

LEG. FINANCE - BILLS 1979 - 1980 1223

HJR 60 thru HJR 62 • • 1073



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

Introduced: 2/12/80
Referred: Community & Regional
Affairs and Finance

1 IN THE HOUSE

BY ANDERSON

2 HOUSE JOINT RESOLUTION NO. 60

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Approving the Lake Elva hydroelectric
6 generation project, as required by
7 AS 44.56.180.

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

9 WHEREAS it is in the public interest to finance a portion of the Lake
10 Elva hydroelectric generation project by an appropriation to the Alaska Power
11 Authority from the general fund; and

12 WHEREAS the Alaska Power Authority has submitted to the legislature and
13 to the governor a statement of its recommendations for financing a portion of
14 the Lake Elva hydroelectric project, as required by AS 44.56.180(b), and a
15 statement outlining the general design and demonstrating the project's finan-
16 cial feasibility; and

17 WHEREAS, according to statements by the Alaska Power Authority, it is to
18 finance a portion of the Lake Elva hydroelectric generation project by an
19 appropriation from the general fund to the authority and the authority will
20 not construct, acquire or own the project; and

21 WHEREAS the statements of the Alaska Power Authority indicate that the
22 Lake Elva hydroelectric generation project is to be designed, acquired, and
23 constructed by the Nushagak Electric Association under an agreement with the
24 authority which will provide that the authority has ownership rights in the
25 project only as necessary to secure the payment of the principal and interest
26 on revenue bonds, if bonds are issued for the project; and

27 WHEREAS the statement of the authority submitted to the governor and to
28 the legislature fully satisfy the conditions set out in AS 44.56.180; and

29 WHEREAS the cost of financing a portion of the Lake Elva project re-

1 quires an appropriation from the general fund to the Alaska Power Authority
2 in the amount of \$15,000,000; and

3 WHEREAS it is in the best interests of the state that the state finance
4 a portion of the cost of the Lake Elva project;

5 BE IT RESOLVED that the Alaska State Legislature approves the general
6 design of the Lake Elva hydroelectric generation project near Dillingham,
7 Alaska.

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Original sponsor: Anderson

Offered: 4/16/80
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2

CS FOR HOUSE JOINT RESOLUTION NO. 60

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

Approving the Lake Elva hydroelectric

6

generation project, as required by

7

AS 44.56.180.

8

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

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WHEREAS the Alaska Power Authority has submitted to the legislature and
10 to the governor a statement of its recommendations for financing a portion of
11 the Lake Elva hydroelectric project, as required by AS 44.56.180(b), and a
12 statement outlining the general design and demonstrating the project's finan-
13 cial feasibility; and

14

WHEREAS, according to statements by the Alaska Power Authority, the
15 authority is to finance the Lake Elva hydroelectric generation project and
16 will construct, acquire and own the project; and

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WHEREAS the statements of the Alaska Power Authority indicate that the
18 Lake Elva hydroelectric generation project is to be designed, acquired, and
19 constructed for the Nushagak Electric Association under an agreement with the
20 Alaska Power Authority which will provide that the authority has ownership
21 rights in the project as necessary to secure the payment of the principal and
22 interest on revenue bonds, if bonds are issued for the project; and

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WHEREAS the statement of the authority submitted to the governor and to
24 the legislature fully satisfies the conditions set out in AS 44.56.180; and

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WHEREAS the costs to be incurred in financing the Lake Elva hydroelec-
26 tric project will require the Alaska Power Authority to issue its revenue
27 bonds in an amount which is estimated not to exceed \$15,000,000; and

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WHEREAS it is in the best interests of the state that revenue bonds of
29 the Alaska Power Authority be issued to finance the Lake Elva project;

29

1 BE IT RESOLVED that the Alaska State Legislature approves the general
2 design of the Lake Elva hydroelectric generation project near Dillingham,
3 Alaska, and the incurring of revenue bond indebtedness by the Alaska Power
4 Authority for the project in an amount not to exceed \$15,000,000.

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(11)

COMMITTEE REPORT

HOUSE

4/16/80

FURTHER:

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HJR 60

"Approving the Lake Elva hydroelectric generation project, as required by AS 44.56.180."

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

(7)

COMMITTEE REPORT

HOUSE

4/16

2/12/80

FURTHER: FINANCE

Date: _____

Mr. Speaker:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HJR 60

"Approving the Lake Elva hydroelectric generation project, as required by AS 44.56.180."

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 HJR 60 same title
 new title
- and recommends it do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

Patricia Murray
Doreen Brennan
Charles H. Pan
Pam Hittell
Bin Paul

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Bin Paul
 CHAIRMAN

7954
Chenoweth

Original sponsor: Anderson

Offered: 4/16/80
Referred: Finance

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE JOINT RESOLUTION NO. 60

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

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7954
Rosenstein

Introduced: 2/12/80
Referred: Community & Regional
Affairs and Finance

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BY ANDERSON

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COMMITTEE COPY

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ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

JOINT
HOUSE .. RESOLUTION. NO. ...60..
By ANDERSON

"Approving the Lake Elva hydro-
electric generation project,
as required by AS 44.56.180."

Lake Elva project

Introduced in the House 2/12/, 19...80

HISTORY IN ... HOUSE

1980	Read first time and referred to Committee on												
Feb. 12	Community and Regional Affairs 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												
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Absent	Absent												
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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		
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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.	



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

3/18/80

FURTHER:

Date: 3-18-80

Mr. Speaker:

The Committee on FINANCE has had HCR 59

"Relating to workers' compensation."

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 HCR 59 [X] same title [] new title

and recommends it "do pass"

[] AND attaches a "Letter of Intent" ~~NEW~~ Fiscal Note 87.4

[] reports it back without recommendation

[] referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

Montgomery

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Amend - NO RIC

[Signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HCR 59 Page 1
 Title Relating to workers' compensation
 Requested by Rep. Rogers Date 3/4/80

II. FISCAL DETAIL
 Agency Affected Department of Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Workmen's Compensation
 (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		51.5				
200 TRAVEL		20.9				
300 CONTRACTUAL		15.0				
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		87.4				
		<i>should be 88.4</i>				<i>- addition error</i>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		87.4				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY		3				

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

See attached object code detail.

IV. DATE March 13, 1980 PREPARED BY *R.F.S.* Robert F. Schroeder
 AGENCY Legislative Finance Division
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: PUBLIC PROTECTION

AGENCY: LABOR

PROGRAM: WORKER PROTECTION

BRU (S): ADMINISTRATION OF WORKER'S COMPENSATION
ADMINISTRATION OF WAGE AND HOUR

This program includes the Wage and Hour and Worker's Compensation BRUs.

The purpose of the Worker's Compensation BRU is to ensure adequate compensation for economic loss due to work related injury or death. Three major activities are involved in accomplishing this purpose: 1) maintenance of a record of each work connected injury in the State; 2) technical assistance to employees, employers, insurance companies, medical facilities and legal representatives; and 3) adjudication of disputed cases through public hearing before the Worker's Compensation Board. Decisions by the Board effect amounts to be paid workers by insurance companies; as such, this BRU primarily funds a record-keeping and adjudication process with one exception. This exception allows the State to pay workers additional compensation above that paid by their insurance company if their injury occurred prior to March 4, 1974. This was the effective date of a revision to the worker's compensation law which substantially increased benefits. In FY 81, the amount of funds budgeted for this purpose is \$613,200.

The purpose of the Wage and Hour BRU is to ensure that workers in the state are justly compensated for labor and safeguarded from unfair or discriminatory practices by enforcing and administering Alaska Labor Law. This obligation includes enforcement of minimum wage and overtime, child labor law, equal pay for women, right to return transportation, establishing and enforcing prevailing wages on public work contracts, enforcing construction contractor licensing requirements, wage security bonding of fish processors and primary fish buyers, acting in the capacity of labor relations agency for all political subdivisions of the State, and the administration and licensing of private employment agencies.

The Division conducts an ongoing educational program, primarily aimed at employers or industries against whom it has received a high number of complaints. An effort is made to achieve voluntary compliance by thoroughly informing all concerned of Alaska Labor Laws.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

23:55

1/03/80

CATEGORY: PUBLIC PROTECTION
AGENCY: DEPARTMENT OF LABOR

PROGRAM: WORKER PROTECTION

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
LOCAL HIRE	68.0	47.7	47.7				
ADMIN OF WORKMENS COMPENSATION	746.6	1117.8	1103.3	1195.3			1544.9
WAGE & HOUR ADMIN.	597.9	670.3	660.6	612.5			724.7
XX TOTAL	1412.5	1835.8	1811.6	1807.8			2269.6
XX CHANGE VERSUS 80 AUTH							25.5%
OBJECT DESCRIPTION							
PERS. SERV.	580.1	999.4	1010.4	942.9			1247.6
TRAVEL	67.7	75.4	59.4	58.8			89.9
CONTRACTUAL	154.5	154.3	159.4	157.0			271.5
COMMODITIES	18.5	18.5	11.1	20.0			24.1
EQUIPMENT	2.3	3.3	.5				5.6
LANDS/BLDGS	10.9	15.4	17.9	15.9			17.7
GRANTS, CLNS	578.5	578.5	552.9	613.2			613.2
FUNDING SOURCE							
GENERAL FUND	1412.5	1835.8	1811.6	1807.8			2211.7
OTHER FUNDS							57.9
XX GENERAL FUND CHANGE VS. 80 AUTH							22.3%
POSITIONS							
FULL-TIME	31.0	18.0	18.0	33.0			41.0
PART-TIME	1.0			1.0			1.0
STAFF MONTHS	378.0	216.0	216.0	402.0			498.0

Staff Salaries -- \$6440/month for eight months \$51.5

- a. One project leader with some knowledge of comp and familiarity with relevant legal and medical concepts (\$3000/month).
- b. One project researcher with background in social research and sampling (\$2000/month).
- c. One secretary (\$1440/month).

Travel:

- * Per diem for task force meetings -- 10 persons
2 days each @ \$67/day X 5 meetings = \$6.7
 - * Transportation for task force meetings
\$200/person X 10 members X 5 meetings = \$10.0
 - * Trip to Oregon, California, Wisconsin, Florida
by one member of task force and one employee of
Department of Labor -- 20 days' per diem @ \$67/day
and transportation @ \$767 X 2 travelers = \$4.2
- \$ 20.9

Contractual Services:

- * Xerox -- \$300/month X 8 months \$2400
 - * Mag Card Typewriter -- \$250/month X 8 months 2000
 - * Space Rent -- 600 sq. ft. @ \$1.00/month X
8 months 4800
 - * Telephone \$40/month X 8 months 320
 - * Long distance tolls \$300/month X 8 months 2400
 - * Other services 3100
- \$ 15.0

Commodities \$ 1.0

TOTAL \$ 87.3

8164
Baldwin

2 note

Original sponsor: Labor and Management
Committee

Offered: 3/18/80
Referred: Finance

BY THE LABOR AND
MANAGEMENT COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 59

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to workers' compensation.

