

Leg. Finance - Finance Comte Files (1971-72) 8879

HB 49, 50, 53, 110



RECORDS



CERTIFICATION

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James D. Smith
Signature of Camera Operator

4/4/89
Date

Introduced: 1/13/71
Referred: Commerce and
Finance

1 IN THE HOUSE

BY KERTTULA AND MORAN

2 HOUSE BILL NO. 49

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to electric development loans."

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

8 * Section 1. AS 45 is amended by adding a new chapter to read:

9 CHAPTER 90. ELECTRIC DEVELOPMENT LOANS.

10 Sec. 45.90.010. DECLARATION OF POLICY. It is the policy of this
11 chapter to promote the more rapid development of a transmission system
12 for electric energy and power throughout the state by means of long-
13 term low interest loans for the purchase and installation of electric
14 distribution and transmission lines and associated equipment.

15 Sec. 45.90.020. POWERS OF THE DEPARTMENT OF COMMERCE. The
16 Department of Commerce may

17 (1) if other credit is not readily available on reasonable
18 terms, make loans to persons for the purchase and installation of elec-
19 tric distribution and transmission lines and associated equipment;

20 (2) designate agents and delegate its powers to them as
21 necessary;

22 (3) adopt rules and regulations necessary to carry out its
23 functions;

24 (4) establish amortization plans for repayment of loans,
25 which may include delayed payments of principal and interest for not to
26 exceed five years;

27 (5) enter into agreements with private lending institutions,
28 other state agencies or agencies of the federal government, to carry
29 out the purposes of this chapter.

1 Sec. 45.90.030. LIMITATION ON LOANS. A loan provided for
2 under this chapter may not exceed \$1,000,000. A loan may not run
3 longer than 35 years nor bear interest exceeding five per cent, and
4 it shall be secured by a real estate or chattel mortgage, or by both.

5 Sec. 45.90.040. CREATION OF FUND. There is created an electric
6 distribution and transmission line fund which shall not exceed
7 \$5,000,000 to carry out the purposes of this chapter.

8 Sec. 45.90.050. ADMINISTRATION OF FUND. The commissioner of
9 commerce shall administer the loan fund.

ALASKA STATE LEGISLATURE

SEVENTH Legislature FIRST Session

HOUSE BILL NO. 49

By KERTTULA AND MORAN

"An Act relating to electric development loans."

Electric development loans

Introduced in the House 1/13/ 19 71

HISTORY IN THE HOUSE

19 71

Read first time and referred to Committee on

Jan 13

Commerce and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Yeas Nays Absent Excused

Effective Date

PASS Yeas Nays Absent Excused

Reported correctly engrossed Signed by Speaker Sent to Senat

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS ~~Yeas~~
 ~~Nays~~
 ~~Absent~~
 ~~Excused~~

Effective Date

PASS ~~Yeas~~
 ~~Nays~~
 ~~Absent~~
 ~~Excused~~

Reported correctly engrossed
 Signed by President
 Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Secy. State

Chapter No.

"An Act relating to electric development loans."

Committee Report

H O U S E O F R E P R E S E N T A T I V E S

3/16/71

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 49 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ CHAIRMAN

Committee Report

HOUSE OF REPRESENTATIVES

FINANCE

1/13/71

Date

Mr. Speaker:

The Committee on COMMERCE has had HB 49 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

Willard L. Bowman _____
Jess Harris _____
Richard G. ... _____
Frank ... _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

J. Cattub
 CHAIRMAN

PROPOSED COMMITTEE SUBSTITUTE

HOUSE BILL NO. 49

For an Act entitled: "An Act relating to electric development loans."

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

*Section 1. AS 45 is amended by adding a new chapter to read:

CHAPTER 90. ELECTRIC DEVELOPMENT LOANS.

Sec. 45.90.010. DECLARATION OF POLICY. It is the policy of this chapter to promote the more rapid development of a transmission system for electric energy and power throughout the state by means of long-term low interest loans for the purchase and installation of electric distribution and transmission lines and associated equipment.

Sec. 45.90.020. POWERS OF THE DEPARTMENT OF COMMERCE. The Department of Commerce may

(1) if other credit is not readily available on reasonable terms, make loans to persons for the purchase and installation of electric distribution and transmission lines and associated equipment;

(2) designate agents and delegate its powers to them as necessary;

(3) adopt rules and regulations necessary to carry out its functions;

(4) establish amortization plans for repayment of loans [which may include delayed payments of principal and interest for not to exceed five years];

(5) enter into agreements with private lending institutions, other state agencies or agencies of the federal government, to carry out the purposes of this chapter.

Sec. 45.90.030. LIMITATION OF LOANS. (a) A loan provided for under this chapter may not exceed \$1,000,000. A loan may not run longer than 35 years nor bear interest exceeding [five] six per cent,

1 and it shall be secured by a real estate or chattell mortgage, or by
2 both. The loan may not exceed 75 per cent of the appraised value.

3 (b) these loans are limited to matching Federal funds.

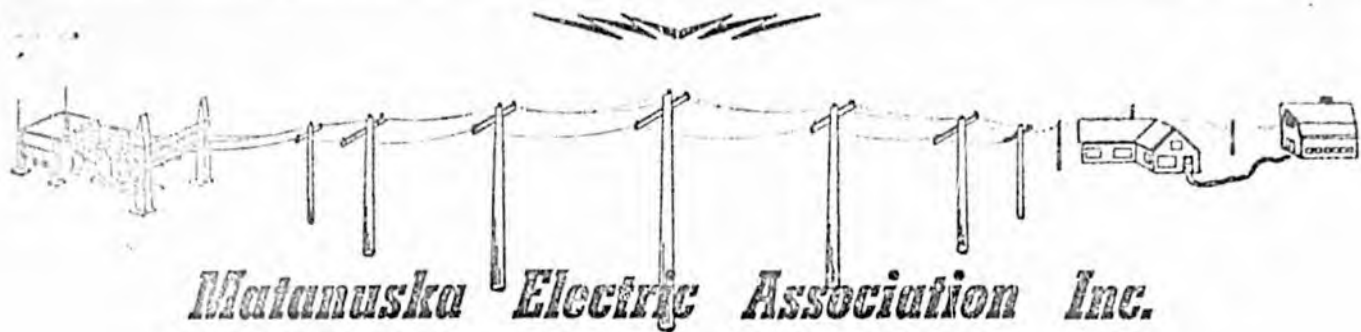
4 *New* Sec. 45.90.040. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a)

5 The commissioner of commerce may sell or transfer at par value or
6 at a premium or discount to any bank or other private purchaser for
7 cash or other consideration the mortgages and notes held by the
8 Department of Commerce as security for loans made under this chapter.

9 (b) The commissioner of commerce may sell or transfer at par
10 value to the Department of Revenue the mortgages and notes held by
11 the Department of Commerce as security for loans made under this chapter.
12 The Department of Revenue shall purchase all such mortgages and notes
13 offered, [allowing the Department of Commerce a one-half of one per
14 cent service fee].

15 Sec. 45.90.050. CREATION OF FUND. There is created an electric
16 distribution and transmission line fund which shall not exceed
17 [\$5,000,000] \$1,000,000 to carry out the purposes of this chapter.

18 Sec. 45.90.060. ADMINISTRATION OF FUND. The commissioner of
19 commerce shall administer the loan fund.
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745-3231

PALMER, ALASKA 99645

BOX G

February 6, 1971

House Commerce Committee
State of Alaska
Juneau

Subject: Testimony related to HB 49
"An Act Related to Electric Development Loans"

Honorable Chairman and Legislators:

My name is Willard Johnson. I am General Manager of Matanuska Electric Association, Inc., which is a Rural Electrification Administration financed electric cooperative. We serve about 4,500 consumers over some 262 miles of electric line in the communities of Eagle River, Birchwood, and Palmer as well as the whole of the Matanuska Valley and extensive areas in the Susitna Valley. We have over 9 million dollars invested in electric facilities.

Like most Alaskan electric cooperatives, our growth rate in the last few years has far outstripped the national average. MEA's 1970 growth exceeds 12% as compared to the 7% annual growth utilities traditionally report. To keep pace with the demand for electric service in the last two and one-half years, MEA spent \$1,230,000 on new lines, substations, and service drops. All we did was keep pace with demand. We were unable to build any significant reserve capacity. Last month the system peak demand was 26% above January's peak one year ago.

We are forecasting that in the next 30 months MEA will need to spend \$2,480,000 on the construction of new lines and other system improvements to supply the demands of new consumers as well as the increasing needs of existing consumers.

MEA's last loan granted by REA was trimmed from about \$1.7 million to about \$996,000. It took a full year from the date of application until funds were released. The reduction of funds left large areas unserved and a lot of people are without central station power today in the Matanuska-Susitna Valleys.

On the national scale the Rural Electrification Administration faces staggering demands for loan funds it cannot begin to supply. A survey just completed by the National Rural Electric Cooperative Association reveals that in the 18 month period starting January 1, 1971, there will be requests by the Nation's electric co-ops totaling \$1.1 billion. Of that amount the

February 6, 1971

Alaska co-ops need \$23.7 million.

Congress sent a \$360 million appropriation bill to the President for his signature. Because of the administration's past refusals to loan the full appropriations, it's unlikely that more than about \$345 million will actually get to the co-ops. A lot of people aren't going to get the loan funds they desperately need.

To further complicate things the REA has adopted new criteria that cuts down the borrower's operating flexibility.

1. The amount of operating reserve allowed has been cut from 15 to 8% of capital investment.
2. The past practice of making 2-year loans has been cut to one year's construction requirements. It's almost a continuous struggle for loan funds.
3. Many co-ops have been told that they may no longer expect to get 100% REA loans--they must go elsewhere for the balance of their needs. This may be the newly formed National Rural Utilities Cooperative Finance Corporation, the open market, or other loan sources. NEA is one of the co-ops which is looking elsewhere.

The National Rural Utilities Cooperative Finance Corporation was formed by a number of the cooperative leaders from across the Nation. It is now making loans, and this is helpful. But it will be many years before it can begin to fill the gap, if ever.

