

LEG. FINANCE - BILLS 1979 - 1980 1170

HB 752 thru HB 754 1170



RECORDS



CERTIFICATION

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

James O Smith
Signature of Camera Operator

3/20/90
Date

(11)

COMMITTEE REPORT

HOUSE

3/20/80

FURTHER:

Date: 5/21/80

Mr. Speaker:

The Committee on FINANCE has had HB 752

"An Act making a special appropriation for the cultural facilities development fund; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 752 same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]
CHAIRMAN

WO 8096/
Pegues

Original sponsors: Duncan, Anderson,
Branson, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 752

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$52,000,000 for the purpose
8 of paying the cost of cultural facilities; and pro-
9 viding for an effective date."

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

1 * Section 1. For the purpose of paying the cost of cultural facilities,
2 general obligation bonds of the state in the principal amount of not more
3 than \$52,000,000 shall be issued and sold. The full faith, credit and re-
4 sources of the state are pledged to the payment of the principal of and
5 interest and redemption premium, if any, on these bonds. These bonds shall
6 be issued under the provisions of AS 37.15 as those provisions read at the
7 time of issuance.

8 * Sec. 2. If the issuance of these bonds is authorized by the qualified
9 voters of the state, a special fund of the state to be known as the "1980
10 Cultural Facilities Construction Fund" shall be established, to which shall
1 be credited the proceeds of the sale of the bonds described in sec. 1 of this
2 Act except for the accrued interest and premiums.

3 * Sec. 3. The amount of \$52,000,000 is appropriated from the " 1980
4 Cultural Facilities Construction Fund" to the Department of Commerce and
5 Economic Development for payment into the cultural facilities development
6 fund (AS 43.18.500) to be used for the purpose described in sec. 1 of this
7 Act.

8 * Sec. 4. If the issuance of these bonds is authorized by the qualified
9 voters of the state, the amount of \$182,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
 2 state bond committee to carry out the provisions of this Act and to pay
 3 expenses incident to the sale and issuance of the bonds authorized in this
 4 Act. The amounts expended from the appropriation authorized by this section
 5 shall be reimbursed to the general fund from the proceeds of the sale of the
 6 bonds authorized by this Act.

7 * Sec. 5. The amount withdrawn from the public facility planning fund for
 8 the purpose of advance planning for the improvements financed under this Act
 9 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
 0 rized by this Act.

1 * Sec. 6. The question whether the bonds authorized in this Act are to be
 2 issued shall be submitted to the qualified voters of the state at the next
 3 general election and shall read substantially as follows:

4 Proposition

5 State General Obligation Cultural Facilities

6 Construction Bonds \$52,000,000

7 Shall the State of Alaska issue its general obligation bonds
 8 in the principal amount of not more than \$52,000,000 for the
 9 purpose of paying the cost of cultural facilities?

0 Bonds Yes []

1 Bonds No []

2 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
 3 070(c).

WO 8096/
Pegues

Original sponsors: Duncan, Anderson,
Branson, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 752

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$52,000,000 for the purpose
8 of paying the cost of cultural facilities; and pro-
9 viding for an effective date."

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

11 * Section 1. For the purpose of paying the cost of cultural facilities,
12 general obligation bonds of the state in the principal amount of not more
13 than \$52,000,000 shall be issued and sold. The full faith, credit and re-
14 sources of the state are pledged to the payment of the principal of and
15 interest and redemption premium, if any, on these bonds. These bonds shall
16 be issued under the provisions of AS 37.15 as those provisions read at the
17 time of issuance.

18 * Sec. 2. If the issuance of these bonds is authorized by the qualified
19 voters of the state, a special fund of the state to be known as the "1980
20 Cultural Facilities Construction Fund" shall be established, to which shall
21 be credited the proceeds of the sale of the bonds described in sec. 1 of this
22 Act except for the accrued interest and premiums.

23 * Sec. 3. The amount of \$52,000,000 is appropriated from the "1980
24 Cultural Facilities Construction Fund" to the Department of Commerce and
25 Economic Development for payment into the cultural facilities development
26 fund (AS 43.18.500) to be used for the purpose described in sec. 1 of this
27 Act.

28 * Sec. 4. If the issuance of these bonds is authorized by the qualified
29 voters of the state, the amount of \$122,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
 2 state bond committee to carry out the provisions of this Act and to pay
 3 expenses incident to the sale and issuance of the bonds authorized in this
 4 Act. The amounts expended from the appropriation authorized by this section
 5 shall be reimbursed to the general fund from the proceeds of the sale of the
 6 bonds authorized by this Act.

7 * Sec. 5. The amount withdrawn from the public facility planning fund for
 8 the purpose of advance planning for the improvements financed under this Act
 9 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
 0 rized by this Act.

1 * Sec. 6. The question whether the bonds authorized in this Act are to be
 2 issued shall be submitted to the qualified voters of the state at the next
 3 general election and shall read substantially as follows:

4 Proposition

5 State General Obligation Cultural Facilities

6 Construction Bonds \$52,000,000

7 Shall the State of Alaska issue its general obligation bonds
 8 in the principal amount of not more than \$52,000,000 for the
 9 purpose of paying the cost of cultural facilities?

0 Bonds Yes []

1 Bonds No []

2 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
 3 070(c).



Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

for

HB 752

The House Health, Education and Social Services Committee reports out HB 752 with the accompanying letter of intent as follows:

It is the intent of the House HESS Committee that the amount of \$75,477,550.00 be appropriated in the following amounts and to the projects listed below:

<u>Municipality</u>	<u>Type of Facility</u>	<u>State funds</u>
DILLINGHAM	Com. Cultural Fac.	3,578,864
HOONAH	Museum	23,300
HYDABURG	Cult. Cen./Museum	490,000
JUNEAU	Perform. Arts Cen.	13,804,140
KETCHIKAN	Cultural Cen.	7,266,140
KODIAK	Cultural Cen.	6,256,800
METLAKATLA	Perform. Arts Cen.	1,507,426
PETERSBURG	Fine Arts Cen.	5,335,000
SAXMAN	Long House	1,312,775

SITKA	Intercultural Cen.	10,524,900
VALDEZ	Com. Audit. Proj.	1,750,000
ANCHORAGE	Museum	18,000,000
KENAI	Cult./Civic Cen.	5,477,550

Thelma Buchholdt
Rep. Thelma Buchholdt
Chair, House H.E.S.S. Committee

Original sponsors: Duncan, Anderson,
Branson, et al

Offered: 3/20/80
Referred: Finance

Funding Information

General Fund \$75,477,550
Other Funds -0-
\$75,477,550

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 752

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for the cultural
7 facilities development 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 \$75,477,550 is appropriated from the general fund
11 to the Department of Commerce and Economic Development for payment into the
12 cultural facilities development fund (AS 43.18.500).

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 2/14/80
Referred: Health, Education &
Social Services and Finance

Funding Information
General Fund \$52,000,000
Other Funds -0-
\$52,000,000

BY DUNCAN, ANDERSON, BRANSON,
BROWN, BUCHHOLDT, ELIASON,
FREEMAN, HAUGEN, MALONE, MILES,
MILLER, MUNSON, O'CONNELL,
PARKER, ROGERS, ZHAROFF AND
GARDINER

1 IN THE HOUSE

2 HOUSE BILL NO. 752

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for the cultural
7 facilities development 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 \$52,000,000 is appropriated from the general fund
11 to the Department of Commerce and Economic Development for payment into the
12 cultural facilities development fund (AS 43.18.500).

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



RECORDS CERTIFICATION



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

James O Smith
Signature of Camera Operator

3/20/90
Date

SENATE AMENDMENT

By Senate Finance Committee

To: _____ SENATE BILL No. _____

To: COMMITTEE SUBSTITUTE FOR HOUSE BILL No. 752 (Finance)

PAGE:

LINE:

Page 1, Line 7: Change "\$52,000,000" to \$64,000,000"

Page 1, Line 13: Change "\$52,000,000" to "\$64,000,000"

Page 1, Line 23: Change "\$52,000,000" to "\$64,000,000"

Original sponsors: Duncan, Anderson,
Branson, et al

Offered: 5/21/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 752 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of ~~\$52,000,000~~ ^{\$64,000,000} for the purpose
8 of paying the cost of cultural facilities; and pro-
9 viding for an effective date."

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

11 * Section 1. For the purpose of paying the cost of cultural facilities,
12 general obligation bonds of the state in the principal amount of not more
13 than ~~\$52,000,000~~ ^{\$64,000,000} shall be issued and sold. The full faith, credit and re-
14 sources of the state are pledged to the payment of the principal of and
15 interest and redemption premium, if any, on these bonds. These bonds shall
16 be issued under the provisions of AS 37.15 as those provisions read at the
17 time of issuance.

18 * Sec. 2. If the issuance of these bonds is authorized by the qualified
19 voters of the state, a special fund of the state to be known as the "1980
20 Cultural Facilities Construction Fund" shall be established, to which shall
21 be credited the proceeds of the sale of the bonds described in sec. 1 of this
22 Act except for the accrued interest and premiums.

23 * Sec. 3. The amount of ~~\$52,000,000~~ ^{\$64,000,000} is appropriated from the "1980
24 Cultural Facilities Construction Fund" to the Department of Commerce and
25 Economic Development for payment into the cultural facilities development
26 fund (AS 43.18.500) to be used for the purpose described in sec. 1 of this
27 Act.

28 * Sec. 4. If the issuance of these bonds is authorized by the qualified
29 voters of the state, the amount of \$182,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
2 state bond committee to carry out the provisions of this act and to pay
3 expenses incident to the sale and issuance of the bonds authorized in this
4 Act. The amounts expended from the appropriation authorized by this section
5 shall be reimbursed to the general fund from the proceeds of the sale of the
6 bonds authorized by this Act.

7 * Sec. 5. The amount withdrawn from the public facility planning fund for
8 the purpose of advance planning for the improvements financed under this Act
9 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
10 rized by this Act.

11 * Sec. 6. The question whether the bonds authorized in this Act are to be
12 issued shall be submitted to the qualified voters of the state at the next
13 general election and shall read substantially as follows:

14 Proposition

15 State General Obligation Cultural Facilities

16 Construction Bonds \$52,000,000

17 Shall the State of Alaska issue its general obligation bonds
18 in the principal amount of not more than \$52,000,000 for the
19 purpose of paying the cost of cultural facilities?

20 Bonds Yes []

21 Bonds No []

22 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).

LETTER OF INTENT
TO ACCOMPANY CSHB 752(Fin)

It is the intent of the Legislature that this letter constitute the sole and controlling statement of legislative intent on HB 752.

It is the intent of the Legislature that in the expenditure of any sums as a result of the bond authorizations contained in this bill, priority shall be given to those projects for which feasibility engineering studies have been completed and where it is anticipated that construction would be initiated during the next construction season.

