Community Facilities				\$ -	\$ -			\$ 21,000,000			\$ 21,000,000
PCE Payments				\$ 32,062,714	\$ 124,115,434	0.0967	\$ 48	\$ 168,774,774	0.0810	\$ 41	\$ 44,659,340
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	Anticipated FY03 Rate	PCE Payout under Various Assumptions							
Iglugig PCE	85,196	0.6030	0.9045	32,107	50,318		157	68,540	0.1000	50	18,222
Iliamna/Hawhalen/Hondaton PCE	817,524	0.6024	0.9036	308,096	482,842		156	656,962	0.1000	50	174,120
Dawling PCE	288,370	0.6215	0.9323	108,677	170,316		171	239,996	0.1000	50	69,680
King Cove PCE	1,147,175	0.2400	0.3600	121,732	252,510		70	298,266	0.1000	50	45,755
Kipnuk PCE	691,873	0.5073	0.7610	249,109	408,631		85	457,293	0.1000	50	48,663
Kohmanok Bay PCE	221,867	0.6900	1.0350	83,614	131,038		222	207,446	0.1000	50	76,408
Kotiganak PCE	249,308	0.5000	0.7500	88,034	147,245		80	162,050	0.1000	50	14,805
Kotlik PCE	741,424	0.5551	0.8327	279,417	437,896		121	543,204	0.1000	50	105,308
Kotzebue PCE	5,805,877	0.3605	0.5408	1,280,718	2,274,902		74	2,558,940	0.1000	50	284,038
Koyukuk PCE	89,884	0.4500	0.6750	27,470	46,683		78	51,683	0.1000	50	5,001
Kwethluk PCE	420,962	0.4400	0.6600	124,653	212,634		77	235,739	0.1000	50	23,104
Kwigillingok PCE	343,389	0.5000	0.7500	121,256	202,811		80	223,203	0.1000	50	20,392
Larsen Bay PCE	165,567	0.4000	0.6000	42,735	74,193		76	82,784	0.1000	50	8,590
Levelock PCE	129,236	0.5000	0.7500	45,635	76,329		80	84,003	0.1000	50	7,675
Lima Village PCE	31,472	1.1700	1.7550	11,861	18,588		582	33,046		353	14,458
Manley Hot Springs PCE	109,010	0.6010	0.9015	41,082	64,383		155	87,372	0.1000	50	22,989
Manokotak PCE	343,867	0.3400	0.5100	69,157	124,691		74	140,985	0.1000	50	16,294
McGrath PCE	840,937	0.4778	0.7167	279,212	470,067		79	518,606	0.1000	50	48,539
Chuathbaluk PCE	95,782	0.7749	1.1624	36,097	56,570		286	100,571	0.1124	56	44,001
Crooked Creek PCE	113,404	0.7749	1.1624	42,738	66,978		286	119,074	0.1124	56	52,096
Red Devil PCE	43,257	0.7749	1.1624	16,302	25,548		286	45,420	0.1124	56	19,872
Steelmute PCE	137,915	0.7749	1.1624	51,975	81,455		286	144,811	0.1124	56	63,356
Stony River PCE	36,507	0.7749	1.1624	13,757	21,560		286	38,329	0.1124	56	16,769
Nahnah/Nahneki/Kng Simn PCE	2,902,514	0.3582	0.5343	628,430	1,119,538		74	1,260,605	0.1000	50	141,067
Napaklak PCE	354,008	0.6333	0.9500	133,413	209,082		180	300,889	0.1000	50	91,807
Napaklak PCE	754,578	0.6000	0.9000	171,315	268,481		155	363,662	0.1000	50	95,182
Chalofnak PCE	111,741	0.5500	0.8250	155,171	243,180		117	298,512	0.1000	50	55,332
Nelson Lagoon PCE	162,604	0.5200	0.7800	60,507	96,036		95	110,571	0.1000	50	14,534
Nikolai PCE	108,950	0.5000	0.7500	38,472	64,348		80	70,818	0.1000	50	6,470
Nome PCE	7,480,443	0.3169	0.4754	1,340,271	2,466,283		73	2,807,784	0.1000	50	341,501
Nunam Iqua PCE	278,560	0.3800	0.5700	86,808	116,888		75	130,923	0.1000	50	14,035
Dillingham/Aleknagik PCE	4,916,369	0.2278	0.3417	464,720	906,695		69	1,188,286	0.1000	50	191,591
Duzinkie PCE	347,601	0.3610	0.5415	76,842	136,447		74	153,466	0.1000	50	17,019
Peuro Bay PCE	82,630	0.6000	0.9000	31,140	48,803		155	66,104	0.1000	50	17,301
Pilot Point PCE	152,385	0.5000	0.7500	53,809	90,001		80	99,050	0.1000	50	9,049
Pielnum PCE	30,645	0.5000	0.7500	10,821	18,099		80	19,919	0.1000	50	1,820
Kongiganak PCE	449,070	0.4500	0.6750	137,243	233,231		78	258,215	0.1000	50	24,984
Ruby PCE	246,859	0.6500	0.9750	93,033	145,799		102	216,002	0.1000	50	70,203