The above facts are presented to explain the very critical money problem the Alaska electric cooperatives face today and the great need for additional sources of low-cost long-term loans to construct electric lines and facilities needed to supply the soaring Alaska demand.

With skyrocketing labor and material costs, Alaska utilities have had a hard struggle to hold down the electric rates that in many cases are already high by some standards. Up to now the availability of low interest loan funds has been a major factor that has made it possible to construct lines to farms, homes, businesses, and homesteads. If Alaska is to compete with other states, it must have an abundance of low-cost electric power.

The job of providing the fast growing needs of Alaskans for electric power is only in its infancy--like our needs for roads, ships, and housing. This means that immense amounts of new plant including electric lines, substations, and generation will be needed to supply Alaskans and their industry in the immediate years to come.

Without the supporting electric utilities, Alaska's progress will not go forward. Without large amounts of loan funds, Alaska's utilities will not be able to meet the demands.

February 6, 1971

Sources from which to obtain low-cost long-term loans are desperately needed. The Legislature of the State of Alaska in setting up a loan fund such as proposed by HB 49 has a unique opportunity to help every Alaskan. Not by giving out grants of money but in making supplementary loans to the electric utilities that will be repaid--principal and interest. Utilities are people of the State who will be benefited and who will repay the loans.

It is suggested that the wording of Section 45.90.040 be amended to read as follows:

CREATION OF FUND. There is created an electric distribution and transmission line fund to which the State Legislature is authorized to appropriate sums from time to time as it may determine to be necessary for the purposes of this Chapter 90 as herein provided.

Gentlemen, I respectfully urge your favorable support of HB 49 and HB 50.

Thank you.



Willard H. Johnson, P.E.
General Manager
Matanuska Electric Association, Inc.
Palmer, Alaska



United States Department of the Interior

ALASKA POWER ADMINISTRATION

P. O. BOX 107

JUNEAU, ALASKA 99801

February 2, 1971

110

Honorable Jalmar M. Kerttula, Chairman
House Commerce Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Jay:

We are pleased to respond to your five questions concerning House Bills 49 and 50, as requested in your letter of January 25, 1971. In so doing, I am sure you recognize that we are not offering testimony for or against these bills, but merely answering your questions as best we can.

1. What is the current and projected availability of federal financing for electric development in Alaska?

As an investment intensive industry, electric development has large financing requirements. In the absence of complete records, our rough estimates indicate that the present electric power investment--utility and non-utility--in Alaska is about \$300 million, that new investment in each of 1970 and 1971 is or will be \$30 million, that annual financing needs will rise to about \$60 or \$70 million per year by 1985. Total new investment by 1985 is expected to be about \$750 million. Thus the sum of existing and the 1971-1985 prospective investment will bring total investment to somewhat over \$1 billion.

In the past most of the electric power investment has come from Federal sources, led by the Rural Electrification Administration for loans to its 13 borrowers, including AVEC; the Defense Department budget for its numerous installations; the Bureau of Reclamation, now APA, for the Eklutna Project; the Corps of Engineers budget for the Snettisham Project; and other Federal budgets such as FAA, BIA, and the Coast Guard. Probably about 80 percent of existing electric facilities has been financed from Federal sources.

The largest single Federal source has been REA. From 1941 to June 30, 1970, REA has approved \$155,373,196 in loans, of which \$128,236,621 has been advanced. New loans of about \$12 million have been made since June 30, 1970.

The prospective availability of REA loans in the future is problematic, as you know. It depends on appropriations from Congress. The back log of REA loan applications keeps growing. The Cooperative Financing Corporation (CFC) was established by the REA borrowers of the nation to provide supplemental financing.

The only Federal hydroelectric project in Alaska is the 30,000-kilowatt Eklutna Project which was completed in 1955. The 70,000-kilowatt Snettisham Project under construction by the Corps of Engineers will be the second Federal hydroelectric project when completed in 1972.

Aside from minor additions at Defense, FAA, BIA, and other Federal installations, no significant Federal power investments are presently scheduled.

Non-Federal electric investments in Alaska include the municipal electric systems; private electric utility systems; the two pulp mills; the petroleum industry; small isolated industrial plants such as canneries, mines and sawmills; and some installations of the State of Alaska.

On balance, the availability of Federal financing for electric development in Alaska appears to be insufficient considering the large size of future capital requirements.

2. REA has agreed to share first mortgages with CFC financing. Would such arrangements also be applicable to State programs?

This question has two parts. Until last year, the State of Alaska Chapter 25, Electric and Telephone Cooperative Act, generally limited the cooperative borrowing authority to Federal loans. In Chapter 118, the Legislature amended Chapter 25 to enable a cooperative to borrow money from any source including REA.

The second part of the question we cannot answer. This could be referred to REA or one of the cooperative attorneys.

3. Is there an additional financing need by applicants who gain favorable feasibility studies from agencies such as REA or BIA but for which Federal financing is unavailable?

This question has several facets. Feasibility studies can be made by individual electric systems, consultants and others. A project which is feasible under two percent financing may not be feasible at five percent. REA approves feasibility studies for its loan program and can approve a proposal for outside borrowing.

Another facet relates to timing. The short Alaska construction season, an emergency situation, or a unique opportunity to serve an attractive new electric load on short notice may call for fast action. Also, REA lending ability varies depending on availability of appropriations and the urgency of other loan requests across the nation.

In light of these comments, the answer to this question is yes.

The question should also be split between small and large loans. For example, a small municipal electric system may need \$50,000 to extend outside the city limits to reach a cluster of homes or other electric load center. Situations exist where a small loan is harder to get than a larger loan or bond issue. The availability of a flexible, prompt loan source may be helpful. This point relates particularly to the many small, isolated electric systems of Alaska.

4. Are there any changes or additions you would recommend in the wording of these bills?

House Bill No. 49 may be restrictive in respect to the types of borrowers and in respect to purposes of the loans.

It refers to persons as the prospective borrowers. This may preclude municipalities, for example, particularly very small towns and hamlets which may need loans.

As to purposes, the loans are limited to electric distribution and transmission lines and associated equipment. This language might need to be broader if it is intended to include generation equipment, general plant such as an office building, pole yard, and warehouse, and operating and maintenance equipment.

5. Recognizing already existent Federal expertise in project evaluation, what arrangements might help minimize administrative duplication?

Administrative duplication appears to be a small risk compared to the need for institutions and procedures for making competent studies, again particularly for the smaller, isolated communities and situations. These situations tend to be too small to reach the status of a Federal project report procedure. These need an abbreviated, low cost method with particular awareness of local, Alaska conditions.

In closing, may I reaffirm our desire to cooperate with you and your Committee in this matter.

Sincerely,

Robert W. Ward
Administrator

Rural Electrification Administration
Loans in Alaska

Year December 31	Number of Borrowers ^{1/}	Allocation ^{2/} or Loans Approved	Funds Advanced	Consumers Served
1969	13	\$1,547,099,195	\$123,862,700	42,303
1968	12	131,416,196	112,919,522	38,118
1967	12	120,114,467	105,828,289	34,286
1966	11	115,221,467	87,128,748	32,416
1965	11	103,360,467	71,804,627	31,172
1964	11	98,221,467	63,925,306	25,946
1963	11	63,283,467	56,315,802	26,372
1962	11	59,871,467	50,611,981	24,191
1961	11	51,104,467	44,895,535	23,812
1960	11	50,212,467	41,861,749	22,264
1959	9	48,032,468	32,247,891	19,439
1958	8	43,795,467	26,484,441	17,560
1957	8	28,672,500	21,712,049	17,200
1956	7	26,686,000	19,168,333	15,820
1955	6	25,910,000	15,395,928	13,549
1954	6	25,023,000	14,036,309	12,284
1953	6	19,823,000	12,391,671	12,354
1952	6	19,006,000	8,786,355	10,092
1951	8	14,688,000	4,964,427	5,006
1950	6	8,683,000	3,445,281	3,963
1949	5	2,520,000	1,772,217	1,492
1948	2	2,300,000	975,358	1,147
1947	2	1,555,000	450,634	1,031
1946	2	528,000	432,336	939
1945	2	488,000	421,271	830
1944	2	NA	NA	737
1943	2	NA	NA	558
1942	2	368,000	234,423	465

NA - Not available

^{1/} Includes energized systems only

^{2/} Allocation designation changed to "Loans Approved" in 1948

Data taken from Rural Electrification Administration Annual Statistical Reports

INSTALLED GENERATION -- PUBLIC UTILITIES

Accumulative Totals in KW

	Hydro	Steam	Diesel	Gas Turbine	Total	2/ Nonutilities
1/ 1956	50,005 (50%)	30,575 (30%)	19,738 (20%)	0	100,318	250,000 (est)
1957	54,600 (49%)	35,575 (32%)	21,628 (19%)	0	111,803	
1958	54,600 (43%)	35,575 (31%)	24,534 (21%)	0	114,709	
1959	60,225 (49%)	35,575 (29%)	26,079 (21%)	0	121,879	
1960	60,225 (49%)	3/ 32,875 (27%)	29,459 (24%)	0	122,559	
1961	62,225 (55%)	32,875 (22%)	33,595 (23%)	0	148,695	
1962	62,300 (46%)	32,875 (19%)	41,993 (25%)	12,800 (8%)	169,968	
1963	62,300 (41%)	32,875 (16%)	47,368 (23%)	39,700 (20%)	202,243	
1964	62,300 (38%)	32,750 (15%)	49,482 (23%)	54,050 (25%)	218,582	
1965	62,225 (34%)	32,750 (13%)	59,437 (24%)	68,400 (28%)	242,812	265,720
1966	62,225 (32%)	32,750 (13%)	69,273 (27%)	69,900 (28%)	254,148	
1967	4/ 76,600 (29%)	32,750 (13%)	81,023 (31%)	69,900 (27%)	260,273	
1968	78,700 (23%)	54,750 (16%)	89,538 (26%)	116,700 (34%)	339,688	
1969	5/ 76,600 (22%)	54,750 (16%)	98,963 (28%)	116,700 (34%)	347,013	
1970	76,600 (19%)	74,750 (18%)	123,256 (30%)	131,990 (33%)	406,596	6/ 337,952

1/ First year of first federal project (Eklutna)

2/ No year by year nonutility data is available--only what was collected for the Alaska Power Survey in 1965 and known additions collected for the 1970 total.