John C. Sackett
Chairman
Senate Finance Committee



Official Business

Alaska State Legislature

House of Representatives

Committee on

Health, Education & Social Services

Pouch V
State Capitol
Juneau, Alaska 99811

LETTER OF INTENT

for

HB 752

The House Health, Education and Social Services Committee reports out HB 752 with the accompanying letter of intent as follows:

It is the intent of the House HESS Committee that the amount of \$75,477,550.00 be appropriated in the following amounts and to the projects listed below:

<u>Municipality</u>	<u>Type of Facility</u>	<u>State funds</u>
DILLINGHAM	Com. Cultural Fac.	3,578,864
HOONAH	Museum	23,300
HYDABURG	Cult. Cen./Museum	490,000
JUNEAU	Perform. Arts Cen.	13,804,140
KETCHIKAN	Cultural Cen.	7,266,140
KODIAK	Cultural Cen.	6,256,800
METLAKATLA	Perform. Arts Cen.	1,507,426
PETERSBURG	Fine Arts Cen.	5,335,000
SAXMAN	Long House	1,312,775

Original sponsors: Duncan, Anderson,
Branson, et al

Offered: 5/21/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 752 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$52,000,000 for the purpose
8 of paying the cost of cultural facilities; and pro-
9 viding for an effective date."

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

11 * Section 1. For the purpose of paying the cost of cultural facilities,
12 general obligation bonds of the state in the principal amount of not more
13 than \$52,000,000 shall be issued and sold. The full faith, credit and re-
14 sources of the state are pledged to the payment of the principal of and
15 interest and redemption premium, if any, on these bonds. These bonds shall
16 be issued under the provisions of AS 37.15 as those provisions read at the
17 time of issuance.

18 * Sec. 2. If the issuance of these bonds is authorized by the qualified
19 voters of the state, a special fund of the state to be known as the "1980
20 Cultural Facilities Construction Fund" shall be established, to which shall
21 be credited the proceeds of the sale of the bonds described in sec. 1 of this
22 Act except for the accrued interest and premiums.

23 * Sec. 3. The amount of \$52,000,000 is appropriated from the "1980
24 Cultural Facilities Construction Fund" to the Department of Commerce and
25 Economic Development for payment into the cultural facilities development
26 fund (AS 43.18.500) to be used for the purpose described in sec. 1 of this
27 Act.

28 * Sec. 4. If the issuance of these bonds is authorized by the qualified
29 voters of the state, the amount of \$182,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
2 state bond committee to carry out the provisions of this Act and to pay
3 expenses incident to the sale and issuance of the bonds authorized in this
4 Act. The amounts expended from the appropriation authorized by this section
5 shall be reimbursed to the general fund from the proceeds of the sale of the
6 bonds authorized by this Act.

7 * Sec. 5. The amount withdrawn from the public facility planning fund for
8 the purpose of advance planning for the improvements financed under this Act
9 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
10 rized by this Act.

11 * Sec. 6. The question whether the bonds authorized in this Act are to be
12 issued shall be submitted to the qualified voters of the state at the next
13 general election and shall read substantially as follows:

14 Proposition

15 State General Obligation Cultural Facilities

16 Construction Bonds \$52,000,000

17 Shall the State of Alaska issue its general obligation bonds
18 in the principal amount of not more than \$52,000,000 for the
19 purpose of paying the cost of cultural facilities?

20 Bonds Yes | |

21 Bonds No | |

22 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
23 070(c).

Original sponsors: Duncan, Anderson,
Branson, et al

Offered: 3/20/80
Referred: Finance

Funding Information

General Fund \$75,477,550
Other Funds -0-
\$75,477,550

1 IN THE HOUSE

BY THE HEALTH
SOCIAL SERVI

ATION AND
MITTEE

2

CS FOR HOUSE BILL NO. 752

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation for the cultural
7 facilities development 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 \$75,477,550 is appropriated from the general fund
11 to the Department of Commerce and Economic Development for payment into the
12 cultural facilities development fund (AS 43.18.500).

13

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 2/14/80
Referred: Health, Education &
Social Services and Finance

Funding Information
General Fund \$52,000,000
Other Funds -0-
\$52,000,000

BY DUNCAN, ANDERSON, BRANSON,
BROWN, BUCHHOLDT, ELIASON,
FREEMAN, HAUGEN, MALONE, MILES,
MILLER, MUNSON, O'CONNELL,
PARKER, ROGERS, ZHAROFF AND
GARDINER

1 IN THE HOUSE

2 HOUSE BILL NO. 752

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for the cultural
7 facilities development 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 \$52,000,000 is appropriated from the general fund
11 to the Department of Commerce and Economic Development for payment into the
12 cultural facilities development fund (AS 43.18.500).

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

5/27/80

Original sponsors: Duncan, Anderson,
Branson, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 752

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$126,561,500 for the
8 purpose of paying the cost of cultural facilities; and
9 providing for an effective date."

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

11 * Section 1. For the purpose of paying the cost of cultural facilities,
12 general obligation bonds of the state in the principal amount of not more
13 than \$126,561,500 shall be issued and sold. The full faith, credit and re-
14 sources of the state are pledged to the payment of the principal of and
15 interest and redemption premium, if any, on these bonds. These bonds shall
16 be issued under the provisions of AS 37.15 as those provisions read at the
17 time of issuance.

18 * Sec. 2. If the issuance of these bonds is authorized by the qualified
19 voters of the state, a special fund of the state to be known as the "1980
20 Cultural Facilities Construction Fund" shall be established, to which shall
21 be credited the proceeds of the sale of the bonds described in sec. 1 of this
22 Act except for the accrued interest and premiums.

23 * Sec. 3. The sum of \$52,000,000 is appropriated from the "1980 Cultural
24 Facilities Construction Fund" to the Department of Commerce and Economic
25 Development for payment into the cultural facilities development fund
26 (\$5,431,500) to be used for the purpose described in sec. 1 of this Act.

27 * Sec. 4. (a) The sum of \$74,561,500 is appropriated from the "1980
28 Cultural Facilities Construction Fund" to the Department of Transportation
29 and Public Facilities, in the amounts and for the projects listed in this

1 section:

2	(1) Anchorage fine arts museum	\$ 18,000,000
3	(2) Barrow cultural facility	5,000,000
4	(3) Nome cultural facility	5,000,000
5	(4) Unalakleet cultural facility	2,500,000
6	(5) Wasilla cultural facility	3,800,000
7	(6) Valdez cultural facility and museum	3,700,000
8	(7) Phase I - Fairbanks activities center	9,100,000
9	(8) Dillingham cultural facility	3,200,000
10	(9) Bethel cultural facility	12,000,000
11	(10) Homer - Kenai cultural facility	12,261,500

12 (b) The appropriations made for projects in this section may be
13 reappropriated among the projects by law.

14 * Sec. 5. If the issuance of these bonds is authorized by the qualified
15 voters of the state, the amount of \$443,000 or as much of that amount as is
16 found necessary is appropriated from the general fund of the state to the
17 state bond committee to carry out the provisions of this Act and to pay
18 expenses incident to the sale and issuance of the bonds authorized in this
19 Act. The amounts expended from the appropriation authorized by this section
20 shall be reimbursed to the general fund from the proceeds of the sale of the
21 bonds authorized by this Act.

22 * Sec. 6. The amount withdrawn from the public facility planning fund for
23 the purpose of advance planning for the improvements financed under this Act
24 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
25 rized by this Act.

* Sec. 7. The question whether the bonds authorized in this Act are to be
issued shall be submitted to the qualified voters of the state at the next
general election and shall read substantially as follows:

Proposition

1 State General Obligation Cultural Facilities

2 Construction Bonds \$126,561,500

3 Shall the State of Alaska issue its general obligation bonds
4 in the principal amount of not more than \$126,561,500 for the
5 purpose of paying the cost of cultural facilities?

6 Bonds Yes []

7 Bonds No []

8 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).



RECORDS



CERTIFICATION

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

James O. Smith
Signature of Camera Operator

3/20/90
Date

CS HB 754

incorporated

into

HCS SB 438

5/12/80

COMMITTEE REPORT

(11)

HOUSE

4/21/80

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 754

"An Act relating to the power project revolving fund; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT

(9)

HOUSE

2/14/80

FURTHER:

4/21
FINANCE

Date:

2/14/80

Mr. Speaker:

The Committee on RESOURCES has had HB 754

"An Act relating to the power project revolving fund; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 754 same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
coming
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

B. Lunde
Alvin Osterback
And P. Jensen
Carlson & Jensen
Walt Whittaker

B. Lunde

 CHAIRMAN

~~7991~~
7991
Clenoweth

Original sponsors: Naugen, Anderson,
Barnes, et al

Offered: 4/21/80
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 754

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to power projects of the Alaska Power
7 Authority, and repealing the water resources revolving
8 loan fund; and providing for an effective date."

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

10 * Section 1. AS 44.56.080(13) is amended to read:

11 (13) to perform reconnaissance studies, feasibility
12 studies, and engineering and design with respect to power projects;

13 * Sec. 2. AS 44.56.080 is amended by adding a new paragraph to read:

14 (16) to recommend to the legislature

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

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

22 (C) an appropriation from the general fund

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

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

27 (D) an appropriation to the power project fund for a
28 power project;

29 (E) an appropriation of a part of the income of the

COMMITTEE COPY

-1-

CSHB 754

7 Note coming

1 renewable resources investment fund for a power project;

2 (F) development of a project under financing arrange-
3 ments with other entities using leveraged leases or other financing
4 methods.

5 * Sec. 3. AS 44.56.170(a) is amended to read:

6 (a) There is established as a separate fund the power project
7 [REVOLVING] fund which shall be [ADMINISTERED BY THE AUTHORITY AS A
8 TRUST FUND SEPARATE AND] distinct from any other money or funds of the
9 authority, and which includes only [SHALL BE COMPOSED OF APPROPRIATED]
10 money appropriated by the legislature [FUNDS AND INTEREST EARNED ON
11 LOANS BY THE FUND].

12 * Sec. 4. AS 44.56.170(b) is repealed and re-enacted to read:

13 (b) The authority may make loans from the fund

14 (1) to electric utilities, regional electric authorities,
15 cities, boroughs, regional and village corporations, village councils,
16 and nonprofit marketing cooperatives to pay the costs of

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

20 (B) constructing, equipping, modifying, improving, and
21 expanding small-scale power production facilities, conservation
22 facilities, bulk fuel storage facilities, and transmission and
23 distribution facilities, limited to fossil fuel, wind power, tidal,
24 geothermal, hydroelectric, or solar energy production, transmission
25 and distribution, and waste energy conservation facilities; and

26 (C) reconnaissance studies, preconstruction engineering,
27 design, construction, equipping, modification, and expansion of
28 potable water supply including surface storage and groundwater
29 sources and transmission of water from surface storage to existing

1 distribution systems;

2 (2) to a person for a power project if

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

5 (B) the party which will be responsible for the project
6 is an electric utility, regional electric authority, city, borough,
7 regional or village corporation, village council, or nonprofit
8 marketing cooperative; and

9 (C) the person demonstrates to the authority that the
10 financing arrangement for the project will reduce project financing
11 costs below costs of comparable public power projects.

