

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

4236 SRES SB 120 - SB 123

116

Several bills introduced in the Alaska State Legislature this year will assist in the development of a productive and cost-effective agricultural industry in Alaska.

SB 40 and SB 154

The concept of production credits outlined in SB 40 and SB 154 will provide incentives necessary for Alaska's agricultural industry during its current stage of development. Production credits are a means of reducing the debt load of farmers who purchased land from the state of Alaska in 1978 to 1982 when the farmland prices in the U.S. were higher than at any other time in the nation's history. These high prices tended to inflate the price of undeveloped agricultural land sold by the state. A system of production credits to reduce the farmer's debt load is a mechanism that government can use to increase farm production and enhance the economic viability of new farming enterprises in Alaska.

SB 41

Equally important in assisting Alaska farmers to succeed in difficult times for farmers nationally is SB 41, a bill to extend the moratorium on payments from 5 to 10 years. This will help farmers through the period of land clearing and farm development when productivity is low, and enhance the opportunity for successful farm development in the long-term.

SB 120

SB 120 is needed to authorize an increase in the capitalization of the agricultural revolving loan fund, to assist in the establishment of commodity marketing associations, and to

increase the number of members on the board of the agricultural revolving loan fund.

Land Title

Successful development of a long-term agricultural industry in Alaska requires that farmland remain available for crop production and not be shifted to other, irreversible uses. However, if the mechanism that accomplishes this prevents the use of the land as collateral in obtaining agricultural development or operating loans from private financial institutions, then successful agricultural production is unlikely to occur even though the land is protected for agricultural use. I strongly urge administrative or legislative measures, developed in concert with the private financial community, that will enable Alaskan farmers to retain land for agricultural use, but also permit them to have the same opportunities to obtain credit that are available to farmers in other states.

SB 57

SB 57 is designed to enhance the marketing of agricultural products produced in Alaska. It would provide a clause in all state bids to require the use of agricultural products originating in Alaska if these products are competitively priced and of like quality when compared to agricultural products originating outside the state.

SB 110 and SB 155

SB 110 to increase the amounts of agricultural loans available from the state of Alaska to any one borrower, and SB 155 relating to the splitting and combining of agricultural

parcels will provide flexibility for developing economically viable farm enterprises in Alaska. Farming has long been a capital intensive industry. The amounts of loans from private financial sources to U.S. farmers are based on the abilities of the farmers to repay the loans, and not on arbitrarily imposed limits. Loan limits may create failure in the very situation the loan was designed to assist by not providing sufficient capital to permit an economically successful farm enterprise. In the best case, there should be no loan limits; instead the amount of the loan should be granted on the basis of a thorough and professional examination of the proposed farming enterprise. Nevertheless, increasing the loan limits as provided by SB 150 will permit the loan fund to service modern agricultural development in Alaska more effectively.

SB 155 will permit the splitting or combining of agricultural parcels sold as part of an agricultural development project to assist in the development of economically sound, full-time and part-time farming enterprises. Farms of a certain minimum size, depending on the farming enterprise, are necessary to support successful, full-time farming businesses. Smaller farms may be satisfactory for part-time farms where other income is available off the farm.

There is a tendency in urban Alaska to perceive that agricultural development may take place successfully with only part-time farms. The argument is that off-farm employment can be used to subsidize the development of the farm. Two thoughts must be kept in mind. First, the part-time farmer requires employment

off the farm. Thus, the development of part-time farms is dependent on the successful development of other sectors of the economy near the farms to provide jobs for part-time farmers. Second, successful part-time and full-time farms require a well-developed, efficient infrastructure for supplying farm inputs and marketing farm outputs. The volume of purchases and production from full-time farms is necessary to support this essential infrastructure.

Financial differences between full-time and part-time farms are illustrated by national statistics. In 1981, U.S. farms that sold \$100,000 or more in farm products accounted for 68.4 percent of cash farm receipts and earned \$19.9 billion. At the other end of the spectrum, farms that sold less than \$20,000 each in products collectively accounted for 6.5 percent of cash farm receipts and lost \$1.6 billion on farming. Nevertheless, these small farms had family incomes above the U.S. average because their farming losses were offset by \$29 billion in nonfarm income.

SB 39

SB 39 will provide an appropriation for the roads and bridges necessary to develop the agricultural, mineral, and recreational resources in the Nenana-Totchaket area of interior Alaska. Expanding agricultural production in this area will increase the volume of agricultural commodities produced in Alaska. As in any other industry, increased volume will reduce the cost of agricultural production and marketing and increase the competitiveness of

Alaska's agricultural commodities. Moreover, expanding Alaska's grain and livestock production in the proposed Nenana-Totchaket project will insure against vagaries of weather or plant diseases that could reduce yields in existing agricultural areas. Reduced grain yields, in turn, could jeopardize livestock producers who need a reliable source of grain and processors of animal products who need a reliable source of animals. Consequently, it is desirable to produce grain and livestock in more than one area of Alaska. The Nenana-Totchaket will provide this option. Access roads and bridges provided by SB 39 are essential for the successful development of farmland in this area.

#### Agricultural Research and Education

Progress in agricultural development supported by the Alaska State Legislature during the last ten years includes the development of new lands for farming, the construction of essential access roads and electrical power to farms, and the construction of processing facilities for agricultural commodities. Modern commercial agricultural, however, is a high technology industry. Its ability to compete depends on the continuing development and application of new technologies for crop improvement, weed and disease control, livestock health and nutrition, fertilizer efficiency, and improvements for processing and marketing agricultural commodities.

All successful agricultural industries in the world have government-supported research and teaching programs to develop new technologies. These programs are supported by government because individual farmers, unlike large industries, cannot amass

sufficient capital individually to conduct essential research. In the U.S., agricultural research is done by the system of state agricultural experiment stations in land-grant universities.

Crop varieties used in Alaska were either developed by or tested by scientists at the Alaska Agricultural and Forestry Experiment Station which is administered by the University of Alaska-Fairbanks (UAF). Essentially all management practices for crops and livestock in Alaska that are recommended by the cooperative extension service or state agencies were developed by the experiment station.

Now, however, demands for improved crop varieties, fertilizer recommendations, disease and insect control, animal health, and farm management systems for new agricultural land exceed the resources and facilities of the experiment station. In recognition of UAF's role as a land-grant university to support research and teaching for agricultural development in Alaska, UAF included an increment package in its FY 86 budget request to support research and education for Alaska's agricultural development plan. I strongly recommend the increment package. Adequate research and education are essential for the development of a cost-effective agricultural industry. Lack of an effective program now will fail to provide competitive technologies for Alaska's farmers three to five years in the future.

#### Summary

The importance of agricultural development in Alaska was highlighted for me in a program presented last week in Fairbanks

by Dr. Theodore Malloch, an international economist with the U.S. Department of State. While discussing international trade, Dr. Malloch informed us about increases in exports from service and information industries in the U.S., and about our imports of resources and manufactured goods from overseas.

During the question period, I asked Dr. Malloch's advice and recommendation for economic development in Alaska as related to possible international trade. He responded that Alaska must diversify its economic base and that our only alternative for increased trade is to develop our basic resources of mining, agriculture, timber, and fisheries.

Agriculture has an important role in Alaska's future, particularly in areas where potential agricultural soils occur and other major resources are limited. In these areas, the development of cost-effective agriculture can provide economic opportunities for Alaskans, enhance communities, provide employment, and place relatively extensive areas of state-owned land in private ownership. It can help meet the policy established in Article III, Section I of Alaska's Constitution, "... to encourage the settlement of (Alaska's) land and the development of its resources by making them available for maximum use consistent with the public interest."

\*\*\*\*\*  
\*  
\* DELIVER TO: JPOH \*  
\*  
\* ORIGINAL \*  
\* SENT: 05/10/85 TIME: 15:42 \*  
\* FROM: MARTIE ROZKYDAL \*  
\* SUBJECT: POM - MATR-01 \*  
\* PRINT DATE: 05/10/85 TIME: 15:42 \*  
\*  
\*\*\*\*\*  
23

TO: ALL SENATORS  
REPRESENTATIVES LARSON AND HUFFEY

FROM: JUDI AND KEN RIVARD  
PO BOX 871842  
WASHINGTON 99687  
376-2140

RE: SB 120/CHANGES IN AG LAWS

WE UNDERSTAND THIS BILL WOULD INCREASE THE AG LOAN CEILING FROM 1 MILLION TO 2 MILLION. WE STRONGLY OPPOSE THIS INCREASE. A 2 MILLION LOAN CEILING IS UNREALISTIC AND UNREASONABLE. THE INTEREST ON THIS LARGE LOAN WOULD BE CLOSE TO OR MORE THAN A FARM'S YEARLY GROSS INCOME.

APRIL 15, 1985 - DELTA POM

TO: SENATORS COGHILL, FAIKS, FERGUSON, P. FISCHER, HALFORD, KERTTULA AND SACKETT AND REPRESENTATIVE SHULTZ

FROM: MIKE CARLSON, P.O. BOX 953, DELTA JCT., AK 99737 H: 895-4819 W: 895-4697

RE: SB 120

URGE PASSAGE OF 120 SO IT CAN AT LEAST GET A FULL SENATE HEARING. IT DOES NOT SEEM TO BE A COSTLY BILL AND REALLY DOES NOT CHANGE THE STATE FINANCIAL PICTURE. IT DOES CLEAN UP SOME PROBLEM AREAS.

APRIL 15, 1985 - DELTA POM

TO: SENATORS COGHILL, FAIKS, FERGUSON, P. FISCHER, HALFORD, KERTTULA AND SACKETT AND REPRESENTATIVE SHULTZ

FROM: MIKE CARLSON, P.O. BOX 953, DELTA JCT., AK 99737 H: 895-4819 W: 895-4697

RE: SB 40

THE NEGATIVE FISCAL NOTE ATTACHED IS UNREALISTIC. I THINK THE FIGURES MAY REFLECT ALL AGRICULTUREAL SALES NOT JUST THOSE WITH STATE LOANS. ALSO, ISN'T IT JUST AS SPECULATIVE TO ANTICIPATE LOSS AS IT IS TO ANTICIPATE GAIN? A GUESS AS TO LOSS HAS NO MORE MERIT THAN A GUESS OF GAIN.

EOM

Amendments to CSSB 120 (Resources)

- ✓1. p. 2, line 24; add: and processed feeds. OK
2. ✓ p. 3, line 16; change: 20 percent to 50 percent.
3. ✓ p. 4, line 6; change: 20 percent to 50 percent.
- ✓4. p. 4, line 27; add: or horticulture after agriculture. O/C

014

Testimony to Resources Committee  
Alaska State Senate

by

Dr Wayne C. Thomas ✓

Agricultural and Forestry Experiment Station  
School of Agriculture and Land Resources Management  
University of Alaska-Fairbanks  
Fairbanks, Alaska 99701

March 13, 1985

## Economics of Agriculture

Much has been said and written recently about the problems in Alaskan agriculture. This should not be at all surprising given the problems indicated in the national media for U.S. agriculture. Put as briefly as possible, high debt load and low market prices have been major reasons for the present day situation both in the country as a whole and in Alaska.