3/ 2700 kw in steam units retired at Sitka.

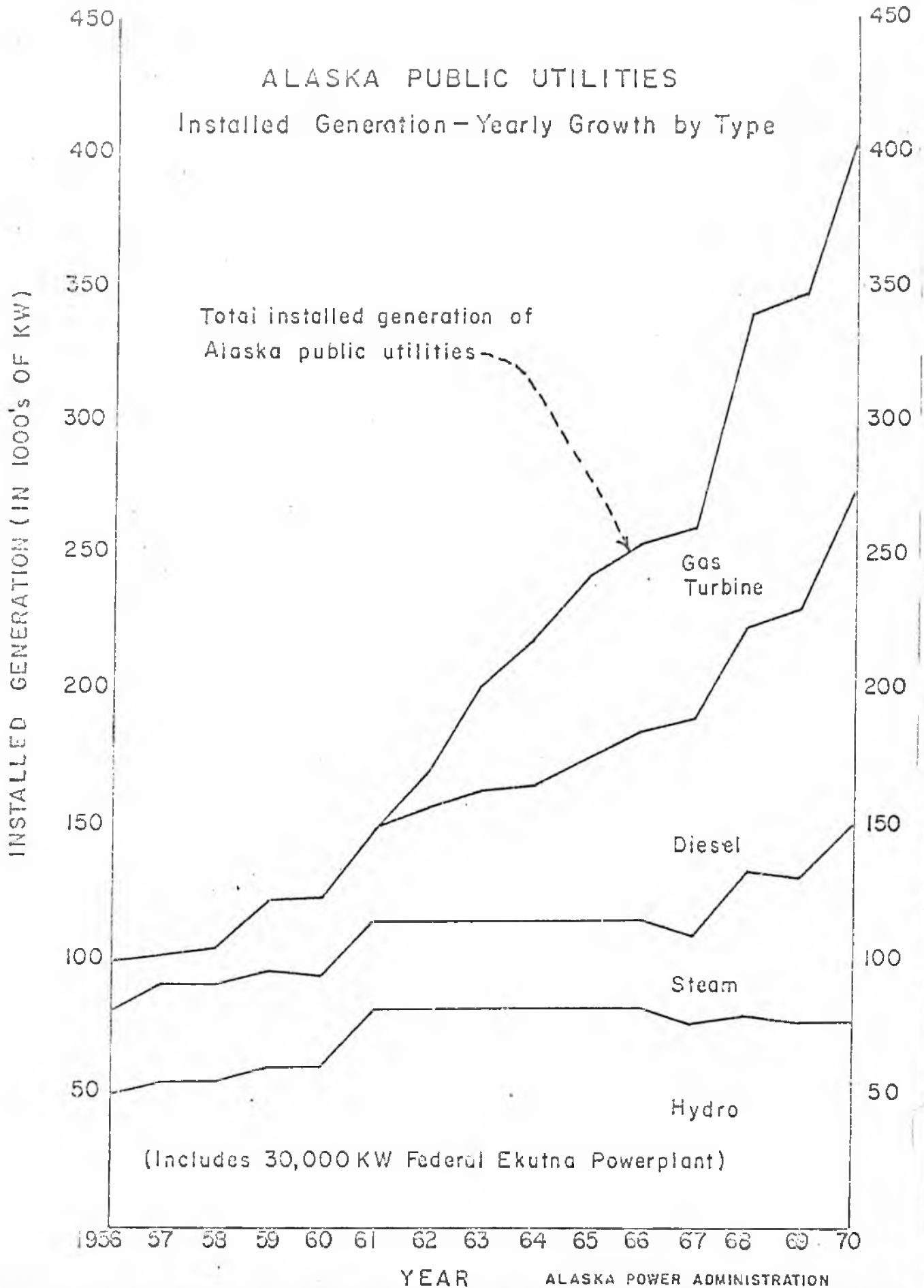
4/ 5625 kw in hydro units flooded out at Chatanika.

5/ 2100 kw in hydro units flooded out at Ketchikan.

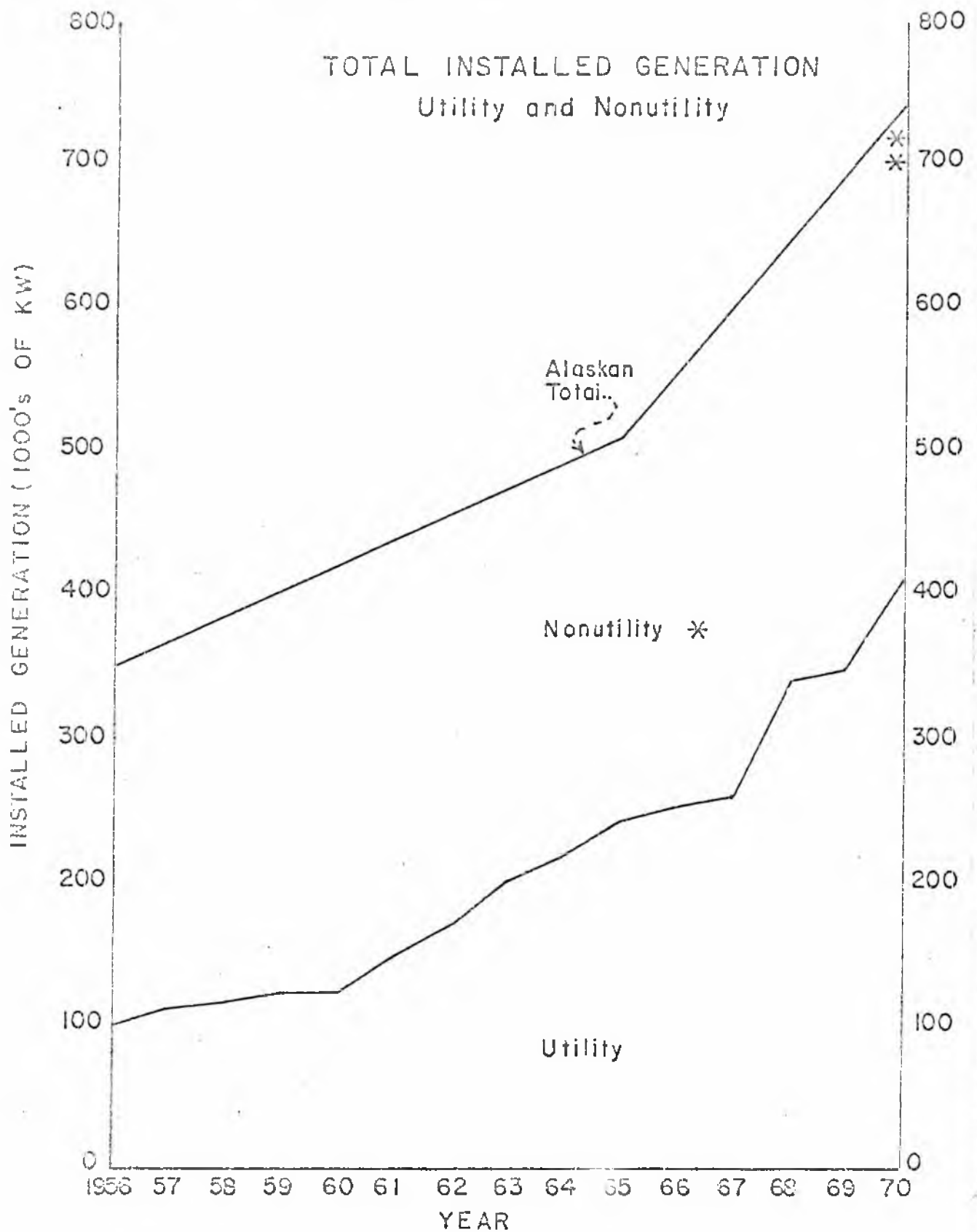
6/ Includes about 37,000 kw of oil and gasfield equipment.

ALASKA PUBLIC UTILITIES

Installed Generation - Yearly Growth by Type

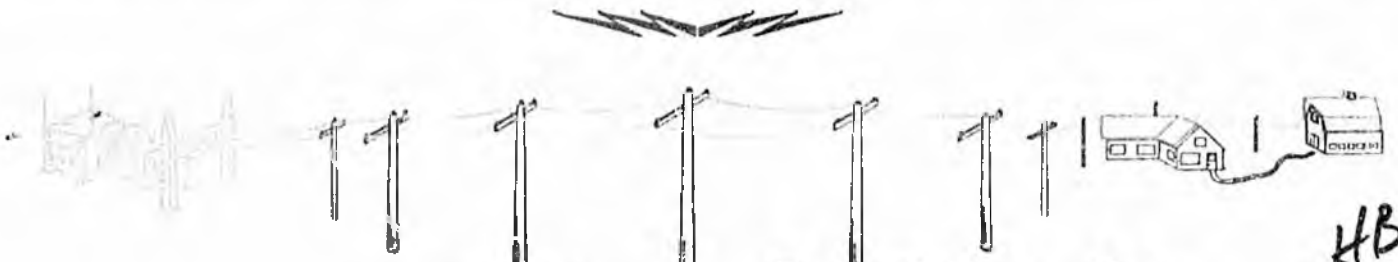


(Includes 30,000 KW Federal Ektuna Powerplant)



* No definite data available up to that of 1965 for the Alaska Power Survey

** 1970 data includes about 37,000 KW for the oil and gas field installations.



HB 49

Matanuska Electric Association Inc.

