

SCOMM

#444:14

MEMORANDUM

State of Alaska

TO: Distribution List

DATE: February 5, 1981

FILE NO:

TELEPHONE NO: 465-3573

FROM: Tom Singer *TS*
Policy & Program Specialist
Division of Policy Development
and Planning
Office of the Governor

SUBJECT: Amendments to
AS.45.88 Alternative
Technology and Power
Resource R.L.F.

Energy
Outlined below are the statutes and issues which require attention in designing the proposed transfer of the Alternative Technology and Power Resource Revolving Loan Fund (ATPRRLF) to the Alaska Energy Center.

1. AS.46.12 Alaska Energy Center

- Sec. 020. - Purposes - Are purposes adequate to cover administration of loan fund?
- Sec. 110. - Powers - Are powers adequate to cover administration of loan fund? Can/should powers be addressed in loan fund sections as in 44.83.170?
- Sec. 120. - Duties - Are duties adequate? Can/should duties be addressed in loan fund section?
- Sec. ? - New section for loan fund.
- Sec. ? - Any additional statutory requirements for Energy Center Legislation?

Alt. Energy R.L.F.
→ 2. Repeal AS.45.88 and Re-enact in AS.46.12 to Transfer Loan Fund to Energy Center

3. AS.46.12? (New Name for Loan Fund?)

EXISTING SECTIONS

ISSUES

.010 Fund Established

- Revolving fund and provisions for repayment of principal and income.

EXISTING SECTIONSISSUES

- | | |
|--|--|
| .020 <u>Powers and Duties</u> | <ul style="list-style-type: none"> - Purposes: What uses are currently eligible under (1) and (2)? What should be eligible for loans? - Eligibility - individuals, groups/associations, private enterprises? See AS.44.83.170 (b)(1) for APA. - Further specification of uses of loan placed land purchase, construction, transmission lines, etc? - Regulatory power. - Eligibility standards. |
| .030 <u>Terms and Conditions</u> | <ul style="list-style-type: none"> - Loan Limit (pooling). - Term. - Specification of uses. - Principal and interest. - Interest rate. - Security requirements. - % of project financed with loan proceeds equity and/or bank participation. |
| .040 <u>Sale or Transfer of Mortgages and Rates</u> | <ul style="list-style-type: none"> - ? |
| .050 <u>Definitions</u> | <ul style="list-style-type: none"> - ? |
| 4. <u>Other Issues</u> | |
| a. Fund capitalization; | |
| b. Federal programs and constraints (PURPA, Windfall Profits Tax, grant programs), see Attachment 1; | |
| c. APUC role if tied into utility grid; | |
| d. Opportunity for linkage with APA and/or AIDA revenue bonding; | |

- e. Value of different "windows" in fund for different uses or users, different terms and conditions?;
- f. Requirements/options for contracting out vs. duties of Energy Center; and
- g. Application of "utility plan" components:
 - i. equity grants;
 - ii. restructuring; and
 - iii. contingency fund.

DISTRIBUTION LIST:

Bill Luria, DPDP
George Matz, B&M
Mark Wittow, LAA
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Alaska Energy Center Board

Attachment

ATTACHMENT I

PURPA/FERC

- Standards for qualifying as cogeneration.
- Standards for qualifying as small power production.
- Rules and conditions requiring electric utilities to sell to and purchase from cogenerators and small power producers - FERC authority delegated to APUC.
- Exemption from certain provisions of Federal Power Act.

Natural Gas Policy Act/PURPA

- Exemption of cogeneration from incremental pricing.

Crude Oil Windfall Profit Tax Act/Treasury

- 10% energy credit for certain investments in cogeneration equipment.
- 10% tax credit for boilers using biomass fuel.

Energy Security Act/Energy and Agriculture

- Financial assistance for construction of biomass energy facilities:
 - ° loan guarantees;
 - ° price guarantees;
 - ° purchase agreements; and
 - ° loans for small scale.

Jay S. Hammond
Governor

February 4, 1981

DRAFT

465-3573

Frances A. Ulmer
Director
Division of Policy Development
and Planning

Financial Plan
for Small Power
Producers

You have asked the Division to design a financial plan which can meet the needs of individuals, small and/or remote communities, and private enterprises for financing economically viable small power production facilities. You have also ^{asked} ~~agreed~~ that this plan incorporates the same or equal ^{subsidies} ~~incentives~~ ~~and mechanisms~~ which are to apply under the financial plan for utility and/or large power production facilities. As you know, we (B&M and DPDP) are just now putting the finishing touches on the plan for utilities. As a result of the delays encountered in finalizing that plan, we have been unable to fully develop the parameters for the small power production financial plan. Nevertheless, we have identified a general approach which is outlined below.

The Problem

State financial assistance for small power production facilities could cover a wide range of beneficiaries and activities. Individuals who do not have access to utility generated electric power, ~~or who can produce energy (electric power and space heat) for themselves at lower cost than they can purchase electricity from a utility,~~ comprise one class of beneficiaries of such a program. Small and/or remote communities or associations of individuals who can collectively produce and use energy may be another class of users of State financial assistance. Large commercial or industrial enterprises which can produce surplus energy for sale constitute yet another class of beneficiaries.

①

Each of these groups share a common interest in identifying and developing sources of renewable energy to replace fossil fuels. The activities of current interest include small hydro, wind power, wood, geothermal, and cogeneration. There may be other emerging renewable energy technologies which could supply these users. At present, there is no effective State program to serve these users which parallels State assistance provided to establish utilities.

State financial assistance to small power producers must be predicated upon the following assumption -- that projects receiving loans are able to pay for themselves. This is not intended to be a research demonstration, or subsidized loan program. If there are in fact small scale alternative power production technologies which are economic today, this program will ~~serve~~ ^{serve} them. If there are not, demand will be ~~minimized~~ ^{al} but at least we will know these technologies are not being stifled due to discriminatory State ^{financial} assistance.

The Concept

The Legislature has already enacted a program which can serve as the vehicle for providing financial assistance to small power producers. This is the Alternative Energy and Technology Loan Fund which is currently housed in the Division of Business Loans. For a variety of reasons, including restrictive loan limits and lack of expertise, the loan program has failed to serve the above mentioned users in financing alternative energy facilities. Rather, the program has almost exclusively been used to finance individual purchase of wood stoves. heat pumps

To better serve these users and all of the alternatives available, our concept includes transferring this loan program to a State agency better suited to offering this specialized financial assistance, and expanding its scope to include a wider variety of renewable energy sources.

The agencies which have been considered include the Alaska Energy Center, the Alaska Power Authority, the Division of Energy and Power Development, and the Alaska Industrial Development Authority. At this point, we are pursuing transfer to the Alaska Energy Center because its mission, to promote the commercial application of renewable energy technologies, seems best suited for administering this program. While the Center would be required to contract with the private sector for actual administration of the loan program, the Center is best suited to provide the critical function ^{element of} ~~function for~~ success, i.e. technical evaluation of the feasibility and creditworthiness of the alternatives seeking financing. The Center has expressed great interest in accepting this responsibility.