	30,646				Current Formula at Latest Reported Residential Rate	PCE applies to costs greater than 120% of urban average \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	PCE applies above a \$.10 Floor with a minimum of \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	House to Senate
Payments to Currently Qualified Utilities					\$ 32,062,714	\$ 54,667,204	0.1780	\$ 89	\$ 63,971,107	0.1005	\$ 50	\$ 9,303,903
Payments to Newly Qualified Utilities					\$ -	\$ 69,448,230	0.0897	\$ 45	\$ 83,803,667	0.0793	\$ 40	\$ 14,355,437
Payments for Newly Qualified Community Facilities					\$ -	\$ -			\$ 21,000,000			\$ 21,000,000
PCE Payments					\$ 32,062,714	\$ 124,115,434	0.0967	\$ 48	\$ 168,774,774	0.0810	\$ 41	\$ 44,659,340
					(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	Anticipated FY09 Rate	PCE Payout under Various Assumptions								
Sand Point PCE	1,528,011	0.5248	0.7872	575,564	902,466	98	1,050,049	0.1000	50	147,583		
St. Paul PCE	1,039,546	0.5300	0.7950	391,769	613,971	102	722,484	0.1000	50	108,513		
Sleavna Village PCE	88,597	0.5500	0.8250	32,635	51,145	117	62,783	0.1000	50	11,637		
Takotna PCE	90,729	0.5810	0.8715	34,193	53,586	140	69,997	0.1000	50	16,412		
Port Alsworth PCE	175,265	0.6696	1.0044	68,051	103,514	207	158,510	0.1000	50	54,996		
Tanana PCE	408,907	0.5893	0.8540	154,103	241,507	132	308,295	0.1000	50	66,789		
Tatiltah PCE	196,335	0.4300	0.6450	56,273	96,374	77	107,003	0.1000	50	10,629		
Tanaka Springs PCE	239,991	0.4400	0.6600	71,065	121,223	77	134,395	0.1000	50	13,172		
Angoon PCE	749,419	0.4177	0.6266	206,038	354,728	77	394,607	0.1000	50	39,878		
Chikot Valley PCE	537,000	0.4177	0.6266	147,637	254,182	77	282,757	0.1000	50	28,575		
Hoonah PCE	2,021,126	0.4177	0.6266	555,668	956,675	77	1,064,224	0.1000	50	107,549		
Kake PCE	938,647	0.4177	0.6266	258,062	444,297	77	494,245	0.1000	50	49,948		
Klukwan PCE	216,980	0.4177	0.6266	59,654	102,705	77	114,251	0.1000	50	11,546		
Tuluksak PCE	252,604	0.6000	0.9000	95,198	149,192	155	202,083	0.1000	50	52,891		
Tuntutuliak PCE	282,850	0.5200	0.7800	105,253	167,055	95	192,338	0.1000	50	25,283		
Twin Hills PCE	123,651	0.5500	0.8250	46,600	73,030	117	89,647	0.1000	50	16,617		
Nikolaki PCE	64,414	0.6000	0.9000	24,275	38,044	155	51,531	0.1000	50	13,487		
Unalakleet PCE	1,285,189	0.3368	0.5052	254,564	460,168	74	520,759	0.1000	50	60,590		
Unalaska PCE	5,091,020	0.4444	0.6666	1,528,808	2,603,471	78	2,884,572	0.1000	50	281,101		
Newtok PCE	264,076	0.7200	1.0800	99,521	155,967	245	258,794	0.1000	50	102,827		
Venetie PCE	178,959	0.5100	0.7650	64,893	105,696	87	119,008	0.1000	50	13,312		
White Mountain PCE	334,718	0.6000	0.9000	126,143	197,689	155	267,774	0.1000	50	70,085		
Yakutat PCE	1,428,247	0.4340	0.6510	414,784	709,217	77	786,964	0.1000	50	77,747		
	120,039,821											

	30,415			Current Formula at Latest Reported Residential Rate	PCE applies to costs greater than 120% of urban average \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	PCE applies above a \$.10 Floor with a minimum of \$.05/kWh to non-PCE utilities	Effective Rate for First 500kWh per Month	Monthly Electric Bill	House to Senate
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Payments for Newly Qualified Community Facilities				\$ -	\$ -			\$ 21,000,000			\$ 21,000,000
PCE Payments				\$ 32,062,714	\$ 124,115,434	0.0967	\$ 48	\$ 168,774,774	0.0810	\$ 41	\$ 44,659,340
				(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Utility	Total (residential and community) kWh subject to PCE	Last Residential Rate	Anticipated FY09 Rate	PCE Payout under Various Assumptions							
				(1)	(2)	(3)	(4)	(5)	(6)		
Utilities Not Currently Eligible for PCE											
regulated	6000*hookups*.95										
Chugach Electric Assoc.	397,329,900	0.1180	0.1239		19,866,495	0.0739	36,971	19,866,495	0.0739	37	-
ALEP (Juneau)	76,927,200	0.1031	0.1083		3,846,360	0.0583	29	3,846,360	0.0583	29	-
Golden Valley	207,451,500	0.2027	0.2128		10,372,575		81	23,399,077	0.1000	50	13,026,502
Homax Electric Association, Inc.	135,905,100	0.1422	0.1493		6,795,255	0.0993	50	6,795,255	0.0993	50	-
Matanuska Electric Association, Inc.	296,371,500	0.1290	0.1355		14,818,575	0.0855	43	14,818,575	0.0855	43	-
Municipal Light & Power	137,050,800	0.0976	0.1025		6,852,540	0.0525	26	6,852,540	0.0525	26	-
unregulated											
Copper Valley Electric Association, Inc.	16,678,200	0.1579	0.1658		833,910	0.1158	58	1,097,342	0.1000	50	263,432
KODIAK ELECTRIC ASSOCIATION, INC.	26,396,700	0.1813	0.1904		1,319,835		70	2,385,338	0.1000	50	1,065,503
City and Borough of Sitka	29,144,100	0.1047	0.1100		1,457,205	0.0600	30	1,457,205	0.0600	30	-
City of Ketchikan	32,438,700	0.0958	0.1006		1,621,935	0.0506	25	1,621,935	0.0506	25	-
City of Seward	11,303,100	0.0862	0.0905		565,155	0.0405	20	565,155	0.0405	20	-
City of Wrangell	6,007,800	0.1052	0.1105		300,390	0.0605	30	300,390	0.0605	30	-
City of Petersburg	7,831,800	0.1172	0.1231		391,590	0.0731	37	391,590	0.0731	37	-
Matanuska Utilities and Electric Cooperative	8,128,200	0.1053	0.1106		406,410	0.0606	30	406,410	0.0606	30	-