745-3231

PALMER, ALASKA 99645

BOX G

February 4, 1972

The Honorable George Hohman
Chairman of Finance Committee
House of Representatives
State of Alaska
Juneau, Alaska 99801

Dear Mr. Hohman:

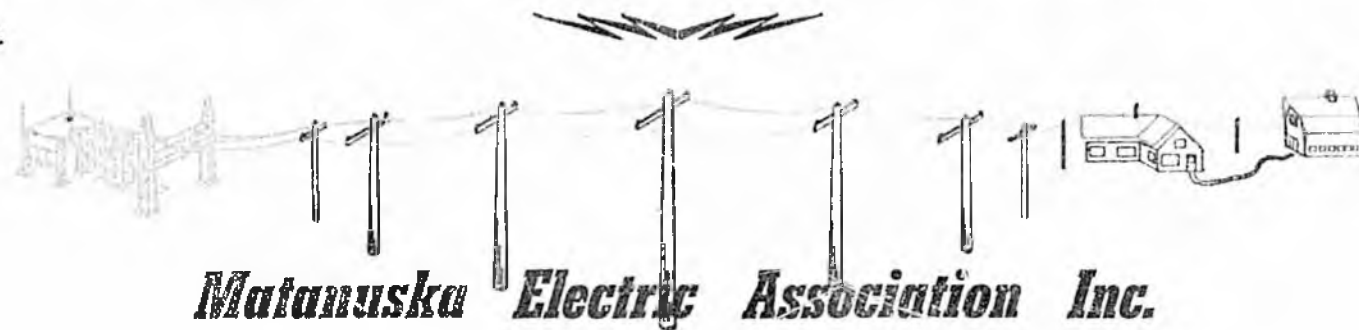
Attached is a testimony in support of HB 49 and HB50 which I,
representing Matanuska Electric Association, Inc., have prepared.
Your consideration of it will be greatly appreciated.

Very truly yours,

Willard H. Johnson, P.E.
General Manager

jg

c: The Honorable Jalmar Kerttula



Matanuska Electric Association Inc.

745-3231

PALMER, ALASKA 99645

BOX G

February 4, 1972

House Finance Committee
State of Alaska
Juneau, Alaska 99801

Subject: Testimony Related to HB49
"An Act Related to Electric Development Loans"

Honorable Chairman and Legislators:

My name is Willard Johnson. I am General Manager of Matanuska Electric Association, Inc. of Palmer, Alaska. MEA is a Rural Electrification Administration financed electric cooperative. We serve approximately 5,000 consumers over 916 miles of electric line. The service area includes the whole Matanuska Valley and a substantial amount of the Susitna Valley. It contains the communities of Eagle River, Birchwood, Palmer, Wasilla, Big Lake, Willow and Talkeetna. The small generation and distribution plant in the Village of Unalakleet on Norton Sound is also operated by MEA. Total investment is approximately ten and a quarter million dollars.

Like all Alaskan electric cooperatives, our growth rate in the last few years has far exceeded the National average of about 7%, or doubling every 10 years. In 1970 MEA's growth was 12%, in 1971 growth climbed to 21.9%. This kind of expansion requires large amounts of construction capital. In 1970 MEA's construction expenditures amounted to \$1,230,000 and in 1971 it was \$1,322,568 for new substations, lines and services. The 1972 budget is about

\$2.5 million and preliminary estimates for 1973 exceed \$2.4 million. Even with this kind of expenditure MEA is just barely keeping pace with upgrading and requests within the areas already served. We are finding it most difficult to extend into some of the outlying areas because of the lack of funds.

MEA's last loan application was submitted to REA in the amount of \$4.9 million on June 29, 1971. It included a budget for the estimated 1972 and 1973 construction needs as well as provision for part of the 1971 season which exceeded the amounts provided in the previous loan. On December 2, 1971 REA and CFC granted a loan in the amount of \$2.5 million to provide for MEA's needs in 1972. The requests for 1973 have been cut along with a large part of the funds requested for the 1972 system improvements. During the time the loan was being processed, MEA continued essential construction needed to meet the most urgent consumer requirements. By the end of 1971 \$922,000 from MEA's reserves had been used to keep going until loan funds would be available. Very few businesses would feel secure in drawing reserve funds down to the dangerously low level we found necessary.

This same scarce money problem faces most of the electric utilities in the Nation and particularly the REA financed coops who must depend on their loans from REA. It is particularly difficult for the rural electric coops who are limited in the money sources they can turn to.

Even though Congress appropriated \$545 million, the National Administration's policy on budget and management has resulted in a controlled release of the appropriation. Up until January 6, 1972, only \$329 million had been released. On that date another \$109 million was released leaving the balance of \$107 ^{million} still being held. The NRECA and REA surveys show that the


need for the fiscal year of over \$800 million.

In view of the Administration's policy REA, of necessity, has had to employ a program that results in cutting back to one-year loans and the refusal to loan funds for system improvements except in the most critically needed cases. They have also had to delay the release of loan funds in some cases. This is indeed a burden for Alaskan coops who are faced with an ever accelerating demand for service and who operate in conditions where the annual construction season is very short. Everyone knows of the need for long-range planning to overcome shipping and construction season scheduling. Uncertain funding under Alaskan conditions really compounds our problems.

It is our belief that an additional source for supplemental loan funds, such as HB49 would provide, would be of great help to the rural electric coops in Alaska. The loan funds could go a long way in assisting them in the job of providing the vital electric service needed for the farms, homes, businesses and homesteads.

If Alaskan rural electric coops are going to meet the fast growing needs for electric power, immense amounts of construction capital, to build electric lines, substations and generation, will be needed to supply Alaskans and their industry in the immediate years ahead.

The Legislature in considering this legislation has an opportunity to assist one of its most vital industries in its job of building Alaska.



WILLARD H. JOHNSON, GENERAL MANAGER
MATANUSKA ELECTRIC ASSOCIATION, INC.

GARDNER ELECTRIC ASSOCIATION, INC.

WAKNEK, ALASKA

March 2, 1971

A.R.E.C.A., Inc.
P. O. Box 1249
Fairbanks, Alaska

Attn: Mr. Faye L. Gentry, Pres.

Dear Faye:

I wish to acknowledge your letter of February 10, 1971 and report that the Waknek Electric Association, Inc. foresees no loan requirements for at least three (3) years. At present we are sufficiently self-protected by a sizeable bank account and believe that we can exist on our own funds for the next three (3) and probably five (5) years.

I regret that I will be unable to attend your Juneau Meeting due to our Annual Membership Meeting on March 28; however, we will try to have a representative present.

Sincerely,


Edward R. Doane, Mgr.
WAKNEK ELECTRIC ASSOCIATION, INC.

ERD:ah

ALASKA RURAL ELECTRIC ASSOCIATION, INC.

P.O. Box 115
Phone 759-7344



Anchorage, Alaska
99821

March 3, 1971

Ray L. Murray, President
Alaska Rural Electric Cooperative Assoc., Inc.
P. O. Box 1149
Fairbanks, Alaska 99707

Re: Your letter of Feb. 10, 1971

Dear Sir:

Below appears the projection of loan funds for Glacier Highway
Electric Association, Inc. from 1971 to 1977.

1971	\$ 36,670
1972	162,660
1973	268,900
1974	592,800
1975	267,000
1976	48,100
1977	93,500
	<hr/>
	1,489,650

Yours very truly,

David S. Nease
David S. Nease
Manager

DSN:ds

UNITED STATES DEPARTMENT OF ENERGY
 FEDERAL ENERGY REGULATORY COMMISSION

ANNUAL REPORT OF
 ELECTRIC LOAN GUARANTEE
 (Form No. 101, 6-22-69)

Loan Amount

Golden Valley Electric
 Association, Inc., 1249 Fairbanks
 Road, Fairbanks, Alaska
 \$6,000,000

Instructions: Submit by November 1, an original and one copy of this form to your area office. The original should be signed by an authorized corporate official. Do not include applications submitted before July 1, 1970, but include those already submitted after that date. Round all dollar amounts to the closest thousand (i.e. \$43,732 should be shown as \$44,000).

If a loan application is to include an amount for reimbursement of general funds, classify according to the purpose for which the reimbursement will be made (i.e. general funds spent for transmission construction classify as transmission).

General Funds Invested in Plant: The estimated cost of plant investment financed through general funds only as of this date; does not include plant financed by REA loan funds. See REA Bulletin 1-5.

LOAN PURPOSES	LOAN APPLICATIONS TO BE SUBMITTED DURING FISCAL YEAR ENDING JUNE 30		
	JULY 1, 1970 THRU JUNE 30, 1971	JULY 1, 1971 THRU JUNE 30, 1972	JULY 1, 1972 THRU JUNE 30, 1973
	AMOUNT (Dollars)	AMOUNT (Dollars)	AMOUNT (Dollars)
1. DISTRIBUTION	\$ 3,000,000	---	\$ 3,500,000
2. TRANSMISSION	208,000	\$ 471,000	6,168,000
3. GENERATION	---	---	12,000,000
4. OTHER (List purposes not classified in Items 1 thru 3)	50,000	---	50,000
5. TOTAL LOAN APPLICATIONS (Sum of Items 1 thru 4)	3,258,000	471,000	21,718,000
6. GIVE ESTIMATED OR ACTUAL DATE OF SUBMISSION FOR APPLICATIONS THIS FISCAL YEAR (If there are expected to be several applications, list with separate dates under Remarks.)	Feb. 1971		

REMARKS (If additional space is needed use reverse)

	<u>1974</u>	<u>1975</u>
1-	1,405,000	1,535,000
2-	5,880,000	4,478,000
3-	0	8,500,000
4-	125,000	150,000

RECEIVED

NOV 2 1970

GOLDEN VALLEY
 ELECTRIC ASSN. INC.
 ENGINEERING DEPARTMENT

CORPORATE NAME AND ADDRESS

Golden Valley Electric Association, Inc., Box 1249, Fairbanks, Alaska 99701

SIGNATURE OF AUTHORIZED REPRESENTATIVE

Robert F. Huffman

DATE

October 30, 1970

R. A. Wilkinson
ELECTRIC ASSOCIATION, INC.

GENERAL MANAGER • P. O. BOX 1249 • FAIRBANKS, ALASKA 99707

Fairbanks, Alaska 99707
PLEASE REPLY VIA AIRMAIL

March 3, 1971

Mr. Foye Gentry, President
Alaska Rural Electric Cooperative Association
P. O. Box 1249
Fairbanks, Alaska 99707

Subject: Projection of Loan Funds

Dear Mr. Gentry:

I am attaching a projection of loan funds for fiscal year July 1971 through June 1975. This is the information requested in your memo of February 10, 1971.

