

ALASKA LEGISLATIVE COMMITTEE REPORTS

1845 HRES HB 68.1 - HB 758

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COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(7)

1/22/82

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on RESOURCES has had HB 681

"An Act raising the limit on loans from the alternative technology and energy revolving loan fund."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for H.B. 681 Resources  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_ (Stein)  
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Eric Satchell  
 CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 681  
Title An Act raising the limit on loans from the Alternative Technology and Energy Revolving Loan Fund.

Requested by Hurlbert, Fuller & Rogers Date 1/22/82

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Economic Development  
BRU, Program, Or Subprogram(s) Affected Division of Loans and Veterans' Affairs  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-					
PART TIME	-0-					
TEMPORARY	-0-					

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

If the funding level of the Alternative Technology and Energy Revolving Loan Fund was increased, the additional demand placed on the program by this increase of the loan limit would need to be met with additional staffing to satisfy the demand

IV. DATE \_\_\_\_\_ PREPARED BY Don Hostak, Director  
AGENCY Department of Commerce & Economic Development  
Original: Legislative Finance PHONE 465-2555 Division of Loans and  
cc: Budget and Management or 465-2510 Veterans' Affairs  
Prime Sponsor (First Legislator Named)

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT DIVISION OF ENERGY & POWER DEVELOPMENT

JAY S. HAMMOND  
GOVERNOR

7TH FLOOR MACKAY BLDG.  
338 DENALI STREET  
ANCHORAGE ALASKA 99501  
PHONE: (907) 276-0508

February 5, 1982

The Honorable Vern Hulbert  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Subject: Alternative Technology and Power Resource Revolving  
Loan Fund increase from \$10,000 to \$50,000.

Dear Representative Hulbert:

This letter provides cost information regarding current prices of alternative energy systems as per your request. Costs have continually escalated due to inflation to a point, whereas, it is extremely difficult to purchase and install a good quality, proven system that meets needs for less than \$10,000 especially in Bush communities. Our experience has shown that a reasonable demand for an average bush house ranges 250-350 KWH per month. The costs listed below are based around that range of demand for three different systems.

### Wind

Batteries 335 amp/hr; 16 at \$295 each = 4,720  
(will give up to 6 days storage)

#### wind generator

2 KW installed	* <u>18,000</u> - 20,000
4 KW installed	* <u>24,000</u> - 28,000
10 KW installed	30,000 - 35,000

inverter 3,300

MINIMUM = \$26,020.

\* Price varies with location due to transportation costs and costs of constructing tower foundations. Also, it should be noted that wind systems are available for grid intertie which eliminates the need for battery storage and inverters. Also, it should be noted that through PURPA a payback is available.

The Honorable Vern Hulbert  
Page 2  
February 5, 1982

### Solar

Present technology is at a point, whereby, photovoltaic systems are around \$10 a watt FOB, Anchorage, Transportation and installation varies considerably by the specific application. Nonetheless, a 3 KW system would cost \$30,000 plus transport to the site and installation. Battery storage (\$4,720) and an inverter (\$3,300) would also be required. It is not unreasonable to assume \$50,000 installed cost as an average for 3 KW. Price can be decreased by purchasing less total power generation and storage capacity.

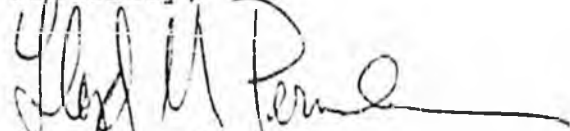
### Small Hydroelectric

There are various configurations of small hydroelectric systems and prices vary accordingly. Typically one would want 5-10 KW of power available. A Pelton wheel (3 KW) costs \$5,000. Added to this would be pipe \$10,000; inverter \$3,400; batteries \$4,720 and a structure (power shed) to house the components. Transportation and installation costs vary but an \$8,000 - \$10,000 average is not unreasonable. Total cost would range from \$28,000 to \$34,000.

### Conclusion

Our research indicates ample justification to increase the loan amount from \$10,000 to \$50,000 in order to stimulate Alternative Technology and Power Resources which lessens diesel fuel consumption. This amount will more adequately cover the entire spectrum of home application which includes urban areas, Arctic bush and Southeastern over a period of years and for various regions of State. This Division supports amending the loan amount from \$10,000 to \$50,000 per household.

Sincerely,



Lloyd M. Pernela  
Director

LMP:DCE:sh

EXAMPLES OF WIND SYSTEM PACKAGE PRICES (APPROXIMATE)

JACOBS WIND SYSTEM 10KW	Wind Generator	13,800	
	Mastermind Controls	2,950	
	80 Tower	4,335	
	MAJOR COMPONENTS	<u>21,085</u>	
	wire/cement/misc	1,000	
	Installation cost	4,000	**
**use of crane for erection	TOTAL		<u>\$26,085</u>

SAME SYSTEM IN NOME (or similar area accessible by jet)

	Major Components	\$21,085	
	Labor costs	8,000	**
	Frt costs	2,000	
**includes per diem and air fare	TOTAL	<u>31,085</u>	\$31,085

SAME SYSTEM IN REMOTE VILLAGE - not easily accessible & without crane

	Major Components	\$21,086	
	Labor costs	4,000 (min)	
	Frt costs	15,000	**
**includes per diem and air fare and use of gin pole	TOTAL	<u>40,086</u>	\$40,085

THE SYSTEMS IN THE REMOTE VILAGE EXAMPLE CAN VARY DUE TO INDIVIDUAL NEEDS.

Page 2 Wind System Examples

AERO POWER SYSTEM 48 volt

(Installed in Seward)

Wind Generator	4800
60' Tower	1800
Best Inverter	3145
Batteries (8)	2360
Misc materials	800

COMPONENT COST \$12,905

Approx Installation 3,000

TOTAL \$15,905

SAME SYSTEM IN NOME

\*\*includes per diem  
& air fare

Major Components	15,905
Approx Labor	5,000 **
Freight costs	1,000

TOTAL \$21,905

SAME SYSTEM IN REMOTE VILLAGE NOT EASILY ACCESSIBLE

\*\*includes per diem  
air fare

Major Components	15,905
Approx Labor	7,000**
Freight costs	3,000

TOTAL \$25,905

THE SYSTEMS IN THE REMOTE VILLAGE EXAMPLE CAN VARY DUE TO INDIVIDUAL NEEDS.

681

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT DIVISION OF ENERGY & POWER DEVELOPMENT

JAY S HAMMOND  
GOVERNOR

7TH FLOOR MACKAY BLDG.  
338 DENALI STREET  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-0508

February 5, 1982

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Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

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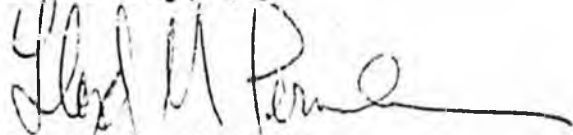
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Sincerely,



Lloyd M. Pernela  
Director

LMP:DGE:sh

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695



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department <b>Fish &amp; Game</b>	Sponsor (Principal) <b>Sutcliffe</b>	Bill Number <b>HB 695</b>
Department Position <b>No effect on Fish and Game</b>		
Division Director <i>Dwight Leane</i>	Date <i>2/3/82</i>	Commissioner's Signature <i>[Signature]</i>
		Date <i>5 Feb 82</i>

GOVERNOR'S OFFICE USE

Comments:

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Position Noted      By \_\_\_\_\_      Date \_\_\_\_\_

SUMMARY

1. a) Related Bills (Similar or Conflicting)	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill	2. b) Organizational Opposition to Bill

3. Program Effects of Bill

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4. Fiscal Impact:     None                       Fiscal Note Attached

5. Amendments Proposed:

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6. Comments:

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H B

742

COMMITTEE REPORT

HOUSE

FURTHER:

(7)

2/8/82

Date: April 15, 1982

Mr. Speaker:

The Committee on RESOURCES has had HB 742

"An Act relating to the mineral interest in state land; and providing for an effective date."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 742 (RESOURCES)  same title  
 new title  
 and recommends <sup>gives</sup> individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

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\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature] (NO REC)

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
CHAIRMAN

# STATE OF ALASKA

## DEPARTMENT OF FISH AND GAME

### OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

P.O. BOX 3-2000  
JUNEAU, ALASKA 99802  
PHONE: 465-4100

March 19, 1982

Representative Dick Randolph  
Chairman  
Administrative Regulation Review Committee  
Alaska State Legislature  
Pouch V, State Capital  
Juneau, AK 99811

Dear Representative Randolph:

I was both surprised and disappointed at the Administrative Regulation Review Committee's conclusions regarding Alaska's salmon fisheries as contained in your letter of March 12, 1982. Your conclusions and recommendations reflect the Committee's serious lack of knowledge concerning the fisheries, the management program, the regulatory process, and the difficult problems being faced by both the Board of Fisheries and the Department in trying to protect the stocks and provide for the most equitable harvest.

In particular, your generalized statements regarding shortcomings in our data base ignore the fact that management and allocation decisions must be made if there is to be any resource management. The demands for common property resources are increasingly complex and allocation decisions are based on the best available information.

Your suggestions regarding the need for more and better research, fish camps, stream escapements, etc., certainly are true, yet more money would be needed for any significant change in management effectiveness. Budget appropriations for such activities always have been inadequate. The bulk of our expenditures by necessity must be directed to the day-to-day management of the various fisheries (e.g., salmon, herring, crab, etc.) in order to control the harvest efforts and protect the stocks from overfishing.

Your findings and recommendations focused on the regulations controlling the commercial troll fishery off Alaska. However, the Committee chose to stress only the inconvenience and burdens that various management measures have placed on fishermen with no recognition of the very real resource problems involved and the highly complex

March 19, 1982

management problems facing the staff. Your letter makes no mention of increases in the effort and over-capitalization of the Troll fleet that has occurred in recent years which dilute the effects of any regulation that is enacted. The major regulation changes for the Troll fishery that the Board adopted for 1981 were aimed at establishing a long-term rebuilding program for our Southeastern Alaska chinook stocks. As you are probably aware other user groups have had restrictions placed on them earlier to help accomplish this goal. Targeted net fisheries were eliminated in the mid-1970's and spring sport-fishing closures around Juneau, Wrangell, and Ketchikan have been in place at least as long. In response to the specific points raised in your letter, my staff has prepared the discussion which follows.

I. "The Department of Fish and Game lacks accountability for its management decisions. The ARRC suggests more input from fishermen in the decision making process."

In regards to "accountability", the staff of the Department of Fish and Game through the annual public review of fisheries regulation and management provided by the Board of Fisheries undergo a much more thorough review of their actions than most fisheries managers, and indeed most State, Municipal, and Federal managers. The public has ready access to the Board and the Department. Commercial fishermen leave no stone unturned where regulation of their livelihood is concerned. The Commissioner's Office and the Department's senior staff review all proposed staff regulatory actions both long-term and inseason to insure that they are based on the best available data and on sound rationale.

The Board process provides members of the public and industry representatives more access to the regulatory system than any other regulation forming process in the State and on the entire Pacific coast. Regulations proposed by the staff to the Board undergo the same public review and scrutiny by the Board as proposals submitted by members of the public. Staff proposals are based primarily on resource considerations and are often modified by logistical and social considerations raised during public review. This process is a healthy one. Such a review of staff and public proposals should continue, providing all user groups with their say. The staff should not simply subject their proposals to review by special interest groups that may not represent the public as whole before submission to the Board.

a) "Regional forums should be held...."

The present Local Fish and Game Advisory Committees scattered throughout the State--some 70 in all--do provide the "forums" your committee is suggesting to discuss management problems among themselves and Department staff and to prepare regulatory proposals. In addition the Chairman of all the committees are present at the regulatory sessions of the Board of Fisheries to present their views directly prior to the adoption of any regulation. The Department's staff also provides inseason informational updates to keep fishermen informed of current developments in the fisheries and information concerning inseason regulatory changes needed to expand or restrict the fishing effort, depending on the strength of the runs.

b) "There should be a group representing the industry during all Board of Fisheries deliberations...."

That opportunity exists at present, and the "industry" does testify before the Board on all issues for which it has concern. Whether or not they choose to present any testimony, however, is entirely their prerogative, as is true with any interest group. The Board does provide for such participation.

II. "Management decisions are made without realistic or substantiated knowledge of river escapements."

The Troll fisheries operate on mixed stocks of salmon at great distances from their natal streams, and therefore no inseason management based on escapement counts is possible. The primary limitation to conducting extensive coho escapement surveys is the lack of funding to transport personnel to remote streams. Realistically, many large producing systems cannot be weired because of floods, and the stream basins are so extensive that ground surveys are not feasible. We rely on index systems where surveys can be conducted annually with a fair degree of certainty. Because the Troll fishery wholly cannot be managed for individual stream systems, it is questionable whether the funding of a massive effort to greatly increase escapement surveys, especially of coho salmon, is questionable. Volunteers could be used only if arrangements could be made to assign them to a project for a specific period of time to conduct coordinated surveys or to man weirs. Otherwise, random and uncomparable data may be generated. In point of fact, cooperative escapement surveys have been conducted with the Regional Aquaculture Associations in Southeastern.

III. "Management decisions are made without realistic knowledge of migration patterns of fish stocks."

The research conducted at Little Port Walter should be continued, and any stock separation techniques with promise should be pursued. Department migration studies have been difficult to initiate and to maintain because of insufficient funding. We would like very much to expand our efforts on this very important type of research to establish the various techniques that will provide the management tool we need to identify different stocks of salmon.

IV. "Fish ticket information is unreliable....suggests this program be supplemented with an extension of the already existing Troll Log Book program."

The argument that fish tickets are not accurate is an old one. The fish ticket information is generated by fishermen and processors and, in fact, is required by regulation. If fishermen want the fish tickets to provide the Department accurate information, they need to make a sincere effort to provide correct information to processors and make sure it is recorded on the tickets. It is a violation not to record numbers of fish on a troll ticket. Other sources of information are certainly welcome, but must be timely and detailed. The staff is working with the Alaska Trollers Association to set up a pilot reporting system directly from vessels on the grounds. This type of reporting could give managers a better fix on fishing pattern changes before vessels unload their catches.

V. "The OY is a managerial tool established by the Department of Fish and Game on the basis of non-substantiated data...the ten year average does not take into consideration vital stock statistics regarding past foreign fishing within the Alaskan FCZ and stock improvements since 1980."

The OY was developed by the North Pacific Fisheries Management Council and currently serves as a ceiling for our Southeastern chinook fishery. Because many chinook stocks (including most of our own) are depressed, the level of harvest allowed in the Troll fishery on this species is partially a socioeconomic decision the Council and Board have made. If the Troll fishery depended only on the depressed Alaskan stocks the fishery would be drastically restricted, as was Bristol Bay during poor red runs. The conservation of coastwide chinook stocks is complicated by the fact that many fisheries to the south (British Columbia, Washington, Oregon) share in the harvest and the Board and

the Council must weigh all conservation efforts and harvesting against actions in our own fishery--which depends on non-Alaskan stocks to large degree for the present level of harvest. Specific recommendations for OY adjustments should be taken to the Board and the Council for their consideration. Incidentally, the Board already has adopted the concept that the Alaskan hatchery contribution to our chinook fishery will not be included in the OY.