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

7 WHEREAS there has not been a major revision of the state workers' com-
8 pensation law since statehood; and

9 WHEREAS the many changes that have taken place in the state since enact-
10 ment of the workers' compensation law are sufficient reasons for the legis-
11 lature to thoroughly review the provisions of the Alaska Workmen's Compen-
12 sation Act; and

13 WHEREAS the cost of workers' compensation can be a burden on employers
14 in the state;

15 BE IT RESOLVED by the Alaska State Legislature that under AS 24.20.090
16 and Uniform Rule 48(c) the legislative council is directed to establish a
17 study group which consists of the following members:

18 (1) four employers subject to the workers' compensation law ap-
19 pointed jointly by the speaker of the house of representatives and the presi-
20 dent of the senate;

21 (2) four representatives of labor organizations who are covered by
22 the workers' compensation law appointed jointly by the speaker of the house
23 of representatives and the president of the senate;

24 (3) a state senator and a state representative appointed by the
25 chairman of the legislative council who shall be non-voting co-chairmen of
26 the study group; and be it

27 FURTHER RESOLVED that the governor is respectfully requested to direct
28 the director of the division of insurance, Department of Commerce and Eco-
29 nomic Development, and the director of the workmen's compensation division,

COMMITTEE COPY

1 Department of Labor, to participate as members of the study group established
2 under this resolution; and be it

3 FURTHER RESOLVED that the study group shall meet at least bimonthly and
4 shall by the 30th day of the First Session of the Twelfth Legislature report
5 to the legislature on its preliminary findings and recommendations concerning
6 changes in the workers' compensation law needed to eliminate antiquated and
7 inadequate provisions, to bring the workers' compensation law into harmony
8 with current needs and conditions, and to minimize the cost of workers'
9 compensation to employers in the state.

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HCR 59 Page 1
 Title Relating to workers' Compensation
 Requested by Rep. Rogers Date 3/4/80

II. FISCAL DETAIL
 Agency Affected Department of Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Workmen's Compensation
 (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)

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700 GRANTS, CLAIMS, ETC.						
TOTAL		87.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		87.4				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3				

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

See attached object code detail.

IV. DATE March 13, 1980 PREPARED BY *R.F.S.* Robert F. Schroeder
 AGENCY Legislative Finance Division
 PHONE 465-3795
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 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: PUBLIC PROTECTION

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PROGRAM: WORKER PROTECTION

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The purpose of the Worker's Compensation BRU is to ensure adequate compensation for economic loss due to work related injury or death. Three major activities are involved in accomplishing this purpose: 1) maintenance of a record of each work connected injury in the State; 2) technical assistance to employees, employers, insurance companies, medical facilities and legal representatives; and 3) adjudication of disputed cases through public hearing before the Worker's Compensation Board. Decisions by the Board effect amounts to be paid workers by insurance companies; as such, this BRU primarily funds a record-keeping and adjudication process with one exception. This exception allows the State to pay workers additional compensation above that paid by their insurance company if their injury occurred prior to March 4, 1974. This was the effective date of a revision to the worker's compensation law which substantially increased benefits. In FY 81, the amount of funds budgeted for this purpose is \$613,200.

The purpose of the Wage and Hour BRU is to ensure that workers in the state are justly compensated for labor and safeguarded from unfair or discriminatory practices by enforcing and administering Alaska Labor Law. This obligation includes enforcement of minimum wage and overtime, child labor law, equal pay for women, right to return transportation, establishing and enforcing prevailing wages on public work contracts, enforcing construction contractor licensing requirements, wage security bonding of fish processors and primary fish buyers, acting in the capacity of labor relations agency for all political subdivisions of the State, and the administration and licensing of private employment agencies.

The Division conducts an ongoing educational program, primarily aimed at employers or industries against whom it has received a high number of complaints. An effort is made to achieve voluntary compliance by thoroughly informing all concerned of Alaska Labor Laws.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

23:55

1/03/80

CATEGORY: PUBLIC PROTECTION
AGENCY: DEPARTMENT OF LABOR

PROGRAM: WORKER PROTECTION

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
LOCAL HIRE	68.0	47.7	47.7				
ADMIN OF WORKMENS COMPENSATION	746.6	1117.8	1103.3	1195.3			1544.9
WAGE & HOUR ADMIN.	597.9	670.3	660.6	612.5			724.7
** TOTAL	1412.5	1835.8	1811.6	1807.8			2269.6
** CHANGE VERSUS 80 AUTH							25.5%
OBJECT DESCRIPTION							
PERS. SERV.	580.1	990.4	1010.4	942.9			1247.6
TRAVEL	67.7	75.4	59.4	58.8			89.9
CONTRACTUAL	154.5	154.3	159.4	157.0			271.5
COMMODITIES	18.5	18.5	11.1	20.0			24.1
EQUIPMENT	2.3	3.3	.5				5.6
LANDS/BLDGS	10.9	15.4	17.9	15.9			17.7
GRANTS, CLMS	578.5	578.5	552.9	613.2			613.2
FUNDING SOURCE							
GENERAL FUND	1412.5	1835.8	1811.6	1807.8			2211.7
OTHER FUNDS							57.9
** GENERAL FUND CHANGE VS. 80 AUTH							22.3%
POSITIONS							
FULL-TIME	31.0	18.0	18.0	33.0			41.0
PART-TIME	1.0			1.0			1.0
STAFF MONTHS	378.0	216.0	216.0	402.0			498.0

Staff Salaries -- \$6440/month for eight months \$51.5

- a. One project leader with some knowledge of comp and familiarity with relevant legal and medical concepts (3000/month).
- b. One project researcher with background in social research and sampling (\$2000/month).
- c. One secretary (\$1440/month).

Travel:

- * Per diem for task force meetings -- 10 persons 2 days each @ \$67/day X 5 meetings = \$6.7
 - * Transportation for task force meetings \$200/person X 10 members X 5 meetings = \$10.0
 - * Trip to Oregon, California, Wisconsin, Florida by one member of task force and one employee of Department of Labor -- 20 days' per diem @ \$67/day and transportation @ \$767 X 2 travelers = \$4.2
- \$ 20.9

Contractual Services:

- * Xerox -- \$300/month X 8 months \$2400
 - * Mag Card Typewriter -- \$250/month X 8 months 2000
 - * Space Rent -- 600 sq. ft. @ \$1.00/month X 8 months 4800
 - * Telephone \$40/month X 8 months 320
 - * Long distance tolls \$300/month X 8 months 2400
 - * Other services 3100
- \$ 15.0

Commodities \$ 1.0

TOTAL \$ 87.3

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE CONCURRENT RESOLUTION NO. 59
 Title Relating to workers' compensation
 Requested by Senator Frank Ferguson Date 5-22-80

II. FISCAL DETAIL

Agency Affected Legislative Affairs Agency
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Legislative Council
 (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		24.0				
200 TRAVEL		16.7				
300 CONTRACTUAL		4.2				
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		45.9				

FUNDING (Thousands of Dollars)

GENERAL FUND		45.9				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		1				

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

Assumption: Use of L.A.A. space, equipment, and telephone
 Staff Salaries \$3,000/month for eight months 24.0
 One project leader with some knowledge of comp
 and familiarity with relevant legal and medical
 concepts (\$3,000/month)
 Travel - Per diem for task force mtgs - 10 persons
 two days each @\$67 x 5 mtgs -----\$6.7
 Transportation for task force mtgs
 \$200/person x 10 members x 5 mtgs -----10.0 16.7
 Contractual Services: Telephone \$40/mo x 8 mos -- .3
 Long distance tolls \$300/mo x 8 mos. ---- 2.4
 Other services ----- 1.5 4.2
 Commodities: ----- 1.0
TOTAL \$ 45.9

IV. DATE 5-22-80 PREPARED BY Richard G. Berg, Director
 AGENCY Legislative Affairs Agency
 PHONE 465-3850

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE (REVISED)

I. REQUEST

Bill/Resolution No. House Concurrent Resolution No. 59
 Title Relating to workers' compensation
 Requested by Senator Frank Ferguson Date 5-23-80

II. FISCAL DETAIL

Agency Affected Legislative Affairs Agency
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Legislative Council
 (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		40.2				
200 TRAVEL		16.7				
300 CONTRACTUAL		11.6				
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		69.5				

FUNDING (Thousands of Dollars)

GENERAL FUND		69.5				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		2				

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

Assumption: Use of L.A.A. space, equipment, and telephone

100 - Staff salaries -----	\$40.2	
- \$2,556/month x 8 months x 26% benefits - One project leader with some knowledge of comp and familiarity with relevant legal and medical concepts -----	\$25.7	
- \$1,440/month x 8 months x 26% benefits - One secretary -----	14.5	
200 - Travel - Per diem for task force mtgs - 10 persons two days each @\$67 x 5 meetings -----	6.7	
- Transportation for task force mtgs @\$200/person x 10 members x 5 meetings -----	10.0	16.7
300 - Telephone \$40/month x 8 months -- \$.3 / Rental office space - 7.4		
Long distance @\$300/mo x 8 mos. - 2.4 / Other services -----	1.5	11.6
400 - Commodities -----		1.0
		\$ 69.5

IV. DATE 5-23-80 PREPARED BY Richard G. Berg, Director
 AGENCY Legislative Affairs Agency
 PHONE 465-3850
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HCR 59 Page 1
 Title Relating to workers' compensation
 Requested by Rep. Rogers Date 3/4/80

II. FISCAL DETAIL
 Agency Affected Department of Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Workmen's Compensation
 (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		51.5				
200 TRAVEL		20.9				
300 CONTRACTUAL		15.0				
400 COMMODITIES		1.0				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		87.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		87.4				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY		3				

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

See attached object code detail.

IV. DATE March 13, 1980 PREPARED BY Robert F. Schroeder
 AGENCY Legislative Finance Division
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CATEGORY: PUBLIC PROTECTION

AGENCY: LABOR

PROGRAM: WORKER PROTECTION

BRU (s): ADMINISTRATION OF WORKER'S COMPENSATION
ADMINISTRATION OF WAGE AND HOUR

This program includes the Wage and Hour and Worker's Compensation BRUs.

The purpose of the Worker's Compensation BRU is to ensure adequate compensation for economic loss due to work related injury or death. Three major activities are involved in accomplishing this purpose: 1) maintenance of a record of each work connected injury in the State; 2) technical assistance to employees, employers, insurance companies, medical facilities and legal representatives; and 3) adjudication of disputed cases through public hearing before the Worker's Compensation Board. Decisions by the Board effect amounts to be paid workers by insurance companies; as such, this BRU primarily funds a record-keeping and adjudication process with one exception. This exception allows the State to pay workers additional compensation above that paid by their insurance company if their injury occurred prior to March 4, 1974. This was the effective date of a revision to the worker's compensation law which substantially increased benefits. In FY 81, the amount of funds budgeted for this purpose is \$613,200.

The purpose of the Wage and Hour BRU is to ensure that workers in the state are justly compensated for labor and safeguarded from unfair or discriminatory practices by enforcing and administering Alaska Labor Law. This obligation includes enforcement of minimum wage and overtime, child labor law, equal pay for women, right to return transportation, establishing and enforcing prevailing wages on public work contracts, enforcing construction contractor licensing requirements, wage security bonding of fish processors and primary fish buyers, acting in the capacity of labor relations agency for all political subdivisions of the State, and the administration and licensing of private employment agencies.

The Division conducts an ongoing educational program, primarily aimed at employers or industries against whom it has received a high number of complaints. An effort is made to achieve voluntary compliance by throughly informing all concerned of Alaska Labor Laws.

