

LEG. FINANCE - BILLS 1977 - 1978 994

HCS SB 592 cont., thru SB 603

1 June 30, 1980.

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ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

SENATE BILL NO. 592
By THE STATE AFFAIRS COMMITTEE

"An Act providing 'lifeline' electrical service to residential consumers of electrical energy; and providing for an effective date."

electrical energy

Introduced in the Senate 4/18/1978

HISTORY IN THE SENATE

19 78		
4	18	Read first time and referred to Committee on Commerce and Finance
5	2	Reported back with <i>Committee</i> recommendation that <i>3 members to Finance</i>
5	11	<i>Sen. recess 4/15, 4 days pass, 3 do not pass, 4 fail</i>
5	15	<i>Rules: Calendar.</i>
		Read second time and <i>4/18/78, read 5/7/78</i>
5	17	<i>then 5/20/78</i>
5	30	<i>Read 4 abn</i>
5	30	Read third time and
5	30	PASS Effective Date Yeas 12 Yeas 12 Nays 2 Nays 1 Absent 1 Absent 1 Excused Excused
		Reconsideration PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
5	31	Reported correctly engrossed
5	31	Signed by President
5	31	Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 78		
5	21	Read first time and referred to Committee on <i>Commerce</i>
		Reported back with recommendation that
		Read second time and
		Read third time and
		PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
		Reconsideration PASS Effective Date Yeas Yeas Nays Nays Absent Absent Excused Excused
		Reported correctly engrossed
		Signed by Speaker
		Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

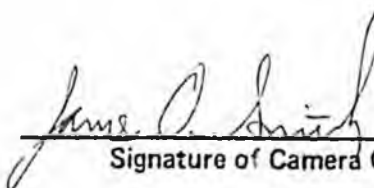
19		
		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.



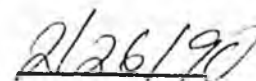
RECORDS CERTIFICATION



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.



Signature of Camera Operator



Date

COMMITTEE REPORT

HOUSE

6/17/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had CSSB 593
"An Act making a special appropriation to the residential electric energy
lifeline rate fund; eff. date."

under consideration and (a majority of the committee) (the committee
reports it back as follows)

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 _____ new title same title

AND attaches a Letter of Intent New Fiscal Note

reports it back without recommendation

and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

COMMITTEE REPORT

HOUSE

5/31/78

FURTHER: FINANCE

Date: June 16, 1978

Mr. Speaker:

The Committee on COMMERCE has had CSSB 593
"An Act making a special appropriation to the residential electric energy lifeline rate fund; eff. date."

under consideration and (a majority of the committee) ~~(the committee reports it back as follows)~~

() recommends it do pass () recommends it do not pass

() recommends it do pass with attached amendment(s)

(X) recommends it be replaced with PCS for CSSB 593

and Reports it back w/o rec (X) new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

(X) reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS:

(2) [Signature]

(1) Charles Han No Rec
[Signature] No Rec
Joe McKinnon - No Rec

Joe McKinnon
Chairman

5332
Guthrie

Original sponsor: State Affairs Committee

Offered: 6/17/78
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the residen-
7 tial electric energy fund; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$4,500,000 is appropriated from the general fund
11 to the residential electric energy fund administered by the Department of
12 Commerce and Economic Development.

13 * Sec. 2. The sum appropriated in this Act does not lapse in accordance
14 with AS 37.25.010 but remains available for use by the Department of Commerce
15 and Economic Development for payment of a residential electric energy grant
16 for use of electricity by customers of a qualifying utility until June 30,
17 1980.

18 * Sec. 3. This Act takes effect October 1, 1978 but only upon the enact-
19 ment of a version of Senate Bill No. 592 which creates the residential
20 electric energy fund.

Original sponsor: State Affairs Committee

Offered: 5/11/78
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

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8 for an effective date."

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

10 * Section 1. The sum of \$4,500,000 is appropriated from the general fund
11 to the residential electric energy lifeline rate fund administered by the
12 Department of Commerce and Economic Development.

13 * Sec. 2. The sum appropriated in this Act may be used by the Department
14 of Commerce and Economic Development for payment of a residential electric
15 energy grant for use of electricity by customers of a qualifying utility
16 after October 1, 1978.

17 * Sec. 3. This Act takes effect upon the effective date of a version of
18 an Act entitled "An Act providing 'lifeline' electrical service to residen-
19 tial consumers of electric energy", which creates the residential electric
20 energy lifeline rate fund.

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

SENATE BILL NO. 593
By THE STATE AFFAIRS COMMITTEE

"An Act making a special appropriation to the residential electrical energy lifeline rate fund, and providing for an effective date."

spec. approp./residential elec. energy lifeline rate fund

Introduced in the Senate 4/15/1978

HISTORY IN THE SENATE

19 78	Read first time and referred to Committee on
4 18	Commerce and Finance
5 2	Reported back with <i>Comm. recommendation that</i>
5 11	<i>to Finance</i>
5 15	<i>Sen. Replace w/pos. of deposit, 3 clerks pres. & files</i>
5 16	Read second time and
5 17	<i>OS adopted, & Read 7/7 calendar</i>
5 20	<i>Read 7/24 calendar</i>
5 30	<i>Read 7/26 calendar</i>
5 30	<i>In 2nd reading</i>
5 30	<i>In 3rd reading</i>
5 30	Read third time and
5 30	<i>Read 5/24 calendar</i>
5 30	<i>In 3rd reading</i>
5 30	PASS <i>cop</i> Effective Date
	Yeas 13 Yeas 18
	Nays 6 Nays 1
	Absent / Absent /
	Excused / Excused /
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
5 30	Reported correctly engrossed
5 30	Signed by President
5 30	Sent to House
	<i>Regina M. Williams</i> SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 78	Read first time and referred to Committee on
May 31	<i>to Finance</i>
	Reported back with recommendation that
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
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	Reported correctly engrossed
	Signed by Speaker
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	CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

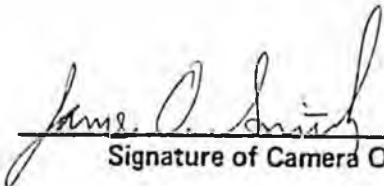
19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.



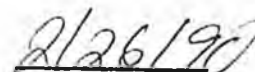
RECORDS CERTIFICATION



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Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

FURTHER: _____

5/2/78

Date: _____

Mr. President:

The Committee on FINANCE has had SB 593

Special appropriation for residential electrical energy lifeline rate fund

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass () recommends it do not pass

() recommends it do pass with attached amendment(s)

recommends it be replaced with CS for SB 593 (Fin)

and _____ () new title (X) same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

Original sponsor: State Affairs Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

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3 * Sec. 2. The sum appropriated in this Act may be used by the Department
4 of Commerce and Economic Development for payment of a residential electric
5 energy grant for use of electricity by customers of a qualifying utility
6 after October 1, 1978.

7 * Sec. 3. This Act takes effect upon the effective date of a version of
8 an Act entitled "An Act providing 'lifeline' electrical service to residen-
9 tial consumers of electric energy", which creates the residential electric
10 energy lifeline rate fund.

Original sponsor: State Affairs Committee

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

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9 tial consumers of electric energy", which creates the residential electric
0 energy lifeline rate fund.



BERING STRAITS REGIONAL HOUSING AUTHORITY

P.O. Box 995
Nome, Alaska 99762
443-5256 or 5257

Cathy
7

May 2, 1978

Honorable Steve Cowper
Chairman
House Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Mr. Cowper :

I am writing concerning the legislation currently going thru the legislature which would reduce all individuals electrical rates to .10 per KWH up to 300 KWH a month, with the State paying the rest of the bill .

As a Regional Housing Authority, we are very concerned about the cost of Utilities in our region . According to the Regulations established by the United States Department of Housing and Urban Development, we are allowed to charge no more than 25% of the participants income, less the cost of utilities . Under these regulations, we must present to HUD a comparative analysis of utility costs, in order to have the project approved . If the Utility costs plus the administrative charge exceeds 25% of the participants income, the project will not be approved . Also under our current Management program, the high cost of electricity in the villages of our region often forces the people to make the choice of paying their electrical bill or make the payments on their home . Usually they choose to pay the electrical bill and fuel bill and very often face the threat of eviction due to non payment on their homes .

Since the high cost of electrical services could have a very detrimental effect on present and future programs of Bering Straits Regional Housing Authority we do hereby urge you to act favorably on SB 592 and 593 .

Sincerely,

Charles Nelson
Executive Director

cc : Chairman Steve Cowper
Chairman John Sackett ✓
Senator Frank Ferguson
Nome Eskimo Community

RDA AND ELECTRIFICATION: A PERSPECTIVE

The Rural Development Assistance (RDA) grant program has been involved in electrification in rural Alaska since the inception of the program.

In 1960 - 62, there were 13 grants awarded to eight communities for electrification. In that three year period \$90,000 was expended on those 13 projects.

Thus far in 1978, RDA is administering seven grants totaling \$152,000 for rural electrification.

TABLE I: RDA & Electrification
by Year and Dollar Amount

<u>YEAR</u>	<u>NUMBER OF PROJECTS</u>	<u>TOTAL DOLLARS</u>
1978 (thru 4/17/78)	7	\$ 152,000.00
1977	5	73,750.00
1976	17	244,878.00
1975	15	199,976.00
1974	12	72,614.00
1973	8	70,868.00
1972	5	28,500.00
1969 - 1971	1	1,250.00
1966 - 1968	5	20,890.00
1963 - 1965	6	34,500.00
1960 - 1962	13	90,000.00
<hr/>		
19 Years	94 projects	\$ 989,226.00

Table 1, above, is a summary of the number of grants by year, project and amount. As is indicated, there have been 94 grants administered totaling nearly a million dollars in this 19 year period. These 94 grants have gone to 48 communities.

The dollar amount awarded and the number of grants have ranged from Shaktoolik with one grant for \$368 to Ruby with six grants totaling \$96,500. For a fuller description of the communities receiving grants, the years and dollars expended see the spreadsheets in Appendix A.