VI. "The 8 and 6 closure policy...impose an unnecessary hardship on fishermen in the Icy Straits area."

The "8 and 6 fishing" pattern in Icy Strait is a conservation measure to protect in-migrating coho and chinook salmon. It does not differentiate between hand and power troll gear and is not related to the OY. Because the stocks migrating through this area are fully utilized, any relaxing of the regulation would require a reduction of Trolling effort in outside Trolling areas or reducing inside net and sport fisheries which already have been impacted by the Troll effort. The "8 and 6" regulation intends to allow more fish to make it through to the the inside waters and provide for better escapement.

VII. "The prohibition of sport fishing from troll vessels is an unnecessary and discriminatory regulation."

The prohibition of sport fishing from commercial trollers has definite enforcement value in areas closed to trolling or during troll closures generally, in helping to prevent the illegal harvest and sale of fish caught by "presumed sportfishermen". In open trolling areas the regulation is more allocative in nature in that it discourages increased participation in the hand troll fishery. As it currently stands this regulation also tends to "protect" full-time commercial trollers from competition by "weekend warriors". Because of the high number of entry permits being issued in the hand troll fishery, (2,150), this regulation and the rather depressed economics of the fishery were probably the key factors in the lowering of the numbers of fishermen participating in the fishery. Many more than 2,150 fishermen were available to fish under the "interim use permit" moratorium for 1980 and 1981, but only 1637 and about 1200 actually fished in these two years, respectively.

VIII. "Mismanagement by incompetent staff...."

I must take exception to the charges leveled against the staff by your committee. The Troll fishery is the most

complex in the State and extensive management of the fishery has occurred only for the past two seasons. The 6% undershooting of the Board-mandated chinook O.Y. of 285,000 is small compared to the variations in most harvests that are managed for specific levels. Indeed, most harvest levels are expressed as fairly broad ranges and not a specific point. Your committee received testimony that would lead one to believe that the staff simply has to add-up fish tickets mechanically and close fishing when the O.Y. is reached. Actually, decisions have to be based on projections of fish caught, on vessels still fishing, and on potential catches between the time a closure is announced and the actual closing date. Obviously, catch rates can be affected by availability of other species, weather, effort, chinook availability over a wide range of areas and fleet distribution. Reaching the precise OY figures in the actual harvest is not a simple task. Experience will improve what I consider an already satisfactory performance under the circumstances.

Those who felt disadvantaged by a reasonable management error probably would not have complained had we overshot the chinook O.Y. by 6%. In 1980 we overshot the O.Y. by only 1%! Regarding your suggestion on replacing "any staff members who are not professionally capable", I can only agree. However, we do have a very competent staff, and I seldom have had to acknowledge the existence of that problem. When it becomes evident, I can assure you that I will take action. I have no tolerance whatsoever for incompetence!

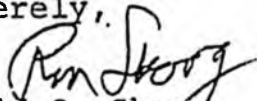
In summary, I certainly can understand the concern by your committee to ensure that unpopular regulations are well justified. However, I do not believe that the staff members who have been drawn into the complex Troll fishery management problems should become the focal point for political pressure generated by fishermen's frustrations. In fact, these same staff members lead the effort to provide the Board, Council, and USA/Canada Treaty Negotiator the information necessary to insure that our fisheries are placed in the best position possible. However, indiscriminate actions involving O.Y. adjustments could invite attention from entities over which the Board,

The Honorable Rep. Randolph -7-

March 10, 1982

Council, and Legislature have no control. Management of our fisheries by the courts certainly will not benefit Alaskan user groups.

Sincerely,



Ronald O. Skoog  
Commissioner

cc: Alaska Board of Fisheries  
S.E. Advisory Committee Chairman  
House and Senate Finance Committees  
House and Senate Resource Committees

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

March 25, 1982

OFFICE OF THE COMMISSIONER

POUCH M  
JUNEAU, ALASKA 99811  
PHONE:

The Honorable Kenneth Fanning  
Co-Chairman, House Resources Committee  
House of Representatives  
Pouch "V"  
Juneau, Alaska 99811

ENTERED MAR 26 1982

Re: HB 742 "An Act Relating to the  
Mineral Interest on State Land"

Dear Representative *Kenn* Fanning:

I would appreciate your Committee's consideration of the recommendations of this Department on HB 742. The act would eliminate the requirement of existing State law which mandates reservation of subsurface rights by the State, and would replace that mandate with one which allows for retention of subsurface rights only if the lands were believed to contain minerals at the time of selection. Unfortunately, the bill could create several new problems for those interested in forwarding mineral development in Alaska while solving few existing problems.

We do not object to the bill from a philosophical point of view. Further, there can be little question that in certain other parts of the country, split estate problems have retarded prudent land management and use. Fortunately, except in isolated situations, this has not been the case in Alaska. Accordingly, for the reasons indicated here, we believe that the cure proposed in HB 742 is more harmful than the disease, particularly in this year of budgetary constraints, and at a time when the land ownership situation in Alaska is finally being settled after years of constant turmoil. At some subsequent time, but not for the foreseeable future, the enactment of HB 742 might resolve more problems than it would create.

Section 6(i) of the Statehood Act requires the State to retain ownership of "mineral lands." During the past two years, considerable effort has been devoted to understanding the practical implication of this requirement by the mining community, the Attorney General's office, and this Department. We have stated our unwillingness to impose any "solution" on the miners, but have supported efforts from

The Honorable Kenneth Fanning  
March 25, 1982  
Page 2

within that community to address the problem, such as this year's SB 732 (production licenses).

A fundamental flaw of HB 742 is the fact that determinations of mineral potential have never been formally made as part of the State's land selection process. The ability of the Department to accurately make such a determination is extremely questionable. Given the State's huge land base, the quality of information currently available for determining mineral potential on state lands is inconsistent and incomplete. The "non-mineral" lands of yesterday and today can contain the world-class deposits of tomorrow. The standards for making determinations of mineral character are unclear; any standard that the state would use would not be binding on the federal government.

The bill would create two practical problems in addition to the fundamental defect cited above. First, it could result in a prospective miner having to deal with a variety of landowners for a single group of claims. Tracing ownership on lands not owned by the State would be a time consuming and expensive process. For example, a miner attempting to stake a series of claims might need to conduct several title searches. Similar problems could arise for other potential users of the subsurface estate.

The requirement that the State determine which lands are "mineral lands," and convey the subsurface estate whenever possible would impose significant administrative burden on the Department. As you are aware, current mining activities already have our staff working at or beyond their capacity. If the bill is seriously considered by the Committee, a fiscal note for this Department should be sought. Geologic, archival and administrative time and expertise would all be needed to carry out the purposes of the Act.

The bill would create uncertainty as to the State's compliance with the terms of Section 6(i) of the Statehood Act. In the view of certain respected legal scholars, any transfer of the subsurface interests of the State would result in forfeiture of those state selections. Because the state standards for determining mineral lands are not binding on the federal government, any conveyance of subsurface interests by the state could later be clouded by the federal government. Historically, use of the mineral lands criteria in federal statutes resulted in clouded titles and a variety of other problems and was therefore subsequently respected.

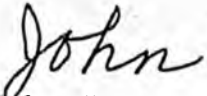
The Honorable Kenneth Fanning  
March 25, 1982  
Page 3

The Attorney General has pointed out the fact that, to date,

"the State has complied with the essential spirit of the large part of the 6(i) purpose; namely, preventing a large land giveaway through the guise of mineral locations leading to eventual patent of both the surface and the subsurface." (Final opinion of the Attorney General, re: Status of Mining Claims on State Selected Lands, October 20, 1981.)

Thank you for the opportunity to provide comments to you on HB 742. If you have any questions, I would be glad to discuss these issues in further detail.

Sincerely,



John W. Katz  
Commissioner

cc: Representative Richard Randolph  
Senator Bettye Fahrenkamp  
Wilson Condon, Attorney General  
Keith Specking, Legislative Assistant

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 742 (Res.)  
 Title An Act relating to the mineral interest in state land  
 Requested by House Resources Date 4/3/82

II. FISCAL DETAIL

Agency Affected Department of Natural Resources  
 Program Category Affected NRMEC  
 BRU, Program, or Subprogram(s) Affected Management and Administration  
 (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			69.8	75.0		
200 TRAVEL						
300 CONTRACTUAL			3000.0			
400 COMMODITIES			10	11		
500 EQUIPMENT			2.5	2.7		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>			<b>3,082.3</b>	<b>88.7</b>		

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND			3,082.3	88.7		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME			2	2		
PART TIME						
TEMPORARY						

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

Attached

IV. DATE April 4, 1982 PREPARED BY Joe Burch, Deputy Director, Div. of Technical Services  
 AGENCY DNR  
 Original: Legislative Finance PHONE 465-2400  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE ANALYSIS CSHB 742 Resources

CSHB 742 would require the Department to determine which lands selected by the State are "mineral lands," as defined in the Act. That determination must be made for all land selected by the State that has passed, or could possibly pass, into other ownership. The recipient of a contract for the sale, lease, or grant of State land that is not "mineral land" would also receive the subsurface estate of that land under the provisions of CSHB 742. If the land has already passed into other ownership, the burden of proof would be on the applicant; however, the State would have to verify the applicant's claim.

All conveyances would need to be noted on the State's status plats. This task would require the services of one Land Management Officer III and one Drafting Technician II for the next two fiscal years.

The "mineral land" determination is a task that could be performed under contract. The work would involve matching over 100 million acres (over 6,000 individual townships), of State selected lands with the state of knowledge concerning mineral deposits on those lands at the time of selection.

Geologic and archival expertise would be required. State, federal, university and other public files would need to be examined, and several dozen involved individuals would need to be interviewed.

At two days of work per person, per township, which may be an optimistic rough average, approximately 3 million dollars would be required. (Assuming \$250/day for total costs of work). This estimate is listed on the contractual line of the contract.

Commodities includes reproduction costs and drafting supplies necessary to do the work; equipment includes office and drafting equipment.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

March 25, 1982

OFFICE OF THE COMMISSIONER

POUCH M  
JUNEAU, ALASKA 99811  
PHONE:

The Honorable Kenneth Fanning  
Co-Chairman, House Resources Committee  
House of Representatives  
Pouch "V"  
Juneau, Alaska 99811

Re: HB 742 "An Act Relating to the  
Mineral Interest on State Land"

Dear Representative *Kenn* Fanning:

I would appreciate your Committee's consideration of the recommendations of this Department on HB 742. The act would eliminate the requirement of existing State law which mandates reservation of subsurface rights by the State, and would replace that mandate with one which allows for retention of subsurface rights only if the lands were believed to contain minerals at the time of selection. Unfortunately, the bill could create several new problems for those interested in forwarding mineral development in Alaska while solving few existing problems.

We do not object to the bill from a philosophical point of view. Further, there can be little question that in certain other parts of the country, split estate problems have retarded prudent land management and use. Fortunately, except in isolated situations, this has not been the case in Alaska. Accordingly, for the reasons indicated here, we believe that the cure proposed in HB 742 is more harmful than the disease, particularly in this year of budgetary constraints, and at a time when the land ownership situation in Alaska is finally being settled after years of constant turmoil. At some subsequent time, but not for the foreseeable future, the enactment of HB 742 might resolve more problems than it would create.

Section 6(i) of the Statehood Act requires the State to retain ownership of "mineral lands." During the past two years, considerable effort has been devoted to understanding the practical implication of this requirement by the mining community, the Attorney General's office, and this Department. We have stated our unwillingness to impose any "solution" on the miners, but have supported efforts from

The Honorable Kenneth Fanning  
March 25, 1982  
Page 2

within that community to address the problem, such as this year's SB 732 (production licenses).

A fundamental flaw of HB 742 is the fact that determinations of mineral potential have never been formally made as part of the State's land selection process. The ability of the Department to accurately make such a determination is extremely questionable. Given the State's huge land base, the quality of information currently available for determining mineral potential on state lands is inconsistent and incomplete. The "non-mineral" lands of yesterday and today can contain the world-class deposits of tomorrow. The standards for making determinations of mineral character are unclear; any standard that the state would use would not be binding on the federal government.

The bill would create two practical problems in addition to the fundamental defect cited above. First, it could result in a prospective miner having to deal with a variety of landowners for a single group of claims. Tracing ownership on lands not owned by the State would be a time consuming and expensive process. For example, a miner attempting to stake a series of claims might need to conduct several title searches. Similar problems could arise for other potential users of the subsurface estate.

The requirement that the State determine which lands are "mineral lands," and convey the subsurface estate whenever possible would impose significant administrative burden on the Department. As you are aware, current mining activities already have our staff working at or beyond their capacity. If the bill is seriously considered by the Committee, a fiscal note for this Department should be sought. Geologic, archival and administrative time and expertise would all be needed to carry out the purposes of the Act.

The bill would create uncertainty as to the State's compliance with the terms of Section 6(i) of the Statehood Act. In the view of certain respected legal scholars, any transfer of the subsurface interests of the State would result in forfeiture of those state selections. Because the state standards for determining mineral lands are not binding on the federal government, any conveyance of subsurface interests by the state could later be clouded by the federal government. Historically, use of the mineral lands criteria in federal statutes resulted in clouded titles and a variety of other problems and was therefore subsequently respected.

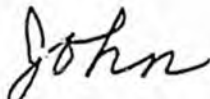
The Honorable Kenneth Fanning  
March 25, 1982  
Page 3

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"the State has complied with the essential spirit of the large part of the 6(i) purpose; namely, preventing a large land giveaway through the guise of mineral locations leading to eventual patent of both the surface and the subsurface." (Final opinion of the Attorney General, re: Status of Mining Claims on State Selected Lands, October 20, 1981.)

Thank you for the opportunity to provide comments to you on HB 742. If you have any questions, I would be glad to discuss these issues in further detail.

Sincerely,



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Commissioner

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Senator Bettye Fahrenkamp  
Wilson Condon, Attorney General  
Keith Specking, Legislative Assistant

FISCAL NOTE

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Bill/Resolution No. CSHB 742 (Res.)  
 Title An Act relating to the mineral interest in state land  
 Requested by House Resources Date 4/3/82

II. FISCAL DETAIL

Agency Affected Department of Natural Resources  
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 BRU, Program, or Subprogram(s) Affected Management and Administration  
 (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			69.8	75.0		
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300 CONTRACTUAL			3000.0			
400 COMMODITIES			10	11		
500 EQUIPMENT			2.5	2.7		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>			<b>3,082.3</b>	<b>88.7</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND			3,082.3	88.7		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			2	2		
PART TIME						
TEMPORARY						

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

Attached

IV. DATE April 4, 1982 PREPARED BY Joe Burch, Deputy Director, Div. of Technical  
 AGENCY DNR Services  
 Original: Legislative Finance PHONE 465-2400  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

FISCAL NOTE ANALYSIS    CSHB 742 Resources

CSHB 742 would require the Department to determine which lands selected by the State are "mineral lands," as defined in the Act. That determination must be made for all land selected by the State that has passed, or could possibly pass, into other ownership. The recipient of a contract for the sale, lease, or grant of State land that is not "mineral land" would also receive the subsurface estate of that land under the provisions of CSHB 742. If the land has already passed into other ownership, the burden of proof would be on the applicant; however, the State would have to verify the applicant's claim.