Designing the Program

Much work remains to be done. This Friday, February 8,⁶ 1981, members of the Alaska Energy Center will meet with staff from B&M, DPDP, and Pete Jeans ^{By Comm. of Commerce} to draft a first cut at amendments to existing statutes to effectuate this plan. Many details require attention. These include:

- loan fund capitalization requirements;
- loan limits;
- interest rates;
- other terms and conditions;
- eligibility;
- relation to federal programs;
- relation to revenue bonding opportunities through Alaska Power Authority and Alaska Industrial Development Authority; and
- opportunities for extending utility plan elements to this plan, e.g. equity shares, repayment restructuring, etc.

Following the Friday meeting a more detailed proposal will be available for your consideration.

FAU/TS/dg

Power and Heat Financing Program

Draft

Findings
Funding

1. Energy used for electrical power generation can often substitute for or supplement (cogeneration) energy used for space heating and process heat and vice versa.
2. Alaska's utilities, industries, commercial establishments and homes are largely dependent on oil and natural gas as a source of energy for electrical power generation, process heat and space heating.
3. The price of oil and natural gas has risen sharply during the past several years and is expected to continue at a rate which exceeds inflation.
4. There ~~not~~^{now} exists renewable energy systems (hydro, wind, solar, biomass and geothermal) and energy conservation practices which are more cost-effective, over the life of the project, than energy systems which are dependent on oil or natural gas and emerging technologies appear certain to improve the advantage of renewable energy systems.
5. Alaska abounds in opportunities to develop renewable energy systems and thus become less dependent on oil and natural gas.
6. Although renewable energy systems and energy conservation practices tend to be substantially insulated from inflation, such systems are often more capital-intensive than oil or natural gas fired energy systems, which can create financing problems, particularly during inflation^{ary} periods having high interest rates.
7. The exten~~sive~~^{sive} development of Alaska's oil and gas reserves ~~have~~^{has} resulted in surplus revenues for the state which can be used ~~to~~^{for} invest^{ment} in and finance^{ing of} capital-intensive renewable energy systems and implementation of energy conservation practices.

Draft

<u>Sources of Capital</u>	<u>Utilities</u>	<u>Industrial Cogeneration</u>	<u>Residential & Commercial</u>
Owners Equity	X	X	X
Revenue Bonds	X	X	
Power Project Equity Fund	X		X
Debt Restructuring Loans	X	X	
Power Project Completion Fund	X	X	
Alt. Tech & Power Loan Fund			X
Residential Energy Cons. Fund			X

Agency

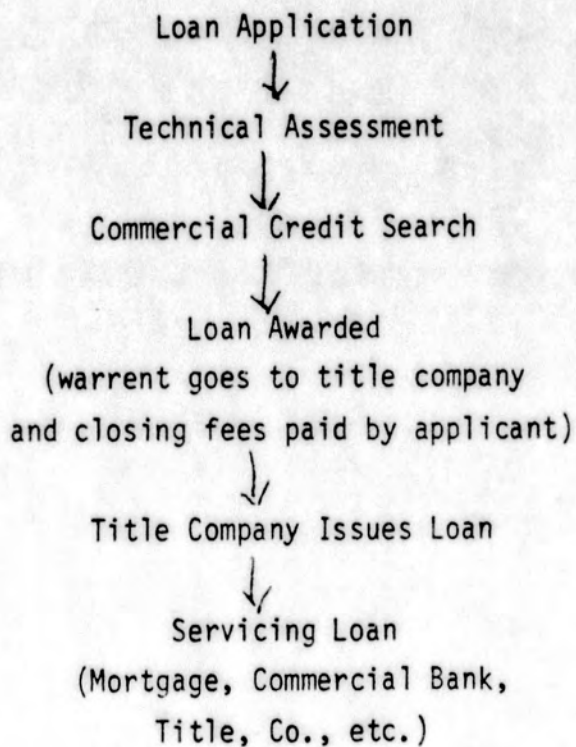
Alaska Power Authority	X	X	
Alaska Energy Center			X

Eligibility for State Financial Assistance

- Utilities - Electrical power generation or distribution projects which are owned and operated by private utilities, municipal utilities, village council^s~~utilities~~, or state agencies. Projects which utilize waste heat from power generation facilities are also eligible, ~~for~~ State financial assistance cannot be used for operating and maintenance costs or fuel costs.
- Industrial cogeneration - Facility must generate both electric and thermal energy. The surplus energy which is to be distributed to other users must be less than the buyers avoidance cost. Facilities cannot be owned by a concern which is primarily engaged in the generation or sale of electric power.
- Residential and Commercial - Power, heat, or energy conservation systems for residential or commercial building which improve self-reliance. Building must not have ^{reasonable}~~recoverable~~ access to a power grid or if available must be more cost-effective than utility power.

Draft

Schedule for Alternative Energy Loan



Proposed Terms

	Residential	Commercial
Capitalization	\$10 million	\$100 million
Term	Useful life	Useful life
Interest	AIDA rates	AIDA rates
Limit	\$10,000	\$100,000
Collateral	Lien	

GOVERNOR'S PROPOSAL

for

FINANCING

of

POWER PROJECTS

Power Project Financing

I. Introduction

This paper provides a brief overview of a proposed method for financing power projects. The approach consists of three separate but interrelated parts. The entire program is based upon the premise that the State of Alaska will act to encourage power development, particularly that based on renewable power sources; and, that the purpose of this involvement is to provide lower power costs to the final consumers. The two underlying assumptions that form the foundation for this approach are:

- (1) that State subsidies for power projects should be explicit and equitable; and
- (2) that for the portion of power projects that are to be financed with revenue bonds, the State's involvement should be designed to minimize the cost of this source of financing, both to the State and to the project.

The three parts of the financing proposal are: a state funded equity grant; a state loan to restructure debt service; and a state funded project contingency completion fund. These are each explained briefly below.

II. State Equity Grant

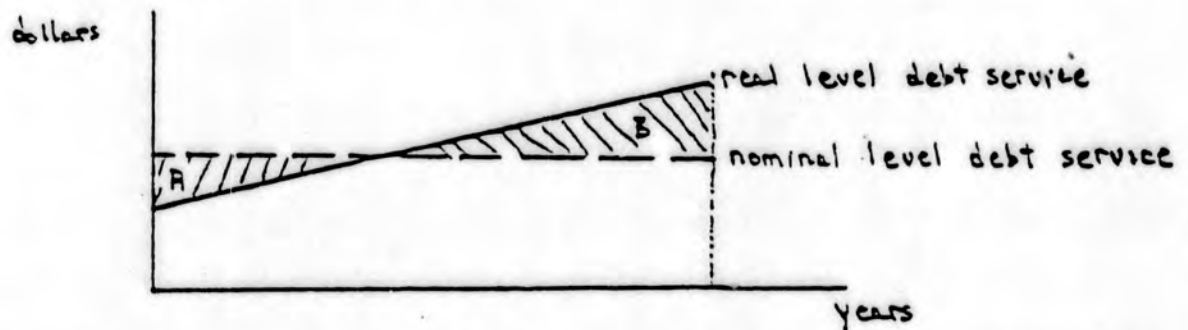
The intent of the State Equity Grant is to provide an equitable subsidy, in the form of an equity grant, to help finance power projects, and thus to provide lower cost power. The grant is based upon a fixed amount per capita for the entire population of the service area of the project. The grant would be of a one-time only nature, in that once an area had utilized its total entitlement under this program, it would not be eligible for future equity grants. In the case of projects which provide power for more than one service area, the amount of the grant would be prorated, based on the power allocation and the populations of the areas involved. The Governor and the Legislature would be the final arbiters of the proper proration formula.