The Division of Community and Rural Development has been administering the RDA program for nearly two years. Our experience in working with communities and electrification concerns has varied, depending upon the project. However, no other single issue has taken as much total staff time and concern, as has electrification. Our staff is capable of delivering management and fiscal training, grant development, monitoring and evaluation. They are not electrical engineers nor utilities economists.

The Division of Energy and Power Development (DEPD), Department of Commerce and Economic Development, has provided the technical review of designed projects and given their recommendation to us. However, the one person available to assist us, does not do onsite inspections and therefore cannot develop designs for communities.

As noted above, our experience working with these electrical projects has varied. When a community has the services of an electrical engineer, who develops a detailed and complete design, our experience has been positive, as is the experience of the community. Two outstanding examples are Manokotak and Nikolai.

Manokotak had the services of Bob Martin, formerly the electrical engineer with the Bureau of Indian Affairs. He developed, with the community, a complete design for rehabilitation of the distribution system and a materials list. Manokotak is now into Phase III of their electrical project, has followed the detailed design and it appears when this phase is completed, will have a working and safe system. Expenditure to date has been about \$60,000.

Nikolai, having received an RDA grant in 1975, was frustrated and overwhelmed. Together with DEPD and RDA a contract was drawn with a private engineering firm to develop a feasibility study and design. To complete a total system, it will cost about \$150,000 ('77 monies) if all the money were in grants. If total grants, the cost per kilowatt hour (pkw) will be 31¢ ('77 monies). This will increase to 45¢ pkw in 1984. After the study was presented to Nikolai, the community voted to have electrification. The project is still in progress and has expended about \$65,000 of state funds, plus additional CETA dollars for labor.

Conversely, when projects have not been designed by a professional, the anxiety levels are almost overwhelming. Ruby did not have the advantage of a total project design. Currently, \$96,500 in state dollars alone has been expended on this electric project. In a cursory review by the current BIA engineer in February '78, he found several deficiencies. The lights have been turned on in Ruby, but the project is not completed nor has it been professionally inspected for safety and adequacy.

FEDERAL PROGRAMS

Another view of the magnitude of expenditure is to what two of the federal agencies have granted.

Table 2, below, is a summary of federal dollars from U. S. Department of Commerce, Economic Development Administration (EDA) and U. S. Department of Housing and Urban Affairs, Community Development Block Grants (HUD/CDBG) and the RDA involvement (if any) on these projects. As an example, RDA has granted \$46,000 to Kipnuk and EDA will be adding another \$239,420. The Division has already been contacted by KANA Electrical Authority on the Akhiok, Karluk and Old Harbor projects. The bids have come in about 300 percent greater than the allocation. As can be seen, each of these projects is well over \$150,000.

TABLE 2

<u>COMMUNITY</u>	Federal Programs/RDA			<u>TOTAL</u>
	<u>EDA PUBLIC WORKS '77</u>	<u>HUD/CDBG 75 - 77</u>	<u>RDA* '72 - 78</u>	
Akhiok	\$116,470	\$ 50,000		\$166,470
Karluk	116,470	50,000		166,470
Kipnuk	239,420		46,000	285,420
Old Harbor	220,790			220,790
King Cove		117,250		117,250
Kobuk		24,000	6,000	30,000
Chefornak		40,000	45,000	85,000
Sheldon Point		30,000		30,000
Newtok		10,000	8,000	18,000
Totals	\$639,150	\$321,250	\$105,000	\$1,119,400

*Only RDA where federal involvement.

NEED: WHERE AND HOW MUCH?

Our Division is unaware of any study that details the need for electric projects in rural Alaska.

Alaska Village Electric Cooperative (AVEC) serves 48 communities. In addition, Rural Electric Administration (REA), U. S. Department of Agriculture has loans to 13 other Alaska cooperatives, both urban and rural. There are also private and municipal utilities in rural Alaska.

Table 3, below, indicates by region where RDA has administered programs. However, this does not show the adequacy of systems in place nor the need.

TABLE 3

Summary RDA Electric Projects:

Region, Number, \$ (1960 - 4/20/78)

<u>REGION</u>	<u>NUMBER OF COMMUNITIES</u>	<u>\$ AMOUNT OF GRANTS</u>
Southeast	8	\$300,055
Doyon, North Slope, Bering Straits	18	325,339
NANA	3	42,140
Calista	7	135,614
Kodiak Island Borough Kenai Borough, Mat-Su Borough. Ahtna	5	69,135
Bristol Bay Area & the Aleutians	7	116,943
Total	48	\$989,226

L/cm

4/22/78

GRANTS AWARDED OR ADMINISTERED BY IOWA
FOR
ELECTRIFICATION

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS
AKIACHAK	'75	\$14,000	Power plant	N. I.
ALLAKAET	'75	\$20,000	Electrification	N. I.
ANCOON	'75	\$ 5,200	Electrification	N. I.
	'76	\$ 9,200	Electrification	
BUCKLAND	'72	\$ 8,000	Electrification	Community received rehab. BIA generators and have experienced grave problems. Generators went out and community lost all food supplies in freezers. Community now \$18,000.00 in debt and no way to repay. Each household pays \$65 month for electricity.
	'73	\$ 2,000	Generator House	
	'76	\$ 8,640 (\$18,640)	Bulk Storage and generators :	
CHEFOBNAK	'73	\$10,000 \$20,000 State	Utility Building	'76 - HUD/CDBG grant for \$40,000. Said to be experiencing problems.
	'76	\$15,000 (\$45,000)	Generator	
CHISTOCHINA	'76	\$15,000	Generator and Distribution	<u>Grant still open.</u> Community experienced problems. Now contracting with local lodge to supply generation.
CPAIG	'60	\$10,000	Repair Powerhouse - some distribution	N. I.
	'61	\$ 8,000	Renovate city power house	

GRANTS AWARDED OR ADMINISTERED BY EDA
FOR
ELECTRIFICATION

PAGE 3

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS
NAKE	'61	\$ 8,000	New light poles plus public works	N. I.
	'62	\$ 8,000	Replace 30 poles plus public works	
	'67	\$ 6,000	Restore electric power	
	'74	\$ 5,000	Electrification	
	'75	\$17,450	Electrification	
	'76	\$19,900 (\$64,350)	Electrification	
KASAAN	'76	\$19,850	Electrification	N. I.
KIPNUK	'72	\$ 8,000	Electrification	EDA/p. w. gave grant for \$239,420 for electrification 9/77.
	'75	\$20,000	Electrification	
	'76	\$15,000	Electrification	
	'76	\$ 1,000	Electrification	
	'78	\$ 2,000 (\$ 46,000)	Supercharger, on old BIA generator purchased previously, to give Kipnuk electricity until EDA project finished in Fall '78.	

GRANTS AWARDED OR ADMINISTERED BY PDA
FOR
ELECTRIFICATION

PAGE 4

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS
KLAWOCK	'62	\$ 8,000	Repair light system	N. I.
	'74	\$10,000	Electrification	
	'75	\$20,000	Electrification	
		(\$38,000)		
KLUFWAN	'60	\$ 5,000	Power house	N. I.
	'61	\$ 3,500	Power house, street lights	
	'68	\$ 3,889.89	Light plant	
	'69	\$ 1,250	Replace light poles	
	'73	\$ 7,000	Pole lines	
	'75	\$19,225	Electrification	
	'76	\$19,000	Electrification	
	(\$58,864.89)			

GRANTS AWARDED OR ADMINISTERED BY RDA
FOR
ELECTRIFICATION

PAGE 5

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS
KOBUK	'74	\$ 6,000	Electrification	5/19/77 - Kobuk returned \$4,709 to General Fund because "could not make plan operable and user costs prohibitive." 9/77 - HUD/Community Development Block Grants awarded \$24,000 for electrification. Kobuk and HUD/CDBG experiencing problems on the project.
KOLIGANEK	L. I. '78	\$20,000	Electrification	Open - Grant nearly finished, project unfinished. Will need additional grant (s). This project reviewed by Director, Division of Energy and Power Development 9/76 and community told inadequate; project reviewed by Alaska Power Authority and told inadequate as designed 11/76; project reviewed by DEPD 7/77 "inadequate in both power and project costs." 9/77 - Mandated by Legislature to fund. City Administrator said user costs may be prohibitive (3/27/78).
KWETHLUK	'65	\$ 6,500	Install 85 KW light plant	Kwethluk has experienced many problems with their system. Funded by?
	'74	\$ 4,114.09	Transp. generators	
LARSEN BAY	'77	\$20,000	Electrification (distribution)	Open - No project work to date. System designed by electrical engineer for distribution system only. Cannery who agreeded to sell power has reversed its decision. BIA to assist in new design Summer '78 for total system.
LITTLE DIOMEDE	'76	\$17,755	Electrification	Open grant: Although grant almost completed, project is not. Diomedes to make another application to finish. Using BIA school generators, community has received helpful assistance from BIA staff in design and installation.
MANOKOTAK	'76	\$17,442.61	Emergency Generator	Open: This project designed by BIA electrical engineer. Is for rehabilitation of distribution system only. A good project; well designed; community following detailed instructions of design. Manokotak has experienced problems with supplier and with aid from Field Training Officer has been able to resolve.
	'77	\$20,000	Electrification Phase II	
	'78	\$20,000	Electrification Phase III	
		(\$57,442.61)		

GRANTS AWARDED OR ADMINISTERED BY FDA
FOR
ELECTRIFICATION

PAGE 6

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS
MENTASTA LAKE	'73	\$ 7,500	Electrification	N. I.
	'74	\$ 2,000	Electrification	
	'75	\$ 2,500	Electrification	
		(\$12,000)		
HAFASKIAK	'76	\$ 8,000	Power house	N. I.
NEWHALEN	'67	\$ 2,500	Pewiring	N. I.
NEWTOK	'72	\$ 8,000	Electrification	'75 HUD/Community Development Block Grants gave \$10,000. Both agencies have experienced problem. Project completed (?).
NIKOLAI	'75	\$20,000	Electrification	3/77 - Nikolai experiencing problems. No design. With Division of Energy and Power Development and FDA, Community hired electrical engineer to do feasibility, cost study and design. Estimated total cost for system \$150,000 User costs 42¢ per kWh. '77. Working agreement with school district for training of maintenace person. Strong community support.
	C. I. '78	\$25,000	Electrification	
	'78	\$20,000	Electrification	
		(\$65,000)		
NORTHWAY	'75	\$ 4,000	Power Poles	N. I.
NUKATO	'65	\$ 2,000	Power lines	N. I.