12 * Sec. 5. AS 44.56.170(e) is amended to read:

13 (e) Repayment of the loans shall be secured in any [SUCH] manner
14 which [AS] the authority determines is feasible to assure prompt repay-
15 ment under a loan agreement entered into with the borrower. The author-
16 ity may make an unsecured loan to a borrower regulated by the Alaska
17 Public Utilities Commission under AS 42.06 if the borrower has a sub-
18 stantial history of repaying long-term loans and the capacity to repay
19 the loan. [THE AUTHORITY MAY FORGIVE REPAYMENTS OF LOANS MADE FOR
20 RECONNAISSANCE STUDIES IF THE STUDY SHOWS THAT A PROJECT IS NOT FEASI-
21 BLE.] Under a loan agreement, repayment may be deferred for 10 years or
22 until the project for which the loan is made has achieved earnings from
23 its operations sufficient to pay the loan, whichever is earlier.

24 * Sec. 6. AS 44.56.170(f) is repealed and re-enacted to read:

25 (f) Hydroelectric projects are subject to the limitations on
26 interest and specific restrictions set out after each:

27 (1) Projects for which loans are outstanding from the water
28 resources revolving loan fund (AS 45.86) on July 13, 1978, may receive
29 additional financing from the power project fund; the additional financ-

1 ing

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

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

5 (C) shall require repayment of loan principal and inter-
6 est to begin on the earlier of

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

9 (ii) 10 years from the date the loan is granted.

10 (2) Loans for hydroelectric projects

11 (A) shall be granted for a term not to exceed 50 years;

12 and

13 (B) shall be granted at an interest rate of three per-
14 cent.

15 * Sec. 7. AS 44.56.170 is amended by adding new subsections to read:

16 (g) Loan repayments and interest earned by loans shall be de-
17 posited in the state general fund.

18 (h) The legislature may forgive the repayment of a loan made for a
19 reconnaissance study when, on the basis of that study or a feasibility
20 study, the authority finds that a project is not feasible.

21 * Sec. 8. AS 44.56 is amended by adding new sections in article 5 to
22 read:

23 Sec. 44.56.177. RECONNAISSANCE STUDY. (a) To identify power
24 project alternatives for a community, the authority shall complete a
25 reconnaissance study for each proposed new project.

26 (b) A reconnaissance study shall

27 (1) survey all power sources available to the community and
28 adjacent area and evaluate the relative social and economic merits of
29 using alternative sources of power;

1 (2) include an assessment of the effect of the development of
2 alternative sources on the environment so as to assure that there is no
3 adverse effect to the environment of a magnitude which is sufficient to
4 make the project inadvisable;

5 (3) include public comment from residents of the community
6 and adjacent area.

7 (c) The authority shall adopt regulations defining

8 (1) the techniques which it shall apply to determine that the
9 information required by (b) of this section is obtained; and

10 (2) standard criteria and measures to accommodate comparative
11 analysis among alternative power sources.

12 Sec. 44.56.179. REVIEW OF RECONNAISSANCE STUDY BY DIVISION OF
13 BUDGET AND MANAGEMENT. (a) The division of budget and management shall
14 review reconnaissance studies for proposed projects of the authority.

15 (b) The review shall examine the reconnaissance study for compli-
16 ance with the requirements of AS 44.56.177(b) and (c). The division may
17 approve or disapprove the reconnaissance study. If the division of
18 budget and management disapproves of the study, it shall return the
19 reconnaissance study to the authority together with a comprehensive
20 statement of the reasons for its disapproval. The authority may amend
21 the portions of the reconnaissance study which the division of budget
22 and management has identified as deficient to comply with the require-
23 ments of AS 44.56.177(b) and (c), and resubmit the reconnaissance study
24 to the division of budget and management for its reconsideration.

25 (c) For purposes of this section, a project is approved if it has
26 not been disapproved by the division of budget and management within 30
27 days of submission of the reconnaissance study for the project to it by
28 the authority.

29 Sec. 44.56.181. FEASIBILITY STUDY AND FINANCE PLAN. (a) Unless

1 the reconnaissance study has been disapproved by the division of budget
2 and management under AS 44.56.179, the authority shall complete a feasi-
3 bility study and plan of finance for each proposed project.

4 (b) A feasibility study shall include

5 (1) information about the proposed project, including but not
6 limited to total project construction costs, total project operating
7 costs, the timing and amount of anticipated returns from the completed
8 project, a benefit-to-cost ratio, the potential effect of the project on
9 the environment of the area which will be served by the project when
10 completed, and the availability of alternative government financing;

11 (2) a statement of all assumptions which affect the economic
12 feasibility of the project, including but not limited to the discount
13 rate and interest rate of amounts of money used for the project, antici-
14 pated fuel prices, an escalation rate, state and local electric load
15 growth, and estimates of indirect costs and benefits; and

16 (3) a comparative analysis of all reasonable alternatives to
17 construction of the proposed project.

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

20 (1) the issuance of revenue bonds of the authority;

21 (2) the issuance of

22 (A) general obligation bonds of the state; or

23 (B) revenue bonds of the authority which are guaranteed
24 or partially guaranteed by the state;

25 (3) an appropriation from the general fund

26 (A) to pay debt service on bonds or for other project
27 purposes; or

28 (B) to reduce the amount of debt financing for the
29 project;

1 (4) a loan from the general fund;

2 (5) financing arrangements with other entities using lever-
3 aged leases or other financing methods;

4 (6) assistance from any federal agency, including, but not
5 limited to, the Rural Electrification Administration;

6 (7) a loan from the power project fund (AS 44.56.170(a)), or
7 from the renewable resources investment fund (AS 37.11.050); or

8 (8) any combination of financing arrangements authorized by
9 this subsection.

10 (d) The authority shall adopt regulations defining

11 (1) the techniques which it shall apply to determine that the
12 information required by (b) and (c) of this section is obtained; and

13 (2) standard criteria and measures to accommodate comparative
14 analysis among alternative financing arrangements.

15 Sec. 44.56.183. REVIEW OF FEASIBILITY STUDIES BY DIVISION OF
16 BUDGET AND MANAGEMENT. (a) The division of budget and management in
17 the Office of the Governor shall review feasibility studies for projects
18 of the authority for compliance with the provisions of AS 44.56.181(b).

19 (b) In its review of a project under this section, the division of
20 budget and management may obtain an independent evaluation of the feasi-
21 bility studies to determine compliance with the provisions of AS 44.56.-
22 181(b).

23 (c) When the division of budget and management has completed a
24 review of the feasibility study for a project under (a) and (b) of this
25 section, it shall submit a report to the governor. The report shall
26 examine the feasibility study for compliance with the requirements of
27 AS 44.56.181(b). The report of the division of budget and management
28 shall include a recommendation for approval or disapproval of the pro-
29 ject based on the division's examination of the feasibility study for

1 compliance with the requirements of AS 44.56.181(b).

2 (d) The report for a proposed project required by (c) of this
3 section shall be prepared and submitted not later than 60 days after the
4 feasibility study and plan of finance for the proposed project have been
5 received by the division of budget and management.

6 Sec. 44.56.185. SUBMISSION TO THE LEGISLATURE. (a) The authority
7 shall submit a feasibility study and plan of finance for a proposed new
8 project to the legislature. When the feasibility study and plan of
9 finance are submitted to the legislature under this section, they shall
10 be accompanied by the report of the division of budget and management
11 prepared under AS 44.56.183.

12 (b) The authority may not proceed with the engineering or design
13 phase of a project for which legislative approval is required until the
14 legislature approves a proposed new project. The legislature may
15 approve a proposed new project only by enacting legislation authorizing
16 that project.

17 Sec. 44.56.137. APPLICABILITY OF SECTIONS. The provisions of
18 AS 44.56.177 - 44.56.185 apply only to a proposed new project which

19 (1) generates more than 1.5 megawatts of power;

20 (2) requires an appropriation of more than \$1,000,000 from
21 the state general fund, from the power project fund, or from the renew-
22 able resources investment fund; or

23 (3) is based on a plan of financing which requires the issu-
24 ance of general obligation bonds or other pledge of the credit of the
25 state.

26 Sec. 44.56.189. PROJECT CONSTRUCTION. (a) If the new project is
27 to be designed, acquired and constructed by the authority, it shall be
28 designed, acquired and constructed as a public work of the state. For
29 the purpose of this section a new project does not include (1) an addi-

1 tion or modification to an existing project if the total cost of the
2 addition or modification does not exceed \$1,000,000; (2) repair or
3 reconstruction of a project; or (3) design, acquisition or construction
4 necessary to complete a project for which bonds have been issued. An
5 addition, modification, repair, reconstruction, design, acquisition or
6 construction for the purpose of completing a project may be undertaken
7 by the authority without any of the approvals necessary for a new pro-
8 ject.

9 (b) The authority may not issue bonds except after 60 days noti-
10 fication of its intent to issue bonds given to the governor and to the
11 legislature, if the legislature is in session, or to the Legislative
12 Budget and Audit Committee, if the legislature is not in session.

13 Sec. 44.56.195. OPERATION OF POWER PROJECTS. When a power project
14 is operated by the authority, revenues earned by the authority which
15 exceed (1) operating and maintenance expenses of the project and (2) the
16 interest on and amortization charges sufficient to retire bonds of the
17 authority issued for the project, and reserves for them, shall be trans-
18 mitted to the commissioner of revenue for deposit in the state general
19 fund.

20 * Sec. 9. AS 44.56.230(7) is repealed and re-enacted to read:

21 (7) "reconnaissance study" means a study conducted for the
22 purpose of assessing the present and future power needs of an area under
23 AS 44.56.177;

24 * Sec. 10. AS 44.56.230 is amended by adding new paragraphs to read:

25 (8) "feasibility study" means a study conducted for the
26 purpose of establishing the economic, environmental, and social prac-
27 ticality of completing a proposed power project under AS 44.56.181;

28 (9) "small-scale power production facility" means a facility
29 which, by design, is to produce less than 25 megawatts of power.

1 * Sec. 11. AS 44.56.180 and AS 45.86 are repealed.

2 * Sec. 12. TRANSITION: CURRENT PROJECTS OF THE AUTHORITY. On the effec-
3 tive date of this Act, unless a proposed project is exempt under AS 44.56.187
4 added by sec. 8 of this Act,

5 (1) if the division of budget and management determines that the
6 Alaska Power Authority has completed a reconnaissance study as that term was
7 defined by AS 44.56.230(7) before re-enactment of AS 44.56.230(7) by sec. 9
8 of this Act, the project for which the reconnaissance study was done is
9 exempt from the provisions of AS 44.56.177 and 44.56.179, added by sec. 8 of
10 this Act; the Alaska Power Authority shall proceed with preparation of a
11 feasibility study and plan of finance under AS 44.56.181 added by sec. 8 of
12 this Act;

13 (2) if the division of budget and management determines that the
14 Alaska Power Authority has completed both a reconnaissance study under
15 AS 44.56.080(13) and a statement under AS 44.56.180(c),

16 (A) and that statement has been approved by the legislature
17 under AS 44.56.180(c), the Alaska Power Authority may proceed with that
18 project under AS 44.56.189 added by sec. 8 of this Act;

19 (B) and that statement has not been approved by the legis-
20 lature under AS 44.56.180(c), the statement which the Alaska Power
21 Authority has prepared constitutes a feasibility study and plan of
22 finance for purposes of AS 44.56.181; the division of budget and manage-
23 ment may not review the statement for compliance with the requirements
24 of AS 44.56.183 added by sec. 8 of this Act before the statement is
25 submitted under AS 44.56.185, added by sec. 8 of this Act, to the gover-
26 nor and legislature.

