

BILLS 1981 - 1982
CSSB 29 cont., CSSSB 25

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1 cancellation in the surety bond, guarantee, or insurance agreement.
2 Application for renewal of acceptance of proof of financial responsi-
3 bility under this section must be filed at least 30 days before the
4 date of expiration.

5 (d) The commissioner, after notice and hearing, may revoke accep-
6 tance of proof of financial responsibility if he determines that

7 (1) acceptance was procured by fraud or misrepresentation;
8 or

9 (2) a change of circumstance has occurred, other than a
10 change specified in (b)(1) - (3) of this section, which would have
11 warranted denial of the application.

12 * Sec. 3. AS 18.45.110(a) is amended to read:

13 Sec. 18.45.110. FACILITIES [HIGH LEVEL RADIOACTIVE WASTE DISPOSAL
14 FACILITY] PERMIT. (a) A person may not construct a nuclear fuel pro-
15 duction facility, nuclear utilization facility, nuclear reprocessing
16 facility, nuclear enhancement facility, or high level radioactive waste
17 disposal facility in the state unless he has first obtained a permit
18 from the commissioner to construct the facility on land designated by
19 the legislature under (b) of this section.

20 * Sec. 4. AS 18.45.110(b) is amended to read:

21 (b) The legislature shall designate by law the land in the state
22 on which a nuclear fuel production, utilization, reprocessing, enhance-
23 ment, or high level radioactive waste disposal facility may be located.

24 * Sec. 5. AS 18.45.120(a) is amended to read:

25 (a) A person may not operate a nuclear fuel production facility,
26 a nuclear utilization facility, a nuclear reprocessing facility, a
27 nuclear enhancement facility, or a high level radioactive waste dis-
28 posal facility unless he has furnished proof to the commissioner of
29 financial ability to care for the radioactive material which will be

1 used in the facility until the material is no longer a threat to health
2 or safety, as determined by the commissioner by regulation. Financial
3 responsibility may be demonstrated by self-insurance, insurance, surety,
4 or guarantee, under terms the commissioner may prescribe.

5 * Sec. 6. AS 18.45 is amended by adding new sections to read:

6 Sec. 18.45.130. TRANSPORTATION OF RADIOACTIVE WASTE MATERIAL.

7 (a) The transportation of high level radioactive waste material,
8 except to a facility approved for operation under this chapter or for
9 purposes of disposal outside the state, is prohibited.

10 (b) A person may not transport radioactive waste material in the
11 state unless he has first obtained a permit from the commissioner. The
12 commissioner shall adopt regulations governing the issuance of permits
13 required by this subsection, and shall establish and implement a system
14 to record by manifest the movement of radioactive waste materials which
15 are transported.

16 (c) This section does not apply to the transportation of radio-
17 active waste material by the federal government. When an agency of the
18 federal government proposes to transport radioactive waste material in
19 the state, the agency shall notify the commissioner and the Department
20 of Public Safety of its plans. When notice is received from the federal
21 agency, the commissioner and the commissioner of public safety may take
22 any action they regard as necessary to protect the health and safety of
23 persons in the vicinity of the route to be used to transport the radio-
24 active waste material. The notice provisions of this subsection do not
25 apply if advance notice would represent a threat to national security.

26 Sec. 18.45.140. PROOF OF RESPONSIBILITY FOR DISPOSAL OF HIGH
27 LEVEL RADIOACTIVE WASTES REQUIRED. (a) A person may not dispose of
28 high level radioactive wastes in the state unless he has furnished
29 proof to the commissioner of financial ability to care for the radio-

1 active waste material. Financial responsibility may be demonstrated by
2 self-insurance, insurance, surety, or guarantee, under terms the commis-
3 sioner may prescribe.

4 (b) Acceptance of proof of financial responsibility under this
5 section expires

6 (1) one year from its issuance for self-insurance;

7 (2) on the effective date of a change in the surety bond,
8 guarantee, or insurance agreement; or

9 (3) on the expiration or cancellation of the surety bond,
10 guarantee, or insurance agreement.

11 (c) The person whose proof of financial responsibility is accepted
12 by the commissioner under this section shall notify the commissioner at
13 least 30 days before the effective date of a change, expiration or
14 cancellation in the surety bond, guarantee, or insurance agreement.
15 Application for renewal of acceptance of proof of financial responsi-
16 bility under this section must be filed at least 30 days before the
17 date of expiration.

18 (d) The commissioner, after notice and hearing, may revoke accep-
19 tance of proof of financial responsibility if he determines that

20 (1) acceptance was procured by fraud or misrepresentation;
21 or

22 (2) a change of circumstance has occurred, other than a
23 change specified in (b)(1) - (3) of this section, which would have
24 warranted denial of the application.

25 Sec. 18.45.150. PENALTIES. (a) A person who violates a provision
26 of AS 18.45.130 is guilty of a class C felony.

27 (b) In addition to the penalty prescribed for a class C felony
28 under AS 12.55.035(b)(2) and (c), a person who violates a provision of
29 AS 18.45.130 - 18.45.140 is subject to

1 (1) a penalty of \$50,000 for each offense; each day that the
2 violation continues constitutes a separate offense;

3 (2) the payment to the state of expenses incurred by the
4 state in removing, correcting, or abating the adverse effects of the
5 violation; and

6 (3) actual damages resulting from the violation.

7 Sec. 18.45.160. DEFINITIONS. In AS 18.45.100 - 18.45.160,

8 (1) "commissioner" means the commissioner of environmental
9 conservation;

10 (2) "high level radioactive waste" means

11 (A) used nuclear reactor fuel;

12 (B) waste produced during the reprocessing of used
13 nuclear reactor fuel; and

14 (C) elements having an atomic number greater than 92
15 and containing 10 or more nanocuries per gram;

16 (3) "manifest" means the form used for identifying the
17 quantity, composition, origin, routing, and destination of radioactive
18 wastes during transportation;

19 (4) "nuclear fuel production facility" means a facility that
20 purifies radioactive mineral concentrates and fabricates fissionable
21 material to be used for producing energy in a nuclear reactor; and

22 (5) "nuclear utilization facility" means an apparatus,
23 device, or equipment in which nuclear fission is sustained in a self-
24 supporting and controlled chain reaction; term does not include an
25 apparatus, device, or equipment used exclusively for educational, medi-
26 cal, or research purposes.

27 * Sec. 7. AS 46.03.250 is amended to read:

28 Sec. 46.03.250. AUTHORITY. The department shall adopt regula-
29 tions

1 (1) establishing standards governing the discharge of low
2 level radioactive materials [RADIONUCLIDES] to the air, water, land,
3 and subsurface land of the state;

4 (2) establishing safeguards for radioactive waste materials
5 that do not constitute a threat to public health or safety and that may
6 be stored or disposed in the state; and

7 (3) establishing procedures for the storage and disposal of
8 radioactive materials used in medicine, education, instruments, indus-
9 trial testing, or scientific research.

10 * Sec. 8. AS 46.03.260 is amended to read:

11 Sec. 46.03.260. USE OF RADIOACTIVE MATERIALS [ATOMIC RADIATION].
12 A person who conducts an operation which results in the discharge of
13 low level radioactive materials [RADIONUCLIDES] to the air, water, land
14 or subsurface land of the state must obtain a permit from the depart-
15 ment before commencing the discharge.

16 * Sec. 9. AS 46.03.900 is amended by adding a new paragraph to read:

17 (30) "low level radioactive materials" means a radioactive
18 waste other than

19 (A) used nuclear reactor fuel;

20 (B) waste produced during the reprocessing of used
21 nuclear reactor fuel; and

22 (C) elements having an atomic number greater than 92
23 and containing 10 or more nanocuries per gram.

24 * Sec. 10. AS 46.03.020(10) is amended by adding a new subparagraph to
25 read:

26 (I) handling, transportation, treatment, storage, and
27 disposal of hazardous wastes;

28 * Sec. 11. AS 46.03.100 is amended by adding a new subsection to read:

29 (c) A permit for disposal of a hazardous waste may not be issued

1 under this section unless the applicant for the permit has furnished
2 proof to the commissioner of financial ability to control the hazardous
3 waste. Proof of financial responsibility may be demonstrated by self-
4 insurance, insurance, surety, or guarantee, under regulations issued by
5 the department. Acceptance of proof of financial responsibility under
6 this subsection expires

7 (1) one year from its issuance for self-insurance;

8 (2) on the effective date of a change in the surety bond,
9 guarantee, or insurance agreement; or

10 (3) on the expiration or cancellation of the surety bond,
11 guarantee, or insurance agreement.

12 * Sec. 12. AS 46.03 is amended by adding new sections to read:

13 ARTICLE 5. RADIATION AND HAZARDOUS WASTE PROTECTION.

14 Sec. 46.03.296. DISPOSAL OF HAZARDOUS WASTES. (a) It is unlawful
15 to dispose of hazardous wastes in the state unless

16 (1) the waste has been treated and disposed of in a manner
17 that uses the maximum degree of reduction of the harmful qualities of a
18 hazardous waste which is subject to this chapter and which the depart-
19 ment, on a case-by-case basis, determines is achievable for the hazar-
20 dous waste by application of production processes and available methods,
21 systems and techniques, taking into account energy, environmental, and
22 economic impacts and other costs; and

23 (2) the waste is disposed of in a manner that will ensure
24 the protection of human health, livestock, wildlife, property, and the
25 environment.

26 (b) The department shall adopt regulations in accordance with the
27 Administrative Procedure Act (AS 44.62) for the treatment, storage, and
28 disposal of hazardous wastes to ensure the protection of human health,
29 livestock, wildlife, property, and the environment.

1 Sec. 46.03.299. CONTROL OF HAZARDOUS WASTES. The department
2 shall, by regulations adopted under the Administrative Procedure Act
3 (AS 44.62), establish a state hazardous waste program; the state hazar-
4 dous waste program shall

5 (1) consistent with the Federal Resource Conservation and
6 Recovery Act of 1976 (P.L. 94-580, 42 U.S.C. 6901-6987),

7 (A) establish criteria to identify the characteristics
8 of hazardous wastes;

9 (B) enumerate specific hazardous wastes subject to the
10 provisions of AS 46.03.302 and 46.03.305; and

11 (C) identify the sources of hazardous wastes enumerated
12 under (B) of this paragraph;

13 (2) qualify the department to receive authorization from the
14 administrator of the Environmental Protection Agency to administer and
15 enforce a hazardous waste program in accordance with the Federal
16 Resource Conservation and Recovery Act;

17 (3) determine the amount of a hazardous waste that is so
18 small as to not present a hazard to public health, livestock, fish,
19 wildlife, and the environment of the state when disposed of;

20 (4) exempt a person who generates, treats, transports,
21 stores, or disposes of a hazardous waste from the provisions of this
22 chapter if the quantity of the hazardous waste is less than the amount
23 identified in (3) of this section;

24 (5) establish

25 (A) criteria for identifying appropriate hazardous
26 waste disposal site locations;

27 (B) procedures by which the public shall have opportu-
28 nity to

29 (i) participate in hazardous waste disposal site

1 locations;

2 (ii) review and comment on issuance of hazardous
3 waste disposal permits by the department; and

4 (6) avoid duplication of federal laws and regulations relat-
5 ing to the control of hazardous wastes.

6 Sec. 46.03.302. HAZARDOUS WASTE PERMIT. (a) A person may not
7 process, transport, store, or dispose of a hazardous waste as defined
8 by the department by regulation unless that person first secures a
9 permit from the department and submits to the department any reports or
10 manifests that the department may require for handling the hazardous
11 wastes.

12 (b) A person who generates hazardous waste is not required to
13 obtain a permit under (a) of this section unless the person also pro-
14 cesses, transports, stores, or disposes of the hazardous waste.

15 Sec. 46.03.305. HAZARDOUS WASTE REPORTS AND MANIFESTS. A person
16 who generates hazardous wastes shall submit to the department reports
17 or manifests that the department may require for handling the hazardous
18 wastes.

19 Sec. 46.03.308. TRANSPORTATION OF HAZARDOUS WASTES. Hazardous
20 wastes may not be transported to a hazardous waste disposal site unless
21 the wastes are accompanied by a report or manifest which the department
22 may require for handling hazardous wastes.

23 Sec. 46.03.311. PUBLIC RECORDS. (a) Permits, permit applica-
24 tions, records, reports, and information and documentation obtained
25 under AS 46.03.302 or 46.03.305 are available to the public for in-
26 spection and copying. However, upon a showing satisfactory to the
27 commissioner that a record, report, permit, application, or information
28 would, if made public, divulge methods or processes entitled to protec-
29 tion as trade secrets, the commissioner shall treat the record, report,

1 permit, application, or information as confidential.

2 (b) Information that is confidential may be transmitted under a
3 continuing restriction of confidentiality to other officers, employees,
4 or authorized representatives of the state or of the United States if

5 (1) the person responsible for furnishing the record,
6 report, permit, application, or information to which such information
7 pertains is informed at least two weeks before the transmittal; and

8 (2) the information has been acquired by the department
9 under the provisions of AS 46.03.296 - 46.03.311.