The amount of the grant would be \$2,000.00 per capita in 1981 dollars, with the nominal value increasing at the rate of the Alaska consumer price index increase. An appropriation would be made to capitalize this grant fund, and the grant appropriations for specific projects would be made by the Legislature from this fund. Although this grant would be used by a utility (or the Alaska Power Authority) as one source of funds for financing power projects, it would not become part of the utility's rate base.

III. Debt Restructuring Program

The intent of the Debt Restructuring Program is to approximately levelize revenue bond debt in real (constant dollar) terms, rather than in nominal terms. This restructuring should: (1) help increase the financial viability of power projects by lowering revenue requirements in the early years of the project; and (2) more equitably spread out the repayment burden by requiring future consumers of power to pay a more equal share, in real terms, relative to present rate payers.

This debt restructuring would be accomplished by providing a state loan for the project that could be used to pay for a portion of the revenue bond debt service in the early years of the project. This loan would be repaid in future years, when the project is more capable of generating additional revenues. This loan has the effect of 'tilting' the amount that the project must pay, lowering the required amount at first, and increasing it later, as is shown in the figure below.



The dashed line shows a level debt service in nominal terms - that is, a constant payment amount each year, such as on State G.O. Bonds. The solid line shows the 'tilting' affect of debt service in real terms - i.e., when inflation is taken into account. Under this debt restructuring program, the project would issue revenue bonds according to the dashed line (since this is the conventional method), however the State loan would pay the amount of debt service shown in area A (and be repaid in area B). Hence, from the viewpoint of the project, its true debt service requirements are shown by the solid line, not the dashed line.

Although there are additional technical details that will not be addressed in this paper, two specific details are pertinent to this discussion. First, the rate of interest on the State loan would be the same as the revenue bond rate. And second, although the figure shows the state loan to be paid off at the same time as the revenue bonds, there is no requirement for this to be the case. The State loan could be extended past the completion date of the revenue bonds, if that was appropriate.

IV. Power Project Completion Fund

The intent of this fund is to provide an immediate source of funds to: (1) complete eligible power projects that are under construction, and (2) make debt service payments for eligible projects that are unable to make payments because of a natural disaster.

Even though power project financing inevitably includes contingencies for possible cost overruns, it is still possible that unforeseen circumstances could create a situation where these contingency funds are exhausted and the project does not have enough funds for completion. The project then needs an immediate source of funds, but is in rather undesirable circumstances to utilize conventional financing mechanisms, such as the revenue bond market.

To deal with this potential need, a Power Project Completion Fund would be established and capitalized by an appropriation from the general fund. This fund would be created in the Alaska Power Authority and the non-loaned balance would be managed by the Department of Revenue. If a power project had an overrun such that it needed additional funds, it could apply to the A.P.A. for a loan from this fund. If the A.P.A. found that the project was eligible for a loan, then, with the Governor's approval, a loan, not to exceed 20% of the original estimate of the construction cost, could be made. The rate of interest on this loan would be equal to the revenue bond rate for the project.

Within five years of the date of the loan, the A.P.A. would issue revenue bonds for the amount of the loan, and these bonds would become additional revenue bond debt of the project. This new revenue bond debt would be eligible for debt restructuring, as explained in III above.

POWER PROJECT

FINANCING

Additional Detail

I. Power Project Equity Fund

A. Purpose

The purpose of the Power Project Equity Fund (PPEF) is to lower the cost of power to consumers. This is accomplished by providing a state grant for eligible projects that may be used as a equity share of the project.

B. Establishment and Management

The Power Project Equity Fund would be established in the APA. The fund would be capitalized by an appropriation from the general fund and could be added to by additional general fund appropriations. The fund would be managed by the Department of Revenue. Interest on investments of the fund would return to the fund.

C. Calculations

The PPEF is intended to provide an equity grant of \$2,000.00 per capita in 1981 dollars to eligible projects. The equity grant is to be of a "one time" only nature in that once an area's population has utilized all of their per capita allocation, they would not be eligible for future grants under this program. The amount of the grant is calculated as \$2,000.00 per capita in 1981 dollars for the population of the service area of the project. The population figure is based upon the latest available U.S. census figures. Each year the amount of the per capita grant will escalate at the rate of the Alaska Consumer price index increase. In the case of projects where the power production of the project will be utilized in more than one service area, the amount of the per capita subsidy is to be prorated according the estimated amount of the population of each service area to be served by the project. That is, assume a project is built by utility A, but a portion

of the power is sold to utility B. If the power from this project will provide 50% of the power for the service area of utility B, then 50% of the per capita subsidy for service area B may be applied in calculating the grant to be made for the project from the PPEF. The APA is to work with local governments and utilities to determine the proper proration formula for intertied projects. The final arbiters of all disputes will be the Governor and the Legislature, as evidenced by the size of the appropriation from the PPEF.

D. Appropriations

As part of a project's plan of finance, the APA will calculate the amount of the equity grant from the PPEF. This appropriation request will be submitted along with any other requests for the project in the APA's capital budget request. If approved by the Governor and Legislature, the amount of the equity grant will be appropriated from the PPEF to the APA for use for that project.

E. Uses

The equity grant can be used as one source of financing for construction of power projects. These funds are to be a grant to the utility via the APA, and the amount of the grant would not become part of the utility's rate base.

II. Debt Restructuring Program

A. Purpose

The purpose of the Debt Restructuring Program is to approximately levelize revenue bond debt in real (constant dollar) terms, rather than in nominal terms. This restructuring should:

1. help increase the financial viability of power projects by lowering revenue requirements in the early years of the project,
2. more equitably spread out the repayment burden by requiring future users to pay a more equal real share, as opposed to requiring present rate payers to fund a disproportionate share of the project.

B. Eligibility

Certain projects may qualify for the debt restructuring program. To be eligible, a project:

1. must issue a revenue bond through the APA,
2. must be based on a renewable power source (e.g. hydro, wind, geothermal), unless there is no viable renewable power source available, in which case thermal generation projects would qualify.

C. Plan of Finance

While preparing a feasibility study and plan of finance for a power project, the APA will determine if a project is eligible for the debt restructuring program. If a project is eligible, then as part of the plan of finance, the APA will calculate the amount of appropriation needed to restructure the revenue bond

debt of the project by the method in D. (below), and further will calculate the terms of the loan made by the state to restructure the revenue bond debt.

D. Debt Restructuring Appropriation (D.R.A.)

The Debt Restructuring Appropriation (D.R.A.) is the mechanism that attempts to approximately levelize revenue bond debt in real (constant dollar) terms, rather than in nominal terms. The amount of the D.R.A. is dependent upon the size of the revenue bond, the rate of interest charged by the state, the assumed long run rate of inflation, and the length of the loan. To calculate the D.R.A., the APA must:

1. estimate the size of the revenue bond issue,
2. estimate what the rate of interest will be on the revenue bond issue - this is the rate of interest the state will charge on its loan,
3. obtain from the Division of Budget and Management the estimated long run rate of inflation for the period to be covered by the revenue bond issue (here assumed to be 5%),
4. assume for calculation of the D.R.A. only that the length of the state restructuring loan is the same length as that of the revenue bond issue (the actual loan may have a different length).