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H B

758

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

(7)

2/11/82

Date: March 30, 1982

Mr. Speaker:

The Committee on RESOURCES has had HB 758

"An Act relating to the energy program for Alaska."

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

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 798 (Resources)  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without <sup>individual</sup> recommendations.
- referred to the \_\_\_\_\_ Committee?

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

*William Kaske*  
*Eli Sitchoff*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Do Not Pass*  
*Do Not Pass*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Eli Sitchoff*  
 CHAIRMAN



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

March 18, 1982

MEMORANDUM

TO: Representative Eric Sutcliffe  
Attn: Pat Lawler

FROM: Jack Kreinheder *JK*  
Research Staff

RE: HB 758 Real Power Costs  
Research Request No. 82-65

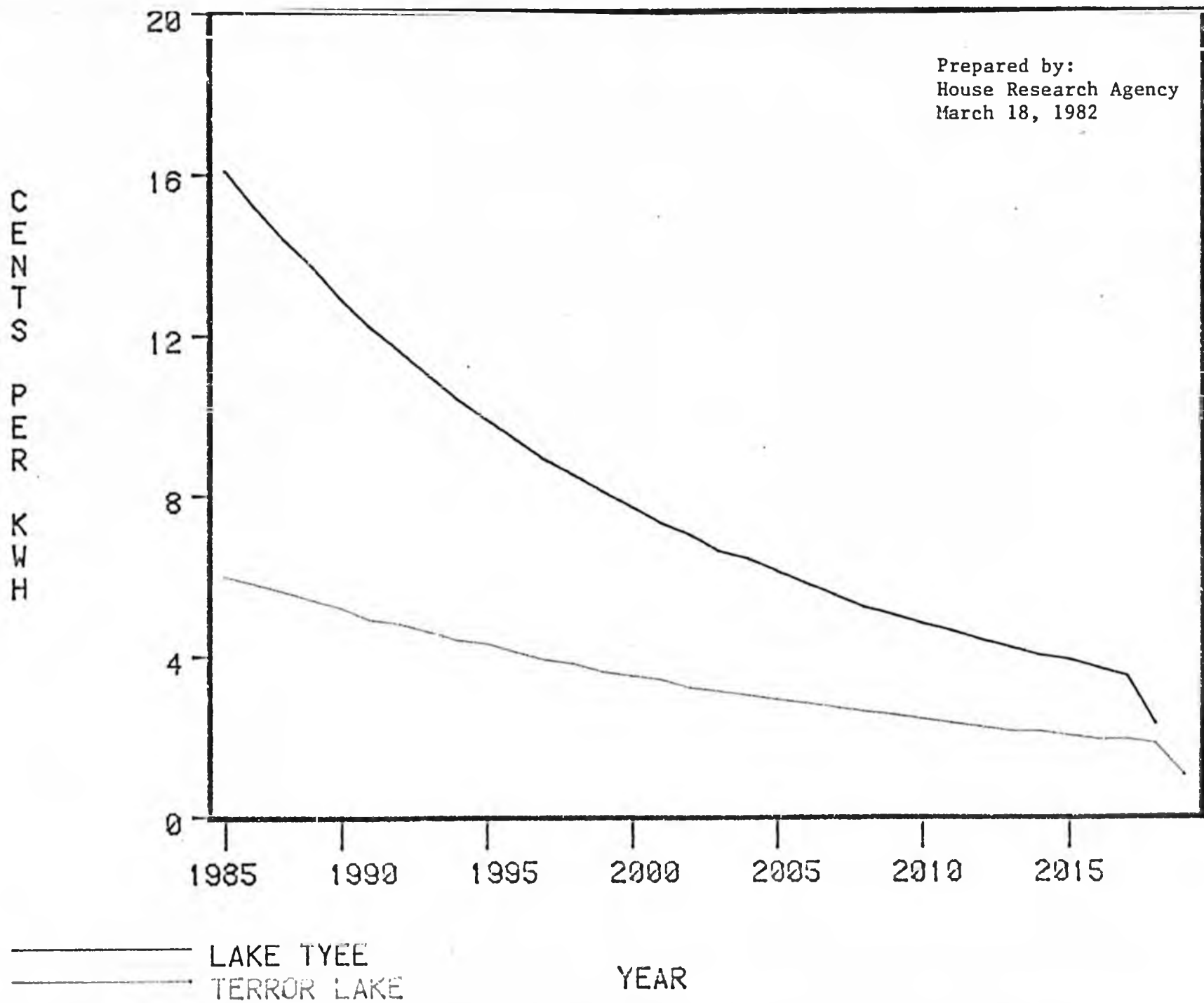
You requested that we prepare a chart showing the estimated busbar (wholesale) cost of power under HB 758 for Terror Lake and Lake Tye in "real" or 1982 dollars. The attached graph indicates that for Lake Tye, the power cost in 1982 dollars would decline from about 16.1 cents per kilowatt hour (KWH) in 1985 to about 2.3 cents/KWH by 2017. This compares to a current power generation cost (not including distribution, administration, etc.) of approximately 10.6 cents/KWH in Wrangell and 6.1 cents/KWH in Petersburg, which receives part of its power from an existing hydro facility. Terror Lake power costs are projected to decline from 6.0 cents/KWH in 1985 to 10 cents/KWH in 2018, compared to a current power generation cost in Kodiak of about 9.1 cents/KWH.

These estimates are based on power cost figures prepared by the Division of Budget and Management in the Office of the Governor, with an assumed annual inflation rate of 7 percent. The power costs shown are for a low growth scenario, in which annual power consumption grows at the average 1976-1980 rate. The feasibility studies for the Terror Lake and Lake Tye projects also projected high growth rates based on more rapid population growth, economic development, etc. The power costs shown on the attached chart would decline more steeply if the higher growth rates occurred. A brief review of projected power costs for Bradley Lake, Solomon Gulch, and Swan Lake indicates that similar declines in real power costs can be expected for these hydro projects, although the specific power costs vary among the different projects.

Please don't hesitate to contact me if you have further questions.

JK/bi  
Encls.

HB 758 "REAL" BUSBAR POWER COSTS  
(1982 DOLLARS)



FISCAL NOTE

I. REQUEST

Bill/Resolution No. HR 758

Title Relating to the Energy Program for Alaska

Requested by House Resources Committee

Date March 20, 1982

II. FISCAL DETAIL

Agency Affected Alaska Power Authority

Program Category Affected Operations

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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0					

FUNDING (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME	0					
PART TIME						
TEMPORARY						

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

This bill has no fiscal impact upon APA operations.

IV. DATE March 24, 1982

PREPARED BY Terry McQuire

AGENCY Alaska Power Authority

PHONE 277-7641

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

Original sponsor: Resources Committee

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 758 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority."

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

8 \* Section 1. AS 44.83.090(b) is amended to read:

9 (b) The authority is not subject to the jurisdiction of the Alaska  
10 Public Utilities Commission. Except as provided in AS 44.83.398(h) -  
11 (j), nothing [NOTHING] in AS 44.83.010 - 44.83.510 grants the authority  
12 any jurisdiction over the services or rates of any public utility or  
13 diminishes or otherwise alters the jurisdiction of the Alaska Public  
14 Utilities Commission with respect to any public utility including any  
15 right the commission may have to review and approve or disapprove con-  
16 tracts for the purchase of electricity by a public utility.

17 \* Sec. 2. AS 44.83.110 is amended by adding a new subsection to read:

18 (h) If the authority decides to covenant to issue bonds or to  
19 issue bonds secured by a capital reserve fund, the bonds may not be  
20 issued until 10 days after the authority has mailed notification to the  
21 State Bond Committee and the Legislative Budget and Audit Committee by  
22 certified mail of its intention to establish a capital reserve fund to  
23 secure the bond issue. The notification shall include the amount of the  
24 capital reserve fund to be established, the amount of bonds proposed to  
25 be issued, and the total cost of the project for which the bonds are to  
26 be issued. The notification shall be accompanied by an estimate by the  
27 authority of the need to withdraw money from the capital reserve fund  
28 during the term of the bond issue, the amount that it may be necessary  
29 to withdraw, and the time at which withdrawals are estimated to be

1 needed. The authority shall annually prepare a revised estimate,  
2 considering the same factors, and a statement of all  
3 withdrawals that have occurred from the date of issuance of the bonds  
4 to the end of the calendar year. The revised estimate and statement  
5 shall be submitted to the State Bond Committee and the Legislative  
6 Budget and Audit Committee by January 30 of the succeeding year.

7 \* Sec. 3. AS 44.83.177(b) <sup>RECOGNISANCE Studies</sup> is amended by adding a new paragraph to read:

8 (4) include, when appropriate, recommended measures to  
9 mitigate damages to fisheries resources and to <sup>and wildlife</sup> protect or enhance  
10 fisheries resources. <sup>and wildlife</sup> OK <sup>wildlife</sup> OK

11 \* Sec. 4. AS 44.83.181(b)(1) is amended to read:

12 (1) information about the proposed project, including but  
13 not limited to estimates of total project construction costs, total  
14 project operating costs, the costs of transmission systems and reserve  
15 power requirements, the timing and amount of anticipated returns from  
16 the completed project, a benefit-to-cost ratio, the potential effect  
17 of the project on the environment of the area which will be served by  
18 the project when completed including, when appropriate, recommended  
19 measures to mitigate damage to fisheries resources and measures to  
20 protect or enhance fisheries resources, <sup>and wildlife</sup> OK and the availability of alter-  
21 native government financing;

22 \* Sec. 5. AS 44.83.183 is amended by adding a new subsection to read:

23 (e) The report required by (c) of this section shall include a  
24 financial analysis of the proposed project of the authority that  
25 evaluates proposed bond resolutions or other financial arrangements or  
26 financial plans, security plans and arrangements, cost and demand  
27 uncertainties, and debt volume, as they relate to the total direct and  
28 indirect indebtedness of the state. In preparing the financial analysis  
29 required by this section the division of budget and management may use

10010

1 the services of outside agencies or institutions that are not otherwise  
2 involved in the project.

3 \* Sec. 6. AS 44.83.185(c) is amended to read:

4 (c) The legislature shall consider and must approve all proposed  
5 new projects except proposed new projects that are exempt under AS 44.-  
6 83.167. The legislature may approve a proposed new project only by  
7 enacting law that authorizes the project and approves a maximum con-  
8 struction cost for [AUTHORIZING] that project.

9 \* Sec. 7. AS 44.83 is amended by adding a new section to read:

10 Sec. 44.83.186. FINAL COST ESTIMATE AND REAUTHORIZATION BY THE  
11 LEGISLATURE. If a project is approved under AS 44.83.185(c), the  
12 authority shall obtain a final cost estimate for the project from an  
13 independent source qualified to make such an estimate. If the final  
14 cost estimate does not exceed the cost estimate presented by the  
15 authority to the legislature under AS 44.83.185 by more than five  
16 percent, the authority may proceed with the construction of the project.  
17 If the final cost estimate exceeds the cost estimate presented by the  
18 authority to the legislature under AS 44.83.185 by more than five  
19 percent, the authority shall revise its feasibility study and, if it  
20 determines that the project remains feasible, the authority shall  
21 submit the revised feasibility study and the independent cost estimate  
22 to the legislature. A proposed project that is returned for reconsider-  
23 ation by the legislature under this section may not be constructed  
24 unless the legislature reauthorizes it by enacting law for that purpose.

25 \* Sec. 8. AS 44.83.189 is amended by adding a new subsection to read:

26 (b) A contractor who has participated in the preparation of the  
27 feasibility study for or in the engineering design of the project may  
28 not participate in the construction management or the construction of  
29 the project by the authority.

*Third Corp under umbrella of  
large corp  
CSHB 758(Res)*

1 \* Sec. 9. AS 44.83.380(b) is amended to read:

2 (b) The energy program for Alaska is a program by which the au-  
3 thority may acquire or construct power projects with money appropriated  
4 by the legislature to the power development fund established in AS 44.-  
5 83.382. A power project may be acquired or constructed as part of the  
6 energy program for Alaska only if

7 (1) for a power project that will generate more than 1.5  
8 megawatts of power and on which construction has not begun

9 (A) the power project is submitted to and approved by  
10 the legislature in accordance with procedures set out in AS 44.-  
11 83.177 - 44.83.187; and

12 (B) the authority makes the determinations required by  
13 AS 44.83.394 with respect to the power project;

14 (2) for a power project that will generate more than 1.5  
15 megawatts of power and on which construction has begun or is completed,  
16 the authority makes the determinations required by AS 44.83.394 with re-  
17 spect to the power project; and

18 (3) for a power project that will generate 1.5 megawatts  
19 of power or less, on which construction has not begun, the authority  
20 prepares a feasibility study for the power project in accordance with  
21 AS 44.83.181 and makes the determinations required by AS 44.83.394 with  
22 respect to the power project.

23 \* Sec. 10. AS 44.83.382(b) is amended to read:

24 (b) The fund consists of [INCLUDES  
25 (1)] money appropriated to it by the legislature [; AND  
26 (2) REVENUES COLLECTED FROM THE SALE OF POWER THAT ARE NOT  
27 REQUIRED BY LAW TO BE DEPOSITED INTO THE GENERAL FUND].

28 \* Sec. 11. AS 44.83.384(b) is amended to read:

29 (b) Money in the fund may be used under (a) of this section only

1 for a power project that

2 (1) meets the revenue requirements of AS 44.83.394; [AND]

3 (2) provides the lowest reasonable power cost to utility  
4 customers in the market area for the estimated life of the power project,  
5 whether operated by itself or in conjunction with other power projects  
6 in the market area, and that operates or will operate on one or more of  
7 the following:

8 (A) renewable energy resources, including but not limited  
9 to hydroelectric power, wind, biomass, geothermal, tidal or solar  
10 energy, or a method that uses temperature differentials or other  
11 physical properties of the ocean;

12 (B) coal or peat;

13 (C) energy derived from waste heat; or

14 (D) fossil fuel, including oil or natural gas; and

15 (3) has been approved by a majority of the voters in an  
16 election held under AS 44.83.385.

17 \* Sec. 12. AS 44.83 is amended by adding a new section to read:

18 Sec. 44.83.385. ELECTIONS ON POWER PROJECTS. (a) Before the  
19 authority may use money in the power development fund established in  
20 AS 44.83.382 to acquire or construct a power project, the power project  
21 must be approved by a majority of the voters at an election held under  
22 this section. However, the authority may use money in the power develop-  
23 ment.fund for a feasibility study required by AS 44.83.380(b) without  
24 voter approval under this section.