10 (c) The provisions of this section do not limit the department's
11 authority to release confidential information during emergency situa-
12 tions.

13 * Sec. 13. AS 46.03.790(a) is amended to read:

14 (a) A person who violates or who causes or permits a violation of
15 a provision of this chapter or AS 46.04, or of a regulation, lawful
16 order of the department, or permit, approval, or acceptance, or term or
17 condition of a permit, approval, or acceptance issued under this
18 chapter or AS 46.04 is guilty of a class B misdemeanor [VIOLATION].

19 * Sec. 14. AS 46.03.790(b) is amended to read:

20 (b) A person who wilfully violates a provision of this chapter,
21 or of a regulation, lawful order of the department, or permit, approval,
22 or acceptance, or term or condition of a permit, approval, or accep-
23 tance issued under this chapter or AS 46.04 is guilty of a class A
24 misdemeanor.

25 * Sec. 15. AS 46.03 is amended by adding new sections to read:

26 Sec. 46.03.830. PROOF OF FINANCIAL RESPONSIBILITY REQUIRED FOR
27 PETROCHEMICAL FACILITY OR HAZARDOUS WASTE DISPOSAL SITE OPERATION. (a)
28 A person may not operate a petrochemical facility or a hazardous waste
29 disposal site unless the person has furnished proof to the commissioner

1 of financial ability to control a hazardous waste that will be used in,
2 produced by, or disposed of at the facility or the site. Proof of
3 financial responsibility shall include responsibility for the hazardous
4 waste after the facility or site is closed, and may be demonstrated by
5 self-insurance, insurance, surety, or guarantee, under regulations
6 issued by the department.

7 (b) Acceptance of proof of financial responsibility under this
8 section expires

9 (1) one year from its issuance for self-insurance;

10 (2) on the effective date of a change in the surety bond,
11 guarantee, or insurance agreement; or

12 (3) on the expiration or cancellation of the surety bond,
13 guarantee, or insurance agreement.

14 Sec. 46.03.833. COMPLIANCE WITH FINANCIAL RESPONSIBILITY REQUIRE-
15 MENTS. (a) A person whose proof of financial responsibility is
16 accepted by the department under AS 46.03.830 or under 46.03.100(c)
17 shall notify the department at least 30 days before the effective date
18 of a change, expiration, or cancellation in the surety bond, guarantee,
19 or insurance agreement. Application for renewal of acceptance of proof
20 of financial responsibility under AS 46.03.830 or 46.03.100(c) must be
21 filed at least 30 days before the date of expiration.

22 (b) The department, after notice and hearing, may revoke accept-
23 ance of proof of financial responsibility if it determines that

24 (1) acceptance was procured by fraud or misrepresentation;
25 or

26 (2) a change of circumstance has occurred that warrants
27 revocation under regulations issued by the department.

28 * Sec. 16. AS 46.03.900 is amended by adding new paragraphs to read:

29 (30) "dispose" has the same meaning as the term "disposal" is

1 defined in 42 U.S.C. 6903(3);

2 (31) "hazardous waste" means a waste or combination of wastes
3 which because of quantity, concentration, or physical, chemical, or
4 infectious characteristics may

5 (A) cause, or significantly contribute to, an increase
6 in mortality or an increase in serious irreversible or incapacitating
7 reversible illness; or

8 (B) pose a substantial present or potential hazard to
9 human health or the environment when improperly managed, treated,
10 stored, transported, or disposed of;

11 (32) "manifest" means the form used for identifying the
12 quantity, composition, origin, routing, and destination of a hazardous
13 waste when the hazardous waste is transported;

14 (33) "storage" means the containment of hazardous waste,
15 either on a temporary basis or for a period of years, in a manner that
16 does not constitute disposal of the hazardous waste;

17 (34) "treatment" has the same meaning as the term is defined
18 in 42 U.S.C. 6903(27).

19 * Sec. 17. AS 18.45.010 - 18.45.080 are repealed.

20 * Sec. 18. Sections 1, 2, 6 - 9, and 17 of this Act take effect immedi-
21 ately in accordance with AS 01.10.070(c).

22 * Sec. 19. Sections 3 - 5 of this Act take effect on the date of a final
23 court order ruling AS 18.45.100 as enacted by sec. 1 of this Act invalid or
24 unconstitutional.

25 * Sec. 20. Sections 10 - 16 of this Act take effect July 1, 1981.
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Original sponsor: Kerttula

Offered: 3/18/81
Referred: Judiciary

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 29 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to nuclear materials and extremely
7 hazardous and hazardous wastes; and providing for an
8 effective date."

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

10 * Section 1. AS 18.45 is amended by adding a new section to read:

11 Sec. 18.45.100. NUCLEAR FACILITIES PROHIBITED. A person may not
12 construct a nuclear fuel production facility, a nuclear utilization
13 facility, a nuclear reprocessing facility, or a nuclear enhancement
14 facility in the state.

15 * Sec. 2. AS 18.45 is amended by adding new sections to read:

16 Sec. 18.45.110. HIGH LEVEL NUCLEAR WASTE DISPOSAL FACILITY SITING
17 PERMIT REQUIRED. (a) A person may not construct a high level nuclear
18 waste disposal facility in the state unless he has first obtained a
19 permit from the department to construct the facility on land designated
20 by the legislature under (b) of this section.

21 (b) The legislature shall designate by law the land in the state
22 on which a high level nuclear waste disposal facility may be located.

23 (c) The department shall adopt regulations governing the issuance
24 of permits required by (a) of this section. However, a permit may not
25 be issued by the department unless

26 (1) the governor has approved the permit;

27 (2) local approval has been obtained; local approval is
28 obtained

29 (A) if the municipality with jurisdiction over the

1 proposed facility site has approved the permit; and
2 (B) if the facility is to be located in the unorganized
3 borough, a majority of the registered voters who live within 100
4 miles of the proposed facility votes to approve the issuance of
5 the permit for the facility at a general or special election of
6 the state called for the purpose; and

7 (3) issuance of the permit is approved by a majority of the
8 registered voters at a general or special statewide election.

9 Sec. 18.45.120. PROOF OF FINANCIAL RESPONSIBILITY REQUIRED FOR
10 FACILITY OPERATION. (a) A person may not operate a high level nuclear
11 waste disposal facility unless he has furnished proof to the commis-
12 sioner of financial ability to care in perpetuity for the nuclear
13 material which will be used in the facility. Financial responsibility
14 may be demonstrated by self-insurance, insurance, surety, or guarantee,
15 under terms the department may prescribe.

16 (b) Acceptance of proof of financial responsibility under this
17 section expires

18 (1) one year from its issuance for self-insurance;

19 (2) on the effective date of a change in the surety bond,
20 guarantee, or insurance agreement; or

21 (3) on the expiration or cancellation of the surety bond,
22 guarantee, or insurance agreement.

23 (c) The person whose proof of financial responsibility is accepted
24 by the department under this section shall notify the department at
25 least 30 days before the effective date of a change, expiration or
26 cancellation in the surety bond, guarantee, or insurance agreement.
27 Application for renewal of acceptance of proof of financial responsi-
28 bility under this section must be filed at least 30 days before the
29 date of expiration.

1 (d) The department, after notice and hearing, may revoke accep-
2 tance of proof of financial responsibility if it determines that

3 (1) acceptance was procured by fraud or misrepresentation;
4 or

5 (2) a change of circumstance has occurred, other than a
6 change specified in (b)(1) - (3) of this section, which would have
7 warranted denial of the application.

8 * Sec. 3. AS 18.45.110(a) is amended to read:

9 Sec. 18.45.110. FACILITIES [HIGH LEVEL NUCLEAR WASTE DISPOSAL
10 FACILITY] SITING PERMIT REQUIRED. (a) A person may not construct a
11 nuclear fuel production facility, nuclear utilization facility, nuclear
12 reprocessing facility, nuclear enhancement facility, or high level
13 nuclear waste disposal facility in the state unless he has first ob-
14 tained a permit from the department to construct the facility on land
15 designated by the legislature under (b) of this section.

16 * Sec. 4. AS 18.45.110(b) is amended to read:

17 (b) The legislature shall designate by law the land in the state
18 on which a nuclear fuel production, utilization, reprocessing, enhance-
19 ment, or high level nuclear waste disposal facility may be located.

20 * Sec. 5. AS 18.45.120(a) is amended to read:

21 (a) A person may not operate a nuclear fuel production facility,
22 a nuclear utilization facility, a nuclear reprocessing facility, a nu-
23 clear enhancement facility, or a high level nuclear waste disposal
24 facility unless he has furnished proof to the commissioner of financial
25 ability to care in perpetuity for the nuclear material which will be
26 used in the facility. Financial responsibility may be demonstrated by
27 self-insurance, insurance, surety, or guarantee, under terms the depart-
28 ment may prescribe.

29 * Sec. 6. AS 18.45 is amended by adding new sections to read:

1 Sec. 18.45.130. TRANSPORTATION OF NUCLEAR WASTE MATERIAL. (a)

2 The transportation of high level nuclear waste material, except for
3 purposes of disposal outside the state, is prohibited.

4 (b) A person may not transport low level nuclear waste material
5 in the state unless he has first obtained a permit from the department.
6 The department shall adopt regulations governing the issuance of permits
7 required by this subsection, and shall establish and implement a system
8 to record by manifest the movement of low level nuclear waste materials
9 which are transported.

10 (c) The provisions of (a) and (b) of this section do not apply to
11 the transportation of nuclear waste material by the federal government.
12 When the federal government proposes to transport nuclear waste material
13 in the state, the agency of the federal government shall notify the
14 commissioner and the Department of Public Safety of its plans. When
15 notification is received from the federal agency, the commissioner and
16 the commissioner of public safety may take any action they regard as
17 necessary to protect the health and safety of persons in the vicinity
18 of the route used to transport the nuclear waste material. The notifi-
19 cation provisions of this subsection do not apply if advance notice to
20 the commissioner would represent a threat to national security.

21 Sec. 18.45.140. STORAGE AND DISPOSAL OF NUCLEAR WASTE MATERIAL.

22 (a) The storage and disposal in the state of nuclear waste material
23 which would constitute a threat to the health or safety of the public
24 is prohibited.

25 (b) The provisions of (a) of this section do not apply to
26 (1) material of a kind or quantity which, when stored or
27 disposed, would not constitute a threat to the health or safety of the
28 public as determined by the department under AS 46.03.250 by regula-
29 tion;

1 (2) radioactive materials used in medicine; and

2 (3) radioactive materials, not exceeding an amount deter-
3 mined by the department by regulation under AS 46.03.250, used in
4 education, x-ray or photographic process testing, security screening,
5 or scientific research which are stored or disposed of in conformity
6 with procedures established by the department by regulation.

7 Sec. 18.45.150. PROOF OF RESPONSIBILITY FOR DISPOSAL OF HIGH
8 LEVEL NUCLEAR WASTES REQUIRED. (a) A person may not dispose of high
9 level nuclear wastes in the state unless he has furnished proof to the
10 commissioner of financial ability to care for the disposed nuclear
11 waste material. Financial responsibility may be demonstrated by self-
12 insurance, insurance, surety, or guarantee, under terms the department
13 may prescribe.

14 (b) Acceptance of proof of financial responsibility under this
15 section expires

16 (1) one year from its issuance for self-insurance;

17 (2) on the effective date of a change in the surety bond,
18 guarantee, or insurance agreement; or

19 (3) on the expiration or cancellation of the surety bond,
20 guarantee, or insurance agreement.

21 (c) The person whose proof of financial responsibility is accepted
22 by the department under this section shall notify the department at
23 least 30 days before the effective date of a change, expiration or
24 cancellation in the surety bond, guarantee, or insurance agreement.
25 Application for renewal of acceptance of proof of financial responsi-
26 bility under this section must be filed at least 30 days before the
27 date of expiration.

28 (d) The department, after notice and hearing, may revoke accept-
29 ance of proof of financial responsibility if it determines that

1 (1) acceptance was procured by fraud or misrepresentation;
2 or

3 (2) a change of circumstance has occurred, other than a
4 change specified in (b)(1) - (3) of this section, which would have
5 warranted denial of the application.

6 Sec. 18.45.160. PENALTIES. (a) A person who violates a provision
7 of AS 18.45.130 - 18.45.140 is guilty of a class C felony.

8 (b) In addition to the penalty prescribed for a class C felony
9 under AS 12.55.035(b)(2) and (c), a corporation which violates a
10 provision of AS 18.45.130 - 18.45.140 is subject to

11 (1) a penalty of \$50,000 for each offense; each day that the
12 violation continues constitutes a separate offense;

13 (2) the payment to the state of expenses incurred by the
14 state in removing, correcting, or abating the adverse effects of the
15 violation; and

16 (3) actual damages resulting from the violation.