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 BY
 MR. TRAL

Discussion of HB 4005—Power Cost Equalization
 July 23, 2008 Draft

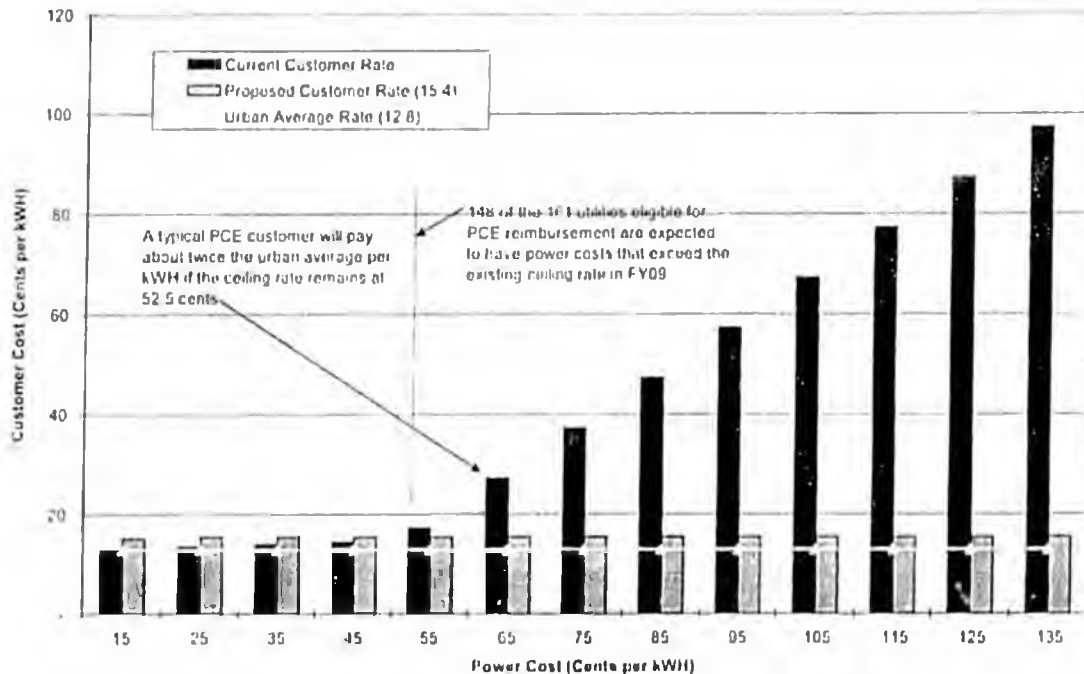
The Power Cost Equalization (PCE) program was designed to equalize electrical power costs for Alaskans. It does this by subsidizing power costs in communities with high power costs within the following limits:

1. Subsidized rates apply only to residential consumers and community buildings.
2. The amount of power subsidized is minimal—500 kWh per month for residential consumers.
3. The subsidy applies only to power costs less than \$.525 per kWh (and greater than a \$.128/kWh rate floor that is the average rate in Anchorage, Fairbanks and Juneau).

Recent increases in oil prices prevent PCE from functioning as it was designed to do. When it was set in 1984, the PCE ceiling rate of 52.5 cents/kWh affected few, if any, communities because the cost of generating power was below the ceiling rate. As the price of diesel has risen, the cost of power has also risen. Power costs this winter will exceed the ceiling rate for 148 of the 161 utilities eligible for PCE payments (assuming a 50% increase in power costs as rates are adjusted this fall). Customers pay 100% of costs that exceed the ceiling rate. The bottom line is that a typical PCE customer will not pay a rate near the average urban rate (for 500 kWh per month), but will pay nearly twice that amount.

