

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
6760 HOUSE COMMUNITY & REGIONAL AFFAIRS

H B

G 3

HOUSE COMMITTEE REPORT

(7) Date Referred: January 23, 1991 FURTHER REFERRALS: Judiciary

Date of Committee Action: 3-25-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: HB 63

HOUSE BILL NO. 63 CONTRACTS FOR DAY CARE ASSISTANCE

"An Act relating to municipal powers involving day care."

- RECOMMENDATIONS:
- be replaced with _____ the same title
 a new title
- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

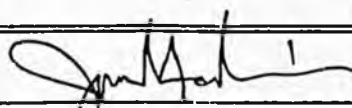
fiscal impact _____ fiscal note(s) _____

zero fiscal note DCRA zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
Richard Foster ^{Foster}				
Gail Phillips				
Betty Davis				
Jerry Baker				
Jan Mackie ^{Mackie}				
Alicia Davis				
J. C. Gonzales				



 Chairman's Signature

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 4, 1991

POSITION PAPER

RE: House Bill 63

SPONSOR: Representative Taylor

Program Effects of the Bill

The bill will grant the power to contract with the department under AS 44.47.250(b)(2) to municipalities that otherwise do not have this authority.

COMMENTS

The Department of Community & Regional Affairs supports the passing of this bill. In past, delay in contracting has been experienced due to the late hour realization that a municipality did not have the authority to contract for our program. This bill would eliminate the delay in contracting with those communities that do not possess this authority.

The passage of this bill will have no fiscal impact on the department.

Ed. Blatchford

Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 63

Revision Date: _____ Department Affected: Community & Regional Affairs

Title: "An act relating to municipal powers involving day care." BRU: Child Assistance

Sponsor: Representative Taylor Component: _____

Requestor: _____ COMPONENT SERIAL NO.

	6	5	8
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director Phone: 465-4708

Division: Administrative Services Date: 2/5/91

Approved by Commissioner: Eva Bethel

Agency: Community & Regional Affairs Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

COMMITTEES:

MEMBER
RULES

COMMITTEE ON COMMITTEES
WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE
FINANCE SUBCOMMITTEE
DEC



P.O. BOX 1441
WRANGELL, ALASKA 99929
(907) 874-2316

While in Juneau
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4905

House of Representatives

ROBIN L. TAYLOR
MINORITY LEADER

SPONSOR POSITION STATEMENT HB 63

February 6, 1991

TO: THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

FROM: REP. ROBIN L. TAYLOR

Handwritten signature of Robin L. Taylor in black ink.

This legislation was introduced at the specific request of the Ketchikan Gateway Borough Assembly to address concerns raised regarding the Borough's authority to administer the State Day Care Assistance Program.

While the KGB has acted as the pass-through agency for this program for more than ten years, members of the Assembly and the Borough legal staff have questioned the legality of exercising a social service function while not holding social service powers.

Although the Borough Resolution asks that AS 29 be amended, the drafter has recommended adding this new section to AS 44 as a better alternative.

Passage of this bill will clarify the Borough's right to administer this vital program and will also relieve the anxiety created by suggestions that the program be dropped.

I request your "do-pass" recommendation for this simple legislation.

Alaska State Legislature



PO. BOX 1441
WRANGELL, ALASKA 99929
(907) 874-2316

While in Juneau
PO. BOX V
JUNEAU, ALASKA 99811
(907) 465-4905

COMMITTEES:
MEMBER
RULES
COMMITTEE ON COMMITTEES
WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE
FINANCE SUBCOMMITTEE
DEC

House of Representatives

ROBIN L. TAYLOR
MINORITY LEADER

MEMORANDUM

TO: THE HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

FROM: JOE AMBROSE LEGISLATIVE AIDE

RE: HB 63

DATE: 2/7/91

Chairman Mackie has asked for an overview of HB 63.

This bill was introduced 1/23/91 at the specific request of the Ketchikan Gateway Borough Assembly. The bill as drafted represents the best advice of the Legal Division on how to address the Assembly's concerns without raising issues that might impact other boroughs.

The Gateway Borough Assembly has a long history of showing particular awareness of the limited powers granted to a second class borough. The Borough does not exercise social service powers. Both individual assembly members and the Borough Legal Department have struggled with questions about the authority to administer a program which is largely a social service function.

These concerns became especially pronounced last winter when the Day Care Assistance Program was expanded to include the new Federal program. In the past, the Borough had hired an administrator who used a desk in the Borough Manager's office and in fact was cross utilized as a receptionist. The expanded program has required the full time efforts of the administrator and the relocation of the program to separate office space. The Assembly anticipates the time when local funding will be needed to provide support.

This simple statute change will relieve the concerns of the elected officials that they are operating in a gray area. It will also relieve the anxiety of recipients who need to be assured of the continuing availability of the Day Care Assistance Program.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

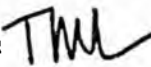
Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

January 10, 1991

SUBJECT: Municipal Powers Relating to Day Care (7LS-0429)

TO: Representative Robin Taylor

FROM: Terri Lauterbach 
Legislative Counsel

Enclosed is a bill responding to your request to amend AS 29.35.210(b) to ensure that a second class borough has the power to contract with C&RA regarding the day care assistance program.

After discussing the matter with Tam Cook, the office's municipal law expert, we have determined that a better approach would probably be to amend the day care assistance statutes in AS 44.47, rather than to amend AS 29. In that way, various issues of interpretation in relation to other boroughs and other powers can be avoided while achieving your main objective. Therefore, the enclosed bill amends AS 44.47 to clarify that any municipality may contract with C&RA to administer the day care assistance program in the municipality. It is modeled after AS 19.30.251, which relates to local service roads and trails.

I hope you find this approach acceptable. If I can be of further assistance, please advise.

TML:gc
91-010.glc

Enclosure



KETCHIKAN GATEWAY BOROUGH

344 Front Street
Ketchikan, Alaska 99901
(907) 225-6151

February 4, 1991

Post-It [®] brand fax transmittal memo 7671		# of pages > 2	
To	Joe Ambrose	From	Linda Onak
Cc	Rep. Taylor	Co	Ketchikan Gateway
Dept.		Phone #	
Fax #	465-2294	Fax #	225-7282

Representative Jerry Mackie,
Chairman, The House Community and Regional
Affairs Committee
P.O.Box V, Juneau Ak 99811

Dear Representative Mackie

The Borough became the contractor of the Day Care Assistance program about 15 years ago. Each year the "Powers" issue comes before the Assembly.

In April 1990, the Borough Assembly elected not to administer the program. The Department of Community and Affairs asked the City of Ketchikan if they would be willing to administer the program and the City Council declined. And to my knowledge no one else stepped forward. This has caused a great deal of anxiety and turmoil within our community.

In September 1990, Mrs. Judy Martin owner of the Jr Bear Day Care presented petitions to the Assembly with over 800 signatures from the business community and concerned parents, asking that the Assembly reconsider the vote to discontinue the program. The Assembly heard testimony of many parents that were on the wait list and also being served by the Day Care Assistance program, employers, providers of day care homes and centers and the President of the Chamber of Commerce.

Because of the public input the Assembly did reconsider their vote and elected to continue the Day Care Assistance program.

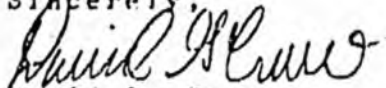
At the present time, we are serving 71 single parents with 103 children on the program. We have 10 licensed day care centers and 8 licensed homes caring for these children.

The wait list started in May, there are 38 parents with 58 children that qualify for assistance that are waiting to receive aid to continue their employment or continuing their education.

It would be in the best interest of the Day Care Program in Ketchikan to amend the State law. The Borough Assembly has consistently questioned the legality of exercising the power they believe they do not have.

Linda Inglis is the administrator of the Day Care Assistance Program and Transitional Day Care, if she can be of any assistance call her at 228-6636.

Sincerely,



David G. Crow
Borough Manager

cc: Linda Inglis



Office of the Borough Clerk

Ketchikan Gateway Borough

344 Front Street

Ketchikan, Alaska 99901

(907) 228-6605

DEC 10 1990

December 4, 1990

The Honorable Robin Taylor
House of Representatives
P.O. Box V
Juneau, Alaska 99811

REQUEST FOR AMENDMENT TO TITLE 29 - SECOND CLASS BOROUGH POWERS RELATING TO DAY CARE ASSISTANCE

Your help in changing Title 29 to allow the Borough to continue to administer the State's Day Care Assistance Program would be genuinely appreciated.

Since 1979 the Ketchikan Gateway Borough has contracted with the Department of Community and Regional Affairs to perform the administrative duties of the State's Day Care Assistance Program. During this time the Assembly and the Borough's legal staff have struggled with questions about the Borough's authority to administer the program which is largely a social services function. The Borough does not exercise social services powers. As a result of these continuing concerns the Assembly eventually decided to ask the State of Alaska to solicit proposals from other agencies for delivery of the program for fiscal year 1991. The public came forward and convinced the Assembly to reconsider this action. The Assembly heard person after person testify about the community service and irreplaceable benefits offered by this program.

The Assembly has determined to continue the Borough's involvement in the delivery of this needed service to the Community of Ketchikan. You can help the Borough do this "legally" by introducing and supporting an amendment to AS 29.35²⁰300(b) which would be as follows:


"A second class borough may by ordinance exercise the following powers on an areawide basis:

"(5) license day care facilities and/or contract with the department to provide

RE: AMENDMENT TITLE 29
December 4, 1990

day care assistance for the children of low and moderate income families according to the requirements of AS 44.47.250 - 44.47.310."

As you can see by the attached Borough Resolution No. 937, the Assembly unanimously supports such an amendment. Please let us know if we can provide additional information or support for the bill in any way. I am sure Linda Inglis, the Borough's Day Care Administrator, would be anxious to help in a moment's notice.


Georgianna Zimmerle
Borough Clerk

c Reed R. Stoops

Voting "Yes":

Holman
Boatwright
Cruise
McCarty
Bartholomew
Tallman
Cote

Voting "No":

None

Absent:

None

4 Votes Required for passage

Effective Date: 10/15/90

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 937

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, SUPPORTING AN AMENDMENT TO TITLE 29, SECOND CLASS BOROUGH AREAWIDE POWERS, WHICH WOULD ALLOW THE BOROUGH TO ADMINISTER THE STATE'S DAY CARE ASSISTANCE PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE.

RECITALS

A. The Alaska State Legislature adopted a program to assist in providing day care for children of low and moderate income families in 1975.

B. Since 1979 the Ketchikan Gateway Borough has contracted with the Department of Community and Regional Affairs to perform the administrative duties of the Day Care Assistance Program. During this time the Borough's legal staff has expressed concern over the Borough's authority to engage in the providing of social services.

C. Because of the legal concerns regarding the Borough's authority to administer the Day Care Assistance Program, the Assembly decided on May 7, 1990 to request that the State of Alaska request proposals for delivery of the program for fiscal year 1991.

D. Following considerable public input and testimony in support of the Borough's continued administration of the program, that decision was rescinded on October 1, 1990.

E. The Borough Assembly believes the powers question can be mitigated through amendment of AS 29.35.500(b).

NOW, THEREFORE, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

Section 1. The Assembly supports an amendment to AS 29.35.500(h) as follows:

"Sec. 29.35.500(b) A second class borough may by ordinance exercise the following powers on an areawide basis: .

(5) license day care facilities and/or contract with the department to provide day care assistance for the children of low and moderate income families according to the requirements of AS 44.47.250 - 44.47.310."

Section 2. The Borough Clerk is directed to mail copies of this resolution to the three District I Legislators, Borough Lobbyist Reed R. Stoops, and the Commissioner of the Department of Community and Regional Affairs.

Section 3. This resolution is effective upon adoption.

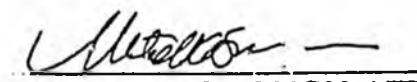
ADOPTED this 15th day of October, 1990.