STATE OF ALASKA -- BUDGET UNIT SUMMARY

23:55

1/03/80

CATEGORY: PUBLIC PROTECTION
AGENCY: DEPARTMENT OF LABOR

PROGRAM: WORKER PROTECTION

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
LOCAL HIRE	68.0	47.7	47.7				
ADMIN OF WORKMENS COMPENSATION	746.6	1117.8	1103.3	1195.3			1544.9
WAGE & HOUR ADMIN.	597.9	670.3	660.6	612.5			724.7
** TOTAL	1412.5	1835.8	1811.6	1807.8			2269.6
** CHANGE VERSUS 80 AUTH							25.5%
OBJECT DESCRIPTION							
PERS. SERV.	580.1	990.4	1010.4	942.9			1247.6
TRAVEL	67.7	75.4	59.4	58.8			89.9
CONTRACTUAL	154.5	154.3	159.4	157.0			271.5
COMMODITIES	18.5	18.5	11.1	20.0			24.1
EQUIPMENT	2.3	3.3	.5				5.6
LANDS/BLDGS	10.9	15.4	17.9	15.9			17.7
GRANTS, CLMS	578.5	578.5	552.9	613.2			613.2
FUNDING SOURCE							
GENERAL FUND	1412.5	1835.8	1811.6	1807.8			2211.7
OTHER FUNDS							57.9
** GENERAL FUND CHANGE VS. 80 AUTH							22.3%
POSITIONS							
FULL-TIME	31.0	18.0	18.0	33.0			41.0
PART-TIME	1.0			1.0			1.0
STAFF MONTHS	378.0	216.0	216.0	402.0			498.0

Staff Salaries -- \$6440/month for eight months \$51.5

- a. One project leader with some knowledge of comp and familiarity with relevant legal and medical concepts (\$3000/month).
- b. One project researcher with background in social research and sampling (\$2000/month).
- c. One secretary (\$1440/month).

Travel:

- * Per diem for task force meetings -- 10 persons
2 days each @ \$67/day X 5 meetings = \$6.7
 - * Transportation for task force meetings
\$200/person X 10 members X 5 meetings = \$10.0
 - * Trip to Oregon, California, Wisconsin, Florida
by one member of task force and one employee of
Department of Labor -- 20 days' per diem @ \$67/day
and transportation @ \$767 X 2 travelers = \$4.2
- \$ 20.9

Contractual Services:

- * Xerox -- \$300/month X 8 months \$2400
 - * Mag Card Typewriter -- \$250/month X 8 months 2000
 - * Space Rent -- 600 sq. ft. @ \$1.00/month X
8 months 4800
 - * Telephone \$40/month X 8 months 320
 - * Long distance tolls \$300/month X 8 months 2400
 - * Other services 3100
- \$ 15.0

Commodities \$ 1.0

TOTAL \$ 87.3

Introduced: 2/29/80
Referred: Labor & Management
and Finance

BY THE LABOR AND
MANAGEMENT COMMITTEE

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 59

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to workers' compensation.

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

7 WHEREAS the number of claims for workers' compensation has increased
8 beyond the capability of the Workmen's Compensation Board to issue decisions
9 within the time limits set by law; and

10 WHEREAS many claimants for workers' compensation benefits must wait from
11 60 to 90 days before their claims are decided by the Workmen's Compensation
12 Board; and

13 WHEREAS there has not been a major revision of the state workers' com-
14 pensation law since statehood; and

15 WHEREAS these delays and the many changes that have taken place in the
16 state since enactment of the workers' compensation law are sufficient reasons
17 for the legislature to thoroughly review the provisions of the Alaska Work-
18 men's Compensation Act;

19 BE IT RESOLVED by the Alaska State Legislature that under AS 24.20.090
20 and Uniform Rule 48(c) the legislative council is directed to

21 (1) establish a study group which consists of the following mem-
22 bers:

23 (A) a representative of an insurance company providing
24 workers' compensation coverage in the state;

25 (B) an attorney who represents workers' compensation
26 claimants;

27 (C) a representative of an organized group of workers'
28 compensation claimants;

29 (D) an employer subject to the workers' compensation

1 law;

2 (E) a representative of a labor union;

3 (F) a state senator, appointed by the president of the
4 senate; and

5 (G) a state representative, appointed by the speaker of
6 the house of representatives; and be it

7 FURTHER RESOLVED that the governor is respectfully requested to direct
8 the director of the division of insurance, Department of Commerce and Eco-
9 nomic Development, and the director of the workmen's compensation division,
10 Department of Labor, to participate as members of the study group established
11 under this resolution; and be it

12 FURTHER RESOLVED that the study group shall meet at least bimonthly and
13 shall by October 1, 1980, report to the legislature on its findings and
14 recommendations concerning changes in the workers' compensation law needed to
15 eliminate antiquated and inadequate provisions, to provide orderly procedures
16 for the processing of workers' compensation claims, and to bring the workers'
17 compensation law into harmony with current needs and conditions.

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RECORDS CERTIFICATION



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

James O. Smith
Signature of Camera Operator

3/20/90
Date

FISCAL NOTE

I. REQUEST

HI Bill/Resolution No. 62 Title: Relating to the Alaska Power Authority and the incurring of revenue bond indebtedness of the Alaska Power Authority for the Tyee Lake Hydroelectric generating project near Petersburg and the Swan Lake hydroelectric generating project in the Ketchikan Gateway Borough.

Requested by electric generating project near Petersburg and the Swan Lake hydroelectric generating project in the Ketchikan Gateway Borough. Date 2/13/80

Requested by Froeman, Haugen, Gardiner and Eliason

II. FISCAL DETAIL

Agency Affected Department of 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		120.0	130.0	150.0	170.0	
200 TRAVEL		10.0	12.0	14.0	16.0	
300 CONTRACTUAL		10.0	12.0	15.0	17.0	
400 COMMODITIES		5.0	1.0	1.0	2.0	
500 EQUIPMENT		5.0	5.0	---	---	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		150.0	160.0	180.0	205.0	

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Bond proceeds & loan proceeds		150.0	160.0	180.0	205.0	

POSITIONS

FULL TIME		3	3	3	3	
PART TIME						
TEMPORARY						

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

The Governor's FY 81 budget request includes \$28 million for loans to assist in financing the two projects. The remainder of the costs will be financed in the revenue bond municipal market. Bond proceeds and state loan funds will be utilized to fund three capital positions in the Power Authority to administer funds and supervise construction contracts in conjunction with the Project Engineer.

DATE: 2/20/80

PREPARED BY: TERRY J. MCGUIRE

AGENCY: ALASKA POWER AUTHORITY

PHONE: 277-7641

CATEGORY: DEVELOPMENT

AGENCY: ALASKA POWER AUTHORITY

PROGRAM: ECONOMIC DEVELOPMENT

BRU (s): ALASKA POWER AUTHORITY

The goal of the Alaska Power Authority BRU 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

Introduced: 2/13/80
Referred: Community & Regional
Affairs and Finance

BY FREEMAN, HAUGEN, GARDINER
AND ELIASON

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 62
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Autho-
6 rity, and the incurring of revenue
7 bond indebtedness of the Alaska Power
8 Authority for the Tyee Lake hydro-
9 electric generating project near
10 Petersburg and Wrangell, and for the
11 Swan Lake hydroelectric generating
12 project in the Ketchikan Gateway
13 Borough.

14 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

15 WHEREAS the State of Alaska has funded a feasibility assessment for the
16 Tyee Lake hydroelectric generating project by loaning money from the power
17 project revolving fund and the water resources revolving fund to the Thomas
18 Bay Power Commission, an agency jointly formed by the cities of Petersburg
19 and Wrangell; and

20 WHEREAS the completed assessment shows the Tyee Lake hydroelectric
21 project is feasible; and

22 WHEREAS the Thomas Bay Power Commission, the City of Petersburg and the
23 City of Wrangell have requested that the Alaska Power Authority complete the
24 development of and construct the Tyee Lake hydroelectric project; and

25 WHEREAS a Federal Energy Regulatory Commission license application has
26 been prepared for the Tyee Lake hydroelectric project and the application is
27 presently being reviewed and processed by the Federal Energy Regulatory
28 Commission whose approval of the license is expected during the first quarter
29 of 1981; and

1 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to
2 the governor and to the legislature a statement of its recommendations for
3 financing the Tyee Lake hydroelectric project and a statement outlining the
4 general design, demonstration of financial feasibility, and maximum amount of
5 revenue bonds and appropriations necessary for the project; and

6 WHEREAS the statements of the Alaska Power Authority submitted to the
7 governor and to the legislature fully satisfy the conditions contained in
8 AS 44.56.180 which must be satisfied before adoption of this resolution; and

9 WHEREAS the statements of the Alaska Power Authority provide that the
10 Tyee Lake hydroelectric project is to be designed, acquired, constructed,
11 financed and owned by the authority; and

12 WHEREAS the costs to be incurred in financing the Tyee Lake hydro-
13 electric project will require the issuance of revenue bonds of the Alaska
14 Power Authority in a maximum estimated amount not to exceed \$70,000,000; and

15 WHEREAS it is in the best interests of the state that revenue bonds of
16 the Alaska Power Authority be issued to finance the cost of the Tyee Lake
17 hydroelectric project; and

18 WHEREAS the State of Alaska and the City of Ketchikan have expended
19 considerable time, effort and money in order to develop the Swan Lake hydro-
20 electric generating project; and

21 WHEREAS a completed feasibility assessment shows the Swan Lake hydro-
22 electric project is feasible; and

23 WHEREAS a Federal Energy Regulatory Commission license application has
24 been prepared for the Swan Lake hydroelectric project and the application is
25 presently being reviewed and processed by the Federal Energy Regulatory
26 Commission whose approval of the license is expected before September 1,
27 1980; and

28 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to
29 the governor and to the legislature a statement of its recommendations for

1 financing the Swan Lake hydroelectric project and a statement outlining the
2 general design, demonstration of financial feasibility, and maximum amount of
3 revenue bonds and appropriations necessary for the project; and

4 WHEREAS the statements submitted to the governor and to the legislature
5 fully satisfy the requirements contained in AS 44.56.180 which must be satis-
6 fied before adoption of this resolution; and

7 WHEREAS the statements of the Alaska Power Authority provide that
8 through the issuance of revenue bonds the authority is to finance the Swan
9 Lake hydroelectric project only and is not to construct, acquire or own the
10 project; and

11 WHEREAS the statements of the Alaska Power Authority provide that the
12 Swan Lake hydroelectric project is to be designed, acquired and constructed
13 by the City of Ketchikan under an agreement with the Alaska Power Authority
14 which will provide that the Alaska Power Authority has ownership rights in
15 the project only as may be necessary to secure the payment of the revenue
16 bond indebtedness; and

17 WHEREAS the costs to be incurred in financing the Swan Lake hydro-
18 electric project will require the issuance of revenue bonds of the Alaska
19 Power Authority in a maximum presently estimated amount not to exceed
20 \$120,000,000; and

21 WHEREAS it is in the best interests of the state that revenue bonds of
22 the Alaska Power Authority be issued to finance the cost of the project;

23 BE IT RESOLVED by the Alaska State Legislature that the general design
24 of the Tyee Lake hydroelectric generating project near Petersburg and
25 Wrangell, and the incurring of revenue bond indebtedness by the Alaska Power
26 Authority in a maximum amount not to exceed \$70,000,000 to pay the costs of
27 the project are approved; and be it

28 FURTHER RESOLVED by the Alaska State Legislature that the general design
29 of the Swan Lake hydroelectric generating project in the Ketchikan Gateway

1 Borough and the incurring of revenue bond indebtedness by the Alaska Power
2 Authority in a maximum amount not to exceed \$120,000,000 to pay the costs of
3 the project are approved.