Very truly yours,



R. A. Wilkinson
Acting General Manager

Enclosure

	July 1974	July 1975	July 1976	July 1977
Production	\$ 1,600,000	\$ 2,500,000	\$ 2,600,000	\$ 1,600,000
Transmission	-0-	-0-	400,000	-0-
Generation	-0-	-0-	-0-	-0-
Other	801,000	500,000	500,000	801,000
Total	\$ 1,801,000	\$ 3,000,000	\$ 3,000,000	\$ 1,801,000
	July 1974	July 1975	July 1976	July 1977
	\$ 2,800,000	\$ 2,600,000	\$ 2,800,000	\$ 2,800,000

U.S. DEPARTMENT OF AGRICULTURE
RURAL CONSTRUCTION ADMINISTRATION

ANNUAL SURVEY OF
ELECTRIC LOAN REQUIREMENTS

(General Loans 1971, 1972, 1973)

Form R-200 (Rev. 11/27/71)

Alaska Electric Association

Amount of General Funds Invested in Plant (See Form 1970)

\$255,000

Applications should be submitted by November 1, an original and one copy of this form to your area office. The original should be signed by an authorized corporate official. Do not include applications submitted before July 1, 1970, but include those already submitted after that date. Round all dollar amounts to the closest thousand (i.e. \$43,752 should be shown as \$44,000).

If a loan application is to include an amount for reimbursement of general funds, classify the amount by the purpose for which the reimbursement will be made (i.e. general funds loans for transmission construction classify as transmission).

General Funds Invested in Plant: The estimated cost of plant investment financed through general funds only as of this date; does not include plant financed by REA loan funds. See REA Bulletin 1-5.

LOAN PURPOSES	LOAN APPLICATIONS TO BE SUBMITTED DURING FISCAL YEAR ENDING JUNE 30*			July 1, 1973 thru June 30, 1974	July 1, 1974 thru June 30, 1975
	JULY 1, 1970 THRU JUNE 30, 1971	JULY 1, 1971 THRU JUNE 30, 1972	JULY 1, 1972 THRU JUNE 30, 1973		
	AMOUNT (Dollars)	AMOUNT (Dollars)	AMOUNT (Dollars)		
1. DISTRIBUTION	\$800,000	\$700,000	\$800,000	500,000	500,000
2. TRANSMISSION	\$400,000	None	None	200,000	None
3. GENERATION	None	None	None	None	None
4. OTHER (List purposes not classified in items 1 thru 3)	None	None	None	None	None
5. TOTAL LOAN APPLICATIONS (Sum of items 1 thru 4)	\$900,000	\$700,000	\$800,000	500,000	500,000
6. GIVE ESTIMATED OR ACTUAL DATE OF SUBMISSION FOR APPLICATIONS THIS FISCAL YEAR. (If there are expected to be several applications, list with separate dates under Remarks.)	APR. 1971 Jan., 1971	July, 1971	JAN. 1972 July, 1972	JAN. 1973	JAN. 1974

*Indicate if additional space is needed use reverse.

Proposed Jan. 1971 Filing delayed - expect to catch up to an annual application for following construction seasons.

CORPORATE NAME AND ADDRESS

Membran's Electric Association, Inc., Box 6, Palmer, Alaska 99645

SIGNATURE OF AUTHORIZED REPRESENTATIVE

W. M. [Signature]

General Manager

DATE

November 3, 1970

REA FORM 125 (Rev. 1/70)

COPPER VALLEY HISTORIC ASSOCIATION, INC.
P. O. Box 45
Grahamville, Alaska 99588

PRESERVED ROAD REQUIREMENTS

1971	\$ 700,000
1972	125,000
1973	175,000
1974	750,000

P. O. BOX 159

HOMER, ALASKA 99603

March 4, 1971

Mr. R. L. Huffman, General Manager
Golden Valley Electric Association, Inc.
P. O. Box 1249
Fairbanks, Alaska 99701

Dear Bob:

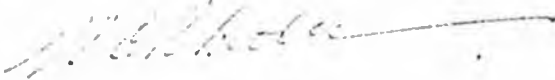
Attached is the tabulation of our loan needs for 1971 through 1975.

We have loan funds to carry us through 1971, but will be seeking new money for 1972 and thereafter.

Please let us know if you need any additional information concerning this matter.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.



W. C. Rhodes
General Manager

WCR:em
Enc.

Distribution	1
Transmission	
Generation	
Acquisitions	
Other	
Total Plant Additions and Replacements	1

TRIC ASSOCIATION, INC.
 Homer, Alaska

1971	1972	1973	1974	1975
425,000	1,503,000	1,515,000	1,587,000	1,265,000
	568,000			2,500,000
	500,000			
55,000	60,000	65,000	70,000	75,000
480,000	2,631,000	1,580,000	1,657,000	3,840,000

To Committee

POSSIBLE GUIDELINES FOR ADOPTING STATE LOAN PROGRAM

D. H. [unclear]

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

2003 Florida Avenue, N.W., Washington, D.C., 20009
Telephone Area Code 202 265-7449

Approved by Board
of Directors
May 15, 1970

STATEMENT OF CFC LOAN POLICY

- I. Foreword: This statement reflects the current judgment of the CFC Board of Directors with respect to the matters covered thereby. It is designed to serve as a guideline during the initial stages of CFC operations.
- II. CFC Corporate Purpose: As stated in its Articles of Incorporation, the corporate purpose of CFC is: "to provide, secure, and arrange financing for its members and patrons as required by them for the planning, initiation and execution of their programs, projects, and undertakings conducted in accordance with, and in pursuance of their objectives under, the statutes of their respective places of organization and operation, in the United States of America, its territories and possessions, for the primary and mutual benefit of the patrons of the Association and their patrons, as ultimate consumers."
- III. Eligibility for CFC Loans: CFC loans will be limited for the present to Class A and Class B rural electric system members. Eligibility for and the terms and conditions of such membership are set forth in Article II, Sections 1 and 2 of the CFC By-Laws. Applicants for membership will be required to subscribe to Capital Term Certificates in amounts determined by the formulas set forth in the Invitation to Subscribe to Capital Term Certificates dated July 1, 1970.
- IV. Relationship to REA Loan Program:
- A. CFC loans will be made to supplement and not supplant the REA loan program under the following circumstances:
1. When loan applications pending at REA exceed available loan funds.
 2. Where under REA loan policy the applicant cannot obtain its full loan needs from REA.
 3. For purposes within the statutory authority of the applicant but not within the statutory authority of REA.
 4. Where the applicant requests that its loan needs be provided wholly by CFC and demonstrates that such loan is required to meet its service responsibilities and that it will be able to meet its financial obligations thereunder.

Approved by Board of Directors 5/15/70

- B. Loan applications for purposes for which REA loans are made as set forth in Paragraph V of REA Bulletin 20-2 will be given priority over loans for other purposes which are not encompassed within REA's statutory loan authority but which may be undertaken by loan applicants in accordance with their statutory and corporate authority.
- C. Since REA loan documents require REA approval of borrowers' loans from other sources and extend the REA lien to all borrower property, CFC loans will be conditioned upon REA approval and agreement to accommodate the REA lien so as to give the CFC lien equal security status with the REA lien.

V. Loan Criteria:

A. General.

- 1. In view of the limited loan capability of CFC in its initial years of operation, its loan policies are designed to utilize its financial resources most effectively to supplement for the greatest possible number of its members the basic financing of their programs supplied by REA. CFC will therefore periodically budget tentative amounts of its loan capability to meet various needs of the supplemental loan program, including loans to meet short-term and emergency construction needs, long-term distribution system needs, and power supply system needs.
- 2. Since CFC loans will necessarily be at interest rates substantially higher than the statutory 2% rate charged by REA, relative ability of members to pay such higher rates will be the underlying principle determining the proportion of loan fund requirements of CFC members to be supplied by CFC as supplements to REA loans. Loans will be made by CFC upon its determination that the applicant has the ability to meet its financial obligations and offers adequate security for the loan.

B. Loans to Distribution Systems.

Two tests are established to determine applicants' ability to participate in the CFC loan program and the extent of such participation. One test relates to the applicant's recent history of interest coverage, i.e. its Times Interest Earned Ratio (TIER). The other reflects the productivity of the applicant's plant investment in terms of operating revenues, i.e. Plant-Revenue Ratio (PRR).

As used herein, "TIER" is determined as follows: (i) for each of the latest three calendar years, add Patronage Capital and Margins (Line A.22 on REA Form 7, rev. 10-65 or Line A.22 on REA Form 7, rev. 10-69) to Interest Expense (Line A.14 minus Line A.15 on both REA Form 7, rev. 10-65, and REA Form 7, rev. 10-69) and divide the total by Interest Expense; (ii) select the two years with the highest TIER so computed,; and (iii) average the TIER for these two years to obtain the test TIER.

As used herein, "PRR" is determined as follows: for the latest calendar year, divide Total Utility Plant (Line B.3 on REA Form 7) by Operating Revenue and Patronage Capital (Line A.1 on REA Form 7) less Cost of Power (The sum of Line A.2,3,4, and 5 on REA Form 7). Illustrations of determinations of TIER and PRR are presented in Exhibit A, attached hereto.

Application of these tests will result in classification of loan applications into the following categories:

1. No CFC Participation. A loan application from an applicant whose Times Interest Earned Ratio (TIER) is less than 1.5, or whose Plant Revenue Ratio (PRR) is greater than 9 will normally not be considered eligible for a CFC loan.

Exceptions may be made in situations where a 100% CFC loan is required for emergency or interim financing purposes or where concurrent REA-CFC loans (see paragraph 2 b. below) can be made to an applicant requesting same without unduly impairing the over-all acceptability of the CFC loan portfolio as a basis for borrowing in the outside capital market.