BOROUGH MAYOR

ATTEST:


BOROUGH CLERK

APPROVED AS TO FORM:


INTERIM BOROUGH ATTORNEY



Alaska State Legislature

Please enter into the record my testimony to the House Community & Regional Affairs
 committee name
 committee on HB 63, dated 3/25/91
 bill/subject

Count me in support of HB 63. It allows second class boroughs the authority to address the issue of daycare. If Alaska is going to remain competitive, we must develop our workforce. Daycare allows us to fully utilize the workforce and production of the state. Vote yes on HB 63.

Signed: John A. Cite
 Testifier
Ketchikan Gateway Borough
 Representing (Optional)
P.O. Box 9350, Ketchikan, AK 99901
 Address
225-3678
 Phone No.

HB

81

—

HOUSE COMMITTEE REPORT

(7)
Date Referred: January 30, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 4-3-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 81

HOUSE BILL NO. 81

PUBLICATION OF MUNICIPAL FORECLOSURE LIST

"An Act relating to publication of municipal foreclosure lists."

RECOMMENDATIONS:

be replaced with CS HB81 the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

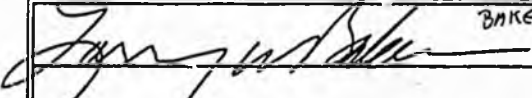
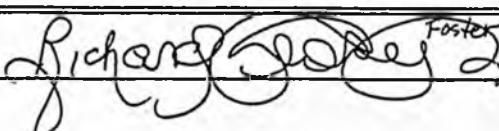

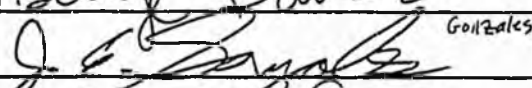
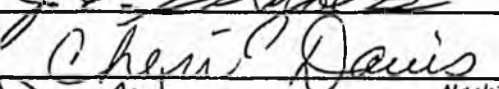
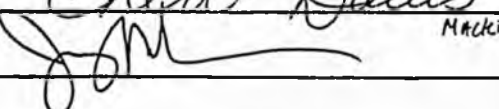
fiscal note(s) _____

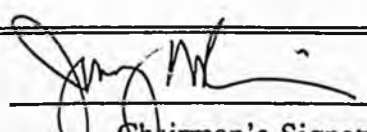
zero fiscal note DCRA

zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
 <small>BAKER</small>	 <small>Foster</small>		(X)	
 <small>Davis</small>				
 <small>Gohl</small>				
 <small>Davis</small>				
 <small>Mackie</small>				



 Chairman's Signature

Alaska State Legislature

REPRESENTATIVE
BERT SHARP

DISTRICT 20

MEMBER
FINANCE COMMITTEE

FINANCE SUBCOMMITTEES:
GOVERNOR
FISH AND GAME
LABOR



FAIRBANKS

119 N CUSHMAN
FAIRBANKS, ALASKA 99701
(907) 452-7885 / 7886

WHILE IN JUNEAU

PO BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3004 / 3018

House of Representatives

M E M O R A N D U M

TO: Representative Jerry Mackie, Chairman
Community & Regional Affairs Committee

FROM: Representative Bert Sharp *Bert Sharp*

DATE: March 18, 1991

SUBJ: CS HB 81

Enclosed for committee consideration is a draft committee substitute for HB81. The new CS incorporates the language proposed by the Alaska Newspaper Association as stated in the letter from Tera Williams dated March 6, 1991.



REPRESENTING
GOLDEN HEART
OF ALASKA

CS FOR HOUSE BILL NO. 81 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SHARP, M.W.Miller, Zawacki

A BILL
FOR AN ACT ENTITLED

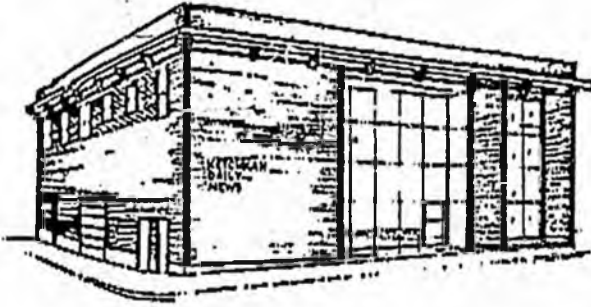
1 "An Act relating to publication of municipal foreclosure lists."

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

3 * Section 1. AS 29.45.330 is amended by adding a new subsection to read:

4 (d) To satisfy the publication requirement under (a)(2) of this section, a municipality shall
5 publish the foreclosure list in a newspaper with a second-class mail permit issued in the
6 municipality by the United States Postal Service. If there is more than one newspaper with a
7 second-class permit issued in the municipality, the list shall be published in the one with the
8 largest circulation in the municipality. However, if there is more than one newspaper with a
9 second-class permit and if at least one of them has a circulation that is equal to or greater than
10 60 percent of the circulation in the municipality of the newspaper with the largest circulation in
11 that municipality, the municipality shall publish the list based on competitive bids that reflect the
12 cost per paper delivered. Only those newspapers with a circulation in the municipality that is
13 equal to or greater than 60 percent of the circulation in the municipality of the newspaper with
14 the largest circulation in that municipality may bid. In addition to the newspaper selected under

- 1 this subsection, a municipality may publish the foreclosure list in any other newspaper or
- 2 periodical.



**PIONEER PRINTING CO.
KETCHIKAN DAILY NEWS
SOUTHEASTERN LOG**

March 6, 1991

Rep. Bert Sharp
House of Representatives
Pouch V
Juneau, AK 99811

Dear Rep. Sharp:

The Alaska Newspaper Association has come up with a consensus on rewording in section two in House Bill 81. It is as follows:

" .. at three public places for at least 30 days; for purposes of this paragraph, "newspaper" means a newspaper eligible for a second-class mail permit issued by the U.S. Postal Service in the municipality, except in instances where there is more than one second-class permit holder in a municipality and the circulation of those newspapers is within 40 percent of each other, in which case the municipality shall seek competitive bids from those newspapers. Competitive bids will reflect the cost per paper delivered. In instances where there is more than one second-class permit holder in a municipality but the circulation of those newspapers is not within 40 percent of each other, the newspaper with the largest circulation will be used as the vehicle of publication. It is the intent of this section to set forth minimum publication requirements, and nothing will be interpreted here prohibiting municipalities from wider publication to ensure the widest public notice in the public interest."

This will be fair to the newspapers, but most of all to the public.

Thank you for your time and interest in the issue.

Sincerely,

Tena Williams
Co-Publisher

cc: Rep. Jerry Mackie/Ricardo Wohl

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 81

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act relating to publication of municipal foreclosure lists." BRU: _____
 Component: _____
 Sponsor: Rep Sharp, M.W. Miller, Zawacki
 Requestor: _____ COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director Phone: 465-4708
 Division: Administrative Services Date: 3/26/91
 Approved by Commissioner: Edgar Blatchford, Commissioner
 Agency: Community & Regional Affairs Date: 3/26/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

REPRESENTATIVE
BERT SHARP

DISTRICT 20

MEMBER
FINANCE COMMITTEE

FINANCE SUBCOMMITTEES:
GOVERNOR
FISH AND GAME
LABOR



FAIRBANKS

119 N. CUSHMAN
FAIRBANKS, ALASKA 99701
(907) 452-7885/7886

WHILE IN JUNEAU

PO BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3004/3018

House of Representatives

M E M O R A N D U M

TO: Representative Jerry Mackie, Chairman
Community & Regional Affairs Committee

FROM: Representative Bert Sharp

DATE: February 12, 1991

SUBJ: HB81, An Act Relating to Publication of Municipal
Foreclosure Lists

I respectfully request that a hearing be scheduled as soon as possible on HB81.

The thrust of this legislation is to assure a more effective public notice procedure of foreclosure lists to accommodate requirements of A.S. 29.45.330.

Presently there is no requirement specifying the minimum level of publication exposure required in communities that have multiple options. There have been past instances where required publications were placed in newspapers with small local subscriber levels, thereby thwarting the intent of adequate public notice to the general populous.

The minimum subscriber level of "one-third of the audited paid circulation in the municipality of the newspaper with the greatest circulation in that municipality" is sufficient to assure a



REPRESENTING
GOLDEN HEART
OF ALASKA

reasonable level of public notice and still allow for competitiveness and options within the proposed parameters.

The Department of Community & Regional Affairs has indicated support of the principles to be accomplished in the bill and has stated that there will be no fiscal impact.

A zero fiscal note is attached.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 81

Revision Date: _____ Department Affected: Community & Regional Affairs

Title: An Act Relating to Publication of Municipal Foreclosure Lists BRU: _____

Sponsor: Rep. Bert Sharp Component: _____

Requestor: _____ COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	-0-	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

This bill would have no fiscal impact on the Housing Loan Program of the Department of Community and Regional Affairs. (See attached)

Prepared By: Gloria Hartzmann/Rep. Bert Sharp Phone: 465-3004

Division: _____ Date: February 12, 1991

Approved by Commissioner: _____

Agency: _____ Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 20, 1991

POSITION PAPER

RE: House Bill No. 81

SPONSER: Representatives Sharp, M.W. Miller

Program Effects of Bill

This bill would have no fiscal impact on the Housing Loan Program of the Department of Community and Regional Affairs.

Comments

AS 29.45.330 (a) (2)

It would assist Rural lenders if this section were expanded to include a major newspaper published in Anchorage. Most major lenders are located in urban areas, and if they do not subscribe to the newspaper of every municipality, they would not be aware of the pending foreclosure.

As more rural communities are becoming developed and municipalities being formed, it makes sense to be aware of tax foreclosures in order to cut down on legal fees which are charged during the foreclosure process. It would greatly benefit the lienholder or lender if the municipalities would notify in advance of any pending tax liens which would result in foreclosure.

DCRA's position regarding its process of housing foreclosure and publishing the foreclosure notice is to first publish the notice with the local or closest newspaper to the property being foreclosed and if needed advertize in the Anchorage Times, Anchorage News and the Fairbanks Daily News Miner to receive fill coverage of the region.

Ed. Blatchford

Edgar Blatchford, Commissioner



February 12, 1991

Representative Bert Sharp
House of Representatives
P.O. Box V
Juneau, AK. 99811

Dear Representative Sharp,

This letter is written in wholehearted support of the Bill you have introduced as "An Act relating to publication of municipal foreclosure lists." The Bill would amend Statute AS 29.45.330 (a) by deleting the vague terminology of GENERAL CIRCULATION, and adding a guideline to aid in choosing a distribution vehicle.

We agree with you that some clarification is required to avoid the original intent of the Statute being compromised. It seems clear to us that the original intent of the Statute was to insure that the public within a municipality were assured prior knowledge of tax foreclosures, be they the individuals being foreclosed upon or creditors of the individuals.

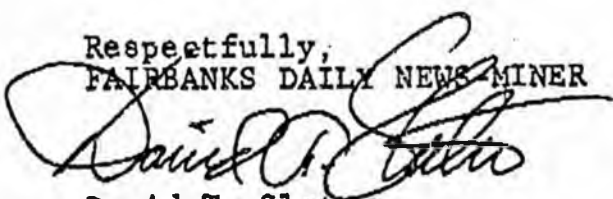
By going to a bid process that makes no reference to total quantities to be distributed, the newspaper with the largest circulation in a municipality and most able to fulfill the original intent of the Statute, is automatically placed in a disadvantaged position at winning the bid, and as a matter of fact may as well not bid.

The changes you have indicated in your Bill to amend AS 29.45.330(a) do not guarantee that the largest newspaper in the municipality will receive the bid, but they do assure that any newspaper bidding on publication of the tax foreclosure list:

- a. prove through audit their paid circulation claims
- b. be of sufficient size to not thwart the intent of the original Statute.

Your Bill will go a long ways toward clarification of a confusing situation and to assure that the public is better served by their respective municipal governments.