17 Sec. 18.45.170. DEFINITIONS. In AS 18.45.100 - 18.45.170,

18 (1) "commissioner" means the commissioner of environmental
19 conservation;

20 (2) "department" means the Department of Environmental
21 Conservation;

22 (3) "high level nuclear waste" means

23 (A) used nuclear reactor fuel;

24 (B) waste produced during the reprocessing of used
25 nuclear reactor fuel; and

26 (C) elements having an atomic number greater than 92
27 and emitting 10 or more nanocuries per gram;

28 (4) "low level nuclear waste" means a radioactive waste
29 other than a high level nuclear waste; and

1 (5) "manifest" means a shipping or storage document contain-
2 ing a list of the contents, value, origin, carrier, and destination of
3 the nuclear waste materials to be transported, required to be carried
4 by the person providing transportation of the wastes.

5 * Sec. 7. AS 46.03.250 is amended to read:

6 Sec. 46.03.250. AUTHORITY. The department shall adopt regula-
7 tions

8 (1) establishing standards governing the discharge of low
9 level radiation [RADIONUCLIDES] to the air, water, land, and subsurface
10 land of the state;

11 (2) defining nuclear waste material which does not consti-
12 tute a threat to public health or safety and which may be stored or
13 disposed in the state; and

14 (3) establishing procedures for the storage and disposal of
15 radioactive materials used in medicine, education, x-ray or photo-
16 graphic process testing, security screening, or scientific research.

17 * Sec. 8. AS 46.03.260 is amended to read:

18 Sec. 46.03.260. USE OF NUCLEAR [ATOMIC] RADIATION. A person who
19 conducts an operation which results in the discharge of low level
20 radiation [RADIONUCLIDES] to the air, water, land or subsurface land of
21 the state must obtain a permit from the department before commencing
22 the discharge.

23 * Sec. 9. AS 46.03.790(a) is amended to read:

24 (a) A person who violates or who causes or permits a violation of
25 a provision of this chapter or AS 46.04, or of a regulation, lawful
26 order of the department, or permit, approval, or acceptance, or term or
27 condition of a permit, approval, or acceptance issued under this chapter
28 or AS 46.04 is guilty of a class B misdemeanor [VIOLATION].

29 * Sec. 10. AS 46.03.790(b) is amended to read:

1 (b) A person who wilfully violates a provision of this chapter,
2 or of a regulation, lawful order of the department, or permit, approval,
3 or acceptance, or term or condition of a permit, approval, or accept-
4 ance issued under this chapter or AS 46.04 is guilty of a class A
5 misdemeanor.

6 * Sec. 11. AS 46.03.900 is amended by adding a new paragraph to read:

7 (30) "low level nuclear waste" means a radioactive waste
8 other than

9 (A) used nuclear reactor fuel;

10 (B) waste produced during the reprocessing of used
11 nuclear reactor fuel; and

12 (C) elements having an atomic number greater than 92
13 and emitting 10 or more nanocuries per gram.

14 * Sec. 12. AS 46.03.020(10)(H) is amended to read:

15 (I) any other purpose which [SUCH OTHER PURPOSES AS]
16 may be required to implement [FOR THE IMPLEMENTATION OF] the
17 policy declared in AS 46.03.010;

18 * Sec. 13. AS 46.03.020(10) is amended by adding a new subparagraph to
19 read:

20 (I) procedures required to handle, transport, treat,
21 store, and dispose of extremely hazardous wastes and hazardous
22 wastes;

23 * Sec. 14. AS 46 is amended by adding a new chapter to read:

24 CHAPTER 32. WASTES.

25 Sec. 46.32.010. DISPOSAL OF EXTREMELY HAZARDOUS WASTES. (a) It
26 is unlawful to dispose of extremely hazardous wastes in the state
27 without a permit issued by the department.

28 (b) A permit may be issued by the department only for the disposal
29 of extremely hazardous wastes which, when disposed of, will ensure the

1 protection of human health, livestock, wildlife, property, and the
2 environment.

3 Sec. 46.32.020. DISPOSAL OF HAZARDOUS WASTES. (a) It is un-
4 lawful to dispose of hazardous waste in the state unless

5 (1) the waste has been processed to remove its harmful
6 properties to the maximum extent feasible; or

7 (2) it is disposed of in a manner which will ensure the
8 protection of human health, livestock, wildlife, property, and the
9 environment.

10 (b) The department shall adopt regulations in accordance with the
11 Administrative Procedure Act (AS 44.62) for the disposal of hazardous
12 wastes to ensure the protection of human health, livestock, wildlife,
13 property, and the environment.

14 Sec. 46.32.030. TRANSPORTATION OF EXTREMELY HAZARDOUS WASTES.

15 (a) The transportation of extremely hazardous wastes, except for
16 purposes of disposal in accordance with AS 46.32.010(b), is prohibited.

17 (b) A person may not transport extremely hazardous wastes in the
18 state unless he first obtains a permit from the department. The depart-
19 ment shall adopt regulations governing the issuance of permits required
20 by this subsection, and shall establish and implement a system to
21 record by manifest the movement of extremely hazardous wastes which are
22 transported.

23 (c) The provisions of (a) and (b) of this section do not apply to
24 the transportation of extremely hazardous wastes by the federal govern-
25 ment. When the federal government proposes to transport extremely
26 hazardous wastes in the state, the agency of the federal government
27 shall notify the commissioner and the Department of Public Safety of
28 its plans. When notification is received from the federal agency, the
29 commissioner and the commissioner of public safety may take any action

1 they regard as necessary to protect the health and safety of persons in
2 the vicinity of the route used to transport the extremely hazardous
3 wastes. The notification provisions of this subsection do not apply if
4 advance notice to the commissioner would represent a threat to national
5 security.

6 Sec. 46.32.040. TRANSPORTATION OF HAZARDOUS WASTES. (a) The
7 department shall establish and implement a system to record by manifest
8 the movement of hazardous wastes in excess of 1,000 kilograms per month
9 which are transported.

10 (b) A person may not transport hazardous wastes in excess of
11 1,000 kilograms per month in the state unless he transports the hazar-
12 dous wastes in accordance with (a) of this section.

13 (c) The provisions of (a) and (b) of this section do not apply to
14 the transportation of hazardous wastes by the federal government. When
15 the federal government proposes to transport hazardous wastes in the
16 state, the agency of the federal government shall notify the commis-
17 sioner and the Department of Public Safety of its plans. When notifica-
18 tion is received from the federal agency, the commissioner and the
19 commissioner of public safety may take any action they regard as neces-
20 sary to protect the health and safety of persons in the vicinity of the
21 route used to transport the hazardous wastes. The notification provi-
22 sions of this subsection do not apply if advance notice to the commis-
23 sioner would represent a threat to national security.

24 Sec. 46.32.050. DEPARTMENT TO DEFINE EXTREMELY HAZARDOUS WASTES
25 AND HAZARDOUS WASTES BY REGULATION. The department shall, by regula-
26 tions adopted in accordance with the Administrative Procedure Act
27 (AS 44.62), classify substances as extremely hazardous wastes and
28 hazardous wastes.

29 Sec. 46.32.060. PENALTY. (a) A person who violates this chapter

1 or a regulation adopted under this chapter is guilty of a class A
2 misdemeanor.

3 (b) In addition to the penalty prescribed for a class A mis-
4 demeanor under AS 12.55.035(b)(3) and (c), a corporation which violates
5 this chapter or a regulation adopted under this chapter is subject to

6 (1) a penalty of \$50,000 for each offense; each day that the
7 violation continues constitutes a separate offense;

8 (2) the payment to the state of expenses incurred by the
9 state in removing, correcting, or abating the adverse effects of the
10 violation; and

11 (3) actual damages resulting from the violation.

12 Sec. 46.32.070. DEFINITIONS. In this chapter

13 (1) "department" means the Department of Environmental
14 Conservation;

15 (2) "extremely hazardous waste" means a hazardous waste or
16 combination of hazardous wastes which will likely cause the death of,
17 or result in disabling personal injury or serious illness to, a person
18 who has been exposed to it;

19 (3) "hazardous waste" means a waste, or combination of
20 wastes, which because of its quantity, concentration, or physical,
21 chemical or infectious characteristics may

22 (A) cause, or significantly contribute to, an increase
23 in mortality or an increase in serious irreversible, or incapacit-
24 ating reversible illness; or

25 (B) pose a substantial present or potential hazard to
26 human health, livestock, wildlife, property, or the environment
27 when improperly disposed of;

28 (4) "manifest" means a shipping or storage document contain-
29 ing a list of the contents, value, origin, carrier, and destination of

1 the extremely hazardous and hazardous wastes to be transported, required
2 to be carried by the person providing transportation of the wastes.

3 (5) "waste" means material for which no use or reuse is
4 intended and which is to be disposed of; the term does not include
5 nuclear waste subject to AS 18.45.

6 * Sec. 15. AS 18.45.010 - 18.45.080 are repealed.

7 * Sec. 16. Sections 1, 2, 6 - 11, and 15 of this Act take effect immedi-
8 ately in accordance with AS 01.10.070(c).

9 * Sec. 17. Sections 3 - 5 of this Act take effect on the date of a
10 final court order ruling AS 18.45.100 as enacted by sec. 1 of this Act
11 invalid or unconstitutional.

12 * Sec. 18. Sections 12 - 14 of this Act take effect July 1, 1981.
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Original sponsor: Kerttula

Offered: 2/18/81
Referred: Rules

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2

CS FOR SENATE BILL NO. 29 (Judiciary)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to nuclear materials."

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

8

* Section 1. AS 18.45.025 is amended to read:

9

Sec. 18.45.025. FACILITIES SITING PERMIT REQUIRED. (a) A [NO]

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person may not construct a nuclear fuel production facility, utilization facility, reprocessing facility, or nuclear waste disposal facility in the state unless he has first obtained a permit from the Department of Environmental Conservation to construct the facility on land designated by the legislature under (b) of this section.

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(b) The legislature shall designate by law the land in the state on which a nuclear fuel production, utilization, reprocessing or disposal facility may be located.

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(c) The Department of Environmental Conservation shall adopt regulations governing the issuance of [THESE] permits required by (a) of this section. However, a [; HOWEVER, NO] permit may not be issued until

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22

[(1) THE LEGISLATURE HAS APPROVED THE REGULATIONS BY A CONCURRENT RESOLUTION CONCURRED IN BY A MAJORITY OF THE MEMBERS OF EACH HOUSE;]

23

24

25

(2) the municipality [LOCAL GOVERNMENT] with jurisdiction over the proposed facility site has approved the permit; and

26

27

28

[(3) THE LEGISLATURE HAS APPROVED THE PERMIT BY A CONCURRENT RESOLUTION CONCURRED IN BY A MAJORITY OF THE MEMBERS OF EACH HOUSE; AND]

29

1 (4) the governor has approved the permit.

2 * Sec. 2. AS 18.45 is amended by adding a new section to read:

3 Sec. 18.45.027. TRANSPORTATION OF NUCLEAR WASTE MATERIAL. (a)

4 The transportation of high level nuclear waste material, except for
5 purposes of disposal outside the state, is prohibited.

6 (b) For purposes of this section, "high level nuclear waste
7 material"

8 (1) means

9 (A) nuclear waste materials produced by nuclear power
10 plants; and

11 (B) material of a kind or quantity which, when stored
12 or disposed, would constitute a threat to the health or safety of
13 the public, as determined by the Department of Environmental
14 Conservation under AS 46.03.250 by regulation;

15 (2) does not include radioactive materials used in medicine,
16 education, or scientific research which are stored or disposed of in
17 conformity with procedures established by the Department of Environmen-
18 tal Conservation by regulation adopted under AS 46.03.250(3).

19 * Sec. 3. AS 46.03.250 is amended to read:

20 Sec. 46.03.250. AUTHORITY. The department shall adopt regulations

21 (1) defining low level radiation;

22 (2) establishing standards governing the discharge of low
23 level radiation [RADIONUCLIDES] to the air, water, land, and subsurface
24 land of the state;

25 (3) defining nuclear waste material which does not consti-
26 tute a threat to public health or safety and which may be stored or
27 disposed in the state; and

28 (4) establishing procedures for the storage and disposal of
29 radioactive materials used in medicine, education, or scientific re-

1 search.

2 * Sec. 4. AS 46.03.260 is amended to read:

3 Sec. 46.03.260. USE OF ATOMIC RADIATION. A person who conducts
4 an operation which results in the discharge of low level radiation
5 [RADIONUCLIDES] to the air, water, land or subsurface land of the state
6 must obtain a permit from the department before commencing the dis-
7 charge.

8 * Sec. 5. AS 46.03 is amended by adding a new section to read:

9 Sec. 46.03.843. STORAGE AND DISPOSAL OF HIGH LEVEL NUCLEAR WASTE
10 MATERIAL. (a) The storage and disposal of high level nuclear waste
11 material in the state is prohibited.

12 (b) For purposes of this section, "high level nuclear waste
13 material"

14 (1) means

15 (A) nuclear waste materials produced by nuclear power
16 plants; and

17 (B) nuclear waste material of a kind or quantity which,
18 when stored or disposed, would constitute a threat to the health
19 or safety of the public, as determined by the Department of Envi-
20 ronmental Conservation under AS 46.03.250 by regulation;

21 (2) does not include radioactive materials used in medicine,
22 education, or scientific research which are stored or disposed of in
23 conformity with procedures established by the department by regulation.

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Position Paper

On

Committee Substitute for Senate Bill No. 29

An Act entitled: "An act relating to nuclear materials".