You may be interested in how we got ourselves in this situation. The worldwide recession caused in part by large increases in world oil prices, and the recent strong U.S. economic recovery and associated strong U.S. dollar have led to weak export markets for U.S. products. American agriculture and Alaskan agriculture depend in large measure of these markets particularly for cereal grains.

What relationship does Alaskan agriculture really have with export markets? Pricing of cereal grains depend on U.S. domestic and world prices. A strong dollar tends to make U.S. grain more expensive to other countries thus reducing its demand. Lower demand leads to lower prices in the United States including Alaska. Also, lower prices means less revenue to the farmer thus reducing his ability to repay debts.

Cereal grain is emphasized here because it is the basis for modern agricultural development in Alaska. Without efficiently produced Alaskan cereal grain, our red meat and dairy industries will face more difficult economic conditions when competing with food imported into Alaska.

You should be aware that it is the cereal-livestock producers nationwide that are having the majority of the problems today.

You might ask, "why is Alaska in the farming business"? Well, the simple answer is that farming has been in Alaska for well over 80 years. It has received a number of growth spurts related to increases in population caused by gold discoveries, World War II, and oil development in the 1950's, 1960's and 1970's. After each major development period for Alaskan agriculture, a recession period has occurred. Thus in a historical sense, we are presently following a normal, somewhat expected pattern.

The thing to remember most is that each agricultural development period that has occurred in Alaska came about because its citizens wanted it. They wanted land, food sources separated from shipped-in food, and a means to gain employment and make money in Alaska.

So for all that has been argued about Alaskan agriculture, it is here today through support of many groups of people within Alaska over a long period of time.

Now let's consider some specific issues of grain-livestock farmers in Alaska.

Grain producers look to two markets for their product. First is the domestic, or in-state market, because it is the closest and requires the lowest transportation cost from the grain producer to final destination for the grain. Thus, price received by the grain farmer in a free market will be the highest in this situation. The problem, of course, is that the Alaska in-state market is small but growing. New livestock producers seem to be increasing on a weekly basis in response to more readily available feed supplies and the new meat processing plant in Palmer. As this local market produces more local red meat, greater quantities of Alaska produced grain will be sold in state.

Throughout the planning period for the Delta project, the export market appeared to be a viable alternative for crop surplus to the Alaska market. As was indicated earlier in this presentation, the strong U.S. dollar has made the export market less economically desirable. Thus, something less than full production has occurred on many Delta farms. However, world market conditions should improve if the U.S. dollar loses value as many expect during 1985. This should signal a return to reasonable levels of economic

growth in the world economy and higher prices for U.S. grain. Alaska export possibilities will also increase in this situation.

Point MacKenzie farmers have shown remarkable progress when compared to the problems they face. The only milk processing plant in southcentral Alaska has had serious financial problems caused in large measure by poor management. Recently, the state government has taken temporary control of the plant, and surprisingly, the financial health of the plant has improved. While final disposition of the milk plant relative to ownership has not been made, its continued operation, in a financially solvent manner, is an excellent sign and indicates some measure of success for Point MacKenzie dairy farms.

Commercial meat production in Alaska continues to grow. Since the beginning of the Delta project, a large commercial hog enterprise has been operated on one of the Delta tracts. A second, with output 10 times greater than the first or approximately 10,000 pigs per year, is scheduled to be developed on another Delta tract. Cattle feeding in both Delta and the Matanuska Valley has increased in response to these new grain supplies. Delta barley has in general replaced all imported feed grain, but problems remain.

The chief concern is that grain production is coming on faster than local livestock production. This spills over into the

political area when farmers request government help to overcome the chief symptom of this problem, that of high and recurring debt load. There are no easy answers here but remember that most would be helped greatly just with improving market conditions.

Farmers throughout the United States are looking to their governments for some support through these difficult times in the farm economy. Your goal, I assume, is to try and find cost effective programs which are compatible with the difficult financial situation that presently faces the State of Alaska. I hope that you can see your way clear to develop these effective programs and I wish you good fortune in your efforts.

**STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE**

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

**REQUEST**

Bill/Resolution No.: CSSB 120  
Title: Agriculture Omnibus

Sponsor: Resources Committee  
Requestor: Senate Resources Committee  
Date of Request: March 20, 1985

**FISCAL DETAIL**

Agency Affected: Natural Resources  
Program Category Affected: NRMEC  
Agricultural Management

BRU, Program or Subprogram(s) Affected: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	25.0	25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary

See attached analysis for an explanation of costs related to each section of the bill. The \$25,000 listed above would be for matching grants to commodity commissions.

Prepared By: Carol Wilson Phone: 465-2400  
Division: Commissioner's Office Date: \_\_\_\_\_

Approved by Commissioner: Mims D'Arny, Deputy Date: 3/26/85  
Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Additional Fiscal Information for CSSB 120

Section 1(a)

(5) adding shell eggs to the list of items regulated by the commissioner will result in no additional costs to the state. The department currently performs inspections on shell eggs.

(6) The \$25,000 for matching grants to commodity marketing associations will assist farmers in developing markets for their products.

(7) This addition gives the department the authority to control grain warehousing but will not result in additional costs to the state. Regulations or other control mechanisms would be developed by existing staff.

Section 1 (b)

(3) and (6) Allows the department to develop regulations for additional items at no additional cost to the state.

Section 2 and Section 3

This section provides the ARLF with the flexibility to rewrite agricultural loans and increases the loan limits under certain circumstances. While individual borrowers may be eligible for increased loan amounts, the amount in the loan fund remains the same. There is, therefore, no increase in cost to the state. If loans for larger amounts are made, the number of borrowers served could decrease.

The flexibility provided by these additions to the statute may allow the ARLF Board to prevent loan defaults and therefore prevent revenue losses to the state.

Section 4

Raising the ceiling for the ARLF results in no additional costs to the state.

Section 5

Adding two members to the ARLF Board requires no additional funding.

Section 6 - 9

No additional funding required.

# 1984 SURVEY OF THE ALASKAN GREENHOUSE & NURSERY INDUSTRY

Deborah M. Brown  
Horticulture Graduate Student  
University of Alaska - Fairbanks, Alaska

Horticulture is an important industry in Alaska. Involvement with growing vegetables and ornamentals is a profession and/or hobby with many people. The purpose of this survey is to identify the significance of horticulture in Alaska's economy. With acknowledgement, support for the horticultural industry on local, regional and state levels may improve. Ideally, money for agricultural research is divided among the areas that have the most participation by our citizens.

The greenhouse and nursery industry has been growing steadily. Several surveys have been done by different governmental agencies in the past few years to determine how substantial the industry is in various regions of the state. This survey, is an attempt to inventory all the commercial greenhouse and nursery operations in Alaska. Landscape contractors, florists, and variety stores that sell plants were also surveyed.

The survey questions were designed to show industry growth, present an economic picture of commercial greenhouses and nurseries, as well as benefit the industry itself by showing where the voids in production exist. By surveying landscape contractors, florists, and variety stores their needs can be identified so that the industry can respond.

The (confidential) list of names and addresses of commercial establishments is much longer than anyone had expected. Through various means, names and addresses for 153 commercial greenhouses and nurseries were found. The list of names and addresses of the 268 landscape contractors, 80 florists, and more than 40 variety stores that handle plant materials rounded out the list to 541 businesses.

At this time, only a brief summary of the findings from the 56 (larger) commercial greenhouse and nursery operations that have been interviewed, can be given. Being unable to visit all parts of Alaska, questionnaires were sent to areas outside the "Rail-belt" and Kenai-Soldotna areas. Businesses which were not reached by phone or with personal visits were also sent questionnaires. Response from mail-outs was 40%.

In 1956 only one of the 56 businesses interviewed existed. In 1964, six more of these greenhouses and nurseries were in existence. In the next 10 years, 13 more businesses joined the ranks for a total of 20. By 1984, these 56 greenhouse and nursery operations were open, 16 of them opening in the past three years.

Of the businesses interviewed, 23% were from the Fairbanks area, 29% from Anchorage area, 14% were from the Kenai Peninsula, 7% from the Matanuska-Susitna Bourough, and 6 % from Southeastern Alaska. One third of the operations were solely greenhouse operations, 38 % were greenhouse, nursery, and garden centers operations. The remaining 28% were intermedearies between these or interiorscape businesses.

The square footage of year-round heated greenhouses in existence for these 56 operations was 412,776. Seasonally heated greenhouse space totaled 273,450 suqare feet. There were 155.5 acres into commercial production of herbaceous and woody nursery stock.

The greenhouse coverings most often used by these businesses were either double-poly or corrugated fiberglass. Double-poly covering was the first choice by most operators. Quanset (or hoop) houses were most often used rather than ridge or lean-to shaped greenhouses. Supplemental light was often used in starting the bedding plants. The type of light was usually florescent. If natural gas was available, that was the energy source used. Heating oil was the most common energy source in areas where natural gas was not available. Wood or coal were sometimes used to suppliment the oil heat.

The 56 greenhouses and nurseries interview had 149 full-time, year-round employees, 90 part-time, year-round employees, 289 seasonal (4 to 6 month) employees, and 148 people hired for transplanting only, for a total of 676.

Of these businesses, 60% sold houseplants, 80% sold flowering annuals, 75% sold vegetable statrs, 66% sold a few perennials, 66% sold hanging baskets, 33% sold a small amount of containerized hybrid roses, 33% sold (up to 5%) Alaska native plants, and 56% sold trees and shrubs. Of these businesses, 16 of them (or 28%) sold a substantial amount of other crops, most often tomatoes and cucumbers, and less often, strawberries and/or raspberries.

Most (80%) of the greenhouses started at least half the bedding plants that they sold from seed. One half of the 56 operations bought rooted cuttings of fushia and/or geraniums. And 60% bought foliage and/or flowering potted plants for resale. Almost all of the bareroot, balled and burlaped, and containerized nursery stock was imported into Alaska. With 60% of these operations buying nursery stock, and half of them buying rooted cuttings, production of these plant materials by the Alaskan horticultural industry has considerable potential.

Half of these greenhouse and nursery operations were open for crop production and/or sales for four to six months. Another 25% stayed open year-round. Interiorscape businesses are grouped into the later catagory. The remainder of the businesses were scattered inbetween these season lengths.

Those people interviewed became commercial greenhouse and nursery operators either by a conscious decision or by accident. The 40% that entered this business by accident were hobbyists that began to sell their surplus to help make their hobby pay for itself. Going into plant production was a natural growth of an original business for 10% of the operators, most being landscape contractors.

Almost one third of the owners and/or managers of these 56 greenhouses and nurseries belonged to professional organizations and/or Alaska Horticultural Association, which is also a professional organization for those doing horticultural business in Alaska.

The amount of gross sales generated in Alaska with horticultural products from the greenhouse and nursery industry is estimated to be \$23.5 million. This total was summarized by the amounts derived from the survey, and with experience in the Alaskan horticultural industry, extrapolated to include those businesses not interviewed. Of the 56 greenhouse and nursery operations interviewed, 39% had gross sales less than \$25,000, 26% had gross sales between \$25,000 and \$100,000, 22% had between \$100,000 and \$500,000, and the remainder 13% grossing over \$500,000. It seems that 80-90% of the sales were retail.