25 (b) Before an election is held under this section the authority  
26 shall determine in writing the amount of money from the power develop-  
27 ment fund the authority intends to use to acquire or construct a power  
28 project. The authority shall then provide a copy of its written deter-  
29 mination, together with a description of the area that will be served by

1 the power project, to the division of elections, Office of the Lieutenant  
2 Governor, the division of budget and management, Office of the Governor,  
3 and to each member of the legislature. If the power project is subject  
4 to review under AS 44.83.177 - 44.83.187, the authority shall prepare  
5 its written determination under this subsection after the division of  
6 budget and management submits its report under AS 44.83.183(c). If the  
7 power project is not subject to review under AS 44.83.177 - 44.83.187,  
8 the authority shall prepare its written determination under this sub-  
9 section after the division of budget and management approves a deter-  
10 mination under AS 44.83.394 that the power project is economically  
11 feasible.

12 (c) After receipt of a written determination under (b) of this  
13 section, the division of elections shall conduct a special election in  
14 the area that will be served by the power project as that area is de-  
15 scribed by the authority under (b) of this section. The special election  
16 shall be held in accordance with the procedures in AS 29.68.090. The  
17 question that the voters will decide at the special election is whether  
18 the authority may acquire or construct the power project. The ballot  
19 must include a statement of the amount of money determined under (b) of  
20 this section to be used to acquire or construct the power project.

21 (d) The authority shall include with its written determination  
22 under (b) of this section a description of the power project that  
23 includes a statement of the total cost of the power project and a state-  
24 ment of the anticipated social, environmental, and economic impacts of  
25 the power project in the area in which the power project will be lo-  
26 cated. The description shall be reviewed and approved by the division  
27 of budget and management. The division of elections shall deliver the  
28 description of the power project to the area in which the special elec-  
29 tion will be held. The delivery shall be by individual mailings to each

1 the power project, to the division of elections, Office of the Lieutenant  
2 Governor, the division of budget and management, Office of the Governor,  
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5 its written determination under this subsection after the division of  
6 budget and management submits its report under AS 44.83.183(c). If the  
7 power project is not subject to review under AS 44.83.177 - 44.83.187,  
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27 of budget and management. The division of elections shall deliver the  
28 description of the power project to the area in which the special elec-  
29 tion will be held. The delivery shall be by individual mailings to each

1 the authority determines that the power project is economically feasible  
2 and the division of budget and management in the Office of the Governor  
3 approves the authority's finding. In determining whether a power pro-  
4 ject is economically feasible under this section, the authority may rely  
5 upon a feasibility study prepared for the power project under AS 44.83.-  
6 181 if that feasibility study is not more than one year old. If the  
7 feasibility study is more than one year old, the authority may revise  
8 the feasibility study and rely upon the revised feasibility study  
9 [THAT, AFTER CONSTRUCTION, OPERATION OF THE POWER PROJECT WILL BE ABLE  
10 TO PROVIDE REVENUE SUFFICIENT TO RETURN ANNUALLY TO THE STATE FIVE  
11 PERCENT OF THE AMOUNT THAT THE AUTHORITY HAS SPENT FROM THE FUND FOR THE  
12 POWER PROJECT].

13 \* Sec. 14. AS 44.83.398(a) is amended to read:

14 (a) The authority shall sell power produced from power projects  
15 acquired or constructed under the energy program for Alaska. A utility  
16 that purchases power produced by a power project of the authority shall  
17 agree with the authority

18 (1) to give preference in the sale of power at retail to all  
19 classes of customers [CONSUMERS] of power except industrial customers  
20 [CONSUMERS];

21 (2) to charge industrial customers [CONSUMERS] of power a  
22 rate determined by the authority in accordance with (d) of this section;

23 (3) to establish a rate structure for the sale of power at  
24 retail to all classes of customers including industrial customers that  
25 complies with the requirements of (h) - (k) of this section.

26 \* Sec. 15. AS 44.83.398(b) is repealed and reenacted to read:

27 (b) The authority shall establish and maintain a wholesale power  
28 rate applicable to a power project that it acquires or constructs under  
29 the energy program for Alaska. Beginning in the year in which a power

1 project becomes functional, the authority annually shall compute the  
2 wholesale power rate applicable to the power project. The authority  
3 shall, by regulation, establish a method for applying a wholesale power  
4 rate to various types of power projects and shall, by regulation, estab-  
5 lish a procedure for the adjustment of a wholesale power rate to compen-  
6 sate for an overestimate or underestimate in a previous year of the  
7 amounts described in (1) and (2) of this subsection. Except for adjust-  
8 ments provided by regulation under this subsection, the wholesale power  
9 rate must equal the rate that the authority estimates is necessary to  
10 provide

11 (1) program receipts sufficient to pay, beginning in the year  
12 in which the power project becomes functional,

13 (A) operation, maintenance, and equipment replacement  
14 costs, including costs of a loan attributable to this paragraph  
15 under AS 44.83.399 of the power project;

16 (B) debt service on bonds issued for the power project,  
17 if any; and

18 (C) safety inspections and investigations of the power  
19 project by the authority; and

20 (2) a return to the state of its investment in the power  
21 project, with adjustments for inflation, as provided in (f) - (h) of  
22 this section, over a 33-1/3 year period, or over a period equal to  
23 three-fourths of the life of the project as determined by the authority,  
24 whichever is less.

25 Sec. 16. AS 44.83.398(d) is amended to read:

26 (d) A rate for an industrial customer [CONSUMER] under (a)(2) of  
27 this section

28 (1) may exceed the wholesale power rate determined under (b)  
29 of this section;

1 (2) may not be less than the rate charged residential cus-  
2 tomers [CONSUMERS].

3 \* Sec. 17. AS 44.83.398 is amended by adding new subsections to read:

4 (f) For the purposes of (b)(2) of this section, the authority, at  
5 the time it initially establishes a wholesale power rate applicable to a  
6 power project, shall determine the average rate of inflation, based on  
7 the federal consumer price index for the United States for the 33-year  
8 period preceding the establishment of the wholesale power rate. Every  
9 10 years after the initial establishment of a wholesale power rate, the  
10 authority shall calculate the average rate of inflation for the preceding  
11 33-year period and increase the wholesale power rate by a percentage  
12 equal to the increase in the average rate of inflation for the preceding  
13 33 years or for the preceding 10 years, whichever is less.

14 (g) For the first year in which a wholesale power rate is in  
15 effect, the authority shall determine the amount to be returned to the  
16 state under (b)(2) of this section by multiplying the state's investment  
17 in the power project by the quotient achieved from dividing the period  
18 of time described in (b)(2) of this section into one. For each subse-  
19 quent year, the authority shall determine the amount to be returned to  
20 the state under (b)(2) of this section by multiplying the amount deter-  
21 mined under this subsection for the preceding year by the sum of one  
22 plus the average rate of inflation calculated by the authority under (f)  
23 of this section. After the period of time described in (b)(2) of this  
24 section, the amount to be returned to the state under (b)(2) of this  
25 section is zero unless other state investments in the power project are  
26 made after the wholesale power rate is initially established. For a  
27 state investment in a power project made after the initial wholesale  
28 power rate is established, the authority shall separately determine the  
29 amount to be returned to the state under (b)(2) of this section in the

1 manner provided in this subsection.

2 (h) A rate structure established under (a)(3) of this section  
3 shall consist of at least three rates. The lowest rate shall be known  
4 as the "equity rate" and shall be the rate charged by the utility to  
5 customers for the first 250 kilowatt hours of power used during a month-  
6 billing period. For residential customers the utility shall specify  
7 successively higher ranges of power usage to which successively higher  
8 rates within its rate structure apply. [A rate structure established  
9 under (a)(3) of this section must, to the maximum extent possible,  
10 encourage conservation of energy, efficient use of facilities and  
11 resources, and equitable rates to consumers of electricity.]

12 (i) The lowest rate charged to a customer under (h) of this sec-  
13 tion may not exceed an amount that represents the customer's propor-  
14 tionate share of the utility's non-capital costs. However, if the  
15 authority determines that a higher rate is necessary in order to allow  
16 utility to pay the wholesale power rate required by (b) of this section,  
17 the authority may authorize that higher rate.

18 (j) At least two weeks before a utility establishes or amends a  
19 rate structure under (a)(3) of this section, the utility or the Alaska  
20 Public Utilities Commission shall conduct a public hearing within the  
21 area served by the utility to explain the proposed rate structure or  
22 amendment and to receive comments from the public. The utility shall  
23 provide public notice of the hearing at least two weeks before the  
24 hearing is held. The utility may provide the public notice by newspaper  
25 or radio or by posting the notice within the area served by the public  
26 utility.

27 (k) In addition to the requirements of (h) - (j) of this section  
28 relating to a utility's rate structure, a utility that is subject to the  
29 jurisdiction of the Alaska Public Utilities Commission must comply with

1 the provisions of AS 42.05.361 - 42.05.441. Nothing in this section  
2 affects the authority of the Alaska Public Utilities Commission under  
3 AS 42.05.361 - 42.05.441.

4 (l) The authority shall adopt regulations in accordance with the  
5 Administrative Procedure Act (AS 44.62) to implement (a)(3) and (h) -  
6 (j) of this section.

7 (m) In this section,

8 (1) "the state's investment in the power project" means the  
9 total amount invested by the state for the acquisition or construction  
10 of a power project, including loans and grants from the state, other  
11 than loans or grants made for the purposes described in (b)(1) of this  
12 section and other than loans made from the proceeds of bonds issued for  
13 the power project;

14 (2) "non-capital costs" means a utility's costs other than  
15 costs under (b)(1)(B) and (b)(2) of this section.

16 \* Sec. 18. AS 44.83 is amended by adding a new section to read:

17 Sec. 44.83.399. POWER PROJECT EMERGENCY MAINTENANCE FUND. There  
18 is established in the authority the power project emergency maintenance  
19 fund. The power project emergency maintenance fund consists of money  
20 appropriated to it by the legislature. The authority may use money in  
21 the power project emergency maintenance fund to pay the cost of mainte-  
22 nance, including equipment replacement, of a power project it acquires  
23 or constructs under the energy program for Alaska if other appropria-  
24 tions are not available or are insufficient to pay that cost. For the  
25 purposes of AS 44.83.398(h), the use of money in the power project main-  
26 tenance fund for a power project is a loan to the power project for a  
27 purpose described in AS 44.83.398(b)(1) bearing interest at nine percent  
28 a year and with a term determined by the authority but not to exceed 30  
29 years. The authority shall, in its annual budget request under AS 44.83.

1 210, request an appropriation to repay a loan under this section. If  
2 the appropriation is made, the use of the money is a grant that is a  
3 state investment in the power project for the purposes of AS 44.83.-  
4 398(h).

5 \* Sec. 19. AS 44.83.425(4) is amended to read:

6 (4) "industrial customer [CONSUMER]" means a customer of a  
7 utility which customer has a peak power demand in excess of 500 kilowatts  
8 and uses the power principally for

9 (A) manufacturing;

10 (B) pipeline transportation;

11 (C) the recovery or processing of minerals;

12 (D) the processing of timber, agricultural, or seafood  
13 products or their by-products; or

14 (E) the operation of facilities owned by the federal  
15 government;

16 \* Sec. 20. AS 44.83.390 and 44.83.398(c) are repealed.

17 \* Sec. 21. The provisions of AS 44.83.384(b)(3), added by sec. 11 of this  
18 Act, and AS 44.83.385, added by sec. 12 of this Act, do not apply to a power  
19 project on which construction has begun before the effective date of this Act  
20 notwithstanding the provisions of AS 44.83.385(g).

(3) "entire transmission system" means the gas transmission pipeline (together with all related facilities) to extend from the Prudhoe Bay area on the North Slope of Alaska into the contiguous United States, substantially as described in the President's report entitled "Decision and Report to Congress on the Alaska Natural Gas Transportation System", issued by the President on September 22, 1977, under provisions of the Alaska Natural Gas Transportation Act of 1976, and includes planning, design and construction of the pipeline and facilities;

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

(5) "project sponsor" means any partner of the Alaskan Northwest Natural Gas Transportation Company or its successors;

(6) "Prudhoe Bay natural gas" means natural gas produced from the Prudhoe Bay reservoir;

(7) "Prudhoe Bay oil" means oil produced from the Prudhoe Bay reservoir;

(8) "Prudhoe Bay reservoir" means those areas defined in Article 5.1 of the "Prudhoe Bay Unit Agreement" of April 1, 1977. (§ 2 ch 90 SLA 1978)

### Chapter 83. Alaska Power Authority.

#### Article

1. Creation and Organization (§§ 44.83.010 — 44.83.050)
2. Purpose and Powers (§§ 44.83.070 — 44.83.090)
3. Financial Provisions (§§ 44.83.100 — 44.83.160)
4. Power Production Cost Assistance (§§ 44.83.162 — 44.83.164)
5. Power Project Fund (§ 44.83.170)
6. General Provisions (§§ 44.83.177 — 44.83.230)
7. Susitna River Hydroelectric Project (§§ 44.83.300 — 44.83.360)

#### Article 1. Creation and Organization.

##### Section

10. Legislative finding and policy
20. Creation of authority
30. Membership of the authority
40. Officers and quorum

##### Section

45. Qualifications, powers, and duties of officers and directors.
50. (Repealed)

Sec. 44.83.010. Legislative finding and policy. (a) The legislature finds, determines and declares that

(1) there e gathering site

(2) the esta supply power electric, rur utilities, and consumers of needs;

(3) the ach power costs establishing, be accelerate the state with projects.

(b) It is de promoting th purposes, to the long-term of its natural creating the provided in 1978)

Effect of a amendment in "power at the "lower cost pe "lowest reason

Sec. 44. Power Aut the Depar separate a

Sec. 44 shall cons

(1) four confirmed

(2) the (b) The

resources fine right may not SLA 197

Effect amendmen

mission from the contiguous state's report on rural gas transmission act and pipeline

r with all areas on the Alaska-Canada border described in the act on the President's rural gas transmission act, and

Northwest Alaska and from the

Adhoce Bay

Article 5.1 ch 90 SLA

and duties of

(a) The

(1) there exist numerous potential hydroelectric and fossil fuel gathering sites in the state;

(2) the establishment of power projects at these sites is necessary to supply power at the lowest reasonable cost to the state's municipal electric, rural electric, cooperative electric, and private electric utilities, and regional electric authorities, and thereby to the consumers of the state, as well as to supply existing or future industrial needs;

(3) the achievement of the goals of lowest reasonable consumer power costs and beneficial long-term economic growth and of establishing, operating and developing power projects in the state will be accelerated and facilitated by the creation of an instrumentality of the state with powers to construct, acquire, finance, and operate power projects.