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

HJR 62 - Relating to the Alaska Power Authority and the incurring
I. REQUEST of revenue bond indebtedness of the Alaska Power Authority for the
Bill/Resolution No. Tye Lake Hydroelectric generating project near Petersburg
Title and Wrangell, and the Swan Lake Hydroelectric generating project in
Requested by the Ketchikan Gateway Borough Date 2-13-80

Requested by Freeman, Haugen, Gardiner and Eliason

II. FISCAL DETAIL

Agency Affected Department of 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		120.0	130.0	150.0	170.0	
200 TRAVEL		10.0	12.0	14.0	16.0	
300 CONTRACTUAL		10.0	12.0	15.0	17.0	
400 COMMODITIES		5.0	1.0	1.0	2.0	
500 EQUIPMENT		5.0	5.0	---	---	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		150.0	160.0	180.0	205.0	

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Bond proceeds & Loan proceeds		150.0	160.0	180.0	205.0	

POSITIONS

FULL TIME		3	3	3	3	
PART TIME						
TEMPORARY						

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

The Governor's FY 81 budget request includes \$28 million for loans to assist in financing the two projects. The remainder of the costs will be financed in the revenue bond municipal market. Bond proceeds and state loan funds will be utilized to fund three capital positions in the Power Authority to administer funds and supervise construction contracts in conjunction with the Project Engineer.

IV. DATE 2-20-80

PREPARED BY TERRY J. MCGUIRE

AGENCY ALASKA POWER AUTHORITY

Original: Legislative Finance

PHONE 277-7641

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/13/80
Referred: Community & Regional
Affairs and Finance

BY FREEMAN, HAUGEN, GARDINER
AND ELIASON

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 62

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Autho-
6 rity, and the incurring of revenue
7 bond indebtedness of the Alaska Power
8 Authority for the Tye Lake hydro-
9 electric generating project near
10 Petersburg and Wrangell, and for the
11 Swan Lake hydroelectric generating
12 project in the Ketchikan Gateway
13 Borough.

14 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

15 WHEREAS the State of Alaska has funded a feasibility assessment for the
16 Tye Lake hydroelectric generating project by loaning money from the power
17 project revolving fund and the water resources revolving fund to the Thomas
18 Bay Power Commission, an agency jointly formed by the cities of Petersburg
19 and Wrangell; and

20 WHEREAS the completed assessment shows the Tye Lake hydroelectric
21 project is feasible; and

22 WHEREAS the Thomas Bay Power Commission, the City of Petersburg and the
23 City of Wrangell have requested that the Alaska Power Authority complete the
24 development of and construct the Tye Lake hydroelectric project; and

25 WHEREAS a Federal Energy Regulatory Commission license application has
26 been prepared for the Tye Lake hydroelectric project and the application is
27 presently being reviewed and processed by the Federal Energy Regulatory
28 Commission whose approval of the license is expected during the first quarter
29 of 1981; and

1 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to
2 the governor and to the legislature a statement of its recommendations for
3 financing the Tyee Lake hydroelectric project and a statement outlining the
4 general design, demonstration of financial feasibility, and maximum amount of
5 revenue bonds and appropriations necessary for the project; and

6 WHEREAS the statements of the Alaska Power Authority submitted to the
7 governor and to the legislature fully satisfy the conditions contained in
8 AS 44.56.180 which must be satisfied before adoption of this resolution; and

9 WHEREAS the statements of the Alaska Power Authority provide that the
10 Tyee Lake hydroelectric project is to be designed, acquired, constructed,
11 financed and owned by the authority; and

12 WHEREAS the costs to be incurred in financing the Tyee Lake hydro-
13 electric project will require the issuance of revenue bonds of the Alaska
14 Power Authority in a maximum estimated amount not to exceed \$70,000,000; and

15 WHEREAS it is in the best interests of the state that revenue bonds of
16 the Alaska Power Authority be issued to finance the cost of the Tyee Lake
17 hydroelectric project; and

18 WHEREAS the State of Alaska and the City of Ketchikan have expended
19 considerable time, effort and money in order to develop the Swan Lake hydro-
20 electric generating project; and

21 WHEREAS a completed feasibility assessment shows the Swan Lake hydro-
22 electric project is feasible; and

23 WHEREAS a Federal Energy Regulatory Commission license application has
24 been prepared for the Swan Lake hydroelectric project and the application is
25 presently being reviewed and processed by the Federal Energy Regulatory
26 Commission whose approval of the license is expected before September 1,
27 1980; and

28 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to
29 the governor and to the legislature a statement of its recommendations for

1 financing the Swan Lake hydroelectric project and a statement outlining the
2 general design, demonstration of financial feasibility, and maximum amount of
3 revenue bonds and appropriations necessary for the project; and

4 WHEREAS the statements submitted to the governor and to the legislature
5 fully satisfy the requirements contained in AS 44.56.180 which must be satis-
6 fied before adoption of this resolution; and

7 WHEREAS the statements of the Alaska Power Authority provide that
8 through the issuance of revenue bonds the authority is to finance the Swan
9 Lake hydroelectric project only and is not to construct, acquire or own the
10 project; and

11 WHEREAS the statements of the Alaska Power Authority provide that the
12 Swan Lake hydroelectric project is to be designed, acquired and constructed
13 by the City of Ketchikan under an agreement with the Alaska Power Authority
14 which will provide that the Alaska Power Authority has ownership rights in
15 the project only as may be necessary to secure the payment of the revenue
16 bond indebtedness; and

17 WHEREAS the costs to be incurred in financing the Swan Lake hydro-
18 electric project will require the issuance of revenue bonds of the Alaska
19 Power Authority in a maximum presently estimated amount not to exceed
20 \$120,000,000; and

21 WHEREAS it is in the best interests of the state that revenue bonds of
22 the Alaska Power Authority be issued to finance the cost of the project;

23 BE IT RESOLVED by the Alaska State Legislature that the general design
24 of the Tyee Lake hydroelectric generating project near Petersburg and
25 Wrangell, and the incurring of revenue bond indebtedness by the Alaska Power
26 Authority in a maximum amount not to exceed \$70,000,000 to pay the costs of
27 the project are approved; and be it

28 FURTHER RESOLVED by the Alaska State Legislature that the general design
29 of the Swan Lake hydroelectric generating project in the Ketchikan Gateway

1 Borough and the incurring of revenue bond indebtedness by the Alaska Power
2 Authority in a maximum amount not to exceed \$120,000,000 to pay the costs of
3 the project are approved.

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RECORDS CERTIFICATION



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

James O. Smith
Signature of Camera Operator

3/20/90
Date

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

HJR 62
#000000
9.

MEMORANDUM

February 28, 1980

SUBJECT: State of Alaska v. A.L.I.V.E. Voluntary

TO: Representative Nels A. Anderson, Jr.
House Majority Leader

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You have asked my comments on the decision of the Supreme Court in the case of State of Alaska v. A.L.I.V.E. Voluntary, (File No. 3670). A copy of the decision is attached.

The case concerns a regulation relating to games of skill and chance annulled by the legislature. The authority for annulment was AS 44.62.320(a) which provides:

The legislature, by a concurrent resolution adopted by a vote of both houses, may annul a regulation of an agency or department.

The Administrative Procedure Act was adopted by the First State Legislature in 1959. This Act provided, among other things, for the procedure by which regulations of agencies or departments are promulgated and the section was enacted as part of that procedure.

The Court held, with a majority opinion of three justices and a strong dissent by two justices, that regulations could not constitutionally be annulled by concurrent resolution since a resolution is not enacted in accordance with the requirements in Article II of the Constitution for adoption of law. The result, of course, is a non sequitor since the majority opinion avoided addressing the difference between regulation and law and finding that despite the difference, the enactment procedures applied. They, therefore, assumed the middle term of the syllogism and rambled widely to provide a substitute for the missing logic. Various cases were cited, only one of which was relevant and that one is no longer good law in its own jurisdiction.

For this reason, it is very difficult to determine the effect of the decision.

The holding is explicit that regulations may not be annulled by concurrent resolution. Although it is not explicitly stated, there is a clear implication that annulment by bill is constitutional.

Beyond that, the Court made several statements which do not appear necessary to the holding in this case. Much of this dicta is in sweeping terms. It casts doubt over substantial areas and, since the reasoning is essentially stream of consciousness rather than coherent, gives only minimal clues concerning the legal status of these areas.

Essentially the areas affected fall into two classes

- (1) regulations and legislative oversight of regulations;
and
- (2) other areas of law where concurrent resolutions are used to provide legislative oversight.

On regulations the majority opinion states broadly:

"The express provision in the Alaska Constitution of two specific legislative veto mechanisms supports our view that no implied general power to veto agency regulations by informal legislative action exists.

* * *

"In our view, the specificity with which the constitution deals with the legislative veto powers it does grant leads logically to the conclusion that no other veto power is implied."

The case law on regulations which the majority opinion cited is not helpful. One of the cases is on point but is no longer good law in its own jurisdiction, the second is a trial court decision and the last is a federal case where the question of a one-house veto was present but not reached. The discussion of this last case illustrates the difficulty in following the reasoning in the majority opinion. The Court referring to the United States Circuit Court decision in Atkins v. United States, 556 F2d 1028 (1977) said:

The court implied that for one House to have the authority to make such a change would be unconstitutional: "Nor could one House do anything more than preserve existing law. . ." Id. at 1064. In contrast, the annulment provisions of AS 44.62.320(a) permit the legislature to void administrative regulations which are in effect. Such regulations are laws in every meaningful sense, and annulling any one of them effects a change in the law.

The connection and logic totally escape me.

In its discussion of delegation of power to annul regulations, an issue injected into the opinion since no delegation is involved in the case before the Court, the opinion is even less helpful. The majority opinion observes:

"While the power to void agency regulations could be exercised by either the legislature, or by an agency, when the legislature exercises such power it must do so while acting as a legislature. It may not grant itself the power to act as an agency.

"It might be supposed that if the legislature could condition the validity of a regulation upon the subsequent disapproval by both of its houses by concurrent resolution, it could condition the same upon disapproval by a committee, or a single legislator. Using the theory, propounded by the Amici, that a veto is merely a condition there is no principled distinction between these cases. It is therefore worth observing that most authorities have rejected the validity of laws conferring either affirmative or negatory legislative powers on individual legislators or legislative committees."

Perhaps the second point made by the majority opinion in discussing the desirability of legislative oversight of administrative regulations gives the best clue. The opinion stated:

Second, at least according to a recent case study, the legislative veto has been unimpressive in practice. See Bruff & Gellhorn, Congressional Control of Administrative Regulation: A Study of Legislative Vetoes, 90 Harv. L. Rev., 1369 (1977). That study concludes, essentially, that the legislative veto encourages secretive, poorly

Representative Nels A. Anderson, Jr.

Page 4

February 28, 1980

informed, and politically unaccountable legislative action. Id. at 1409-20. It is consequences such as these that the enactment provisions of our constitution are designed to guard against.

It should be pointed out that the facts concerning the annulment which was the subject matter of the case do not support a conclusion that the annulment resulted from "secretive, poorly informed and politically unaccountable legislative action" but that, of course, is not material.

It is my conclusion that any annulment of regulation other than by law would be unconstitutional under this case. Although the question is not discussed since it is not relevant to the case, it is very clear that regulations which have the effect of law require statutory authorization and the legislature can withdraw the authorization or establish standards in whatever degree of specificity the legislature desired. Since in case of conflict between statute and regulation the statute controls, it is also clearly permissible to make the substantive statutes detailed thereby leaving less or no areas which must be dealt with by regulations. This latter course, however, involves a loss of flexibility and administrative expertise.

It appears that any form of legislative oversight of administrative regulations would be regarded with suspicion by the court. However, devices such as providing that no regulation can become effective until it has been before the legislature in session for a set time or even a provision that no regulation may become effective unless approved by law are not clearly precluded.

In Plumley v. Hale, 594 P.2d 497 (Alaska 1979), our Court discussed the question of non-retroactive treatment in civil cases. The Court in that case stated:

In accord with United States Supreme Court precedent, we have previously identified four conditions indicating the propriety of non-retroactive treatment in civil cases: 1) the holding is one of first impression, or overrules prior law, and was not foreshadowed in earlier decisions; 2) there has been justifiable reliance on an alternative interpretation of the law; 3) undue hardship would result from retroactive application; and 4) the

purpose and intended effect of the holding is best accomplished by prospective application.