Respectfully,
FAIRBANKS DAILY NEWS-MINER


David T. Slater
Advertising Director

February 19, 1991

Hon. Rep. Jerry Mackie
Alaska House of Representatives
Juneau, AK 99801

Dear Representative Mackie:

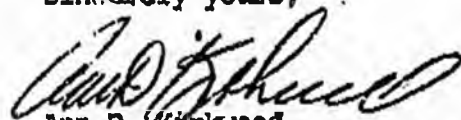
I understand your Community and Regional Affairs Committee is scheduled to consider House Bill 81 during your session tomorrow. Please be advised that the Wrangell Sentinel opposes this legislation. As we read the measure, it would pull publication of municipal foreclosure lists from all newspapers in Alaska except the Anchorage Daily News, Anchorage Times and Fairbanks News-Miner. Accordingly, every other newspaper in the state will find House Bill 81 a bitter pill to swallow.

Municipal foreclosure lists should be published in paid circulation newspapers within the communities served by the municipality in question. Publication of these lists is for the benefit of the public of the specific municipality. In Wrangell, the list should be published in the Wrangell Sentinel for taxpayers delinquent on their Wrangell city taxes. In Sitka, the list should be published in the Daily Sitka Sentinel and in Haines the list should appear in the Chilkat Valley News. These people of these communities are not well served by publication of lists in Anchorage or Fairbanks.

Please also note that the term "audited paid circulation" is a very specific term in our business. This means a newspaper must be audited by the ABC. Only the Anchorage and Fairbanks newspapers are audited by ABC in Alaska. The rest of us swear to our circulation figures in statements to the Postal Service, and our records are verified yearly by the Postal Service to ensure accuracy.

Please urge your committee to kill House Bill 81 before it goes further in the legislative process. If that is not possible, we would request a statewide teleconference hearing to allow every community in Alaska access to testify before your committee. We are extremely concerned about this type of legislation and would appreciate the opportunity to discuss it with you or your staff.

Sincerely yours,



Ann D. Kirkwood
Alvin G. Bunch
Co-Publishers

Alaska**Newspaper Association**

Feb. 19, 1991

To: All Members
House Community and Regional Affairs Committee

Re: Testimony concerning HB 81, "An Act relating to publication of municipal foreclosure lists."

Dear Committee Members:

On behalf of the Alaska Newspaper Association, of which I am secretary/treasurer, and as publisher of the Frontiersman and Valley Sun newspapers in the Matanuska-Susitna Borough, I wish to offer my strenuous objections to the language contained in and the overall goals of House Bill 81, which is scheduled for hearing at 1:30 p.m. Wednesday, Feb. 20, 1991.

Specifically, I object to the proposed definition of "newspaper" included in the legislation that reads "... a newspaper with an audited paid circulation in the municipality equal to or greater than one-third of the audited paid circulation in the municipality of the newspaper with the greatest circulation in that municipality;"

ONLY THREE NEWSPAPERS QUALIFY

According to my best estimates, a maximum of three newspapers in Alaska would qualify under this proposed definition: Anchorage Daily News, Anchorage Times, and Fairbanks Daily News-Miner. These are the only Alaskan newspapers that can claim "audited paid circulation" by virtue of their subscription to the services provided by the Audit Bureau of Circulation.

The ABC does a fine job (for a healthy fee) of auditing a newspaper's circulation claims. However, the vast majority of Alaskan newspapers do not subscribe to ABC's service, primarily because of the expense and the relatively small circulation of most Alaskan newspapers.

As worded, HB 81 would open the door for Alaska's three ABC-audited newspapers to dominate the publication of municipal foreclosure lists across Alaska. Publication of these lists is important income for all small, community-based newspapers in Alaska, and the proposed legislation would do serious damage to the economic health of those newspapers. As the community closest to Anchorage and its on-going newspaper war, the Frontiersman and Valley Sun are especially vulnerable.

COMMUNITY INFORMATION BELONGS IN THE COMMUNITY

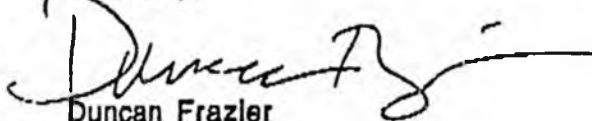
Beyond the narrow economic interest in this legislation by newspapers such as mine, I want to point out the basic reason why such foreclosure lists are published in the first place. I believe that these lists are published locally primarily to inform the citizens of the municipality of the status of foreclosure proceedings going on in their community. This is important information for everyone involved, including property owners, neighbors, real estate managers, and creditors that include in part the mortgage lenders.

HB 81, however, lifts the foreclosure notification process away from the community affected and toward the mortgage lenders who reside in Anchorage and Fairbanks. While I can sympathize with the the lenders' plight as they try to keep track of hundreds of foreclosures scattered across Alaska, I don't think stripping away the local newspaper's

role in keeping its community informed of such foreclosures serves the more general public interest in any way.

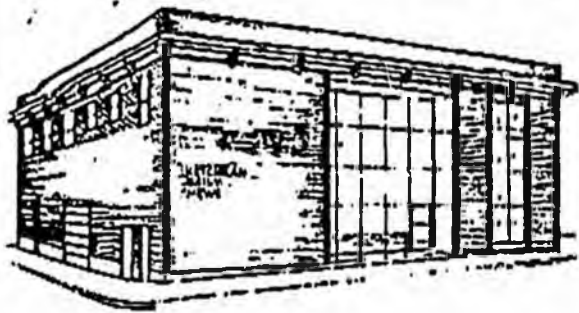
I urge your committee to abandon its pursuit of this unnecessary legislation. If you wish to assist Alaska's urban mortgage lenders in keeping track of municipal foreclosures, please tell them the Alaska Newspaper Association is more than willing to work with them to keep them informed.

Sincerely,



Duncan Frazier
Secretary/treasurer, ANA
Publisher, Frontiersman/Valley Sun newspapers

cc: Commissioner Edgar Blatchford, DCRA



**PIONEER PRINTING CO.
KETCHIKAN DAILY NEWS
SOUTHEASTERN LOG**

Feb. 19, 1991

Rep. Jerry Mackie
Chairman
House of Representatives
Community and Regional Affairs Committee
P.O. Box V
Juneau, AK 99811

Dear Rep. Mackie:

A bill in your committee would financially hurt the Ketchikan Daily News, The Island News and every other newspaper in the state except for the two Anchorage dailies and the Fairbanks daily.

House Bill No. 81, which is scheduled for hearing this week, would take away all small newspapers' foreclosure advertising and give it to the Anchorage and Fairbanks dailies.

The bill states that foreclosure lists would have to be printed in an audited paid circulation newspaper. The only audited paid circulation papers are the Anchorage and Fairbanks dailies. Only a couple companies in the country offer that auditing service. That service is very expensive. To a certain degree, all newspapers are audited by the U.S. Postal Service.

Supporters of the bill argue that the legislation would make life easier for big city lenders to keep tabs on foreclosures. They would not have to subscribe to every newspaper in every community in which they do business.

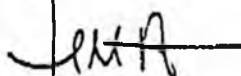
Foreclosures should be printed for the benefit of the community in which they occur and for the citizens there. I believe it makes more sense and is more of a service to Alaskans that they can find foreclosure information in their local newspapers instead of the Anchorage and Fairbanks newspapers. This bill unfairly would increase circulation of large dailies into small towns and cities.

Additionally, if lenders want to do business in small towns and cities, then they should be willing to bear the costs of doing business there. If they want to take our interest payments, then they should put money back into the communities by buying the local papers and using other local services when appropriate.

I would not support this proposed bill even if the Ketchikan Daily News were an audited paid circulation newspaper that could infringe on Wrangell or Petersburg weekly newspapers' rightful advertisements.

The bottom line is this bill would take money from every small newspaper and community in Alaska to benefit Anchorage and Fairbanks, and rob local residents of easy access to foreclosure information.

Sincerely,



Tena Williams
Publisher

THE DAILY SITKA SENTINEL

112 Barracks Street
P.O. Box 799
Sitka, Alaska 99835
(907) 747-3219

To: Community and Regional Affairs Committee
State Capitol
Juneau, Alaska

Feb. 19, 1981

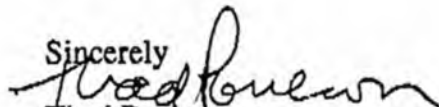
Gentlemen:

I have just obtained a copy of HB81, which I understand your committee will be considering on Wednesday.

Before you take any action on this extraordinary proposal, may I have the opportunity to explain to you why, in my opinion, this measure potentially could have a destructive effect on Alaska's community newspapers, with no corresponding benefit to the public?

I have just learned that you plan a telconference on this measure tomorrow. Please include Sitka as a participating point. Sorry for the late request, but I have only just learned of the existence of this bill — not, I must add, by way of your committee or the sponsors.

Sincerely



Thad Poulson
Editor and Publisher

Reply to FAX (907) 747-8898
or call 747-3219 (voice)

H B

8 7

Alaska State Legislature



House of Representatives House Judiciary Committee

P. O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-4990
(907) 465-4712

HB 87

SPONSOR STATEMENT

Present state law requires that notices of sale of real property on execution and notices of default used to execute or foreclose on real property describe the property. The description used is the legal description with which you are all familiar.

Unless a person is a party at interest in a particular sale or default, an ordinary citizen would never know the actual physical location of the real property from its legal description.

In the interest of providing meaningful notice to the general public, the House Judiciary Committee felt that, whenever possible, the legal description of real property should include the property's street address, if any.

I ask your support for this technical, but meaningful, change in our real property laws.

FISCAL NOTE

Bill No. HB 87

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____ Department Affected: Alaska Court System
 Title: An Act requiring the street address of BRU: Trial Courts
real property to be included in certain notices of sale... Components: _____
 Sponsor: Judiciary
 Requestor: Judiciary COMPONENT SERIAL NO.

000 000	000 768
-----------	-----------

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0


POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: C. S. Christensen III, Staff Counsel  Phone: 264-8228
 Division: Alaska Court System Date: 02/04/91

Approved by: Arthur H. Snowden, II, Administrative Director  Date: 02/04/91
 Agency: Alaska Court System

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 30, 1991

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 2-13-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 87

HOUSE BILL NO. 87

FORECLOSURE/EXECUTION NOTICE REQUIREMENTS

"An Act requiring the street address of real property to be included in certain notices of sale and notices of default used to execute or foreclose on real property interests."

- RECOMMENDATIONS:
- the same title
 - be replaced with _____ a new title
 - have attached amendments(s)
 - do pass
 - do not pass
 - no recommendations
 - individual recommendations
 - additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____ fiscal note(s) _____

zero fiscal note Ak. Court System zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not	No Rec	Amend
		Pass		
Bettye Davis				
John C. Samuels				
Gail Phillips				
James M. [Signature]				
Cheri Davis				
James M. [Signature]				

[Signature]
Chairman's Signature

H B

1 2 1

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 121

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act relating to energy efficiency and security...." BRU: Energy Programs
 Component: Energy Conservation

Sponsor: Rep . Brown

Requestor: _____ COMPONENT SERIAL NO.

	6	7	7
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	11.2	-0-	-0-	-0-	-0-	-0-
TRAVEL	6.0	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	61.8	-0-	-0-	-0-	-0-	-0-
SUPPLIES	1.0	-0-	-0-	-0-	-0-	-0-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	80.0	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	80.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	80.0	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)
 These monies will fund 20 percent of an Energy Specialist and provide the necessary travel, contractual, and supply funds to prepare the report on the implications of a major energy supply disruption to the State.

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Administrative Services Date: 3/21/91
 Approved by Commissioner: Remond Henderson for EDGAR BLATCHFORD
 Agency: Community & Regional Affairs Date: 3/21/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

STATE OF ALASKA

ALASKA PUBLIC UTILITIES COMMISSION
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

WALTER J. HICKEL, GOVERNOR

1016 WEST 6TH AVENUE
SUITE 400
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-8222

ALASKA PUBLIC UTILITIES COMMISSION COMMENTS ON CSHB 121

March 21, 1991

The Commission strongly supports CSHB 121 which requires the large Railbelt electric utilities to prepare and implement integrated resource plans (least cost plans) which have been coordinated and approved by the Commission.