Figure 1

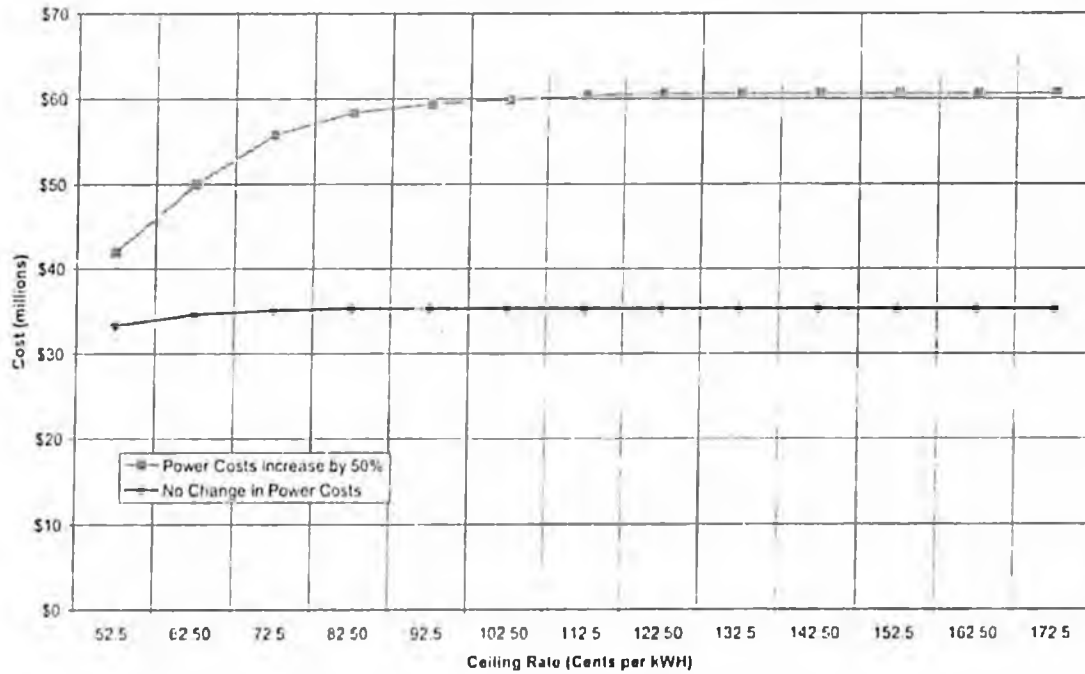
Power Costs Eligible for PCE Reimbursement



Section 2 of the bill increases the PCE ceiling rate to \$2 per kWh. Increasing the ceiling rate reduces costs to PCE customers with power costs above \$.525. As shown in Figure 2, PCE costs increase as the proposed ceiling approaches \$1.20—assuming 1) no other program changes and 2) rates increase by 50%—then flatten out. The \$2 dollar figure is an arbitrary number designed to be substantially above anticipated power costs in the near future.

Figure 2

Projected FY09 PCE Cost at Various Ceiling Rates



The assumption that rates will increase by 50% is based on calculations like those shown in Figure 3. A 50% rate increase would be the result if fuel were available to AVEC at about \$5.50 per gallon.

Figure 3

PCE Projections for AVEC--2007 Data from 2007 AEA Statistical Report
For communities that rely on diesel generators, the cost of producing electrical power

	4,919,095	Everything but price of fuel stays the same					
		\$ 3.00	\$ 4.00	\$ 5.00	\$ 6.00	\$ 7.00	\$ 8.00
fuel gallons	4,919,095						
fuel cost/gal	\$ 2.28	\$ 3.00	\$ 4.00	\$ 5.00	\$ 6.00	\$ 7.00	\$ 8.00
fuel cost	11,216,834	14,757,285	19,676,360	24,595,475	29,514,570	34,433,665	39,352,760
other costs	18,491,059	18,491,059	18,491,059	18,491,059	18,491,059	18,491,059	18,491,059
total	29,707,893	33,248,344	38,167,439	43,086,534	48,005,629	52,924,724	57,843,819
kwh sold	63,820,171	63,820,171	63,820,171	63,820,171	63,820,171	63,820,171	63,820,171
cost of power	\$ 0.47	\$ 0.52	\$ 0.60	\$ 0.68	\$ 0.75	\$ 0.83	\$ 0.91
% Increase		12%	28%	45%	62%	78%	95%

Section 2 also increases the floor rate by 20%. As shown in Figure 1, the combination of higher floor and higher ceiling result in a PCE customer rate of 15.4 cents for virtually all utilities. This is a slight increase for utilities with low power costs, and a large reduction for utilities with high power costs.

Sections 5 and 6 eliminate language that disqualified large utilities and utilities that did not use (primarily) diesel for power generation in 1984. The section makes Golden Valley, Copper Valley, and Kodiak (and perhaps other) utilities eligible for PCE. Under the bill, the only test for PCE eligibility is the cost of power, so that electric costs throughout the state are equalized regardless of how that power is generated.

The cost of expanding eligibility is substantial—the cost of various options can be projected by changing parameters in a model available on the Legislative Finance web site. As a cost containment measure, section 1 disqualifies PCE power sales for community facilities if the community population exceeds 10,000. Increasing the floor rate by 20% (section 2) is also a cost containment measure.

Section 1 changes the amount of power eligible for PCE. Current law allows 500 kWh per residential customer per month. An early draft of the bill increased that amount to 700 kWh per month—a return to the level available before program amendments in 1999. That proposed change was projected to cost over \$20 million. Language in the bill continues to apply PCE reimbursement to an annual maximum of 6,000 kWh per customer, but reduces summer eligibility while increasing winter eligibility. The change reduces projected costs by about \$6 million annually.

Sections 3 and 4 make changes to conform to the changes proposed in sections 1 and 2.

The proposed effective date of July 1, 2008 is problematic. A later effective date and language to conform to utility billing cycles may be forthcoming.