GRANTS AWARDED OR ADMINISTERED BY EDA
FOR
ELECTRIFICATION

PAGE 7

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS	
NELSON LAGOON	'77	\$10,000	Wind Generation; an R & D project with Division of Energy and Power Development	Still in progress.	
OSKINIE	'72	\$ 2,000	Electric emergency	'75 grant bought old BIA generator that was too heavy to prepare a proper pad and when in place too expensive to run. BIA is preparing to do a design and feasibility study, Summer '78.	
	'75	\$10,000	Electrification		
POINT HOPE	'66	\$ 3,500	Generator housing	N. I.	
POINT LAY	'75	\$19,000	Wind generation	Project blew down in heavy winds. No current information on status.	
FORT HEIDEN	'74	\$ 7,000	Electrification	N. I.	
RUBY	'73	\$14,000	Electrification	BIA engineer originally assisted community but did not finish plans before he took another position and no BIA engineer available during last critical stages.	
	'74	\$ 3,500	Electrification		
	'75	\$ 4,000	Electrification	<u>2/78</u> - BIA engineer and staff onsite. Ruby will need additional equipment to provide lasting services (generators are not phased). No inspection by electrical engineer.	
	C. I. '76	\$15,000	Electrification		
	'77	\$20,000	Electrification		<u>2/78</u> - Lights went on in Ruby.
	C. I. '78	\$40,000 (\$96,500)	Electrification		<u>4/24/78</u> - Interview with Dee Olin, Mayor, <u>Anchorage Times</u> verifies findings of BIA electrical engineer.
ST. MICHAELS	'75	\$6,465.59	Transport elect. generator		

GRANTS AWARDED OR ADMINISTERED BY RDA
FOR
ELECTRIFICATION

PAGE 8

1960 - 4/20/78

COMMUNITY	YEAR	DOLLAR AMOUNT	PROJECT	CURRENT STATUS
SHAKTOOLIK	'73	\$ 368.40	Transport generator	N.I.
STEVENS VILLAGE	CI '76	\$20,000	Electrification	Generator was purchased summer of '76 and has been sitting on edge of runway since that date. Funds were used for other purposes. Community has felled and skidded logs and is preparing to build powerhouse summer '78.
SUTTON	'75	\$10,135	Wire community hall and fire hall	'78 State Fire Marshall has closed building. Unsafe.
TETLIN	'75	\$12,000	Electrification	N. I.
TORODAK	'62	\$ 4,000	Repair electrical lines	N. I.
TWIN HILLS	'73	\$10,000	Rewire village	4/78 - Power lines need to be restrung. Hanging too close to houses.
VENETIE	'68	\$ 5,000	Power plant	N. I.
WALES	'64	\$ 2,000	Install power poles	N. I.
YAKUTAT	'61	\$ 3,500	Utility power lines	N. I.
	'64	\$ 6,500	Power lines	
	'74	\$ 8,000	Electrical pole replacement	
		(\$18,000)		
GALENA	'77	\$ 3,750	Supplementary generators for City complex	Project and grant completed 5/77.

DATE: April 27, 1978

*7
orig here*

To: John Sackett, Chairman
Senate Finance Committee & Steve Cowper, Shairman
Pouch V House Finance Committee
Juneau, Alaska 99811 Pouch V
Juneau, Alaska 99811

From: AVEC Electrical Consumers (of)
Shishmaref, Alaska 99772

Subject: SUPPORT FOR PASSAGE OF SENATE BILLS #'s 592 & 593

We, the undersigned, would like to make known our full support for the passage of the above Senate Pills 592 and 593.

As you may be aware, we are now paying 37.5 cents per kilowatt-hour locally. This makes it difficult to meet all our expenses each month; especially where the newer housing electricity bills are now averaging about \$160.00 to \$180.00 per month. This makes it further hard when most of the families have no wage income.

We thank you for your and the Committee's (hopefully) favorable action toward the above Bills.

cc: Frank Ferguson
State Senator
Pouch V
Juneau, Alaska 99811

*Mrs. Winters
Flenna Snell
Dorlene Toekton
Jakes Whingona
Wilson Okpouwak, Sr.
Harvey Potogoodak
Bertha Potogoodak
Nellie Alanna
Garry Alanna
Marguerite Angerupak
Vivian Potogoodak, Sr.
Anna Potogoodak
Harold Alanna
Lillian Alanna
Nellie Enangwak*

*Ernie Bright
Inez Nayokpak
William G. Sebena
Robert Wajok
Eugene M. Moyo
Jonathan Weyanna
Mideon K. Parr Sr.
Willie Alanna
Emma Alanna
George Alanna
Grace Alanna
Susan Alanna
Barry Alanna
Hanna Weyanna
Sharon Nayokpak
Norman L. Kofesh*

To: John Sackett, Chairman
Senate Finance Committee
Pouch V
Juneau, Alaska 99811

From: AVEC Consumers (of)
Shishmaref, Alaska 99772

~~James~~
Susie Nayokpuk
Annie Koonak
Francis Kaima
Mary Kakaora
John Wm Olicie
Russell Nayokpuk
Jetta Nayokpuk
Mary Nayokpuk
Martha Kiyutelluk
Rayton Kiyutelluk
Lillian Kiyutelluk
Steen Kiyutelluk
Daniel D. Olanna
Alfred Olanna
Gene Olanna
Mildred Kuzugak
Rena Kuzugak
Frederick Totto
Andrew Tockto
Lary Tockto
Linda Kainak
Lizma Kainak
Kerrie Eutich

Lose Eutich
Annie Kiyutelluk
John Kiyutelluk
Edith M. Wajjoranna
John Novak
Rachel Stasenko
Rosetta Sinnok
Rich Stasenko
Clara Kokeok
Frank Wajjoranna
Aline Wajjoranna
Stella Kiyutelluk
John Sinnok
Minnie Sinnok
Robert Kiotomona
Willa Kiotomona
Janie Goodhope
Sam Wajjoranna
Stephan Wajjoranna
Hera Wajjoranna
Katherine Wajjoranna
Venian Barr
Stanley Wajjoranna
Hera Wajjoranna
April Wajjoranna

STATE
of ALASKA

MEMORANDUM

TO:

John Sackett, Chairman
Senate Finance Committee

DATE: May 5, 1978

FILE NO:

TELEPHONE NO:

FROM:

Carolyn S. Guess, Commissioner
Alaska Public Utilities Commission

SUBJECT:

copy

In response to Senator Orsini's inquiry regarding average residential monthly consumption of utilities serving rural Alaska, the following information may be helpful:

	residential consumers	average kwh usage
Kotzebue Electric Association	438	424
Nushagak Electric Association	359	370
Bethel Utilities	1,039	327

cc: Senator Orsini *5/8/78*
Senator Ferguson
Representative Anderson

Introduced: 4/18/78
Referred: Commerce and
Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2

SENATE BILL NO. 593

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the residen-
7 tial electrical energy lifeline rate fund; and pro-
8 viding for an effective date."

9

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

10

* Section 1. The sum of \$5,400,000 is appropriated from the general fund
11 to the residential electrical energy lifeline rate fund administered by the
12 Department of Commerce and Economic Development.

13

* Sec. 2. The sum appropriated in this Act may be used by the Department
14 of Commerce and Economic Development for payment of a residential electrical
15 energy grant for use of electricity by customers of a qualifying utility
16 after July 1, 1978.

17

* Sec. 3. This Act takes effect upon the effective date of a version of
18 an Act entitled "An Act providing 'lifeline' electrical service to residen-
19 tial consumers of electrical energy", which creates the residential electrical
20 energy lifeline rate fund.

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#

COMPANION BILL ATTACHED

Introduced: 4/18/78
Referred: Commerce and
Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE BILL NO. 592

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing 'lifeline' electrical service to
7 residential consumers of electrical energy; and pro-
8 viding for an effective date."

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

10 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

11 (1) there exist many areas of the state where the citizens are
12 burdened by exorbitant electrica energy costs; and

13 (2) electrical energy sufficient to supply the basic needs of
14 living of all the people of the state should be made available at reasonable
15 cost.

16 (b) It is the purpose of this Act to provide a basic necessary amount
17 of electrical energy for residential consumer use at reduced costs and to
18 establish reasonable energy price parity for electrical energy use throughout
19 the state.

20 * Sec. 2. AS 44.47.050 is amended by adding a new paragraph to read:

21 (19) administer the residential electrical energy lifeline
22 rate fund.

23 * Sec. 3. AS 44.47 is amended by adding new sections to read:

24 ARTICLE 8. RESIDENTIAL ELECTRICAL ENERGY LIFELINE RATE FUND.

25 Sec. 44.47.400. RESIDENTIAL ELECTRICAL ENERGY LIFELINE RATE FUND
26 ESTABLISHED. There is created within the Department of Commerce and
27 Economic Development the residential electrical energy lifeline rate
28 fund. From legislative appropriations to the fund, the department shall
29 pay grants to eligible public utilities providing electrical energy in

1 accordance with secs. 400 - 415 of this chapter.

2 Sec. 44.47.405. ELECTRICAL ENERGY GRANTS. Payments shall be made
3 under secs. 400 - 415 of this chapter to defray the costs of electrical
4 energy consumption for the lifeline energy usage block for residential
5 customers of a utility if the rate allowed by the utility's tariff
6 exceeds the lifeline electrical energy usage block rate. The payment
7 due a utility shall be computed on an annualized basis and shall be
8 determined by

9 (1) calculating the difference between the actual rate charged
10 by the utility and the lifeline electrical energy usage block rate for
11 residential customers;

12 (2) multiplying the amount determined under (1) of this
13 section by the lifeline electrical energy usage block for residential
14 customers;

15 (3) multiplying the amount determined under (2) of this
16 section by the number of residential customer units receiving electrical
17 energy from the utility.