27 * Sec. 13. (a) The balance of the water resources revolving loan fund
28 lapses into the general fund on the effective date of this Act.

29 (b) The principal and interest due on obligations created by loans made

1 by the water resources revolving loan fund shall be repai to the commis-
2 sioner of commerce and economic development, and shall be transmitted by him
3 to the commissioner of revenue for deposit in the state general fund.

4 * Sec. 14. This Act takes effect July 1, 1980.
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 2/14/80
Referred: Resources and Finance

7991
Vassar

BY HAUGEN, ANDERSON, BARNES, BEIRNE,
BETTISWORTH, BRANSON, CARNEY,
CHATTERTON, COTTEN, ELIASON, FREEMAN,
FULLER, HALFORD, HAYES, HURLBERT,
MARTIN, METCALFE, MONTGOMERY, MOSS,
MUNSON, OSTERBACK, PHILLIPS, RANDOLPH,
ZHAROFF AND GARDINER

1 IN THE HOUSE

2 HOUSE BILL NO. 754

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the power project revolving fund;
7 and providing for an effective date."

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

9 * Section 1. AS 44.56.230 is amended by adding a new paragraph to read:

10 (8) "small scale power production facility" means a power
11 project of 50 or fewer megawatts installed capacity.

12 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29 COMMITTEE COPY

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

HOUSE ... BILL NO. 754..

By HAUGEN, ANDERSON, BARNES, BEIRNE, BETTISWORTH, BRANSON, CARNEY, CHATTERTON, COTTEN, ELIASON, FREEMAN, FULLER, HALFORD, HAYES, HURLBERT, MARTIN, METCALFE, MONTGOMERY, MOSS, MUNSON, OSTERBACK, PHILLIPS, RANDOLPH, ZHAROFF AND GARDINER

"An Act relating to the power project revolving fund; and providing for an effective date."

Power project revolving fund

Introduced in the House .2/14...., 19.80

HISTORY IN THE HOUSE

19 80	Read first time and referred to Committee on												
Feb. 14	Resources and Finance												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	<table border="0"> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	Reconsideration		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												
	Sent to Senate												
	CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	<table border="0"> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	Reconsideration		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 President												
	Returned to House												
	SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19	Received from Senate
	Reported correctly enrolled
	Sent to Governor
 By Governor
	Filed with Lt. Governor
	Chapter No.

BY HAUGEN, ANDERSON, BARNES, BEIRNE,
BETTISWORTH, BRANSON, CARNEY,
CHATTERTON, COTTEN, ELIASON, FREEMAN,
FULLER, HALFORD, HAYES, HURLBERT,
MARTIN, METCALFE, MONTGOMERY, MOSS,
MUNSON, OSTERBACK, PHILLIPS, RANDOLPH,
ZHAROFF AND GARDINER

1 IN THE HOUSE

2 HOUSE BILL NO. 754

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the power project revolving fund;
7 and providing for an effective date."

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

9 * Section 1. AS 44.56.230 is amended by adding a new paragraph to read:

10 (8) "small scale power production facility" means a power
11 project of 50 or fewer megawatts installed capacity.

12 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Original sponsors: Haugen, Anderson,
Barnes, et al

Offered: 4/21/80
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 754

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to power projects of the Alaska Power
7 Authority, and repealing the water resources revolving
8 loan fund; and providing for an effective date."

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

10 * Section 1. AS 44.56.080(13) is amended to read:

11 (13) to perform reconnaissance studies, feasibility
12 studies, and engineering and design with respect to power projects;

13 * Sec. 2. AS 44.56.080 is amended by adding a new paragraph to read:

14 (16) to recommend to the legislature

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

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

22 (C) an appropriation from the general fund

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

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

27 (D) an appropriation to the power project fund for a
28 power project;

29 (E) an appropriation of a part of the income of the

1 renewable resources investment fund for a power project;

2 (F) development of a project under financing arrange-
3 ments with other entities using leveraged leases or other financing
4 methods.

5 * Sec. 3. AS 44.56.170(a) is amended to read:

6 (a) There is established as a separate fund the power project
7 [REVOLVING] fund which shall be [ADMINISTERED BY THE AUTHORITY AS A
8 TRUST FUND SEPARATE AND] distinct from any other money or funds of the
9 authority, and which includes only [SHALL BE COMPOSED OF APPROPRIATED]
10 money appropriated by the legislature [FUNDS AND INTEREST EARNED ON
11 LOANS BY THE FUND].

12 * Sec. 4. AS 44.56.170(b) is repealed and re-enacted to read:

13 (b) The authority may make loans from the fund

14 (1) to electric utilities, regional electric authorities,
15 cities, boroughs, regional and village corporations, village councils,
16 and nonprofit marketing cooperatives to pay the costs of

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

20 (B) constructing, equipping, modifying, improving, and
21 expanding small-scale power production facilities, conservation
22 facilities, bulk fuel storage facilities, and transmission and
23 distribution facilities, limited to fossil fuel, wind power, tidal,
24 geothermal, hydroelectric, or solar energy production, transmission
25 and distribution, and waste energy conservation facilities; and

26 (C) reconnaissance studies, preconstruction engineering,
27 design, construction, equipping, modification, and expansion of
28 potable water supply including surface storage and groundwater
29 sources and transmission of water from surface storage to existing

1 distribution systems;

2 (2) to a person for a power project if

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

5 (B) the party which will be responsible for the project
6 is an electric utility, regional electric authority, city, borough,
7 regional or village corporation, village council, or nonprofit
8 marketing cooperative; and

9 (C) the person demonstrates to the authority that the
10 financing arrangement for the project will reduce project financing
11 costs below costs of comparable public power projects.

12 * Sec. 5. AS 44.56.170(e) is amended to read:

13 (e) Repayment of the loans shall be secured in any [SUCH] manner
14 which [AS] the authority determines is feasible to assure prompt repay-
15 ment under a loan agreement entered into with the borrower. The author-
16 ity may make an unsecured loan to a borrower regulated by the Alaska
17 Public Utilities Commission under AS 42.06 if the borrower has a sub-
18 stantial history of repaying long-term loans and the capacity to repay
19 the loan. [THE AUTHORITY MAY FORGIVE REPAYMENTS OF LOANS MADE FOR
20 RECONNAISSANCE STUDIES IF THE STUDY SHOWS THAT A PROJECT IS NOT FEASI-
21 BLE.] Under a loan agreement, repayment may be deferred for 10 years or
22 until the project for which the loan is made has achieved earnings from
23 its operations sufficient to pay the loan, whichever is earlier.

24 * Sec. 6. AS 44.56.170(f) is repealed and re-enacted to read:

25 (f) Hydroelectric projects are subject to the limitations on
26 interest and specific restrictions set out after each:

27 (1) Projects for which loans are outstanding from the water
28 resources revolving loan fund (AS 45.86) on July 13, 1978, may receive
29 additional financing from the power project fund; the additional financ-

1 ing

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

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

5 (C) shall require repayment of loan principal and inter-
6 est to begin on the earlier of

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

9 (ii) 10 years from the date the loan is granted.

10 (2) Loans for hydroelectric projects

11 (A) shall be granted for a term not to exceed 50 years;

12 and

13 (B) shall be granted at an interest rate of three per-
14 cent.

15 * Sec. 7. AS 44.56.170 is amended by adding new subsections to read:

16 (g) Loan repayments and interest earned by loans shall be de-
17 posited in the state general fund.

18 (h) The legislature may forgive the repayment of a loan made for a
19 reconnaissance study when, on the basis of that study or a feasibility
20 study, the authority finds that a project is not feasible.

21 * Sec. 8. AS 44.56 is amended by adding new sections in article 5 to
22 read:

23 Sec. 44.56.177. RECONNAISSANCE STUDY. (a) To identify power
24 project alternatives for a community, the authority shall complete a
25 reconnaissance study for each proposed new project.

26 (b) A reconnaissance study shall

27 (1) survey all power sources available to the community and
28 adjacent area and evaluate the relative social and economic merits of
29 using alternative sources of power:

1 (2) include an assessment of the effect of the development of
2 alternative sources on the environment so as to assure that there is no
3 adverse effect to the environment of a magnitude which is sufficient to
4 make the project inadvisable;

5 (3) include public comment from residents of the community
6 and adjacent area.

7 (c) The authority shall adopt regulations defining

8 (1) the techniques which it shall apply to determine that the
9 information required by (b) of this section is obtained; and

10 (2) standard criteria and measures to accommodate comparative
11 analysis among alternative power sources.

12 Sec. 44.56.179. REVIEW OF RECONNAISSANCE STUDY BY DIVISION OF
13 BUDGET AND MANAGEMENT. (a) The division of budget and management shall
14 review reconnaissance studies for proposed projects of the authority.

15 (b) The review shall examine the reconnaissance study for compli-
16 ance with the requirements of AS 44.56.177(b) and (c). The division may
17 approve or disapprove the reconnaissance study. If the division of
18 budget and management disapproves of the study, it shall return the
19 reconnaissance study to the authority together with a comprehensive
20 statement of the reasons for its disapproval. The authority may amend
21 the portions of the reconnaissance study which the division of budget
22 and management has identified as deficient to comply with the require-
23 ments of AS 44.56.177(b) and (c), and resubmit the reconnaissance study
24 to the division of budget and management for its reconsideration.

25 (c) For purposes of this section, a project is approved if it has
26 not been disapproved by the division of budget and management within 30
27 days of submission of the reconnaissance study for the project to it by
28 the authority.

29 Sec. 44.56.181. FEASIBILITY STUDY AND FINANCE PLAN. (a) Unless

1 the reconnaissance study has been disapproved by the division of budget
2 and management under AS 44.56.179, the authority shall complete a feasi-
3 bility study and plan of finance for each proposed project.

4 (b) A feasibility study shall include

5 (1) information about the proposed project, including but not
6 limited to total project construction costs, total project operating
7 costs, the timing and amount of anticipated returns from the completed
8 project, a benefit-to-cost ratio, the potential effect of the project on
9 the environment of the area which will be served by the project when
10 completed, and the availability of alternative government financing;

11 (2) a statement of all assumptions which affect the economic
12 feasibility of the project, including but not limited to the discount
13 rate and interest rate of amounts of money used for the project, antici-
14 pated fuel prices, an escalation rate, state and local electric load
15 growth, and estimates of indirect costs and benefits; and

16 (3) a comparative analysis of all reasonable alternatives to
17 construction of the proposed project.