Meer Kohler, AVAC

July 28, 2008

Representative Mike Chenault, Co-Chair
Representative Kevin Meyer, Co-Chair
House Finance Committee
State Capital Room 519
Juneau, AK 99811-0001

Dear Co-Chairs and Members of the Finance Committee,

On behalf of our statewide membership, thank you for your service to our great state and for proposing a short-term energy assistance program for all Alaskans. We applaud your proposal's emphasis on equity and efficiency.

The Board of Directors of the State Chamber of Commerce offers the following suggestions. Eliminate the potentially complex utility subsidy, and redirect all of the one-time cash distribution. Please use a much smaller amount of money to increase capacity in existing means tested programs such as the Heating Assistance, Low Income Home Energy Assistance program, Subsidized Rental Housing Utility Deposit and the Small Municipality Energy Assistance Program to name a few. Adjustments to Power Cost Equalization and lowering the threshold for access to means tested energy assistance programs will address the majority of the energy needs of Alaskans. A large percentage of Alaskans, although inconvenienced by high-energy prices, currently have enough discretionary income to weather the increases.

If a family faces a choice between food and fuel, they would easily qualify for assistance under the above named programs. For those Alaskans already relying on these programs, increases in assistance will hold them harmless from energy price increases.

This approach will assist those Alaskans who truly need relief, while not undercutting healthy conservation efforts that will be a natural market response to high-energy prices.

We would encourage the remainder of our treasury's surplus be placed in the most restrictive savings account possible. To paraphrase a Native American proverb, "We do not inherit the "surplus" from our ancestors; we borrow it from our children."

The biggest risk from the utility subsidy and cash payment is a loss of political will to end both programs if energy prices decrease. Additionally, even though the energy assistance proposal is scheduled to last one year, why would any leader end the assistance program if energy prices were unchanged after that year ends?

We heartily applaud your efforts to compile the much more important long-term energy plan, but we are not naïve to think that the plan will have substantial impact on energy use or cost within five years. Given that assumption, then our state could easily end up funding the "short-term" program for those five years – to a tune of \$6 billion.

Six billion dollars might underwrite or encourage large portions of the long-term plan, and yield benefit to many generations.

Please, help those in need today, and spend wisely to benefit our children tomorrow.

Sincerely,



Wayne A. Stevens
President/CEO



Alaska Energy Authority
PCE Program Overview
July 24, 2008

Program Establishment and Eligibility:

- The PCE program was established in 1985 as one of the components of a statewide energy plan, providing economic assistance to customers in rural areas of Alaska that do not have the benefit of large subsidized energy projects such as the Bradley Lake Hydroelectric Project, the Alaska Intertie, and the Four Dam Pool Project. Prior to the PCE program, there was the Power Production Assistance Program and the Power Cost Assistance Program.
- An electric utility is eligible for PCE reimbursement if 1) they provide electric service to the public for compensation 2) during calendar year 1983, had eligible residential consumption less than 7,500 megawatt hours for one community, or if the utility served two or more communities had eligible residential consumption less than 15,000 megawatt hours and 3) during calendar year 1984, the utility produced more than 75% of their power by diesel generators.
- If served by an eligible utility, a residential customer is eligible for PCE credit up to 500 kWh/month. A community facility, defined as a water and sewer facility, public outdoor lighting, charitable educational facility, or community building whose operations are not paid for by the state, the federal government, or private commercial interests, is eligible for PCE credit. Collectively, eligible community facilities share PCE credit up to 70 kWh/month multiplied by the community population.

Program Administration:

- The Regulatory Commission of Alaska determines the PCE level for each utility based on:
 - Fuel expenses such as the cost of fuel, and transportation; and
 - Non-fuel expenses such as salaries, insurance, taxes, parts and supplies, interest and other reasonable costs.
- The Alaska Energy Authority administers the PCE program based on:
 - Fiscal appropriation by the Legislature
 - Monthly reports submitted by the participating utilities, and
 - Determination of eligibility for residential and community facility customers

Program Formula:

RCA sets the PCE level by calculating the lesser of the rate charged by the utility or eligible power costs based on the following formula:

- 95% of the eligible costs per kWh between:
 - 12.00 cents/kWh or the weighted average residential rates of Anchorage, Juneau and Fairbanks, "the floor," (currently 12.83 cents/kWh) and
 - 52.5 cents/kWh, "the ceiling."

- Costs below 12.83 cents/kWh and above 52.5 cents/kWh are not eligible for PCE. The current maximum PCE level is 37.69 cents/kWh $(52.50 - 12.83) \times 0.95$. Currently there are approximately 41 locations at the maximum PCE level.
- RCA provides AEA the base rate calculation annually; the FY 2009 calculation was based on Utilities' 2007 annual reports. In FY 2008, the average cost of power in Anchorage, Fairbanks and Juneau exceeded 12.0 cents/kWh for the first time since the 12.0 cent floor was established.

Fiscal Year	Base Rate (cents/kWh)
2003	10.60
2004	10.57
2005	10.52
2006	11.10
2007	11.70
2008	12.87
2009	12.83

Detail from RCA's FY 2009 base rate calculation:

Utility	Cents/kWh	% Utility's Residential kWh in Anch, Fbks, or Juneau	% Total Residential kWh in Anch, Fbks, and Juneau
AEL&P	10.02	100.00	13.88
Chugach Electric	13.81	98.7	53.71
GVEA	16.92	22.20	6.93
MEA	13.41	26.80	11.08
ML&P	9.47	100.00	14.39

Program Eligibility:

- An eligible residential customer may receive PCE credit on up to the first 500 kWhs consumed each month.