2. CFC Participation. Loan applications which reflect a TIER of 1.5 or more or a PRR of 9 or less will generally be considered eligible for (1) a 100% CFC loan or (2) concurrent REA-CFC loans.

- a. 100% CFC Loans. The following types of applications will be considered by CFC for 100% loans, subject to CFC loan capability and REA loan accommodation where required:

- (i) When the loan purpose is within the statutory authority of the applicant but not within REA loan authority.
- (ii) When emergency funds are required to restore service or to provide service under circumstances requiring immediate construction of facilities which are eligible for REA financing but for which REA funds are not immediately available.

- (iii) When the applicant specifically requests 100% CFC financing.
- (iv) When short term construction loans eligible for REA long-term financing are requested.

Concurrent REA-CFC Loans. It is anticipated that a distribution system's application which meets the tests for CFC financing will usually result in loans in which REA and CFC will both participate, i.e. concurrent REA-CFC loans. The fractions of participation will normally reflect the applicant's PRR. A general ceiling will be placed on CFC's participation reflecting its loan capability and this ceiling determination will be reviewed at six-month intervals. From data presently available as to distribution system loan demand and on the basis of CFC's appraisal of its loan capabilities, it is estimated that during the initial stages, CFC participation in concurrent loans will not exceed 10% of such concurrent loans for those applicants having a PRR of 9 or less.

Subsequently, CFC loan policy will provide for CFC participation in concurrent loans to reflect the varying ability of borrowers to pay based on PRR or such other criteria as experience may indicate to be more equitable with a ceiling based on CFC loan capability.

CFC Loan Portfolio TIER Standards. It will be CFC's objective that the interest coverage of its distribution borrowers as a group shall average not less than 2 calculated on a pro-forma basis, i.e., taking into account the interest requirements of the new loan.

Rus - I think we might consider
 providing for slab concurrent loans
 to supplement REA & CFC where
 loan capability is determined loan capability

C.

Loans to Power Supply Systems. Because of the widely varying circumstances and needs among power supply borrowers and their relatively large loan fund requirements when compared to the CFC financial capabilities, each power supply applicant will necessarily be treated on an individual basis. It is the policy of CFC, subject to its loan capabilities and required REA approvals, to render all possible financial assistance to such member applicants in obtaining the financing necessary to meet their loan fund requirements, including such actions as: (i) participating with REA in power supply loans including emergency loans; (ii) providing limited CFC loans that may be subordinated if necessary to induce satisfactory direct financing arrangements in the capital market; (iii) advising in the formulation of members' financing plans; and (iv) providing assistance in arranging capital market financing including, where feasible, appropriate guarantees.

VI. Loan Terms and Conditions:

A. Maturities.

1. Concurrent REA-CFC Loans. The CFC loan will normally have the same maturity and be amortized on the same basis as the REA loan.
2. 100% CFC Loans. The maturity of such loans will be determined in each individual case on the basis of the applicant's needs subject to CFC commitments to and repayment arrangements with its lenders. In appropriate cases, short-term loans will be available.

B. Interest Rates:

The interest rate on 100% CFC loans or the CFC portion of concurrent REA-CFC loans, will be the same. It will be determined by CFC on the basis of its cost of money from time to time from both internal and outside sources, plus provision for appropriate reserves and CFC operating costs. While interest rates will be fixed at the lowest level commensurate with sound financial management, CFC will necessarily take into consideration in establishing interest rates that its loan portfolio must meet the requirements of the private money market, and the interest rates must be at levels which will generate interest revenues adequate to meet its interest commitments to outside lenders. To the extent feasible, CFC will fix its interest rates at the lowest possible levels in keeping with the member-owned, non-profit cooperative principles of CFC.

To illustrate, applying this policy under capital market conditions prevailing on the date of this statement, and assuming CFC loans might carry an interest rate of 8% per annum: If the initial blend of concurrent loans is 90-10%, the blend of REA and CFC funds for concurrent loans would produce a blended interest cost of 2.6% for the concurrent loans (90% at 2%; 10% at 8%) requiring debt service of \$11.71 per \$1,000 per quarter, assuming amortization through 128 level quarterly payments. This compares with \$10.60 per \$1,000 per quarter required for debt service on REA 2% loans.

C. Advances of Loan Funds:

1. General. All advances of CFC loan funds will be made on borrower requisitions.

Handwritten notes on the left margin:
 This is a...
 sounds like...
 Put in...
 This is...

Handwritten notes on the right margin:
 INTEREST

2. 100% CFC Loans. All such loans shall be fully drawn down in accordance with the provisions of the loan commitment.
 3. Concurrent Loans. Advance of the full amount of the CFC loan will be made after REA has advanced 50% of its loan.
 4. Interest Calculation. CFC loans will bear interest at the stated rate from the date of advance of funds. When CFC funds are fully advanced, a repayment schedule for the full amount of the loan will be furnished each borrower scheduling the amounts and due dates of each principle and interest payment.
- D. Prepayment of Loans. CFC will accept payment of its loans in advance of due date to the extent consistent with the redemption and refunding provisions of its senior debt obligations. Prepayment of concurrent loans, as permitted by CFC, will be apportioned between REA and CFC on the basis of the proportion of the participation of each in the aggregate balance outstanding of concurrent loans as of the date of prepayment.
- E. Refinancing of CFC Loans. Refinancing of CFC loans to borrowers to reflect and provide for lower interest rates will be permitted to the extent such refinancing does not jeopardize CFC's financial position, is consistent with the redemption and refunding provisions of its senior debt obligations and is satisfactory to REA.
- F. Subscription to Capital Term Certificates by CFC Borrowers. Each CFC loan of 10 years or longer will include an amount equal to 5 percent of the CFC loan to be applied to the purchase of Capital Term Certificates of the series last issued before the date of the loan. For shorter term loans this requirement will be reduced on a ratable basis; i.e. to 1 percent for loans having a maturity of 30 months or less; 2 percent for loans having a maturity of more than 30 but no more than 60 months; 3 percent for loans having a maturity of more than 60 but no more than 90 months; 4 percent for loans having a maturity of more than 90 but less than 120 months.

The purchase price of the certificates, together with any interest accrued from the most recent interest payment date thereof to the date of advance of CFC funds under the loan, will be deducted from the face amount of the loan. Thus, a borrower receiving a \$100,000 CFC loan will execute its note to CFC for \$100,000 and will receive at the time of the first advance of funds thereon certificates in the face amount of \$5,000 and the sum of \$95,000 in cash, as requisitioned less accrued interest

at the rate of 3 percent per annum from the most recent interest payment date of the certificates to the date of advance of funds.

- G. Loan Security and Loan Documents. To the extent practicable, standard forms of loan agreements and security instruments will be employed to facilitate borrower understanding and outside investor acceptance of CFC obligations which will be supported by the CFC loan portfolio. These instruments will include such conditions as are deemed necessary for loan security. All CFC loans will normally be secured by and share proportionately with REA, according to the respective REA and CFC interests, in a first mortgage lien on the borrower's total system. Borrowers will be required to execute such documents and take such actions as may be required to furnish such security. Short-term and/or emergency construction loans may be made by CFC without the full mortgage security required for long-term loans.

State would share with
proportionately with
CFC & REA in
Mortgage

EXHIBIT A

ILLUSTRATIONS - DETERMINATION OF TIER AND PRR

DETERMINATION OF TIER - SYSTEM A

Three Latest Years	(1) <u>Interest Expense</u>	(2) <u>Patronage Capital and Margins</u>	(3) <u>Total</u>	(4) <u>TIER</u>
1966	\$150,579	\$65,184	\$215,763	1.43*
1967	157,047	45,885	202,932	1.29*
1968	167,096	(13,126)	153,970	.92
* Average of 2 years with highest TIER				1.36

DETERMINATION OF PRR - SYSTEM A

1968

Total Utility Plant		\$14,050,544
Operating Revenue and Patronage Capital	\$1,920,535	
Less Cost of Power	<u>629,820</u>	1,290,715

$$\text{PRR} - \frac{\$14,050,544}{1,290,715} = 10.89$$

System A with a TIER of 1.36 (less than 1.5) and PRR of 10.89 (over 9.0) would normally not qualify for REA-CFC concurrent loans.

DETERMINATION OF TIER - SYSTEM B

Three Latest Years	(1) <u>Interest Expense</u>	(2) <u>Patronage Capital and Margins</u>	(3) <u>Total</u>	(4) <u>TIER</u>
1966	\$39,137	\$98,702	\$137,839	3.52*
1967	40,761	102,761	143,522	3.52*
1968	41,941	94,977	136,918	3.26

*Average of 2 years with highest TIER 3.52

DETERMINATION OF PRR - SYSTEM B
1968

Total Utility Plant		\$3,808,442	
Operating Revenue and Patronage Capital	\$494,596		
Less Cost of Power	<u>105,375</u>	389,221	
PRR -	<u>\$3,808,442</u>	=	9.78
	389,221		

Although System B's TIER of 3.52 is more than 1.5, its PRR of 9.78 being greater than 9.0 would normally disqualify System B for REA-CFC concurrent loans.

DETERMINATION OF TIER - SYSTEM C

Three Latest Years	(1) <u>Interest Expense</u>	(2) <u>Patronage Capital and Margins</u>	(3) <u>Total</u>	(4) <u>TIER</u>
1966	\$158,455	\$71,333	\$229,788	1.45*
1967	164,719	40,159	204,878	1.24
1968	176,036	45,017	221,053	1.26*

*Average of 2 years with highest TIER 1.35

DETERMINATION OF PRR - SYSTEM C
1968

Total Utility Plant		\$12,332,145	
Operating Revenue and Patronage Capital	\$1,937,663		
Less Cost of Power	<u>501,494</u>	1,436,169	
PRR -	<u>\$12,332,145</u>	=	8.59
	1,436,169		

Although System C's PRR is less than 9.0, its TIER of 1.35 being less than 1.5, would normally disqualify System C for REA-CFC concurrent loans.