The case concerned approval of free conference committee reports without a recorded roll call vote. The Court held the criteria to be satisfied and the decision to be prospective only. In my opinion the facts here, while not as compelling as the facts in Plumley, would lead to a conclusion that annulment of regulations which occurred prior to this case are not affected by the case.

The second major problem area is legislative oversight exercised by concurrent resolution in other areas than regulation oversight. The majority opinion made a very broad statement saying:

The question presented by this case is whether the legislature can exercise its legislative power without following these enactment provisions. In our view the answer must be in the negative, for otherwise they would serve no purpose.

(The dissenting opinion quite correctly pointed out this is not the question at all. Justice Boochever said

In my opinion, the majority misstates the question presented as being whether the legislature can exercise its legislative power without the usual constitutional safeguards. The real question is whether, having exercised its legislative power, subject to all those safeguards, it may condition the delegation of regulatory power to an executive agency upon a provision for legislative oversight. I agree with our statement in Boehl that the legislature has that power.

This view will be significant in subsequent cases which concern the use of concurrent resolutions in context other than annulment of regulations placing as it does the issue before the Court in focus.)

The majority opinion went on to say:

Of course, when the legislature wishes to act in an advisory capacity it may act by resolution. However, when it means to take action having a binding effect on

those outside the legislature it may do so only by following the enactment procedures.

While the dissent noted that numerous other statutes provide some specific legislative review function by concurrent resolution, the majority opinion does not specifically address this. The sweeping generality of the majority opinion clouds, and on its face forbids, these other functions.

These include:

1. AS 18.45.025 -- Approval of facilities siting permit for nuclear facilities.
2. AS 18.65.060 -- Disapproval of regulations relating to compilation of criminal justice information and release of this information.
3. AS 28.05.021 -- Approval of compacts with other states relating to motor vehicle registration and driving licenses.
4. AS 28.15.141 -- Approval of regulations relating to classification of drivers licenses.
5. AS 28.15.081 -- Approval of regulations relating to drivers license examination.
6. AS 35.10.080 -- Approval of physical facility procurement and planning policy.
7. AS 37.05.280 -- Approval of leases by the state with a rental in excess of \$12,000. (While this has general application, it was adopted as part of and specifically relates to construction of public buildings by ASHA for lease to the state and is necessary for the validity of the revenue bonds issued by ASHA.)
8. AS 37.12.080 -- Approval of investments in a single project or to a single applicant by Alaska Renewable Resources Corporation if the investment exceeds \$1,500,000 or five percent of the resources of the corporation.
9. AS 38.05.037 -- Disapproval of zoning by the division of lands in the unorganized borough.

10. AS 38.05.182 -- Disapproval of a determination by the Commissioner of the Department of Natural Resources that the taking of royalty on natural resources in money rather than in kind is in the best interests of the state.
11. AS 38.05.065 -- Approval of disposition of oil and gas and contracts for sale of state owned royalty gas or oil.
12. AS 39.23.080 -- Approval of salary commission recommendations. (This is now repealed but until the pay bill this year went into effect, it was the basis on which higher government officials, including the governor, legislators and judges, were paid.)
- * 13. AS 44.55.110 -- Approval of Alaska Power Authority plans. This approval is a specific condition on bonding.
14. AS 44.57.210 -- Approval of projects of the Alaska Toll Bridge Authority. This approval is required before bonds may be issued.
15. AS 46.03.758 -- Disapproval of regulations establishing civil penalties for discharge of oil.
16. AS 46.40.080 -- Approval of Alaska coastal management programs.

While all of these are clouded by the language in the majority opinion, that language is clearly dicta except on the point of annulment of regulations. In my opinion, an attempt to determine whether in later cases the court would follow the broad sweep in the instant case, narrow that sweep depending on the issue before it, or even confine the case to its facts would be pure speculation. Courts have frequently done all three. The majority opinion with its conclusionary approach unsupported by a coherent rationale is of little assistance in determining the scope of the opinion.

Earlier in the opinion, I discussed retro-activity as it applied to regulations annulled by concurrent resolution before the opinion. There is an even stronger case for holding that retroactive application cannot be given to a decision in the areas where annulment of regulations is not in question.

I. We give them power to regulate. ✓
Admin Proc. Act. - read.

rehearing.

Representative Nels A. Anderson, Jr.

Page 8

February 28, 1980

I am, however, very disturbed by the possibility that a future decision in this area could be retroactive to the date of this decision based on a finding by the Court that this decision "clearly foreshadowed" a subsequent decision that resolutions could not be used as prescribed in these statutes. I do not think this would be the decision since certainly at the time of enactment of the laws referred to there was no foreshadowing and bringing all legislative action to a halt in areas of major concern to the state while the legislature re-wrote the law in these areas is certainly not reasonable.

Since the alternative would be to halt, among other things, power development, coastal zone management, and oil and gas sales based on a possibility that the Court will look on legislative oversight in these areas as unfavorably as it does on legislative oversight of regulations, I recommend continuing to operate within the statutory framework now established until the Court, by a subsequent decision, clarifies its position.

I would also recommend that the legislature consider the question of what options are open to it to meet the serious problems created by the case.

BGB:jdn

COMMITTEE REPORT
SENATE

FURTHER: None

3/31/80

Date: May 26, 1980

Mr. President:

The Committee on FINANCE has had HJR 62
Alaska Power Authority, and incurring of revenue bond indebtedness of the Alaska
Power Authority for Tye Lake hydroelectric generating project near Petersburg
and Wrangell

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

W. L. ...

Steve ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Do ...

Do ...
CHAIRMAN

Introduced: 2/13/80
Referred: Community & Regional
Affairs and Finance

BY FREEMAN, HAUGEN, GARDINER
AND ELIASON

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 62

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Relating to the Alaska Power Autho-
6 rity, and the incurring of revenue
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8 Authority for the Tye Lake hydro-
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14 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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16 Tye Lake hydroelectric generating project by loaning money from the power
17 project revolving fund and the water resources revolving fund to the Thomas
18 Bay Power Commission, an agency jointly formed by the cities of Petersburg
19 and Wrangell; and

20 WHEREAS the completed assessment shows the Tye Lake hydroelectric
21 project is feasible; and

22 WHEREAS the Thomas Bay Power Commission, the City of Petersburg and the
23 City of Wrangell have requested that the Alaska Power Authority complete the
24 development of and construct the Tye Lake hydroelectric project; and

25 WHEREAS a Federal Energy Regulatory Commission license application has
26 been prepared for the Tye Lake hydroelectric project and the application is
27 presently being reviewed and processed by the Federal Energy Regulatory
28 Commission whose approval of the license is expected during the first quarter
29 of 1981; and

1 WHEREAS the Alaska Power Authority, under AS 44.56.180, has submitted to
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3 financing the Tyee Lake hydroelectric project and a statement outlining the
4 general design, demonstration of financial feasibility, and maximum amount of
5 revenue bonds and appropriations necessary for the project; and

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10 Tyee Lake hydroelectric project is to be designed, acquired, constructed,
11 financed and owned by the authority; and

12 WHEREAS the costs to be incurred in financing the Tyee Lake hydro-
13 electric project will require the issuance of revenue bonds of the Alaska
14 Power Authority in a maximum estimated amount not to exceed \$70,000,000; and

15 WHEREAS it is in the best interests of the state that revenue bonds of
16 the Alaska Power Authority be issued to finance the cost of the Tyee Lake
17 hydroelectric project; and

18 WHEREAS the State of Alaska and the City of Ketchikan have expended
19 considerable time, effort and money in order to develop the Swan Lake hydro-
20 electric generating project; and

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22 electric project is feasible; and

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9 Lake hydroelectric project only and is not to construct, acquire or own the
10 project; and

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18 electric project will require the issuance of revenue bonds of the Alaska
19 Power Authority in a maximum presently estimated amount not to exceed
20 \$120,000,000; and

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26 Authority in a maximum amount not to exceed \$70,000,000 to pay the costs of
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SEE:

SB 527 - Submitted to replace SJR's approving
Alaska Power Authority Projects.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SJR 47 and 48 (HJR 62)
 Title Rel. to Ak. Power Auth. & the incurring of rev. bond indebtedness of
 Requested by the Ak. Power Auth. for Tye Lake and Swan Lake Projects. Date April 1, 1980

II. FISCAL DETAIL

Agency Affected Dept. of Commerce & Economic Development

Program Category Affected 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		120.0	130.0	150.0	170.0	
200 TRAVEL		10.0	12.0	14.0	16.0	
300 CONTRACTUAL		10.0	12.0	15.0	17.0	
400 COMMODITIES		5.0	1.0	1.0	2.0	
500 EQUIPMENT		5.0	5.0	0	0	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		150.0	160.0	180.0	205.0	

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
<u>bond & loan proceeds</u>		150.0	160.0	180.0	205.0	

POSITIONS

FULL TIME		3	3	3	3	
PART TIME						
TEMPORARY						

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

The Governor's FY 81 budget request includes \$28 million for loans to assist in financing the two projects. The remainder of the costs will be financed in the revenue bond municipal market. Bond proceeds and state loan funds will be utilized to fund three capital positions in the Power Authority to administer funds and supervise construction contracts in conjunction with the Project Engineer.

IV. DATE April 1, 1980

PREPARED BY David Creekman

AGENCY Department of Commerce & Economic Dev.

PHONE 465-2504

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 BRU 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
XX TOTAL	470.4	513.0	487.9	347.7		12.6	332.1
XX 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	2.9			5.7
GRANTS, CLMS		25.0	25.0				
FUNDING SOURCE							
GENERAL FUND	470.4	513.0	487.9	347.7			332.1
PGM RECEIPTS						12.6	
XX 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

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

- HJR 62 - Relating to the Alaska Power Authority and the incurring
- I. REQUEST of revenue bond indebtedness of the Alaska Power Authority for the Bill/Resolution No. Tye Lake Hydroelectric generating project near Petersburg Title and Wrangell, and the Swan Lake Hydroelectric generating project in- Requested by the Ketchikan Gateway Borough. Date 2-13-80

Requested by Freeman, Haugen, Gardiner and Eliason

II. FISCAL DETAIL

Agency Affected Department of 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		120.0	130.0	150.0	170.0	
200 TRAVEL		10.0	12.0	14.0	16.0	
300 CONTRACTUAL		10.0	12.0	15.0	17.0	
400 COMMODITIES		5.0	1.0	1.0	2.0	
500 EQUIPMENT		5.0	5.0	---	---	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		150.0	160.0	180.0	205.0	

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Bond proceeds & Loan proceeds		150.0	160.0	180.0	205.0	

POSITIONS

FULL TIME		3	3	3	3	
PART TIME						
TEMPORARY						

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

The Governor's FY 81 budget request includes \$28 million for loans to assist in financing the two projects. The remainder of the costs will be financed in the revenue bond municipal market. Bond proceeds and state loan funds will be utilized to fund three capital positions in the Power Authority to administer funds and supervise construction contracts in conjunction with the Project Engineer.