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

20 (1) the issuance of revenue bonds of the authority;

21 (2) the issuance of

22 (A) general obligation bonds of the state; or

23 (B) revenue bonds of the authority which are guaranteed
24 or partially guaranteed by the state;

25 (3) an appropriation from the general fund

26 (A) to pay debt service on bonds or for other project
27 purposes; or

28 (B) to reduce the amount of debt financing for the
29 project;

- 1 (4) a loan from the general fund;
- 2 (5) financing arrangements with other entities using lever-
- 3 aged leases or other financing methods;
- 4 (6) assistance from any federal agency, including, but not
- 5 limited to, the Rural Electrification Administration;
- 6 (7) a loan from the power project fund (AS 44.56.170(a)), or
- 7 from the renewable resources investment fund (AS 37.11.050); or
- 8 (8) any combination of financing arrangements authorized by
- 9 this subsection.

- 10 (d) The authority shall adopt regulations defining
- 11 (1) the techniques which it shall apply to determine that the
- 12 information required by (b) and (c) of this section is obtained; and
- 13 (2) standard criteria and measures to accommodate comparative
- 14 analysis among alternative financing arrangements.

15 Sec. 44.56.183. REVIEW OF FEASIBILITY STUDIES BY DIVISION OF
16 BUDGET AND MANAGEMENT. (a) The division of budget and management in
17 the Office of the Governor shall review feasibility studies for projects
18 of the authority for compliance with the provisions of AS 44.56.181(b).

19 (b) In its review of a project under this section, the division of
20 budget and management may obtain an independent evaluation of the feasi-
21 bility studies to determine compliance with the provisions of AS 44.56.-
22 181(b).

23 (c) When the division of budget and management has completed a
24 review of the feasibility study for a project under (a) and (b) of this
25 section, it shall submit a report to the governor. The report shall
26 examine the feasibility study for compliance with the requirements of
27 AS 44.56.181(b). The report of the division of budget and management
28 shall include a recommendation for approval or disapproval of the pro-
29 ject based on the division's examination of the feasibility study for

1 compliance with the requirements of AS 44.56.181(b).

2 (d) The report for a proposed project required by (c) of this
3 section shall be prepared and submitted not later than 60 days after the
4 feasibility study and plan of finance for the proposed project have been
5 received by the division of budget and management.

6 Sec. 44.56.185. SUBMISSION TO THE LEGISLATURE. (a) The authority
7 shall submit a feasibility study and plan of finance for a proposed new
8 project to the legislature. When the feasibility study and plan of
9 finance are submitted to the legislature under this section, they shall
10 be accompanied by the report of the division of budget and management
11 prepared under AS 44.56.183.

12 (b) The authority may not proceed with the engineering or design
13 phase of a project for which legislative approval is required until the
14 legislature approves a proposed new project. The legislature may
15 approve a proposed new project only by enacting legislation authorizing
16 that project.

17 Sec. 44.56.187. APPLICABILITY OF SECTIONS. The provisions of
18 AS 44.56.177 - 44.56.185 apply only to a proposed new project which

19 (1) generates more than 1.5 megawatts of power;

20 (2) requires an appropriation of more than \$1,000,000 from
21 the state general fund, from the power project fund, or from the renew-
22 able resources investment fund; or

23 (3) is based on a plan of financing which requires the issu-
24 ance of general obligation bonds or other pledge of the credit of the
25 state.

26 Sec. 44.56.189. PROJECT CONSTRUCTION. (a) If the new project is
27 to be designed, acquired and constructed by the authority, it shall be
28 designed, acquired and constructed as a public work of the state. For
29 the purpose of this section a new project does not include (1) an addi-

1 tion or modification to an existing project if the total cost of the
2 addition or modification does not exceed \$1,000,000; (2) repair or
3 reconstruction of a project; or (3) design, acquisition or construction
4 necessary to complete a project for which bonds have been issued. An
5 addition, modification, repair, reconstruction, design, acquisition or
6 construction for the purpose of completing a project may be undertaken
7 by the authority without any of the approvals necessary for a new pro-
8 ject.

9 (b) The authority may not issue bonds except after 60 days noti-
10 fication of its intent to issue bonds given to the governor and to the
11 legislature, if the legislature is in session, or to the Legislative
12 Budget and Audit Committee, if the legislature is not in session.

13 Sec. 44.56.195. OPERATION OF POWER PROJECTS. When a power project
14 is operated by the authority, revenues earned by the authority which
15 exceed (1) operating and maintenance expenses of the project and (2) the
16 interest on and amortization charges sufficient to retire bonds of the
17 authority issued for the project, and reserves for them, shall be trans-
18 mitted to the commissioner of revenue for deposit in the state general
19 fund.

20 * Sec. 9. AS 44.56.230(7) is repealed and re-enacted to read:

21 (7) "reconnaissance study" means a study conducted for the
22 purpose of assessing the present and future power needs of an area under
23 AS 44.56.177;

24 * Sec. 10. AS 44.56.230 is amended by adding new paragraphs to read:

25 (8) "feasibility study" means a study conducted for the
26 purpose of establishing the economic, environmental, and social prac-
27 ticality of completing a proposed power project under AS 44.56.181;

28 (9) "small-scale power production facility" means a facility
29 which, by design, is to produce less than 25 megawatts of power.

1 * Sec. 11. AS 44.56.180 and AS 45.86 are repealed.

2 * Sec. 12. TRANSITION: CURRENT PROJECTS OF THE AUTHORITY. On the effec-
3 tive date of this Act, unless a proposed project is exempt under AS 44.56.187
4 added by sec. 8 of this Act,

5 (1) if the division of budget and management determines that the
6 Alaska Power Authority has completed a reconnaissance study as that term was
7 defined by AS 44.56.230(7) before re-enactment of AS 44.56.230(7) by sec. 9
8 of this Act, the project for which the reconnaissance study was done is
9 exempt from the provisions of AS 44.56.177 and 44.56.179, added by sec. 8 of
10 this Act; the Alaska Power Authority shall proceed with preparation of a
11 feasibility study and plan of finance under AS 44.56.181 added by sec. 8 of
12 this Act;

13 (2) if the division of budget and management determines that the
14 Alaska Power Authority has completed both a reconnaissance study under
15 AS 44.56.080(13) and a statement under AS 44.56.180(c),

16 (A) and that statement has been approved by the legislature
17 under AS 44.56.180(c), the Alaska Power Authority may proceed with that
18 project under AS 44.56.189 added by sec. 8 of this Act;

19 (B) and that statement has not been approved by the legis-
20 lature under AS 44.56.180(c), the statement which the Alaska Power
21 Authority has prepared constitutes a feasibility study and plan of
22 finance for purposes of AS 44.56.181; the division of budget and manage-
23 ment may not review the statement for compliance with the requirements
24 of AS 44.56.183 added by sec. 8 of this Act before the statement is
25 submitted under AS 44.56.185, added by sec. 8 of this Act, to the gover-
26 nor and legislature.

27 * Sec. 13. (a) The balance of the water resources revolving loan fund
28 lapses into the general fund on the effective date of this Act.

29 (b) The principal and interest due on obligations created by loans made

1 by the water resources revolving loan fund shall be repaid to the commis-
2 sioner of commerce and economic development, and shall be transmitted by him
3 to the commissioner of revenue for deposit in the state general fund.

4 * Sec. 14. This Act takes effect July 1, 1980.
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



DEPARTMENT OF THE TREASURY,
WASHINGTON, D.C. 20220

FISCAL ASSISTANT SECRETARY

1979 OCT 26 AM 4:23

OCT 18 1979

Dear Ms. Davenport:

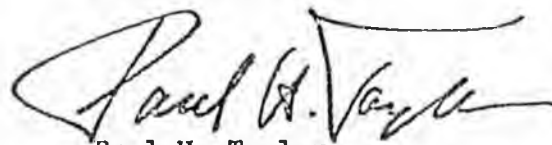
This is in response to your request of July 10, 1978, to inform you of the interest rate determined in accordance with the formula set forth in Part 730 DM 3.5C of the Department of the Interior's Manual, for use during the fiscal year 1980. Part 730 DM 3.5C of the Manual provides as follows:

"C. For the purposes of this paragraph, the yield rate is the average yield during the preceding fiscal year on interest-bearing marketable securities of the United States which, at the time the computation is made, have terms of 15 years or more remaining to maturity. The average yield shall be computed as the average during the fiscal year of the daily bid prices. Where the average rate so computed is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent nearest to such average rate."

The interest rate determined in accordance with the above-quoted formula is 8.230% which adjusted to the nearest 1/8th of 1% is 8-1/4%.

This is the same rate certified to the Water Resources Council determined in accordance with a similar formula set forth in Section 704.39(a) of the Council's Rules and Regulations (33 F.R. 19170).

Very truly yours,



Paul H. Taylor

Ms. Joan M. Davenport
Assistant Secretary
of the Interior
United States Department
of the Interior
Washington, D. C. 20240

March 24, 1980

The Honorable Bill Miles
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Miles:

Thank you for this opportunity for the Administration to comment on the proposals before your Committee regarding the Alaska Power Authority. The importance of the Alaska Power Authority in the State's energy future has increased rapidly and dramatically in the few years in which it has been in existence. This increasing role, in terms of dollars and activity, has also brought increased responsibility for the Legislature and the Administration in insuring that we are making carefully considered decisions regarding the State's energy future. It is in this spirit, both in support of the Power Authority's important job of developing reasonable cost power and in support of our obligation to make the best decisions for Alaska's energy future, that I offer these comments and recommendations for your consideration.

The first issue concerns the management of appropriations to the APA, specifically the nature and role of the Power Project Revolving Loan Fund. As you know, there are bills pending in the Legislature to appropriate \$1 billion to this revolving loan fund. The Power Project Revolving Loan Fund was originally created to finance front-end costs for power projects and actual construction financing for small projects. As it was expected that relatively minor amounts of money would be involved, the Power Project Revolving Loan Fund was established as a trust to be administered by the Power Authority. Also, due to the recurring nature of the use of these funds, the Fund was established as a revolving fund, whereby principal and interest payments would return to the Fund to be loaned out again.

During this session of the Legislature, due to our large expected revenue and the confused state of the bond markets, considerable interest is being focused on the use of state general funds to provide major financing for power projects. The \$1 billion appropriation proposal is evidence of this interest. If the Legislature does allocate a large portion o

general fund revenue to power development, we feel that the Power Project Revolving Loan Fund as presently constituted should not be the vehicle for such appropriations. The principle reason for this position is that under existing law large amounts (interest and principle repayments) would revolve back to the Authority automatically and would be unavailable for other uses, in effect a de facto dedication for the purposes of the Fund. We feel that the Administration and the Legislature should make major funding decisions on an annual basis through the budget process.

Representative Malone has proposed two possible approaches to this question:

1. eliminate the Power Project Revolving Loan Fund, and
2. modify the statutes governing the Power Project Revolving Loan Fund.