18 Sec. 44.47.410. PROGRAM ADMINISTRATION. (a) Payments shall be
19 made by the department directly to the utility. Payments shall be made
20 to a utility not less often than once each calendar quarter.

21 (b) No payment of any portion of the proceeds of the fund may be
22 made by the commissioner unless

23 (1) there is on file with the department a written certifica-
24 tion of the commission that a utility providing electrical energy for
25 which a grant payment may be made under secs. 400 - 415 of this chapter

26 (A) is subject to regulation by the commission under AS
27 42.05; or

28 (B) if the utility is an electrical utility exempt from
29 regulation under AS 42.05.711, the utility has petitioned for

1 regulation of the rate which it charges to its customers, and the
2 petition for regulation of the rate has been accepted and acted
3 upon by the commission; and

4 (2) the commissioner is satisfied that, unless specifically
5 authorized on a temporary basis by the commission under AS 42.05.411(d),
6 the monthly rate paid for the initial 300 kilowatthours per month by a
7 residential customer of a utility to which a grant payment is to be made
8 does not exceed the lifeline electrical energy usage block rate de-
9 termined under sec. 415(4) of this chapter for the lifeline electrical
10 energy usage block, as that rate may have been adjusted by the commis-
11 sion.

12 (c) Annually, before January 31, the commissioner shall determine
13 and advise the governor and the legislature of his estimate of the sum
14 required to provide funds sufficient to make full payment of grants from
15 the fund to all qualifying utilities under sec. 405 of this chapter.

16 (d) If amounts appropriated to the grant fund are insufficient to
17 meet the full payment due each utility under sec. 405 of this chapter,
18 the amount available in the fund shall be distributed pro rata among
19 eligible utilities. If proration of payment is required, the commis-
20 sioner shall immediately notify the chairman of the commission and all
21 qualified utilities.

22 (e) The department may adopt regulations to carry out the purposes
23 of secs. 400 - 415 of this chapter.

24 Sec. 44.47.415. DEFINITIONS. In secs. 400 - 415 of this chapter

25 (1) "commission" means the Alaska Public Utilities Commis-
26 sion;

27 (2) "commissioner" means the commissioner of the Department
28 of Commerce and Economic Development;

29 (3) "department" means the Department of Commerce and

1 Economic Development;

2 (4) "lifeline electrical energy usage block" means the
3 initial amount of energy for residential customers of a utility pro-
4 viding electrical energy and equals 300 kilowatt-hours per month per
5 residential customer unit;

6 (5) "lifeline electrical energy usage block rate" means the
7 statewide standard rate for the lifeline electrical energy usage block
8 which, unless adjusted by the commission, is 10 cents per kilowatt-hour.

9 * Sec. 4. AS 42.05.141 is amended by adding a new subsection to read:

10 (b) The Alaska Public Utility Commission shall

11 (1) adopt regulations by which a public utility furnishing
12 electrical services which is exempt from the provisions of this chapter,
13 or its customers, may voluntarily submit to regulation of the utility's
14 rates and accounting practices under secs. 361 - 501 of this chapter for
15 the purpose of gaining the benefits of a residential electrical energy
16 grant for its residential customers;

17 (2) not later than January 15 annually, on the basis of local
18 rate experience during the preceding calendar year, annually determine a
19 rate increment differential applicable to the lifeline electrical energy
20 usage block rate under AS 44.47.415(5), and report the differential
21 determined to the commissioner of the Department of Commerce and Eco-
22 nomic Development for use in administration of the residential electri-
23 cal energy lifeline rate fund during that calendar year.

24 * Sec. 5. AS 42.05.391(d) is amended to read:

25 (d) Nothing in this section prevents a public utility from charg-
26 ing reduced rates

27 (1) to customers transferred to it from a competing utility
28 providing the reduction is an integral part of a contract, arrangement
29 or plan to eliminate the overlapping of service areas or to minimize

1 duplication of facilities and competition between public utilities;

2 (2) to residential customers of a public utility which is
3 providing electrical energy, if the reduction is authorized by the
4 commission to qualify customers of the utility for the benefits of the
5 residential electrical energy grant and the reduced rate charged is not
6 less than the amount provided to the utility by way of a grant from the
7 residential electrical energy lifeline rate fund.

8 * Sec. 6. AS 42.05.411 is amended by adding a new subsection to read:

9 (d) To preclude loss of revenues by a utility supplying electrical
10 services in the event proration of the proceeds of the residential
11 electrical energy lifeline rate fund becomes necessary under AS 44.47.-
12 410(d), the commission, upon its own motion, after receipt of notice
13 required to be furnished by the commissioner of the Department of
14 Commerce and Economic Development, may order the revision of a tariff
15 for a temporary period to restore a portion of the rate of return to the
16 utility not covered by the grant fund payment.

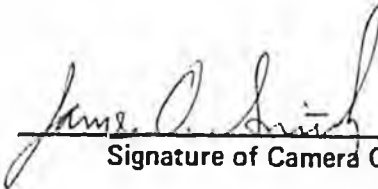
17 * Sec. 7 This Act takes effect July 1, 1978.



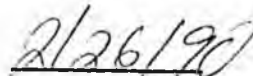
RECORDS CERTIFICATION



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.



Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

FURTHER: NONE

2/12/75

Date: 2-12-75

Mr. President:

The Committee on FINANCE has had 78 394
concerning effective period for persons making industrial incentive tax credit

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

April 18, 1978

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to ratify tax credits initially authorized under the Alaska Industrial Incentive Tax Credit Act, AS 43.26.

In 1969, the commissioner of the Department of Economic Development granted a certificate of tax credit to Oetker Brewing Company (Prinz Brau), granting it a tax credit not to exceed 75 per cent of the value of its investment made in its proposed brewery in Anchorage as of the date it commenced operation. It was to be effective for 10 years after commencement of operation, subject to certain conditions which, if unfulfilled, would terminate the credit after seven years. This certificate, issued with the approval of the Department of Law in 1969, conflicted with the statute authorizing those credits, AS 43.26, in that the statute limited the period of any credit to a maximum of 10 years from the date of the grant, not from the date of commencement of operation.

Prinz Brau commenced operation some seven years after the date of grant. It asserted that it was entitled to tax credits for a ten-year period commencing on September 17, 1976 of up to 75 per cent of its investment. It is the position of this administration that the tax credit expired in 1976 since the statutory language must prevail over the contradictory terms of the certificate of credit and since the conditions which would have extended the credit until 1979 were unfulfilled. However, given the approval of the state to the 1969 tax credit and the repeated reliance by Oetker upon this tax credit in establishing a brewery in Anchorage and a lack of any evidence that Oetker was actually aware of the

discrepancy between the statute and the credit, it is our view that remedial legislation is required. This bill would accomplish that result.

Two other businesses might also be affected by this legislation. Therefore, a cut-off date of September 1, 1978 is included in order to give these businesses an opportunity to commence operations but preclude any future controversy surrounding these tax credits beyond that date.

In summary, this legislation would remedy conflicts between certificates of tax credit granted by the State of Alaska to certain businesses and the statute authorizing the issuance of those certificates. Thus, businesses which relied upon the representations of state officials and the certificates in establishing new businesses in Alaska would be accorded relief from the taxes that by statute the state would otherwise be required to impose.

Sincerely,

S/JS/11

Jay S. Hammond
Governor

Introduced: 4/18/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 594

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act extending the effective period for persons
7 holding an industrial incentive tax credit; and pro-
8 viding for an effective date."

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

10 * Section 1. EXTENSION OF INDUSTRIAL INCENTIVE TAX CREDIT. When deter-
11 mining the tax liability of a person holding an industrial incentive tax
12 credit granted under color of AS 43.26, the Department of Revenue shall
13 determine that liability in accordance with the terms of that tax credit,
14 if the person has, no later than September 1, 1978, commenced operation of
15 the business for which the credit was granted.

16 * Sec. 2. RETROACTIVITY. The tax credit ratified in sec. 1 of this Act
17 shall be applied retroactively to taxes which, but for this credit, would
18 otherwise have accrued since January 1, 1976.

19 * Sec. 3. EFFECTIVE DATE. This Act takes effect immediately in accord-
20 ance with AS 01.10.070(c).

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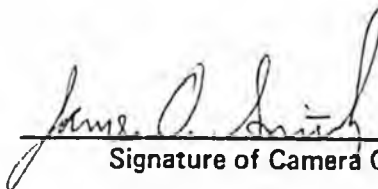
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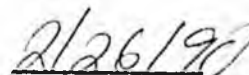
RECORDS CERTIFICATION



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.



Signature of Camera Operator



Date



Alaska State Legislature

Senate

Office of the Secretary

July 12, 1978

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

MEMORANDUM TO: J. M. Hogan, Director
Alaska Legislature,
Division of Legislative Finance

FROM: Peggy Mulligan, Secretary of the Senate

SUBJECT: HCSSB 601

Attached is a message from the Governor dated July 10, 1978 on HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 601, (making special appropriations to the power project revolving fund and the Department of Revenue; and providing for an effective date), Chapter 111, SLA 1978.

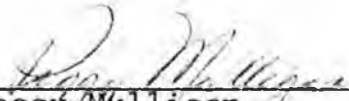
Also attached is a message to the Governor dated June 15, 1978, transmitting the above bill, stamped:

"Received, State of Alaska, 6/15/78,
Office of Governor, Time: 9:10 a.m. cjlw"

Receipt by the legislature was due July 8, 1978 in order to conform with Article II, Sections 15 and 17 of The Constitution of the State of Alaska.

On Saturday, July 8, at 5:05 p.m., I signed for SB 547 amended, and was informed by the representative of the Governor that HCSSB 601 had been signed by the Governor but that the message was not ready. I offered to be on call at my home until midnite, and stated in the event the message was not available on this date, that the journal would reflect the late receipt of the message.

I signed for the attached message from the Governor on HCSSB 601 at 4:25 p.m., July 10, 1978. The Final Joint Supplement of the Senate and House Journals makes note of the time of receipt of this message.