From the above factors, a preliminary value of the D.R.A. can be calculated. However, since many of these factors are estimates, which may change by the time of the actual bond issue, a contingency factor may be added to the D.R.A. To estimate this contingency factor, the APA would utilize the same factors as above, except that the calculation would involve using larger

estimated rate of interest on the revenue bond rate. This larger estimated bond rate will be provided by the Division of Budget and Management. With the inclusion of this contingency factor, the estimate of the D.R.A. is complete. This is the figure which the APA would submit in their Capital Budget as the amount needed to restructure the revenue bond debt for the specific project. If this amount (and other necessary authorizations) are approved by the Governor and the Legislature, then the entire D.R.A. would be restricted, pending the results of the revenue bond sale. Once the bonds are sold and the actual amount that is needed is determined, then this required amount would be made available to the APA. The remainder (if any) of the D.R.A. would lapse into the general fund.

E. State Loan

The amount and terms of the D.R.A. are calculated by the formula in D. (above). The actual terms of the state loan represented by the D.R.A. may differ if the APA feels other loan terms may be more conducive to the project's viability. However, the present value of the loans repayment (using the rate of interest on the revenue bond as the discount rate) under alternative loan terms must be the same as the D.R.A. The APA should consult with the Division of Budget and Management if it wishes to adopt loan terms different from those of the D.R.A. calculations. Repayment of the state's restructuring loan is to be subordinate to repayment of the revenue bonds.

III Power Project Completion Fund

A. Purpose

The purpose of the fund is to provide an immediate source of funds to:

1. complete eligible power projects that are under construction which have exhausted all contingency funds
2. make debt service payments for eligible projects that are unable to make payments because of a natural disaster.

B. Establishment and Management

A power project completion fund (PPCF) would be established in the APA. The fund would initially be capitalized by an appropriation from the general fund, and could be added to by additional general fund appropriations. The account would be managed by the Department of Revenue and all interest earned would be deposited in the general fund.

C. Mechanics

If an eligible power project were in need of funds due to the reasons listed in A. (above), then it could apply to the APA for a loan of the required amount. The APA would specify by regulation what information would be required in the loan application. If the APA determines that the project is eligible for a loan from the PPCF, then the APA would provide this request to the Governor, along with backup information detailing the basis for the APA recommendation. If the Governor approves, the APA would make the loan to the project. The terms of the loan are:

1. The amount of the loan may not be more than 20% than the original estimate of the project cost.
2. The rate of interest on the loan shall be the same rate as the rate of the APA issued revenue bond rates for the project.
3. If the project was not financed with APA issued revenue bonds, then the rate of interest charged would be that rate which the APA estimates would have been the revenue bond rate for that project.
4. Within five years of the issuance of the loan, the APA must sell a revenue bond issue for the amount of the loan. The proceeds of the bond issue would be redeposited in the PPCF. The new debt of the power project (if eligible) could be financed according to the same terms as it was financed under the Debt Restructuring Program. If the project was not originally financed under the Debt Restructuring Program, but is eligible, then this new debt may be financed under that program.

cannot afford to repay a portion of interest on a loan, and makes a determination in writing, he may reduce or eliminate the interest rate applicable to the loan.

(c) Repayments of the principal on a loan from the bulk fuel revolving loan fund shall be paid by the commissioner of commerce and economic development into the bulk fuel revolving loan fund. (§ 41 ch 83 SLA 1980)

Sec. 45.87.030. Contracting authority. The department may contract for the administration of the bulk fuel loan program established in this chapter. (§ 41 ch 83 SLA 1980)

Sec. 45.87.500. Definitions. In this chapter

(1) "bulk fuel storage facility" means a storage tank capable of holding at least 10,000 gallons of petroleum fuels;

(2) "community" means an organized municipality or an unincorporated village which is a social unit, with a population under 2,000;

(3) "department" means the Department of Commerce and Economic Development. (§ 41 ch 83 SLA 1980)

Chapter 88. Alternative Technology and Power Resource Revolving Loan Fund.

Section	Section
10. Fund established [Terminates June 30, 1984]	30. Loan terms [Terminates June 30, 1984]
20. Powers and duties of the department in administering the fund [Terminates June 30, 1984]	40. Sale or transfer of mortgages and notes
	500. Definition

Editor's note. — The chapter heading "Alternative Technology and Power Resource Revolving Loan Fund." in was changed by the revisor to read "Alternative Power Resource Revolving Loan Fund."

Sec. 45.88.010. Fund established [Terminates June 30, 1984]. There is established in the Department of Commerce and Economic Development the alternative technology and energy revolving loan fund to carry out the purposes of this chapter. Loans made under this chapter may be used

(1) to develop means of energy production utilizing energy sources other than fossil or nuclear fuel, including, but not limited to, windmills, water and solar energy devices; and

(2) to develop and implement methods of energy production, waste disposal, recycling, food production, transportation, building design, and industrial enterprise which may be more efficient, less costly, and

energy intensive technology appropriate to the SLA 1979; and

Effect of amendments. Amendment inserted "technical" in the sentence, substituted "and" for "are to be used" and added the provision paragraph (2), and substituted "energy" for "other purposes" in the sentence.

The 1980 amendment changed "power resource revolving loan fund" near the introductory paragraph. The section to contain present law 2 by dividing the section into "may be used" and "and" at the end of the section. The word "devices" is added inserting "and" for "energy" preceding "revolving loan fund" near the end of the first introductory paragraph. "energy" for "power" preceding the end of paragraph (1). Section, loans made under

Sec. 45.88.020. Power Resource Revolving Loan Fund. The department may administer the fund to make loans for the alternative energy technology and power resource revolving loan fund.

The department may promulgate regulations to carry out the purposes of this chapter.

The department may make loans for the alternative energy technology and power resource revolving loan fund under this chapter. (§ 1 ch 29 SLA 1980)

Effect of amendments. Amendment added the language "and" for the development of subsection (a) and coordination with the Alaska Department of Commerce and Technology" in section 45.88.020. The 1980 amendment changed "energy systems" for "power resource revolving loan fund" and "installation of alternative technology" at the beginning of paragraph (a).

intensive than those methods presently utilized and which are appropriate to the Alaska environment. (§ 1 ch 29 SLA 1978; am § 29 ch 56 SLA 1979; am § 28 ch 83 SLA 1980)

Effect of amendments. — The 1979 amendment inserted "technology and" in subsection (a) and substituted "may be used" in the second sentence. The 1979 amendment substituted "other purpose" in the second sentence.

The 1979 amendment substituted "power resource" preceding "loan fund" near the middle of the first sentence, restructured the second sentence to contain present paragraphs (1) and (2) by dividing the second sentence into two sentences, and changing the word "devices" to a semicolon following "and" following the word "energy" for "power resource" preceding "revolving loan fund" near the end of the first sentence in the second paragraph. The 1979 amendment substituted "power" preceding "devices" near the end of paragraph (1), deleted "In accordance with this chapter

may be used" at the beginning of present paragraph (2), and deleted the former last sentence, which read: "The fund may be used for no other purposes."