Horticulture in Alaska is important in our economy. Many more people benefit from this industry than those mentioned above. At least 41 van loads of horticultural supplies enter Alaska annually. The topsoil business is probably worth \$5 million. The sale of fertilizer and lime was taken into account in some of the above mentioned \$23.5 million, however, an additional \$2.5 million was not. The sale of other garden services to support the 19 businesses involved in greenhouse construction, the 25 landscape architect offices, and large gardening sections found in all bookstores throughout the state have not even begun to be evaluated. And, of course, the recreational, therapeutic, and esthetic values that horticulture adds to our homes, commercial buildings, and community areas will probably never be estimated. Yes, indeed, horticulture in Alaska is a big business, by far the largest component of agriculture in our state.

ARLF LOAN PRIORITIES BOARD CRITERIA AND STANDARDS \*85-1

Of the \$16.5 million of available loan funds over the next 18 months, first priority will be given for additional short term operating loans for 1985 (\$4,000,000) and 1986 (\$5,000,000).

Next priorities will be given to further expansion and development of complimentary enterprises and to those enterprises having a large, viable in-state market of food production. Large in-state markets exist for milk, grain and other crops and red meat. Priority consideration will also be given to existing enterprises which have received ARLF loans, and those enterprises needing funds to meet state required development schedules accordingly. For example, priority will be given to:

- Enterprises that already have a large in-state market of food production (e.g. milk, grain and other crops, and red meat).
- Enterprises complimenting other farm developments by providing in-state market for grain and hay.
- Enterprises that support the state's commitment to existing processing facilities
- Existing enterprises that have received previous ARLF loans.
- Enterprises requiring financing to meet state development schedules.

Priority for the remaining \$7.5 million of available loan funds is as follows:

- \$2,500,000 for Point MacKenzie dairies.
- \$500,000 for new dairies in Delta.
- \$1,500,000 for expansion of red meat production.
- \$1,000,000 for expanded capability in crop production.
- \$500,000 for clearing loans for smaller agricultural parcels on development schedule.
- \$750,000 for miscellaneous needs to existing borrowers.
- \$500,000 for farm product processing loans other than those for red meat and dairy projects.
- \$250,000 for chattel loans other than dairy and red meat projects.

✓ No priority will be given to fur farm loans, clearing loans on large projects receiving special clearing appropriations, further greenhouse development loans, tree farm loans, any other processing loans, horse farm loans or irrigation loans.

Loans approved within priority categories will be made based upon the following criteria:

1. Shorter loan amortization period.
2. Maximum borrower participation.
3. Maximum collateral strength.
4. Strongest cash flow picture.
5. Best proven management practices.
6. Best proof of market.

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

DIVISION OF AGRICULTURE—AGRICULTURAL REVOLVING LOAN FUND

March 5, 1985

Ms. Melisa Fouse  
C/O Senator Arliss Sturgulewski  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Ms. Fouse:

As per our phone conversation today, I have enclosed a copy of the "ARLF Loan Priorities Board Criteria and Standards \*85-1". The attached document was adopted by the Loan Fund Board of the Agricultural Revolving Loan Fund at its meeting on February 6, 1985.

Sincerely,



Peter M. Probasco  
Loan Manager

Enclosure

MAR 11 1985

BILL SHEFFIELD, GOVERNOR

P.O. BOX 2470  
PALMER, ALASKA 99645-2470  
PHONE: (907) 745-7200

ARLF LOAN PRIORITIES BOARD CRITERIA AND STANDARDS \*85-1

Of the \$16.5 million of available loan funds over the next 18 months, first priority will be given for additional short term operating loans for 1985 (\$4,000,000) and 1986 (\$5,000,000).

Next priorities will be given to further expansion and development of complimentary enterprises and to those enterprises having a large, viable in-state market of food production. Large in-state markets exist for milk, grain and other crops and red meat. Priority consideration will also be given to existing enterprises which have received ARLF loans, and those enterprises needing funds to meet state required development schedules accordingly. For example, priority will be given to:

- Enterprises that already have a large in-state market of food production (e.g. milk, grain and other crops, and red meat).
- Enterprises complimenting other farm developments by providing in-state market for grain and hay.
- Enterprises that support the state's commitment to existing processing facilities.
- Existing enterprises that have received previous ARLF loans.
- Enterprises requiring financing to meet state development schedules.

Priority for the remaining \$7.5 million of available loan funds is as follows:

- \$2,500,000 for Point MacKenzie dairies.
- \$500,000 for new dairies in Delta.
- \$1,500,000 for expansion of red meat production.
- \$1,000,000 for expanded capability in crop production.
- \$500,000 for clearing loans for smaller agricultural parcels on development schedule.
- \$750,000 for miscellaneous needs to existing borrowers.
- \$500,000 for farm product processing loans other than those for red meat and dairy projects.
- \$250,000 for chattel loans other than dairy and red meat projects.

No priority will be given to fur farm loans, clearing loans on large projects receiving special clearing appropriations, further greenhouse development loans, tree farm loans, any other processing loans, horse farm loans or irrigation loans.

Loans approved within priority categories will be made based upon the following criteria:

1. Shorter loan amortization period.
2. Maximum borrower participation.
3. Maximum collateral strength.
4. Strongest cash flow picture.
5. Best proven management practices.
6. Best proof of market.

STATE OF ALASKA

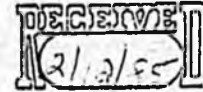
BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

OFFICE OF THE COMMISSIONER

555 Cordova Street  
Pouch 7-005  
Anchorage, AK 99510  
(907) 276-2653

February 8, 1985



*May Danice*  
*3600*

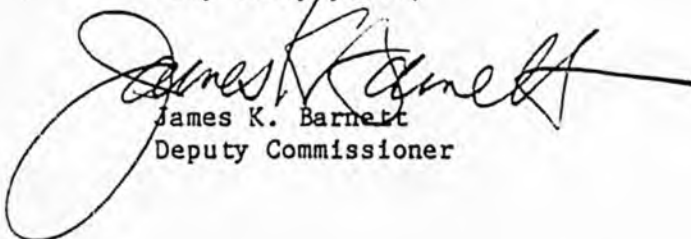
Dear Alaskan:

Attached are proposed revisions to the regulations of the Department of Natural Resources. The department is soliciting public comments on these proposed regulations. Please see the attached legal notice for instructions on where and when to submit your comments at a public hearing.

The proposed changes implement changes to the interest rates charged for Agricultural Revolving Loan Fund loans. Decreasing state revenues and decreasing appropriations to the ARLF has necessitated development of a gradual system of increased interest rates for new loans based on the number of years a borrower has borrowed from the fund. The regulations provide that the interest rate shall remain at 8% for all loans obtained during the first six years following closing of the borrower's first loan. An increase of 1% per year for any new loans will occur from six years to ten years. Loans for borrowers who have been with the fund for more than ten years will increase to the commercial rate for the Federal Land Bank for the Alaska District. The intent of these regulations is to provide the agricultural borrower the advantage of low-interest, 8% loans, for the first six years to encourage development. A gradual increase in interest rate to the commercial Federal Land Bank rate will allow greater participation in lending by other entities while minimizing the effect of this transition on the business.

Your comments on the proposed draft regulations will be most useful to the department if you reference particular sections by number and if you suggest specific wording changes or other modifications you feel would result in improvement to the regulations. Thank you for your assistance.

Very truly yours,

  
James K. Barnett  
Deputy Commissioner

NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE  
DEPARTMENT OF NATURAL RESOURCES

Notice is given that the Department of Natural Resources, under authority vested by AS 03.10.020, proposes to amend regulations in Title 11 of the Alaska Administrative Code, dealing with graduating the Agricultural Revolving Loan Fund interest rate from eight percent to a commercial rate, to implement AS 03.10 as follows:

11 AAC 39 is amended by adding a new section which provides that interest rates on certain loans under the revolving loan fund will carry interest rates graduated from the current eight percent to the commercial rate. Various sections contained within 11 AAC 39 are also amended so as to comport with the new section.

Notice is also given that any person interested may present oral or written statements or arguments relevant to the proposed action at a hearing to be held by teleconference at the legislative teleconference offices in Anchorage, Delta, Fairbanks, Wasilla, and Kenai at 6:30 p.m. on March 11, 1985. In addition, written statements or arguments may also be submitted by mail to the Division of Agriculture, Box 949, Palmer, Alaska 99645-0949 so that they are received by 4:30 p.m. on March 15, 1985.

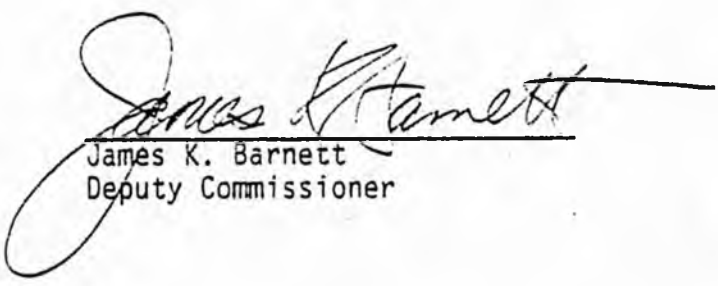
This action is not expected to require an increased appropriation.

Copies of the proposed regulations may be obtained by writing to the above address or by calling the Division of Agriculture at (907) 745-7200 or by calling either Office of the Commissioner at (907) 265-4131 in Anchorage or (907) 465-2400 in Juneau.

The Department of Natural Resources, upon its own motion or at the instance of any interested person, may, after the close of the public comment period, adopt proposals within the scope of this notice without further notice or may decide to take no action on them.

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

2-8-85

  
James K. Barnett  
Deputy Commissioner

DRAFT

11 AAC 39 is amended by adding a new section to read:

11 AAC 39.261. INTEREST RATES. (a) The interest rate on borrower's first loan with the fund or on loans approved within six years following the closing of a borrower's first loan is eight percent. Interest rates on loans approved more than six years following the closing of a borrower's first loan with the fund shall be a graduated rate determined under (b) of this section, except that this rate may not exceed the commercial rate defined in (c) of this section.

(b) The graduated interest rate for loans approved more than six years following the closing of a borrower's first loan shall be:

(1) nine percent for loans approved more than six years but less than seven years following the closing of a borrower's first loan with the fund;

(2) ten percent for loans approved more than seven years but less than eight years following the closing of a borrower's first loan with the fund;

(3) eleven percent for loans approved more than eight years but less than nine years following the closing of a borrower's first loan with the fund;

(4) twelve percent for loans approved more than nine years but less than ten years following the closing of a borrower's first loan with the fund; and

(5) the commercial rate as determined in (d) of this section for loans approved more than ten years following the closing of a borrower's first loan with the fund.

(b) The commercial rate is the most current rate of the Federal Land Bank for the district for which Alaska is a part of at the time the loan is approved.

(c) This section governs all loans approved after July 1, 1985. (Eff. / /85, Register )

Authority: AS 03.10.020  
AS 03.10.030  
AS 03.10.050

11 AAC 39.131(a) is amended to read:

(a) A short-term loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at the rate determined under 11 AAC 39.261 [EIGHT PERCENT]. A short-term loan for seed, fertilizer, fuel, and other associated planting and harvesting expenses will not exceed the maximum dollar-per-acre-planted limit established under (b) of this section.