Peggy Mulligan,
Secretary of the Senate

Encls: 2

MESSAGE TO THE GOVERNOR

SENATE

JUNEAU, ALASKA June 15, 1978

TO THE GOVERNOR

The Senate and House have passed the following and the engrossed and enrolled copies of the following are transmitted herewith:

HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 601

SENATE BILL NO. 556 amended

SENATE BILL NO. 547 amended

RECEIVED

6/15/78

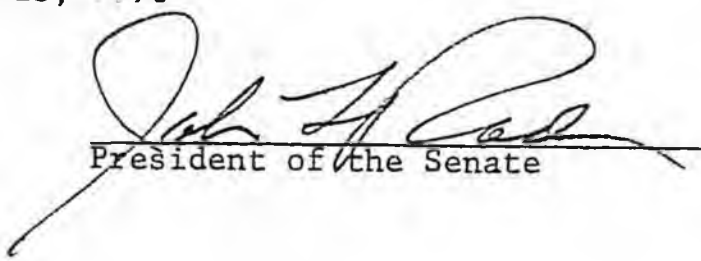
9:10 am cjd

SECRETARY OF THE SENATE

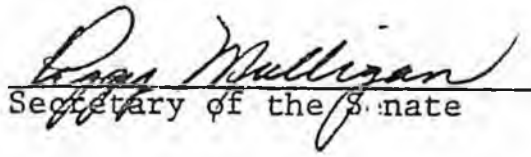
Authentication

The following officers of the Legislature certify that the attached enrolled bill, House CS for Senate Bill No. 601, consisting of 1 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

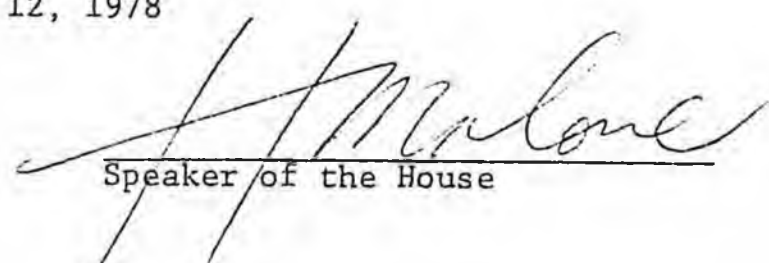
Passed by the Senate June 13, 1978


President of the Senate

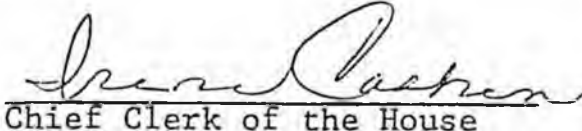
ATTEST:


Secretary of the Senate

Passed by the House June 12, 1978


Speaker of the House

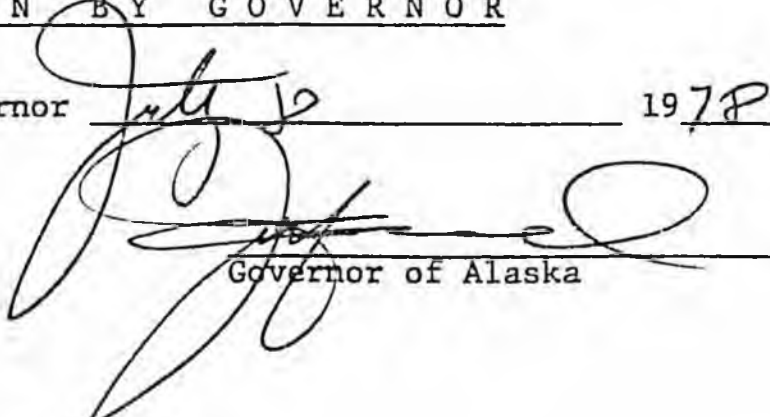
ATTEST:


Chief Clerk of the House

ACTION BY GOVERNOR

As Reduced
Approved by the Governor

July 12 1978


Governor of Alaska

COMMITTEE REPORT
SENATE

FURTHER: _____

5/18/78

Date: _____

Mr. President:

The Committee on FINANCE has had SS 601

Special appropriation for power and water projects

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Handwritten signatures]

[Handwritten signature]

Chairman

A M E N D M E N T

Offered in the SENATE

By _____

To: _____ SENATE BILL NO. _____

_____ HOUSE BILL NO. _____

AMENDMENT: Page _____ Line _____

A M E N D M E N T

Offered in the SENATE

By _____

To: _____ SENATE BILL NO. _____

_____ HOUSE BILL NO. _____

AMENDMENT: Page _____ Line _____

SB 601
Green Lake
 HYDRO
Project

REQUESTS FOR WRRLF

FY 79

<u>Entity</u>	<u>Method of Request</u>	<u>Requested Amount</u>	<u>Suggested Amount</u>
AEL&P	Letter	\$ 250,000	\$ 250,000
Kodiak	✓	100,000	50,000
Seward	Verbal	50,000-100,000	50,000
Cordova	Verbal Letter to SPA?	460,000	300,000
Petersburg- Wrangell (Thomas Bay P. C.)	Verbal-will confirm	200,000	200,000
Tlingit Haida	Letter	68,000 (Excluded Bear Lk.)	90,000
Craig	✓	100,000 (Bear Lake)	90,000
Ketchikan	✓	1,500,000	1,400,000
Anchorage	✓ (Water Supply only)	2,300,000	2,300,000
		<u>5,078,000</u>	<u>4,730,000</u>
			Use <u>4,800,000</u>
Sitka	Green Lake Project	\$10,600,000	\$10,600,000

Introduced: 4/20/78
Referred: Resources and
Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 601

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for power and
7 water projects; and providing for an effective date."

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

9 * Section 1. The sum of \$15,330,000 is appropriated from the general fund
10 in the following manner:

11 (1) \$10,600,000 to the Department of Revenue for a loan to
12 the municipality of Sitka for continuing design, federal licensing, and
13 commencing construction of the Green Lake hydroelectric project; the
14 terms and conditions of the loan are to be determined by the commis-
15 sioner of revenue in consultation with the commissioner of public works;

16 (2) \$2,430,000 to the power project revolving loan fund
17 established by AS 44.56.170 to carry out the purposes of that loan
18 program;

19 (3) \$2,300,000 to the water resources revolving loan fund
20 within the Department of Commerce and Economic Development for a loan to
21 the Municipality of Anchorage to carry out the purposes of the water
22 resources loan program.

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).

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The Senate Finance Committee

Good morning Chairman Sackett and members of the Senate Finance Committee. My name is Dale R. Merrell. I am the General Manager of the Municipality of Anchorage Water and Sewer Utility. I am here to urge your support on behalf of the Municipality of Anchorage for Senate Bill 601 and in particular Section 1, paragraph 3, providing for a loan to the Municipality of Anchorage to carry out the purposes of a water resources loan program.

Paragraph 3 of Section 1, as it is now written, provides for a loan of \$2.3 million to the Municipality of Anchorage covering the following projects: the construction of a 5-million-gallon reservoir at a cost of \$1,000,000; construction of a production well at a cost of \$420,000; further resource development at a cost of \$530,000; and the upgrading of a transmission facility, which is the removal of 1800 LF of 24" wood stave pipe, at a cost of \$350,000. I would like to note that there is one further project which was originally a part of the project list. This project is to provide the 50% funding for the construction of a 36" transmission main from the existing Ship Creek diversion dam on Ship Creek to the Municipality's Water Treatment Facility. This main will replace a 20" spiral weld steel main and will give us the additional water supply needed to meet our peak demand and the additional fire coverage necessary for the health and welfare of the community. The 50% share of this project is a total of \$1.110 million. Your support is urged for

this bill and the additional funding that I have noted; as this bill would then allow the Municipality to proceed with the orderly development of these very capital-intensive projects to meet the growth and development of the community of Anchorage. These projects, as I have noted, are very capital intensive and are what is known as non-revenue producing projects. In this light, the Municipality badly needs State support.

I would be more than happy to answer any questions Mr. Chairman, from you or from the members of the Finance Committee. Thank you very much for the opportunity to have spoke to you this morning concerning the Municipality's support of Senate Bill 601.

Municipality
of
Anchorage



3000 ARCTIC BOULEVARD
ANCHORAGE, ALASKA 99503
(907) 277-7622

GEORGE M. SULLIVAN,
MAYOR

DEPARTMENT OF ENTERPRISE ACTIVITIES
Sewer & Water Utility

May 11, 1978

The Honorable John C. Sackett
Chairman, Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Ref: Senate Bill 601

Dear Senator Sackett:

The Municipality of Anchorage urges your support for Senate Bill 601. As the bill is presently written, it would provide a loan program totaling \$2,300,000 for water resources related projects. These projects are as follows: a 5-million-gallon reservoir to provide adequate peak demand and fire support coverage, construction of a new production well, further water resource development to make up source of supply deficiencies and meet future water demands, and replacement of 1800 L.F. of 24" diameter wood stave pipe. Funding for these project is as follows:

Distribution Reservoir	\$1,000,000
Production Well	420,000
Resource Development	530,000
Upgrade Transmission	350,000

There is an additional project, construction of a 36" transmission main from the Ship Creek diversion structure to the Municipal Water Treatment Plant, which we ask your consideration for inclusion in this bill's total funding. This project is 50% grant supported. The total project cost is \$2.220 million. We urge your support to include the remaining 50% funding in Senate Bill 601. With the inclusion of this project, the funding for water resources projects in the Anchorage Area would total \$3.410 million.

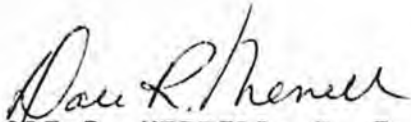
Please note that all these projects are very capital intensive and source of supply related and as such are non-revenue producing, which makes State support very important.

1.1 m

The Honorable John C. Sackett
Chairman, Senate Finance Committee
May 11, 1978
Page 2

Your support for these projects would be appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Dale R. Merrell".