Community	Sample Residential Rates and PCE Benefit				
	Lime Village	Cordova	Chuathbaluk	King Cove	Wainwright (2007)
Residential Customers	20	798	42	184	520
Residential Rates \$/kWh	1.1700	0.4313	0.7749	0.2400	0.1500
PCE 100% \$/kWh	0.3769	0.1628	0.3769	0.0713	0.0213
Effective Rate	0.7931	0.2685	0.3980	0.1687	0.1287
<i>Assuming Residential Customer uses 500 kWh/month</i>					
\$ Cost/month no PCE	\$ 585.00	\$ 215.65	\$ 387.45	\$ 120.00	\$ 75.00
\$ Benefit/month at 100%	\$ 188.45	\$ 81.40	\$ 188.45	\$ 35.65	\$ 10.65
\$ Cost/month at 100%	\$ 396.55	\$ 134.25	\$ 199.00	\$ 84.35	\$ 64.35

- Each community has a maximum community facility credit of 70 kWh per month multiplied by the community population. Examples of community facilities include washeteria, water pump station, street lights, community centers, city and tribal council offices, and clinics.

- For FY 2007, there were 22 communities that consistently reached their kWh capacity for community facilities. The 22 communities include Chignik, Chignik Lagoon, Cordova, Egegik, False Pass, G&K utility serving Cold Bay, Galena, Grayling, Healy Lake, Hughes, Igiugig, Deering (served by Ipnatchiaq Utility), King Cove Larsen Bay, Minto, Naknek, Selawik, St. Paul, Skagway, Stevens Village, Takotna, and Nikolski (served by Umnak Power Company).
- State and Federal customers, as well as commercial customers, including schools, are not eligible for PCE credit.

PCE Endowment Fund:

- The PCE Endowment Fund was created and capitalized in FY 2001 with funds from the Constitutional Budget Reserve and the Four Dam Pool Project sale proceeds. The PCE Endowment Fund is managed by the Department of Revenue for the Alaska Energy Authority; it is invested to earn at least 7% over time. \$182.7 million was appropriated to the fund in FY 2007. The deposit occurred in October 2006.
- AS 42.45.085 provides that 7% of the PCE Endowment Fund's 3 year monthly average market value may be appropriated to the PCE Rural Electric Capitalization Fund for annual PCE program costs.

PCE Endowment Invested Assets at June 30:

	Fiscal Year Earnings	Fair Value	Actual Return
2000	1,726,614	101,726,614	
2001	(6,049,407)	95,677,206	(6.00)%
2002	(5,716,214)	172,445,674	(5.09)%
2003	6,241,929	166,653,975	3.88%
2004	20,676,236	179,303,474	12.90%
2005	15,384,400	181,113,210	8.78%
2006	14,591,803	184,456,694	8.43%
2007	44,876,372	400,250,076	15.91%
2008	(18,750,502)	368,706,164	(4.68)%

7/27/08

July 9, 2008

To The Honorable Legislators
State of Alaska

I am writing to voice my opposition to the Governor's plan to give away money to everyone in the State.

To give away State money for cost of living rate increases is poor policy. There will certainly be future price increases in some if not most products. Energy price increases are not unique to urban or rural Alaskans. Yes, I know home heating prices are up disproportionately in the bush, but I am also sure that the cost of commuting to work is up disproportionately in Wasilla. Every individual and business in America is impacted by high energy prices. Alaska is one of the few places where this has a positive impact on our economy.

Alaska has many unmet needs. Our education system, roads and airports, and public safety programs are far from best in class categories. Leadership and a little imagination can benefit all Alaskans much more than a cash (or gas) giveaway program.

There will be no long term benefit to the State or its citizens by indiscriminately giving away the State's money. Another entitlement program is not good for Alaska and difficult to eliminate when (not if) oil prices go down.

This is my 40th year in Alaska and this would be the worst legislation, if passed, that I have seen.

Since this my first legislative letter, I don't want it to all be negative. I applaud the 2008 Legislature for funding the CBR, providing revenue sharing for municipalities, forward funding the school budgets and killing the \$500 give away. Please don't backslide during the special session and give away our current revenue windfall.

Sincerely,

Robert Ballow
9601 Sidorof Lane
Anchorage, AK 99507
rballow@yahoo.com

Dist. by Rep. Hawker 7.27.08

AVEC



July 31, 2008

Senate Finance Committee
Alaska State Legislature

Re: AVEC Support for changes to the PCE program

Honorable Co-Chairs and Members of the Senate Finance Committee:

Alaska Village Electric Cooperative serves 22,000 residents of 53 Alaska villages, constituting 44% of Alaska's village population. We are collectively the largest recipient of Power Cost Equalization payments, constituting about one third of all payments. This is because our villages are small and remote and costs to maintain sustainable electric systems are very high.

Two months ago, AVEC's board of directors adopted a resolution declaring a fuel cost emergency, as we were facing a fuel cost increase of almost 100% over 2007. As a result of that cost increase, it was clear that our members could not possibly afford to purchase the very modest amount of electricity they consume since PCE would only cover a relatively small amount of total costs.