DETERMINATION OF TIER - SYSTEM D

<u>Three Latest Years</u>	(1) <u>Interest Expense</u>	(2) <u>Patronage Capital and Margins</u>	(3) <u>Total</u>	(4) <u>TIER</u>
1966	\$153,196	\$231,769	\$384,965	2.51*
1967	165,316	216,608	381,924	2.31*
1968	169,268	174,722	343,990	2.03

*Average of 2 years with highest TIER 2.41

DETERMINATION OF PRR - SYSTEM D

1968

Total Utility Plant		\$12,862,313
Operating Revenue and Patronage Capital	\$2,285,667	
Less Cost of Power	<u>733,628</u>	1,552,039
PRR -	<u>\$12,862,313</u>	= 8.29
	<u>1,552,039</u>	

System D, having a TIER of 2.41, which is in excess of 1.5, and a PRR of 8.29 which is less than 9.0, qualifies for REA-CFC concurrent loans.

MEMORANDUM

State of Alaska
DEPARTMENT OF COMMERCE

5
DeGnon

TO: Robert E. Butler
Deputy Commissioner

Ref

DATE : March 19, 1971

SUBJECT: Fiscal Note
House Bill 49

FROM: John K. Robertson
Director
Division of Banking, Securities,
Small Loans and Corporations

The attached is about the best we can do based on the information we have.

The fiscal note includes an operating budget based on salaries (administrator, examiner and secretary-bookkeeper), furniture, fixtures, supplies, travel, office space, etc. The three-year projection is on the basis of a 5% increase per year.

Attachment

Introduced: 1/13/71
Referred: Commerce and
Finance

1 IN THE HOUSE

BY KERTTULA AND MORAN

2 HOUSE BILL NO. 49

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to electric development loans."

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

8 * Section 1. AS 45 is amended by adding a new chapter to read:

9 CHAPTER 90. ELECTRIC DEVELOPMENT LOANS.

10 Sec. 45.90.010. DECLARATION OF POLICY. It is the policy of this
11 chapter to promote the more rapid development of a transmission system
12 for electric energy and power throughout the state by means of long-
13 term low interest loans for the purchase and installation of electric
14 distribution and transmission lines and associated equipment.

15 Sec. 45.90.020. POWERS OF THE DEPARTMENT OF COMMERCE. The
16 Department of Commerce may

17 (1) if other credit is not readily available on reasonable
18 terms, make loans to persons for the purchase and installation of elec-
19 tric distribution and transmission lines and associated equipment;

20 (2) designate agents and delegate its powers to them as
21 necessary;

22 (3) adopt rules and regulations necessary to carry out its
23 functions;

24 (4) establish amortization plans for repayment of loans,
25 which may include delayed payments of principal and interest for not to
26 exceed five years;

27 (5) enter into agreements with private lending institutions,
28 other state agencies or agencies of the federal government, to carry
29 out the purposes of this chapter.

1 Sec. 45.90.030. LIMITATION ON LOANS. A loan provided for
2 under this chapter may not exceed \$1,000,000. A loan may not run
3 longer than 35 years nor bear interest exceeding five per cent, and
4 it shall be secured by a real estate or chattel mortgage, or by both.

5 Sec. 45.90.040. CREATION OF FUND. There is created an electric
6 distribution and transmission line fund which shall not exceed
7 \$5,000,000 to carry out the purposes of this chapter.

8 Sec. 45.90.050. ADMINISTRATION OF FUND. The commissioner of
9 commerce shall administer the loan fund.

10
11 *need extent*

12
13 *10% available*

28



RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

Introduced: 1/13/71
Referred: Commerce and
Finance

1 IN THE HOUSE

BY KERTTULA AND MORAN

2 HOUSE BILL NO. 50

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating to the Department of Commerce;
7 and providing for an effective date."

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

9 * Section 1. The sum of \$5,000,000 is appropriated from the general
10 fund to the Department of Commerce for the purpose of the electric distri-
11 bution and transmission line fund as provided for in AS 45.90.

12 * Sec. 2. This Act takes effect on July 1, 1971.
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ALASKA STATE LEGISLATURE

SEVENTH Legislature FIRST Session

HOUSE BILL NO. 50

By KERTILA AND MORAN

An Act appropriating to the Department of Commerce and providing for an effective date.

Dept Commerce, approp, elec

Introduced in the House 1/13/ 71

HISTORY IN THE HOUSE

19 71

Jan 13

Read first time and referred to Committee on

Commerce and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Yeas Nays Absent Excused

Effective Date

PASS Yeas Nays Absent Excused

Reported correctly engrossed Signed by Speaker Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Yeas Nays Absent Excused

Effective Date

PASS Yeas Nays Absent Excused

Reported correctly engrossed Signed by President Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

By Governor

Filed with Secy. State

Chapter No.

"An Act appropriating to the Department of Commerce; and providing for an effective date."

Committee Report

HOUSE OF REPRESENTATIVES

3/16/71

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 50

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ CHAIRMAN

"An Act appropriating to the Department of Commerce; and providing for an effective date."

Committee Report

HOUSE OF REPRESENTATIVES

FINANCE

1/13/71

Date

Mr. Speaker:

The Committee on COMMERCE has had HB 50

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

William L. Beerman _____
Frank Ferrel _____
Centur _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Hillstrand recommends: Do not pass
Jess Harris recommends: NONE
 _____ recommends:
 _____ recommends:
 _____ recommends:

Centur
 CHAIRMAN

Introduced: 1/13/71
Referred: Commerce and
Finance

1 IN THE HOUSE

BY KERTTULA AND MORAN

2 HOUSE BILL NO. 50

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating to the Department of Commerce;
7 and providing for an effective date."

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

9 * Section 1. The sum of \$5,000,000 is appropriated from the general
10 fund to the Department of Commerce for the purpose of the electric distri-
11 bution and transmission line fund as provided for in AS 45.90.

12 * Sec. 2. This Act takes effect on July 1, 1971.
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RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

Introduced: 1/13/71
Referred: Health, Welfare
& Education and Finance

1 IN THE HOUSE

BY KERTTULA

2 HOUSE BILL NO. 53

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating to the school construction grant
7 fund; and providing for an effective date."

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

9 * Section 1. The sum of \$40,000,000 is appropriated from the general
10 fund to the school construction grant fund for state grants to organized
11 boroughs and cities which are school districts, as authorized in AS 14.18.

12 * Sec. 2. This Act takes effect on July 1, 1971.
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ALASKA STATE LEGISLATURE

SEVENTH Legislature

FIRST Session

HOUSE Bill NO. 53

BY KENTTOLA

An Act appropriating to the school construction grant fund, and providing for an effective date.

School construction grant fund

Introduced in the House 1/13, 19 71

HISTORY IN THE HOUSE

19 71

Jan 13

Read first time and referred to Committee on

HW&E and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS

Yeas
Nays
Absent
Excused

Effective Date

PASS

Yeas
Nays
Absent
Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS

Yeas
Nays
Absent
Excused

Effective Date

PASS

Yeas
Nays
Absent
Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

By Governor

Filed with Secy. State

Chapter No. _____

"An Act appropriating to the school construction grant fund; and providing for an effective date."

Committee Report

HOUSE OF REPRESENTATIVES

4/7/11

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 53 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ CHAIRMAN

"An Act appropriating to the school construction grant fund; and providing for an effective date." **Committee Report**

HOUSE OF REPRESENTATIVES

FINANCE
ROOM

1/13/71

6 April 1971
Date

Mr. Speaker:

The Committee on HEALTH, WELFARE & EDUCATION has had HB 53

under consideration. A majority of the members of the Committee

recommends it do pass

recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for _____ and that
CS for _____ do pass

(and) recommends it be referred to the _____
committee

reports it back without recommendation

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

Genie Chance _____
Ed [unclear] _____
Mont B. Motu _____
Carl E. Woods _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

Genie Chance
CHAIRMAN

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

"An Act appropriating to the school construction grant fund; and providing for an effective date." **Committee Report**

HOUSE OF REPRESENTATIVES

FINANCE
ROOM

1/13/71

6 April 1971
Date

Mr. Speaker:

The Committee on HEALTH, WELFARE & EDUCATION has had HB 53 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

Genie Chance _____

Ed Naughton _____

Mont B. Motu _____

Carl E. Moses _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

Genie Chance
CHAIRMAN

2/2/71

- COPIES: 7 THE CHAIRMAN OF THE COMMITTEE MAKING THE REQUEST
1 THE HOUSE FINANCE COMMITTEE STAFF
1 THE SENATE FINANCE COMMITTEE STAFF
1 THE DIVISION OF BUDGET & MANAGEMENT
3 RETAIN A COPY FOR YOUR FILES

Subject School Construction HB's Nos. 35 & 53 SB
 requested by Representative Ed Naughton, Health, Welfare & Education Committee
 referred to Nathaniel H. Cole date of request 1/16/71
 completion date requested _____ date received 1/18/71

EXPENDITURE DETAIL	FY 70	FY	FY
100 PERSONAL SERVICES	\$	\$	\$
200 TRAVEL			
300 CONTRACTUAL SERVICES			
400 COMMODITIES			
500 EQUIPMENT			
600 LAND AND STRUCTURES			
700 GRANTS, CLAIMS & SHARED REVENUE	40,000,000		
TOTAL	\$ 40,000,000	\$	\$
FUNDING DETAIL			
FEDERAL RECEIPTS	\$	\$	\$
SPECIAL FUNDS			
UNRESTRICTED GENERAL FUND RECEIPTS	40,000,000		

Man Months
 Permanent Positions
 Temporary Positions

FISCAL ANALYSIS

Surveys of estimated and incurred construction needs of borough and city school districts conducted by the Department of Education in FY 69 and 70 show the following:

	<u>Incurred in FY</u>	<u>Anticipated Expend. as of previous FY</u>	<u>Projected Need As of FY 1970</u>
1969	16,450,000	13,947,372	
1970	8,635,000	20,149,557	32,922,000
1971			27,251,000
1972			21,810,000

DATE 1/25/71

SIGNATURE *Nathaniel Cole*
 NAME & TITLE Nathaniel H. Cole, Director, Admin. Serv.