(b) It is declared to be the policy of the state, in the interests of promoting the general welfare of all the people of the state, and public purposes, to reduce consumer power costs and otherwise to encourage the long-term economic growth of the state, including the development of its natural resources, through the establishment of power projects by creating the public corporation with powers, duties and functions as provided in this chapter. (§ 1 ch 278 SLA 1976; am § 1 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment in subsection (a), substituted "power at the lowest reasonable cost" for "lower cost power" in paragraph (2) and "lowest reasonable consumer power costs

and beneficial" for "lower consumer power costs and" and "construct, acquire, finance, and" for "incur debt for constructing, and with powers to" in paragraph (3).

Sec. 44.83.020. Creation of authority. There is created the Alaska Power Authority. The authority is a public corporation of the state in the Department of Commerce and Economic Development but with separate and independent legal existence. (§ 1 ch 278 SLA 1976)

Sec. 44.83.030. Membership of the authority. (a) The authority shall consist of the following directors:

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

(2) the commissioner of commerce and economic development.

(b) The commissioners of community and regional affairs, natural resources, transportation and public facilities, and revenue shall have the rights and privileges of directors except for the right to vote and may not be considered for purposes of quorum or voting. (§ 1 ch 278 SLA 1976; am § 2 ch 156 SLA 1978)

Effect of amendment. — The 1978 amendment rewrote this section.

(14) to enter into contracts or agreements with respect to the exercise of any of its powers, and do all things necessary or convenient to carry out its corporate purposes and exercise the powers granted in AS 44.83.010 — 44.83.510;

(15) to exercise the power of eminent domain in accordance with AS 09.55.250 — 09.55.410;

(16) to recommend to the legislature

(A) the issuance of general obligation bonds of the state to finance the construction of a power project if the authority first determines that the project cannot be financed by revenue bonds of the authority at reasonable rates of interest;

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

(C) an appropriation from the general fund

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

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

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

(E) an appropriation of a part of the income of the renewable resources investment fund for a power project;

(F) development of a project under financing arrangements with other entities using leveraged leases or other financing methods.

(G) an appropriation for a power project acquired or constructed under the energy program for Alaska (AS 44.83.380 — 44.83.425). (§ 1 ch 278 SLA 1976; am §§ 6 -- 11 ch 156 SLA 1978; am §§ 16, 17 ch 83 SLA 1980; am § 5 ch 118 SLA 1981)

*Revisor's notes.* — In paragraph (16) (G), a reference to AS 44.83.400 — 44.83.510 was changed to AS 44.83.380 — 44.83.425 to reflect numbering changes made by the revisor of statutes pursuant to

AS 01.05.031 (b).

*Effect of amendments.* — The 1981 amendment, effective August 4, 1981, added subparagraph (G) of paragraph (16).

**Sec. 44.83.090. Power contracts and the Alaska Public Utilities Commission.** (a) The authority shall, in addition to the other methods which it may find advantageous, provide a method by which municipal electric, rural electric, cooperative electric, or private electric utilities and regional electric authorities, or other persons authorized by law to engage in the distribution of electricity may secure a reasonable share of the power generated by a project, or any interest in a project, or for any right to the power and shall sell the power or cause the power to be sold at the lowest reasonable prices which cover the full cost of the electricity or services, including capital and operating costs, debt coverage as considered appropriate by the authority, and other charges that may be authorized by AS 44.83.010 — 44.83.510. Except for a contract or lease entered into under AS 44.83.380 — 44.83.425, a contract or lease for the sale, transmission

and distribution of power generated by a project or any right to the capacity of it shall provide:

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

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

(3) for monitoring of the project by the authority or its agents;

(4) for full and complete disclosure to the authority of all factors of costs in the transmission and distribution of power, so that rates to any persons may be fixed initially in the contract or lease and may be adjusted from time to time on the basis of true cost data;

(5) for periodic revisions of the service and rates to persons on the basis of accurate cost data obtained by the accounting methods and systems approved by the directors and in furtherance and effectuation of the policy declared in AS 44.83.010 — 44.83.510;

(6) for the cancellation and termination of a contract or lease upon violation of its terms by any person;

(7) for security for performance as the authority may consider practicable and advisable, including provisions assuring the continuance of the distribution and transmission of power generated by a project and the use of its facilities for these purposes; and

(8) other terms not inconsistent with the provisions and policy of this chapter as the authority may consider advisable.

(b) The authority is not subject to the jurisdiction of the Alaska Public Utilities Commission. Nothing in AS 44.83.010 — 44.83.510 grants the authority any jurisdiction over the services or rates of any public utility or diminishes or otherwise alters the jurisdiction of the Alaska Public Utilities Commission with respect to any public utility, including any right the commission may have to review and approve or disapprove contracts for the purchase of electricity by a public utility. (§ 1 ch 278 SLA 1976; am § 12 ch 156 SLA 1978; am § 6 ch 118 SLA 1981)

**Revisor's notes.** — In the second sentence of subsection (a), a reference to AS 44.83.400 — 44.83.510 was changed to AS 44.83.380 — 44.83.425 to reflect numbering changes made by the revisor of statutes under AS 01.05.031(b).

**Effect of amendments.** — The 1981 amendment, effective August 4, 1981, sub-

stituted "except for a contract or lease entered into under AS 44.83.380 — 44.83.425, a" for "a" preceding "contract" and added "or lease" preceding "for the sale" in the second sentence of subsection (a) and added "or lease" following "contract" in paragraphs (4) and (6) of subsection (a).

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

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

Article 3. Financial Provisions.

Section	Section
100. Bonds of the authority	140. Pledge of the state
110. Trust indentures and trust agreements.	150. Tax exemption
120. Validity of pledge	160. Bonds legal investments for fiduciaries
130. Nonliability on bonds	

Sec. 44.83.100. Bonds of the authority. (a) The authority may borrow money and may issue bonds, including but not limited to bonds on which the principal and interest are payable (1) exclusively from the income and receipts or other money derived from the project financed with the proceeds of the bonds; (2) exclusively from the income and receipts or other money derived from designated projects whether or not they are financed in whole or in part with the proceeds of the bonds; (3) from its income and receipts or other assets generally, or a designated part or parts of them; or (4) from one or more revenue-producing contracts including a contract providing for the security of the bonds made by the authority with any person. The authority may issue bonds to pay, fund or refund the principal of, or interest or redemption premiums on, bonds issued by it, whether or not the bonds or interest to be funded or refunded have become due.

(b) Bonds shall be authorized by resolution of the authority, and shall be dated and shall mature as the resolution may provide, except that no bond may mature more than 50 years from the date of its issue. Bonds shall bear interest at the rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the places, and be subject to the terms of redemption which the resolution or a subsequent resolution may provide.

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

(d) All bonds may be sold at public or private sale in the manner, for the price or prices, and at the time or times which the authority may determine. (§ 1 ch 278 SLA 1976)

Sec. 44.83.110. Trust indentures and trust agreements. (a) In the discretion of the authority, an issue of bonds may be secured by a trust indenture or trust agreement between the authority and a corporate trustee (which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state) or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee by means of which the authority may

(1) make and enter into any and all the covenants and agreements with the trustee or the holders of the bonds which the authority may determine to be necessary or desirable, including, without limitation, covenants, provisions, limitations and agreements as to

(A) the application, investment, deposit, use and disposition of the proceeds of bonds of the authority or of money or other property of the authority or in which it has an interest;

(B) the fixing and collection of rentals, charges, fees or other consideration for, and the other terms to be incorporated in, contracts with respect to a project or to generated power;

(C) the assignment by the authority of its rights in contracts with respect to a project or to generated power or in a mortgage or other security interest created with respect to a project or generated power to a trustee for the benefit of bondholders;

(D) the terms and conditions upon which additional bonds of the authority may be issued;

(E) the vesting in a trustee of rights, powers, duties, funds or property in trust for the benefit of bondholders, including, without limitation, the right to enforce payment, performance, and all other rights of the authority or of the bondholders, under a lease, power of contract, contract of sale, mortgage, security agreement, or trust agreement with respect to a project by injunction or other proceeding or by taking possession of by agent or otherwise and operating a project and collecting rents or other consideration and applying the same in accordance with the trust agreement;

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

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

(b) Notwithstanding any other provisions of this chapter, the trust agreement shall contain a covenant by the authority that it will at all times maintain rates, fees or charges sufficient to pay, and that a contract entered into by the authority for the sale, transmission or distribution of power shall contain rates, fees or charges sufficient to pay the costs of operation and maintenance of the project, the principal of and interest on bonds issued under the trust agreement as the same severally become due and payable, to provide for debt service coverage as considered necessary by the authority for the marketing of its bonds and to provide for renewals, replacements and improvements of the project, and to maintain reserves required by the terms of the trust agreement.

(c) For the purpose of securing any one or more issues of its bonds, the authority may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds the proceeds of the sale of its bonds and any other money which may be

made available to the authority for the purposes of those funds from any other source. The funds shall be established only if the authority determines that the establishment would enhance the marketability of the bonds. All money held in a capital reserve fund, except as provided in this section, shall be used as required, solely for (1) the payment of the principal of, and interest on, bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or redemption of bonds, or (3) the payment of a redemption premium required to be paid when those bonds are redeemed before maturity; however, money in a fund may not be withdrawn from it at any time in an amount which would reduce the amount of that fund to less than the capital reserve requirement set out in (2) of this subsection, except for the purpose of making, with respect to those bonds, payment, when due, of principal, interest, redemption premiums and the sinking fund payments for the payment of which other money of the authority is not available. Income or interest earned by, or increment to, a capital reserve fund, due to the investment of the fund or any other amounts in it, may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(d) If the authority decides to issue bonds secured by such a capital reserve fund, the bonds may not be issued if the amount in the capital reserve fund is less than such an amount as may be established by resolution of the authority (called the "capital reserve fund requirement"), unless the authority, at the time of issuance of the obligations, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources, an amount which, together with the amount then in the fund, will not be less than the capital reserve fund requirement.

(e) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the funds are invested shall be valued by some reasonable method established by the authority by resolution. Valuation on a particular date shall include the amount of any interest earned or accrued to that date.

(f) The chairman of the authority shall annually, no later than January 2, make and deliver to the governor and the legislature his certificate stating the sum, if any, required to restore any capital reserve fund to the capital reserve fund requirement. The legislature may appropriate such a sum, and all sums appropriated during the then current fiscal year by the legislature for such restoration shall be deposited by the authority in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state.

(g) When the authority has created and established a capital reserve fund, the commissioner of revenue may lend surplus money in the general fund to the authority for deposit in a capital reserve fund in an amount equal to the capital reserve fund requirement. The loans shall

be made on such terms and conditions as may be agreed upon by the commissioner of revenue and the authority, including without limitation terms and conditions providing that the loans need not be repaid until the obligations of the authority secured and to be secured by the capital reserve fund are no longer outstanding. (§ 1 ch 278 SLA 1976; am §§ 13, 14 ch 156 SLA 1978)

**Effect of amendment.** — The 1978 amendment in paragraph (1) of subsection (a), added "or to generated power" to the end of subparagraph (B), inserted "or to generated power" and "or generated power" in subparagraph (C), and substituted "by injunction" for "by mandamus" in subparagraph (E). In subsection

(d), the amendment substituted "an amount" for "a per cent, not exceeding 10 per cent of the principal amount of all of those bonds secured by that capital reserve fund then to be issued and then outstanding in accordance with their terms."

**Sec. 44.83.120. Validity of pledge.** It is the intention of the legislature that a pledge made in respect of bonds shall be valid and binding from the time the pledge is made; that the money or property so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act; and that the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether the parties have notice. Neither the resolution, trust agreement nor any other instrument by which a pledge is created need be recorded or filed under the provisions of the Uniform Commercial Code to be valid, binding or effective against the parties. (§ 1 ch 278 SLA 1976)

**Sec. 44.83.130. Nonliability on bonds.** (a) Neither the members of the authority nor a person executing the bonds is liable personally on the bonds or is subject to personal liability or accountability by reason of the issuance of the bonds.

(b) The bonds issued by the authority do not constitute an indebtedness or other liability of the state or of a political subdivision of the state, except the authority, but shall be payable solely from the income and receipts or other funds or property of the authority. The authority may not pledge the faith or credit of the state or of a political subdivision of the state, except the authority, to the payment of a bond and the issuance of a bond by the authority does not directly or indirectly or contingently obligate the state or a political subdivision of the state to apply money from, or levy or pledge any form of taxation whatever to the payment of the bond. (§ 1 ch 278 SLA 1976)

**Sec. 44.83.140. Pledge of the state.** The state pledges to and agrees with the holders of bonds issued under this chapter and with the federal agency which loans or contributes funds in respect to a project, that the state will not limit or alter the rights and powers vested in the authority by this chapter to fulfill the terms of a contract made by the

## Article 6. General Provisions.

### Section

#### 177. Reconnaissance study

**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.

(b) A reconnaissance study shall

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

(2) include an assessment of the effect of the development of alternative sources of power on the environment so as to assure that there is no adverse effect to the environment which would make the project inadvisable;

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

(c) The authority, in consultation with the division of budget and management, shall adopt regulations defining

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

(2) standard criteria and measures for comparative analysis of alternative power sources.

(d) In completing a reconnaissance study, the authority shall consult with the division of energy and power development in the Department of Commerce and Economic Development to determine the information that each may require for energy planning and the development of technology. (§ 24 ch 83 SLA 1980; am § 11 ch 118 SLA 1981)

**Effect of amendments.** — The 1981 amendment, effective August 4, 1981, added subsection (d).

## Article 8. Rural Electrification Revolving Loan Fund.

### Section

#### 361. Rural electrification revolving loan fund

#### 363. Loan advisory committee

**Effective date of article.** — Section 17, ch. 118, SLA 1981, provides that this article take effect July 1, 1981. However, ch. 118 became law without approval by the governor, and since there is no provi-

sion in ch. 118 for the retroactive application of the effective date (see AS 01.10.090), this article is effective August 4, 1981.

Editor's note. — The repealed section derived from § 1, ch. 278, SLA 1976; §§ 17, 18, ch. 156, SLA 1978.

**Sec. 44.83.181. Feasibility study and finance plan.** (a) Unless the reconnaissance study has been disapproved by the division of budget and management under AS 44.83.179, the authority shall complete a feasibility study and plan of finance for each proposed project.

(b) A feasibility study shall include

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

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

(3) a comparative analysis of all reasonable alternatives to construction of the proposed project; and

(4) information based on engineering and design work which meets the requirements for submission of a license application for the project to the Federal Energy Regulatory Commission.

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

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

(2) the issuance of

(A) general obligation bonds of the state; or

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

(3) an appropriation from the general fund

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

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

(4) a loan from the general fund;

(5) financing arrangements with other entities using leveraged leases or other financing methods;

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

(7) a loan from the power project fund (AS 44.83.170(a)), or from the renewable resources investment fund (AS 37.11.050); or

(8) any combination of financing arrangements listed in this subsection.