The purpose of integrated resource plans is to evaluate all of the electricity-producing and electricity-saving options available to a utility in order to select the most cost-effective means of providing adequate and reliable power to consumers. This planning process has become the established business practice for electric utilities across the country. Approximately 17 states have implemented programs similar to this legislation, and, indeed, four of the five Railbelt utilities covered by CSHB 121 have adopted resolutions endorsing least cost planning. In particular, this information is fundamental to electric utilities' investment and rate decisions which is why GVEA developed an integrated resource plan in conjunction with its evaluation of the Healy coal project. Given the state's historical involvement in financing energy projects and its decreasing resources, the plans will be a critical tool in deciding policy and appropriations issues affecting these utilities.

In addition to mandating that the Railbelt electric utilities perform this planning exercise, CSHB 121 provides for the Commission to review and approve the plans. By using common assumptions and examining the individual utility plans from a Railbelt-wide perspective, the Commission is in a position to assist the utilities to work together to find win-win alternatives which will result in lower bills for all Railbelt consumers. Otherwise, individual utility actions may benefit one utility's consumers at the expense of others. Such consistent, coordinated approval is essential if the full benefits of integrated resource planning are to be realized.

In summary, the Commission believes that it is good, perhaps essential, public policy to require the large Railbelt electric utilities to prepare and implement approved integrated resource plans. Therefore, the Commission endorses CSHB 121 and urges its adoption by the Legislature.

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 121

Revision Date: March 21, 1991 Department Affected: DCED
 Title: An act requiring certain BRU: APUC
elect. utils. to prepare int.res. plans Component: _____
 Sponsor: Rep. Kay Brown
 Requestor: Rep. Kay Brown COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	30	60	62	64	66	68
TRAVEL	5	15	5	5	5	15
CONTRACTUAL	75	125				175
SUPPLIES		10			10	
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	110	210	67	69	81	268

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	110	210	67	69	81	268
FEDERAL FUNDS						
OTHER						
TOTAL	110	210	67	69	81	268

POSITIONS:

FULL-TIME						
PART-TIME	0.5					
TEMPORARY						

Estimate of current year impact: No impact in FY91

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: [Signature] Acting Exec. Director Phone: 276-6222
 Division: Alaska Public Utilities Commission Date: 3/21/91
 Approved by Commissioner: Commissioner Glenn A. Olds [Signature] Ass't Comm
 Agency: Department of Commerce & Economic Development Date: 3/26/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 121

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act relating to energy efficiency and security..." BRU: Energy Programs
 Component: Energy Conservation

Sponsor: Brown

Requestor: _____

COMPONENT SERIAL NO.

	6	7	7
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	11.2	-0-	-0-	-0-	-0-	-0-
TRAVEL	6.0	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	61.8	-0-	-0-	-0-	-0-	-0-
SUPPLIES	1.0	-0-	-0-	-0-	-0-	-0-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	80.0	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	80.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	80.0	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

These monies will fund 20 percent of an Energy Specialist and provide the necessary travel, contractual, and supply funds to prepare the report on the implications of a major energy supply disruption to the state.

Prepared By: Remond Henderson
 Remond Henderson, Director Phone: 465-4708

Division: Administrative Services Date: 3/11/91

Approved by Commissioner: Edgar Blatchford

Agency: Community and Regional Affairs Date: 3/11/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT DCRA	DIVISION RDD	BILL NUMBER HB 121	SPONSOR Representative Kay Brown
SHORT TITLE OF BILL "Energy Efficiency and Security Act"			
DEPARTMENT POSITION			
PREPARED BY Steve Baden	DATE	COMMISSIONER'S SIGNATURE <i>Eg. Kelly J</i>	DATE 3/11/91

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Alaska Public Utilities Commission Alaska Energy Authority	CONSTITUENT GROUP(S) AFFECTED BY BILL Utility consumers, utilities, energy efficiency advocates, building and electrical supply companies, and small businesses
ORGANIZATIONAL SUPPORT FOR BILL Consumer and energy efficiency groups	ORGANIZATIONAL OPPOSITION TO BILL None have emerged at this time

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

This legislation would require the state's largest utilities served by state-owned or financed power facilities to prepare integrated resource plans. Large portions of Alaska are vulnerable to supply or price disruptions beyond the state's control. A vivid example of this is the fact that events in the Middle East, have resulted in the price of heating oil in many Alaskan communities increasing by 40% since August. (Please see additional comments attached.)

ANALYSIS OF BILL/PROGRAM EFFECTS

Requires utilities served by state-owned or financed power facilities with an annual sale of over 300 million kilowatt hours to prepare integrated resource plans. The plans would evaluate supply and demand side power options and identify lowest cost options. The Alaska Public Utilities Commission would review and approve the integrated resource plan. Beginning on January 15, 1993, the State of Alaska would not participate in the finance or construction of a power project with a utility covered under the bill unless the project is consistent with the utility's integrated resource plan.

The Department of Community and Regional Affairs would be directed to prepare a report to the Legislature by January 15, 1992, that examines the implications of a major disruption of energy to Alaskans. This would include the effects of drastic price increases. (Please see additional comments attached.)

AMENDMENTS PROPOSED

Amend Section 5 to include options for mitigating the effects of a major disruption of energy supply as part of the report to the Legislature. (Please see additional comments attached.)

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

ADDITIONAL COMMENTS ON HOUSE BILL 121

Over the past ten years, the State of Alaska has invested hundreds of millions of dollars on power development and distribution projects. Not all of these projects proved to be economical. A planning process must be adopted to insure that, in future, all alternatives are equally considered and that consumer energy needs are met at the least cost.

Across the nation, states and utilities are taking advantage of a new way of looking at utility planning. This process is called integrated resource planning, or least cost planning. While there are many variants of the process, the common goal is that the utility allow supply and demand reductions to compete economically on a level playing field and that the utility invest in the option that best ensures system reliability and least cost to consumers. The utility-funded Electrical Power Research Institute reported in 1988 that at least 43 states had functioning integrated resource plans or were adopting one. While this planning process may cost a little more, it has saved utilities and consumers hundreds of millions of dollars. In most of the states, the state government spearheaded the adoption of the planning process.

In 1988, the Department of Community and Regional Affairs conducted a successful conference that explored the potential of integrated resource planning in Alaska. The conference was co-sponsored by the Alaska Public Utilities Commission, the Alaska Rural Electric Cooperatives Association, and energy and consumer interest groups. It brought together experts from across the nation to meet with representatives of the state's utilities, consumers, state officials, and legislators. The conference demonstrated there was considerable interest across the state in this new approach to utility planning.

Utilities across the nation have discovered that in many instances saving a kilowatt is a much better investment than producing a kilowatt. This could also be the case in Alaska. This potential is illustrated to the Railbelt energy alternatives study conducted by Alaska Energy Authority. The study found there were a number of energy efficient strategies that had highly favorable benefit-cost ratios under all fuel price and energy load forecasts.

In order to foster a sustainable economic future for Alaska, the state needs to have reliable and least cost energy. With the concern over declining state revenues, it is essential that all energy alternatives be reviewed through a consistent analysis and that the state only invest in the most cost effective options. An integrated resource planning process will present such a framework. The state's leadership on this issue is essential to ensure a sustainable energy future for Alaskans.

Additional Comments HB 121
February 21, 1991
Page Two

House Bill 121 would affect only those large utilities (Chugach Electric Association, Golden Valley Electric Association, Homer Electric Association, Matanuska Electric Association and Municipal Light and Power) that are served by state-owned or financed power projects. It will guide future state investments in power projects for these utilities and ensure the state and the consumer get the wisest return on these investments.

While Alaska is the leading oil producer in the nation, most areas of the state are dependent upon energy sources that are imported from outside of the state. Most areas of Alaska are vulnerable to events outside of the state that can affect the availability and affordability of energy needed to stay warm. Events in the Middle East have illustrated how vulnerable the nation's energy foundation is. Alaskans are at risk with this vulnerability. The federal government has shifted the responsibility of preparing for an energy disruption to the states. A study of the implications of a major energy supply disruption will provide state, local, and private sector decision makers a frame work in developing plans to prepare for such a contingency. Such a study would complement the state's disaster resource network. This report could be strengthened by including options to mitigate a major energy disruption.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Representative Jerry Mackie, Chair
House Community and Regional Affairs Committee

FROM: Representative Kay Brown *KJB*

DATE: March 14, 1991

SUBJ: HB 121 — Energy Efficiency and Security Act

In anticipation of the House Community and Regional Affairs hearing on House Bill 121, please find attached the following materials:

1. Sponsor Statement
2. Sectional Analysis
3. Copy of HB 121
4. *Railbelt Intertie Reconnaissance Study (excerpt)*
Alaska Energy Authority (June 1989)
5. *Conservation Supply Curve: Railbelt Electrical Efficiency Programs*
Institute of Social and Economic Research (April 1988)
6. *Impact of Electrical End Use Efficiency Programs for the Railbelt*
Analysis North (February 25, 1991)
7. *Benefit-Cost Comparison of Eight Railbelt Energy Projects*
Legislative Research Agency (Research Request 91.025)
8. *Energy Planning in Alaska: Past Efforts and a Future Direction*
House Research Agency Report 88-B (February 1988)
9. *Status of Least Cost Planning in the United States*
Electric Power Research Institute, Project 2982-2 (December 1988)
10. Additional Material:
 - "Seeing the Light on Energy"
Los Angeles Times October 14, 1990
 - "Utilities Rush to Profit From Selling Less"
Wall Street Journal, November 5, 1990
 - Payback on the Conservation Investment (table)
Backgrounder "How Conservation Measures Up"
Bonneville Power Administration (March 1990)

If you have any questions concerning this legislation, please let me know or contact Eric Myers of my staff at 465-4998.

attachments

SPONSOR STATEMENT

HB 121 — Integrated Resource Planning & Energy Efficiency

House Bill 121

The recent war in the Middle East has once again focused worldwide attention on the vulnerability of our non-renewable energy supplies and the need to aggressively pursue energy policies that emphasize energy efficiency and conservation in concert with the development of additional energy supplies.

House Bill 121 has two basic elements. This legislation would,

- 1) establish an Integrated Resource Planning (IRP) requirement for the state's largest Railbelt utilities (ie, yearly sales in excess of 300 million kilowatt hours); and
- 2) direct the Department of Community and Regional Affairs (DCRA) to prepare a report for the legislature concerning the implications of a major energy supply disruption.

Integrated Resource Planning

Integrated resource planning, also popularly referred to as "least-cost planning," is a planning process that ensures that utilities develop the most cost-effective energy system by integrating the analysis of "demand-side" energy service options with "supply-side" options.

Integrated Resource Planning enables utilities to evaluate "demand side" conservation options (so-called "end-use" technologies that conserve electricity) on an equal basis with the development of new power generation facilities. A 1988 House Research Agency (HRA) report, indicates that integrated resource planning is long overdue in Alaska. As noted by the House Research Agency, in urban areas of the state, \$1.3 billion was appropriated between FY 77 and FY 88. Over 99 percent of these appropriations were spent on "supply-side" projects and less than one percent on demand-side investments. If a true integrated resource planning process had been in place during this period, the study concluded, "a comprehensive analysis would have revealed residential and commercial building standards, commercial ventilation and lighting technical improvements, energy efficient appliances, and load management as feasible or more cost effective alternatives to new generating capacity." (See *Energy Planning in Alaska: Past Efforts and A Future Direction*, February 1988).