DALE R. MERRELL, P. E.
General Manager
Anchorage Water & Sewer Utilities

DRM:cr

COMMITTEE REPORT

SENATE

4/20/78

FURTHER: Finance

Date: 5/5/78

Mr. President:

The Committee on RESOURCES has had SB 601
special appropriation for power and water projects

under consideration and (a majority of the committee) (the committee reports it back as follows)

- () 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 _____ () new title () same title

- () AND attaches a Letter of Intent () New Fiscal Note
() reports it back without recommendation
() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

Rep. Kistner

Rep. McLean

Rep. Hill

OTHER RECOMMENDATIONS:

K. Pollock
Chairman

A M E N D M E N T

OFFERED IN THE SENATE:

By: Resources

To: _____ SENATE BILL No. 601

HOUSE BILL No. _____

PAGE: 1

LINE: 15

Replace "COMMISSIONER of public works"
with "COMMISSIONER of transportation
and public facilities"

COMMITTEE REPORT

5/11/78

HOUSE

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had SB 601 am

"An Act asking a special appropriation for power and water projects, etc. etc."

under consideration and (a majority of the committee) (the committee reports it back as follows)

() 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 _____ () new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:



Chairman

5340
Rasmussen

Original sponsor: Finance Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 601

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the power
7 project revolving fund and the Department of Revenue;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$6,000,000 is appropriated from the general fund
11 to the power project revolving fund (AS 44.56.170) to be used for loans for
12 reconnaissance studies, design, modification, expansion and preconstruction
13 engineering for water supply and hydroelectric projects.

14 * Sec. 2. The sum of \$10,600,000 is appropriated from the general fund
15 the Department of Revenue for a loan to the municipality of Sitka for con-
16 tinuing design, federal licensing, and commencing construction of the Green
17 Lake hydroelectric project; the terms and conditions of the loan are to be
18 determined by the commissioner of revenue in consultation with the commis-
19 sioner of transportation and public facilities.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10
21 070(c).

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ALASKA POWER AUTHORITY

Back-up Information on Funding Level for the
Power Project Revolving Loan Fund

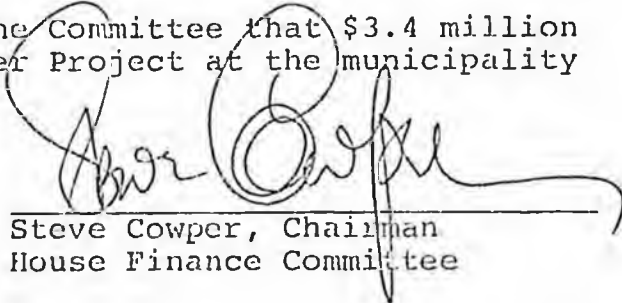
1.	Completion of detailed design and FERC License application for rehabilitation of the Lower Salmon Creek hydroelectric project in Juneau.	\$ <u>200,000</u>
2.	Reconnaissance grade feasibility study of the Chilkat River Tributary Project near Haines	\$ <u>50,000</u>
3.	Reconnaissance grade feasibility study of Port Lions Hydro Projects and Geologic Investigation.	\$ <u>80,000</u>
4.	Reconnaissance grade feasibility study and geologic investigation of Grant Lake Project at Seward.	\$ <u>70,000</u>
5.	Reconnaissance grade feasibility study and Advanced Engineering and Design of the Run-of-the-River hydropower project on Power Creek at Cordova.	\$ <u>450,000</u>
6.	Advanced Engineering and Design and license application for the most feasible project in the Petersburg/Wrangell area.	\$ <u>200,000</u>
7.	Reconnaissance grade study for Gartina Creek near Hoonah, Gunnak Creek near Kake, Thayer Creek near Angoon, and Black Bear Lake near Klawock.	\$ <u>120,000</u>
8.	Studies to include capital improvements to the Beaver Falls hydroelectric project, and explorations, final design and license application for the Swan Lake hydropower project at Ketchikan.	\$ <u>1,400,000</u>
9.	Reconnaissance grade study of Lake Elva project near Dillingham.	\$ <u>20,000</u>
10.	Reconnaissance grade study and geologic mapping of Chakachanna project near Anchorage	<u>150,000</u>
11.	Reassessment of Bradley Lake Project near Homer.	\$ <u>100,000</u>
	SUBTOTAL	\$2,910,000
12.	Funds sufficient to provide for needs of communities not previously contacted.	\$ <u>2,090,000</u>
	TOTAL	\$5,000,000

HOUSE

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
HOUSE CS FOR CSSB 601

It is the intent of the Committee that of the \$6 million appropriated to the Power Projects Revolving Loan Fund, \$2.6 million will be used for feasibility, engineering, and design related studies, including but not limited to: Lower Salmon Creek, Juneau; Chilkat River Tributary, Haines; Port Lions; Grant Lake, Seward; Power Creek, Cordova; Petersburg/Wrangell area; Gartina Creek, Hoonah; Gunnak Creek, Kake; Thayer Creek, Angoon; Black Bear Lake, Klawock; Beaver Falls & Swan Lake, Ketchikan; Lake Elva, Dillingham; Chakachamna Anchorage; and Bradley Lake, Homer. This listing of communities was recommended and explained by Mr. Eric Yould, Executive Director, Alaska Power Authority.

It is further the intent of the Committee that \$3.4 million be used for a loan to the Water Project at the municipality of Anchorage.



Steve Cowper, Chairman
House Finance Committee

Introduced: 4/20/78
Referred: Resources and
Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 601 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for power and
7 water projects; and providing for an effective date."

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

9 * Section 1. The sum of \$16,430,000 is appropriated from the general fund
10 in the following manner:

11 (1) \$10,600,000 to the Department of Revenue for a loan to
12 the municipality of Sitka for continuing design, federal licensing, and
13 commencing construction of the Green Lake hydroelectric project; the
14 terms and conditions of the loan are to be determined by the commis-
15 sioner of revenue in consultation with the commissioner of transporta-
16 tion and public facilities;

17 (2) \$2,430,000 to the power project revolving loan fund
18 established by AS 44.56.170 to carry out the purposes of that loan
19 program;

20 (3) \$3,400,000 to the water resources revolving loan fund
21 within the Department of Commerce and Economic Development for a loan to
22 the Municipality of Anchorage to carry out the purposes of the water
23 resources loan program.

24 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

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SITKA

1976 400.0 from State farm

1977 1,600.0 - State loan

1978 10,600.0 loan with complete State usage

They have received no federal

loans - from now on they

should be able to call

revenue bonds.

qudy

Exchange utility man who was

in committee that took and exchange

utility has received no other

loan, grants or direct appropriations from

the state - I could check about

the other projects and he has not gotten back

to me - Do you have that info or do you want me to

check with state agency?

Original sponsor: Finance Committee

IN THE SENATE

BY THE FINANCE COMMITTEE

HOUSE CS FOR SENATE BILL NO. 601

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making special appropriations to the power project revolving fund; and providing for an effective date."

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

* Section 1. The sum of \$6,000,000 is appropriated from the general fund to the power project revolving fund (AS 44.56.170) to be used for loans for reconnaissance studies, design, modification, expansion and preconstruction engineering for water supply and hydroelectric projects.

* Sec. 2. The sum of \$10,600,000 is appropriated from the general fund to the power project revolving fund (AS 44.56.170) for a loan to the City and Borough of Sitka for continuing design, federal licensing, and commencing of construction of the Green Lake hydroelectric project.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

PHIL R. HOLDSWORTH, P.E.
CONSULTING ENGINEER & LEGISLATIVE COUNSEL
MINING - GEOLOGY - LANDS

SB 601

PHONE 907.586-1383

326 FOURTH STREET No. 1009
JUNEAU, ALASKA 99801

May 11, 1978

The Honorable John Sackett
Alaska State Senate
Pouch "V" State Capitol Bldg.
Juneau, Alaska 99811

Dear Senator Sackett:

It is my understanding that SB 601 may be coming up before your committee on Monday of next week. The undersigned wishes to testify on this bill but must attend a Federal-State Land Use Planning Commission meeting in Anchorage at that time. With your permission I would appreciate the opportunity to have the following statement made a part of the record when SB 601 is considered by your committee.

In the recent past loans have been made for feasibility studies, preconstruction engineering, and design of several small potential hydroelectric and water supply projects for coastal communities. The loans have been handled by three different existing programs - thru the Department of Revenue, thru the Power Project Revolving Loan Fund, or thru the Water Resources Revolving Loan Fund.

Eventually it is anticipated that funds made available from the Permanent Fund income thru the Alaska Power Authority, and managed by that Authority, will provide future needs for these projects including actual construction. Such an eventuality, however, is several years down the road; and even if the present effort to broaden the responsibilities of the Alaska Power Authority (HB 442 which passed the House today) should be enacted this year, funds cannot be made available from the Permanent Fund in time to meet the FY 1979 needs of on-going projects. Hence the need for appropriations from the general fund and the passage of SB 601 at this time.

The various projects and loan amounts requested are listed in the accompanying tabulation. The request for Sitka's Green Lake project in Sec. 1.(1) of the bill is the largest single loan request. This project has been under way for several years and is the first one to enter the construction phase under this program. Upon completion of the FY 1979 program Sitka should be able to go the regular municipal bond route to complete the project.

May 11, 1978

You will note that the Anchorage request is entirely for water supply, and is so identified in Sec. 1.(3) of SB 601. One final comment - it must be remembered that this is a loan program, not a grant program.

Power and Water Supply Projects

Loan Requests - FY 1979

Sitka	Green Lake Project	\$10,600,000
Alaska Electric Light & Power	Lower Salmon Creek, Juneau Chilkat Tributary, Haines	250,000
Kodiak	Port Lions	50,000
Seward	Grant Lake	50,000
Cordova	Power Creek	300,000
Petersburg- Wrangell	Thomas Bay	200,000
Tlingit-Haida	Cartine Creek - Hoonah Gunnak Creek - Kake Thayer Creek - Angoon	90,000
Craig	Black Bear Lake	90,000
Ketchikan	Swan Lake	1,400,000
	Sub-total	<u>\$2,430,000</u>
Anchorage	Develop water supply and transmission	\$2,300,000

Respectfully submitted,

Phil R. Holdsworth

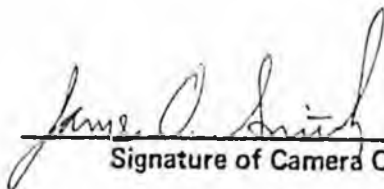
Phil R. Holdsworth

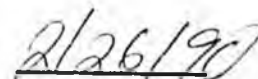


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Signature of Camera Operator


Date

Original sponsor: Rules Committee by
request of the Governor

IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 603

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act creating the Alaska Gas Pipeline Financing
Authority; and providing for an effective date."