Editor's note. — Section 1, ch. 56, SLA 1979, provides: "FINDINGS. The legislature finds that there is a need for development of small-scale and low-cost alternatives for Alaskans in regard to building design, food production, recycling, transportation, energy generation, waste disposal, and small-scale residential and industrial enterprise. Therefore, the legislature finds that the development and wider use of low-cost and small-scale technologies appropriate to Alaska should be encouraged."

Section 8, ch. 56, SLA 1979, provides for the termination of the act relating to northern technology on June 30, 1984. As part of that act, the additions made to this section by ch. 56, SLA 1979, will terminate on June 30, 1984.

§ 45.88.020. Powers and duties of the department in administering the fund. (a) The department may

1. make loans for the purchase, construction, and installation of alternative energy systems and for the development and demonstration of more efficient, less costly, less energy intensive, and more appropriate technologies;

2. promulgate regulations necessary to carry out the provisions of this chapter.

3. The department, in coordination with the Alaska Council on Energy and Technology, shall develop eligibility standards for loans made under this chapter and adopt guidelines for the determination of loan terms. (§ 1 ch 29 SLA 1978; am § 6 ch 56 SLA 1979; am § 29 ch 83 SLA 1980)

Effect of amendments. — The 1979 amendment added the language beginning "and" for the development and demonstration" to the end of paragraph (a) and inserted "in coordination with the Alaska Council on Energy and Technology" in subsection (b). The 1979 amendment substituted "energy systems" for "power resources" preceding "installation of alternative" near the beginning of paragraph (1) in

Editor's note. — Section 1, ch. 56, SLA 1979 provides: "FINDINGS. The legislature finds that there is a need for development of small-scale and low-cost alternatives for Alaskans in regard to building design, food production, recycling, transportation, energy generation, waste disposal, and small-scale residential and industrial enterprise. Therefore, the legislature finds that the development and wider use of low-cost and small-scale technologies

Title 47
Welfare and Institutions

Title 46
Water

appropriate to Alaska should be encouraged."

Section 1, ch. 56, SLA 1979, provides for the termination of the act relating to

northern technology on June 30, 1984. As part of that act, the additions made to this section by ch. 56, SLA 1979, will terminate on June 30, 1984.

Sec. 45.88.030. Loan terms. (a) A loan for the development of an alternative energy system or for the development or implementation of a northern technology under this chapter may not exceed \$10,000.

(b) The duration for repayment of the loan may not exceed 20 years.

(c) Loans made under this chapter may be used to finance

(1) the cost of purchase, construction, and installation of an alternative energy system which is likely to result in energy conservation or energy cost savings; or

(2) the development and implementation of methods of waste disposal, recycling, food production, transportation, building design, and industrial enterprise which may be more efficient, less costly, and less energy intensive than those methods presently utilized and which are appropriate to the Alaska environment.

(d) All principal and interest payments on loans made under this chapter shall be paid into the alternative technology and energy revolving loan fund.

(e) The rate of interest

(1) for a loan, other than a loan described in (2) of this subsection, may not exceed nine and one-half percent a year on the unpaid balance of the loan;

(2) for a loan the proceeds of which are used for an alternative energy system

(A) is five percent, if the loan is made before January 1, 1984;

(B) equals the percentage of the average weekly yield of municipal bonds for the 12 months preceding the loan, as determined by the commissioner of commerce and economic development from municipal bond yield rates reported in the 30-year revenue index of the Weekly Bond Buyer, for a loan made after December 31, 1983. (§ 1 ch 29 SLA 1978; am § 7 ch 56 SLA 1979; am § 21 ch 72 SLA 1979; am §§ 30 - 33 ch 83 SLA 1980)

Effect of amendments. -- The first 1979 amendment inserted "or for the development or implementation of a northern technology" in subsection (a), substituted "50 per cent" for "30 per cent" following the former language "no more than" in subsection (c), added the language beginning "or the development and implementation" to the end of subsection (c), inserted "technology and" in subsection (d), and substituted "nine and one-half per cent" for "eight per cent" in subsection (e).

The second 1979 amendment

substituted "nine and one-half per cent" for "eight per cent" in present paragraph (1) of subsection (e).

The 1980 amendment substituted "energy system" for "power resource" following "alternative" in subsection (a), restructured subsection (c) by deleting "no more than 50 percent of" following "finance" at the end of the present introductory paragraph and dividing the remainder of the section into two paragraphs and designating that paragraphs (1) and (2), substituted "an alternative energy system which is likely

in energy conservation or energy... for "the alternative power... of" at the end of present... deleted "energy... preceding "waste disposal"... beginning of present paragraph... substituted "energy" for "power... preceding "revolving loan fund"... end of subsection (d), and inserted... other than a loan described... of this subsection "near the... of subsection (e), and added... 2 of subsection (e).
1979's note. -- Section 1, ch. 56, SLA... provides: "FINDINGS. The... finds that there is a need for... of small-scale and low-cost

Sec. 45.88.040. Sale or transfer... commissioner may sell or transfer... account to any bank or other priv... consideration the mortgages and n... Commerce and Economic Developm... under this chapter.

Repealed by § 14 ch 122 SLA 1... SLA 1979; am § 14 ch 122 SI

1979 amendments. -- The 1979 amendment in the second sentence of... subsection (b), substituted "may... the mortgages" for "shall... all of these mortgages" and... following the Department of... Commerce and Economic Development a... half of one per cent service fee" from...
The 1980 amendment repealed

Sec. 45.88.500. Definition. In... system"

means a source of thermal, m... dependent on oil or gas or a r... space heating and cooling, refri... mechanical power, or the h... includes

A an alternative energy prop... the Internal Revenue Code (26 U...

B a method of architectura... provides for the collection, storage... and

C any other device approved b... economic development under AS...

Welfare and Institutions
Title 47

in energy conservation or energy alternatives for Alaskans in regard to building design, food production, recycling, transportation, energy generation, waste disposal, and small-scale residential and industrial enterprise. Therefore, the legislature finds that the development and wider use of low-cost and small-scale technologies appropriate to Alaska should be encouraged.

Section 8, ch. 56, SLA 1979, provides for the termination of the act relating to northern technology on June 30, 1984. As part of that act, the additions made to this section by ch. 56, SLA 1979, will terminate on June 30, 1984.

Section 1, ch. 56, SLA 1979 provides: "FINDINGS. The legislature finds that there is a need for development of small-scale and low-cost

Sec. 45.88.040. Sale or transfer of mortgages and notes. (a) The commissioner may sell or transfer at par value or at a premium or discount to any bank or other private purchaser for cash or other consideration the mortgages and notes held by the Department of Commerce and Economic Development as security for loans made under this chapter.

Repealed by § 14 ch 122 SLA 1980. (§ 1 ch 29 SLA 1978; am § 22 ch 122 SLA 1979; am § 14, ch 122 SLA 1980)

Text of amendments. — The 1979 amendment in the second sentence of subsection (b), substituted "may sell the mortgages" for "shall sell all of these mortgages" and "allowing the Department of Commerce and Economic Development a one per cent service fee" from the 1980 amendment repealed

subsection (b), which read: "The commissioner may sell or transfer at par value to the Department of Revenue the mortgages and notes held by the Department of Commerce and Economic Development as security for loans made under this chapter. The Department of Revenue may purchase the mortgages and notes offered."