As noted in materials provided by Analysis North (the state's utility consumer advocate) demand-side energy efficiency and conservation investments could significantly offset the need for additional Railbelt power capacity investments. Conservation program investments could reduce the need for additional capacity investments in the year 2010 by 73 megawatts. (By comparison, the proposed Healy Coal Project would provide 50 megawatts of generation capacity.) Moreover, the AEA studies have concluded that energy efficiency investments are very *cost-effective* when compared to supply-side alternatives on a cost-benefit basis. The top three conservation program investments would produce a benefit of \$1.65 for each \$1 invested while a number of the supply side alternatives have benefits lower than costs.

Need for House Bill 121

A recent report prepared by the Legislative Research Agency (Research Request 91.025) identified the need for a true Integrated Resource Planning process in Alaska:

Alaska state government should initiate a planning process that incorporates several key elements. ... The emphasis needs to change from studying and approving specific capital power projects to determining the best (least-cost) combination of supply and demand side power programs that meet energy requirements. ... the state should expend no funds that assist energy projects that are not consistent with the energy plan developed jointly between the state, industry and other groups.

The state has invested hundreds of millions of dollars in the Railbelt's electrical energy generating and distribution facilities and there is a compelling public interest in the efficient and cost-effective utilization of these state-financed facilities. HB 121 would ensure a much needed planning process to provide on-going evaluation of cost-effective energy efficiency and conservation investments as a condition of using state subsidized power facilities and access to future state subsidies or financing.

The planning requirements proposed in HB 121 would only apply to the state's larger Railbelt electric utilities (ie, utilities served by state-owned or financed power facilities and having sales in excess of 300,000,000 kwh). These are utilities with the administrative and financial resources to undertake the required planning efforts. House Bill 121 would ensure that future development of Railbelt utility systems proceeds in a balanced fashion with appropriate consideration given to both supply-side and demand-side alternatives.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

SPONSOR STATEMENT

HB 121 — Integrated Resource Planning & Energy Efficiency

House Bill 121

The recent war in the Middle East has once again focused worldwide attention on the vulnerability of our non-renewable energy supplies and the need to aggressively pursue energy policies that emphasize energy efficiency and conservation in concert with the development of additional energy supplies.

House Bill 121 has two basic elements. This legislation would,

- 1) establish an Integrated Resource Planning (IRP) requirement for the state's largest Railbelt utilities (ie, yearly sales in excess of 300 million kilowatt hours); and
- 2) direct the Department of Community and Regional Affairs (DCRA) to prepare a report for the legislature concerning the implications of a major energy supply disruption.

Integrated Resource Planning

Integrated resource planning, also popularly referred to as "least-cost planning," is a planning process that ensures that utilities develop the most cost-effective energy system by integrating the analysis of "demand-side" energy service options with "supply-side" options.

Integrated Resource Planning enables utilities to evaluate "demand side" conservation options (so-called "end-use" technologies that conserve electricity) on an equal basis with the development of new power generation facilities. A 1988 House Research Agency (HRA) report, indicates that integrated resource planning is long overdue in Alaska. As noted by the House Research Agency, in urban areas of the state, \$1.3 billion was appropriated between FY 77 and FY 88. Over 99 percent of these appropriations were spent on "supply-side" projects and less than one percent on demand-side investments. If a true integrated resource planning process had been in place during this period, the study concluded, "a comprehensive analysis would have revealed residential and commercial building standards, commercial ventilation and lighting technical improvements, energy efficient appliances, and load management as feasible or more cost effective alternatives to new generating capacity." (See *Energy Planning in Alaska: Past Efforts and A Future Direction*, February 1988).

The National Energy Strategy & Integrated Resource Planning

The value of the Integrated Resource Planning approach is widely recognized throughout the nation. A 1988 report by the Electric Power Research Institute found that at least "43 states have functioning LCP [least cost planning] strategies or are considering, developing or implementing a planning process that will ensure the most cost-effective mix of new generating facilities and demand-side management (DSM)." (*Status of Least Cost Planning in the United States*, EPRI Project 2982-2, December 1988).

The recently released National Energy Strategy also recognizes the critical role that Integrated Resource Planning will play in meeting a substantial portion of our nation's future electrical energy needs:

The National Energy Strategy is based on the premise that investments in electricity conservation and efficiency should be allowed to compete fairly with electricity supply options. An efficient electricity market is a National Energy Strategy goal. ... Federal support and State implementation of IRP activities are expected to reduce electricity demand by about 45,000 megawatts (MW) of generating capacity in 2010 and 90,000 MW in 2030. This represents a 7-percent reduction in necessary generating capacity compared with the current policy reference case. The net economic benefit is estimated to be about \$35 billion for the 1990-2030 period.

Energy efficiency and demand-side investments are a big part of the solution to additional power needs for some of the nation's largest utilities. In San Francisco, for example, Pacific Gas and Electric (PG&E) recently unveiled a 10-year program to promote energy efficiency as an alternative to the development of more expensive supply-side power resources. PG&E expects to spend \$1.5 - 2 billion on about 30 programs that will promote hundreds of energy efficiency technologies that will deliver energy savings to consumers. PG&E expects to meet 75% of its anticipated increases in power demand through energy efficiency instead of looking to costly new power plants to provide additional power to its customers.

Integrated Resource Planning in Alaska

As part of the Railbelt Intertie Reconnaissance Study, the Alaska Energy Authority (AEA) identified a substantial number of cost-effective energy efficiency and conservation investments. In fact, the AEA reconnaissance study documented that conservation (demand-side) investments have a significantly *higher* cost-benefit ratio than virtually any of the new power project (supply-side) or intertie development options evaluated. (See *Railbelt Intertie Reconnaissance Study*, Alaska Energy Authority, June 1989.)

As noted in materials provided by Analysis North (the state's utility consumer advocate) demand-side energy efficiency and conservation investments could significantly offset the need for additional Railbelt power capacity investments. Conservation program investments could reduce the need for additional capacity investments in the year 2010 by 73 megawatts. (By comparison, the proposed Healy Coal Project would provide 50 megawatts of generation capacity.) Moreover, the AEA studies have concluded that energy efficiency investments are very *cost-effective* when compared to supply-side alternatives on a cost-benefit basis. The top three conservation program investments would produce a benefit of \$1.65 for each \$1 invested while a number of the supply side alternatives have benefits lower than costs.

Need for House Bill 121

A recent report prepared by the Legislative Research Agency (Research Request 91.025) identified the need for a true Integrated Resource Planning process in Alaska:

Alaska state government should initiate a planning process that incorporates several key elements. ... The emphasis needs to change from studying and approving specific capital power projects to determining the best (least-cost) combination of supply and demand side power programs that meet energy requirements. ... the state should expend no funds that assist energy projects that are not consistent with the energy plan developed jointly between the state, industry and other groups.

The state has invested hundreds of millions of dollars in the Railbelt's electrical energy generating and distribution facilities and there is a compelling public interest in the efficient and cost-effective utilization of these state-financed facilities. HB 121 would ensure a much needed planning process to provide on-going evaluation of cost-effective energy efficiency and conservation investments as a condition of using state subsidized power facilities and access to future state subsidies or financing.

The planning requirements proposed in HB 121 would only apply to the state's larger Railbelt electric utilities (ie, utilities served by state-owned or financed power facilities and having sales in excess of 300,000,000 kwh). These are utilities with the administrative and financial resources to undertake the required planning efforts. House Bill 121 would ensure that future development of Railbelt utility systems proceeds in a balanced fashion with appropriate consideration given to both supply-side and demand-side alternatives.

2/7/91
Rep. Kay Brown

Sectional Analysis
HB 121 — Energy Efficiency and Security Act

Section 1

Findings

Section 2

Short Title: "Energy Efficiency and Security Act"

Section 3

Requires utilities served by state-owned or financed power facilities with annual sales greater than 300 million kilowatt hours (kwh) to prepare 20-year integrated resource plans. The plans would evaluate "demand-side" and "supply-side" energy alternatives available to the utility to meet forecasted power requirements. The first plan would be prepared on or before January 15, 1993, and every 4 years thereafter.

Plans would approved by the Alaska Public Utilities Commission (APUC), in consultation with the Alaska Energy Authority (AEA). Major elements of the integrated resource plans would:

- identify a utility's current facilities and forecasted retirement schedule;
- document energy end-use in the service area;
- provide 20-year power demand forecasts (base, high, low);
- evaluate alternative development options with consideration given to availability, reliability, flexibility and cost effectiveness;
- identify the system option with the lowest cost ;
- evaluate demand-side and supply-side alternatives; and
- recommend a specific system development option.

The APUC is directed to develop a consistent reporting methodology and, in consultation with the Alaska Energy Authority, provide assistance to utilities in the development of plans, including coordinated filing of plans by closely integrated utilities.

The APUC shall establish by regulation a public process for the review and approval of integrated resource plans. The Commission is directed to approve a plan upon a finding that the plan would:

- ensure system reliability;
- provide consumers with the lowest reasonable cost of power;

- adequately address the conservation of electrical energy;
- documents a reasonable expectation of future power requirements;
- uses appropriate methodology for the evaluation of options;
- adequately evaluates resource alternatives currently available or reliably anticipated to exist in the forecast period; and
- describes the utility's data collection activities and on-going data collection efforts.

The Commission is directed to adopt regulations and policies that set rates and revenue requirements at a level sufficient to recover costs incurred by a utility in preparing and implementing an approved plan.

Effective January 15, 1993, state agencies or corporations of the state may not participate in the financing, acquisition or construction of an electrical generation or transmission system project or improvement intended to provide electricity to a utility subject to the integrated resource planning requirements unless the project or improvement is consistent with a utility's approved integrated resource plan.

Section 4

Establishes authority for the Alaska Energy Authority to make grants to utilities for the purpose of preparing integrated resource plans.

Section 5

The Department of Community and Regional Affairs, in consultation with the Alaska Energy Authority and Department of Military and Veterans Affairs, shall prepare a report investigating the implications of a major energy supply disruption to the State of Alaska. The report shall be submitted to the Alaska Legislature by January 15, 1992.

**RAILBELT INTERTIE
RECONNAISSANCE STUDY**

Benefit/Cost Analysis

Prepared for

Alaska Power Authority
P.O. Box 190869
Anchorage, Alaska 99519-0869

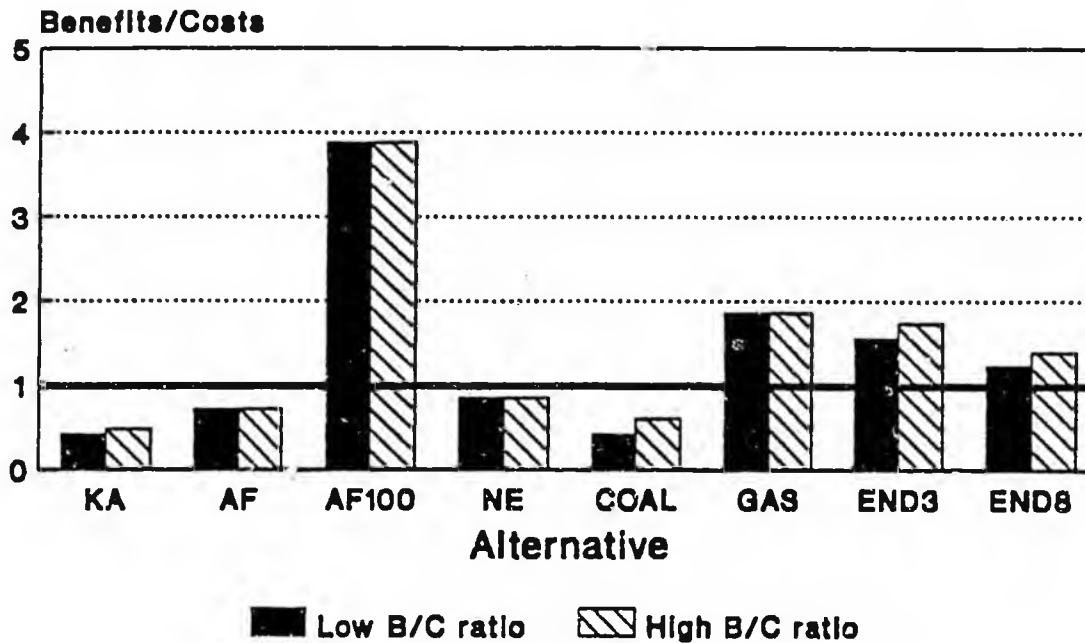
Project Manager: Richard Emerman

Prepared by

Salim J. Jabbour, Principal Investigator
Richard B. Fancher
Michael S. Gordon
Jennie S. Rice
Peter G. Borocz
N. Bruce Ashby

Decision Focus Incorporated
4984 El Camino Real
Los Altos, California 94022

June 1989



Based on expected net benefits for nine base case scenarios.