The bill before you today makes a tremendous difference in our villages' economics. Raising the ceiling on allowable eligible costs is absolutely critical to village residents and community facilities. Before any bills modifying PCE were introduced, AVEC had worked with other electric utilities to develop a formula to raise the ceiling, staying mindful of what might be acceptable to the Legislature and the Administration.

The formula we proposed was a very modest increase of the cap to 72.5 cents, based upon fuel costs of about \$4.50 a gallon. We ourselves experience costs significantly higher than that and, just a few months ago, had to fly 16,000 gallons of fuel into Ambler at a cost of \$8.35 a gallon. Ambler's electricity cost right now is 88 cents a kWh, and will likely be close to \$1.10 by the end of this year.

AVEC whole-heartedly supports increasing the cost cap to \$1.15 a kWh. There will undoubtedly be a handful of villages whose costs still exceed that cap, but I hope that projects that are underway or in the planning stages will work to lower those costs in the near future so that all Alaskans can be assured that they will have access to affordable electricity for at least a modest number of kilowatt-hours.

Yours very sincerely,

Meera Kohler
President & CEO

SARAH PALIN
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 31, 2008

The Honorable Bert Stedman
Alaska State Senator
Co-Chair, Senate Finance Committee
State Capitol, Room 516
Juneau, AK 99801

The Honorable Lyman Hoffman
Alaska State Senator
Co-Chair, Senate Finance Committee
State Capitol, Room 518
Juneau, AK 99801

Dear Co-Chair Stedman and Co-Chair Hoffman:

At the hearing on SB 4004 you requested additional information on how much of the marine fuel sold in the state of Alaska was to non-residents. The Department of Revenue does not track sales to residents and non-residents. The Department was able to tell me that about 40 percent of the marine fuel is sold in House District 37 which includes Dutch Harbor and other communities. While there is no breakdown available between marine fuel sold to residents and non-residents, there are approximately 1706 limited entry or open access fishing permits held by residents of Alaska in House District 37. Each of these individuals would likely see a significant benefit from a suspension of the tax on marine fuel. A list by community is enclosed for your review. Please advise if you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Ruaro".

Randy Ruaro
Special Staff Assistant

Enclosure

Community Name	Limited Entry	Open Access	Community Total
Adak	1	7	8
Akutan	0	9	9
Aleknagik	28	1	29
Amchitka	0	0	0
Atka	0	9	9
Attu Station	0	0	0
Chignik	7	12	19
Chignik Bay	3	0	3
Chignik Lagoon	26	26	52
Chignik Lake	5	0	5
Clarks Point	11	0	11
Cold Bay	3	2	5
Dillingham	241	54	295
Dutch Harbor	8	41	49
Eareckson AS	0	0	0
Egegik	19	4	23
Ekuk	0	0	0
Ekwok	3	0	3
False Pass	6	7	13
Ivanof Bay	0	0	0
King Cove	52	47	99
King Salmon	39	3	42
Koliganek	17	0	17
Manokotak	113	3	116
Naknek	113	13	126
Nelson Lagoon	27	2	29
New Stuyahok	25	3	28
Nikolski	0	2	2
Perryville	7	2	9
Pilot Point	12	2	14
Port Heiden	13	2	15
Port Moller	0	0	0
Portage Creek	0	0	0
Pribilof Island	0	0	0
Saint George Island	0	6	6
Saint Paul Island	0	23	23
Sand Point	94	130	224
Shemya Island	0	0	0
South Naknek	32	0	32
Squaw Harbor	0	0	0
Togiak	292	26	318
Twin Hills	10	2	12
Ugashik	5	0	5
Unalaska	9	47	56

House District 37

Year-End Permits by Community - 2007

Grand Totals	1221	485	1706
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Auto Club South

Daily Gas Price Barometer

Contact: Randy Bly, Director Community Relations, AAA Auto Club South, 813-289-5934, or pager: 1-877-766-6215
Gregg Laskoski, Managing Director, Public & Govt. Relations, 813-289-1320, or pager: 877-764-0975

AAA DAILY GAS PRICE BAROMETER SHOWS CONSUMERS BENEFITED FROM MONTH-LONG REDUCTION IN STATE GAS TAX

TAMPA, FL (Sept. 1) – Today's AAA Daily Gas Price Barometer – comprised of Tuesday's (August 31 data) credit card transactions from more than 5,000 Florida retail stations – estimates that motorists filling up yesterday saved an average of 9.4 cents per gallon that can be attributed to the Motor Fuel Tax Relief Act of 2004.

AAA's report is significant because it is based on actual purchases versus informal surveys and observations. Oil Price Information Service monitors and reports prices from more than 60,000 stations daily for AAA.

"We are pleased to see that retailers in Florida are still passing along to motorists the full benefit of the tax savings," said Kevin Bakewell, senior vice president, AAA Auto Club South. Bakewell noted that Wednesday's report will reflect the final day of the tax break (Tuesday's prices) and that Thursday's report will reflect the first day of post-tax relief prices (Wednesday's prices).