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

* Section 1. AS 44 is amended by adding a new chapter to read:

Sec. 44.55.010. LEGISLATIVE FINDINGS. The legislature finds that

(1) timely construction of the Alaska Highway Natural Gas Pipeline Project is in the best interest of the state and of the United States;

(2) state assistance to the financing of the project will promote an essential public purpose in assuring early transportation to market of Prudhoe Bay natural gas;

(3) the project is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state;

(4) additional benefits to Alaska from the project include increased state and local tax revenue, enhanced availability of natural gas for Alaska communities, and stimulus and expansion of the private sector economy, including greater potential for development of in-state manufacturing, refining and processing facilities;

(5) construction of the project is a matter of immediate statewide concern; there is no existing general law adequate for the purpose of assisting with financing of the project, as provided in this chapter;

(6) it is a public purpose of the State of Alaska to promote

early completion of the project through the creation of an instrumentality empowered to sell revenue bonds, the interest on which is exempt from federal income tax except when held by a substantial user or related person as these terms are defined in sec. 103 of the Internal Revenue Code of 1954 as amended, and to use the proceeds to purchase or otherwise acquire obligations issued with respect to the project;

(7) an amendment by Act of Congress to sec. 103 of the Internal Revenue Code of 1954 as amended is required if the authority is to be empowered to sell revenue bonds, the interest on which is exempt from federal income tax but the State of Alaska recognizes that enactment of this amendment is a matter of federal policy.

Sec. 44.55.020. CREATION OF AUTHORITY. There is created the Alaska Gas Pipeline Financing Authority. The authority is a public corporation of the state. It is an instrumentality of the state within the Department of Revenue, but has a legal existence independent of and separate from the state. Exercise by the authority of the powers conferred by this chapter is an essential governmental function of the state.

Sec. 44.55.030. MEMBERSHIP. The membership of the authority consists of the commissioner of revenue, the commissioner of commerce and economic development, and the commissioner of natural resources. The commissioner of revenue is chairman of the authority. If a member is unable for any reason to attend a meeting of the authority, the member may, by a written instrument filed with the authority, designate a person within his department to act in the member's place at the meeting. For all purposes of this chapter, the designee is a member of the authority at the meeting.

Sec. 44.55.040. OFFICERS AND QUORUM. The members may elect other officers as they consider desirable. Two members constitute a quorum.

Action may be taken and motions and resolutions adopted by the authority at a meeting by the affirmative vote of at least two members.

Sec. 44.55.050. COMPENSATION. The members of the authority are entitled to reimbursement from the authority for actual expenses incurred in the performance of their duties.

Sec. 44.55.060. STAFF. The authority may employ an executive director who may, with the approval of the authority, select and employ additional staff as necessary. Employees of the authority are in the exempt service under AS 39.25.110. In addition to its staff of regular employees, the authority may contract for and engage the services of bond counsel, consultants, experts, and financial advisors the authority considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings.

Sec. 44.55.070. LEGAL COUNSEL. The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in legal actions.

Sec. 44.55.080. PURPOSE OF AUTHORITY. The purpose of the authority is to assist in the financing of the project through the issuance of revenue bonds as provided in this chapter.

Sec. 44.55.090. GENERAL POWERS. In furtherance of its purpose, the authority has the following powers in addition to its other powers:

- (1) to sue and be sued;
- (2) to have a seal and alter it at pleasure;
- (3) to make and alter bylaws for its organization and internal management;
- (4) to maintain an office at any place in the state,
- (5) to acquire, hold, use, mortgage, encumber, or otherwise dispose of income, revenue, funds, memberships, contracts, bonds or

other property or interests in a corporation or other legal entity, or any other real or personal property;

(6) to accept gifts, grants, or loans from, and enter into contracts or other transactions with, any national, state, or municipal government, or agency or instrumentality of a government, or with any private organization, or other source;

(7) to deposit or invest its funds subject to agreements with bondholders and other parties; and

(8) to enter into contracts or agreements with respect to the exercise of its powers, and to do all things necessary or convenient to carry out its purpose and to exercise the powers granted in this chapter.

Sec. 44.55.100. BONDS OF THE AUTHORITY. (a) The authority may borrow money and issue revenue bonds, in one or more series, the interest on which is exempt from federal income tax except when held by a substantial user or related person as defined in sec. 103 of the Internal Revenue Code of 1954 as amended, up to the principal amount of \$1,000,000,000 exclusive of refunding bonds and amounts required for fund reserves, capitalized interest, and costs of issuance of the bonds or notes. Bonds of the authority may be issued for the purpose of purchasing or otherwise acquiring any obligation issued with respect to the project in any form which is fixed and certain as to terms of repayment and for the establishment of reserves to secure or to pay bonds or notes or interest on bonds or notes and all other costs of the authority incident to and necessary for issuance of bonds or notes. The principal and interest on the bonds are payable from the income and receipts or other money derived by the authority with respect to the project, except to the extent payable out of money attributable to the proceeds of the sale of the bonds or out of income from the temporary investment of

those proceeds.

(b) The bonds issued by the authority do not constitute an indebtedness or other liability of the state or of a political subdivision of the state, but are payable solely from the income and receipts or other money of the authority. The authority may not pledge the faith or credit of the state or of a political subdivision of the state to the payment of a bond, and the issuance of a bond by the authority may not directly or indirectly or contingently obligate the state or a political subdivision of the state in any manner, except as specifically provided in this chapter.

(c) Bonds shall be authorized by resolution of the authority and shall be dated and mature as the resolution provides. Bonds shall bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, and be subject to the terms of redemption which the resolution provides.

(d) All bonds, regardless of form or character, are negotiable instruments for all the purposes of the Uniform Commercial Code.

(e) All bonds may be sold at public or private sale in the manner, for the price, and at the time or times which the authority determines.

(f) The authority may enter into financing agreements necessary or desirable to secure the bonds. Before the issuance of bonds, the authority shall make provision by agreement with the owner or user of the project for payment by the owner or user of amounts at least sufficient in the judgment of the authority to pay the principal of and interest on the bonds as they become due, to establish or maintain the reserves for payment, if any, as the authority considers necessary or desirable.

(g) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter. If sold, the proceeds may be applied, in addition to other authorized purposes, to the purchase, redemption or payment of the outstanding obligations. Pending the application of the proceeds of any refunding obligations, with any other available funds, to the payment of the principal (accrued interest and any redemption premium on the obligations being refunded, and if so provided or permitted in the authorization for issuance of the refunding obligations, to the payment of any interest on the refunding obligations and any expenses in connection with the refunding), the proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended.

Sec. 44.55.110. APPROVAL OF FINANCING PLAN. (a) The authority shall submit to the legislature during the first days of a legislative session a financing plan for the project. The plan must include the proposed methods and procedures by which the project will be financed including the amounts and times of issuance of bonds by the authority, the method of securing the bonds, projected debt service requirements of the bonds, and projected revenues for the period of time during which accurate projections can be made, which will be available to the authority to meet debt service requirements.

(b) The legislature may approve or disapprove the financing plan by concurrent resolution. If the plan is not disapproved within 30 days after presentation to the legislature, it is approved. The legislature may approve the plan with conditions concerning matters included

in the financing plan, and the conditional approval becomes effective upon certification to the legislature by the authority that the authority has accepted the conditions and modified the plan in accordance. No bonds or notes may be issued or sold until the approval required by this section has been obtained, and no bonds or notes may be issued or sold except in accordance with the approved financing plan. Amendments to the financing plan may be submitted by the authority to the legislature and become effective upon approval by the legislature by concurrent resolution.

Sec. 44.55.120. TRUST INDENTURES AND TRUST AGREEMENTS. In the discretion of the authority, an issue of bonds may be secured by a trust indenture or trust agreement between the authority and a corporate trustee (which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state) or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee by means of which the authority may

(1) make and enter into all agreements with the trustee or the holders of the bonds which the authority may determine to be necessary or desirable;

(2) pledge, mortgage, or assign money, agreements, property or other assets of the authority either presently in hand or to be received in the future, or both; and

(3) provide for any other matters of like or different character which may in any way affect the security or protection of the bonds.

Sec. 44.55.130. NONLIABILITY ON BONDS. Neither the members of the authority nor a person executing the bonds is liable personally on the bonds or subject to personal liability or accountability by reason of

the issuance of the bonds.

Sec. 44.55.140. PLEDGE OF THE STATE. The state pledges to agree with the holders of bonds issued under this chapter that the state will not limit or alter the rights and powers vested in the authority by this chapter to fulfill the terms of any contract made by the authority with those holders, or in any way impair the rights and remedies of those holders until the principal amount of the bonds, together with interest on them, with interest on unpaid installments of that interest, and all costs and expenses in connection with any action or proceeding by or on behalf of those holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in a contract with those holders.

Sec. 44.55.150. EXEMPTION FROM TAXATION. All property of the authority is public property devoted to an essential public and governmental function and is exempt from all taxes of the state or a political subdivision of the state, including without limitation all boroughs, cities, and unified municipalities. All bonds of the authority are issued by a body corporate and politic of the state and for an essential public and governmental purpose, and the bonds, the interest on them, and the income and receipts pledged to pay or secure the payment of the bonds or interest on them, are at all times exempt from taxation by or under the authority of the state, except for inheritance and estate taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income or any other taxes, provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the authority, in any property, assets, income, receipts, project, or lease, whether or not financed under this chapter.

Sec. 44.55.160. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The bonds of the authority are securities in which all public officers and bodies of the state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings associations, including savings and loan associations and building and loan associations, investment companies, and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons or entities who are, as of the effective date of this Act, or may hereafter be, authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital in their control or belonging to them. Notwithstanding any other provisions of law, the bonds of the authority are also securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state is, as of the effective date of this Act, or may hereafter be, authorized.

Sec. 44.55.170. REGULATIONS. The authority may adopt regulations to implement the purposes of this chapter.