IV. DATE 2-20-80 PREPARED BY TERRY J. MCGUIRE

AGENCY ALASKA POWER AUTHORITY

PHONE 277-7641

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

CATEGORY: DEVELOPMENT

AGENCY: ALASKA POWER AUTHORITY

PROGRAM: ECONOMIC DEVELOPMENT

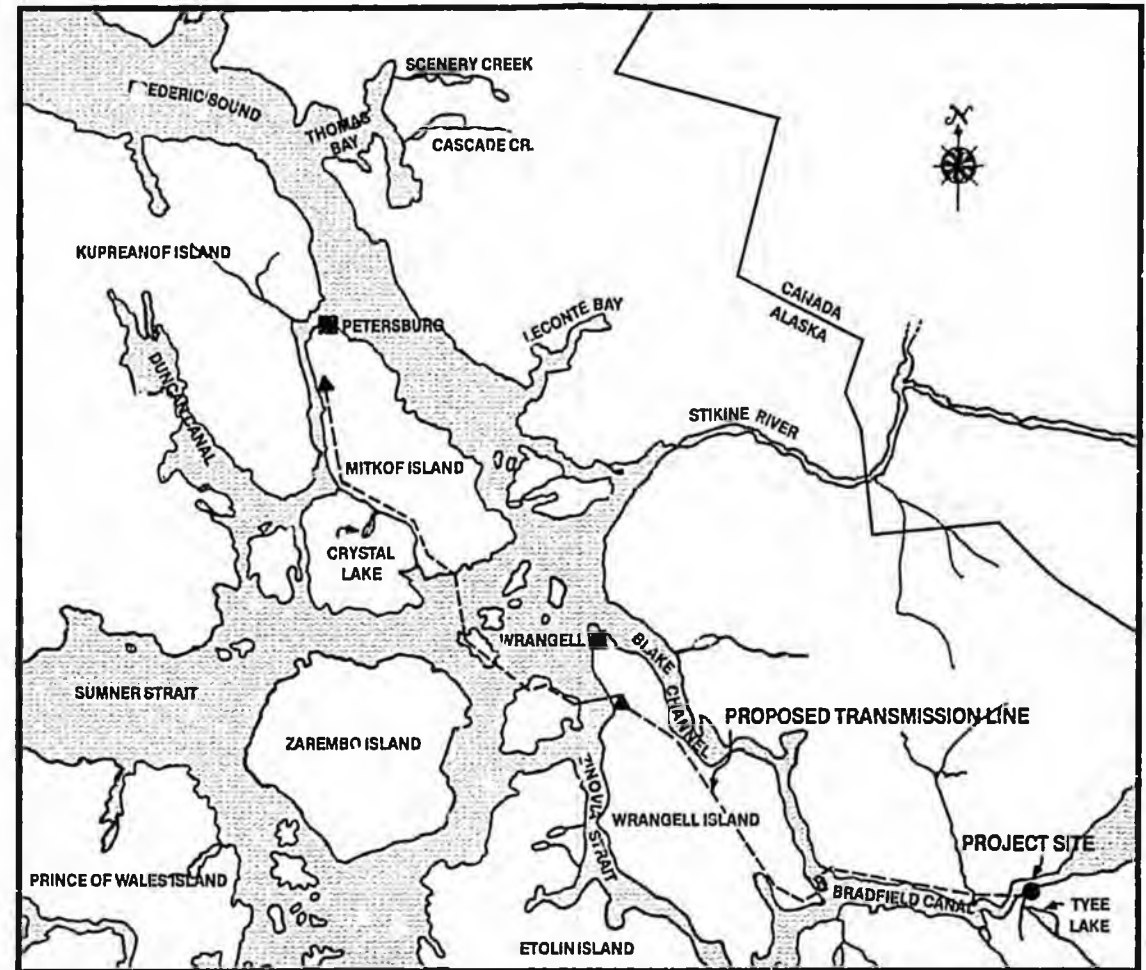
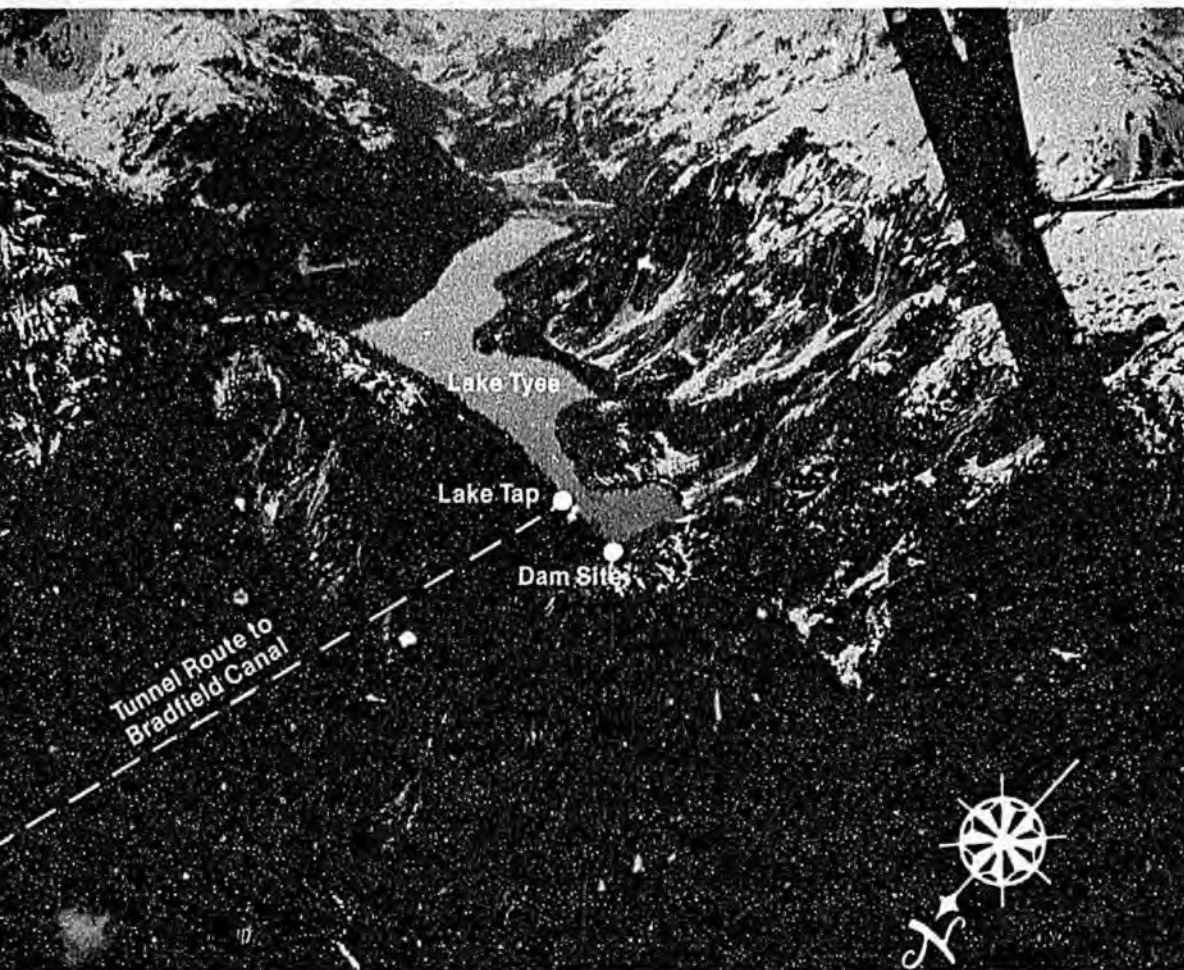
BRU (s): ALASKA POWER AUTHORITY

The goal of the Alaska Power Authority BRU 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



TYEE LAKE HYDROELECTRIC PROJECT - PETERSBURG & WRANGELL, ALASKA

Looking Toward The Year 2000 And Beyond

Efforts by the Thomas Bay Power Commission, in conjunction with work being done by the Alaska Power Authority, may result in lower and cheaper electric power for Petersburg and Wrangell residents. The Thomas Bay Power Commission was formed in 1973 to promote and develop dependable electric power for the area and to reduce reliance on expensive diesel power generation. Its efforts have focused on the Tyee Lake Hydroelectric Project, located about 10 miles southeast of Wrangell in some of the rugged wilds of Alaska.

"The Thomas Bay Power Commission initially investigated building a hydroelectric plant at Thomas Bay, but the proposal proved

too costly," explains Richard Ballard, chairman of the commission.

Harry Sundberg, secretary of the commission, said they then focused studies on Tyee Lake and turned to the Alaska Power Authority for feasibility studies and engineering assistance.

The Power Authority's investigation indicates that Tyee Lake could free Petersburg and Wrangell from the economic stranglehold of diesel generation, at an investment cost of \$53,333,000. This figure approximates the value of taxable property in both Petersburg and Wrangell, which is about \$56 million each.

Diesel fuel prices are going nowhere but up. In 1973, the Petersburg utility could

produce electricity at a cost of about one cent per kilowatt hour. Today, the same amount costs seven cents per kilowatt hour. The reason is that in 1973, diesel fuel cost the utility 13 cents a gallon; today (January 1980) it costs 87 cents and is skyrocketing almost monthly.

Tyee power will not be cheap during the early years of operation. In fact, for the initial years of operation, Tyee may result in higher utility bills than would otherwise be realized from diesel generation.

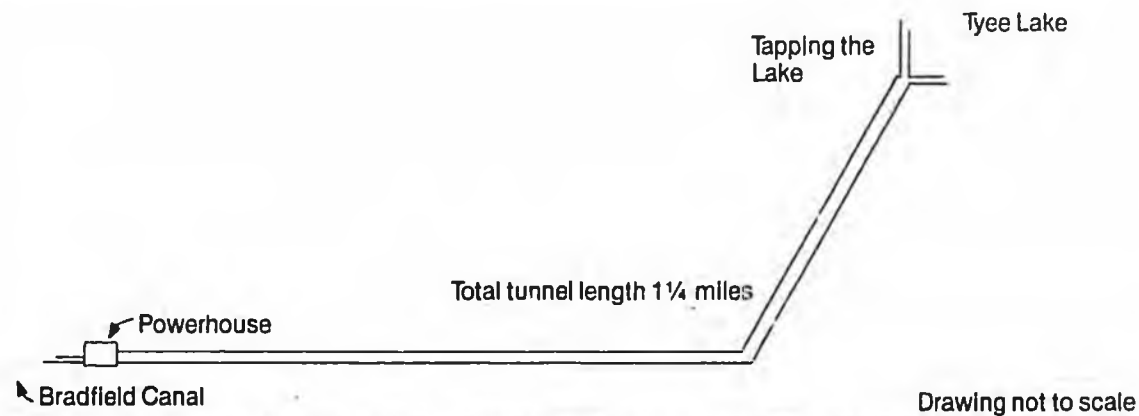
After the excess energy has been fully absorbed by the two communities, however, and during the remainder of the Tyee project life, power costs in Petersburg and Wrangell will be significantly lower than diesel

generation.

The beauty of hydroelectric power generation is that once a plant is producing power, energy is derived from falling water and the costs remain relatively constant. For example, electric bills for Petersburg residents already are materially lower than for Wrangell residents because of the existence of hydroelectric facilities in Petersburg.

The hydroelectric potential of Tyee Lake has been recognized for many years. Efforts were made as early as 1921 to build a dam at the Tyee Lake outlet, but the project never materialized.

The Tyee Lake Hydroelectric Project, designed to deliver 20 megawatts of power,



would come on line early in 1984 and serve the residents of Petersburg and Wrangell and their service areas through an 83-mile long transmission line, nine miles of which would be under water.

During the first phase of the Tyeë project, water drawn from the lake would pass through a 10-foot diameter tunnel into an underground powerhouse containing two turbine generators (there are provisions to add a third turbine about 1995) and then would be released into Bradfield Canal.