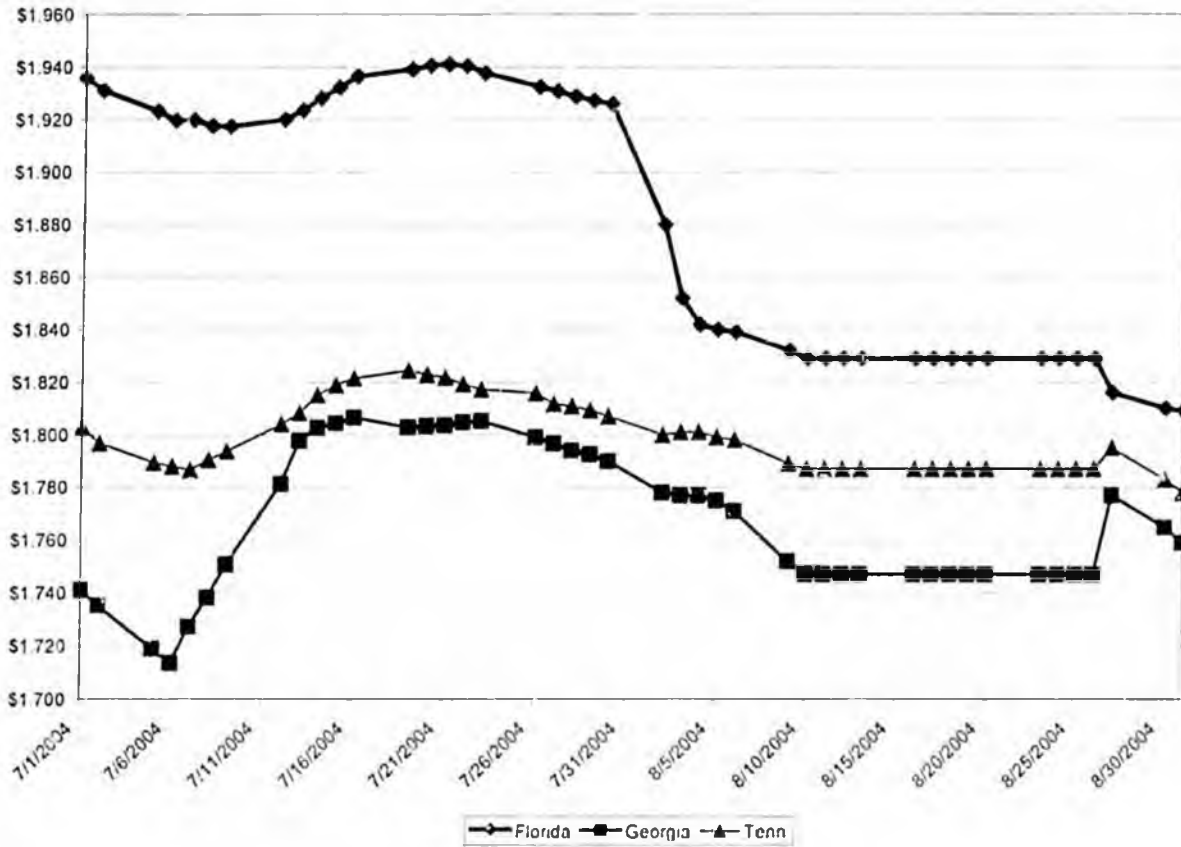
Following is AAA's estimate of the Savings Per Gallon To Consumer based on Florida's statewide average price for Self Service Regular Unleaded for Saturday, Sunday and Monday, August 31:

Price Date	GA/TN Average Actual Price on This Date	Estimate of FL Average Price Without Tax Cut (GA/TN Average x 107.62%)	FL Actual Price On This Date	Savings Per Gallon To Consumer
08/31	\$1.769	\$1.903	\$1.809	\$0.094
<p>To determine the above estimate AAA used July 2004 data to calculate a monthly average price for Florida and the combined monthly average price for Georgia and Tennessee, using each state's actual daily prices for the entire month. AAA then divided the Florida average by the combined Georgia/Tennessee average to determine the average relationship between prices in these states. For the month of July, prices in Florida averaged 107.62% of prices in Georgia/Tennessee combined. An assumption is made that August will produce a similar price relationship.</p>				

AAA's fuel price information updates can be found at www.aaa.com/fuelgauge. Daily prices reported on Wednesday, Thursday, Friday and Monday represent the average price of all transactions for the 24 hour period ending midnight on the previous weekday. Average prices for the 72 hour period comprised of Saturday, Sunday and Monday are combined and reported on Tuesday.

-more-

The following chart illustrates price changes in Florida, Georgia and Tennessee since July 30, 2004.



Source: AAA Auto Club South and Oil Price Information Service (OPIS)

NOTE: Due to Hurricane Charley, no reports were issued (hence the flat lines on the above graph) between August 13 and August 27. Actual price dates affected were August 12 through August 26.

AAA Auto Club South is one of the largest motor clubs in the AAA federation serving the interests of more than 47 million motorists nationwide. Headquartered in Tampa, AAA Auto Club South represents more than 3.6 million members in Florida, Georgia and the western two-thirds of Tennessee.

sf Sarah Fisher-Goad, Deputy Director of Operations,
Alaska Energy Authority, Department of Commerce,
Community and Economic Development

dt ✓ David Teal, Director, Legislative Finance Division

JL ✓ Jay Livey, Staff, Senator Hoffman

Teleconference:

Bob Pickett, Chairman, Regulatory Commission of
Alaska

✓ Dennis Wheeler, Commissioner, Regulatory
Commission of Alaska

✓ Mary Villone, RCA

Richard Gazaway, Hearing Examiner, Regulatory
Commission of Alaska

Questions:

Chris Poag, Assistant Attorney General, Department
of Law (JNU)