Committee substitute for Senate Bill No. 29 repeals requirements for legislative approval of regulations and permits for nuclear facilities siting, prohibits the transportation of high level radioactive waste material in the State except for purposes of disposal outside the State, and prohibits the storage and disposal of high level radioactive waste material in the State.

General Comment

It is recommended that the word "radioactive" replace the word "nuclear" wherever the term makes reference to waste, that is, the term would read "radioactive waste disposal" rather than "nuclear waste disposal". This is a more precise description of the kind of waste under consideration.

Definition of High Level Radioactive Waste

In Section 18.45.027 and Section 46.03.843, the definition of "high level nuclear waste materials" includes materials "of a kind or quantity, which when stored or disposed would constitute a threat to the health or safety of the public." Low level waste, improperly stored, would fall into that definition. The Department recommends against making definition of high level radioactive waste contingent upon factors of storage and disposal. This is contrary to established practice in radiation protection and may be a source of confusion and debate. The following definition is suggested which would replace (b) in Sections 18.45.027 and Section 46.03.843:

- (b) For purposes of this section "high level radioactive waste material" means used reactor fuel, or the radioactive wastes produced during the processing of used reactor fuel.

Use of Term "Low Level Radiation"

Section 46.03.250(2) and Section 46.03.260 refer to the discharge of "low level radiation". The use of the term "low level radiation" in this context is in error. Low level radiation is not discharged to the environment; rather, it is the material which emits the radiation which is discharged, namely, radionuclides. It is suggested that "low level radiation" be replaced by the term "low level radioactive waste".

Definition of Low Level Radioactive Waste

Section 46.03.250 gives the Department authority to adopt regulations defining "low level radiation" (low level radioactive waste). It is suggested that the definition for low level radioactive waste be defined by statute as is done in the case of high level radioactive waste. The following definition is suggested:

"Low level radioactive waste" means all waste other than high level radioactive waste, uranium mine or mill tailings, or transuranic wastes containing more than 10 nanocuries per gram.

Exempt Quantities of Radioactive Waste Materials

Section 46.03.250(3) gives the Department of Environmental Conservation authority to adopt regulations defining nuclear waste material which does not constitute a threat to the public safety and which may be stored or disposed in the State. This appears to have possible conflicts with other provisions of this Bill. This could be interpreted as only allowing disposal of radioactive waste materials which do not constitute a threat to the public's health. Presumably that is not the intent of waste disposal provisions found elsewhere in this Bill. To clarify this possible misunderstanding, the following wording is suggested for lines 25 thru 27, page 3:

- (3) defining quantities of radioactive waste material which are exempt from regulations covering storage and disposal in the State; and

Disposal of Radioactive Materials Used in Medicine, Education and Research

Section 46.03.250(4) establishes procedures for the storage and disposal of radioactive materials used in medicine, education and scientific research. The storage and disposal of radioactive materials is presently covered by existing regulations, 18 AAC 85. Further, Part (4) fails to mention industrial wastes which also should be covered by the Department of Environmental Conservation regulations. Since Part (2) of this Section already covers standards regarding disposal of low level radioactive wastes, it is suggested that Part (4); lines 28 and 29, on page 2, and line 1 on page 3, be deleted.

With incorporation of these recommendations the Department of Health and Social Services takes a neutral stand on the Committee Substitute for Senate Bill No. 29.

Recommended by: David Bruce
David Bruce, Deputy Director
Division of Public Health

Date: March 6, 1981

Approved By: Helen D. Beirne
Helen D. Beirne, Commissioner

Date: 3-18-81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Committee Substitute for Senate Bill No. 29
 Title An Act relating to nuclear materials.
 Requested by Commissioner's Office Date March 5, 1981

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected Division of Public Health
 BRU, Program, or Subprogram(s) Affected Radiological Health Program

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE March 3, 1981 PREPARED BY Sidney D. Heidersdorf, Rad. Physicist
 AGENCY Dept. of Health & Social Services
 PHONE 465-3019
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date 3/9/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS CSSB-29

Title Act relating to the disposal of radioactive and hazardous wastes

Requested by Kertulla

Date _____

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected Environmental Conservation

BRU, Program, or Subprogram(s) Affected Env. Quality Management, Env. Quality Operations

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		388.8	429.4	472.4	519.6	571.6
200 TRAVEL		63.4	55.0	60.5	66.5	73.2
300 CONTRACTUAL		304.4	168.1	184.9	203.4	223.7
400 COMMODITIES		24.7	27.2	29.9	32.9	36.2
500 EQUIPMENT		28.5	31.4	34.5	37.9	41.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		809.8	711.1	782.2	860.3	946.4

FUNDING (Thousands of Dollars)

GENERAL FUND		809.8	711.1	782.2	860.3	946.4
FEDERAL FUNDS		(218.8)				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		6	6	6	6	6
PART TIME		4	4	4	4	4
TEMPORARY						

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

I. BACKGROUND:

HCS-CSSB-29 will require the establishment of regulations plus controls, to assure proper disposal and handling of hazardous and radioactive wastes throughout the state. Up to now there has been no systematic state effort in controlling either type of waste.

There is very little radioactive waste in the state. Substantially larger quantities of hazardous wastes are present, with the majority of Alaskan generators being small firms and private individuals. However, there is

IV. DATE 3/17/81

PREPARED BY Thomas R. Hanna
AGENCY Department of Environmental Conservation

PHONE 465-2666

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

little widespread understanding or recognition of hazardous waste and its problems by either the general public or industry. The national Resource Conservation and Recovery Act places requirements on only the large generators, transporters, and disposers of hazardous waste, of which there are not many in the state now. Future industrial development will substantially increase the quantity of hazardous wastes.

HCS CSSB-29 requires that all hazardous waste be "processed to remove its harmful properties to the maximum extent feasible." Approximately 80-85% of all hazardous wastes can be rendered harmless through incineration and recycling. The remaining wastes would have to be disposed in a "secure landfill, which does not exist in the state now. Costs for determining acceptable locations are included in this fiscal note.

II. ASSUMPTIONS:

- (1) Assume full bill to be enacted.
- (2) Technical assistance, training, and public awareness will be emphasized so that general public and industry will be encouraged to use safe methods and procedures.
- (3) A control effort to handle small hazardous waste users should also regulate industry covered under federal legislation, thus eliminating federal involvement at little additional cost.
- (4) Program is to be 100% supported by state funds, to minimize influence of federal government.
- (5) There are hazardous waste disposal site locations within the state which are accessible, capable of being developed and maintained in an environmentally safe manner for an indefinite time period, and acceptable to the public.
- (6) 10% inflation assumed in all years after FY-82.

III. PERSONAL SERVICES:

- | | |
|--|------|
| A. For the Southeast Regional Office: one environmental field officer to provide technical assistance, public awareness, training and conduct inspections (R17 for 10 months) | 32.9 |
| B. For the Southcentral Regional Office (Including Anchorage-Wasilla-Valdez-Kenai): two environmental field officers to provide technical assistance, public awareness, training conduct inspections (One R19 and R17 for 10 months) | 70.5 |
| C. For the Northern Regional Office (including Fairbanks and Prudhoe Bay) two environmental field officers to provide technical assistance, public awareness, training and conduct inspections (One R19 and one R17 for 10 months). | 80.6 |
| D. For the Central Office, an environmental engineer to develop hazardous waste control guidelines, criteria, regulations, training and technical assistance to regional personnel on the proper ways to handle and dispose of hazardous wastes (R19 for 11 months). | 44.8 |
| E. Half-time clerk-typist to support development and maintenance of regulations, plans, training and technical assistance in the | |

F. Laboratory Support:

Equipment repair, maintenance service	4.0
Sample analysis	2.0
Subtotal:	6.0
SUBTOTAL CONTRACTUAL	<u>84.3</u>

VI. COMMODITIES:

A. In support of positions (\$.5 times 6.5 positions)	3.3
B. Laboratory and sampling supplies-Regional Offices (\$2.0 times 5 professional regional positions, plus \$5.0 for Laboratory analysis supplies)	15.0
SUBTOTAL COMMODITIES	<u>18.3</u>

VII. EQUIPMENT:

A. \$2.0 per professional position, to provide for sampling supplies (masks, sampling equipment, and protective devices)	12.0
B. \$16.5, for equipment to identify and quantify specific hazardous substances	16.5
SUBTOTAL EQUIPMENT	<u>28.5</u>

VIII. SUMMARY OF NEW FISCAL NEEDS:

Personal services	273.9
Travel	36.0
Contractual	84.3
Commodities	18.3
Equipment	28.5
TOTAL, NEW COSTS NOT INCLUDED IN FY-82 BUDGET	<u>441.0</u>

IX. ADDITIONAL STATE FUNDS TO REPLACE FEDERAL FUNDS IN FY-82 BUDGET

In an effort to avoid unnecessary interference and harassment from the U. S. Environmental Protection Agency, this Fiscal Note replaces all federal funds associated with the hazardous waste control effort. In this way, the state will not be placed under any obligation to carry out unreasonable federal demands for fear of losing grant funds. A tabulation of the hazardous waste federal funds in the FY-82 budget is as follows:

1. Personal Services:

A. 25% of Chief, Air and Solid Waste Management Section	15.6
---	------

B.	25% of Clerk/Typist III (Air and SWM Section)	5.6
C.	100% of Hazardous Waste Engineer (Air and SWM Section)	42.6
D.	42% of Planner, Air and Solid Waste Management Section	15.5
E.	20% of Solid Waste-Landfill Engineer (Air and SWM Sec.)	9.8
F.	75% of Hazardous Waste Ecologist/Engineer position (new position)	<u>25.8</u>
	Subtotal, Personal Services	114.9
2.	<u>Travel:</u>	27.4
3.	<u>Contractual:</u>	70.1
4.	<u>Commodities:</u>	6.4
5.	<u>Equipment:</u>	—
	<u>TOTAL:</u>	218.8

X. PROJECTED EXPENSE FOR PROPERLY TREATING HAZARDOUS WASTE

Section 18.31.010 requires that hazardous wastes be rendered harmless before being disposed of in this state, "to the greatest extent feasible". The only effective ways to accomplish this objective is to recycle and/or incinerate these wastes. Through these means about 80-85% of the total hazardous wastes could be rendered harmless, thereby greatly reducing the amount of hazardous wastes to be handled and disposed. No such devices occur in the state, however, and if the state were to establish and operate such a facility it would have costs as below:

FY-82: Review of incinerator designs, location, and completion of feasibility studies. No additional expense, to be handled within program personnel projected above.

FY-83: Purchase of incinerator (\$500,000), completion of site location and design, and initiation of operation (\$500,000). This cost is not included in fiscal note, because of the possibility that private enterprise might fund and operate this facility.

FY-84: Annual operating expenses of approximately \$150,000 per year. This expense would be covered by fees collected from industrial/commercial users.

XI. SECURE LANDFILL FEASIBILITY STUDY

HCS CSSB-29 allows for in-state disposal of those wastes which could not be recycled or rendered harmless. The only way to safely dispose of those wastes which cannot be recycled is in a "secure landfill", which is a carefully located, designed and operated facility which will assure that the deposited wastes will have no adverse effects on the public health or environment. Oregon currently operates a secure landfill in which Alaskan hazardous wastes are disposed.

However, other states are becoming increasingly reluctant to accept out-of-state hazardous wastes, and this reluctance will be more pronounced in years to come, particularly as the quantities of waste increase as will happen in Alaska. As Alaskan industry develops, there will be a critical need to provide for in-state disposal of hazardous wastes.

During FY-82 a feasibility study to identify suitable sites for a secure landfill is needed. This study would be conducted by consultant under contract from the department, to have several alternative sites selected by January, 1982. The feasibility study will cost \$100,000, plus \$50,000 for sampling of groundwater and soil characteristics at the final candidate site locations (prior to announcing the results of the study).

The costs for development and operation of a secure landfill are not projected in the Fiscal Note because of the possibility that private enterprise and/or industry may operate and fund this facility. The costs are presented for informational purposes only, to provide a full perspective of hazardous waste disposal costs. However, if state funds are needed, a detailed plan of developing the site, including the types of wastes expected to be handled, the means of transportation of the wastes and the associated costs, will be presented to the legislature in the next legislative session.

XII. TOTAL FY-82 COSTS FOR STATE HAZARDOUS WASTE CONTROL PROGRAM

	<u>New Funds</u>	<u>Feasibility Study</u>	<u>State funds to replace federal funds</u>	<u>Total</u>
A. Personal Services	273.9	---	114.9	388.8
B. Travel	36.0	—	27.4	63.4
C. Contractual	84.3	150.0	70.1	304.4
D. Commodities	18.3		6.4	24.7
E. Equipment	<u>28.5</u>	<u> </u>	<u> </u>	<u>28.5</u>
Total	441.0	150.0	218.8	809.8

Original sponsors: Kerttula, Dankworth,
Ziegler, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 25 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a power project development fund
7 in the Alaska Power Authority and amending the Alaska
8 Power Authority Act; and providing for an effective
9 date."