(d) When financial assistance from the state is necessary for a project to meet financial feasibility criteria, the plan of finance shall

include an estimate of the minimum amount of financial assistance required from the state. The plan of finance shall include an estimate of the present value of the financial assistance from the state, computed as the difference between

- (1) a market rate of interest, which is
  - (A) the rate determined under AS 44.83.170(f)(2)(B)(i); or
  - (B) the estimated interest rate for revenue bonds to be issued by the authority for the project; and
- (2) the effective rate of interest because of state financial assistance provided.

(e) The authority, in consultation with the division of budget and management, shall adopt regulations defining

- (1) the techniques which it shall apply to determine that the information required by (b) — (d) of this section is obtained; and
- (2) standard criteria and measures for comparative analysis of alternative financing arrangements. (§ 24 ch 83 SLA 1980)

**Cross reference.** — As to application of this section to current projects of the Alaska Power Authority and exemption from the provisions of this section of pending projects of the Alaska Power Authority, see editor's note to AS 44.83.177.

**Sec. 44.83.183. Review of feasibility studies and plans of finance by division of budget and management.** (a) The division of budget and management in the Office of the Governor shall review the feasibility study and plan of finance for a project of the authority for compliance with the provisions of AS 44.83.181(b) — (d).

(b) In its review under this section, the division of budget and management may obtain an independent evaluation of a feasibility study and plan of finance to determine compliance with the provisions of AS 44.83.181(b) — (d).

(c) When the division of budget and management has completed a review of the feasibility study and the plan of finance for a project under this section, it shall submit a report to the governor. The report shall examine the feasibility study and plan of finance for compliance with the requirements of AS 44.83.181(b) — (d). The report of the division of budget and management shall include a recommendation to the governor and legislature for approval or disapproval of the project based on the division's review of the feasibility study and plan of finance for compliance with the requirements of AS 44.83.181(b) — (d).

(d) The report required by (c) of this section shall be prepared and submitted not later than 60 days after the feasibility study and plan of finance for a proposed project have been received by the division of budget and management. (§ 24 ch 83 SLA 1980)

**Cross reference.** — As to application of this section to current projects of the Alaska Power Authority and exemption from the provisions of this section of

pending projects of the Alaska Power Authority, see editor's note to AS 44.83.177.

**Sec. 44.83.185. Submission to the legislature.** (a) The authority shall submit a feasibility study and plan of finance for a proposed new project to the legislature. When the report of the division of budget and management examining the feasibility study and plan of finance is completed as required by AS 44.83.183, it shall be submitted to the legislature.

(b) The authority may not proceed with work on the engineering or design phase of a proposed new project for which legislative approval is required until the legislature approves the proposed new project. However, the authority may proceed with the engineering or design work necessary to meet the requirements for submission of a license application for the proposed new project to the Federal Energy Regulatory Commission without obtaining legislative approval of the proposed new project.

(c) The legislature shall consider and must approve all proposed new projects except proposed new projects that are exempt under AS 44.83.187. The legislature may approve a proposed new project only by enacting law authorizing that project. (§ 24 ch 83 SLA 1980)

**Cross reference.** — As to application of this section to current projects of the Alaska Power Authority and exemption from the provisions of this section of pending projects of the Alaska Power Authority, see editor's note to AS 44.83.177.

**Sec. 44.83.187. Applicability of sections.** (a) The provisions of AS 44.83.177 — 44.83.185 and 44.83.189 apply only to a proposed new project which will generate more than 1.5 megawatts of power and

(1) requires an appropriation from the state general fund, from the power project fund, or from the renewable resources funds; or

(2) is based on a plan of finance which requires the issuance of general obligation bonds or other pledge of the credit of the state.

(b) The provisions of AS 44.83.177 — 44.83.185 and 44.83.189 apply to a project which generates more than 25 megawatts of power for which the authority will issue its revenue bonds for costs of construction.

(c) The provisions of AS 44.83.177 — 44.83.183 do not apply when a reconnaissance study and a feasibility study for a proposed new project have been prepared by an agency of the federal government, if the authority determines that the reconnaissance study and the feasibility study prepared by the agency of the federal government provide information sufficient to permit the authority to finance and construct the proposed new project in accordance with the requirements of this chapter. When a reconnaissance study and feasibility study are prepared for a proposed new project by an agency of the federal govern-

Editor's notes. — As enacted, this section was designated AS 44.83.460 and was renumbered by the revisor of statutes under AS 01.05.031.

1.5 + Above

**Sec. 44.83.394. Revenue requirements.** The authority may not use money in the fund for a power project except in compliance with AS 44.83.177 — 44.83.187, and unless the authority determines that the power project is economically feasible and that, after construction, operation of the power project will be able to provide revenue sufficient to return annually to the state five percent of the amount that the authority has spent from the fund for the power project. (AS 44.83.470; § 1 ch 118 SLA 1981)

Editor's notes. — As enacted, this section was designated AS 44.83.470 and was renumbered by the revisor of statutes under AS 01.05.031.

**Sec. 44.83.396. Operation of power project.** (a) A power project that is acquired or constructed as part of the energy program for Alaska is owned by the state and shall be administered by the authority.

(b) When a power project has been acquired or constructed by the authority, the project may be operated for the authority under a contract or lease entered into by a qualified utility and the authority.

(c) The authority shall enter into a contract or lease under reasonable terms and conditions to permit the applicant utility to operate the power project when the applicant utility is the only wholesale power customer to be served directly by the power project unless the authority determines a utility making application for a contract or lease to operate a power project is not capable of operating that power project.

(d) The authority shall adopt regulations to determine the manner of selecting a qualified utility to operate a power project under a contract or lease when there is more than one wholesale power customer to be served directly by the power project.

(e) When the authority permits a power project to be operated by a qualified utility under a contract or lease, the authority shall

(1) review and approve the annual budget for the operation and maintenance of the power project;

(2) assure that the project is being operated efficiently and in a manner that is consistent with national standards for the industry. (AS 44.83.480; § 1 ch 118 SLA 1981)

Editor's notes. — As enacted, this section was designated AS 44.83.480 and was renumbered by the revisor of statutes under AS 01.05.031.

**Sec. 44.83.398. Sale of power from power project.** (a) The authority shall sell power produced from power projects acquired or constructed under the energy program for Alaska. A utility that purchases power produced by a power project of the authority shall agree with the authority

(1) to give preference in the sale of power at retail to all classes of consumers of power except industrial consumers;

(2) to charge industrial consumers of power a rate determined by the authority in accordance with (d) of this section.

(b) The authority shall establish a wholesale power rate structure applicable to sales of power to its customers at the busbar of the power project as follows:

(1) The authority shall establish and maintain a single wholesale power rate applicable to all power projects that it has acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, and shall equal the rate that the authority estimates is necessary to produce revenue that is sufficient to pay

(A) operation, maintenance, and equipment replacement costs of the power projects;

(B) debt service of the power projects;

(C) safety inspections and investigations of the power projects by the authority.

(2) If, by July 1, 1986, the legislature has not appropriated at least \$5,000,000,000 to the fund, in addition to appropriations to the fund of interest earned on money in the fund, the authority shall, beginning on that date, establish and maintain a single wholesale power rate applicable to all power projects that it has acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, and shall be the greater of

(A) 10 percent of the amount the authority has invested in the power projects, including loans and grants made by the state; or

(B) the rate that the authority estimates is necessary to produce revenue sufficient to pay

(i) operation, maintenance, and equipment replacement costs of the power project;

(ii) debt service of power projects by the authority; and

(iii) safety inspections and investigations of the power projects by the authority.

(c) The authority shall transmit all the money that it receives under (b) of this section to the commissioner of revenue for deposit in the state general fund except for the money it receives under (b)(1)(A) and (B) and (b)(2)(B)(i) and (ii), or the money it would have received under (b)(1)(A) and (B) and (b)(2)(B)(i) and (ii), of this section if those items had been used in part to establish the wholesale power rate in effect at the time the money is received by the authority.

(d) A rate for an industrial consumer under (a)(2) of this section

(1) may exceed the wholesale power rate determined under (b) of this section;

(2) may not be less than the rate charged residential consumers.

(e) The legislature may, by law, annul or change the wholesale power rate for sales of power that the authority adopts under (b) of this section. (AS 44.83.490; § 1 ch 118 SLA 1981)

Editor's notes. — As enacted this section was designated AS 44.83.490 and was renumbered by the revisor of statutes under AS 01.05.031.

**Sec. 44.83.400. Energy conservation.** The authority shall ensure

(1) that communities that benefit from the energy program for Alaska implement cost-effective energy conservation measures for residences, commercial and public buildings, and industries; and

(2) that communities shall fulfill their responsibilities under (1) of this section by cooperating with state agencies concerned with development and conservation of energy, including but not limited to

(A) the Alaska Public Utilities Commission;

(B) the division of energy and power development, Department of Commerce and Economic Development; and

(C) the division of business loans, Department of Commerce and Economic Development. (AS 44.83.500; § 1 ch 118 SLA 1981)

Editor's notes. — As enacted, this section was designated AS 44.83.500 and was renumbered by the revisor of statutes under AS 01.05.031.

**Sec. 44.83.425. Definitions.** In AS 44.83.380 — 44.83.425,

(1) "busbar" means the substation that serves as the delivery point from the generation and transmission system of the authority to the transmission and distribution system of the utility;

(2) "debt service" means the cash flow necessary to secure bonds;

(3) "fund" means the power development fund established by AS 44.83.382;

(4) "industrial consumer" means a customer of a utility which customer has a peak power demand in excess of 500 kilowatts and uses the power principally for

(A) manufacturing;

(B) pipeline transportation;

(C) the recovery or processing of minerals;

(D) the processing of timber, agricultural, or seafood products or their by-products; or

(E) the operation of facilities owned by the federal government;

(5) "qualified utility" means an electric utility that is certified by the Alaska Public Utilities Commission to serve all or part of a market area that is served or will be served by the power project, and that the authority determines is capable of operating and maintaining the power project. (AS 44.83.510; § 1 ch 118 SLA 1981)

## CS CHANGES TO HB 758

section 1. This section establishes the right of the APA to set general retail rate guidelines that appear later in the bill.

Section 2. This amendment concerns the revenue bonding powers of the APA. If a power project is built with funds raised by the issuance of revenue bonds a capital reserve fund is sometimes created. This capital reserve fund (usually enough to pay to the bondholders one years worth of principle and interest) gives the bondholders additional security and so makes the bonds easier to sell. If the revenue generating by the project is insufficient to meet the annual payment to the bondholders the capital reserve fund is tapped. The fund would then have to be replenished, probably by legislative appropriation. Since the legislature would be asked to appropriate money to replenish capital reserve funds it should be aware of the creation of capital reserve funds and have an estimation of the amount of withdrawls from the fund.

section 3. This amends APA statures concerning reconnaissance studies, The present law requires an enviørnmental impact assessment be included in a recon study. This would mandate a specific look at the effects on fisheries resources.

section 4. Section 4 amends APA statutes on feasibility studies. It would add the underlined language to the information required to be presented in a feasibility study.

section 5. This section amends the review of feasibilty studies and plans of finance by the Division of Budget and Management. This language would require that budget and management prepare a financial analysis for APA projects and specifies what should be included in the report.

section 6. This section amends the law concerning legislative approval of APA power projects. The legislature must enact a law and approve a maximum construction cost for the project. This amendment is designed to discourage low cost estimates and cost overruns. The following section spells out the procedure if this estimate is exceeded.

section 7. If the final cost estimate for a project exceeds the cost estimate approved by the legislature by more than 5% this amendment mandates the APA to revise its feasibility study for the project and resubmit the project to the legislature for approval.

section 8. This section would exclude contractors who worked on a project feasibility study or in engineering design from the construction of the project. The purpose of this amendment is to discourage biased feasibility studies or design work.

sections 8 - 13 are in the original HB 758

section 14. The only change in section 14 is replacing the word consumer with customer.

section 15. no change

section 16 same as section 14

section 17. The changes to this section begin on line 11. The effect of the change is that if inflation was to be reduced to a low level in any future decade the inflation factor would reflect this lower figure and not that of the preceding 33 years.

The next change to section 17 begins at page 11 line 2. This subsection (h) has been rewritten to change the number of rates from two to three. Also on line 8 the guidelines which should be followed when establishing a rate structure have been broadened from - to encourage conservation of energy- to also include, efficient use of facilities and resources, and equitable rates to consumers.

On line 14 subsection (i) the utilities non-capital costs have replaced trying to list what costs of the utility are non-capital. The rationale for this change is that different utilities break out costs under different names. Just saying non-capital costs, which is defined on page 12, line 14 is simpler and more accurate. The definition is that non-capital costs are costs other than - 1. debt service on bonds issued for the power project, if any 2. a return to the state of its investment in the power project, with adjustments for inflation etc.

Sub-section (j) line 19. after the word utility the phrase, or the Alaska Public Utility Commission, is added. This change is necessary because the APUC normally conducts public hearings on electric rates. If a utility is economically regulated by the APUC the APUC should conduct this hearing.

Subsection (k) this change reiterates the authority of the APUC is rate setting matters for APA funded projects. This language was advised by Ken Vassar of the Attorney General's office as a safeguard against misinterpretation of statutes.

Section 18. no change

Section 19 no change except for replacing consumer with customer.

section 20, 21 no change.

2/22/82 Energy

Bill Babcock

2/28/82 ) Village wide weatherizing (sewer/water)  
 ) rural policy  
 ) A. regional planning  
 ) Power Development Fund  
 ) Rural CAP

758 Dave Hutch Alaska Rural Electric Assn. (Trade Assocns.)

GVEA, Mat-Su Electric, Unalakleet

Financing: ① wholesale power rates — prefer  
 postage stamp rates

② payback provision — principal only,  
 not interest. Due to inflation factor, the rate  
 of return is large after 33 1/3 yrs.

③ effect on later projects

Rate Structure: objective is conservation, method  
 in p.s. Sec. 6 is not the method (inverted  
 rate for industrial uses)

AVEC: 1998 → [1.4%]  
 1997 → [1.4%]  
 1981 → [3.6%]

Bill Corbus: AEL+P

electric heat customers, usually 3x normal  
 peak loads generally tend to tax capacity

1 kwh = 3413 btu

## WASHINGTON RESIDENTIAL ELECTRIC RATE STRUCTURES

<u>INVERTED</u>	<u>POPULATION</u>
Seattle City Light	500,000
Puget Power	1,250,000
Pacific Power	300,000
Washington Water Power	500,000
Clark Co. PUD	200,000
Lewis County PUD	55,000
Chelan County PUD	45,000
	<hr/>
	2,850,000
 <u>NON-INVERTED</u>	
Tacoma City Light	200,000
Snohomish PUD	335,000
Inland Power and Light	50,000
Cowlitz PUD	80,000
Benton PUD	100,000
Franklin PUD	35,000
Others	350,000
	<hr/>
	1,150,000
Total State Population:	4,000,000

**RESIDENTIAL BASELINE INVERTED RATES  
ANALYSIS OF THEIR APPLICATION IN WASHINGTON STATE**

**Prepared For**

**The Washington State Senate  
Committee on Energy and Utilities**

**Senator Susan Gould, Chairman**

**By**

**Richard H. Watson  
Senior Research Analyst**

**Charles H. Sawyer  
Senior Research Analyst**

**David Westburg  
Legislative Aide**

**March, 1981**

## EXECUTIVE SUMMARY

The Pacific northwest has long enjoyed electric rates that are among the lowest in the Nation, based on inexpensive power generated by the region's enormous hydroelectric system. However, the region's major hydro resources have been nearly fully exploited, and regional demand for electrical energy has outstripped the hydro system's capacity. The region's utilities have embarked upon an ambitious program to construct nuclear and coal-fired power plants to meet growing demand. However, many of these plants are experiencing lengthy delays and tremendous cost overruns.