**DRAFT**

11 AAC 39.141(a) is amended to read:

(a) A farm development loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at the rate determined under 11 AAC 39.261 [EIGHT PERCENT].

11 AAC 39.151(a) is amended to read:

(a) An irrigation loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at the rate determined under 11 AAC 39.261 [EIGHT PERCENT].

11 AAC 39.161(a) is amended to read:

(a) A chattel loan will not exceed the maximum term and maximum dollar limit established under AS 03.10, and will not exceed a term of seven years. The loan will bear interest at the rate determined under 11 AAC 39.261 [EIGHT PERCENT].

11 AAC 39.171(a) is amended to read:

(a) A farm product processing loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at the rate determined under 11 AAC 39.261 [EIGHT PERCENT].

11 AAC 39.181(a) is amended to read:

(a) A land clearing loan will not exceed the maximum term and maximum dollar limit established under AS 03.10. The loan will bear interest at the rate determined under 11 AAC 39.261 [EIGHT PERCENT]. The loan will not exceed the maximum dollar-per-acre cleanup limit under (b) of this section and must be used for land qualifying for land clearing under (c) of this section.

GREENHOUSE GROWERS  
(Alaska Horticultural Association)

John Collette, a member of the Alaska Horticultural Association, is from Fairbanks and presents the following points regarding greenhouse growers (and the Hort. Assn'n):

(1) Only eight loans to greenhouse growers have been made to date by the AG REvolving Loan Fund. Access to the loan funds was made available in 1984 legislation. Many more could take advantage of the AG loan funds, but the greenhouse growers have been given no priority loan status. Estimate at least 50 growers are trying to get loans. There are 156 growers now operating in Alaska.

(2) The Agriculture Loan Fund Board is being expanded to seven members, and the horticulturists are NOT represented. Request that one of their members be nominated (and appointed).

(3) Need a greenhouse specialists available for the Interior, preferably stationed at UAF. Currently there is ONE for the entire state. This, if funded, would come through the UAF Cooperative Extension Service.

(4) Soil Tests: Only available place for testing now is with Palmer Experiment Station. Takes anywhere from two to six months to get a soil sample back. Most growers send samples out of state.

(5) Greenhouse enterprises in Alaska number 156. These employ approximately 1,000 in the summer months. About 250 of these employees are year round.

6. Greenhouse enterprises gross roughly 17,000,000

how public  
out about

Good student  
found info  
state

Regulation:

Process

Added to internal delegate

Gonsky

Davis

Holford

Kopman  
Pomier

Schultz

Kestalla

Chapter 82

AN ACT

Relating to the Alaska Agricultural Loan Act.

\* Section 1. AS 03.10.020(1) is repealed and reenacted to read:

(1) make a loan to

03.10.020(1)

(A) an individual resident farmer, homesteader, or a partnership or corporation composed of farmers and homesteaders for

(i) clearing land for agricultural purposes;

(ii) development of farms;

(iii) storage and processing of farm produce; or

(iv) the purchase of livestock or machinery;

(B) an individual state resident, or a partnership or corporation for

(i) storage and processing plants for agricultural products;

(ii) the commercial production or processing of horticultural products in the state;

(iii) the commercial production or processing of animal feed in the state; or

(iv) the raising or care of animals in the state for the purpose of marketing their fur;

\* Sec. 2. AS 03.10.020 is amended by adding a new subsection to read:

(b) In this section "horticultural products" means vegetables, CSSB 342(Fin)

03.10.020(b)

Chapter 82

fruit plants, grass seed, sod, tree seedlings, ornamental plants, foliage, or flowering plants, grown in a greenhouse or nursery.

\* Sec. 3. AS 03.10.030(c) is amended to read:

03.10.030(c)

(c) A short term loan, to be amortized within one year, not to exceed \$350,000 to any one borrower may be made for operating purposes, except that a loan made under this subsection may not exceed \$200,000 unless the loan is made to a borrower in a farm disaster area declared under AS 03.10.058. The term of a loan made under this subsection may be extended for up to three years by the agricultural revolving loan fund board, in the discretion of the board, upon application by the borrower.

\* Sec. 4. AS 03.10.030(g)(4) is repealed and reenacted to read:

03.10.030(g)(4)

(4) be made for clearing land other than land that has been classified by the United States Department of Agriculture, Soil Conservation Service under the Land Capability Classification System as having agricultural potential for the production of annual crops, hay, or for pasture.

Eff. 8/30/84

Introduced: 1/30/85  
Referred: Resources and  
Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 110

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to agricultural loans."

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

8 \* Section 1. AS 03.10.030(a) is amended to read:

9 (a) The farm development, chattel, or irrigation loan made under  
10 this chapter

11 (1) may not exceed a term of 30 years, except that a  
12 chattel loan may not exceed a term of seven years;

13 (2) may not, when added to the outstanding balance of other  
14 loans made under this chapter, exceed a total outstanding balance of  
15 \$2,000,000 [\$1,000,000];

16 (3) shall be secured by a real estate or chattel mortgage  
17 of any priority, except that the portion of a loan that exceeds  
18 \$500,000, when added to prior indebtedness that is secured by the same  
19 property, must be secured by a first mortgage;

20 (4) shall bear interest at a rate that may not be less than  
21 eight percent or more than the commercial rate, unless the commercial  
22 rate is eight percent or less; in this paragraph "commercial rate"  
23 means the prevailing rate of interest at private lending institutions  
24 in the state for loans similar to those referred to in this subsec-  
25 tion.

26 \* Sec. 2. AS 03.10.030(c) is amended to read:

27 (c) A short term loan, to be amortized within one year, not to  
28 exceed \$500,000 [\$350,000] to any one borrower may be made for operat-  
29 ing purposes, except that a loan made under this subsection may not

1 exceed \$400,000 [\$200,000] unless the loan is made to a borrower in a  
2 farm disaster area declared under AS 03.10.058. An applicant for a  
3 short term loan may be required to purchase insurance through the  
4 Federal Crop Insurance Act (7 U.S.C. 1501 - 1520) as a condition of  
5 the loan. The term of a loan made under this subsection may be ex-  
6 tended for up to three years by the agricultural revolving loan fund  
7 board, in the discretion of the board, upon application by the  
8 borrower.

Introduced: 2/13/85  
Referred: Resources  
and Finance

1 IN THE SENATE

BY KERTTULA

2

SENATE BILL NO. 155

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the splitting and combining of

7

agricultural parcels."

8

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

9

\* Section 1. AS 38.05 is amended by adding a new section to read:

10

Sec. 38.05.064. SPLITTING AND COMBINING OF AGRICULTURAL PARCELS.

11

(a) The commissioner may allow a person who has purchased a parcel of agricultural land under this chapter that is part of an agricultural development project to split the parcel by selling portions of the parcel or to combine it with other parcels by purchasing a parcel from a private seller.

16

(b) If a parcel is split under this section, no more than one farmstead may be maintained for each 640 acre parcel resulting from the split. If parcels are combined, there is no limit on the size of the resulting parcel, but no more than one farmstead may be maintained on the resulting parcel. A farmstead may not exceed 20 acres.

21

(c) The commissioner may not allow a parcel to be split or combined under this section unless

23

(1) the commissioner makes a written finding that the proposed split or combination is necessary to promote the public interest; in making this determination the commissioner shall consider whether the split or combination will encourage development of the state's agricultural resources, prevent economic waste, and protect all interested parties including the state;

29

(2) for each parcel resulting from a split or combination,

1 an agricultural development agreement is entered into with the state  
2 and approved by the commissioner;

3 (3) the application for the split or combination of parcels  
4 designates an operator for each of the proposed resulting parcels;

5 (4) the commissioner provides public notice of, and an  
6 opportunity for a hearing and written comment regarding, a proposed  
7 split or combination; and

8 (5) the commissioner makes available to the public a writ-  
9 ten explanation of the proposed split or combination, information on  
10 how to obtain a copy of the application for the proposed split or  
11 combination, and the proposed agricultural development agreements.

12 (d) The commissioner may adopt regulations to implement this  
13 section.



# RECORDS CERTIFICATION

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

James O. Smith  
Signature of Camera Operator

11/24/89  
Date

S B

1 2 3

File

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB-123  
Title: An act relating to the  
Alaska Power Authority  
Sponsor: Senate Rules Committee  
Requestor: Governor  
Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Economic Development  
Program Category Affected: Development  
BRU, Program or Subprogram(s) Affected:  
Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING						

NOT REQUIRED

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

NOT REQUIRED

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

NOT REQUIRED

ANALYSIS: Attach a separate page if necessary

Please refer to Tables 1 & 2 indicating Susitna and Bradley Lake Projects "Interest Earnings on State Funds."

Prepared By: William H. Batt Phone: 276-0001  
Division: Alaska Power Authority Date: 4/15/85

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
BETTYE FAHRENKAMP, Vice Chairman  
JACK COGHILL  
DICK ELIASON  
VIC FISCHER  
RICK HALFORD  
FRED ZHAROFF



POUCH V  
JUNEAU, ALASKA. 99811  
(907) 465-4907

## Senate Committee on Resources

C. E. Franke  
General Manager  
Naknek Electric Association, Inc.  
Box 118  
Naknek, Alaska 99633

Dear Mr. Franke:

Thank you for the information concerning the power cost equalization. This is certainly a topic that will be important in the coming legislative session. I am planning to hold hearings on January 29, 1986 dealing with the entire power issue and will be discussing these issues with Bob Heath.

I am very concerned that rural residents receive equal benefits, and I appreciate your sending me your ideas. Please keep in touch.

Best wishes,

Senator Arliss Sturgulewski  
Chairman, Senate Resources Committee



# NAKNEK ELECTRIC ASSOCIATION, INC.

POST OFFICE BOX 118 • NAKNEK, ALASKA 99688 PHONE (907) 246-4261

December 18, 1985

*Handwritten note:*  
Please acknowledge  
then keep on hand.  
we will have mine  
to deal w/  
of

Arlis Sturgulewski  
2957 Sheldon Jackson  
Anchorage, AK 99508

Dear Senator Sturgulewski:

Upon review for filing, it occurred information contained in the enclosed letter might serve you well for our states upcoming legislative session in the new year.

PCE, undoubtedly, will require some attention due to this years court action. Hopefully, you will find interest in the concepts presented in the letter providing a means to perpetuate energy equalization for residents of rural Alaska.

May your holidays be blessed with joy and happiness.

Thank you for your attention and consideration.

*C. E. Franke*  
C. E. Franke  
General Manager

CEF/sp

enc.



# NAKNEK ELECTRIC ASSOCIATION, INC.

POST OFFICE BOX 118 • NAKNEK, ALASKA 99633 • PHONE (907) 246-4261

November 25, 1985

Mr. Robert Heath  
Executive Director  
Alaska Power Authority  
334 West 5th Avenue  
Anchorage, AK 99501

RE: Power Cost Equalization Revision Suggestions

Dear Mr. Heath:

For sometime now, (probably a year and a half) we have realized that power cost equalization (PCE) would ultimately be in need of revision. We have a number of thoughts and suggestions, if such be the case of the legislature and or the courts. We had a very excellent example of this, this fall, through the "quirk" of inclusion of another issue at hand, in the courts.