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

11 * Section 1. AS 44.83.030 is amended to read:

12 Sec. 44.83.030. MEMBERSHIP OF THE AUTHORITY. (a) The authority
13 shall consist of the following directors:

14 (1) four directors at large to be appointed by the governor
15 and confirmed by the legislature;

16 (2) the commissioner of commerce and economic development;

17 (3) the commissioner of natural resources;

18 (4) the commissioner of revenue;

19 (5) the commissioner of transportation and public facilities;

20 (6) the ^{commissioner of community and regional affairs} director of the division of budget and management in

21 the Office of the Governor. (of CPA)

22 ~~(b) The commissioner [COMMISSIONERS] of community and regional~~
23 ~~affairs [, NATURAL RESOURCES, TRANSPORTATION AND PUBLIC FACILITIES, AND~~
24 ~~REVENUE] shall have the rights and privileges of a director [DIRECTORS]~~
25 ~~except for the right to vote and may not be considered for purposes of~~
26 ~~quorum or voting.~~

27 * Sec. 2. AS 44.83.040 is amended to read:

28 Sec. 44.83.040. OFFICERS AND QUORUM. The directors [DIRECTOR]
29 shall elect one of the directors at large as chairman and other officers

1 they determine desirable. The powers of the authority are vested in
2 the directors, and five [THREE] directors of the authority constitute a
3 quorum. Action may be taken and motions and resolutions adopted by the
4 authority at a meeting by the affirmative vote of at least five [THREE]
5 directors. The directors of the authority serve without compensation,
6 but they shall receive the same travel pay and per diem as provided by
7 law for board members.

8 * Sec. 3. AS 44.83.110(g) is amended to read:

9 (g) When the authority has created and established a capital
10 reserve fund, the commissioner of revenue may lend surplus money in the
11 general fund to the authority for deposit in a capital reserve fund in
12 an amount equal to the capital reserve fund requirement. The loans
13 shall be made on such terms and conditions as may be agreed upon by the
14 commissioner of revenue and the other members of the authority, includ-
15 ing without limitation terms and conditions providing that the loans
16 need not be repaid until the obligations of the authority secured and
17 to be secured by the capital reserve fund are no longer outstanding.

18 * Sec. 4. AS 44.83.100 is amended by adding a new subsection to read:

19 (e) The authority shall issue bonds the principal and interest of
20 which are paid only from the money derived from the project financed
21 with the proceeds of those bonds for a power project previously financed
22 from the power project development fund (AS 44.83.400). Bonds may be
23 issued under this subsection only if

24 (1) the appropriations to the power project development fund
25 for that power project, and interest earned on those appropriations,
26 are insufficient to cover the cost of the power project; and

27 (2) the rate of interest which the authority will pay on the
28 bonds is not more than alternative costs of securing money to pay for
29 the power project.

1 * Sec. 5. AS 44.83.181(b) is amended by adding a new paragraph to read:

2 (5) a recommendation as to whether the proposed project is
3 economically feasible; a power project is "economically feasible" if
4 the authority determines that the total costs of the power project are
5 cheaper for the estimated life of the project than other alternatives;
6 in making a determination of economic feasibility under this paragraph,
7 the authority shall evaluate the estimated life of the power project
8 and its alternatives applying the following standard factors:

9 (A) a general inflation factor for construction and
10 operating costs of seven percent annually;

11 (B) an interest rate of 10 percent for money borrowed
12 for the power project; and

13 (C) an escalation factor for measuring the comparative
14 cost of oil, gas or coal; the rate to be applied is 11 percent
15 annually, and the rate shall be applied to the current fuel cost
16 at the date of determination of economic feasibility.

17 * Sec. 6. AS 44.83 is amended by adding new sections to read:

18 ARTICLE 8. POWER PROJECT DEVELOPMENT FUND.

19 Sec. 44.83.400. FUND ESTABLISHED. (a) A power project develop-
20 ment fund is established in the Alaska Power Authority to carry out the
21 purposes of AS 44.83.400 - 44.83.480.

22 (b) The fund includes

23 (1) all money appropriated to it by the legislature; and

24 (2) interest earned by investment of money in the fund by
25 the Department of Revenue.

26 Sec. 44.83.410. USE OF FUND BALANCE. (a) The fund may be used
27 by the authority to provide money for

28 (1) reconnaissance and feasibility studies and power project
29 finance plans prepared under AS 44.83.177 - 44.83.181; and

March 5, 1981

SENATOR SACKETT

RE: YOUR AMENDMENT TO BE INCLUDED IN CS FOR SB 25.

AMENDMENT ADDED NEW (C) TO READ:

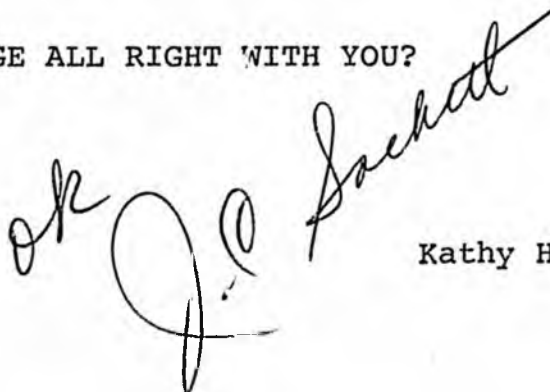
ON FOSSIL FUEL IN THE EVENT NONE OF THE ABOVE ARE
ECONOMICALLY FEASIBLE.

DONNA PEGUES SUGGESTS

ON FOSSIL FUEL IF NONE OF THE OTHER RESOURCES
OR FUELS LISTED IN THIS SECTION ARE ECONOMICALLY
FEASIBLE.

(SHE ENCOUNTERED SOME LEGAL PROBLEMS REGARDING USE
OF THE WORD "ABOVE")

IS LANGUAGE CHANGE ALL RIGHT WITH YOU?

ok
 Sackett

Kathy Holmquist

1 (2) the cost of a power project, including but not limited
2 to costs of acquiring necessary licenses, preparing engineering designs,
3 obtaining land, and constructing the power project.

4 (b) Money in the fund may be used under (a) of this section only
5 for a power project which

6 (1) meets the operation and revenue requirements of AS 44.-
7 83.460; and

8 (2) operates or will operate

9 (A) on renewable energy resources; or

10 (B) on coal, peat or wood, if the authority determines

11 that

12 (i) the source of the fuel for the project is
13 abundant; and

14 (ii) renewable energy resources to operate the
15 power project are not available or are not economically
16 feasible.

17 *TP3* ~~(c)~~ *on fossil fuel in the event none of the above are economically feasible.*
18 Sec. 44.83.420. INVESTMENT OF FUND. The Department of Revenue

19 shall invest the balance of the fund which exceeds the amount the
20 authority determines is necessary to meet requirements of AS 44.83.410
21 during the current fiscal year. An investment by the Department of
22 Revenue under this subsection shall be made in accordance with AS 37.-
23 10.070 and 37.10.075.

24 Sec. 44.83.430. ALLOTMENT TO PROJECTS. (a) The authority shall
25 maintain records of power project allocations from the fund for each
26 power project

27 (1) approved in accordance with AS 44.83.185; and

28 (2) for which an allocation is made from an appropriation
29 made by the legislature without specifying a project.

(b) Income earned from investment of money appropriated to the

1 fund under AS 44.83.400(b) shall be allotted by the authority to power
2 projects for which appropriations have been made by law. The allotment
3 shall be based on the amount of investment income earned during each
4 state fiscal year in or after which the legislature has appropriated
5 money to the fund. An allotment of income under this subsection shall
6 be made to each power project for which a specific appropriation has
7 been made in proportion to the amount appropriated for that project as
8 a percentage of the total amount appropriated by the legislature to the
9 fund.

10 Sec. 44.83.440. REALLOCATION OF FUND BALANCE. (a) If a power
11 project designated by the legislature by law is not constructed, the
12 amount appropriated to it may be reappropriated to other power projects by
13 the legislature.

14 (b) The legislature may allocate money under (a) of this section
15 only for a power project which is economically feasible under AS 44.83.-
16 181(b) if the project will serve the market area that is to be served
17 by the power project designated by the legislature and not constructed.

18 Sec. 44.83.450. LAPSE OF EXCESS FUNDS. If appropriations for a
19 power project exceed the amount required for construction of the power
20 project, the excess lapses into the general fund.

21 Sec. 44.83.460. OPERATION AND REVENUE REQUIREMENTS. The authority
22 may not use money in the fund for a power project unless the authority
23 determines that, after construction, operation of the power project
24 will provide revenue sufficient to cover

25 (1) operation, maintenance, and equipment replacement costs
26 of the power project;

27 (2) debt service costs associated with the power project;
28 and

29 (3) the costs of safety inspections and investigations of

1 the power project by the authority.

2 Sec. 44.83.470. OPERATION OF POWER PROJECT BY QUALIFIED UTILITY.
3 If, after construction, a power project that is constructed with pro-
4 ceeds from the fund will be operated by a qualified utility, the author-
5 ity shall enter into an agreement with the qualified utility

6 (1) to assure that operation of the power project by the
7 qualified utility will provide sufficient revenue to meet the require-
8 ments of AS 44.83.460; and

9 (2) to assure that the power project is operated in a safe
10 manner.

11 Sec. 44.83.480. DEFINITIONS. In AS 44.83.400 - 44.83.480,

12 (1) "fund" means the power project development fund;

13 (2) "qualified utility" means any of the following which the
14 authority determines is capable of operating and maintaining a power
15 project of the kind and magnitude which has been constructed or is to
16 be constructed to provide power for a market area:

17 (A) a corporation organized under the Alaska Nonprofit
18 Corporation Act (AS 10.20);

19 (B) an electric cooperative organized under the Electric
20 and Telephone Cooperative Act (AS 10.25);

21 (C) a utility owned and operated by a municipality; and

22 (D) a regional electrical authority (AS 18.57);

23 * Sec. 7. AS 44.83.410(b), added by sec. 6 of this Act, is amended by
24 adding a new paragraph to read:

25 (3) upon completion, charges rates for power which it sells
26 which provide a rate of return to the authority of seven percent a year
27 of the amount allocated to the power project by the authority from the
28 fund .

29 * Sec. 8. AS 44.83.460, added by sec. 6 of this Act, is amended by

1 adding a new paragraph to read:

2 (4) payment to the authority of a rate of return of seven
3 percent a year of the amount allocated to the power project by the
4 authority from the fund.

5 * Sec. 9. AS 44.25.020 is amended by adding a new paragraph to read:

6 (5) invest and manage the balance of the power project
7 development fund in accordance with AS 44.83.420.

8 * Sec. 10. Sections 1, 2, and 3 of this Act take effect immediately in
9 accordance with AS 01.10.070(c).

10 * Sec. 11. Sections 4, 5, 6 and 9 of this Act take effect July 1, 1981.

11 * Sec. 12. Sections 7 and 8 of this Act take effect July 1, 1986, if on
12 that date the total amount appropriated by the legislature to the power
13 project development fund (AS 44.83.400) is less than \$5,000,000,000.
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Power Cost Comparison
(Cents/KWH)

<u>Present Population</u>	<u>Project</u>	(SC SB 25 and 26) Direct State Funding		Conventional Funding	
		<u>1st Year</u>	<u>1991</u>	<u>1st Year</u>	<u>1991</u>
1,190	Chester Lake	1.4	2.8	7.9	9.4
230	Port Lyons	4.9	9.7	18.0	23.0
13,500	Swan Lake	2.8	2.8	28.2	23.0
8,000	Terror Lake	1.0	1.5	13.7	11.3
7,200	Tyee Lake	2.9	3.4	30.8	22.0
26,000	Bradley Lake	.7	1.4	9.1	9.8
8,800	Green Lake	1.3	2.3	13.0	10.9
7,000	Solomon Gulch	1.8	3.7	14.8	14.4
<u>71,920</u>					

Original sponsors: Kerttula, Dankworth,
Ziegler, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 25 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a power project development fund
7 in the Alaska Power Authority and amending the Alaska
8 Power Authority Act; and providing for an effective
9 date."

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

11 * Section 1. AS 44.83.030(a) is amended to read:

12 (a) The authority shall consist of the following directors:

13 (1) four directors at large to be appointed by the governor
14 and confirmed by the legislature;

15 (2) the commissioner of commerce and economic development;

16 (3) the commissioner of natural resources;

17 (4) the commissioner of revenue;

18 (5) the commissioner of transportation and public facilities;

19 (6) the commissioner of community and regional affairs.

20 * Sec. 2. AS 44.83.040 is amended to read:

21 Sec. 44.83.040. OFFICERS AND QUORUM. The directors [DIRECTOR]
22 shall elect one of the directors at large as chairman and other officers
23 they determine desirable. The powers of the authority are vested in
24 the directors, and five [THREE] directors of the authority constitute a
25 quorum. Action may be taken and motions and resolutions adopted by the
26 authority at a meeting by the affirmative vote of at least five [THREE]
27 directors. The directors of the authority serve without compensation,
28 but they shall receive the same travel pay and per diem as provided by
29 law for board members.