Sec. 45.88.500. Definition. In this chapter, "alternative energy

means a source of thermal, mechanical or electrical energy which is not dependent on oil or gas or a nuclear fuel for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

includes

(1) alternative energy property as defined by sec. 48(1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec. 48(1)(3)(A));

(2) a method of architectural design and construction which provides for the collection, storage and use of direct radiation from the sun;

(3) any other device approved by the commissioner of commerce and economic development under AS 44.33.040(12). (§ 34 ch 53 SLA 1980)

Title 46
Water

commission within 30 days of receipt of the report by the authority for review before payment. When a report is submitted to the commission for review under this section, payment shall be made by the authority within 30 days after submission. If appropriations are insufficient for payment in full, the amount paid to each electric utility is reduced on a pro rata basis.

(i) If an electric utility receives a payment under this section, the utility shall furnish the following notice to its electric service customers eligible under this program for each period for which the payment is received:

NOTICE TO CUSTOMER

For the current billing period the utility has been paid under the State of Alaska's power production cost assistance program (AS 44.83.162) to assist the utility and its customers in reducing the high cost of generation of electric energy.

Your total electrical service cost	\$
Less state assistance	\$
Your charge	\$

(j) For the purpose of this section,

(1) the terms used in (b) (1) — (4) of this section are defined as those items are defined in a recognized system of utility accounts designated by the commission;

(2) actual power production costs are the expenses and costs prescribed in this subsection less any other power production cost assistance provided to the electric utility.

(k) In this section,

(1) "charitable organization" means an organization, not organized for pecuniary profit, which is operated for the relief of poverty, distress, or other condition of public concern in the state; the term includes, but is not limited to, a church or religious organization;

(2) "commission" means the Alaska Public Utilities Commission;

(3) "local community facilities" means water and sewer facilities, public outdoor lighting, and community buildings whose operations are not paid for by the state, the federal government, or private commercial interests. (§ 42 ch 83 SLA 1980)

Section repealed effective July 1, 1985. — Section 51, ch. 83, SLA 1980, repeals this section, effective July 1, 1985.

Sec. 44.83.164. Assistance to utilities not regulated by Public Utilities Commission [Repealed effective July 1, 1985]. (a) A utility which is exempt from regulation under AS 42.05.711 may receive power production cost assistance under AS 44.83.162 without becoming subject to the jurisdiction of the Alaska Public Utilities Commission if the utility is otherwise eligible for assistance and if the utility

(1) files with the commission the audited financial data necessary to determine the adjusted power production cost in the form prescribed in a recognized system of utility accounts;

(2) makes the reports required in AS 44.83.162(g) required of an electric utility with a rate schedule approved by the commission within the time and in the form the Alaska Power Authority designates;

(3) sets rates charged for residential services, local community services, and for services to charitable organizations, by including as part of its revenue requirements for these services only the adjusted power production cost per kilowatt-hour sold;

(4) allows audits which the commission determines are necessary to insure compliance with this section; and

(5) furnishes its electric service customers eligible under this program the "Notice to Customer" specified in AS 44.83.162(i).

(b) The provisions of AS 44.83.162 relating to determination of the amount of power production cost assistance and payment of the assistance apply to assistance under this section. (§ 42 ch 83 SLA 1980)

Section repealed effective July 1, 1985. — Section 51, ch. 83, SLA 1980, repeals this section, effective July 1, 1985.

Article 5. Power Project Fund.

Section

170. Power project fund

Sec. 44.83.170. Power project fund. (a) There is established as a separate fund the power project fund which shall be distinct from any other money or funds of the authority, and which includes only money appropriated by the legislature.

(b) The authority may make loans from the power project fund

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

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

(B) constructing, equipping, modifying, improving, and expanding small-scale power production facilities, conservation facilities, bulk fuel storage facilities, and transmission and distribution facilities, including energy production, transmission and distribution, and waste energy conservation facilities which depend on fossil fuel, wind power, tidal, geothermal, biomass, hydroelectric, solar or other non-nuclear energy sources; and

(C) reconnaissance studies, preconstruction engineering, design, construction, equipping, modification, and expansion of potable water supply including surface storage and groundwater sources and

transmission of water from surface storage to existing distribution system;

(2) to a borrower for a power project if

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

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

(C) the borrower seeking the loan demonstrates to the authority that the financing arrangement for the power project will reduce project financing costs below costs of comparable public power projects.

(c) Before making a loan from the power project fund, the authority shall, by regulation, specify

(1) standards for the eligibility of borrowers and the types of projects to be financed with loans;

(2) standards regarding the technical and economic viability and revenue self-sufficiency of eligible projects;

(3) collateral or other security required for loans;

(4) the terms and conditions of loans;

(5) criteria to establish financial feasibility and to measure the amount of state assistance necessary for particular projects to meet the financial feasibility criteria; and

(6) other relevant criteria, standards or procedures.

(d) Any loan made by the authority must be made according to the standards, criteria, and procedures established by regulation under this section.

(e) Repayment of the loans shall be secured in any manner which the authority determines is feasible to assure prompt repayment under a loan agreement entered into with the borrower. The authority may make an unsecured loan from the power project fund to a borrower regulated by the Alaska Public Utilities Commission under AS 42.05 if the borrower has a substantial history of repaying long-term loans and the capacity to repay the loan. Under a loan agreement, repayment may be deferred for 10 years or until the project for which the loan is made has achieved earnings from its operations sufficient to pay the loan, whichever is earlier.

(f) Power projects are subject to the following limitations on interest and specific restrictions:

(1) Power projects for which loans are outstanding from the water resources revolving loan fund (AS 45.86) on July 13, 1978, may receive additional financing from the power project fund; the additional financing, if granted,

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

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

(C) shall be conditioned on the repayment of loan principal and interest to begin on the earlier of

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

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

(2) Loans for power projects

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

(B) shall be granted at an interest rate which is not less than five percent and which is the lesser of

(i) a rate equal to the percentage which is the average weekly yield of municipal bonds for the 12 months preceding the date of the loan, as determined by the authority from municipal bond yield rates reported in the 30-year revenue index of the Weekly Bond Buyer; or

(ii) a rate determined by the authority which allows the project to meet criteria of financial feasibility established under AS 44.83.170(c).

(g) Loan repayments and interest earned by loans from the power project fund shall be deposited in the state general fund.

(h) The legislature may forgive the repayment of a loan made from the power project fund for a reconnaissance study or a feasibility study when the authority finds that the power project for which the loan was made is not feasible. (§ 1 ch 278 SLA 1976; am § 16 ch 156 SLA 1978; am §§ 19 — 23 ch 83 SLA 1980)

Effect of amendments. — The 1978 amendment added the language beginning "and which shall be composed" to the end of subsection (a), rewrote subsections (b) and (c), redesignated subsection (d) as subsection (e), added present subsection (d), added the present second sentence of present subsection (e), and in the present third sentence of subsection (e), inserted "for 10 years or," substituted "for which

the loan is made" for "with respect to which a loan is made," and added "whichever is earlier" to the end. The amendment also deleted former subsection (e), which defined "eligible borrower," and added subsection (f).