Figure 1-2. Railbelt Alternatives: Benefit/Cost Ratios

1.4.1 New Kenai-Anchorage Intertie

This alternative consists of a new 230-KV transmission line between Anchorage and the Kenai Peninsula with a transfer capacity of 250 MW. The capital cost of the proposed Kenai-Anchorage intertie is \$81.7 million for the "Enstar" route and \$99.4 million for the "Tesoro" route². This analysis of benefits and costs is based on the lower of these two capital cost estimates. Operations and maintenance cost is estimated at \$1.2 million per year. The present value of total costs is estimated at \$103.1 million.

The expected value of benefits is estimated between \$43.1 million and \$49.1 million. This consists of benefits in the following six categories:

1. *Stability:* The new intertie would allow the avoidance of \$2.8 million in costs to provide stability with Bradley Lake at peak output.

²Unless otherwise noted, these and all other costs and benefits are presented in terms of 1987 dollars.

Conservation Supply Curve Railbelt Electrical Efficiency Programs

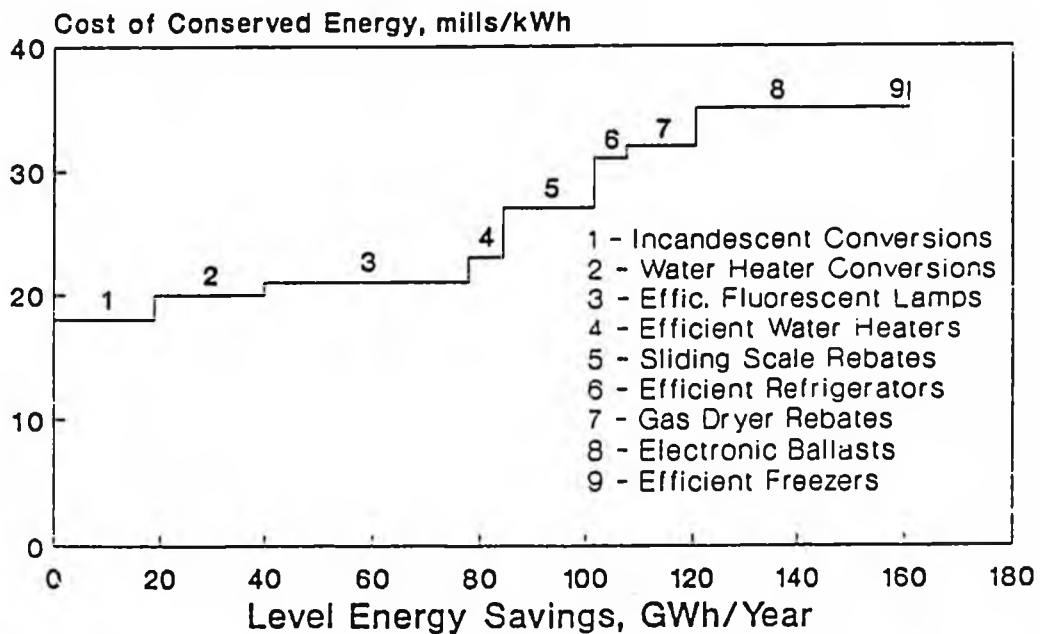


Figure ES-2 - Conservation Supply Curve. The savings are level values for the 1991 through 2010 period. The savings are net savings over and above market-driven efficiency investment.

Source: *Analysis of Electrical End Use Efficiency Programs for the Alaskan Railbelt*
Institute of Social and Economic Research (April 1988)



Analysis North

Alaska's Utility Consumer Advocate

911 West 8th Avenue, Suite 204

Anchorage, Alaska 99501

907-272-3425

FEB 28 1991

February 25, 1991

Representative Kay Brown
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Brown:

In response to your request for a summary of the potential impacts of implementing aggressive electrical conservation programs in the Railbelt, I have prepared the attached table. The figures in the table are derived from the "Analysis of Electrical End Use Efficiency Programs for the Alaskan Railbelt". I wrote that report while employed by the Institute of Social and Economic Research (ISER), University of Alaska, Anchorage. The report was part of the Alaska Energy Authority Railbelt Intertie Reconnaissance Study completed in 1989.

The report addresses the potential impact of offering financial rebates for the implementation of a number of different electrical conservation measures in Railbelt residential and commercial buildings. Such rebates would be targeted at cost-effective energy conservation measures that consumers might normally bypass because of poor information, lack of capital, or other market failures. An example includes the use of energy-efficient fluorescent lamps and ballasts¹ in commercial lighting fixtures. Conservation rebates similar to these have been implemented by numerous electric utilities in the lower 48, including New England Electric System, Boston Edison, and Pacific Gas and Electric.

The first column of the table, *Peak Demand Reduction, MW* (megawatts), indicates the amount that the Railbelt peak electrical demand will be reduced by implementation of the programs. The next column, *Equivalent Generation Capacity, MW*, equals 1.3 times the Peak Demand Reduction. In order to reliably supply 1 MW of peak demand, about 1.3 megawatts of generation (power plant) capacity is required because generation capacity is not 100% reliable. This column therefore represents how much generation capacity is potentially avoided by the implementation of the conservation programs. The third column, *Energy Savings, MWh* (megawatt-hours), gives the annual energy savings from the conservation programs. Reducing electrical demand by 1 MW continuously for the entire year results in an energy savings of 8,766 megawatt-hours, because there are 8,766 hours in a year. However, the electrical demand

¹A fluorescent lamp ballast is the device that starts and provides proper operating conditions for fluorescent lamps.

Page 2

February 25, 1991

reductions caused by conservation programs typically vary across the hours of the year. A conservation measure that reduces demand by 1 MW during the peak demand period of the year typically saves only 4,500 megawatt-hours over the course of the year.

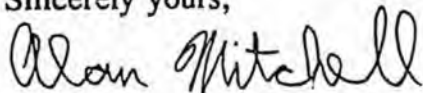
The last column, *Program Budgetary Cost*, indicates the annual expenditures required to fund the conservation programs. This includes the cost of the rebates and the general cost of administering the conservation programs. The costs are expressed in nominal or actual dollars so include the effects of general price inflation. That is one reason why the dollar figures rise in later program years. The present value of program costs is about \$66 million; i.e., an appropriation equal to \$66 million would fund the programs over their 20 year life if that appropriation could be invested at an interest rate 4.5% more than inflation. The programs could be reduced in scope for funding levels less than \$66 million.

The table shows that the conservation programs are expected to reduce the need for generation capacity in the year 2010 by 73 megawatts and reduce annual energy generation by 260,000 megawatt-hours. This energy savings amounts to approximately 7% of the expected Railbelt electrical load in the year 2010. Savings in all other years are less. For comparison purposes, the Bradley Lake hydroelectric project will be able to provide 120 MW of peak generation capacity and produce 370,000 megawatt-hours of electricity. The proposed Healy Clean Coal plant will provide 50 megawatts of generation capacity and also about 370,000 megawatt-hours of electricity.

My work at ISER involved estimating the costs of the conservation programs and the MW and MWh savings from the programs. Decision Focus Inc. determined how much generation costs would be reduced by those MW and MWh savings. They then compared the generation cost savings to the costs of the conservation programs. As well as the program budgetary costs described above, DFI's benefit/cost analysis included the costs paid by consumers (the rebates are *not* assumed to pay 100% of the conservation costs). Their analysis concluded that 8 of the 9 conservation programs analyzed were cost-effective, and those programs are expected to deliver \$1.31 of benefits for each \$1 of cost. The best 3 programs in that package of 8 programs produced \$1.65 of benefit per \$1 of cost. The next five programs had a benefit-to-cost ratio of 1.12.

Please call if you have any questions concerning this information.

Sincerely yours,



Alan Mitchell

Impact of Electrical End Use Efficiency Programs for the Alaskan Railbelt

Year	Peak Demand Reduction, MW	Equivalent Generation Capacity, MW	Energy Savings MWh	Program Budgetary Cost Nominal \$
2024	11.0	14.3	53,970	\$0
2025	8.6	11.2	42,460	\$0
2026	6.4	8.3	32,110	\$0
2027	4.6	6.0	22,960	\$0
2028	2.6	3.4	13,320	\$0
2029	1.5	1.9	7,900	\$0
2030	0.8	1.0	4,400	\$0
2031	0.6	0.8	3,200	\$0
2032	0.4	0.5	2,200	\$0
2033	0.2	0.3	1,100	\$0
2034	0.2	0.3	900	\$0
2035	0.1	0.1	700	\$0
2036	0.1	0.1	500	\$0
2037	0.1	0.1	400	\$0
2038	0.0	0.0	300	\$0
2039	0.0	0.0	100	\$0
2040	0.0	0.0	0	\$0

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Page 2
February 25, 1991

reductions caused by conservation programs typically vary across the hours of the year. A conservation measure that reduces demand by 1 MW during the peak demand period of the year typically saves only 4,500 megawatt-hours over the course of the year.

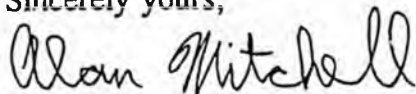
The last column, *Program Budgetary Cost*, indicates the annual expenditures required to fund the conservation programs. This includes the cost of the rebates and the general cost of administering the conservation programs. The costs are expressed in nominal or actual dollars so include the effects of general price inflation. That is one reason why the dollar figures rise in later program years. The present value of program costs is about \$66 million; i.e., an appropriation equal to \$66 million would fund the programs over their 20 year life if that appropriation could be invested at an interest rate 4.5% more than inflation. The programs could be reduced in scope for funding levels less than \$66 million.

The table shows that the conservation programs are expected to reduce the need for generation capacity in the year 2010 by 73 megawatts and reduce annual energy generation by 260,000 megawatt-hours. This energy savings amounts to approximately 7% of the expected Railbelt electrical load in the year 2010. Savings in all other years are less. For comparison purposes, the Bradley Lake hydroelectric project will be able to provide 120 MW of peak generation capacity and produce 370,000 megawatt-hours of electricity. The proposed Healy Clean Coal plant will provide 50 megawatts of generation capacity and also about 370,000 megawatt-hours of electricity.

My work at ISER involved estimating the costs of the conservation programs and the MW and MWh savings from the programs. Decision Focus Inc. determined how much generation costs would be reduced by those MW and MWh savings. They then compared the generation cost savings to the costs of the conservation programs. As well as the program budgetary costs described above, DFI's benefit/cost analysis included the costs paid by consumers (the rebates are *not* assumed to pay 100% of the conservation costs). Their analysis concluded that 8 of the 9 conservation programs analyzed were cost-effective, and those programs are expected to deliver \$1.31 of benefits for each \$1 of cost. The best 3 programs in that package of 8 programs produced \$1.65 of benefit per \$1 of cost. The next five programs had a benefit-to-cost ratio of 1.12.

Please call if you have any questions concerning this information.