1 * Sec. 3. AS 44.83.110(g) is amended to read:

2 (g) When the authority has created and established a capital
3 reserve fund, the commissioner of revenue may lend surplus money in the
4 general fund to the authority for deposit in a capital reserve fund in
5 an amount equal to the capital reserve fund requirement. The loans
6 shall be made on such terms and conditions as may be agreed upon by the
7 commissioner of revenue and the other members of the authority, includ-
8 ing without limitation terms and conditions providing that the loans
9 need not be repaid until the obligations of the authority secured and
10 to be secured by the capital reserve fund are no longer outstanding.

11 * Sec. 4. AS 44.83.100 is amended by adding a new subsection to read:

12 (e) The authority shall issue bonds the principal and interest of
13 which are paid only from the money derived from the project financed
14 with the proceeds of those bonds for a power project previously financed
15 from the power project development fund (AS 44.83.400). Bonds may be
16 issued under this subsection only if

17 (1) the appropriations to the power project development fund
18 for that power project, and interest earned on those appropriations,
19 are insufficient to cover the cost of the power project; and

20 (2) the rate of interest which the authority will pay on the
21 bonds is not more than alternative costs of securing money to pay for
22 the power project.

23 * Sec. 5. AS 44.83.181(b) is amended by adding a new paragraph to read:

24 (5) a recommendation as to whether the proposed project is
25 economically feasible; a power project is "economically feasible" if
26 the authority determines that the total costs of the power project are
27 cheaper for the estimated life of the project than other alternatives;
28 in making a determination of economic feasibility under this paragraph,
29 the authority shall evaluate the estimated life of the power project

1 and its alternatives applying the following standard factors:

2 (A) a general inflation factor for construction and
3 operating costs of seven percent annually;

4 (B) an interest rate of 10 percent for money borrowed
5 for the power project; and

6 (C) an escalation factor for measuring the comparative
7 cost of oil, gas or coal; the rate to be applied is 11 percent
8 annually, and the rate shall be applied to the current fuel cost
9 at the date of determination of economic feasibility.

10 * Sec. 6. AS 44.83 is amended by adding new sections to read:

11 ARTICLE 8. POWER PROJECT DEVELOPMENT FUND.

12 Sec. 44.83.400. FUND ESTABLISHED. (a) A power project develop-
13 ment fund is established in the Alaska Power Authority to carry out the
14 purposes of AS 44.83.400 - 44.83.480.

15 (b) The fund includes

16 (1) all money appropriated to it by the legislature; and

17 (2) interest earned by investment of money in the fund by
18 the Department of Revenue.

19 Sec. 44.83.410. USE OF FUND BALANCE. (a) The fund may be used
20 by the authority to provide money for

21 (1) reconnaissance and feasibility studies and power project
22 finance plans prepared under AS 44.83.177 - 44.83.181; and

23 (2) the cost of a power project, including but not limited
24 to costs of acquiring necessary licenses, preparing engineering designs,
25 obtaining land, and constructing the power project.

26 (b) Money in the fund may be used under (a) of this section only
27 for a power project which

28 (1) meets the operation and revenue requirements of AS 44.-
29 83.460; and

1 (2) operates or will operate
2 (A) on renewable energy resources; or
3 (B) on coal, peat or wood, if the authority determines
4 that

5 (i) the source of the fuel for the project is
6 abundant; and

7 (ii) renewable energy resources to operate the
8 power project are not available or are not economically
9 feasible; or

10 (C) on fossil fuel if none of the other resources or
11 fuels listed in this subsection are economically feasible.

12 Sec. 44.83.420. INVESTMENT OF FUND. The Department of Revenue
13 shall invest the balance of the fund which exceeds the amount the
14 authority determines is necessary to meet requirements of AS 44.83.410
15 during the current fiscal year. An investment by the Department of
16 Revenue under this subsection shall be made in accordance with AS 37.-
17 10.070 and 37.10.075.

18 Sec. 44.83.430. ALLOTMENT TO PROJECTS. (a) The authority shall
19 maintain records of power project allocations from the fund for each
20 power project

21 (1) approved in accordance with AS 44.83.185; and

22 (2) for which an allocation is made from an appropriation
23 made by the legislature without specifying a project.

24 (b) Income earned from investment of money appropriated to the
25 fund under AS 44.83.400(b) shall be allotted by the authority to power
26 projects for which appropriations have been made by law. The allotment
27 shall be based on the amount of investment income earned during each
28 state fiscal year in or after which the legislature has appropriated
29 money to the fund. An allotment of income under this subsection shall

1 be made to each power project for which a specific appropriation has
2 been made in proportion to the amount appropriated for that project as
3 a percentage of the total amount appropriated by the legislature to the
4 fund.

5 Sec. 44.83.440. REALLOCATION OF FUND BALANCE. (a) If a power
6 project designated by the legislature by law is not constructed, the
7 amount appropriated to it may be reappropriated to other power projects
8 by the legislature.

9 (b) The legislature may allocate money under (a) of this section
10 only for a power project which is economically feasible under AS 44.83.-
11 181(b) if the project will serve the market area that is to be served
12 by the power project designated by the legislature and not constructed.

13 Sec. 44.83.450. LAPSE OF EXCESS FUNDS. If appropriations for a
14 power project exceed the amount required for construction of the power
15 project, the excess lapses into the general fund.

16 Sec. 44.83.460. OPERATION AND REVENUE REQUIREMENTS. The authority
17 may not use money in the fund for a power project unless the authority
18 determines that, after construction, operation of the power project
19 will provide revenue sufficient to cover

20 (1) operation, maintenance, and equipment replacement costs
21 of the power project;

22 (2) debt service costs associated with the power project;
23 and

24 (3) the costs of safety inspections and investigations of
25 the power project by the authority.

26 Sec. 44.83.470. OPERATION OF POWER PROJECT BY QUALIFIED UTILITY.
27 If, after construction, a power project that is constructed with pro-
28 ceeds from the fund will be operated by a qualified utility, the author-
29 ity shall enter into an agreement with the qualified utility

(1) to assure that operation of the power project by the qualified utility will provide sufficient revenue to meet the requirements of AS 44.83.460; and

(2) to assure that the power project is operated in a safe manner.

Sec. 44.83.480. DEFINITIONS. In AS 44.83.400 - 44.83.480,

(1) "fund" means the power project development fund;

(2) "qualified utility" means any of the following which the authority determines is capable of operating and maintaining a power project of the kind and magnitude which has been constructed or is to be constructed to provide power for a market area:

(A) a corporation organized under the Alaska Nonprofit Corporation Act (AS 10.20);

(B) an electric cooperative organized under the Electric and Telephone Cooperative Act (AS 10.25);

(C) a utility owned and operated by a municipality; and

(D) a regional electrical authority (AS 18.57);

* Sec. 7. AS 44.83.410(b), added by sec. 6 of this Act, is amended by adding a new paragraph to read:

(3) upon completion, charges rates for power which it sells which provide a rate of return to the authority of seven percent a year of the amount allocated to the power project by the authority from the fund.

* Sec. 8. AS 44.83.460, added by sec. 6 of this Act, is amended by adding a new paragraph to read:

(4) payment to the authority of a rate of return of seven percent a year of the amount allocated to the power project by the authority from the fund.

* Sec. 9. AS 44.25.020 is amended by adding a new paragraph to read:

012835

1 (5) invest and manage the balance of the power project
2 development fund in accordance with AS 44.83.420.

3 * Sec. 10. Sections 1, 2, and 3 of this Act take effect immediately in
4 accordance with AS 01.10.070(c).

5 * Sec. 11. Sections 4, 5, 6 and 9 of this Act take effect July 1, 1981.

6 * Sec. 12. Sections 7 and 8 of this Act take effect July 1, 1986, if on
7 that date the total amount appropriated by the legislature to the power
8 project development fund (AS 44.83.400) is less than \$5,000,000,000.
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Introduced: 1/29/81
Referred: Resources and
Finance

BY KERTTULA, DANKWORTH, ZIEGLER,
FERGUSON, BRADLEY, ELIASON, MULCAHY
AND GILMAN

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a power project revolving loan
7 fund in the Alaska Power Authority, amending the
8 Alaska Power Authority Act, and requiring the Depart-
9 ment of Revenue to invest the surplus power project
10 revolving loan fund balance; and providing for an
11 effective date."

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

13 * Section 1. AS 44.83.181(b) is amended by adding a new paragraph to
14 read:

15 (5) a recommendation as to whether the proposed project is
16 economically feasible; a power project is "economically feasible" if
17 the authority determines that the total costs of the power project are
18 cheaper for the estimated life of the project than other alternatives;
19 in making a determination of economic feasibility under this section,
20 the authority shall evaluate the estimated life of the power project
21 and its alternatives applying the following standard factors:

22 (A) a general inflation factor for construction and
23 operating costs of a ven percent annually;

24 (B) an interest rate of 10 percent for money borrowed
25 for the power project; and

26 (C) an escalation factor for measuring the comparative
27 cost of oil, gas or coal; the rate to be applied is 11 percent
28 annually, and the rate shall be applied to the current fuel cost
29 at the date of determination of economic feasibility.

1 * Sec. 2. AS 44.83 is amended by adding new sections to read:

2 ARTICLE 8. POWER PROJECT REVOLVING LOAN FUND.

3 Sec. 44.83.400. FUND ESTABLISHED. (a) A power project revolving
4 loan fund is established in the Alaska Power Authority to carry out the
5 purposes of AS 44.83.400 - 44.83.470.

6 (b) The fund includes

7 (1) all money appropriated to it by the legislature;

8 (2) amounts paid, as principal and interest, on loans made
9 by the authority from the fund; and

10 (3) interest earned by investment of money in the fund.

11 Sec. 44.83.410. USE OF FUND BALANCE. The fund may be used by the
12 authority

13 (1) to make loans for

14 (A) reconnaissance and feasibility studies and power
15 project finance plans prepared under AS 44.83.177 - 44.83.181; and

16 (B) the cost of a power project, including but not
17 limited to costs of acquiring necessary licenses, preparing engi-
18 neering designs, and construction of the power project; and

19 (2) for grants for power production cost assistance under
20 AS 44.83.162 - 44.83.164.

21 Sec. 44.83.420. ADMINISTRATION OF FUND. (a) The authority shall
22 make loans from the fund for purposes authorized by AS 44.83.410

23 (1) for a power project designated by the legislature by
24 law, in an amount determined by the legislature by law;

25 (2) for a power project not designated by the legislature by
26 law if the authority owns the power project; and

27 (3) for a power project not designated by the legislature by
28 law if the power project is determined to be economically feasible
29 under AS 44.83.181(b) and the power project

1 (A) operates or will operate on renewable energy re-
2 sources; or

3 (B) operates or will operate on coal, peat or wood, and
4 the authority determines that

5 (i) the source of the fuel for the project is
6 abundant; and

7 (ii) renewable energy resources to operate the
8 power project are not available or are not economically
9 feasible.

10 (b) The Department of Revenue shall invest and manage the balance
11 of the fund which exceeds estimated loan and grant requirements under
12 AS 44.83.410 - 44.83.420 for the current fiscal year. An investment by
13 the Department of Revenue under this subsection shall be made in accor-
14 dance with AS 37.10.070 and 37.10.075.

15 Sec. 44.83.430. ALLOTMENT TO PROJECTS. (a) The authority shall
16 maintain records of loans from the fund

17 (1) for power projects designated by the legislature; and

18 (2) for each power project for which a loan is made from an
19 appropriation made by the legislature without specifying a project.

20 (b) Income earned from investment of money appropriated to the
21 fund under AS 44.83.420, shall be allotted by the authority to power
22 projects for which appropriations have been made by the legislature.
23 The allotment shall be based on the amount of investment income earned
24 during each state fiscal year in or after which the legislature has
25 appropriated money to the fund. An allotment of income under this
26 subsection shall be made

27 (1) to each power project specifically designated by the
28 legislature by law in proportion to the amount appropriated for that
29 project as a percentage of the total amount appropriated by the legis-

1 lature to the fund; and

2 (2) to all other power projects for which the legislature
3 has appropriated money in proportion to the amount appropriated for
4 unspecified projects as a percentage of the total amount appropriated
5 by the legislature to the fund.

6 Sec. 44.83.440. LOAN TERMS AND CONDITIONS. (a) A loan for a
7 power project made under AS 44.83.400 - 44.83.470 may not be for a
8 period in excess of the lesser of

9 (1) the estimated actual life of the power project as con-
10 structed; or

11 (2) 100 years.

12 (b) The rate of interest on the entire outstanding balance of a
13 loan made under AS 44.83.400 - 44.83.470 may not exceed three percent a
14 year, but the interest payment calculated on any installment may exceed
15 that rate.

16 (c) Principal and interest payments payable on a loan made under
17 AS 44.83.400 - 44.83.470 begin on the date that the borrower certifies
18 to the authority that the power project for which the loan was made is
19 producing power.

20 Sec. 44.83.450. LOAN LIMITATIONS. (a) The amount which may be
21 loaned by the authority for a power project under AS 44.83.420(1) is
22 the total of

23 (1) the amount of money appropriated by the legislature to
24 the power project; and

25 (2) the amount of an allotment made by the authority to the
26 project under AS 44.83.430(b)(1).

