



BULK FUEL REVOLVING LOAN PROGRAM

State of Alaska
Department of Commerce, Community, and Economic Development
Division of Community and Regional Affairs

Credit Worthiness and Loan Capacity Approach



LENDING PRACTICES

- ▶ Purchase of bulk fuel to generate power or supply the public with fuel for use in the community.



REPAYMENT

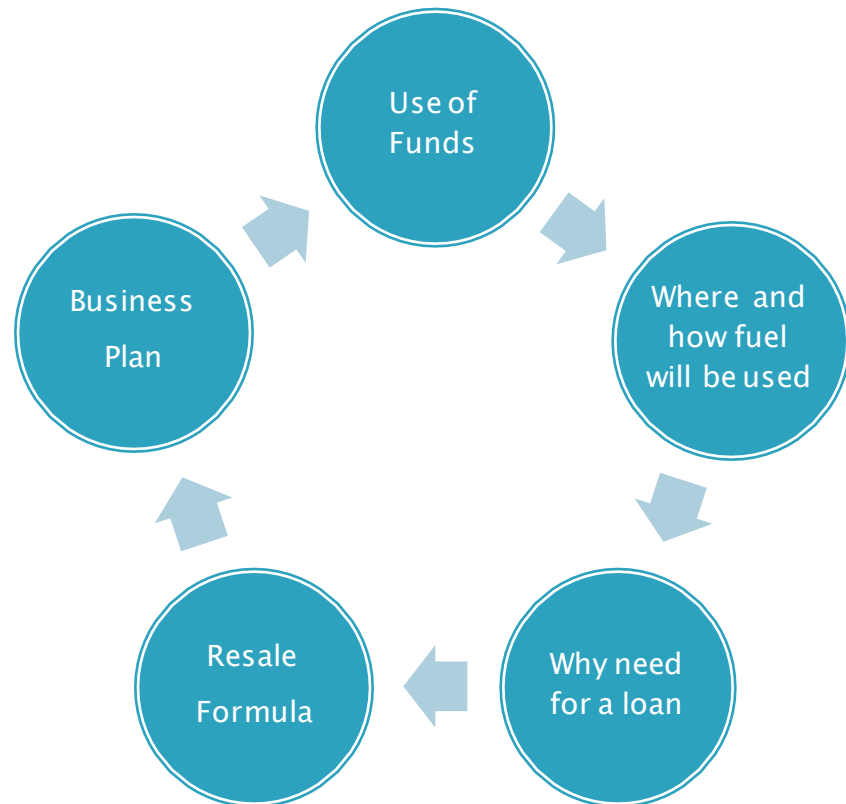
- ▶ Loans are repaid over nine months/ maximum of one year.



LETTER OF INTENT

Pages 5–6

- ▶ Detailed descriptions of fuel needs
- ▶ Where and how fuel will be used
- ▶ Why a loan is needed
- ▶ Business Plan
- ▶ Revenue sources for loan repayment



Use of Fuel

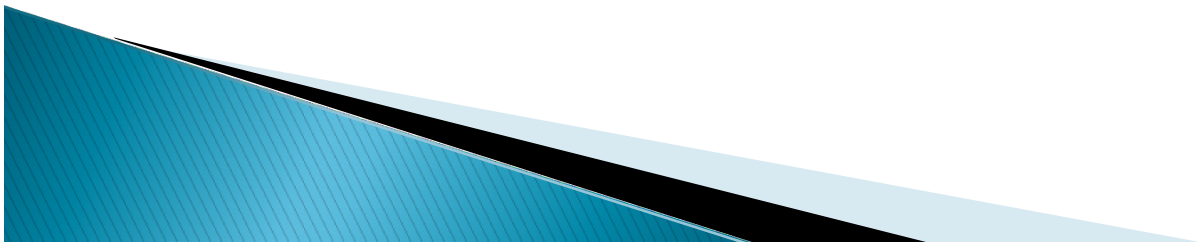
➤ Public Utility Services

- *Electric Utility*
- *Water & Wastewater Services*
- *Community Facilities*
- *Public Vehicle Fuel*

➤ Retail Sales

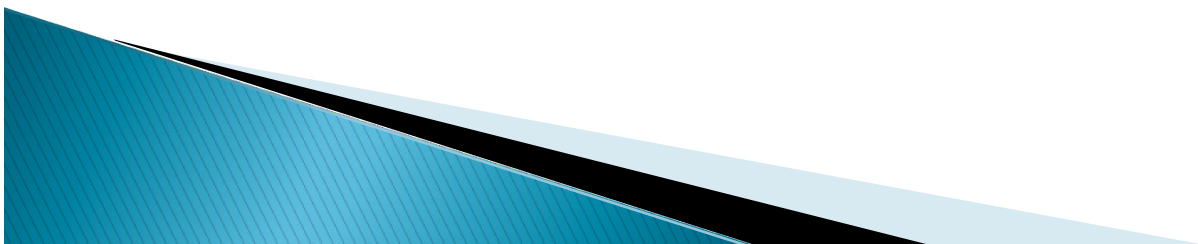
- *Selling Heating Fuel*
- *Selling Gasoline*