In view of this, we should like to set forth some possibilities of change that could well leave room for negotiation in an effort to perpetuate the P.C.E. program. We shall list the items of interest, and then expand upon them individually.

1. Restrict eligibility.
2. Alter the KWH capacity of base quantity.
3. Develop an irrevocable trust for PCE.
4. Remove the Alaska Public Utility Commission (PUC) from the function within the frame work of the law.

#### Restrict Eligibility by Class

Avail PCE only to residential and public facilities (i.e., water and sewer) only. Reasoning behind this concludes governmental recipients (if using 750 KWH or more a month) are having their budget increased by an average of \$100.00 per month, (in our case) plus the tax or grant supported budget with line amount for electric energy; thereby, producing a paper shuffling exercise from one fund to another. For this reason, we are proposing elimination of all governmental PCE payments with the exception of water and sewer public facilities, as treated in the existing law.

ROBERT HEATH  
ALASKA POWER AUTHORITY  
November 25, 1985

We, too, advocate the removal of commercial accounts from PCE eligibility, in that, the following conditions in the actual conduct of business exists when a commercial account prices a service or item for sale, the inclusion of all costs are added to the counter price that the consumer pays. Too, at the end of the year, this same cost of doing business is included in tax deductions; thereby, gaining another equal amount that has been collected from the consumer in the first place, and in the end, under present law, the PCE is allowed on the first 750 KWH consumed per month. This merely points out a three way gain on PCE. With two write-offs and one grant, the commercial account fares very well, while the residential consumer merely pays to the nose, as no deductions, nor charge offs are available to this class consumer.

As a bargaining point, we feel certain that if the commercial account were posed the question, to go without entirely or receive PCE for the resident, it is fairly evident as to their response, "I'll take it on my residence."

#### Alter the KWH Capacity of Base Quantity

While reviewing the past intent of PCE it became very evident that the intent of the program as Power Cost Assistance (PCA) was not to support energy used over a base required amount. In the case of PCA, 450 KWH seemed to be that amount of energy a resident used for basic needs. It appears that this should be the case with PCE. Even today, five or so years after the PCA was made law, the same number of KWH appears to be reasonable. In review of the "R.E.A. Statistical Report" of rural electrics under R.E.A., the average KWH consumption in the residential class remains near the original number of 450 - 460 per month. With this in mind, it appears that this adjustment should be made to cover basics, and not encourage residential consumers to use more energy with new load, and a broader basic window of 750 KWH which PCE provides for. Considerable savings could be gained for PCE by this suggestion. Too, ample justification can be generated from the above report.

#### Develop an Irrevocable Trust for PCE

If the aforementioned two suggestions could be activated, and the appropriations could remain the same for a four to five year period, and revision of the laws constraint "Surplus Returned to General Funds," and in its place "Surpluses Shall Be Deposited in Irrevocable Trust," then PCE would be perpetuated eliminating a tremendous energy cost shock for the bush, when PCE is either abruptly curtailed or eased to a "zero quantity." The yield from principal in a trust could well cover the need of PCE if only those of residential or public works would be recipients of PCE.

#### Remove PUC from Audit Function

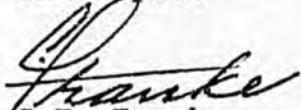
For the purpose of continuity and control of the program, it appears economically feasible that the authority administer the

ROBERT HEATH  
ALASKA POWER AUTHORITY  
November 25, 1985

total PCE program, rather than two separate governmental entities attempt in doing so. Certainly the power authority has the expertise and skill to manage the entire program with lesser cost and time. It appears the PUC has adequate endeavors to accomplish, without burdening them with PCE audit.

Hopefully, some of these thoughts might instill question, and better yet, advocacy for change when it becomes apparent something else is needed to insure a stable existence for PCE.

Thank you.



C.E. Franke  
General Manager

cc: Senator Zharoff  
Representative Herrmann  
Roger Kempel, N.E.A. attorney  
Dave Hutchens, A.R.E.C.A.

Introduced: 1/22/86  
Referred: Resources and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 123

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority; and  
7 providing for an effective date."

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

9 \* Section 1. AS 44.83.200 is amended to read:

10 Sec. 44.83.200. ANNUAL REPORT. Before November [MARCH] 1 of  
11 each year, the authority shall submit to the governor and the legisla-  
12 ture a comprehensive report describing operations, income, and expen-  
13 ditures for the preceding fiscal year [12-MONTH PERIOD].

14 \* Sec. 2. AS 44.83.386 is amended to read:

15 Sec. 44.83.386. INVESTMENT OF FUND. The Department of Revenue  
16 shall invest the money in the fund in accordance with AS 37.10.070 and  
17 37.10.075. The Department of Revenue shall provide money in the fund  
18 to the authority only after costs have been incurred or amounts in the  
19 fund have been otherwise obligated under contracts for the acquisition  
20 and construction of a project. Amounts that have been obligated, but  
21 for which costs have not yet been incurred, may be segregated by the  
22 Department of Revenue or transferred to the authority only with the  
23 prior approval or agreement of the commissioner of revenue. Interest  
24 received on money that is segregated or transferred under this section  
25 must be accounted for separately. Interest earned may be used by the  
26 legislature to determine appropriations to the power development  
27 [DEPOSITED IN THE GENERAL] fund.

28 \* Sec. 3. This Act takes effect July 1, 1986.  
29  
30 S

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 22, 1986

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

Bill Sheffield  
Governor

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
BETTYE FAHRENKAMP, Vice Chairman  
JACK COGHILL  
DICK ELIASON  
VIC FISCHER  
RICK HALFORD  
FRED ZHAROFF



POUCH V  
JUNEAU, ALASKA. 99811  
(907) 465-4807

## Senate Committee on Resources

M E M O R A N D U M

January 28, 1986

TO: All Members  
Senate Resources Committee

FROM: Staff, <sup>H</sup> Senate Resource Committee

RE: SSSB 123

SB 123, which was before the Senate Resources Committee last year, has been replaced with a sponsor substitute in order to avoid any questions regarding the constitutionality of the original version.

SSSB 123 has three sections:

Section 1 - changes the APA annual reporting dates to conform to a fiscal year system

Section 2 - provides for interest earned by the Power Development Fund to be accounted for separately. The legislature may then look at the interest earned to determine appropriations to the power development fund.

Section 3 - effective date

### Enclosures:

Letter from Governor 1/22/86  
Minutes, SRC 4/8/85  
Staff memo with fiscal note 4/4/85  
Staff memo with fiscal note 4/10/85

Note: New fiscal note to be provided by APA

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 22, 1986

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

Bill Sheffield  
Governor

Mr. Newland stated that the four-dam pool communities can and will sit down with APA at any time to get power sales agreements. He stated there are two reasons they want the project this year: (1) potential new loads or expanded existing loads who want to know the long term rate they will be getting; and (2) diesel prices are declining.

Tom Stahr, Anchorage Municipal Light and Power, spoke on near-term power projects. Senator Sturgulewski asked Mr. Stahr how the utilities are cooperating on power planning. Mr. Stahr stated that an Areawide Utilities Council was set up and a Systems Coordinating Council was formed. Mike Kelly of Golden Valley Electric is chairman and Mr. Stahr is vice-chairman. He stated utilities are working well together planning. APA is also a member of this council and the basic concern is reliability. He stated it would help if a decision is made on Susitna within the next few years. He stated CIRI has already affected them and will continue to affect them.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, presented an overview of the utilities in the different areas of the state which ARECA represents and their energy needs. Senator Fahrenkamp asked Mr. Hutchens if Alyeska could be exempted from APUC and Mr. Hutchens answered he sees no problem with that.

Senator Sturgulewski recessed the meeting at 2:00 p.m. and reconvened the meeting at 2:40 p.m.

Bob Cross, Alaska Power Administration, gave an update on the Eklutna project and the Snettisham project. He stated Snettisham is being expanded with the Crater Lake addition. He pointed out two things that are happening on the federal level:

1. The federal administration has proposed a rather substantial change in the way rates of federal power projects are computed across the country. Most of the federal investment in power projects are being repaid under low interest loans with terms that were set 10 to 40 years ago. OMB has proposed that all of that investment be brought up to a current interest rate for basis of repayment and onto a fixed amortization schedule which would have a dramatic impact on the revenue departments related to these projects.
2. The Administration would like to see the Alaska Power Administration sold and out of the business in Alaska. Terms of the transfer would be dependent on federal and state legislation. The status of this project is still informal but Mr. Cross would like to see legislation next year and maybe a transfer within the next two years.

---

→ Senator Sturgulewski opened the Public Hearing on SB 123. 4/8/85

Mr. Heath and Mr. Batt testified that this bill would do two things:

1. change the date of the annual report from March to November to put it on the fiscal year;

2. proposes to allow interest to accumulate on the Power Development Fund.

Mr. Heath stated they would come back with a revised fiscal note.

In answer to questions, Mr. Heath stated that the equity approach is better on Bradley because it is short term construction period while rate stabilization is better for Susitna because it is long term. If thermal costs go up in the future and there is not enough money in the power stabilization fund to make up for it, then there will be higher rates for the consumer. Mr. Batt stated that negotiations are considering this.

Senator Sturgulewski noted two points that were brought up in previous Susitna overviews:

1. different costs of diesel and its impact were accurate because it is looked at over the long term;
2. economic growth was a minor impact by the price of oil.

She stated that she disagrees with number 2. She asked how the APA proofs the information they prepare regarding power sales agreements. Mr. Batt stated APA meets with the utilities and builds their criteria into the models. One of the key factors is the price of gas they pay for their generation currently. The second item that APA is reviewing is the price of coal and what it will be.

Senator Zharoff asked a technical question regarding the bill and the bracketed information on line 17. Senator Sturgulewski stated that committee staff would check on his question. Senator Zharoff also questioned where the funds are coming from that go into the Power Development Fund and Mr. Heath will respond to that question.

Senator Sturgulewski stated she will hold the bill until she receives the revised fiscal note from Mr. Heath.

Scott Highleyman, Executive Director, Alaska Environmental Lobby, stated he has some concerns with SB 123:

1. the constitutional of the dedicated funds;
2. amount of money being taken from the general fund.

He stated that if the legislature feels it necessary to put money into a dedicated fund, then he advocates putting it into the permanent fund.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, testified in support of SB 123. He believes it is essential that the interest earnings stay with the money appropriated by the legislature to the power development projects to be financed through the Power Development Fund. He stated he has a conceptual disagreement with the approach being taken in the fiscal note.

Senator V. Fischer asked Mr. Heath when the interest goes back into the Power Development Fund, can the APA Board shift it from Susitna to Bradley or vice versa. Mr. Heath stated he would get back to Senator Fischer.

Senator Fischer stated he wants a provision in the bill that Susitna money stays in the Susitna account. Mr. Heath and Mr. Batt agree and will check on the question.

Senator Sturgulewski stated the Public Hearing would be continued and adjourned the meeting at 3:30 p.m.