27 (b) The amount which may be loaned by the authority for a power
28 project under AS 44.83.420(2) and (3) may not exceed

29 (1) the amount of money appropriated by the legislature

1 without designating a power project; and

2 (2) the amount of an allotment made by the authority to all
3 power projects under AS 44.83.430(b)(2).

4 Sec. 44.83.460. REALLOCATION OF FUND BALANCE. (a) Amounts
5 repaid by a borrower for a loan made for a power project under AS 44.-
6 83.400 - 44.83.470 may be reallocated to other power projects by the
7 authority.

8 (b) If a power project designated by the legislature by law is
9 not constructed, the amount appropriated to it may be reallocated to
10 other power projects by the authority. The authority may allocate the
11 money only for a power project which is economically feasible under
12 AS 44.83.181(b) for the market area that is to be served by the power
13 project designated by the legislature and not constructed.

14 (c) If appropriations for a power project designated by the
15 legislature by law exceed the amount required for construction of the
16 power project, the excess may be reallocated to other power projects by
17 the authority.

18 Sec. 44.83.470. DEFINITION. In AS 44.83.400 - 44.83.470, "fund"
19 means the power project revolving loan fund.

20 * Sec. 3. AS 44.25.020 is amended by adding a new paragraph to read:

21 (5) invest and manage the balance of the power project
22 revolving loan fund in accordance with AS 44.83.420(b).

23 * Sec. 4. Notwithstanding AS 44.83.440(b), added by sec. 2 of this Act,
24 until the total amount appropriated by the legislature to the power project
25 revolving loan fund equals or exceeds \$4,500,000,000, the rate of interest
26 on a loan made under AS 44.83.400 - 44.83.470 is seven percent a year on the
27 unpaid balance of the loan.

28 * Sec. 5. This Act takes effect July 1, 1981.

29

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SS SB 25 Title: An Act establishing a power project revolving loan fund in the Alaska Power Authority, amending the Alaska Power Authority Act, and
 Requested by requiring the Department of Revenue to invest the Date 02/10/81
surplus power project revolving loan fund balance; and providing for an effective date.
 Requested by 8 Senators

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			104.0	111.3	119.0	127.4
200 TRAVEL			8.0	8.6	9.3	10.0
300 CONTRACTUAL						
400 COMMODITIES			1.0	1.0	1.0	1.0
500 EQUIPMENT			6.0	1.0		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			119.0	121.9	129.3	138.4

FUNDING (Thousands of Dollars)

GENERAL FUND			119.0	121.9	129.3	138.4
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			2	2	2	2
PART TIME						
TEMPORARY						

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

To additional positions will be required to administer the revolving loan fund and to conduct periodic audits of loan recipients.

IV. DATE February 10, 1981 PREPARED BY Robert A. Mohn
 AGENCY Alaska Power Authority
 PHONE 277-7641
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

See

I. REQUEST

Bill/Resolution No. CSSB 25
 Title An act establishing a power project fund in the Alaska Power Authority
 Requested by Kerttula, Dankworth, Zeigler, et al. Date _____

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development
 Program Category Affected Energy 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		104.0	111.3	111.9	127.4	
200 TRAVEL		8.0	8.6	9.3	10.0	
300 CONTRACTUAL		1.0	1.0	1.0	1.0	
400 COMMODITIES		6.0	1.0			
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		119.0	121.9	129.3	138.4	

FUNDING (Thousands of Dollars)

GENERAL FUND		119.0	121.9	129.3	138.4	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2	2	2	2	
PART TIME						
TEMPORARY						

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

Funding would be used to insure compliance with provisions of economic criteria and to insure that sufficient funds are generated from project revenues to project operation, debt service and safety investigations.

IV. DATE March 4, 1981

PREPARED BY Terry McGuire
 AGENCY Alaska Power Authority
 PHONE 277-7641

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

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

The Honorable Bettie Fahrenkamp
Chairperson
Senate Resources Committee
Room 113 - Capitol Building
Juneau, Alaska

Re: Sponsor Substitute for Senate Bill No. 25

Dear Senator Fahrenkamp:

Sponsor Substitute for Senate Bill No. 25, an Act establishing a power project revolving loan fund in the Alaska Power Authority, amending the Alaska Power Authority Act, and requiring the Department of Revenue to invest the surplus power project revolving loan fund balance, was introduced in the Senate on January 29, 1981 and was referred to the Senate Resources and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Anselm C. Staack, Treasury Comptroller of the Department of Revenue concerning the proposed legislation.

Sincerely,

R. D. Stevenson
Special Assistant

cc: The Honorable Don Bennett
The Honorable M. E. Dankworth
Co-Chairmen
Senate Finance Committee

Joseph K. Donohue
Deputy Commissioner
Department of Revenue

Anselm C. Staack
Treasury Comptroller
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

SSSB 25

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SPONSOR SUBSTITUTE FOR SENATE BILL No. 25
Title "An Act establishing a power project revolving loan fund in the Alaska Power Auth."
Requested by Senate Resources Committee Date 1/29/81

II. FISCAL DETAIL

Agency Affected Department of Revenue
Program Category Affected General Fund Unrestricted Revenues
BRU, Program, or Subprogram(s) Affected _____
(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING	MILLIONS	INTEREST EARNINGS REDUCTION TO GENERAL FUND					
	(Thousands of Dollars)	UNRESTRICTED					
GENERAL FUND	MILLIONS	-0-	91.2	91.2	91.2	-0-	-0-
FEDERAL FUNDS							
OTHER (Specify Fund Source)							

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Bill allocates interest earnings on appropriated but temporary unused monies to the Alaska Power Authority. Calculations based on companion appropriations bill SB 26.

Above assumes a 12% interest rate on temporary invested funds. Monies used evenly throughout the year. \$760 million average balance. Even if Authority did not draw all funds as they became available the bill requires that interest earned on available balances be used by the Authority for allotment to other projects.

Anselm C. Staack

IV. DATE February 2, 1981 PREPARED BY Anselm C. Staack, Treasury Comptroller
AGENCY Dept. of Revenue/Treasury Division
PHONE 465-2351

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

BILL ANALYSIS

Sponsor Substitute for Senate Bill No. 25(1/29/81)

Program Effects:

1. Defines "economically feasible" project, i.e., if the Alaska Power Authority (Authority) determines that the total costs of a power project is cheaper over the estimated life v. other alternatives.
2. Standard factors used to determine feasibility to include:
 - a. A 7% inflation factor for construction and operating costs.
 - b. A 10% interest rate on money borrowed for the project.
 - c. An 11% annual cost escalation factor for alternative power sources from oil, gas or coal.
3. Establishes a Power Project Revolving Loan Fund (Fund) in the Authority. The money in the Fund includes:
 - a. Appropriations to it by the legislature.
 - b. Principal and interest repayments on loans.
 - c. Interest earned on Fund invested balances.
4. The Fund may be used by the Authority for:
 - a. Loans for reconnaissance, feasibility studies and project financing plans.
 - b. The cost of a power project including licenses, design and construction of the project.
 - c. Grants for power production assistance.
5. The Authority shall make loans for:
 - a. Power projects designated by the legislature in the amount the legislature designates.

BILL ANALYSIS, SSSB 25, Cont'd

- b. Power projects not designated by the legislature if the Authority owns the project.
 - c. Power projects not designated by the legislature if the Authority finds it economically feasible, and:
 - (1) will operate on renewable resources, or,
 - (2) Operates on coal, peat or wood where that source fuel is abundant and renewable energy resources are not available or cheaper.
6. The Department of Revenue is to invest and manage the balance of the fund which exceeds loan and grant requirements for the current fiscal year. Investments allowed in accordance with general fund investment statutes.
7. The Authority to maintain a record of all loans made.
8. Investment income on money appropriated to the Fund shall be allotted each fiscal year:
- a. To each power project specifically legislatively designated in proportion to the amount appropriated to the project as a percent of the total appropriation.
 - b. To all other unspecified power projects in proportion to their amounts v. the total amount appropriated for unspecified projects.
9. Loan terms and conditions include:
- a. Term no longer than the estimated actual life as constructed or 100 years whichever is less.
 - b. Interest rate not to exceed 3% on the outstanding balance. Until the balance appropriated to the Fund equals or exceeds \$4.5 billion, the interest rate is 7% a year.

BILL ANALYSIS, SSSB 25, Cont'd

- c. Repayments of principal and interest to begin when the borrower certifies that the project is producing power.
10. The total loan amount is:
 - a. The amount of money specifically appropriated by the legislature and the amount of any allotments.
 - b. For power projects not specifically designated by the legislature the loan may not exceed the amount appropriated for undesignated projects plus any allotments.
11. The Fund balance (monies available) can be reallocated as follows:
 - a. Loan repayments may be reallocated to other projects.
 - b. If a project legislatively designated is not built the money may be reallocated only for economically feasible projects within the same market area of the designated but not constructed project.
 - c. If appropriations for a legislatively designated project exceeds the amount necessary then the excess can be reallocated to other projects.
12. Effective July 1, 1981.

Comments:

1. The bill allows the Department of Revenue to invest and manage only the Fund balance which exceeds requirements for the current fiscal year. The bill places no restrictions on draw downs and their timing.

Appropriate language might be included that the Authority only draws upon the Fund when loan funds are actually necessary to accomplish construction and not when a commitment to a loan is made or instituted.

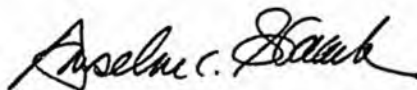
BILL ANALYSIS, SSSB 25, Cont'd

Without these restrictions the Authority could simply make the loan and draw the entire sum when the loan is committed to without having a valid need for all the money. The restrictions proposed are no different than how any appropriation is handled, i.e., it is not drawn down (paid out) until a valid expenditure exists. Revenues are received somewhat evenly throughout the year and cash is available when received. With the current language the Treasury could be literally unable to cash fund other drawdowns when requested until sufficient cash inflow allows.

2. The Power Project Revolving Loan Fund is entitled to its interest earnings on all amounts appropriated. The amount of interest lost to the general fund from amounts appropriated until their actual use can be quite substantial. For instance, if 1.52 billion is appropriated (see companion Bill SB 26) and the money is used evenly throughout the year, at a 12% earning rate, the general fund unrestricted interest earnings reduction is \$91.2 million over the year.

Although these funds are to be reallocated to other projects they are unavailable for legislative prioritization in future periods.

Perhaps it might be satisfactory to allow the general fund to have the interest earnings on appropriated but undrawn amounts until they are drawn to cover actual expenditures on the various loans. This would not harm any designated projects, provide further control on "allotted" funds (which could be appropriated by the legislature if it desires the next year), and would forward continuing legislative review of project expenditures.



Anselm C. Staack, Treasury Comptroller
Department of Revenue/Treasury
465-2351

Introduced: 1/29/81
Referred: Resources and
Finance

BY KERTTULA, DANKWORTH, ZIEGLER,
FERGUSON, BRADLEY, ELIASON, MULCAHY
AND GILMAN

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a power project revolving loan
7 fund in the Alaska Power Authority, amending the
8 Alaska Power Authority Act, and requiring the Depart-
9 ment of Revenue to invest the surplus power project
10 revolving loan fund balance; and providing for an
11 effective date."

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

13 * Section 1. AS 44.83.181(b) is amended by adding a new paragraph to
14 read:

15 (5) a recommendation as to whether the proposed project is
16 economically feasible; a power project is "economically feasible" if
17 the authority determines that the total costs of the power project are
18 cheaper for the estimated life of the project than other alternatives;
19 in making a determination of economic feasibility under this section,
20 the authority shall evaluate the estimated life of the power project
21 and its alternatives applying the following standard factors:

22 (A) a general inflation factor for construction and
23 operating costs of seven percent annually;

24 (B) an interest rate of 10 percent for money borrowed
25 for the power project; and

26 (C) an escalation factor for measuring the comparative
27 cost of oil, gas or coal; the rate to be applied is 11 percent
28 annually, and the rate shall be applied to the current fuel cost
29 at the date of determination of economic feasibility.

1 * Sec. 2. AS 44.83 is amended by adding new sections to read:

2 ARTICLE 8. POWER PROJECT REVOLVING LOAN FUND.

3 Sec. 44.83.400. FUND ESTABLISHED. (a) A power project revolving
4 loan fund is established in the Alaska Power Authority to carry out the
5 purposes of AS 44.83.400 - 44.83.470.

6 (b) The fund includes

7 (1) all money appropriated to it by the legislature;

8 (2) amounts paid, as principal and interest, on loans made
9 by the authority from the fund; and

10 (3) interest earned by investment of money in the fund.

11 Sec. 44.83.410. USE OF FUND BALANCE. The fund may be used by the
12 authority

13 (1) to make loans for

14 (A) reconnaissance and feasibility studies and power
15 project finance plans prepared under AS 44.83.177 - 44.83.181; and

16 (B) the cost of a power project, including but not
17 limited to costs of acquiring necessary licenses, preparing engi-
18 neering designs, and construction of the power project; and

19 (2) for grants for power production cost assistance under
20 AS 44.83.162 - 44.83.164.