Attachment to Fiscal Note for IB's 35 and 53

Analysis of data for Fiscal Years 1969 and 1970 indicates that the incurred costs are running about 25% behind the anticipated expenditures and still further behind the projected need. Based on the projected need for 1970, 1971, and 1972, and the lag of the incurred cost compared to the projected need, \$40,000,000 on a 75% State matched funds with local funds would be the approximate amount needed to cover the projected need for FY-72, plus the backlog from previous fiscal years.

Section 14.18.010(b), page 1, lines 16-21 appears to be in conflict with Section 14.18.020, page 2, lines 7-12. Four to one is an 80% to 20% ratio rather than 75% to 25% ratio.

NOTES RE HOUSE BILL 35

1. In regard to House Bill 35, some provision should be made for State payments to a district on a scheduled basis rather than a lump sum transfer, as provided by lines 10 - 12, page 2.

The transfer procedure would require the State to draw large sums, from its treasury, where it should remain and draw interest, until it is actually needed for construction purposes. It is recommended that the following schedule be included:

- Payments.
1. 10% of the entitlement upon approval of the project.
 2. 30% upon contract award
 3. 30% upon .50% completion
 4. 20% upon project completion
 5. 10% upon final audit
2. Line 10 should be revised to read "equal to three times the local share" if the 3 - 1 ratio is to be maintained.
 3. A provision requiring any interest earned on project funds shall be credited to the construction fund.

1 IN THE HOUSE

BY ZERTTULA

2 HOUSE BILL NO. 35

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing state grants for school construc-
7 tion within borough and city school districts; and
8 providing for an effective date."

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

10 * Section 1. AS 14 is amended by adding a new chapter to read:

11 CHAPTER 18. SCHOOL CONSTRUCTION.

12 Sec. 14.18.010. STATE AID FOR SCHOOL CONSTRUCTION. (a) There is
13 in the Department of Education a school construction grant fund. Funds
14 appropriated by the legislature for school construction grants under
15 this section shall be deposited in the fund.

16 (b) Within the limits of state appropriations available for the
17 purpose, an organized borough or a city which is a school district is
18 entitled to state grants to supplement local funds which are expended
19 after July 1, 1971 for costs of new school construction, in the ratio of
20 75 per cent state funds to 25 per cent local matching funds, as provided
21 in this chapter.

22 Sec. 14.18.020. LOCAL SHARE. To qualify for a school construction
23 grant, the governing body shall furnish to the commissioner proof in the
24 form required by him that it has deposited in a local municipal capital
25 project fund separate from other municipal funds and accounts an amount
26 to be utilized solely for costs of new school construction within the
27 district. The amount deposited as a local share may be derived from any
28 source other than the state. In accepting proof of deposit of the local
29 share, the commissioner shall allow as part of the share the reasonable

1 value of in kind contributions pledged and directly related to payment
2 of costs of construction. Determination of value by the commissioner
3 shall be final. If bonded or other indebtedness has been duly author-
4 ized as required by law and the proceeds of the indebtedness pledged
5 by the governing body for use as the local share, the commissioner
6 shall credit the amount of the authorized indebtedness towards the
7 local share. Upon receipt of satisfactory proof of deposit of the
8 local share in the municipal capital project fund, the commissioner
9 shall provide for transfer from the school construction grant fund and
10 deposit in the local fund an amount equal to four times the local share,
11 except that aid based on proceeds of authorized indebtedness shall not
12 be paid over until the proceeds have been deposited in the local fund.

13 Sec. 14.18.030. USE OF FUNDS. State and local money deposited in
14 a municipal capital project fund under this chapter shall be utilized
15 solely to pay costs of new school construction within the borough or
16 city maintaining the fund. The commissioner shall require accounting
17 of money in a municipal capital project fund in the uniform manner set
18 out in the manual of Governmental Accounting, Auditing and Financial
19 Reporting, 1968, as supplemented, issued by the National Committee on
20 Governmental Accounting.

21 Sec. 14.18.040. REPORTS. The department shall provide an annual
22 report to the legislature respecting grants made under this chapter.

23 Sec. 14.16.050. REGULATIONS. The department may promulgate regu-
24 lations to implement this chapter.

25 Sec. 14.18.060. DEFINITIONS. In this chapter

- 26 (1) "commissioner" means the commissioner of education;
27 (2) "department" means the Department of Education;
28 (3) "costs of new school construction" means the cost of
29 acquiring, constructing, equipping or furnishing newly-erected public

1 elementary and secondary school facilities for classroom and related
2 purposes other than athletic stadiums, spectator space and structures
3 or other facilities intended primarily for athletic exhibitions or
4 for games or other events for which admission is to be charged the
5 public; the term includes but is not limited to the cost of acquisition
6 of sites, legal, engineering, fiscal, architectural and other fees of
7 specialists or consultants, costs of labor, materials, equipment and
8 supplies, and costs of authorization, issuance and sale of bonds, notes
9 or other evidences of debt, exclusive of costs of debt amortization;

10 (4) "governing body" means the governing body of an organi-
11 zed borough or a city which is a school district.

12 * Sec. 2. This Act takes effect July 1, 1971.

13
14 *Deferred*
15 *School Insurance*
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Introduced: 1/13/71
Referred: Health, Welfare
& Education and Finance

1 IN THE HOUSE

BY KERTTULA

2 HOUSE BILL NO. 53

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act appropriating to the school construction grant
7 fund; and providing for an effective date."

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

9 * Section 1. The sum of \$40,000,000 is appropriated from the general
10 fund to the school construction grant fund for state grants to organized
11 boroughs and cities which are school districts, as authorized in AS 14.18.

12 * Sec. 2. This Act takes effect on July 1, 1971.

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RECORDS CERTIFICATION



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James D. Smith
Signature of Camera Operator

4/4/89
Date

Introduced: 1/27/71
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
LEGISLATIVE COUNCIL

1 IN THE HOUSE

2 HOUSE BILL NO. 110

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating a legislative intern program."

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

8 * Section 1. AS 24.20.060 is amended by adding a new paragraph to read:

9 (8) to establish and administer a legislative intern program
10 in cooperation with public and private institutions of higher learning
11 and, in order to accomplish this purpose,

12 (A) shall select, appoint and fix the stipends of
13 interns, and assign interns to appropriate officers, legislators
14 and agencies of the legislature for the pursuit of education,
15 study or research;

16 (B) may accept monetary gifts and grants from charitable
17 foundations, professional associations or any other appropriate
18 sources for the operation of the legislative intern program;

19 (C) shall adopt standards and procedures necessary to
20 implement this program.

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COMMITTEE COPY

ALASKA STATE LEGISLATURE

SEVENTH Legislature

FIRST Session

HOUSE BILL NO. 110

By THE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE COUNCIL.

"An Act creating a legislative intern program."

Legislative intern program

Introduced in the House 1/27/....., 19 71

HISTORY IN THE HOUSE

19 71

Jan 27

Read first time and referred to Committee on State Affairs and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Yeas Nays Absent Excused

Effective Date

PASS Yeas Nays Absent Excused

Reported correctly engrossed Signed by Speaker Sent to Senate

HISTORY IN THE SENATE

19

Read first time and referred
to Committee on

Reported back with
recommendation that

Read second time and

Read third time and

PASS Yeas
 : Nays
 : Absent
 : Excused

Effective Date

PASS Yeas
 : Nays
 : Absent
 : Excused

Reported correctly engrossed

Signed by President

Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Secy. State

Chapter No. _____

"An Act creating a legislative intern program."

Committee Report

HOUSE OF REPRESENTATIVES

1/29/71

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 110 under consideration. A majority of the members of the Committee

recommends it do pass

recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for _____ and that CS for _____ do pass

(and) recommends it be referred to the _____ committee

reports it back without recommendation

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ CHAIRMAN

Committee Report

FINANCE

HOUSE OF REPRESENTATIVES

1-27-71

Jan 28 1971 Date

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB NO. 110 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

Edward G. Burtel _____

Mike Roper _____

Frank Miller _____

John Fisher _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Joe Hall recommends: None

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Helen M. Fischer
VICE-CHAIRMAN

2

A M E N D M E N T #1

Offered in the HOUSE

By House State Affairs Committee

To: X HOUSE Bill No. 110

 SENATE Bill No.

AMENDMENT: Page 1 Line 21 add a new section which reads:

*Section 2. Regulations to supervise the legislative intern-
program shall be recommended by the legislative council through
the House and Senate Joint Rules Committees to the legislature
in joint session for inclusion in the uniform rules of the
Alaska State Legislature.

The intent of HB 110 is to provide the Alaska State Legislature's committees with qualified staff assistants who are likely to continue in state government service.

At the present time, the legislature is employing 17 administrative and special assistants; two at the rate of \$48 per day, nine at the rate of \$40 per day and six at the rate of \$38 per day.

We would start the legislative intern program with no more than ten interns for the 1972 session. We would hope that five of these would return for the 1973 session, along with ten new interns.

Present plans call for the interns to be awarded a stipend of \$6,000 for a complete session, provided that if a session were to be of longer duration than 150 days, adjustments would be made so that no intern would be compensated at less than \$40 per day.

The cost to the general fund would, of course, be partially offset by the salary that would have been paid to the administrative assistants under the present system.

Introduced: 1/27/71
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE
BY REQUEST OF THE
LEGISLATIVE COUNCIL

1 IN THE HOUSE

2 HOUSE BILL NO. 110

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating a legislative intern program."

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

8 * Section 1. AS 24.20.060 is amended by adding a new paragraph to read:

9 (8) to establish and administer a legislative intern program
10 in cooperation with public and private institutions of higher learning
11 and, in order to accomplish this purpose,

12 (A) shall select, appoint and fix the stipends of
13 interns, and assign interns to appropriate officers, legislators
14 and agencies of the legislature for the pursuit of education,
15 study or research;

16 (B) may accept monetary gifts and grants from charitable
17 foundations, professional associations or any other appropriate
18 sources for the operation of the legislative intern program;

19 (C) shall adopt standards and procedures necessary to
20 implement this program.

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