The former proposal would require the establishment of a new fund to receive appropriations for specific projects. The latter proposal would strip the Power Project Revolving Loan Fund of its "trust" status, resulting in investment of Fund balances by Revenue, not the APA. Interest earned on fund balances would go to the general fund and not to the Power Project Revolving Loan Fund. Further, the latter proposal would remove the "revolving" status of the Fund so that interest and principal repayments would flow to the general fund. The Administration is in accord with the intent of these recommendations. We feel that the second option is preferable, in that it involves the least revision of current practices while preventing a de facto dedication of very large sums of money to the Fund.

The second issue concerns the selection and development of specific projects by the APA and their review by the Administration and the Legislature. All parties seem to agree that the existing provisions on the APA statute regarding review and approval are vague and cumbersome and result in unnecessary delay to project development. In addition, the recent supreme court A.L.I.V.E. decision has clouded the legality of the present method of legislative approval by resolution.

Both the APA and Representative Malone have offered proposals to your Committee. Whichever approach the Committee follows, we recommend that the project selection and review procedures incorporate the following features:

1. Commencement of the process with an assessment of the demand for electric power in the community or region under consideration, followed by
2. A preliminary assessment (reconnaissance grade study) of all of the alternatives available to meet expected demand. This assessment, along with the APA's recommendation of the best alternative, should

March 24, 1980

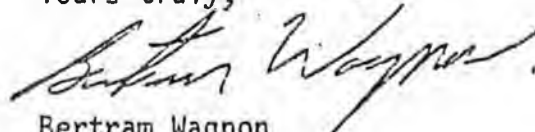
- be submitted to Budget and Management for review. Subsequent requests for funding for the selected project should be based on APA's assessment and Budget and Management's review;
3. Subsequent funding for a project at this stage should be targeted for a feasibility study of the chosen alternative. The results of the feasibility analysis should be submitted to Budget and Management for review. Subsequent requests for funding for the project should be based on APA's feasibility study and Budget and Management's review;
 4. Subsequent funding for a project at this stage should be targeted for final engineering and design of the project. No further State government review would be necessary for the project unless
 - a. general funds are required to supplement or replace bond market financing,
 - b. general obligation bonds are recommended for project financing, or
 - c. State guarantees are recommended to facilitate bond market financing.

In all of these cases, the market test of project feasibility is removed. Therefore, Budget and Management should be required to contract for an independent assessment of the project to replace market judgements. All of these alternatives would require appropriations or a vote of the people and the normal budget process provides adequate review.

In designing a project selection, development and review process based on these recommendations, the Committee should rely on personnel intimately familiar with the budget process to structure these steps in accordance with current budget practices. Time limits should be included to insure prompt action, and specific reporting requirements should receive attention to insure that the process produces the information of greatest concern to the Legislature and the Administration at the stages in the process when it is needed. It is our intent here to better integrate the review process with the budget process, i.e., specific appropriation to the APA, according to the discrete steps required to develop power projects.

We feel that adoption of these recommendations will help streamline the development of power projects in Alaska, while at the same time increasing the ability of the Legislature and the Governor to make wise and informed decisions. Thank you again for this opportunity to express our views and we hope they will be of help as the Committee discusses these issues.

Yours truly,



Bertram Wagon
Deputy Commissioner

-B 75H

March 24, 1980

The Honorable Bill Miles
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Miles:

Thank you for this opportunity for the Administration to comment on the proposals before your Committee regarding the Alaska Power Authority. The importance of the Alaska Power Authority in the State's energy future has increased rapidly and dramatically in the few years in which it has been in existence. This increasing role, in terms of dollars and activity, has also brought increased responsibility for the Legislature and the Administration in insuring that we are making carefully considered decisions regarding the State's energy future. It is in this spirit, both in support of the Power Authority's important job of developing reasonable cost power and in support of our obligation to make the best decisions for Alaska's energy future, that I offer these comments and recommendations for your consideration.

The first issue concerns the management of appropriations to the APA, specifically the nature and role of the Power Project Revolving Loan Fund. As you know, there are bills pending in the Legislature to appropriate \$1 billion to this revolving loan fund. The Power Project Revolving Loan Fund was originally created to finance front-end costs for power projects and actual construction financing for small projects. As it was expected that relatively minor amounts of money would be involved, the Power Project Revolving Loan Fund was established as a trust to be administered by the Power Authority. Also, due to the recurring nature of the use of these funds, the Fund was established as a revolving fund, whereby principal and interest payments would return to the Fund to be loaned out again.

During this session of the Legislature, due to our large expected revenue and the confused state of the bond markets, considerable interest is being focused on the use of state general funds to provide major financing for power projects. The \$1 billion appropriation proposal is evidence of this interest. If the Legislature does allocate a large portion o

general fund revenue to power development, we feel that the Power Project Revolving Loan Fund as presently constituted should not be the vehicle for such appropriations. The principle reason for this position is that under existing law large amounts (interest and principle repayments) would revolve back to the Authority automatically and would be unavailable for other uses, in effect a de facto dedication for the purposes of the Fund. We feel that the Administration and the Legislature should make major funding decisions on an annual basis through the budget process.

Representative Malone has proposed two possible approaches to this question:

1. eliminate the Power Project Revolving Loan Fund, and
2. modify the statutes governing the Power Project Revolving Loan Fund.

The former proposal would require the establishment of a new fund to receive appropriations for specific projects. The latter proposal would strip the Power Project Revolving Loan Fund of its "trust" status, resulting in investment of Fund balances by Revenue, not the APA. Interest earned on fund balances would go to the general fund and not to the Power Project Revolving Loan Fund. Further, the latter proposal would remove the "revolving" status of the Fund so that interest and principal repayments would flow to the general fund. The Administration is in accord with the intent of these recommendations. We feel that the second option is preferable, in that it involves the least revision of current practices while preventing a de facto dedication of very large sums of money to the Fund.

The second issue concerns the selection and development of specific projects by the APA and their review by the Administration and the Legislature. All parties seem to agree that the existing provisions on the APA statute regarding review and approval are vague and cumbersome and result in unnecessary delay to project development. In addition, the recent supreme court A.L.I.V.E. decision has clouded the legality of the present method of legislative approval by resolution.

Both the APA and Representative Malone have offered proposals to your Committee. Whichever approach the Committee follows, we recommend that the project selection and review procedures incorporate the following features:

1. Commencement of the process with an assessment of the demand for electric power in the community or region under consideration, followed by
2. A preliminary assessment (reconnaissance grade study) of all of the alternatives available to meet expected demand. This assessment, along with the APA's recommendation of the best alternative, should

March 24, 1980

be submitted to Budget and Management for review. Subsequent requests for funding for the selected project should be based on APA's assessment and Budget and Management's review;

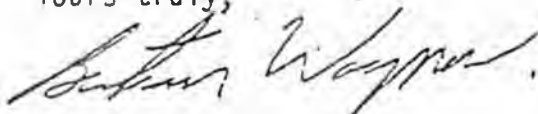
3. Subsequent funding for a project at this stage should be targeted for a feasibility study of the chosen alternative. The results of the feasibility analysis should be submitted to Budget and Management for review. Subsequent requests for funding for the project should be based on APA's feasibility study and Budget and Management's review;
4. Subsequent funding for a project at this stage should be targeted for final engineering and design of the project. No further State government review would be necessary for the project unless
 - a. general funds are required to supplement or replace bond market financing,
 - b. general obligation bonds are recommended for project financing, or
 - c. State guarantees are recommended to facilitate bond market financing.

In all of these cases, the market test of project feasibility is removed. Therefore, Budget and Management should be required to contract for an independent assessment of the project to replace market judgements. All of these alternatives would require appropriations or a vote of the people and the normal budget process provides adequate review.

In designing a project selection, development and review process based on these recommendations, the Committee should rely on personnel intimately familiar with the budget process to structure these steps in accordance with current budget practices. Time limits should be included to insure prompt action, and specific reporting requirements should receive attention to insure that the process produces the information of greatest concern to the Legislature and the Administration at the stages in the process when it is needed. It is our intent here to better integrate the review process with the budget process, i.e., specific appropriation to the APA, according to the discrete steps required to develop power projects.

We feel that adoption of these recommendations will help streamline the development of power projects in Alaska, while at the same time increasing the ability of the Legislature and the Governor to make wise and informed decisions. Thank you again for this opportunity to express our views and we hope they will be of help as the Committee discusses these issues.

Yours truly,



Bertram Wagnon
Deputy Commissioner

MEMORANDUM

TO: [Ronald D. Lehr, Director
Division of Budget & Management
Office of the Governor

DATE: April 17, 1980

FILE NO:

TELEPHONE NO:

FROM: George Matz, Budget Analyst
Division of Budget & Management
Office of the Governor

SUBJECT: APA Reconnaissance
and Feasibility Studies

Mark Wittow, A.A. to Representative Malone, requested from Budget and Management a review of the reconnaissance and feasibility studies which have been completed for Alaska Power Authority (APA) projects. Attached is a table listing projects for which a reconnaissance or feasibility report or a budget request has been submitted to Budget and Management. The list does not include all APA projects.

The table includes an "approved" column for the reconnaissance and feasibility categories. The basis for approval is 1) statutory compliance; 2) approval by virtue of an appropriation for the next stage of project development; 3) approval via a joint resolution by the legislature. Regarding statutory compliance, it does not appear that any project actually complies with AS 44.56.180; specifically (b) which requires approval of a reconnaissance study by a joint resolution of the legislature before the APA can proceed with the engineering or design phase of a project if funded by the Permanent Fund or an appropriation from the General Fund and (e) which mandates an analysis by the Governor of the economic, environmental and social benefits and costs of a project when a joint resolution is required.

Again, this table is based on submittals to Budget and Management, not the entire Governor's Office. Some project reports (i.e., GVEA Waste Heat) have been submitted to DPDP. Previously, there was no standard procedure as to where reports should be submitted.

Attachment

cc: Mark Wittow ✓

PROJECT	RECONNAISSANCE			FEASIBILITY				
	Appropriated	Underway	Completed	Approved	Appropriated	Underway	Completed	Approved
Susitna	X		X	X	X	X		X*
Swan Lake					X		X	X*
Lake Tye	X		X	X	X		X	X**
Terror Lake					X		X	X**
Power Creek, Cordova					X**			
Bradley Lake					X**	X		
Salmon Creek					X		X	X***
Mennonite Creek	X		X	X	X*			
Lake Elva .	X	X						
Chilkat	X	X	X					
Kisaralik	X		X					
Gartina	X		X					
Gunnuk	X							
Thayer Creek	X		X					
Black Bear Lake	X		X					
Larsen Bay	X			X	X*			
Old Harbor	X			X	X*			
Grant Lake	X		X					
Green Lake							X	X**
City Creek			X				X	
Salomon Gulch					X		X	X**
Anch-Fbnks Intertie	X							

* Approved via Governors Budget

** Appropriated or approved (joint resolution) by the Legislature.

***APA Board of Directors

Projects which do not appear on this list (i.e., GVEA Waste Heat) have not had a study or budget request submitted to Budget & Management.

Project status as of April 1980.

SECTIONAL ANALYSIS FOR CS FOR HOUSE BILL 754

Section 1: Adds the power to perform feasibility studies and engineering and design with respect to power projects.