Sec. 44.55.180. ANNUAL AUDIT. The authority shall have its financial records audited annually by the legislative auditor or by a certified public accountant approved by the legislative auditor. The legislative auditor may prescribe the form and content of the financial records of the authority and is entitled to access to these records at any time.

Sec. 44.55.190. ANNUAL REPORT. Before December 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report, in a form prescribed by the governor, describing opera-

tions, income, and expenditures for the preceding 12-month period.

Sec. 44.55.200. DEFINITIONS. In this chapter

(1) "authority" means the Alaska Gas Pipeline Financing Authority, established under this chapter;

(2) "bonds" means bonds, notes, or other evidences of indebtedness of the authority;

(3) "project" means the gas transmission pipeline (together with all related property and facilities) to extend from the Prudhoe Bay area on the North Slope of Alaska to a connection with the Trans-Canada Pipeline on the Alaska-Canada border, substantially as described in the President's report entitled "Decision and Report to Congress on the Alaska Natural Gas Transportation System", issued by the President on September 22, 1977, under provisions of the Alaska Natural Gas Transportation Act of 1976, and includes planning, design, and construction of the pipeline and facilities.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-10.070(c).

Introduced: 4/20/78
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 603

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Gas Pipeline Financing
7 Authority; and providing for an effective date."

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

9 * Section 1. AS 44 is amended by adding a new chapter to read:

10 Sec. 44.55.010. LEGISLATIVE FINDINGS. The legislature finds
11 that:

12 (1) timely construction of the Alaska Highway Natural Gas
13 Pipeline Project is in the best interest of the state and of the
14 United States;

15 (2) state assistance to the financing of the project will
16 promote an essential public purpose in assuring early transportation
17 to market of Prudhoe Bay natural gas;

18 (3) the project is essential to the development of the
19 natural resources and the long-term economic growth of the state, and
20 will directly and indirectly alleviate unemployment in the state;

21 (4) additional benefits to Alaska from the project include
22 increased state and local tax revenue, enhanced availability of
23 natural gas for Alaska communities, and stimulus and expansion of the
24 private sector economy, including greater potential for development of
25 in-state manufacturing, refining and processing facilities;

26 (5) construction of the project is a matter of immediate
27 statewide concern; there is no existing general law adequate for the
28 purpose of assisting with financing of the project, as provided in
29 this chapter;

1 (6) it is a public purpose of the State of Alaska to promote
2 early completion of the project through the creation of an instrumen-
3 tality empowered to sell revenue bonds, the interest on which is
4 exempt from federal income tax, and to use the proceeds to purchase or
5 otherwise acquire obligations issued with respect to the project.

6 Sec. 44.55.020. CREATION OF AUTHORITY. There is created the
7 Alaska Gas Pipeline Financing Authority. The authority is a public
8 corporation of the state. It is an instrumentality of the state
9 within the Department of Revenue, but has a legal existence independent
10 of and separate from the state. Exercise by the authority of the
11 powers conferred by this chapter is an essential governmental function
12 of the state.

13 Sec. 44.55.030. MEMBERSHIP. The membership of the authority
14 consists of the commissioner of revenue, the commissioner of commerce
15 and economic development, and the commissioner of natural resources.
16 The commissioner of revenue is chairman of the authority. If a member
17 is unable for any reason to attend a meeting of the authority, he or she
18 may, by a written instrument filed with the authority, designate a per-
19 son within his or her department to act in his or her place at the
20 meeting. For all purposes of this chapter, the designee is a member
21 of the authority at the meeting.

22 Sec. 44.55.040. OFFICERS AND QUORUM. The members may elect
23 other officers as they consider desirable. Two members constitute a
24 quorum. Action may be taken and motions and resolutions adopted by
25 the authority at a meeting by the affirmative vote of at least two
26 members.

27 Sec. 44.55.050. COMPENSATION. The members of the authority are
28 entitled to reimbursement from the authority for actual expenses
29 incurred in the performance of their duties.

1 Sec. 44.55.060. STAFF. The authority may employ an executive
2 director who may, with the approval of the authority, select and
3 employ additional staff as necessary. Employees of the authority are
4 in the exempt service under AS 39.25.110. In addition to its staff of
5 regular employees, the authority may contract for and engage the
6 services of bond counsel, consultants, experts, and financial advisors
7 the authority considers necessary for the purpose of developing infor-
8 mation, furnishing advice, or conducting studies, investigations,
9 hearings, or other proceedings.

10 Sec. 44.55.070. LEGAL COUNSEL. The attorney general is the
11 legal counsel for the corporation. He shall advise the corporation in
12 legal matters and represent it in legal actions.

13 Sec. 44.55.080. PURPOSE OF AUTHORITY. The purpose of the autho-
14 rity is to assist in the financing of the project through the issuance
15 of revenue bonds as provided in this chapter.

16 Sec. 44.55.090. GENERAL POWERS. In furtherance of its purpose,
17 the authority has the following powers in addition to its other powers:

- 18 (1) to sue and be sued;
- 19 (2) to have a seal and alter it at pleasure;
- 20 (3) to make and alter by-laws for its organization and
21 internal management;
- 22 (4) to maintain an office at any place in the state;
- 23 (5) to acquire, hold, use, mortgage, encumber, or otherwise
24 dispose of income, revenue, funds, memberships, contracts, bonds or
25 other property or interests in a corporation or other legal entity, or
26 any other real or personal property;
- 27 (6) to accept gifts, grants, or loans from, and enter into
28 contracts or other transactions with, any national, state, or municipi-
29 pal government, or agency or instrumentality of a government, or with

1 any private organization, or other source;

2 (7) to deposit or invest its funds subject to agreements
3 with bondholders and other parties; and

4 (8) to enter into contracts or agreements with respect to
5 the exercise of its powers, and to do all things necessary or convenient
6 to carry out its purpose and to exercise the powers granted in this
7 chapter.

8 Sec. 44.55.100. BONDS OF THE AUTHORITY. (a) The authority may
9 borrow money and issue revenue bonds, the interest on which is exempt
10 from federal income tax, up to the principal amount of one billion
11 dollars. Bonds of the authority may be issued for the purpose of
12 purchasing or otherwise acquiring any obligation issued with respect
13 to the project in any form which is fixed and certain as to terms of
14 repayment. The principal and interest on the bonds are payable from
15 the income and receipts or other money derived by the authority with
16 respect to the project, except to the extent payable out of money attri-
17 butable to the proceeds of the sale of the bonds or out of income from
18 the temporary investment of those proceeds.

19 (b) The bonds issued by the authority do not constitute an
20 indebtedness or other liability of the state or of a political sub-
21 division of the state, but are payable solely from the income and
22 receipts or other funds or property of the authority. The authority
23 may not pledge the faith or credit of the state or of a political sub-
24 division of the state, to the payment of a bond, and the issuance of a
25 bond by the authority may not directly or indirectly or contingently
26 obligate the state or a political subdivision of the state in any
27 manner, except as specifically provided in this chapter.

28 (c) Bonds must be authorized by resolution of the authority and
29 must be dated and mature as the resolution provides. Bonds must bear

1 interest at the rate or rates, be in the denominations, be in the
2 form, either coupon or registered, carry the registration privileges,
3 be executed in the manner, be payable in the medium of payment, at the
4 place or places, and be subject to the terms of redemption which the
5 resolution provides.

6 (d) All bonds, regardless of form or character, are negotiable
7 instruments for all the purposes of the Uniform Commercial Code.

8 (e) All bonds may be sold at public or private sale in the
9 manner, for the price, and at the time which the authority determines.

10 (f) The authority may enter into leases, installment sale or
11 purchase agreements, and loan or other financing agreements necessary
12 or desirable to secure the bonds. Before the issuance of bonds, the
13 authority shall make provision by agreement for payment of amounts at
14 least sufficient in the judgment of the authority to pay the principal
15 of and interest on the bonds as they become due and to establish or
16 maintain the reserves for payment, if any, as the authority considers
17 necessary or desirable.

18 Sec. 44.55.110. TRUST INDENTURES AND TRUST AGREEMENTS. In the
19 discretion of the authority, an issue of bonds may be secured by a
20 trust indenture or trust agreement between the authority and a cor-
21 porate trustee (which may be a trust company, bank, or national banking
22 association, with corporate trust powers, located inside or outside
23 the state) or by a secured loan agreement or other instrument or under
24 a resolution giving powers to a corporate trustee by means of which
25 the authority may:

26 (1) make and enter into all agreements with the trustee or
27 the holders of the bonds which the authority may determine to be
28 necessary or desirable;

29 (2) pledge, mortgage, or assign money, agreements, property

1 or other assets of the authority either presently in hand or to be
2 received in the future, or both; and

3 (3) provide for any other matters of like or different
4 character which may in any way affect the security or protection of
5 the bonds.

6 Sec. 44.55.120. NONLIABILITY ON BONDS. Neither the members of
7 the authority nor a person executing the bonds is liable personally on
8 the bonds or subject to personal liability or accountability by reason
9 of the issuance of the bonds.

10 Sec. 44.55.130. PLEDGE OF THE STATE. The state pledges to agree
11 with the holders of bonds issued under this chapter, that the state
12 will not limit or alter the rights and powers vested in the authority
13 by this chapter to fulfill the terms of any contract made by the
14 authority with those holders, or in any way impair the rights and
15 remedies of those holders until the principal amount of the bonds,
16 together with interest on them, with interest on unpaid installments
17 of that interest, and all costs and expenses in connection with any
18 action or proceeding by or on behalf of those holders, are fully met
19 and discharged. The authority is authorized to include this pledge
20 and agreement of the state in a contract with those holders.

21 Sec. 44.55.140. EXEMPTION FROM TAXATION. All property of the
22 authority is public property devoted to an essential public and govern-
23 mental function and is exempt from all taxes of the state or a politi-
24 cal subdivision of the state, including without limitation all boroughs,
25 cities, and unified municipalities. All bonds of the authority are
26 issued by a body corporate and politic of the state and for an essen-
27 tial public and governmental purpose, and the bonds, the interest on
28 them, and the income and receipts pledged to pay or secure the payment
29 of the bonds or interest on them, are at all times exempt from taxation