Engineering studies conducted by the Alaska Power Authority indicate that the total 20 megawatt output would be fully used within 11 years from the time Tyeë goes on line. It is then that Tyeë Phase II—a dam at the lake's outlet to raise the water level—would be constructed. Plans are to have the dam and the third turbine generator on line by the year 2000.

Where would the money come from to construct the Tyeë Lake Project?

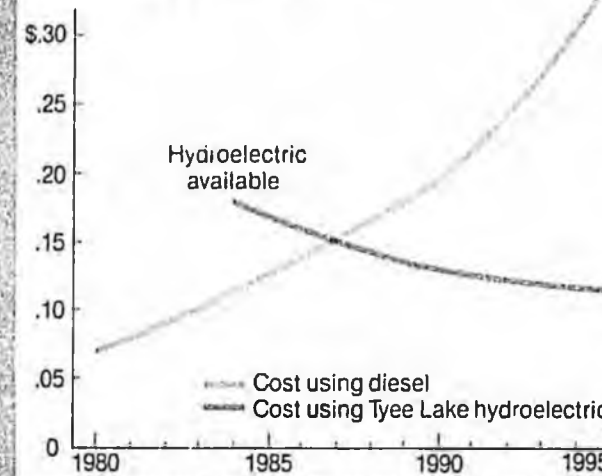
The Alaska Power Authority would issue revenue bonds in cooperation with a trustee bank, as well as receive a loan from the State of Alaska.

The Authority would own and operate the project and supply electricity to Petersburg and Wrangell through wholesale power sales agreements, or by lease agreements with the Thomas Bay Power Commission.

The mile-and-a-quarter long tunnel, above, measuring 10 feet in diameter, will draw water from Tyeë Lake into an underground powerhouse containing two turbine generators. The water is released into Bradfield Canal. If tunnel construction begins in mid-August 1981, as planned, it will be completed by May 1982. Below are some of the more than a dozen permits and clearances required for the Tyeë Lake project. These must be obtained before even the first shovel of earth can be dug. The Federal Energy Regulatory Commission (FERC) is the agency which issues license for construction.

SOME OF THE PERMITS REQUIRED BEFORE CONSTRUCTION CAN BEGIN

BUSBAR COST/KWH



This graph shows the cost of generating electricity in the Petersburg/Wrangell area. The orange line shows the continued use of diesel power generation based on 1980 fuel prices and escalated at 10 per cent per year. The solid blue line represents the intermediate (expected) load growth forecast for the Tyeë Lake Hydroelectric Project. The initial costs of Tyeë are higher than diesel for the first years of operation. As potential power output is more fully used, the costs go down. This decreasing cost trend would be accelerated if homeowners, faced with rising fuel oil prices, convert to electric heating after Tyeë Lake power is available.

SCHEDULE FOR CONSTRUCTION OF TYEË PHASE I

- Mid-1981: Site clearing at Tyeë Lake.
- 1981-1982: Tunnel excavation at Tyeë Lake.
- 1981: Build transmission line intertie between Petersburg and Wrangell. Construct substations.
- 1982: Build transmission line between Tyeë and Wrangell.
- 1983: Lay nine miles of submarine transmission cable.
- Late 1983 and early 1984: Testing and start-up of facility with power on line early 1984.

Tyeë Lake

Hydroelectric Project

Thomas Bay Power Commission
Richard Ballard, Chairman

Alaska Power Authority
Eric Yould, Executive Director

March 1980



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL NUMBER AND TITLE: HJR 62 Tye & Swan Lakes Hydroelectric Projects

ORIGINAL SPONSOR: Freeman, Haugen, Gardiner OTHER SPONSORS: _____
RECEIVED FROM: & Ellison FURTHER REFERRALS: Finance

HEARING DATE: 2/26/80

MEMBERS PRESENT:	Bill Parker	X	Pat Carney	::
	Margaret Branson	X	Charlie Parr	X
	Pat O'Connell		Fred Zharoff	X
			Ray Metcalfe	X

Eric Yould, Executive Director, Ak. Power Authority

Yould gave the history of the projects and discussed the finances and feasibility of the hydro facilities. Indicated that \$500,000 had already been expended in studying the feasibility of the projects (during 1977-78) and that \$3.1 Million has been expended on the Swan Lake project and \$2 Million on the Tye.

Estimates indicate it would cost Petersburg \$5,000,000 extra to convert to electricity.

Yould indicated that in fact it might be a viable alternative to run Tye to Ketchikan.

It appeared that on the life cycle analysis, Swan Lake is preferable to Mahoney.

The relationship between hydro and development is not always clear but the presence of cheap power can stimulate development.

Yould responded to the questions (see attached) asked by the Chairman.

Carney questions the feasibility of having later users share in the major costs of building the hydro projects. Response indicated that there would be potential psychological problems in voting on a bond which someone else was going to be paying for. This restriction on a bond might effect its marketability.

COMMITTEE ACTION: Passed bill out.

TAPE # 3 SIDE 1 Footage 0-024

from May 1980

TYEE AND SWAN LAKES HYDRO PROJECTS

AREAS FOR DISCUSSION

Among the projects submitted by the Alaska Power Authority, how do Tyee and Swan Lake rank in terms of priority for funding?

Explanation of the funding approach involved in the projects-- you might want to have "subordinated loans" explained.

What community growth rate was calculated in the development of the user and cost figures?

Was the public involved in the discussion of the relative costs of the alternatives explored?

What is the "backup" system requirement? Does it have to be a certain % of the capacity of the main system? And if so, does building a larger hydro facility necessitate a larger diesel backup and therefore increase the costs to the consumer?

More Specific questions

What is the status of the City Creek hydroelectric project in Petersburg and how does it relate to the Tyee project?

Has there been full exploration of the possibility of Tyee serving the Ketchikan community? Or of Swan serving the Petersburg/Wrangell areas?

It appears that a factor which may lessen the adverse effect of excess capacity of the Swan Lake facility is the possible sale of power to Louisiana Pacific Corp. How likely is this possibility? Have the relative costs to the consumer of carrying the excess capacity anticipated in both these projects been evaluated? Have the merits of a facility with smaller capacity been fully explored?

Questions generated by 2/25/80 hearing on bill:

Testimony was given that the existing diesel generators are old and will eventually need replacement. Was the cost of this replacement calculated in the cost figures for the hydro projects?

Different financial options - review

Petersburg/Wrangell - dependent on electrical commission

Intertie possibilities

ALASKA POWER AUTHORITY

SWAN LAKE HYDROELECTRIC PROJECT

SUMMARY AND

FINANCING STATEMENT

This report summarizes key characteristics of the Swan Lake Hydroelectric Project for the purpose of satisfying requirements of Section 180 of Alaska Statute 44.56.

ALASKA POWER AUTHORITY

CONTENTS

Introduction

Project Description

Existing Capabilities and Projected Demand

Alternatives Considered

Environmental Impacts

Air and Water Quality

Land Use

Social and Economic Impacts

Engineering Considerations

Economic Feasibility

Project Costs and Financing

Conclusion

ALASKA POWER AUTHORITY

INTRODUCTION

The Ketchikan Public Utilities (KPU) submitted a Federal Energy Regulatory Commission (FERC) license application in February of 1979. Approval of the license for construction is expected by July of 1980. Ketchikan Public Utilities has applied for and received Project loans from the Water Resources Revolving Loan Fund and \$3,450,000 in loans from the Power Project Revolving Loan Fund administered by the Power Authority. Loans to date have been principally for the preconstruction costs of Project development and for purchase of equipment to automate the KPU generation control system. The City of Ketchikan has requested that the Alaska Power Authority issue revenue bonds to finance construction of the Project.

The Alaska Power Authority desires to assist KPU by issuing revenue bonds to finance construction, interest during construction and a reserve fund for the Swan Lake Project. The financing will be accomplished through the tax exempt municipal market with security provided only by the merits of the Project and the strength of sales contracts for Project power. A request for \$18,000,000 in state assistance in financing construction of the Project has been requested. This amount will permit flexibility in entering the bond market for the remainder of the construction financing needs, diminish the amount of bond indebtedness by \$25,000,000, and indicate state support and interest in the Project to the benefit of the overall Project financing. State assistance in the form of a subordinate loan to the Project debt with graduated interest payments and/or deferred principal payments will permit lower cost power in the early years of operation and contribute to the overall security of the Project.

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PROJECT DESCRIPTION

The Project site is located at Swan Lake in a remote area approximately 22 air miles northeast of Ketchikan near the northern end of Carroll Inlet. Swan Lake, a low-elevation lake surrounded by mountains, drains westward through a narrow gorge and into Carroll Inlet via Falls Creek. Historical stream gaging records and correlations with nearby basins indicate that the basin yields an average of 335,000 acre-feet of runoff per year. The site is extremely well suited for the development of a hydroelectric generating facility and, based on the optimization studies conducted, a project arrangement has been selected which will permit the maximum economical utilization of the site potential.

The selected Project arrangement will consist of: a 190 foot high thin arch concrete dam located approximately one mile downstream from the outlet of Swan Lake; a 2,280 foot long concrete lined power tunnel leading to a powerhouse located just north of the mouth of Falls Creek near tidewater; a permanent port facility located at tidewater approximately 1,000 feet north of the powerhouse site; about one mile of access roads connecting the port facility, powerhouse and dam; a switchyard located just north of the powerhouse; approximately 30.5 miles of 115 KV wood pole transmission line crossing Carroll Inlet from the powerhouse site with a single overhead span, extending south along the west side of the Inlet, and then west across the northern tip of George Inlet up the White River Valley and past Ward Cove and then south to the proposed substation site near the existing S. W. Bailey Diesel Plant. The Project will have an installed capacity of 22,000 KW, will operate under an average gross head of 311 feet and have a dependable capacity of 18,000 KW delivered to the load center. It will be capable of delivering 85,400,000 kwh average annual energy and 66,700,000 kwh of firm annual energy to the load center. For the scheduled on-line date of November 1983, the Project is estimated to have Total Capital Requirements of \$107,000,000 including inflation, interest and issue costs.

Existing Capabilities and Projected Demand

The KPU system includes 8,550 KW of existing hydroelectric capacity which produces 62.7 Gwh of energy, and 17,320 KW of diesel generation capacity to supplement all additional demand. Peak power and average annual energy forecasts for Ketchikan are:

<u>Year</u>	<u>Peak Power MW</u>	<u>Annual Energy kwh X 106</u>
1975	14.5	76.6
1980	17.3	97.7
1985	22.5	124.7
1990	28.0	158.0

ALASKA POWER AUTHORITY

The capacity and energy of Swan Lake will be fully utilized by 1989 if the 10 year historic load growth of 5%/year is maintained. All excess energy may be marketed to the Louisiana Pacific Ketchikan Pulp Mill through a power sales contract, in which case the Project power may be fully utilized upon first operation.

Alternatives Considered

Lake Grace, Mahoney Lakes, and continued use of diesel generation were alternatives considered to the Swan Lake Project. Lake Grace is larger than Swan Lake and has potential environmental constraints that would preclude development since it is located in a restricted land status area. Mahoney Lakes, which has roughly 1/2 the power and energy potential of Swan Lake, was determined to be too small to meet long term needs of the Ketchikan system. Continued dependence on diesel generation is determined to be the least feasible of all alternatives.

Environmental Impacts

The environmental impacts of the Swan Lake Project and associated transmission line are principally associated with the construction activity itself, and the visual distractions the completed system will have on the presently undisturbed surroundings. Over the long run, imbalances or alterations in the existing wildlife and fishery ecosystems of the area are not anticipated. There are no endangered species known to inhabit the Project area.