The 1980 amendment rewrote subsections (a) through (c), (e), and (f), and added subsections (g) and (h).

Article 6. General Provisions.

Section

- 177. Reconnaissance study
- 179. Review of reconnaissance study by division of budget and management
- 180. [Repealed]
- 181. Feasibility study and finance plan
- 183. Review of feasibility studies and plans of finance by division of budget and management
- 185. Submission to the legislature
- 187. Applicability of sections
- 189. Project construction

Section

- 190. Annual audit
- 191. Limitations on issuance of bonds by the authority
- 195. Operation of projects
- 200. Annual report
- 210. Appropriations and reports
- 220. Public records; open meetings
- 224. Long-term energy plan
- 230. Definitions
- 240. Short title

Sec. 44.83.177. Reconnaissance study. (a) To identify power project alternatives for a community, the authority shall, after consultation with other state agencies and after review of information on alternative sources of power, complete a reconnaissance study for each proposed new power project.

leased buildings the life-cycle cost shall be calculated over the effective remaining term of the lease:

(6) "new building" means a building the construction of which begins after December 31, 1980;

(7) "public building" means a building owned or controlled and held by the state for government or public use;

(8) "state financial assistance" means a loan, grant, guarantee, insurance, payment, rebate, subsidy, or other form of state assistance (other than aid under AS 29.88, 29.89, 29.90, 29.95 and 43.18) including the purchase by a state agency of a loan to finance the construction of a new residential, commercial, or industrial building;

(9) "thermal and lighting energy standards" means the thermal and lighting energy standards established by the American Society of Heating, Refrigeration, and Air Conditioning Engineers as revised

(A) by the commissioner of transportation and public facilities under AS 44.12.020(a) for public facilities; or

(B) by the commissioner of commerce and economic development under AS 44.33.040(12) for buildings and structures which are not public facilities. (§ 36 ch 83 SLA 1980)

Chapter 12. Alaska Energy Center.

Section	Section
10. Alaska energy center established	110. Powers
20. Purpose	120. Duties
30. Board of directors	130. Budget and appropriations
40. Term of office	140. Annual report
50. Removal and vacancies	150. Principal office
60. Qualifications of board members	160. Cooperation with other state agencies and the University of Alaska
70. Quorum	500. Definitions
80. Compensation of board members	
90. Conflicts of interest	
100. Employment of personnel	

Editor's note. -- As to findings and intent of enacting legislation, see §§ 1, 2, ch. 148, SLA 1980, in the 1980 Temporary and Special Acts and Resolves.

Sec. 46.12.010. Alaska energy center established. There is established the Alaska Energy Center. The center is a public corporation of the state. It is an instrumentality of the state in the Department of Administration, but has a legal existence independent of and separate from the state. Exercise by the center of the powers conferred by this chapter is an essential governmental function of the state. (§ 3 ch 148 SLA 1980)

Sec. 46.12.020. Purpose. The primary purpose of the center is to create employment opportunities and other benefits in the state through the development and use of more efficient technologies. The center shall

(1) promote the most efficient and appropriate technologies for the use and conservation of the state's energy resources;

(2) provide economic benefits to state citizens;

(3) promote the effective use of the state's resources;

(4) promote diversification of employment opportunities;

(5) reduce state energy imports; and

(6) bring existing and new technologies to a stage of commercial feasibility. (§ 3 ch 148 SLA 1980)

Sec. 46.12.030. Board of directors. (a) A board of directors of the center is established as its governing body.

(b) The board consists of nine members as follows:

(1) seven members appointed by the governor and confirmed by a majority of the members of the legislature in joint session;

(2) two members of the legislature jointly appointed by the president of the senate and the speaker of the house of representatives at the beginning of each legislature.

(c) The board shall elect a chairman and other necessary officers from among its members. (§ 3 ch 148 SLA 1980)

Editor's note. -- Section 8, ch. 148, SLA 1980, provides: "APPOINTMENT OF FIRST BOARD OF DIRECTORS OF ALASKA ENERGY CENTER. The governor shall designate the terms of the members of the Board of Directors of the Alaska Energy Center first appointed under AS 46.89.030(b)(1) of the seven members first appointed (1) three shall serve a term of one year; (2) two shall serve a term of two years; and (3) two shall serve a term of three years."

Sec. 46.12.040. Term of office. (a) The members of the legislature appointed to the board serve ex officio as nonvoting members of the board for the duration of the legislature during which they were appointed.

(b) The members of the board appointed by the governor serve three-year terms and may be reappointed. Terms shall be staggered.

(c) The officers of the board elected under AS 46.12.030(c) serve a term of three years. (§ 3 ch 148 SLA 1980)

Sec. 46.12.050. Removal and vacancies. (a) The governor may remove from office a board member appointed under AS 46.12.030(b)(1) with the consent of a majority of the members of the legislature in joint session. A removal by the governor shall be in writing and state the reason for removal. If the legislature is not in session, the governor may suspend a member of the board. After suspension, a board member may not participate in board business and may not be counted for the

10 days from the date of removal, if the removal occurs while the legislature is in session, or within 30 days of convening of the next regular session of the legislature, if the legislature is not in session. If the legislature refuses to consent to removal, the suspension of the board member is terminated and the member shall be reinstated to the office by the governor.

(b) A vacancy on the board among the members appointed under AS 46.12.030(b)(1) shall be filled by appointment by the governor and confirmation by a majority of members of the legislature in joint session. An appointee to fill a vacancy shall hold office for the balance of the term for which his predecessor on the board was appointed. If a vacancy arises on the board while the legislature is not in session, the governor may appoint an interim member, until the legislature has the opportunity to confirm the appointment.

(c) A vacancy on the board among the members appointed under AS 46.12.030(b)(2) shall be filled by appointment by the presiding officer of the house of the legislature to which the vacating board member belonged.

(d) A vacancy on the board does not impair the authority of a quorum of the board to exercise all the powers and perform all the duties of the board. (§ 3 ch 148 SLA 1980)

Sec. 46.12.060. Qualifications of board members. (a) At least four of the board members appointed under AS 46.12.030(b)(1) shall be residents of the state.

(b) At least three of the board members appointed under AS 46.12.030(b)(1) shall have professional recognition, based on experience and achievement in their profession and in the society, in energy technology or development; business formation and management; or development and marketing of resources or products. (§ 3 ch 148 SLA 1980)

Sec. 46.12.070. Quorum. Four members of the board appointed under AS 46.12.030(b)(1) constitute a quorum for the transaction of business and the exercise of the powers and duties of the board. (§ 3 ch 148 SLA 1980)

Sec. 46.12.080. Compensation of board members. (a) Board members appointed under AS 46.12.030(b)(1) receive \$350 per day while in attendance at and traveling to and from meetings of the board.