As a result, consumers in the region face rapidly escalating electricity bills and almost certain electricity shortages in the coming decade. There is general agreement that conservation and certain renewable energy applications represent the only option for avoiding impending electricity shortages. Furthermore, there is considerable evidence that many conservation actions can "provide" energy much more cheaply than new nuclear or coal-fired plants.

However, a number of institutional obstacles stand in the way of the timely and widespread adoption of cost-effective conservation measures. This report examines one such obstacle--traditional electric rate structures for residential customers.

Further, this report evaluates a number of alternative rate structures according to three traditional ratemaking criteria and in light of the increasing cost conditions facing the region's utilities.

The results of this analysis may be briefly summarized as follows:

(1) Traditional declining block rate structures, which provide decreasing prices per kwh as consumption increases, are inappropriate during times of increasing costs. Declining block rates mislead consumers by indicating that costs decrease as consumption increases, when the opposite is true.

These misleading prices cause consumers to make uneconomic or inefficient decisions regarding fuel choice, electrical energy use and conservation. That is, declining block rates encourage wasteful use of electric energy in times of increasing costs.

(2) Electric rate structures based on average costs--flat rate structures--also encourage inefficient use of electric energy during times of increasing costs. Although not as misleading as declining block rates, flat rates based on average costs also mislead consumers by indicating that costs remain relatively stable as consumption increases.

(3) Pure marginal cost rate structures, which would price all electric energy at the cost of energy from new energy sources, would lead to economically efficient decisions regarding the choice of fuels, the selection of heating and cooling equipment and appliances, and choices between energy use and conservation measures. However, pure marginal cost rates would result in considerable excess revenues for utilities, severe cost increases for consumers, and would require some mechanism for distributing excess revenues back to consumers.

(4) A baseline inverted rate structure would result in more efficient (e.g., less wasteful) use of electricity, while avoiding the problem of very large excess revenues to utilities. A baseline inverted rate structure would price the initial or "base block" of electrical energy at the cost of inexpensive hydroelectric power to the utility. Electric energy consumed in excess of this base block would be priced at a level more closely approximating the marginal cost of electric energy; that is, the cost of power from new thermal power plants. Such a rate structure would provide the vast majority of consumers with more accurate price signals by pricing energy consumption over the base block closer to its marginal cost and closer to the cost of alternative fuels.

A baseline inverted rate structure has been successfully adopted by Seattle City Light. In addition, the Washington State Utilities and Transportation Commission recently promulgated an order requiring all investor-owned

utilities to adopt baseline inverted rate structures at subsequent rate orders. Presently, Puget Power has adopted a baseline increasing block rate structure under the state UTC's order.

Simulations developed for this report and presented in Chapter 4 indicate that, under assumptions consistent with the results of empirical research, baseline inverted rates will result in significant long-run electrical energy savings. Even under "worst case" (and least likely) assumptions, slight decreases in electrical energy use will result. These simulations also indicate that some minor adjustments in the rate structure may be necessary during an implementation phase to ensure that total revenues cover but do not exceed a utility's total costs.

SUMMARY

TESTIMONY OF RURALCAP

ON HB758

AMENDMENTS TO THE ENERGY

PROGRAM FOR ALASKA

- Energy costs in rural areas range up to 50¢/kwh and \$3.00/gal for heating oil and gasoline.
- Rural areas are not well served by the existing Energy Program for Alaska. The distribution of state wealth for rural energy needs is inequitable.
- Proposed amendments to the Energy Program for Alaska are a good start, but still do not address the inequitable distribution of state wealth under it and still do not meet rural energy needs.
- The critical short-run need for almost all village residents is for weatherization. For longer-term energy needs, villages need the means to plan their own energy strategies.
- A state commitment to village-wide home weatherization and to village energy planning would address the inequity of the Energy Program for Alaska and help meet rural energy needs.
- RurALCAP offers to work with the Legislature in developing such a program.

TESTIMONY OF RURAL CAP  
ON HB758  
AMENDMENTS TO THE  
ENERGY PROGRAM FOR ALASKA

MY NAME IS MATT ZENCEY, HERE FROM THE RURAL ALASKA COMMUNITY ACTION PROGRAM (RURAL CAP). WE WOULD LIKE TO COMMEND THE COMMITTEE FOR RECOGNIZING THE NEED TO IMPROVE THE ENERGY PROGRAM FOR ALASKA WHICH WAS ESTABLISHED LAST SESSION.

THE ENERGY PROGRAM FOR ALASKA GREW OUT OF THE DESIRE TO CONVERT THE STATE'S TEMPORARY OIL SURPLUS INTO A SECURE LONG RUN SUPPLY OF ELECTRICITY FOR THE RAILBELT AT STABLE PRICES. IN ITS PRESENT FORM, THE PROGRAM COMBINES A WEALTH DISTRIBUTION SCHEME WITH AN ENERGY PROGRAM WHICH IS CLAIMED TO SERVE ALL RESIDENTS OF THE STATE.

FROM A RURAL PERSPECTIVE, THE PROGRAM FAILS BOTH AS ENERGY POLICY AND AS A WEALTH DISTRIBUTION PLAN; IT NEITHER GIVES RURAL RESIDENTS THE MEANS TO ESTABLISH AFFORDABLE, NON-SUBSIDIZED ENERGY IN RURAL AREAS NOR PROVIDES AN EQUITABLE DISTRIBUTION OF STATE OIL WEALTH. LAST YEAR, 99.5% OF ALL FUNDS UNDER THE ENERGY PROGRAM FOR ALASKA WENT TO URBAN AREAS.

RURAL ALASKANS WOULD PERHAPS BE WILLING TO ACCEPT THIS ENERGY PROGRAM FOR URBAN ALASKA IF THERE WERE OTHER ADEQUATE WELL-FUNDED PROGRAMS THAT CONVERTED PART OF RURAL ALASKA'S SHARE OF STATE WEALTH TO STABLE, LOW-COST ENERGY SUPPLIES. HOWEVER, NEITHER OF

THE TWO MAJOR RURAL-ORIENTED ENERGY PROGRAMS DOES SO. THE POWER COST ASSISTANCE PROGRAM SUBSIDIZES BOTH URBAN AND RURAL AREAS WITH HIGH ELECTRICITY COSTS. IT IS A NECESSARY SHORT-TERM SUBSIDY, BUT IT IS NO SUBSTITUTE FOR A POLICY WHICH REPLACES THE NEED FOR SUBSIDIES WITH STABLE LOW-COST ENERGY FOR BOTH SPACE HEAT AND ELECTRICITY.

THE RURAL ENERGY AUDIT DEMONSTRATION PROGRAM OFFERS RURAL COMMUNITIES A STATE-CERTIFIED AUDIT AND A \$300 ENERGY CONSERVATION GRANT TO EACH HOME IN SELECTED VILLAGES. WITH THE HIGH COST OF FREIGHT AND LABOR IN RURAL AREAS AND THE POOR CONDITION OF RURAL HOUSES, THE \$300 MAXIMUM GRANT IS ALMOST RIDICULOUSLY LOW. IT IS ABOUT ONE-TENTH THE LEVEL THAT WOULD BE A REASONABLE MAXIMUM, ACCORDING TO RURAL CAP'S EXPERIENCE WITH THE FEDERAL WEATHERIZATION PROGRAM.

THE FINANCIAL COMMITMENT TO RURAL AREAS UNDER THESE ENERGY PROGRAMS IS MINISCULE IN COMPARISON TO THE APPROPRIATIONS UNDER THE ENERGY PROGRAM FOR ALASKA--ROUGHLY \$11 MILLION VS. \$435 MILLION, OR 2½%. THE HUGE FINANCIAL COMMITMENTS TO URBAN AREAS UNDER THE ENERGY PROGRAM FOR ALASKA ARE SIMPLY TOO LARGE FOR RURAL RESIDENTS TO IGNORE. RURAL AREAS ARE QUITE LITERALLY BEING LEFT OUT IN THE COLD.

THE GOVERNOR'S PROPOSED AMENDMENTS AND YOUR COMMITTEE'S BILL (HB758) ARE A GOOD START. THEY BEGIN TO ADDRESS WHAT IS WIDELY RECOGNIZED AS THE MOST FUNDAMENTAL FLAW IN THE PROGRAM--THE USE

OF OUTRIGHT GRANTS TO THE PROPOSED ELECTRICITY PROJECTS. REQUIRING THAT THE PROJECTS PAY BACK THE STATE'S INVESTMENT WITH AN ADJUSTMENT FOR INFLATION IS A STEP TOWARD IMPROVEMENTS IN SEVERAL AREAS. IT MEANS THAT THE WORTHWHILE GOALS OF THE PROGRAM WOULD BE ACHIEVED AT LOWER COST, AS UNNECESSARY PROJECTS ARE DISCOURAGED AND SUBSIDIES TO PRICES REDUCED. HOWEVER, USING A 33-YEAR AVERAGE INFLATION RATE DOES LITTLE TO PROTECT THE PUBLIC'S INVESTMENT FROM THE RAVAGES OF INFLATION. USING A TEN OR EVEN FIVE-YEAR AVERAGE INFLATION RATE WOULD MAKE SURE THAT THE PUBLIC'S INVESTMENT IS PROTECTED.

THE BILL'S REQUIREMENT FOR LOCAL ELECTIONS IS MEANT TO FURTHER DISCOURAGE UNNECESSARY PROJECTS. HOWEVER, AS LONG AS LOCAL RESIDENTS DO NOT MAKE FINANCIAL COMMITMENTS TO BUILDING THE PROPOSED PROJECT, THEY HAVE A GREAT INCENTIVE TO SAY YES TO ALMOST ANY PROJECT.

REQUIRING REPAYMENT OF THE STATE'S INVESTMENT REDUCES PRICE SUBSIDIES AND REDUCES ARTIFICIAL DISINCENTIVES TO ENERGY EFFICIENCY AND OTHER ENERGY ALTERNATIVES. THE RESOURCES COMMITTEE VERSION ATTEMPTS TO ENCOURAGE ENERGY EFFICIENCY AND DISCOURAGE UNNECESSARY FUTURE PROJECTS EVEN MORE, BY REQUIRING AN INCLINING BLOCK RATE STRUCTURE FOR RESIDENTIAL CONSUMERS. THE INCENTIVES TO ENERGY EFFICIENCY WILL DEPEND, OF COURSE, ON HOW MUCH THE PRICE GOES UP WITH LEVEL OF USE. RESIDENTIAL CONSUMERS SHOULD NOT BE CHARGED ANY MORE THAN INDUSTRIAL OR COMMERCIAL CUSTOMERS. HB758 IS SILENT IN BOTH AREAS.

DESPITE THE IMPROVEMENTS THAT HB758 WOULD MAKE, THE MOST FUNDAMENTAL PROBLEMS REMAIN. IT ADDRESSES EQUITY ONLY BY REDUCING

THE TOTAL AMOUNT OF STATE MONEY SPENT DURING THE LIFE OF THE PROJECT. THE UP-FRONT COMMITMENT OF STATE MONEY IS NOT REDUCED. IT IS PAID BACK (IN SMALL INSTALLMENTS) OVER 33 YEARS, BUT ONLY AFTER OPERATIONS START. TODAY'S SURPLUS IS EXCLUSIVELY DEDICATED TO A SINGLE PURPOSE. RURAL AREAS CAN'T RELY ON 33 FUTURE ANNUAL REPAYMENTS TO MEET TODAY'S ENERGY NEEDS. THE PROGRAM'S HUGE FINANCIAL COMMITMENTS STILL WOULD

(CONTINUED ON PAGE 4)

NOT MAKE ANY LONG-TERM COMMITMENT TO USE RURAL ALASKA'S SHARE OF STATE WEALTH TO SOLVE LONG TERM RURAL ENERGY PROBLEMS. THE AMENDED PROGRAM SHOULD BE MUCH MORE EQUITABLE AND SHOULD DO MORE TO MEET RURAL ENERGY PROBLEMS.

WHEN A FEDERAL PROGRAM DESIGNED TO SERVE THE WHOLE NATION IS APPLIED TO ALASKA, THE STATE OFTEN POINTS OUT HOW DIFFERENT THINGS ARE IN ALASKA COMPARED TO THE LOWER 48. YET THE STATE OFTEN FORGETS HOW DIFFERENT THINGS ARE IN DIFFERENT AREAS WITHIN ALASKA. THE ENERGY PROGRAM FOR ALASKA IS A GOOD EXAMPLE. THERE ARE TWO REASONS IT DOESN'T SERVE RURAL ENERGY NEEDS--(1) IT CONCENTRATES EXCLUSIVELY ON ELECTRIC ENERGY, AND (2) IT RELIES ON A CENTRALIZED STATE BUREAUCRACY TO PLAN, DESIGN, BUILD, OWN AND OPERATE PROJECTS. ELECTRICITY IS IMPORTANT IN RURAL AREAS, BUT IN MOST VILLAGES, IT IS A MUCH LESS PRESSING NEED THAN FUEL OIL FOR HEATING. ABOUT 60% OF A VILLAGE'S ENERGY IS USED FOR SPACE HEATING, MORE THAN THREE TIMES THE AMOUNT USED TO GENERATE ELECTRICITY.

THE OVERSEER OF THE ENERGY PROGRAM FOR ALASKA IS THE ALASKA POWER AUTHORITY. IT HAS A VERY BIG MANDATE AND A VERY SMALL STAFF. UNDERSTANDABLY, IT CONCENTRATES ON PROJECTS WHICH ARE EASY TO ADMINISTER--A HANDFUL OF LARGE, CENTRALIZED PROJECTS. NO CENTRALIZED STATE AGENCY CAN BE EXPECTED TO PLAN, BUILD AND OWN HUNDREDS OF SMALL PROJECTS SCATTERED THROUGHOUT THE STATE WITHOUT AN EXPLICIT CHARGE FROM THE LEGISLATURE TO DO SO. BUT WITHOUT TECHNICAL HELP IN ENERGY PLANNING AND POLICY, VILLAGES ARE UNABLE TO TURN TO THE POLITICAL SYSTEM TO MEET THEIR ENERGY NEEDS.