SB 123

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
BETTYE FAHRENKAMP, Vice Chairman  
JACK COGHILL  
DICK ELIASON  
VIC FISCHER  
RICK HALFORD  
FRED ZHAROFF



POUCH V  
JUNEAU, ALASKA. 99811  
(907) 485-4907

## Senate Committee on Resources

MEMORANDUM

April 10, 1985

TO: All Members  
Senate Resources Committee

FROM: Staff *A*  
Senate Resources Committee

RE: SB 123 "An Act relating to the Alaska Power Authority; and providing for an effective date."

The Revisor of Statutes in the Division of Legal Services advises that the drafting of line 17 in SB 123 is technically correct. The text in brackets is for information only. The previous repeal cannot be repealed. Another method that would also be appropriate is to remove the brackets around AND on line 16 and move line 18 to 17 and make it a new subsection (2) as illustrated below:

- (b) The fund includes
  - (1) money appropriated to it by the legislature; and
  - (2) income from investment of money in the fund.

Introduced: 2/12/86  
Referred: Resources  
and Finance

1 IN THE SENATE

BY KELLY

2

SENATE BILL NO. 398

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to establishing a moose habitat and  
7 conservation tag and fee; and providing for an effective  
8 date."

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

10 \* Section 1. AS 16.05.110 is amended to read:

11 Sec. 16.05.110. COMPOSITION OF FUND. The fish and game fund  
12 shall be made up of the following money and other money the legisla-  
13 ture appropriates, which shall be deposited and retained in the fund  
14 until expended:

15 (1) money received from the sale of state sport fishing,  
16 hunting, and trapping licenses, special permits, moose habitat and  
17 conservation tags, and waterfowl conservation tags purchased by hunt-  
18 ers;

19 (2) proceeds received from the sale of furs, skins, and  
20 specimens taken by predator hunters and other employees;

21 (3) money received in settlement of a claim or loss caused  
22 by damage to the fish and game resources of the state;

23 (4) money received from federal, state, or other govern-  
24 mental unit, or from a private donor for fish and game purposes;

25 (5) interest earned upon money in the fund;

26 (6) money from any other source.

27 \* Sec. 2. AS 16.05.130 is amended by adding a new subsection to read:

28 (d) Money accruing to the state from moose habitat and conserva-  
29 tion tag fees may not be diverted to a purpose other than (1) the

1 conservation and enhancement of moose and moose habitat; (2) the  
2 acquisition, by lease or otherwise, of habitat that is important for  
3 moose and public use of moose in the state; (3) moose related projects  
4 approved by the commissioner; (4) administration of the moose habitat  
5 and conservation program; and (5) emergencies in the state as deter-  
6 mined by the governor. The department shall maintain a state moose  
7 habitat and conservation account within the fish and game fund to  
8 permit separate accounting records for the receipt and expenditure of  
9 money derived from the sale of moose habitat tags.

10 \* Sec. 3. AS 16.05.340(a) is amended by adding a new paragraph to read:

11 (18) Moose habitat and conservation tag ..... 5

12 (A) A person may not engage in moose hunting without  
13 having the current year's moose habitat tag in the person's  
14 actual possession, unless that person

15 (i) qualifies for a 25-cent license under AS 16.-  
16 05.340(a)(6);

17 (ii) is a resident under the age of 16;

18 (iii) is 60 years of age or older and has been a  
19 resident for at least one year;

20 (iv) is a disabled veteran eligible for a free  
21 license under AS 16.05.341.

22 \* Sec. 4. AS 16.05.350 is amended to read:

23 Sec. 16.05.350. EXPIRATION OF LICENSES AND TAGS. Licenses and  
24 tags required under AS 16.05.330 - 16.05.430, except biennial li-  
25 censes, the nonresident special sport fishing license, the resident  
26 trapping license, the moose habitat and conservation tag, and the  
27 waterfowl conservation tag, expire at the close of December 31 follow-  
28 ing issuance. Biennial licenses expire after December 31 of the year  
29 following the year of issuance. The resident trapping license expires

1 at the close of September 30 of the year following the year in which  
2 the license is issued. The waterfowl conservation tag expires at the  
3 close of January 31 of the year following the year of issue of the  
4 tag. The moose habitat and conservation tag expires at the close of  
5 March 31 of the year following the year of issue of the tag.

6 \* Sec. 5. AS 16.05 is amended by adding a new section to read:

7 Sec. 16.05.828. MOOSE HABITAT AND CONSERVATION TAG PROGRAM. (a)  
8 The moose habitat and conservation tag authorized in AS 16.05.-  
9 340(a)(18) shall be produced annually by the department in an amount  
10 the Department of Revenue considers appropriate. The department shall  
11 make tags available for the creation of moose habitat and conservation  
12 limited edition prints and shall provide for the sale of tags and  
13 prints to the public.

14 (b) The tag design shall be selected through competition open to  
15 artists residing in the state who have submitted entries to the de-  
16 partment. Selection shall be made by a panel of five judges comprised  
17 of two department employees and three members of nonprofit organiza-  
18 tions dedicated to state moose and moose habitat conservation.

19 (c) The department may contract to others the performance of the  
20 department's responsibility under this section, including provisions  
21 for advance payment or reimbursement for services performed under con-  
22 tract. All costs incurred under this section may be paid from the  
23 fish and game fund.

24 \* Sec. 6. LEGISLATIVE INTENT. It is the intent of the legislature that  
25 a sum equal to the amount collected each year from the sale of moose habi-  
26 tat and conservation tags and limited edition prints to the public under  
27 AS 16.05.828 be appropriated to the department for the purposes listed in  
28 AS 16.05.130(d).

29 \* Sec. 7. This Act takes effect immediately in accordance with

SB123

1 AS 01.10.070(c).

SSSB 123

1. Please explain the intent of SSSB 123 and your recommendations regarding this bill in light of your recent preliminary plan of finance.
2. Can you provide us with an accounting of the Power Development Fund?
  - a) How much has gone into the fund since its creation?
  - b) How much has been spent by major category?
  - c) How much remains in the fund?
  - d) What is your plan for future spending?

5A 123 - REVISED  
FISCAL NOTE**ALASKA POWER AUTHORITY**

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7841  
(907) 276-0001

April 15, 1985

Honorable Arliss Sturgulewski  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

In response to your request, a revised interest earnings schedule on the deposits of the continuing appropriations for both the Susitna and Bradley Lake projects into the Power Development Fund has been prepared.

The major points of revision include changing from state equity contributions to rate stabilization and from the Susitna FERC licensing concept to staged construction. The revised schedule of interest earnings, under rate stabilization, is carried out through the life of the balance of the deposits. The previous schedule, based on state equity contributions for Susitna and Bradley, carried through FY91 and FY89 respectively.

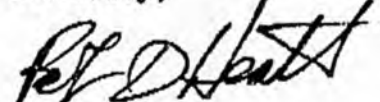
In addition, the rate stabilization in the Susitna staged construction requires approximately \$2.6 billion in State contributions if interest earnings are not retained in the Power Development Fund. By retaining the interest earnings, the level of State contributions is decreased to \$600 million. This amount will vary depending on when the interest earnings start to accrue to the Power Development Fund. The revised schedule sets out FY87 as the starting point where interest earnings begin accruing to the fund.

It is important to note that revised construction costs of the staged concept are currently being developed. Additionally, as the Authority continues negotiations with the railbelt utilities, the level of the thermal alternative costs may change. To the extent that the construction costs and alternative costs change, the required rate stabilization contribution could also change.

Impact on the General Fund is based on the retention of interest earnings on Power Development Fund appropriations. Please refer to Tables 1 and 2 (revised schedules) for a detailed and complete estimate of interest earnings.

Please contact my office if additional information is required.

Sincerely,

Robert D. Heath  
Executive Director

RDH/SW/ka

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB 123  
 Title: An act relating to the  
Alaska Power Authority  
 Sponsor: Senate Rules Committee  
 Requestor: Governor  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Economic Development  
 Program Category Affected: Development  
 BRU, Program or Subprogram(s) Affected:  
Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

NOT REQUIRED

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

NOT REQUIRED

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

NO REQUIRED

ANALYSIS: Attach a separate page if necessary

Please refer to Tables 1 & 2 indicating Susitna and Bradley Lake  
 Projects "Interest Earnings on State Funds."

Prepared By: William H. Batt Phone: 276-0001  
 Division: Alaska Power Authority Date: 4/15/85

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

9074653700;# 1

TABLE 1  
 SUSITNA HYDROELECTRIC PROJECT  
 INTEREST EARNINGS ON STATE FUNDS  
 (MILLIONS OF DOLLARS)

FY	BALANCE B-O-Y	DEPOSIT <sup>(1)</sup>	CONSTRUCTION <sup>(2)</sup> COSTS	RATE <sup>(3)</sup> STABILIZATION	INTEREST <sup>(4)</sup> EARNED	BALANCE E-O-Y
85	0	100	---	---	---	100
86	100	200	20	---	---	280
87	280	200	20	---	52	512
88	512	174	---	---	75	761
89	761	---	---	---	84	845
90	845	---	---	---	93	938
91	938	---	---	---	103	1,041
92	1,041	---	---	---	114	1,155
93	1,155	---	---	---	127	1,282
94	1,282	---	---	---	142	1,424
95	1,424	---	---	---	156	1,580
96	1,580	---	---	245	161	1,496
97	1,496	---	---	265	150	1,381
98	1,381	---	---	241	140	1,280
99	1,280	---	---	221	129	1,188
2000	1,188	---	---	176	120	1,132
01	1,132	---	---	151	117	1,098
02	1,098	---	---	464	96	730
03	730	---	---	424	57	363
04	363	---	---	382	19	0

- (1) Deposit by State into Rate Stabilization Fund required if interest earnings are retained.
- (2) Amounts expended during FY85 not funded through appropriation. Amounts shown for FY86 and FY87 are assumed to be funded through the continuing appropriation. Assume expenditures after FY87 are funded through bond proceeds.
- (3) Amount required for fully rate stabilizing project participants. If no interest earnings are retained, this would be the amount of State contributions required.
- (4) Assume a long-term reinvestment rate of 11 percent and a short-term rate of 9 percent. No interest earnings in FY85 or FY86.

XEROX TELETYPE 495/10-1-85; 5:17

TABLE 2  
 BRADLEY LAKE HYDROELECTRIC PROJECT  
 INTEREST EARNINGS ON STATE FUNDS  
 (MILLIONS OF DOLLARS)\*

<u>FY</u>	<u>BALANCE B-O-Y</u>	<u>DEPOSIT</u> <sup>(1)</sup>	<u>CONSTRUCTION</u> <sup>(2)</sup> <u>COST</u>	<u>INTEREST</u> <sup>(3)</sup> <u>EARNED</u>	<u>BALANCE E-O-Y</u>
THRU FY85	0	68	17	--	51
86	51	50	29	--	72
87	72	50	50	10	82
88	82	50	110	7	29
89	29	--	124	--	--
90	--	--	26	--	--

\* Note: Interest earnings have not been included in the Plan of Finance for Bradley Lake. If interest earnings are included, the level of State contribution could be reduced.

- (1) Deposit by State into equity contribution.
- (2) Funded by Bond proceeds after State equity contributions are fully expended.
- (3) Interest earnings on State contributions that are not expended based on a short-term reinvestment rate of 9 percent.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

555B 123

January 22, 1986

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

Mr. Newland stated that the four-dam pool communities can and will sit down with APA at any time to get power sales agreements. He stated there are two reasons they want the project this year: (1) potential new loads or expanded existing loads who want to know the long term rate they will be getting; and (2) diesel prices are declining.