21 Sec. 44.83.420. ADMINISTRATION OF FUND. (a) The authority shall
22 make loans from the fund for purposes authorized by AS 44.83.410

23 (1) for a power project designated by the legislature by
24 law, in an amount determined by the legislature by law;

25 (2) for a power project not designated by the legislature by
26 law if the authority owns the power project; and

27 (3) for a power project not designated by the legislature by
28 law if the power project is determined to be economically feasible
29 under AS 44.83.181(b) and the power project

1 (A) operates or will operate on renewable energy re-
2 sources; or

3 (B) operates or will operate on coal, peat or wood, and
4 the authority determines that

5 (i) the source of the fuel for the project is
6 abundant; and

7 (ii) renewable energy resources to operate the
8 power project are not available or are not economically
9 feasible.

10 (b) The Department of Revenue shall invest and manage the balance
11 of the fund which exceeds estimated loan and grant requirements under
12 AS 44.83.410 - 44.83.420 for the current fiscal year. An investment by
13 the Department of Revenue under this subsection shall be made in accor-
14 dance with AS 37.10.070 and 37.10.075.

15 Sec. 44.83.430. ALLOTMENT TO PROJECTS. (a) The authority shall
16 maintain records of loans from the fund

17 (1) for power projects designated by the legislature; and

18 (2) for each power project for which a loan is made from an
19 appropriation made by the legislature without specifying a project.

20 (b) Income earned from investment of money appropriated to the
21 fund under AS 44.83.420, shall be allotted by the authority to power
22 projects for which appropriations have been made by the legislature.
23 The allotment shall be based on the amount of investment income earned
24 during each state fiscal year in or after which the legislature has
25 appropriated money to the fund. An allotment of income under this
26 subsection shall be made

27 (1) to each power project specifically designated by the
28 legislature by law in proportion to the amount appropriated for that
29 project as a percentage of the total amount appropriated by the legis-

1 lature to the fund; and

2 (2) to all other power projects for which the legislature
3 has appropriated money in proportion to the amount appropriated for
4 unspecified projects as a percentage of the total amount appropriated
5 by the legislature to the fund.

6 Sec. 44.83.440. LOAN TERMS AND CONDITIONS. (a) A loan for a
7 power project made under AS 44.83.400 - 44.83.470 may not be for a
8 period in excess of the lesser of

9 (1) the estimated actual life of the power project as con-
10 structed; or

11 (2) 100 years.

12 (b) The rate of interest on the entire outstanding balance of a
13 loan made under AS 44.83.400 - 44.83.470 may not exceed three percent a
14 year, but the interest payment calculated on any installment may exceed
15 that rate.

16 (c) Principal and interest payments payable on a loan made under
17 AS 44.83.400 - 44.83.470 begin on the date that the borrower certifies
18 to the authority that the power project for which the loan was made is
19 producing power.

20 Sec. 44.83.450. LOAN LIMITATIONS. (a) The amount which may be
21 loaned by the authority for a power project under AS 44.83.420(1) is
22 the total of

23 (1) the amount of money appropriated by the legislature to
24 the power project; and

25 (2) the amount of an allotment made by the authority to the
26 project under AS 44.83.430(b)(1).

27 (b) The amount which may be loaned by the authority for a power
28 project under AS 44.83.420(2) and (3) may not exceed

29 (1) the amount of money appropriated by the legislature

1 without designating a power project; and

2 (2) the amount of an allotment made by the authority to all
3 power projects under AS 44.83.430(b)(2).

4 Sec. 44.83.460. REALLOCATION OF FUND BALANCE. (a) Amounts
5 repaid by a borrower for a loan made for a power project under AS 44.-
6 83.400 - 44.83.470 may be reallocated to other power projects by the
7 authority.

8 (b) If a power project designated by the legislature by law is
9 not constructed, the amount appropriated to it may be reallocated to
10 other power projects by the authority. The authority may allocate the
11 money only for a power project which is economically feasible under
12 AS 44.83.181(b) for the market area that is to be served by the power
13 project designated by the legislature and not constructed.

14 (c) If appropriations for a power project designated by the
15 legislature by law exceed the amount required for construction of the
16 power project, the excess may be reallocated to other power projec's by
17 the authority.

18 Sec. 44.83.470. DEFINITION. In AS 44.83.400 - 44.83.470, "fund"
19 means the power project revolving loan fund.

20 * Sec. 3. AS 44.25.020 is amended by adding a new paragraph to read:

21 (5) invest and manage the balance of the power project
22 revolving loan fund in accordance with AS 44.83.420(b).

23 * Sec. 4. Notwithstanding AS 44.83.440(b), added by sec. 2 of this Act,
24 until the total amount appropriated by the legislature to the power project
25 revolving loan fund equals or exceeds \$4,500,000,000, the rate of interest
26 on a loan made under AS 44.83.400 - 44.83.470 is seven percent a year on the
27 unpaid balance of the loan.

28 * Sec. 5. This Act takes effect July 1, 1981.

29

COMMITTEE REPORT

HOUSE

5/20/81

FURTHER:

(11)

Date: 5/20/81

Mr. Speaker:

The Committee on FINANCE has had CSSSSB 25(Fin)am

"An Act establishing a power project development fund in the Alaska Power Authority and amending the Alaska Power Authority Act; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CS SS - P 25 (Fin) same title
 new title
- and recommends do pass with amendment
- AND attaches a "Letter of Intent" New Fiscal Note (3)
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
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CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HCS SS SB 25 (Finance)
 Title An act relating to energy
 Requested by _____ Date June 7, 1981

II. FISCAL DETAIL Dept. of Commerce and Economic Development
 Agency Affected _____
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Office of Energy Management
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		342.4				
200 TRAVEL		25.0				
300 CONTRACTUAL		21.6				
400 COMMODITIES		2.4				
500 EQUIPMENT		8.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		400.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		400.4				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

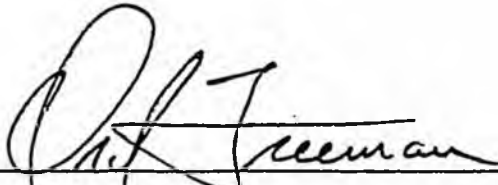
POSITIONS

FULL TIME		8				
PART TIME						
TEMPORARY						

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

Funds will provide for the creation of an energy management office in Juneau, with the following positions. The 2 planners will be responsible for the office's planning functions and the engineers and economists will be primarily responsible for energy reconnaissance studies.

1	Engineer III	52.6
1	Engineer Asst. III	39.8
1	Economist II	45.8
1	Economist III	49.0
2	Planner IV	105.2
1	Clerk/Typist III	21.0
1	Admin. Asst. II	30.0
		342.4

IV. DATE 6/7/81 PREPARED BY 
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST HCS SS SB 25 (Finance)
 Bill/Resolution No. _____
 Title An act relating to energy
 Requested by _____ Date June 7, 1981

II. FISCAL DETAIL Department of Commerce and Economic Development
 Agency Affected _____
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Division of Energy Conservation
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		398.3				
200 TRAVEL		30.0				
300 CONTRACTUAL		200.9				
400 COMMODITIES		15.0				
500 EQUIPMENT		12.0				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
		305.5				
TOTAL		961.7				

FUNDING (Thousands of Dollars)

		961.7				
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		12				
PART TIME						
TEMPORARY						

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

is provides for twelve new positions to administer an expanded energy conservation program, including two new regional energy offices in Bethel and Nome. The contractual line item includes office expenses, printing of audit forms, homeowners manuals & quarterly newsletter, PSA production, newspaper ads and energy auditor upgrading. The miscellaneous line item is for 6-month funding for existing federal positions which administer the audit and information/education program.

Energy Specialist I 138.0
 Energy Specialist II 41.2
 Energy Specialist III 49.9
 Admin. Officer 42.7
 Admin. Asst. II 30.0
 Admin Asst. I 53.0
 Clerk Typist III 43.5
 398.3

IV. DATE 6/7/81 PREPARED BY *Pat Freeman*
 AGENCY _____
 PHONE _____

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

012857

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST CS for Senate Bill 25 - An Act establishing a power project development Bill/Resolution No. _____
Title fund in the Alaska Power Authority and amending the Alaska Power Authority Act
Requested by Finance Comm. (and providing for an effective date) Date March 5, 1981

II. FISCAL DETAIL

Agency Affected Commerce and Economic Development

Program Category Affected Energy 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		733.5	784.6	839.6		
200 TRAVEL		50.0	53.5	57.2		
300 CONTRACTUAL		140.0	149.8	160.3		
400 COMMODITIES		10.0	10.7	11.5		
500 EQUIPMENT		30.0	4.0	4.0		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		963.5	1002.6	1072.6		

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		963.5	1002.6	1072.6		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		17	17	17		
PART TIME						
TEMPORARY						

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

Of the 17 new operating budget positions requested, 2 are existing capital funded positions. They are the Accounting Supervisor and Information Officer which are currently funded with Susitna Capital Project funds. All new positions are designed to administer the power project development program proposed in the legislation for power project financing. The FY '82 expenditures are inflated at 7% per year except for the equipment category which is based upon \$2,000.00 per new employee and replacement costs thereafter. The proposed staffing effectively increases the Power Authority staff by 100% to manage a study program which is increasing by over 100%, and to manage the beginning of the construction phase of numerous projects including the Lake Tye project, Anchorage-Fairbanks Intertie, and various small rural projects.

IV. DATE March 16, 1981 PREPARED BY Terry J. McGuire
AGENCY Alaska Power Authority
PHONE 277-7641
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

ALASKA POWER AUTHORITY

The new positions created include:

<u>Position</u>	<u>Range</u>	<u>Salary + 29% Fringe</u>
Engineer IV	23	58.0
Engineer III (3)	22	54.1
Engineer III	22	54.1
Engineer III	22	54.1
Engineer I	20	48.8
Engineer Assistant III	18	40.9
Accounting Supervisor IV	20	48.8
Accountant III	18	40.9
Admin. Officer III (Contracts)	21	50.5
Admin. Officer III (Procurement)	21	50.5
Right-of-Way Agent IV	22	54.1
Information Officer III	20	48.8
Admin. Officer II	19	43.9
Secretary I	10	23.0
Clerk-Typist III (3)	8	21.0
Clerk-Typist III	8	21.0
Clerk-Typist III	8	21.0
TOTAL		733.5

Travel funding is provided for project related planning and design meetings, public involvement and information meetings, property and cost control audits, and land acquisition activities associated with numerous projects under study and soon to be under construction.

Contractual funds are for office leasing (\$40,000), word processing (\$10,000), communications (\$24,000), printing (\$10,000), data processing (\$10,000), annual audit (\$10,000), postage and xerox (\$6,000), and legal services (\$30,000).

Commodities funding is for general office supplies.

Equipment funding is for office furniture estimated at \$2,000 per new position.

A M E N D M E N T

by The Finance Committee

Offered in the HOUSE

TO: HCS CS SS SB 25 (Finance)

Page 32, following line 14:

Insert the following new section:

" * Sec. 35. The Alaska Power Authority may design, acquire easements for, and construct a high voltage electrical transmission system connecting Anchorage and Fairbanks. Notwithstanding other provisions of law, the transmission system authorized by this section shall be considered a use that is compatible with the purposes of the Denali State Park. Within the boundaries of the Denali State Park, the transmission system authorized by this section shall be routed in consultation with the division of parks."

Renumber following sections accordingly.

Page 32, line 15:

Delete "32-34" and insert "32-35"

Original sponsors: Kerttula, Dankworth,
Ziegler, et al

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 25 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to energy; and providing for an
7 effective date."

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

9 * Section 1. AS 44.83.030 is amended to read:

10 Sec. 44.83.030. MEMBERSHIP OF THE AUTHORITY. [(a)] The author-
11 ity shall consist of the following directors:

12 (1) three [FOUR] directors at large to be appointed by the
13 governor and confirmed by the legislature; only one director may be
14 appointed from each judicial district described in AS 22.10.010;

15 (2) four persons appointed by the governor from among the
16 heads of state agencies [THE COMMISSIONER OF COMMERCE AND ECONOMIC
17 DEVELOPMENT.

18 (b) THE COMMISSIONERS OF COMMUNITY AND REGIONAL AFFAIRS, NATURAL
19 RESOURCES, TRANSPORTATION AND PUBLIC FACILITIES, AND REVENUE SHALL HAVE
20 THE RIGHTS AND PRIVILEGES OF DIRECTORS EXCEPT FOR THE RIGHT TO VOTE AND
21 MAY NOT BE CONSIDERED FOR PURPOSES OF QUORUM OR VOTING].

22 * Sec. 2. AS 44.83.040 is amended to read:

23 Sec. 44.83.040. OFFICERS AND QUORUM. The directors [DIRECTOR]
24 shall elect one of their number [THE DIRECTORS AT LARGE] as chairman
25 and may elect other officers they determine desirable. The powers of
26 the authority are vested in the directors, and four [THREE] directors
27 of the authority constitute a quorum. Action may be taken and motions
28 and resolutions adopted by the authority at a meeting by the affirma-
29 tive vote of at least four [THREE] directors. The directors of the