Sincerely yours,



Alan Mitchell

Impact of Electrical End Use Efficiency Programs for the Alaskan Railbelt

Year	Peak Demand Reduction, MW	Equivalent Generation Capacity, MW	Energy Savings MWh	Program Budgetary Cost Nominal \$
1991	4.5	5.9	20,240	\$4,464,000
1992	9.6	12.5	42,610	\$4,791,000
1993	15.1	19.7	66,720	\$5,712,000
1994	20.8	27.0	91,640	\$5,957,000
1995	26.2	34.0	115,600	\$6,046,000
1996	29.1	37.8	129,150	\$6,679,000
1997	32.2	41.8	143,630	\$7,408,000
1998	35.7	46.4	159,740	\$8,841,000
1999	38.8	50.4	174,440	\$9,055,000
2000	41.1	53.5	186,330	\$9,196,000
2001	42.4	55.1	193,230	\$7,735,000
2002	44.2	57.4	202,100	\$9,737,000
2003	46.0	59.7	210,450	\$9,958,000
2004	47.9	62.3	219,780	\$11,395,000
2005	49.7	64.6	228,410	\$11,114,000
2006	51.4	66.8	236,630	\$10,965,000
2007	53.3	69.3	245,370	\$11,917,000
2008	55.0	71.4	253,400	\$12,038,000
2009	55.7	72.4	257,330	\$12,769,000
2010	56.2	73.0	260,000	\$14,943,000
2011	51.6	67.1	240,030	\$0
2012	47.2	61.4	220,860	\$0
2013	43.2	56.2	203,250	\$0
2014	38.5	50.0	182,290	\$0
2015	33.5	43.6	160,290	\$0
2016	30.3	39.4	145,350	\$0
2017	27.4	35.7	132,030	\$0
2018	24.7	32.1	119,380	\$0
2019	22.0	28.6	106,940	\$0
2020	19.7	25.5	95,140	\$0
2021	17.7	23.0	85,610	\$0
2022	15.5	20.1	75,070	\$0
2023	13.4	17.4	64,950	\$0

Impact of Electrical End Use Efficiency Programs for the Alaskan Railbelt

Year	Peak Demand Reduction, MW	Equivalent Generation Capacity, MW	Energy Savings MWh	Program Budgetary Cost Nominal \$
2024	11.0	14.3	53,970	\$0
2025	8.6	11.2	42,460	\$0
2026	6.4	8.3	32,110	\$0
2027	4.6	6.0	22,960	\$0
2028	2.6	3.4	13,320	\$0
2029	1.5	1.9	7,900	\$0
2030	0.8	1.0	4,400	\$0
2031	0.6	0.8	3,200	\$0
2032	0.4	0.5	2,200	\$0
2033	0.2	0.3	1,100	\$0
2034	0.2	0.3	900	\$0
2035	0.1	0.1	700	\$0
2036	0.1	0.1	500	\$0
2037	0.1	0.1	400	\$0
2038	0.0	0.0	300	\$0
2039	0.0	0.0	100	\$0
2040	0.0	0.0	0	\$0

Alaska State Legislature

Legislative Research Agency



P.O. Box 7
Juneau, AK 99811-3100
Phone: (907) 665-3001
Fax: (907) 663-3351

November 20, 1990.

MEMORANDUM

TO: Representative Mike Davis

FROM: Tom Chester *TC*
Legislative Analyst

RE: **Benefit-Cost Comparison of Eight Railbelt Energy Projects**
Research Request 91.025

You requested a comparison of economic benefits and costs of the Healy Clean Coal Project and other proposed Railbelt projects such as the Energy Conservation project.

To answer your question the first section of this memorandum (page 5) summarizes results of the benefit-cost analysis¹ section of the *Railbelt Intertie Reconnaissance Study*,² conducted under the auspices of the Alaska Power Authority (APA).³ We then begin an analysis of the Healy Clean Coal Project and discuss the effects of different energy load and fuel price scenarios on APA conclusions with regard to the Healy Clean Coal Project and the Energy Conservation Projects (page 15).

Section three (page 16) recalculates the Healy project's benefit-cost results to accommodate three modifications to APA assumptions. The fourth section (page 21) modifies the APA conclusions by limiting the analysis to costs and benefits born by Golden Valley Electric Association [GVEA] of Fairbanks).

Finally, we make recommendations for future studies, based on the assumption that the state will continue to have rising energy demands but will most likely have decreasing ability to subsidize energy projects (page 22).

¹Benefit-Cost analysis is a method of evaluating the relative merits of alternative public investment projects in order to achieve efficient allocation of resources. In principle, it entails little more than adjusting conventional business profit-and-loss calculations for construction projects to reflect social instead of private objectives, criteria, and constraints.

²Decision Focus, Inc., *Railbelt Intertie Reconnaissance Study: Benefit/Cost Analysis*, prepared for the Alaska Power Authority, June 1989.

³On July 1, 1989 the Alaska Power Authority was reorganized as the Alaska Energy Authority under Executive Order 75.

Representative Davis
November 20, 1990
Page 2

The APA study describes the economic costs and benefits of eight alternative Railbelt energy projects--including the Healy Clean Coal Power and Energy Conservation projects.⁴ In the APA study it was determined that only four projects resulted in expected benefits exceeding expected costs (providing favorable economic benefit-cost ratios and representing net increases in wealth). The four projects having favorable economic benefit-cost ratios were:

Limited upgrade of the Anchorage-Fairbanks intertie:

The existing intertie is limited to 70,000 watt (70 MW) input at Anchorage. The proposed upgrade to the intertie consists of electrical equipment (static var unit, one transformer, and six capacitors) which would increase the Anchorage input to 100 MW. Potential power that could be transmitted from Anchorage to Fairbanks across the intertie would increase from 61.6 MW to 84.2 MW. The cost of this project is approximately \$10 million (1987 dollars).

Construction of a natural gas pipeline linking Fairbanks with the Cook Inlet area:

A natural gas line to be constructed linking the Cook Inlet area with the Fairbanks area. The estimated capital cost of the project is \$183 million (1987 dollars) for the main pipeline and \$32.5 million (1987 dollars) for a Fairbanks distribution system.

Electric end-use conservation programs (components of the Energy Conservation Project). This is considered to be two projects since analysis was conducted on two distinct sets of conservation programs.

The APA analyzed eight energy conservation programs divided into two groups. In the first group were electric-to-gas water heat conversion, fluorescent lamp rebate, and incandescent to fluorescent lamp conversion programs. These programs netted about half the benefits and a third of the cost of the top eight conservation programs. The second set of programs, although not as efficient as the top three, included efficient electric water heaters, electric-to-gas clothes dryer conversions, electronic ballasts for fluorescent lights, efficient refrigerators, and sliding-scale rebates for efficient new construction of commercial buildings.

All four projects were found to have favorable benefit-cost ratios under all nine fuel price and energy load forecasts used by the APA as their base case scenarios. Although the natural gas pipeline is an expensive project, the

⁴Decision Focus Inc., *Railbelt Intertie Reconnaissance Study*, Volume 11, June 1989, prepared for the Alaska Power Authority. Chapter 2 of this volume is provided as Attachment A. It provides a brief overview of the eight projects covered in this memorandum.

Representative Davis
November 20, 1990
Page 3

other two projects investigated are low cost. The four projects found economically inefficient in the APA study were the following: Healy Clean Coal project, new intertie between Anchorage and Kenai, full upgrade of the existing Anchorage-Fairbanks intertie, and the Northeast intertie.

Of the economically inefficient projects only the Healy Clean Coal project is described in this memorandum. The Healy project would be a 55 MW power plant (50 MW available to customers) to be constructed near Healy, Alaska. The project would be funded from three sources: a \$93.2 million dollar Department of Energy grant under the Clean Coal Technology III demonstration Program; a \$30 million dollar state appropriation; and approximately \$60 million in revenue bonds.

Several construction cost estimates for this project exist. In the first two sections of this memorandum an estimate prepared by project proponents is used to estimate benefits and costs, and is one of two construction estimates used by the APA in its study. This construction estimate is the lowest of those prepared for use in the APA study. Use of this estimate in calculations results in a high measure of net benefits since net benefits increase as construction costs decrease (other things being equal). In section three an estimate prepared for use in the Alaska Industrial Development and Export Authority's (AIDEA) financial feasibility study of this project is used to determine benefits and costs. This estimate is the most recent, and is approximately 50 percent larger than that developed by project proponents. Calculation of net benefits using AIDEA's estimate may well provide the most reliable measure of benefits and costs since it takes into consideration specific site and technology information.

We begin our analysis of the Healy Clean Coal Project in section two of this memorandum, where we discuss the effects of different energy load and fuel price scenarios on APA conclusions with regard to the Healy Clean Coal and the Energy Conservation projects. The scenarios were devised by the APA to determine the sensitivity of the study conclusions to various prices of fuel and levels of demand for energy. Net benefits for the Healy project are negative under all APA price of fuel and load scenarios, while net benefits for the conservation projects are positive for all fuel price and load scenarios.

In section three we evaluate the Healy project's benefit-cost results to account for modifications to APA assumptions. The first change calculates net benefits from moving the project's proposed site from the Usibelli coal mine mouth to a site four miles to the south. This places the project near the existing Healy power plant and is a cost savings recommendation of project promoters. The second change drops the federal subsidy from cost calculations. This change reduces the scope of the analysis to costs borne directly by Alaska residents. The final change is to substitute the plant construction estimates submitted by R.W. Beck for those of the plant

proponents.⁵ The R.W. Beck estimate was recently prepared for use by the Alaska Industrial Development and Export Authority (AIDEA) in their financial feasibility study of the project. The Beck estimate is approximately half-way between the low cost estimate of the plant proponents and the high cost estimate prepared by the firm of Stone and Webster for the APA's reconnaissance study.

Net benefits are positive for the Healy project if 1) the federal subsidy is dropped from the cost base, 2) the plant is built at the south site (near the existing power plant), and 3) the plant construction cost estimate of plant backers is substituted for that of Stone and Webster or Beck.

The fourth section modifies the APA conclusions by limiting the analysis to costs and benefits born by Golden Valley Electric Association (GVEA) of Fairbanks. This change allows the analysis to more closely represent costs as they are perceived by the operators of the proposed facility. In this analysis we show the rationale for the project despite its overall unfavorable project benefit-cost ratio.

In the final section we make recommendations for future studies. Our recommendations are based on the assumption that the state will continue to have rising energy demands but will most likely have decreasing ability to subsidize energy projects. Fortunately, ~~the state will have several years before existing power sources are short of supplying Railbelt energy demands.~~ We recommend that the state use this period of excess railbelt energy supply to assure that a consistent, affordable plan is put into place for meeting future energy demands.

Developing such a plan requires that several things occur.⁷ First, the legislature should ~~direct the Railbelt to focus on developing a plan to meet the power requirements of the population at least cost. The Railbelt needs to change from studying and approving specific capital power projects to~~

⁵R.W. and Associates, "Healy Coal Project Financial Plan and Feasibility Study", for Alaska Industrial Development and Export Authority (AIDEA), March 30, 1990.

⁶The Railbelt is not expected to need additional generating capacity until 2006.

⁷Governor's Energy Policy Task Force, "Recommended Guiding Principles for Alaska's Overall Energy Policy," January 20, 1988. The stated objectives of the task force and those outlined here are not exactly the same. Attachment B contains the recommendations of the task force.

determining the best (least-cost) combination of supply and demand side power programs that will meet energy requirements.²

Second, power projects should be evaluated strictly for their ability to meet energy requirements. Accordingly, employment, income, and other distribution goals should be met through programs specifically designed for those purposes.

Third, the Alaska Energy Authority (AEA) and the Alaska Public Utilities Commission (APUC) should be directed to develop an integrated power plan and to work with the private sector to see that the plan is implemented. Successful planning would require the state to work with industry to devise a rate structure and other incentives that assure planning consistent with the best interests of the state, the utilities, and users.

Fourth, the state should expend no funds on energy projects that are not consistent with the energy plan developed jointly between the state, industry, and other groups.

Finally, the existing tax structure and state-subsidized financing schemes should be evaluated to assure that no group unfairly prospers from state subsidized projects. This recommendation is especially important when private firms directly benefit from the expenditure of state funds.