(b) Board members may receive a per diem allowance and transportation expenses in carrying out the duties under this chapter. (§ 3 ch 148 SLA 1980)

Sec. 46.12.090. Conflicts of interest. Members of the board are subject to AS 39.50. (§ 3 ch 148 SLA 1980)

Sec. 46.12.100. Employment of personnel. The board shall

executive director may, with the approval of the board, select and employ additional staff as necessary. The executive director and all employees of the board are in the exempt service under AS 39.25. (§ 3 ch 148 SLA 1980)

Sec. 46.12.110. Powers. In carrying out the powers of the center, the board may

- (1) adopt, alter, and use a corporate seal;
- (2) prescribe, adopt, amend, and repeal bylaws;
- (3) sue and be sued in the name of the center;
- (4) enter into any agreements necessary to the exercise of its powers and functions;

(5) accept grants from and contract with the federal government and the state or its political subdivisions and to that end comply with the provisions of federal, state, or local programs when necessary, except that it may not enter into any agreements whereby a permanent state or local government position is financed or partially financed in connection with a project;

(6) accept grants and loans from and contract with sources other than those in (5) of this section for the purposes of the work of the center;

(7) appear in behalf of the center before boards, commissions, departments, or other agencies of municipal, state, or federal government;

(8) acquire, hold, use, lease, sell, or otherwise dispose of property of any kind, real, personal, or mixed, or an interest in it;

(9) conduct or sponsor applied research, development and demonstration projects, and prepare, publish, and distribute technical studies, reports, bulletins and other materials it considers appropriate;

(10) hold patents, copyrights, trademarks, royalties or other evidences of protection or exclusivity issued under the laws of the United States or any state or nation obtained by persons receiving assistance from the center;

(11) adopt regulations governing the exercise of its powers;

(12) do everything necessary or desirable to carry out the purposes of the center. (§ 3 ch 148 SLA 1980)

Sec. 46.12.120. Duties. The board shall

(1) promote the commercial development and use of more efficient energy technologies;

(2) subject to the availability of money,

(A) sponsor energy research projects intended to accomplish the purposes of the center;

(B) conduct and sponsor applied research, development, and demonstration projects of energy technologies;

(C) provide financial and other support to inventors and businesses

Need to add power to make loans; or include this power in loan fund as transferred to E.C. - See 44.83. a and b

energy technologies

(3) manage projects for which financing has been appropriated by the legislature;

(4) in developing its programs, consult with the Alaska Council on Science and Technology, the Alaska Power Authority, the Alaska Renewable Resources Corporation, the division of energy and power development of the Department of Commerce and Economic Development, the Department of Natural Resources, and the University of Alaska; the board shall meet with responsible officials and representatives of these organizations and agencies at least twice each year;

(5) consult with other energy research and development organizations. (§ 3 ch 148 SLA 1980)

Sec. 46.12.130. Budget and appropriations. (a) The center is subject to the Executive Budget Act (AS 37.07), except as provided in (b) of this section and in AS 37.25.030. •

(b) The budget of the center shall include a description of and amount of proposed financing for projects to be conducted or supported by the center. Requests in the budget for project financing shall include a statement of the objectives and goals of the project, including, but not limited to, the number of jobs to be created and the number of businesses to be assisted by the project. The amount of the center's operating budget shall be specified separately from proposed project financing. (§ 3 ch 148 SLA 1980)

Sec. 46.12.140. Annual report. The board shall prepare an annual report of its activities and submit a copy of the report to the legislature. The annual report shall be transmitted to the legislature at the beginning of each regular session. The report shall include a description of the work conducted or supported by the center, the number of jobs which have been created, the number of businesses which have been assisted, and any other information which the board determines should be included to describe the work of the center. (§ 3 ch 148 SLA 1980)

Sec. 46.12.150. Principal office. The principal office of the center shall be located in Fairbanks. The board shall authorize the establishment of other offices of the center in other areas of the state as appropriate to its activities. (§ 3 ch 148 SLA 1980)

Sec. 46.12.160. Cooperation with other state agencies and the University of Alaska. (a) All departments, agencies, and public corporations of the state, including the University of Alaska, shall provide information, services, and facilities to the center on its request. The center shall reimburse the department, agency, or corporation for the cost of such information, services, and facilities incurred on the center's behalf.

Alaska or an organization which is based in Alaska for research. (§ 3 ch 148 SLA 1980)

Sec. 46.12.500. Definitions. In this chapter

(1) "board" means the Board of Directors of the Alaska Energy Center;

(2) "center" means the Alaska Energy Center;

(3) "energy technology" means technological developments and innovations which are appropriate for

(A) production of energy through the use of renewable and alternative energy sources;

(B) energy conservation;

(C) development of facilities for the use of waste heat and the cogeneration of electricity and heat;

(D) the reduction of dependence on fossil fuels;

(E) efficient recovery and use of fossil fuels. (§ 3 ch 148 SLA 1980)

Chapter 15. Water Use Act.

Article 2. Appropriation and Use of Water.

Section

- 30. Waters reserved to the people
- 65. Determination of existing rights
- 70. [Renumbered]
- 120. Certificates

Section

- 133. Notices; objections
- 135. [Renumbered]
- 145. Reservation of water
- 147. Termination of permits

Sec. 46.15.030. Waters reserved to the people. Wherever occurring in a natural state, the waters are reserved to the people for common use and are subject to appropriation and beneficial use and to reservation of instream flows and levels of water, as provided in this chapter. (§ 1 ch 50 SLA 1966; am § 4 ch 84 SLA 1980)

Effect of amendment. — The 1980 amendment, effective June 19, 1980, inserted "and to reservation of instream flows and levels of water" near the end of the section.

Pursuant to the Alaska Statehood Act, the Submerged Lands Act of 1953 applies to Alaska. Alaska Pub. Easement Defense Fund v. Andrus, 435 F. Supp. 664 (D. Alas. 1977).

Ownership and control of land under navigable waters. — The court takes judicial notice of the fact that Alaska lies westward of the 98th meridian. Thus, under federal law, ownership and control of the land under navigable waters is confirmed in the state. Alaska Pub. Easement Defense Fund v. Andrus, 435 F. Supp. 664 (D. Alas. 1977).

Ownership of ground and surface waters is to be determined according to state law. Under the Alaska Constitution and state law, the right to use such waterways is placed in the people of the state. Alaska Pub. Easement Defense Fund v. Andrus, 435 F. Supp. 664 (D. Alas. 1977).

Purpose of easements along courses of major waterways is to provide a place for docks, campsites and such facilities to service those who are properly using the public waters. This purpose is apparently accommodated by the reservation of site easements under the order of the Secretary of the Interior. Alaska Pub. Easement Defense Fund v. Andrus, 435 F. Supp. 664 (D. Alas. 1977).

Alt Energy Loans & AEC

Levin Jean
Singer P Smith
Martz F DeLong
O'Hair Purdy

2/6/80

AEC → ^{will} ^{contract} ~~be~~ signed w/ Dept of Adm.

to administer AEC program

Need to channel appropriation through Adm., Adm. has responsibility

→ to do program as listed in statutes

own bank account, earn interest

program to Dept. of Adm., operated by AEC

Requirement for competitive bid?

Current \$ limits - needs to be reviewed by testimony of possible applicants

used to leverage other programs

[term of loan - for useful life ~~and~~
not to exceed 20 years.

purpose:

pay - back to go fund / interest - AIDA's last rate

Security - systems can be used as collateral

purpose - alt. energy systems - part thereof