Tom Stahr, Anchorage Municipal Light and Power, spoke on near-term power projects. Senator Sturgulewski asked Mr. Stahr how the utilities are cooperating on power planning. Mr. Stahr stated that an Areawide Utilities Council was set up and a Systems Coordinating Council was formed. Mike Kelly of Golden Valley Electric is chairman and Mr. Stahr is vice-chairman. He stated utilities are working well together planning. APA is also a member of this council and the basic concern is reliability. He stated it would help if a decision is made on Susitna within the next few years. He stated CIRI has already affected them and will continue to affect them.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, presented an overview of the utilities in the different areas of the state which ARECA represents and their energy needs. Senator Fahrenkamp asked Mr. Hutchens if Alyeska could be exempted from APUC and Mr. Hutchens answered he sees no problem with that.

Senator Sturgulewski recessed the meeting at 2:00 p.m. and reconvened the meeting at 2:40 p.m.

Bob Cross, Alaska Power Administration, gave an update on the Eklutna project and the Snettisham project. He stated Snettisham is being expanded with the Crater Lake addition. He pointed out two things that are happening on the federal level:

1. The federal administration has proposed a rather substantial change in the way rates of federal power projects are computed across the country. Most of the federal investment in power projects are being repaid under low interest loans with terms that were set 10 to 40 years ago. OMB has proposed that all of that investment be brought up to a current interest rate for basis of repayment and onto a fixed amortization schedule which would have a dramatic impact on the revenue departments related to these projects.
2. The Administration would like to see the Alaska Power Administration sold and out of the business in Alaska. Terms of the transfer would be dependent on federal and state legislation. The status of this project is still informal but Mr. Cross would like to see legislation next year and maybe a transfer within the next two years.

---

→ Senator Sturgulewski opened the Public Hearing on SB 123. 418185

Mr. Heath and Mr. Batt testified that this bill would do two things:

1. change the date of the annual report from March to November to put it on the fiscal year;

2. proposes to allow interest to accumulate on the Power Development Fund.

Mr. Heath stated they would come back with a revised fiscal note.

In answer to questions, Mr. Heath stated that the equity approach is better on Bradley because it is short term construction period while rate stabilization is better for Susitna because it is long term. If thermal costs go up in the future and there is not enough money in the power stabilization fund to make up for it, then there will be higher rates for the consumer. Mr. Batt stated that negotiations are considering this.

Senator Sturgulewski noted two points that were brought up in previous Susitna overviews:

1. different costs of diesel and its impact were accurate because it is looked at over the long term;
2. economic growth was a minor impact by the price of oil.

She stated that she disagrees with number 2. She asked how the APA proofs the information they prepare regarding power sales agreements. Mr. Batt stated APA meets with the utilities and builds their criteria into the models. One of the key factors is the price of gas they pay for their generation currently. The second item that APA is reviewing is the price of coal and what it will be.

Senator Zharoff asked a technical question regarding the bill and the bracketed information on line 17. Senator Sturgulewski stated that committee staff would check on his question. Senator Zharoff also questioned where the funds are coming from that go into the Power Development Fund and Mr. Heath will respond to that question.

Senator Sturgulewski stated she will hold the bill until she receives the revised fiscal note from Mr. Heath.

Scott Highleyman, Executive Director, Alaska Environmental Lobby, stated he has some concerns with SB 123:

1. the constitutionality of the dedicated funds;
2. amount of money being taken from the general fund.

He stated that if the legislature feels it necessary to put money into a dedicated fund, then he advocates putting it into the permanent fund.

Dave Hutchens, Executive Director, Alaska Rural Electric Cooperative Association, testified in support of SB 123. He believes it is essential that the interest earnings stay with the money appropriated by the legislature to the power development projects to be financed through the Power Development Fund. He stated he has a conceptual disagreement with the approach being taken in the fiscal note.

Senator V. Fischer asked Mr. Heath when the interest goes back into the Power Development Fund, can the APA Board shift it from Susitna to Bradley or vice versa. Mr. Heath stated he would get back to Senator Fischer.

Senator Fischer stated he wants a provision in the bill that Susitna money stays in the Susitna account. Mr. Heath and Mr. Batt agree and will check on the question.

Senator Sturgulewski stated the Public Hearing would be continued and adjourned the meeting at 3:30 p.m.

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
BETTYE FAHRENKAMP, Vice Chairman  
JACK COGHILL  
DICK ELIASON  
VIC FISCHER  
RICK HALFORD  
FRED ZHAROFF



POUCH V  
JUNEAU, ALASKA. 99811  
(907) 465-4907

## Senate Committee on Resources

MEMORANDUM

April 4, 1985

TO: All Members  
Senate Resources Committee

FROM: Staff *H*  
Senate Resources Committee

RE: SB 123 "An Act relating to the Alaska Power Authority; and providing for an effective date."

SB 123 amends the Alaska Power Authority statutes in the following manner:

Section 1: Changes the submittal date of the annual report to the governor and legislature from March to November of each year in order to provide for fiscal year reporting rather than the calendar year.

Section 2: Allows interest earned by the power development fund to be deposited to the fund rather than to the general fund. The fiscal note states that this would amount to \$44.4 million in FY 86 and increase to \$153.7 million in FY 90 as \$200 million per year is contributed to the fund from the general fund. 5

Section 3: States that interest received by the Department of Revenue for funds of the authority must be deposited in the power development fund.

Section 4: States that income earned from the investment of money appropriated to the fund is deposited in the power development fund.

The attached letter from Governor Sheffield notes that the return of investment income to the power development fund may be subject to a legal challenge under the dedicated fund prohibition.

Included in the packet is:

1. Letter from Governor Sheffield;
2. Fiscal note from the Alaska Power Authority.

fh:bh



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

sh/123

February 1, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends statutes pertaining to the Alaska Power Authority.

The attached bill does two things. It changes the due date for the annual report from the authority to the governor and the legislature, and places the report on a fiscal year basis. This change will simplify the inclusion of fiscal year audit and financial statements. It will also allow time for administrative and legislative review of the report before the beginning of the next legislative session.

The bill also amends the energy-program-for-Alaska statutes relating to the power development fund to permit return of investment income to the fund. This amendment will lessen the total of annual appropriations necessary to achieve a \$2 billion equity investment in Susitna. It should be noted that return of investment income to a separate fund is subject to a challenge under the dedicated-fund prohibition in art. IX, sec. 7, of the Alaska Constitution. However, the Department of Law has indicated that it will defend statutes providing for such a practice.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB 123  
 Title: Relating to the  
Power Development Fund  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: Development  
 BRU, Program or Subprogram(s) Affected: Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	[44,426.0]	[69,851.0]	[90,228.0]	[118,662.0]	[153,715.0]
FEDERAL FUNDS						
OTHER P.D.F.*	-0-	44,426.0	69,851.0	90,228.0	118,662.0	153,715.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

\*Power Development Fund

*Steven D. Hildebrand for*

Prepared By: William H. Batt Phone: 276-0001  
 Division: Alaska Power Authority Date: \_\_\_\_\_

Approved by Commissioner: Loren H. Lounsbury Date: 6/25/85  
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

ALASKA POWER AUTHORITY  
Power Development Fund  
(000)

<u>PROJECT NAME</u>	<u>FY</u>	<u>STATE CONTRIBUTION</u>	<u>EXPENDITURES</u>	<u>INTEREST EARNINGS*</u>	<u>TOTAL INTEREST EARNINGS</u>
Susitna Hydroelectric Project	1985	\$100,000	\$	\$ 0	
	1986	200,000		33,000	
	1987	200,000		58,663	
	1988	200,000		87,083	
	1989	200,000		118,662	
	1990	200,000		153,715	
	1991	200,000		192,624	\$643,747
Bradley Lake Project	1985	50,000		0	
	1986	50,000	270	10,971	
	1987	50,000	59,000	11,188	
	1988	34,448	118,750	3,145	
	1989	0	123,600		25,304
Bradley Lake Project	1986**	10,548	10,548	443	443
Terror Lake Project	1986**	868	868	12	<u>12</u>
TOTAL APA					\$669,506

\* at an assumed rate of 11% per annum

\*\* balances available from previous FY funding

TITLE OF INCREMENT/DECREMENT:  
Interest earnings on deposits to the  
Power Development Fund

AGENCY CONTACT/PHONE NUMBER:  
Department of Commerce and  
Economic Development 465-2500

CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	GOV'S REQ.
100	Personal Services		
200	Travel		
300	Contractual Services		
400	Supplies		
500	Equipment		
600	Lands, Buildings, Etc.		
700	Grants, Claims, Etc.		
800	Miscellaneous		

TOTAL			
I-A Transfer (NON-ADD)			
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund	(44,426)	
1005	I-A Receipts		
1028	Program Receipts		
	Other	* 44,426	
POSITION INFORMATION	PFT		
	PPT		
	Non Permanent		
	Staff Months		

DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:

The retention of investment earnings in the Power Development Fund is required to provide adequate state equity in the Susitna River Hydroelectric Power Project (000).

\* Power Development Fund

<input type="checkbox"/> Enhance Existing Service Compared to FY 85	<input type="checkbox"/> Formula Program
<input checked="" type="checkbox"/> New Service Compared to FY 85	
<input type="checkbox"/> Continuation of FY 85 Service Level	

IMPACT FROM CAPITAL PROJECT (NAME)  
Susitna Hydroelectric Project Financing

Chapter 171 SLA 1984 Page/Line 44.83.410

AGENCY Department of Commerce and Economic Development/Alaska Power Authority

PROGRAM Energy and Power Development

BRU Alaska Power Authority

COMPONENT \_\_\_\_\_

PROJECT \_\_\_\_\_

**C5 INCREMENT/DECREMENT REQUEST**

Agency Priority \_\_\_\_\_ of \_\_\_\_\_

**FY 86**

PAGE 1 OF 1

REVISED DATE \_\_\_\_\_

AW 123

APR 18 1985

# ALASKA POWER AUTHORITY

334 WEST 5th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641  
(907) 276-0001

April 15, 1985

Honorable Arliss Sturgulewski  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

In response to your request, a revised interest earnings schedule on the deposits of the continuing appropriations for both the Susitna and Bradley Lake projects into the Power Development Fund has been prepared.

The major points of revision include changing from state equity contributions to rate stabilization and from the Susitna FERC licensing concept to staged construction. The revised schedule of interest earnings, under rate stabilization, is carried out through the life of the balance of the deposits. The previous schedule, based on state equity contributions for Susitna and Bradley, carried through FY91 and FY89 respectively.

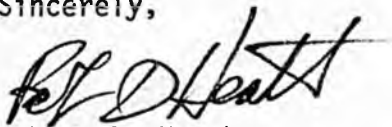
In addition, the rate stabilization in the Susitna staged construction requires approximately \$2.6 billion in State contributions if interest earnings are not retained in the Power Development Fund. By retaining the interest earnings, the level of State contributions is decreased to \$600 million. This amount will vary depending on when the interest earnings start to accrue to the Power Development Fund. The revised schedule sets out FY87 as the starting point where interest earnings begin accruing to the fund.