WE THEREFORE CALL ON THE LEGISLATURE TO MAKE FINANCIAL COMMITMENTS TO A RURAL ENERGY PROGRAM WHICH WOULD INCLUDE TWO MAJOR COMPONENTS: FIRST, IMMEDIATE VILLAGE-WIDE WEATHERIZATION AND ENERGY EFFICIENCY AND SECOND, LOCAL ENERGY PLANNING TO IDENTIFY AND EVENTUALLY BUILD FUTURE ENERGY PROJECTS WHICH REDUCE RELIANCE ON ENERGY IMPORTED TO VILLAGES AND WHICH ARE APPROPRIATE TO VILLAGE LIFESTYLES.

RURAL CAP THINKS IT IS FAIR TO SAY THAT HOME WEATHERIZATION IS THE HIGHEST SHORT RUN ENERGY PRIORITY IN ALMOST ALL OF ALASKA'S VILLAGES. WEATHERIZATION SIMPLY REDUCES THE AMOUNT OF ENERGY NEEDED TO HEAT A HOME. RURAL CAP'S PRELIMINARY STUDY OF THE 1978 AND 1979 FEDERAL WEATHERIZATION PROJECT IN NOME FOUND ACTUAL FUEL SAVINGS AVERAGED ALMOST 15%, OR OVER \$200 A YEAR. THE POTENTIAL FOR SAVINGS IS EVEN HIGHER, SINCE THE FEDERAL PROGRAM HAS AN UNREALISTICALLY LOW PER HOUSEHOLD CEILING ON SPENDING. THE NEED IS ESPECIALLY CRITICAL IN VILLAGES WHERE HOUSEHOLDS SPEND THOUSANDS OF DOLLARS ON FUEL OIL FOR HEAT. BUT EVEN IN VILLAGES WHERE LOCAL WOOD IS USED, WEATHERIZATION MEANS USING LESS TIME, LESS GAS, AND LESS WEAR ON THE SNOWMACHINES, TO GATHER WOOD. IN FACT, VILLAGE ENERGY RECONNAISSANCE STUDIES DONE FOR THE ALASKA POWER AUTHORITY ALMOST UNANIMOUSLY POINT OUT THAT WEATHERIZATION IS NEEDED IN THE VILLAGES STUDIED (SEE ATTACHED SHEET). SINCE THOSE RECONNAISSANCE STUDIES WERE AIMED AT ELECTRIC POWER, THEY DID NOT RESULT IN PROPOSED WEATHERIZATION PROJECTS. MOST STUDIES EITHER SIMPLY ASSUMED WEATHERIZATION WOULD BE DONE OR RECOMMENDED THAT VILLAGES PARTICIPATE IN EXISTING PROGRAMS. HOWEVER, THOSE PROGRAMS ARE

SIMPLY INADEQUATE TO MEET THE VILLAGE WIDE NEEDS--THERE IS NOT ENOUGH MONEY PER HOUSEHOLD UNDER THE STATE ENERGY AUDIT/CONSERVATION GRANT PROGRAM OR UNDER THE FEDERAL LOW-INCOME WEATHERIZATION PROGRAM. THE FEDERAL PROGRAM (WHICH MAY BE CUT OUT) REACHES ONLY A TINY FRACTION OF ELIGIBLE HOMES EACH YEAR AND ONLY THE POOREST RESIDENTS ARE ELIGIBLE. A STATE COMMITMENT TO VILLAGE WEATHERIZATION WOULD ENABLE RURAL AREAS TO SHARE MORE EQUITABLY IN THE USE OF STATE WEALTH FOR STABLE, LOW-COST ENERGY. (RATHER THAN DISCUSS THE VARIOUS FORMS THAT THE PROGRAM AND ITS FUNDING MIGHT TAKE RIGHT NOW, WE'D LIKE TO WORK WITH THE LEGISLATURE TO DEVELOP SUCH A PROGRAM FOR INCLUSION WITH THE ENERGY PROGRAM FOR ALASKA.)

WEATHERIZATION IS IMPORTANT, BUT IT IS JUST A FIRST STEP TO MEETING VILLAGE ENERGY NEEDS. THESE LONGER RUN ENERGY SOLUTIONS ARE AS VARIED AS ALASKA'S VILLAGES THEMSELVES. EACH VILLAGE NEEDS TO DECIDE FOR ITSELF WHAT ENERGY SOLUTIONS WILL BE BEST. THE BEST SOLUTION MAY INVOLVE COORDINATION WITH SEVERAL NEARBY VILLAGES. WE THEREFORE CALL ON THE LEGISLATURE FOR A COMMITMENT TO ENABLE LOCAL RESIDENTS TO DO ENERGY PLANNING. STATE AGENCIES AND REGIONAL NON-PROFITS CAN OFFER TECHNICAL HELP AND COORDINATION BUT VILLAGE RESIDENTS MUST HAVE THE MEANS TO GET INFORMATION AND MAKE SOUND DECISIONS ON ENERGY. AGAIN, WE'LL BE HAPPY TO WORK ON A PROPOSAL THAT COULD BE INCORPORATED INTO THE ENERGY PROGRAM FOR ALASKA.

IN CONCLUSION, THEN, WE COMMEND THE RESOURCES COMMITTEE FOR ITS EFFORTS TO IMPROVE THE ENERGY PROGRAM FOR ALASKA. HOWEVER,

THE PROPOSED IMPROVEMENTS STILL NEITHER IMPROVE THE INEQUITY IN THE DISTRIBUTION OF STATE WEALTH NOR ADEQUATELY MEET THE ENERGY NEEDS OF RURAL AREAS. BY INCLUDING COMMITMENTS TO VILLAGE-WIDE WEATHERIZATION AND LOCAL ENERGY PLANNING IN THE PROPOSED IMPROVEMENTS TO THE ENERGY PROGRAM, THE LEGISLATURE WOULD HELP ENSURE AN EQUITABLE DISTRIBUTION OF STATE WEALTH TO MEET THE ENERGY NEEDS OF ALL ALASKANS.

ATTACHMENTS: SUMMARY OF RECONNAISSANCE STUDY RECOMMENDATIONS  
ON WEATHERIZATION

SUMMARY OF COMMENTS ON HB758

THE NEED FOR WEATHERIZATION IN RURAL ALASKA

As Found in Alaska Power Authority Village  
Energy Reconnaissance Studies

NORTEC: Grayling, Scammon Bay, Goodnews Bay, Togiak

"The actual oil consumption in this area ('The Western Alaskan region where degree days vary from 12,000 to 14,000 days per year'.) is approximately 40-50% greater than required for a well-insulated home...Energy conservation offers the best opportunity in the villages for reduction of oil consumption and energy costs... These (energy conservation) technologies have the highest reliability, the greatest availability, and are most appropriate for the area involved."

Roy Barkwell: \* Savoonga

"...Conservation of residential heating fuel has definite merit... The author's judgment from past experience and the site visit is that approximately 30% of this heat could be conserved through upgrading of building envelope by weatherstripping, added insulation, etc....The primary advantage of this technology is inherent in its low capital cost requirements and lack of complex maintenance and operations procedures."

Marks Engineering: Tanana

Conclusions: "Heating requirements ... can be greatly reduced if the structures are upgraded with energy saving improvements."

Recommendations: "Community residents should be encouraged to weatherize...."

CH<sub>2</sub>M Hill: Ahkiok, King Cove, Larsen Bay, Old Harbor, Ouzinkie,  
Sand Point

Recommendations for all villages: Feasibility studies of heat energy conservation ( i.e. weatherization).

(This recommendation for a feasibility study of weatherization reflects the cumbersome way the reconnaissance process works in rural Alaska when consultants apply it literally without taking

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\* Master's Thesis based on work done for Fryer, Pressler, Elliott reconnaissance of Savoonga.

into account the special circumstances in rural areas. At least one other consultant, NORTEC, has said no feasibility study is necessary for weatherization, since we already know that it works and is greatly needed.)

Retherford Associates: Buckland, Koyokuk, Russian Mission, Sheldon Point, Chuathbaluk, Crooked Creek, Nikolai, Red Devil, Sleetmute, Stony River, Takotna, Telida, Hughes

"It cannot be overemphasized that if villages wish to stabilize and hopefully reduce the local cost of energy, immediate short-term conservation measures must be implemented. These conservation measures . . . can reduce current non-transportation fuel use on the order of 15 percent over the 20 year period of this study."

(It is ironic to note that this study simply assumed that energy conservation would be done and did not include this important energy strategy in the list of options studied.)

Wind Systems Engineering: Shungnak, Kiana, Ambler

Recommendations in all three villages: An "integrated" approach to conservation and weatherization:

"Increasing end use (energy) efficiency is as important as increasing (energy) conversion efficiency. This approach looks at energy as both electrical and thermal and takes advantage of reduced electric consumption associated with a well-insulated thermally tight building. Community facilities which are consolidated and built with energy efficient appliances, load management, and a well insulated shell make excellent sense from an integrated energy standpoint."

Fryer: Pressley: Elliott: Elim, Savoonga, Kaltag, White Mountain

Recommendations for all four villages: To bring in an auditor/energy specialist to help the villages participate in existing federal and state weatherization programs. (The consultants did not check whether those programs have enough money to meet weatherization needs of rural households.)

# Terror Lake

PROJECT COST\$ = 153436992. ANNUAL KWH= 139000000. ESCALLATION=1.07  
 ESC. YR. 1/101.043 ESC. YR. 11/201.057 ESC. YR. 21/301.073 ESC. YR. 31/341.07

YEAR	PAYMENT \$	PAYMENT %	C/KWH
1	4603110.	3.00	3.31
2	4799309.	3.13	3.45
3	5003870.	3.26	3.60
4	5217150.	3.40	3.75
5	5439521.	3.55	3.91
6	5671370.	3.70	4.08
7	5913101.	3.85	4.25
8	6165135.	4.02	4.44
9	6427912.	4.19	4.62
10	6701889.	4.37	4.82
11	6987544.	4.55	5.03
12	7383408.	4.81	5.31
13	7801699.	5.08	5.61
14	8243687.	5.37	5.93
15	8710714.	5.68	6.27
16	9204200.	6.00	6.62
17	9725644.	6.34	7.00
18	10276628.	6.70	7.39
19	10858828.	7.08	7.81
20	11474010.	7.48	8.25
21	12124044.	7.90	8.72
22	13022036.	8.49	9.37
23	13986540.	9.12	10.06
24	15022482.	9.79	10.81
25	16135154.	10.52	11.61
26	17330240.	11.29	12.47
27	18613840.	12.13	13.39
28	19992512.	13.03	14.38
29	21473300.	13.99	15.45
30	23063764.	15.03	16.59
31	24772032.	16.14	17.82
32	26606824.	17.34	19.14
33	28577516.	18.62	20.56

397,389,053 = 2.6 x original investment

## STATE OF ALASKA -- OPERATING BUDGET SUMMARY

10:20

2/22/82

\* \* \* \* \* DEPARTMENT OF COMMERCE &amp; ECONOMIC DEVELOPMENT \* \* \* \* \*

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BUDGET COMPONENT	FY81 ACT	FY82 ATH	CONT.	GOVERNOR	HOUSE	HOUSE - GOVERNOR COMPARISON	
NATURAL RESOURCE MANAGEMENT							
OIL & GAS CONSERVATION	1632.5	2220.7	2483.7	2614.2	2532.6	-81.6	-3.0%
PUBLIC PROTECTION							
WEIGHTS & MEASURES	823.0	887.4	952.8	987.3	953.8	-33.5	-3.3%
BANKING SECURITIES & CORP CORPORATIONS	209.3	255.1	281.6	369.4	283.6	-85.8	-23.1%
FINANCIAL INSTITUTIONS	879.7	1004.4	1088.7	1088.7	1077.6	-11.1	-1.0%
*** PROGRAM TOTAL ***	1089.0	1259.5	1370.3	1458.1	1361.2	-96.9	-6.5%
INSURANCE DIVISION	812.2	892.3	911.2	976.8	907.6	-69.2	-7.0%
OCCUPATIONAL LICENSING							
ADMINISTRATION	631.4	735.2	791.9	795.9	765.9	-30.0	-3.7%
LICENSING BOARDS	212.6	169.5	186.5	186.5	186.5		
INVESTIGATIONS	381.1	501.6	522.2	525.2	507.3	-17.9	-3.3%
REAL ESTATE COMMISSION	199.5	303.7	319.4	329.4	329.4		
*** PROGRAM TOTAL ***	1424.6	1710.0	1820.0	1837.0	1789.1	-47.9	-2.5%
ADMINISTRATION & SUPPORT	841.1	508.2	960.3	964.4	937.4	-27.0	-2.7%
REGULATORY COMMISSIONS							
ALASKA TRANSPORTATION COMM.	1462.2	1480.0	1605.9	1664.2	1600.9	-63.3	-3.7%
AK. PUBLIC UTILITIES COMM.	1831.7	2022.1	3159.4	3165.9	3084.9	-81.0	-2.5%
ALASKA PIPELINE COMMISSION	541.5	934.6					
*** PROGRAM TOTAL ***	3835.4	4436.7	4765.3	4830.1	4685.8	-144.3	-3.0%
CIP POSITIONS & ASSOC COSTS							
PROJECT DIRECT CHG POSITIONS							
CIP OVERHEAD POSITIONS & COSTS							
*** PROGRAM TOTAL ***							
*** CATEGORY TOTAL ***	8825.3	9694.1	10779.9	11053.7	10634.9	-418.8	-3.7%
DEVELOPMENT							
ECONOMIC ENTERPRISE							
ADMINISTRATION	2346.2	276.3	296.4	298.4		-298.4	-100.0%
COMMERCIAL FISHERIES DEV.	219.1	272.7	648.8	648.8		-648.8	-100.0%
MINERALS DEVELOPMENT	224.8	318.1	353.3	353.3	387.8	34.5	9.7%
SPECIAL DEVELOPMENT PROJECTS	337.7	374.7	407.6	407.6		-407.6	-100.0%
HYDROCARBON DEVELOPMENT	2.0						
ASIAN OFFICE	228.2	477.3	524.7	574.7		-574.7	-100.0%
EUROPEAN OFFICE	155.0	150.0					
DESIGNATED GRANTS		1415.0					
*** PROGRAM TOTAL ***	3513.0	3284.1	2230.8	2282.8	387.8	-1895.0	-83.0%
BUSINESS LOANS & VET AFFAIRS							
LOAN FUND ADMINISTRATION	1961.5	1671.0	2425.7	2541.2	2422.6	-118.6	-4.6%
VETERANS LOAN FUND	835.7	753.1					
VETERANS SERVICES	128.0	140.2	142.1	142.1	142.1		
FISH ENHANCEMENT TAX RECEIPTS		1306.4	1306.4	2440.3	2010.7	-429.6	-17.5%
*** PROGRAM TOTAL ***	2925.2	3870.7	3874.2	5123.6	4575.4	-548.2	-10.6%