Air and Water Quality

Operation of the Project would not degrade air quality. However, some temporary impacts on air quality may be experienced during construction, due to exhaust and crankcase emissions from vehicles and construction equipment and the dust generated by drilling and movement of equipment. Noise levels will increase due to blasting, machinery operation, and other construction activities. Project operation will result in some increased noise, particularly in the vicinity of the powerhouse. However, this impact is expected to be minor.

Construction of the dam and dikes would introduce sediment into Falls Creek. Other surface waters may experience increased sediment loads due to clearing and earth moving operations along the transmission line route and quarrying and land clearing operations in other Project areas. During Project operation fluctuations in the water level of Swan Lake may cause soil erosion which would introduce sediments into Falls Creek.

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Land Use

Direct impacts on land use would stem from the inundation of 450 acres of land presently covered with shrub and the removal from alternative uses of 240 acres along the transmission line routes. The impact of the Project on regional land use patterns is not expected to be severe. The inundated acres represent an addition to an existing reservoir. The main transmission line would be constructed in a route containing limited timber and recreational uses. The existence of the line would interfere with the area's scenic and aesthetic qualities.

Social and Economic Impacts

Project construction activity would focus on the Ketchikan area. The level and duration of social and economic impacts would depend on a number of factors, including the need to import a Project workforce, the number of workers who would be accompanied by dependents, their length of stay, and the ability of Ketchikan to absorb a small increase in demand for housing, public services and consumer goods. Most workers will be physically located at a temporary field camp near the powerhouse location. These impacts would be primarily secondary, short-term economic impacts associated with personal consumption expenditures of the Project workforce.

Engineering Considerations.

The dam site 2,800 feet upstream from the mouth of Falls Creek is a suitable location for a concrete arch dam. The crystalline schist bedrock at the site would provide an adequate foundation for this type of structure. To eliminate the hazard of locating a surface penstock through an area which might be subject to landslides and snowslides, a concrete lined power tunnel constructed in bedrock is proposed. The powerhouse site adjacent to the mouth of Falls Creek on Carroll Inlet has adequate bedrock for the foundation of the powerhouse. The spillway preliminary design accommodates only 50% of the probable maximum flood inflow into the reservoir, therefore the non-overflow portions of the arch dam must be designed to accommodate this infrequent occurrence. The 115 KW transmission line is adequately sized to accommodate Swan Lake power transmission. The necessity to upgrade the transmission line to accommodate additional sources of power should be considered prior to construction.

Economic Feasibility

The Swan Lake Project was compared to the Lake Grace, Mahoney Lake, and all diesel alternatives in an economic analysis. Results of the analysis are that any hydroelectric alternative is superior to continued dependence on diesel. The Mahoney Lakes Project has a lower cost/KW than the Swan Lake Project, however, reliance upon supplemental diesel generation

ALASKA POWER AUTHORITY

occurs from first power-on-line of this Project which is too small to satisfy long term needs. The Lake Grace Project has environmental problems, it is larger than Swan Lake, and the cost/KW of power is equal to Swan Lake. The Swan Lake Project satisfies the long term needs of the KPU system, and depending upon the rate of escalation of diesel fuel over the normal rate of inflation, the Project can achieve cost savings to the system of between \$2 and \$22 million over the first 10 years of Project operation.

Project Costs and Financing

Without state assistance, an estimate of Project costs are:

Land and Land Rights	\$ 572,000
Powerplant Structures and Improvements	4,010,000
Reservoirs, Dams and Waterways	23,232,000
Water Wheels, Turbines and Generators.	5,866,000
Accessory Electric Equipment	1,649,000
Miscellaneous Power Plant Equipment.	3,430,000
Construction and Access Facilities	9,082,000
Transmission Facilities.	<u>11,428,000</u>
 Subtotal - Direct Construction Cost	 \$59,269,000
 Sales Tax	 <u>-0-</u>
 DIRECT CONSTRUCTION COST	 \$59,269,000
Contingencies,	8,761,000
Subtotal.	<u>\$68,030,000</u>
Engineering.	<u>8,396,000</u>
 TOTAL CONSTRUCTION COST.	 \$76,426,000

The total amount of the revenue bond issue will be approximately \$107,000,000 to include interest during construction, funding of reserve funds, and costs of issuance. This amount could be decreased by \$25 million if the recommended amount and form of state assistance is approved. The \$18,000,000 loan to the Ketchikan Public Utilities would be subordinate debt to the bond indebtedness, with graduated interest payments and deferred principal and interest payments to shape overall Project debt service in a manner to improve the revenue bond Project financing.

The ability of the Project to be financed without state assistance is questionable due to the Project size, amount of the bond issue, and the potential for power excess to system needs in the early years of operation. Without state assistance, an interest penalty on the overall bond issue will result in even higher power costs for Ketchikan consumers.

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The Power Authority may issue contract revenue bonds (under an Indenture of Trust between the Power Authority and a trustee bank) for the difference between Project capital requirements and a subordinated State loan. Under the plan, the Power Authority would own the Project, KPU would have the option to purchase after obligations are repaid, KPU would operate/maintain the facilities, KPU would be responsible for debt service, KPU would set rates to collect revenues with a stipulated coverage. The bonds would be amortized over 40 years, with the Reserve and Contingency Funds paying the last years and one-half debt service.

ALASKA POWER AUTHORITY

CONCLUSION

This summary was prepared by the staff of the Alaska Power Authority to comply with Section 44.56.180 of the enabling statutes of the Power Authority. The maximum amount of bonds estimated to be necessary to finance the Swan Lake Project is \$120 million. The Power Authority intends to assist the Ketchikan Public Utilities to finance the Project with state assistance in the form of an \$18 million subordinate loan. The Power Authority does not intend to design, construct, or operate the Project itself. The Project will be designed, constructed, and operated by Ketchikan Public Utilities, with rights to the capacity remaining with the Utility, and ownership of the Project determined by the optimal acceptable form of revenue bonds issued for the Project. Ultimate ownership rights upon retirement of debt service will remain with the Utility. The general design and financial feasibility of the Swan Lake Project is acceptable, and the Project should proceed to construction. The Power Authority recommends that the Legislature adopt a joint resolution approving the general design and financial feasibility of the Swan Lake Project, approve action of the Power Authority to issue bonds in a maximum amount of \$120,000,000 for the Project, and approve state assistance in the form of an \$18 million subordinate loan for the Project.

Report
to the

ALASKA POWER AUTHORITY

in regard to

**the Plan of Finance of
the Tyee Lake Hydroelectric Project**

FIRST *Southwest* COMPANY

Anchorage, Alaska

Dallas, Texas

INTRODUCTION

The Thomas Bay Power Commission, having made the decision to discontinue its reliance on the use of diesel electric generation to meet existing and future power demands, has requested the assistance of the Alaska Power Authority (the "APA") in the financing and construction of the Tye Lake Hydroelectric Project (the "Project") as a capital project of the State. The Thomas Bay Power Commission is composed of the Cities of Petersburg and Wrangell (the "Cities").

This report is a preliminary analysis of four alternatives containing various combinations of State funding and revenue bond funds. The impact of each alternative on electric costs has been estimated, based upon certain assumptions set forth in the report.

THE PROJECT

The Project is a major hydroelectric generating facility located at Tye Lake, approximately 40 miles southeast of the City of Wrangell, Alaska. Tye Lake is a natural lake perched 1,370 feet above the Bradfield Canal.

The Project, Stage 1 of two stages, consists of a ten foot diameter unlined tunnel, 6,785 feet in length, between Tye Lake and Bradfield Canal, a gate shaft and gate, a surge tank, a steel penstock, a powerhouse containing two 10,000 KW impulse turbine-generator sets and a 115 KV transmission line approximately 83 miles in length connecting the Project with the Cities of Wrangell and Petersburg. (See Figure 1.) Stage 2 (a potential future addition) consists in large part of the addition of a dam.

The Project is designed to have an installed capacity of 20,000 KW and a firm capacity of 8,900 KW. It is designed to be capable of delivering 114,100,000 KWH average annual energy and 75,200,000 KWH of firm annual energy.

Robert W. Retherford Associates, a division of International Engineering Company, Inc., concluded in their Definite Project Report dated December, 1979, that the Project "is the most economical means by which the Cities can meet the immediate and future energy requirements of their service areas".

Although the Project output is not expected to be fully utilized for 11 years, the Cities will derive long term benefits from the Project by replacing their diesel generating facilities with power from relatively fixed cost hydroelectric facilities.

THE CITIES

The City of Petersburg, a community located in Southeast Alaska, has a current population of approximately 3,200. Petersburg has a total of 7,630 KW installed capacity, 79% of which is diesel generation and 21% of which is hydroelectric generation. During the year ended December 31, 1979, Petersburg sold approximately 19,600,000 KWH and has experienced a load growth of approximately 4.7% per year over the last five years.

The City of Wrangell, located approximately 32 miles from Petersburg, has a current population of approximately 3,200. Wrangell has a total of 7,750 KW primary installed capacity, all of which is diesel generation. During the year ended December 31, 1979, Wrangell sold approximately 11,600,000 KWH and has experienced a load growth of

approximately 5% per year over the last five years.

PROPOSED PLAN OF FINANCE

It is proposed that APA revenue bonds be issued pursuant to an Indenture of Trust between APA and a trustee bank. From the proceeds of this bond issue and a proposed subordinated State loan, the Project would be constructed. APA would own and operate the Project and sell power to the Cities pursuant to a Wholesale Power Sales Agreement. APA would covenant to set its wholesale rates at the level projected to be necessary to generate gross revenues at least equal to (a) 1.25 times debt service on the Bonds, (b) projected operation and maintenance expenses of the Project, and (c) debt service requirements of the State loan. The funds the APA generates from the 25% coverage requirement would be used for improvements and extensions of the Project and to provide funds that could be used to redeem the APA revenue bonds (thus lowering future debt service requirements).

A Reserve Fund equal to average annual debt service requirements and a Contingency Fund equal to 6 months average annual debt service requirements would be capitalized from bond proceeds. The Contingency Fund could be used to pay extraordinary repairs and maintenance on the Project and, if needed, to pay debt service on the Bonds. Both funds would have to be replenished if drawn upon.

The Bonds would be amortized over 40 years with the Revenue and Contingency Funds being used to pay the last 18 months' debt service.

THE NEED FOR STATE ASSISTANCE

The need for State assistance arises when the Project is reviewed from the standpoint of financeability. The long term economic feasi-

bility of the Project appears to be established in that diesel fuel prices are expected to continue rising over time while the costs of capital intensive hydroelectric generating facilities are relatively fixed. The most critical concern in terms of ability to finance the Project in the tax-exempt bond market is the substantial excess capacity that may exist in the early years of Project operation and its adverse effects on electric costs in the short run. In the first full year of Project operation (1985), its firm energy of 75,200,000 KWH will result in significant excess capacity relative to the projected 33,726,000 KWH of energy from diesel generation which the Project would displace in that year. Thus, rates must be increased to the extent necessary to satisfy the debt service requirements attributable to this 41,474,000 annual KWH excess. Although high electric rates are certainly undesirable from the personal financial standpoint of the Petersburg/Wrangell consumer, they also increase the bond market's perceived risk of an obligation in that economic growth in the area may be retarded.

There are three significant factors which together may lessen the adverse effect of excess capacity on the Cities' electric costs. The first factor is the possible sale of a block of power in the distant future to Ketchikan Public Utilities ("KPU"). This sale could only occur after terms of the sale are negotiated following elimination of excess capacity in the Swan Lake Project and after a transmission line is constructed between the three electric systems (see fig. 2). The sale, in any case, could only assist the Project in the long run.

The second factor is the potential increased demand from conversion of oil-fired residential heating in the Cities to the use of electric