It is important to note that revised construction costs of the staged concept are currently being developed. Additionally, as the Authority continues negotiations with the railbelt utilities, the level of the thermal alternative costs may range. To the extent that the construction costs and alternative costs change, the required rate stabilization contribution could also change.

Impact on the General Fund is based on the retention of interest earnings on Power Development Fund appropriations. Please refer to Tables 1 and 2 (revised schedules) for a detailed and complete estimate of interest earnings.

Please contact my office if additional information is required.

Sincerely,



Robert D. Heath  
Executive Director

RDH/SW/ka

TABLE 1  
SUSITNA HYDROELECTRIC PROJECT  
INTEREST EARNINGS ON STATE FUNDS  
(MILLIONS OF DOLLARS)

<u>FY</u>	<u>BALANCE 3-0-Y</u>	<u>DEPOSIT<sup>(1)</sup></u>	<u>CONSTRUCTION<sup>(2)</sup> COSTS</u>	<u>RATE<sup>(3)</sup> STABILIZATION</u>	<u>INTEREST<sup>(4)</sup> EARNED</u>	<u>BALANCE E-0-Y</u>
85	0	100	---	---	---	100
86	100	200	20	---	---	280
87	280	200	20	---	52	512
88	512	174	---	---	75	761
89	761	---	---	---	84	845
90	845	---	---	---	93	938
91	938	---	---	---	103	1,041
92	1,041	---	---	---	114	1,155
93	1,155	---	---	---	127	1,282
94	1,282	---	---	---	142	1,424
95	1,424	---	---	---	156	1,580
96	1,580	---	---	245	161	1,496
97	1,496	---	---	265	150	1,381
98	1,381	---	---	241	140	1,280
99	1,280	---	---	221	129	1,188
2000	1,188	---	---	176	120	1,132
01	1,132	---	---	151	117	1,098
02	1,098	---	---	464	96	730
03	730	---	---	424	57	363
04	363	---	---	382	19	0

- (1) Deposit by State into Rate Stabilization Fund required if interest earnings are retained.
- (2) Amounts expended during FY85 not funded through appropriation. Amounts shown for FY86 and FY87 are assumed to be funded through the continuing appropriation. Assume expenditures after FY87 are funded through bond proceeds.
- (3) Amount required for fully rate stabilizing project participants. If no interest earnings are retained, this would be the amount of State contributions required.
- (4) Assume a long-term reinvestment rate of 11 percent and a short-term rate of 9 percent. No interest earnings in FY85 or FY86.

TABLE 2  
BRADLEY LAKE HYDROELECTRIC PROJECT  
INTEREST EARNINGS ON STATE FUNDS  
(MILLIONS OF DOLLARS)\*

<u>FY</u>	<u>BALANCE B-O-Y</u>	<u>DEPOSIT</u> <sup>(1)</sup>	<u>CONSTRUCTION</u> <sup>(2)</sup> <u>COST</u>	<u>INTEREST</u> <sup>(3)</sup> <u>EARNED</u>	<u>BALANCE E-O-Y</u>
THRU FY85	0	68	17	--	51
86	51	50	29	--	72
87	72	50	50	.10	82
88	82	50	110	7	29
89	29	--	124	--	--
90	--	--	26	--	--

\* Note: Interest earnings have not been included in the Plan of Finance for Bradley Lake. If interest earnings are included, the level of State contribution could be reduced.

(1) Deposit by State into equity contribution.

(2) Funded by Bond proceeds after State equity contributions are fully expended.

(3) Interest earnings on State contributions that are not expended based on a short-term reinvestment rate of 9 percent.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

555B 123

January 22, 1986

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a Sponsor Substitute for Senate Bill 123, relating to the Alaska Power Authority.

This substitute bill differs from the original version in that it deletes the original version's secs. 2 and 4, which would have provided for income from investment of the money in the power development fund to be deposited directly into that fund. Also, sec. 2 of this substitute bill changes the wording of the original bill's sec. 3 by specifying that interest income must be accounted for separately and that the legislature may look to that amount of money in deciding how much to appropriate to the power development fund. These changes should remove any question as to the bill's constitutionality.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

*If pass this -  
Suntua \$10 stay in Suntua*

Introduced: 2/1/85  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 123

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority; and  
7 providing for an effective date."

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

9 \* Section 1. AS 44.83.200 is amended to read:

10 Sec. 44.83.200. ANNUAL REPORT. Before November [MARCH] 1 of  
11 each year, the authority shall submit to the governor and the legisla-  
12 ture a comprehensive report describing operations, income, and expen-  
13 ditures for the preceding fiscal year [12-MONTH PERIOD].

14 \* Sec. 2. AS 44.83.382(b) is amended to read:

15 (b) The fund includes

16 (1) money appropriated to it by the legislature; [AND]

17 (2) [Repealed by sec. 27, ch. 89, SLA 1983.]

18 (3) income from investment of money in the fund.

*Does it being  
bank  
submit*

19 \* Sec. 3. AS 44.83.386 is amended to read:

20 Sec. 44.83.386. INVESTMENT OF FUND. The Department of Revenue  
21 shall invest the money in the fund in accordance with AS 37.10.070 and  
22 37.10.075. The Department of Revenue shall provide money in the fund  
23 to the authority only after costs have been incurred or amounts in the  
24 fund have been otherwise obligated under contracts for the acquisition  
25 and construction of a project. Amounts that have been obligated, but  
26 for which costs have not yet been incurred, may be segregated by the  
27 Department of Revenue or transferred to the authority only with the  
28 prior approval or agreement of the commissioner of revenue. Interest  
29 received on money that is segregated or transferred under this section

1        must be deposited in the power development [GENERAL] fund.

2        \* Sec. 4. AS 44.83.388(b) is amended to read:

3                (b) Income earned from investment of money appropriated to the  
4        fund must [SHALL] be deposited in the [GENERAL] fund [AND MAY BE  
5        APPROPRIATED TO THE FUND BY THE LEGISLATURE].

6        \* Sec. 5. This Act takes effect July 1, 1985.

# MEMORANDUM

State of Alaska

TO: John Shively  
Chief of Staff  
Office of the Governor

DATE: December 11, 1984

FILE NO: 366-262-85

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch  
Attorney General

SUBJECT: Use of continuing  
appropriation for  
cost of FERC license

By: *MAF* Martha A. Fox  
Assistant Attorney General

This memo confirms my oral advice to Marilyn Twitchell that the continuing appropriation to the power development fund for "equity investment in, and rate stabilization for, the Susitna River hydroelectric project" can be used to pay the costs of FERC licensing. Sec. 314, ch.171, SLA 1984.

The State's equity investment in the project includes amounts paid from state appropriations for the cost of preparatory studies, designs and licensing work. AS 44.83.384 provides in pertinent part that

(a) The [power development] fund may be used by the authority to provide money for

....

(2) the cost of a power project, including but not limited to the costs of acquiring necessary licenses,

This section permits use of money appropriated to the power development fund for equity investment in the Susitna River hydroelectric project to be used to pay for the costs of FERC licensing. Legislation to accomplish that purpose is therefore not necessary.

MAF:cct

cc: Ray Gillespie, Director  
Legislative Relations

SUSITNA HYDROELECTRIC PROJECT

STAGED CONSTRUCTION PRESENTATION

RATE STABILIZATION ACCOUNTS (FRAME A)  
(\$ MILLIONS NOMINAL)

<u>YEAR</u>	<u>FERC LICENSE CONCEPT*</u>		
	<u>CONTRIBUTION (PAY IN)</u>	<u>RATE STABILIZATION (PAY OUT)</u>	<u>ACCRUED CONTRIBUTION</u>
1985	\$ 100.0	-	100.0
1986	200.0	-	333.0
1987	200.0	-	591.6
1988	200.0	-	878.7
1989	200.0	-	1,197.4
1990	200.0	-	1,551.1
1991	41.9	-	1,768.3
1992	-	-	1,962.8
1993	-	-	2,178.7
1994	-	-	2,418.4
1995	-	-	2,684.4
1996	-	\$ -	2,979.7
1997	-	539	2,739.5
1998	-	547	2,464.6
1999	-	509	2,199.4
2000	-	448	1,969.4
2001	-	408	1,756.2
2002	-	745	1,164.4
2003	-	668	588.7
2004	-	550	74.0
2005	-	78	0.0
	<hr/>	<hr/>	
	\$1,141.9	\$4,492	

SUSITNA HYDROELECTRIC PROJECT

STAGED CONSTRUCTION PRESENTATION

RATE STABILIZATION ACCOUNTS (FRAME B)  
(\$ MILLIONS NOMINAL)

YEAR	STAGED CONSTRUCTION CONCEPT		
	CONTRIBUTION (PAY IN)	RATE STABILIZATION (PAY OUT)	ACCRUED CONTRIBUTION
1985	\$ 100.0 ✓	-	100.0
1986	200.0 ✓	-	333.0
1987	200.0 ✓	-	591.6
1988	94.0 ✓	-	761.0
1989	-	-	844.7
1990	-	-	937.6
1991	-	-	1,040.7
1992	-	-	1,155.2
1993	-	-	1,282.3
1994	-	-	1,423.2
1995	-	-	1,579.9
1996	-	\$ 245 ✓	1,495.6
1997	-	265 ✓	1,380.9
1998	-	241 ✓	1,278.9
1999	-	221 ✓	1,186.7
2000	-	176 ✓	1,131.8
2001	-	151 ✓	1,097.1
2002	-	464 ✓	729.1
2003	-	424 ✓	362.6
2004	-	382 ✓	0.0
2005	-	-	0.0
	<hr/>	<hr/>	
	\$ 594.0	\$2,569 ✓	

*may be on low side of range up to \$20*

SUSITNA HYDROELECTRIC PROJECT

STAGED CONSTRUCTION PRESENTATION

STATE CONTRIBUTION  
COMPARISON OF PAY IN AND PAY OUT OF FUNDS  
(\$ MILLIONS NOMINAL)

<u>YEAR</u>	<u>FERC LICENSE CONCEPT*</u>		<u>STAGED CONSTRUCTION</u>	
	<u>CONTRI- BUTION (PAY IN)</u>	<u>RATE STABILI- ZATION (PAY OUT)</u>	<u>CONTRI- BUTION (PAY IN)</u>	<u>RATE STABILI- ZATION (PAY OUT)</u>
1985	\$ 100	-	\$ 100	-
1986	200	-	200	-
1987	200	-	200	-
1988	200	-	94	-
1989	200	-	-	-
1990	200	-	-	-
1991	42	-	-	-
1992	-	-	-	-
1993	-	-	-	-
1994	-	-	-	-
1995	-	-	-	-
1996	-	\$ -	-	\$ 245
1997	-	539	-	265
1998	-	547	-	241
1999	-	509	-	221
2000	-	448	-	176
2001	-	408	-	151
2002	-	745	-	464
2003	-	668	-	424
2004	-	550	-	382
2005	-	78	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,142	\$4,492	\$ 594	\$2,569

M2670.33 \* WITH UPDATED ECONOMIC AND FINANCIAL PARAMETERS

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

SENATE RESOURCES COMMITTEE, 4/8/85, 12:05 pm