Section 2: Gives the Authority the power to recommend to the legislature:

- a) Issuance of G.O. Bonds.
- b) Pledges of credit to guarantee repayment of all or a portion of revenue bonds.
- c) Appropriation from the General Fund for debt service on bonds or other project purposes or to reduce the amount of debt financing for the project.
- d) An appropriation to the power project fund.
- e) An appropriation of the part of the income from the renewable resource investment fund.
- f) Leverage leasing financing arrangements.

Section 3: The Revolving Loan Fund no longer revolves:

- a) Trust Funds status eliminated.
- b) Fund only can be composed of money appropriated by the legislature; interest and loan repayments go to the General Fund.
- c) See also Section 7.

Section 4: Essentially a restatement of existing law but adds the following powers: The Authority may make loans:

- a) for reconnaissance studies and license and permit applications.
- b) to construct, equip, modify, approve or expand bulk fuel storage facilities and transmission and distribution facilities.
- c) for leverage leasing financing arrangements.

Section 5: The Authority may make unsecured loans to borrowers regulated by the APUC if the borrower has a "substantial history of repaying long loans and the capacity to repay the loan". The legislature (formerly the authority) may forgive repayments of loans made for reconnaissance studies if the project is not feasible.

Section 6: Loans for hydroelectric projects shall be granted for a term not to exceed 50 years at an interest rate of 3%.

Section 7: See Section 3 - Interest and loan repayments are deposited in the General Fund.

Section 8: Rewrite of existing 44.56.180.

Applicability - These provisions apply only to proposed projects 1) generate more than 1.5 megawatts; 2) require an appropriation of more than a \$1,000,000; 3) involve G.O. Bonds or other pledges of the credit of the State.

Reconnaissance Study - To identify power project alternatives for a community, the Authority shall complete a reconnaissance study for each proposed new project. Reconnaissance studies must: 1) survey all potential power sources; 2) assess effects on the environment; 3) include public comment from residents of the community. The Authority is required to adopt regulations which define techniques and standards criteria for the reconnaissance studies.

Review of Reconnaissance Study - Division of Budget and Management must review reconnaissance studies to determine compliance with the requirements listed above. If the study does not meet the requirements above, Budget and Management must disapprove the study and send it back to the Authority with its reasons for disapproval. The Authority may amend the reconnaissance study to correct the deficiencies. The study may be resubmitted for reconsideration. If the project is not disapproved within 30 days it is approved. If the study is approved, the Authority must complete a feasibility study and plan a finance for each proposed project.

Feasibility Study and Plan a Finance - Feasibility studies must include 1) information about a proposed project (project construction costs, operating costs, amount of anticipated returns, benefit to cost ratios, environmental impacts, availability of government financing, etc.); 2) a statement of all assumptions which affect the economic feasibility of the project; 3) the comparative analysis of all reasonable alternatives to the project.

A financial plan must include recommendations of the most appropriate means to finance a project.

Review of Feasibility Studies - Feasibility studies must be reviewed by the Division of Budget and Management for compliance with the requirements listed above. The Division may obtain independent evaluation of the feasibility studies. When the Division has completed its analysis it must submit a report to the Governor which examines the feasibility study for compliance. The report may include a recommendation for approval or disapproval. The report shall be prepared and submitted not later than 60 days after the feasibility study and plan of finance has been received by the Division of Budget and Management.

Submission to the Legislature - Notwithstanding the recommendations of Budget and Management, the Authority must submit the feasibility study and plan of finance to the legislature. This information shall be accompanied by the report of the Division of Budget and Management. If legislative approval is required, the Authority may not proceed with engineering or design until the legislature enacts legislation authorizing that project.

Project Construction - Essentially a restatement of existing law but note a new requirement that the Authority has to give the Governor and the legislature 60 days notice before issuing bonds.

Operation of Power Projects - Net revenues of projects operated by the Authority return to the General Fund.

Section 9: Definition of reconnaissance study.

Section 10: Definition of feasibility study and small scale power production facility (less than 25 megawatts).

Section 11: Repeals 45.56.180 and 45.86 (water resources revolving loan fund).

Section 12: Transition: Current projects of the Authority - unless a project is exempt from the requirements of this Act as noted above:

1. Reconnaissance studies completed by the effective date of this Act are not subject to the new reconnaissance study standards or Budget and Management review and approval requirements set out in this act. The Authority may proceed with the feasibility study and plan of finance as now defined above.

2. If the Authority has completed a reconnaissance study under the old law and a statement under the old law (45.56.180(c)) and the statement has been approved by the legislature, the Authority may proceed in accordance with the requirements of this Act. If the completed statement under the old law has not been approved, the statement constitutes a feasibility study under the new law and Division of Budget and Management may not review the statement for compliance with the requirements of the new law. The statement may then be submitted to the legislature for its consideration.

Section 13: The balance of the water resources revolving loan fund lapses into the general fund on the effective date of this Act. The principle and interest due on obligations created by loans under this loan fund shall be deposited in the general fund.

Section 14: This Act takes effect on July 1, 1980.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

CS House Bill/~~Resolution~~ No. 754 - An Act relating to power projects of the Alaska Power Authority and repealing the water resources loan fund; and providing for an effective date.
Requested by Resources Committee Date 4/21/80 date.

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, or Subprogram(s) Affected Alaska Power Authority
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		10.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		10.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		10.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		--				
PART TIME		--				
TEMPORARY		--				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill will require extensive work in the formulation of regulations for criteria and measures for reconnaissance studies AS 44.56.177(c) and for feasibility studies AS 44.56.181(d). This task will require extensive legal assistance which is not presently funded within the contractual account of the Power Authority operating budget.

IV. DATE 4/28/80 PREPARED BY Terry J. McGuire
AGENCY Alaska Power Authority
PHONE 276-2715
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

(10) to enter into contracts with the United States or any person and, subject to the laws of the United States and subject to concurrence of the legislature, with a foreign country or its agencies, for the financing, construction, acquisition, operation and maintenance of all or any part of a power project, either inside or outside the state, and for the sale or transmission of power from a project or any right to the capacity of it or for the security of any bonds of the authority issued or to be issued for the project;

(11) to enter into contracts with any person and with the United States, and, subject to the laws of the United States and subject to the concurrence of the legislature, with a foreign country or its agencies for the purchase, sale, exchange, transmission, or use of power from a project, or any right to the capacity of it;

(13) to perform reconnaissance studies with respect to power projects; (am §§ 6—11 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment, effective July 13, 1978, substituted "equip, operate, and maintain" for "equip and operate" in paragraph (5), inserted "or by another person" in paragraph (6), substituted "a project" for "it" in two places in paragraph (6), substituted "any person" for "a federal agency or an agency or instrumentality of the state, municipality, private organization or other source" in paragraph (8), inserted "financing" near the middle of paragraph (10), deleted "for the purchase,

sale, exchange, transmission, or use of power generated by a project, or any right to the capacity of it" following "enter into contracts" near the beginning of paragraph (11), added the language beginning "for the purchase, sale, exchange" to the end of paragraph (11), and deleted "hydro-electrical and fossil fuel" following "with respect to" and "generating" following "power" in paragraph (13).

As the rest of the section was not affected by the amendment, it is not set out.

Sec. 44.56.090. Power contracts and the Alaska Public Utilities Commission. (a) The authority shall, in addition to the other methods which it may find advantageous, provide a method by which municipal electric, rural electric, cooperative electric, or private electric utilities and regional electric authorities, or other persons authorized by law to engage in the distribution of electricity may secure a reasonable share of the power generated by a project, or any interest in a project, or for any right to the power and shall sell the power or cause the power to be sold at the lowest reasonable prices which cover the full cost of the electricity or services, including capital and operating costs, debt coverage as considered appropriate by the authority, and other charges that may be authorized by this chapter. A contract for the sale, transmission and distribution of power generated by a project or any right to the capacity of it shall provide:

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

(2) for interest on and amortization charges sufficient to retire bonds of the authority issued for the project and reserves for them, plus a debt service coverage factor as may be determined by the authority to be necessary for the marketability of its bonds;

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

CS House Bill/Resolution No. 754 - An Act relating to power projects of the Alaska Power Authority and repealing the water resources loan fund; and providing for an effective date.
Requested by Resources Committee Date 4/21/80 date.

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
Program Category Affected Economic Development
BRU, Program, or Subprogram(s) Affected Alaska Power Authority
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		10.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		10.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		10.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		--				
PART TIME		--				
TEMPORARY		--				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill will require extensive work in the formulation of regulations for criteria and measures for reconnaissance studies AS 44.56.177(c) and for feasibility studies AS 44.56.181(d). This task will require extensive legal assistance which is not presently funded within the contractual account of the Power Authority operating budget.

IV. DATE 4/28/80 PREPARED BY Terry J. McGuire
AGENCY Alaska Power Authority
PHONE 276-2715
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

CATEGORY: DEVELOPMENT

AGENCY: ALASKA POWER AUTHORITY

PROGRAM: ECONOMIC DEVELOPMENT

BRU (S): ALASKA POWER AUTHORITY

The goal of the Alaska Power Authority DRU is to promote, develop and advance the general prosperity and economic welfare of the people of Alaska by providing a means of constructing, acquiring, financing and operating power production facilities limited to fossil fuel, wind power, tidal, geothermal, hydroelectric, solar energy, and waste energy conservation facilities.

Due to the escalating costs of fossil fuels and Alaska's dependence on fossil fuels for electric generation, the emphasis of the Authority is to supplant this dependence with renewable sources of energy, principally hydroelectric power. Alaska's lakes and rivers provide numerous potentials for hydroelectric generation. However, many projects that could be economically feasible, when compared to life cycle costs of conventional fossil-fuel generation, cannot be financed. Excess capacity of the projects, which cannot be sold to other utilities for lack of a transmission grid, provides insufficient revenues to retire revenue bonds. To overcome this difficulty and to assure project development, the Authority seeks State assistance in the form of subordinated loans and guarantees of revenue bonds.