➤ Other Uses



Operations of a Utility

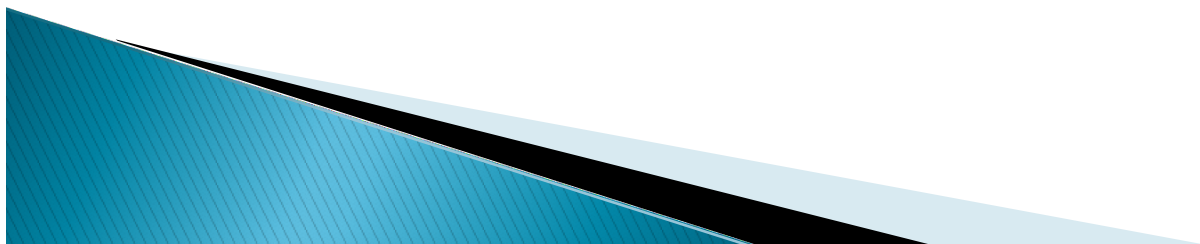
- ▶ **Utility Operation**
 - *Balance Sheet*
 - *Profit & Loss*
 - *RCA Compliance*
- ▶ **Sufficient KWH rates**
- ▶ **Residential Collections**
- ▶ **Local Business Collections**
- ▶ **Current with IRS obligations**
- ▶ **Current with PCE reporting**



Operations of Retail Sales

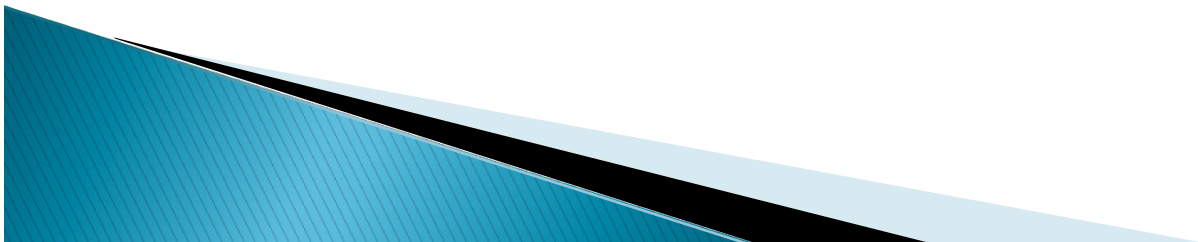
➤ Selling Heating Oil and or Gasoline

- *Customers Served*
- *Mark-up from cost to retail price*
- *Contractual Sales Agreements (Schools)*
- *Community Project or Construction requiring fuel availability*



Repayment History

- Repayment History with the Bulk Fuel Loan Program
- Repayment History with other lenders or fuel vendors
- Revenue Sources listed by the applicant
 - *Customer Collection*
 - *Retail Sales*
 - *CRS*
 - *PCE*
 - *Prepaid Meter*



FINANCIAL STATEMENTS

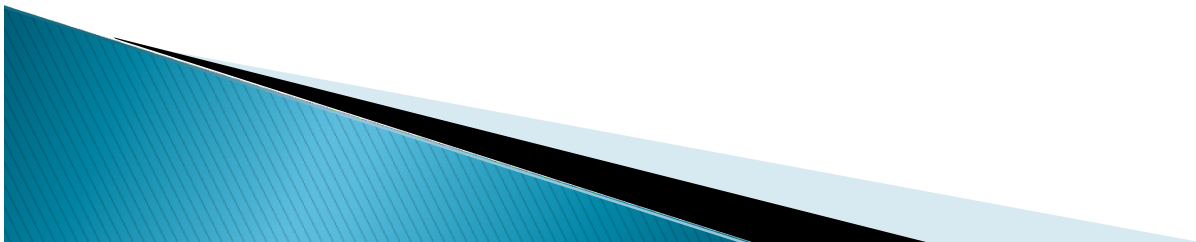
Financial statement **MUST** be one of the following:

- ▶ Income statement
- ▶ Balance sheet
- ▶ Complete federal income tax return
- ▶ Explanation of management of finances



EXAMINATION

- ▶ Applications reviewed by DCRA staff
- ▶ DCRA determines approval
- ▶ Appropriate interest rate is determined



Bulk Fuel Revolving Loan Program

Website:

[https://www.commerce.alaska.gov/web/dcra/
BulkFuelLoanProgram.aspx](https://www.commerce.alaska.gov/web/dcra/BulkFuelLoanProgram.aspx)

Bulk Fuel Revolving Loan Program

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