SUMMARY OF BENEFIT-COST ANALYSIS FOR EIGHT POSSIBLE RAILBELT PROJECTS AS PRESENTED IN THE RAILBELT INTERTIE RECONNAISSANCE STUDY

The APA study summarized in this section was authorized by the legislature in the capital budget passed during the 1987 special legislative session. In the legislation the Alaska Power Authority was directed to conduct studies required under AS 44.83.177-185. The purpose of those authorized studies was to complete reconnaissance studies of Railbelt electrical interties. During the 1988 legislative session, the legislature modified the budget for the studies and included study of a gas pipeline between Cook Inlet and Fairbanks. The APA also later added studies for a Railbelt coal-fired power plant and electric end-use conservation programs.

In this section are provided APA's fuel and load scenarios, a description of the probability of occurrence assigned by the APA to each of the scenarios, an outline of the benefits that were evaluated by the APA in its study, a list of items not considered in the APA study but which may be considered important, a summary of the net benefit results as determined by the APA for the eight projects they investigated, and a brief description of the projects having positive expected net benefits.

²Attachment C contains definitions of demand-side management programs.

Representative Davis
November 20, 1990
Page 6

For purposes of modeling the costs and benefits of the various projects, a set of three oil price and three load forecasts for the years 1994 - 2023 was developed for the APA study. These forecasts resulted in nine distinct combinations of price and load forecasts. The likelihood that a price and load forecast combination would occur (a single probability of joint forecast occurrence) was established based on fuel price probabilities adopted by the APA and load forecast probabilities adopted by the APA and the University of Alaska Institute of Social and Economic Research (ISER).

Each of the eight projects was modeled nine times--each time using a different price and load forecast combination. The outcomes (costs and benefits) for each distinct modeling exercise were assumed to be as likely as the price and load forecast on which they were based. The expected costs or benefits presented below, for any project, result from weighing (multiplying) each cost or benefit by its probability of occurrence (the joint load and price probability) and then adding the weighted outcomes (outcome multiplied by probability) for all nine possible combinations together.

Tables 1 through 4 provide key modeling assumptions used by the APA in developing a benefit-cost analysis. Table 1 provides the low, middle, and high oil price scenarios through the year 2010. Table 2 does the same thing for electric demand. Table 3 provides the price of coal which was assumed to remain constant in 1987 dollars.

In Tables 1 and 2 the annual real growth rate (the rate of growth beyond inflation) between reported years is reported. For example, in Table 2 the growth rate of 0.02 percent reported for the year 2000 in the low case is the annual growth rate between the year 2000 and the previous reported year 1995.

TABLE 1
CRUDE OIL PRICE SCENARIOS
PRICE OF NORTH SLOPE OIL DELIVERED TO U.S. GULF
 (in 1987 Dollars)

Year	Scenario					
	Low		Middle		High	
	\$	%	\$	%	\$	%
1990	13		17		19	
2000	17	(2.72)	23	(3.07)	29	(4.32)
2010	19	(1.12)	24	(2.35)	39	(3.01)

Source: Alaska Power Authority, *Railbelt Intertie Reconnaissance Study*, June 1989, page B1.

Adapted by: Legislature Research Agency. The original APA numbers were for Saudi Light delivered to the U.S. Gulf. The numbers have been converted to reflect Alaska North Slope crude using data provided by the APA.

Note: The percentage growth rates are derived using the formula ending year price = (1 + percentage growth rate)^{number of years} * beginning year price.

TABLE 2
RAILBELT ELECTRIC DEMAND FORECASTS
 (total energy GWh)

Year	Scenario					
	Low		Middle		High	
	GWh	%	GWh	%	GWh	%
1987	3305		3305		3305	
1990	3273	(-0.69)	3225	(-0.81)	3269	(-0.36)
1995	3153	(-0.52)	3271	(0.28)	3432	(0.98)
2000	3156	(0.02)	3395	(0.75)	3675	(1.38)
2005	3289	(0.83)	3641	(1.41)	4058	(2.00)
2010	3495	(1.22)	4053	(2.17)	4427	(1.76)

Source: Alaska Power Authority, *Railbelt Intertie Reconnaissance Study*, June 1989, page C5.

TABLE 3
PRICE of HEALY COAL
(in 1987 Dollars)

Waste Coal \$0.50/MBtu
Quality Coal \$1.20/MBtu

Source: Alaska Power Authority, *Railbelt Intertie Reconnaissance Study*, page 8-3.

Note: Coal is priced by its energy content and not by weight.
MBtu is Thousand British Thermal Units

TABLE 4
BASE CASE PROBABILITIES

<u>Fuel Price</u>	<u>Load Forecast</u>	<u>Joint Probability %</u>
Low	Low	0.30
Low	Middle	0.23
Low	High	0.06
Middle	Low	0.03
Middle	Middle	0.08
Middle	High	0.10
High	Low	0.00
High	Middle	0.02
High	High	0.08

Source: Alaska Power Authority, *Railbelt Intertie Reconnaissance Study*, page 5-4.

Note: Due to rounding errors the probabilities do not add up to one as expected.

Interpretation of the probabilities in Table 4 is straight forward. For example, Table 4 shows the ~~APA assumed that the low fuel price and low load forecast had a 30% chance of occurring.~~ Also the APA assumed that the high fuel price and low load forecast had no chance of occurring.

Other price/load scenarios were also evaluated by the APA. These other cases were referred to as sensitivity scenarios by the APA. They included a load forecast from the Railbelt utilities; no additional military or University of Alaska - Fairbanks load; the Alaska Department of Revenue middle fuel price forecast; two scenarios of hydro power availability; and a high natural gas price escalation between 2011 and 2028. These cases were not assigned probabilities of occurrence and are not discussed in this memorandum.

Source of Benefits

Project effects were broken down into the following categories by the APA when determining benefits:

1. System Stability

Electrical systems are stable when generators are "in-step" with each other. When the generators are not operating "in-step" and protective back-up devices fail, the result is power outages or damaged equipment. The value of increases in system stability was quantified and added in as project benefits.

2. Reliability

Projects can affect the number, duration, and magnitude of customer outages. Improvements in reliability were quantified and added in as project benefits.

3. Reduced Energy Cost

The savings in the cost of energy that a project allowed were evaluated as benefits.

4. Transmission Efficiency

Typically ten percent or more of energy transferred over interties is consumed during the transmission process. Reductions in transmission losses were quantified and added in as project benefits.

5. Capacity

Generating capacity expenditures avoided because of a project were quantified and added in as project benefits.

6. Operating Reserves

Operating reserves is excess capacity that is maintained to accommodate changes in customer demand and equipment failures. Reductions in required operating reserves stemming from a project increase that project's net benefits.

Omitted Issues

Some of the issues that may be considered significant but which are not covered in the APA analysis or benefit-cost analysis in general are as follows:

Employment

Employment consequences of the various projects are generally not mentioned. Although computing the effects of a project on total employment might appear to be straight forward, it is not. The employment computations depend upon economic concepts such as elasticities, capital/labor ratios, and regional leakages and multipliers. Determining values for such economic quantities requires original research and the imposition of assumptions for which no consensus can be developed.

Employment has many facets including quantity and duration. We mentioned above some of the issues involved in determining the quantity of employment. Equally as significant, however, is the length of employment. Policy, not economics, determines whether a project that creates 50 jobs for two years is more or less important than a project that creates five jobs for 50 years.

Income

Income and employment are closely related. Meaningful impacts of a project on income cannot be determined without reliable employment estimates. As mentioned under "employment," no such employment measurements are made.

Regional Stability

A region's ability to deal with a project's effects varies and depends upon such things as the state of the local economy. No discussion on these matters exists.

Leverage and Risk

The economic cost of various projects in the APA study varies from \$9 million to \$284 million (1987 dollars). The consequence of a project being an economic failure varies with the cost of the project. Not incorporated into the analysis is the increasing "risk" associated with large projects or analysis of who bears the cost of failure.

Environmental Issues

Environmental costs are captured in the APA study only to the extent that projects must meet existing environmental standards. Many less tangible, yet important, environmental costs may be associated with various projects. Some possible side effects of projects include increased haze (for the Healy plant), the possibility of increased ice fog (from natural gas emissions in Fairbanks during winter), or loss of aesthetic beauty (additional intertie hardware). Although these issues are mentioned, no attempt was made to quantify changes in

property value, employment, or tourism that might result from a given project's implementation.

Consistency

Although it is possible to argue that the state does not have an energy plan, discussion could be provided on how the projects "fit in" with prior projects. Many such issues could be raised. For example: Does the state wish to support a project that does not make best use of existing hydro power? Does the state wish to support a project that seems to contradict the purpose of the intertie? Exactly what environmental risks is the state willing to undertake?

These omitted factors, plus others, can be made part of benefit-cost studies. Their inclusion would make possible a more focused discussion of the relevant issues. As it is now, such considerations are dismissed by decision makers because they leave too much unanalyzed, too much unsaid.⁹

Expected Benefits

Projects with favorable benefit-cost ratios may not necessarily make everyone better off. Indeed, there may be many who are made worse off by any given project. A project is acceptable on economic efficiency grounds when it would be possible, in principle, to fully compensate those who lose by transferring to them a part of the gain from those who have been made better. (This compensation principal is known as the Hick-Kaldor compensation principal.) The process of effecting the transfer, if it occurs, typically involves political intervention.^{10,11}

The APA's expected benefits for the eight projects are presented in Table 5. The data in Table 5 show that only four of the projects are economically efficient: a limited upgrade to the Anchorage-Fairbanks intertie, a natural gas line between Cooks Point and Fairbanks, and various components of the Energy Conservation Project. The last two columns of Table 5 are explained the following table.

⁹Methods exist for assigning shadow prices and thus quantifying many of these apparently qualitative factors.

¹⁰Lee Anderson, and R. Settle, *Benefit-Cost Analysis: A Practical Guide*, Lexington Books, 1979, p. 13. The Hicks-Kaldor compensation rule described is named after its authors.

¹¹Identifying and estimating the benefits of "winners" can be difficult. The legislative intervention mentioned typically involves some combination of taxation and social programs such as job retraining.

TABLE 5
 EXPECTED COSTS AND BENEFITS FOR RAILBELT INTERTIE RECONNAISSANCE STUDY PROJECTS
 (in millions of 1987 dollars)

	Est. Expected Costs \$	Est. Expected Benefits \$	Est. Net Bens. \$	Benefit to Cost Ratio	Source of Benefits and Costs	Prob. that Net Benefits are Postive
<i>Projects that are economically efficient</i>						
Limited Upgrade of Anch-Frbks Intertie	10	40	30	4.0	3,5	1.00
Gas Pipeline Between Cook Inlet & Fbks.	284	527	243	1.86	2,3,& 4,5	1.00
Top Three End-Use Conservation Programs	16	28	12	1.75	3,4,5	1.00
Top Eight End-Use Conservation Programs	44	61	17	1.39	3,4,5	1.00
<i>Projects that are economically inefficient</i>						
Northeast Intertie	188	159	-29	.85	2,3,5	0.08
Full Upgrade of Anch-Fbks. Intertie	134	96	-38	.72	2,3,& 4,5	0.00
50-MW Coal-Fired Power Plant	177	108	-69	.61	3,4,5	0.00
New Kenai-Anchorage Intertie	103	49	-54	.48	1,2,& 3,4,5,6	0.00

Notes:

- 1: All values are in 1987 million (present value for 1994 through 2028 discounted at 4.5 percent per year).
- 2: Estimated Net Benefits = Estimated Expected Benefits - Estimated Expected Costs.
- 3: Benefit to Cost ratio is a number, rather than a dollar figure, and are always greater than zero.
- 4: Economically efficient projects are those that lead to a net increase in the value of goods and services produced within the economy. Economically efficient projects have net benefits (benefits - costs) that are positive and benefit-cost ratios greater than one. The term "economically efficient" and "financially feasible" are not the same thing and one does not always imply the other.

Source: Decision Focus Inc., *Railbelt Intertie Reconnaissance Study*, prepared for the Alaska Power Authority, June 1989.