The Authority has been allocated \$4,760,000 in the FY 81 capital budget to investigate the feasibility of renewable sources of energy, particularly hydroelectric power, in several regions of the State. The most significant feasibility study is for the Upper Susitna River which was funded at \$8,178,000 in FY 80 and \$3,335,000 in FY 81. In addition, it is recommended that a subordinate loan of \$18,000,000 be funded for the Swan Lake project near Ketchikan.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
ALASKA POWER AUTHORITY	470.4	513.0	487.9	347.7		12.6	332.1
** TOTAL	470.4	513.0	487.9	347.7		12.6	332.1
** CHANGE VERSUS 80 AUTH							-4.4%
OBJECT DESCRIPTION							
PERS. SERV.	152.3	126.5	122.3	160.4			184.2
TRAVEL	37.0	27.0	27.4	30.0			32.1
CONTRACTUAL	277.7	331.1	309.7	151.2		12.6	106.9
COMMODITIES	3.4	1.4	1.6	3.6			3.9
EQUIPMENT		2.0	1.9	2.5			5.0
GRANTS, CLMS		25.0	25.0				
FUNDING SOURCE							
GENERAL FUND	470.4	513.0	487.9	347.7			332.1
PGM RECEIPTS						12.6	
** GENERAL FUND CHANGE VS. 80 AUTH							-4.4%
POSITIONS							
FULL-TIME	5.0	5.0	5.0	5.0			5.0
STAFF MONTHS	60.0	60.0	60.0	60.0			60.0

(10) to enter into contracts with the United States or any person and, subject to the laws of the United States and subject to concurrence of the legislature, with a foreign country or its agencies, for the financing, construction, acquisition, operation and maintenance of all or any part of a power project, either inside or outside the state, and for the sale or transmission of power from a project or any right to the capacity of it or for the security of any bonds of the authority issued or to be issued for the project;

(11) to enter into contracts with any person and with the United States, and, subject to the laws of the United States and subject to the concurrence of the legislature, with a foreign country or its agencies for the purchase, sale, exchange, transmission, or use of power from a project, or any right to the capacity of it;

(13) to perform reconnaissance studies with respect to power projects; (am §§ 6—11 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment, effective July 13, 1978, substituted "equip, operate, and maintain" for "equip and operate" in paragraph (5), inserted "or by another person" in paragraph (6), substituted "a project" for "it" in two places in paragraph (6), substituted "any person" for "a federal agency or an agency or instrumentality of the state, municipality, private organization or other source" in paragraph (8), inserted "financing" near the middle of paragraph (10), deleted "for the purchase,

sale, exchange, transmission, or use of power generated by a project, or any right to the capacity of it" following "enter into contracts" near the beginning of paragraph (11), added the language beginning "for the purchase, sale, exchange" to the end of paragraph (11), and deleted "hydro-electrical and fossil fuel" following "with respect to" and "generating" following "power" in paragraph (13).

As the rest of the section was not affected by the amendment, it is not set out.

Sec. 44.56.090. Power contracts and the Alaska Public Utilities Commission. (a) The authority shall, in addition to the other methods which it may find advantageous, provide a method by which municipal electric, rural electric, cooperative electric, or private electric utilities and regional electric authorities, or other persons authorized by law to engage in the distribution of electricity may secure a reasonable share of the power generated by a project, or any interest in a project, or for any right to the power and shall sell the power or cause the power to be sold at the lowest reasonable prices which cover the full cost of the electricity or services, including capital and operating costs, debt coverage as considered appropriate by the authority, and other charges that may be authorized by this chapter. A contract for the sale, transmission and distribution of power generated by a project or any right to the capacity of it shall provide:

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

(2) for interest on and amortization charges sufficient to retire bonds of the authority issued for the project and reserves for them, plus a debt service coverage factor as may be determined by the authority to be necessary for the marketability of its bonds;

- (3) for monitoring of the project by the authority or its agents;
- (4) for full and complete disclosure to the authority of all factors of cost in the transmission and distribution of power, so that rates to any persons may be fixed initially in the contract and may be adjusted from time to time on the basis of true cost data;
- (5) for periodic revisions of the service and rates to persons on the basis of accurate cost data obtained by the accounting methods and systems approved by the directors and in furtherance and effectuation of the policy declared in this chapter;
- (6) for the cancellation and termination of a contract upon violation of its terms by any person;
- (7) for security for performance as the authority may consider practicable and advisable, including provisions assuring the continuance of the distribution and transmission of power generated by a project and the use of its facilities for these purposes; and
- (8) other terms not inconsistent with the provisions and policy of this chapter as the authority may consider advisable.

(b) The authority is not subject to the jurisdiction of the Alaska Public Utilities Commission. Nothing in this chapter grants the authority any jurisdiction over the services or rates of any public utility or diminishes or otherwise alters the jurisdiction of the Alaska Public Utilities Commission with respect to any public utility, including any right the commission may have to review and approve or disapprove contracts for the purchase of electricity by a public utility. (§ 1 ch 278 SLA 1976; am § 12 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment, effective July 13, 1978, so changed this section as to make a detailed comparison impracticable. Among other

things, however, it designated the former provisions of this section as subsection (a) and added subsection (b).

Article 3. Financial Provisions.

Section

110. Trust indentures and trust agreements
150. Tax exemption

Sec. 44.56.110. Trust indentures and trust agreements. (a) 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 any and all the covenants and agreements with the trustee or the holders of the bonds which the authority may

Malone

PROPOSED AMENDMENTS

HB 754

#1 page 3, after line 11, insert a new section amending 44.56.170(c):

(c) Before making any loans from the fund, the authority shall by regulation specify the standards for those loans with respect to the following:

- (1) criteria regarding the eligibility of borrowers and of types of projects
- (2) standards regarding the technical and economic viability and revenue self-sufficiency of eligible projects
- (3) collateral or other security required for loans
- (4) terms and conditions of loans
- (5) criteria to establish financial feasibility and the amount of state subsidy necessary for individual projects
- (6) compliance with the requirements of AS 44.56.177-185
- (7) other relevant criteria, standards, or procedures

(This is a rewrite of existing law, adding (5) and (6).)

#2 page 3, line 24, amend (f) to read:

(f) The interest rate on loans for power projects shall be equal to the average rate of earnings of the Alaska Permanent Fund for the last fiscal year ending before the loan commitment is made. The legislature may appropriate a subsidy of the interest rate as needed to make the project financially feasible. Projects for which loans are outstanding from the water resources revolving loan fund (AS 45.86) on July 13, 1978, may receive additional financing from the power project fund.

#3 page 4, line 18, amend (h) to read:

(h) The legislature may forgive the repayment of loans made for reconnaissance and feasibility studies when the authority finds that a project is not feasible.

#4 page 7, after line 9, insert a new section (d) and reletter:

(d) If state financial assistance is required to make the project financially feasible, the plan of finance shall include an estimate of the minimum amount of state financial assistance required.

RATIONALE

There are a number of reasons for not establishing a set low rate of interest for the loan fund. It makes better sense to consider the projects on a project-by-project basis, for the plan of finance to identify the exact need for state assistance, and for the legislature to provide financial assistance as needed. Problems with the existing (f) on page 3 of the bill include:

1) A bias for hydroelectric projects would be created, since only hydro projects could receive the 3% interest rates. Thus, there would be a built-in disincentive for the development of all other power sources, however appropriate.

2) There are a number of methods of financing available, and a low-interest fund would virtually preclude consideration of all other methods. All projects would come to the fund regardless of their ability to receive financing through the bond market or other means.

3) State dollars would be misallocated. If money is provided through low-interest rates to a project which may not need it (or may not need that much), that money will not be available for those projects which truly need the financial assistance.

4) Since the legislature will only appropriate so much money to the fund, only those projects which are first in line (or which have powerful legislators behind them) will receive the low-interest benefits, whether or not they need the assistance, and other projects will face delays while waiting for funding.

These amendments, combined, would ensure that state financial assistance would be provided as needed, but only where needed and to the extent needed. There would be no cost to communities for the studies to determine feasibility if the project was not found to be feasible.

PROPOSED AMENDMENT

page 8, line 12 -- amend (b) to read:

The authority may not begin work on engineering and design beyond what is necessary to establish feasibility until the legislature approves a proposed new project, if the proposed project is one requiring legislative approval. The legislature may approve a proposed new project only by enacting legislation authorizing that project.

PROPOSED AMENDMENT

page 10

Delete line 20 beginning with "the statement" through line 22, "44.56.181"

On line 23, change "may not" to "shall"

Rationale:

Feasibility studies which have not yet been approved should be reviewed by Budget and Management for compliance. The point of the review is for the legislature to have the best information available on which to make a decision. We would expect the completed feasibility studies, if they are sufficiently thorough, to be in compliance; if not, it is in the state's best interest to know what information is lacking.

The number of projects affected by this amendment would probably be just two.

According to Budget and Management, of 22 identified projects, under this section only 4 would have to have B&M approval of reconnaissance. 14 or, with the amendment, 16 would require B&M review for feasibility.

PROPOSED AMENDMENT

page 9, lines 15 - 19

Delete "the interest" through "general fund" and insert in its place "the debt service requirements for the project, and reserves for them, shall be returned to the consumers of that project's power in the forms of lowered rates and improved services."

PROPOSED AMENDMENT

page 4, after line 20

Insert a paragraph (i) to read:

A project for which a loan is received from the fund, unless
it is exempt under AS 44.56.187, is subject to the provisions
of AS 44.56.177 - 44.56.185.

1. Page 3, Line 17. Should read AS 42.05
2. Page 4, between Lines 20 & 21 add "(i) Funds may not be loaned for reconnaissance or feasibility studies of power projects under this section unless the loan recipient agrees to perform the studies to satisfy the requirements of AS 44.56.177(b) and (c) or AS 44.56.181(b)."
3. Page 6, between Lines 17 & 18 add "Engineering and design work necessary for submission of a Federal Energy Regulatory Commission license application for the project."
4. Page 8, between Lines 5 & 6 add "For new projects for which a reconnaissance or feasibility study has been accomplished by a federal entity other than the Authority, and for which the Authority intends to finance and construct as a public work of the state, the reviews by the Division of Budget & Management required by AS 44.56.179 and AS 44.56.183 are not required. The Division of Budget and Management will perform a report on the feasibility of the project examining the studies for general compliance with the requirements of AS 44.56.181(b) within 60 days after the studies and plan of finance for the proposed project have been received by the Division of Budget and Management. The approval of the Legislature in AS 44.56.185 is required."
5. Page 8, Line 12 -- Reword first sentence to read: "The Authority may not begin work on engineering and design beyond that required under AS 44.56.183 until the Legislature approves the proposed new project, if the proposed project is one requiring legislative approval."
6. Page 8, Line 17 add "(a)" after "SECTIONS."
7. Page 8, between lines 25 and 26 add "(b) The provision of AS 44.56.177 through AS 44.56.189 do not apply to any new project which the Authority will finance only and for which there will be no form of State financial assistance other than revenue bonds issued by the Authority."
8. Page 8, Line 26 add "AND FINANCING" after "construction."
9. Page 9, Line 14, delete the clause beginning with "revenues" and ending with "them" on line 17. Insert instead: it shall enter into contracts for the sale of the electrical power from the project in accordance with AS 44.56.090. In the event that such contracts provide to the Authority revenues which exceed costs specified in AS 44.56.090, then excess revenue
10. Page 9, Line 27, after "AS 44.56.181" add "along with Engineering and Design as required for any Federal Energy Regulatory Commission license application;"

Eric P. Yould
Executive Director
Alaska Power Authority

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

House Bill/ No. 754 Title: An Act relative to the power project revolving fund;
and providing for an effective date.

Requested by 25 House members Date 2/14/80

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development

Program Category Affected Economic Development

BRU, Program, or Subprogram(s) Affected Alaska Power Authority

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		--				

FUNDING (Thousands of Dollars)

GENERAL FUND		--				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		--				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No impact.

IV. DATE 2/20/80 PREPARED BY Terry J. McGuire

AGENCY Alaska Power Authority

PHONE 276-2715

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)