

**State of Alaska**  
**FY2015 Governor's Operating Budget**

**Department of Commerce, Community, and Economic  
Development**  
**Alaska Energy Authority Power Cost Equalization  
Component Budget Summary**

**Component: Alaska Energy Authority Power Cost Equalization**

**Contribution to Department's Mission**

Reduce the cost of electricity for residential customers and community facilities in rural Alaska.

**Major Component Accomplishments in 2013**

The Alaska Energy Authority (AEA) embarked on significant outreach for the Power Cost Equalization (PCE) program that included presentations during the Rural Energy Conference, Alaska Dialogue, Alaska Federation of Natives and a separate “PCE Summit” with key stakeholders.

AEA offered three PCE training classes for utility clerks. PCE training provides utility clerks with essential technical knowledge in order to help ensure continued participation in the program. The training is open to all participants but specifically targets non-participating utilities that require training to re-enter the program as well as participating utilities that have had a turnover in their utility clerk positions. During FY2013, AEA analyzed the PCE program and determined that additional training is needed for utility managers. Under the expanded training program, AEA would offer training programs to utility managers on ratemaking and general business management. The goal of the additional training is to help utilities have accurate rates and reports to assist utilities to fully participate in the benefits of the PCE Program.

In FY2012, PCE served 80,000 in the 188 participating communities. On June 30, 2013 PCE Endowment Fund balance was \$840,214,875. During FY2014 AEA estimates it will provide over \$41,000,000 in PCE grant payments to 190 rural communities.

**Key Component Challenges**

Because of high turnover rate of staff in the 87 rural utilities (representing 190 communities) participating in the PCE program, the training and assistance to the utility staff continues to be a challenge.

**Significant Changes in Results to be Delivered in FY2015**

No significant changes to component.

**Statutory and Regulatory Authority**

AS 42.45 Rural and Statewide Energy Programs  
3 AAC 107 Grant Programs  
3 AAC 52.600 Criteria for Determination of Power Cost Equalization

**Contact Information**

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**Alaska Energy Authority Power Cost Equalization  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	1.4	10.0	0.0
73000 Services	285.5	341.0	355.0
74000 Commodities	1.2	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	40,100.0	40,000.0	41,000.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>40,388.1</b>	<b>40,351.0</b>	<b>41,355.0</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	17,512.3	7,260.0	0.0
1169 PCE Endowment Fund	22,875.8	33,091.0	41,355.0
<b>Funding Totals</b>	<b>40,388.1</b>	<b>40,351.0</b>	<b>41,355.0</b>

**Estimated Revenue Collections**

<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	17,512.3	7,260.0	0.0
<b>Unrestricted Total</b>		<b>17,512.3</b>	<b>7,260.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Power Cost Equalization Endowment Fund	51465	22,875.8	33,091.0	41,355.0
<b>Restricted Total</b>		<b>22,875.8</b>	<b>33,091.0</b>	<b>41,355.0</b>
<b>Total Estimated Revenues</b>		<b>40,388.1</b>	<b>40,351.0</b>	<b>41,355.0</b>

**Summary of Component Budget Changes  
From FY2014 Management Plan to FY2015 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2014 Management Plan</b>	7,260.0	33,091.0	0.0	0.0	40,351.0
<b>Adjustments which will continue current level of service:</b>					
-Reverse FY2014 Power Cost Equalization and Endowment Funding	-7,260.0	-33,091.0	0.0	0.0	-40,351.0
<b>Proposed budget increases:</b>					
-Restore Power Cost Equalization and Endowment Funding for FY2015	0.0	41,355.0	0.0	0.0	41,355.0
<b>FY2015 Governor</b>	<b>0.0</b>	<b>41,355.0</b>	<b>0.0</b>	<b>0.0</b>	<b>41,355.0</b>

**Component Detail All Funds**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (AR29672) (2602)

**RDU:** Alaska Energy Authority (453)

	FY2013 Actuals	FY2014 Conference Committee	FY2014 Authorized	FY2014 Management Plan	FY2015 Governor	FY2014 Management Plan vs FY2015 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	1.4	10.0	10.0	10.0	0.0	-10.0	-100.0%
73000 Services	285.5	341.0	341.0	341.0	355.0	14.0	4.1%
74000 Commodities	1.2	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	40,100.0	40,000.0	40,000.0	40,000.0	41,000.0	1,000.0	2.5%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>40,388.1</b>	<b>40,351.0</b>	<b>40,351.0</b>	<b>40,351.0</b>	<b>41,355.0</b>	<b>1,004.0</b>	<b>2.5%</b>
<b>Fund Sources:</b>							
1004Gen Fund (UGF)	17,512.3	7,260.0	7,260.0	7,260.0	0.0	-7,260.0	-100.0%
1169PCE Endow (DGF)	22,875.8	33,091.0	33,091.0	33,091.0	41,355.0	8,264.0	25.0%
<b>Unrestricted General (UGF)</b>	<b>17,512.3</b>	<b>7,260.0</b>	<b>7,260.0</b>	<b>7,260.0</b>	<b>0.0</b>	<b>-7,260.0</b>	<b>-100.0%</b>
<b>Designated General (DGF)</b>	<b>22,875.8</b>	<b>33,091.0</b>	<b>33,091.0</b>	<b>33,091.0</b>	<b>41,355.0</b>	<b>8,264.0</b>	<b>25.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

**RDU:** Alaska Energy Authority (453)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2014 Conference Committee To FY2014 Authorized *****												
<b>FY2014 Conference Committee</b>												
	ConfCom	40,351.0	0.0	10.0	341.0	0.0	0.0	40,000.0	0.0	0	0	0
1004 Gen Fund		7,260.0										
1169 PCE Endow		33,091.0										
<b>Subtotal</b>		<b>40,351.0</b>	<b>0.0</b>	<b>10.0</b>	<b>341.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40,000.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2014 Authorized To FY2014 Management Plan *****												
<b>Subtotal</b>		<b>40,351.0</b>	<b>0.0</b>	<b>10.0</b>	<b>341.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40,000.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2014 Management Plan To FY2015 Governor *****												
<b>Restore Power Cost Equalization and Endowment Funding for FY2015</b>												
	Inc	41,355.0	0.0	0.0	355.0	0.0	0.0	41,000.0	0.0	0	0	0
1169 PCE Endow		41,355.0										
<b>Totals</b>		<b>41,355.0</b>	<b>0.0</b>	<b>0.0</b>	<b>355.0</b>	<b>0.0</b>	<b>0.0</b>	<b>41,000.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The amount necessary, estimated to be \$41,355,000, and not to exceed \$44,248,400, is appropriated from the power cost equalization endowment fund (AS 42.45.070(a)) to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2015.

If the amount appropriated in (f) of this section is not sufficient to pay power cost equalization program costs without proration, the amount necessary to pay power cost equalization program costs without proration, estimated to be 0, is appropriated from the general fund to the Department of Commerce, Community, and Economic Development, Alaska Energy Authority, power cost equalization allocation, for the fiscal year ending June 30, 2015.

**Reverse FY2014 Power Cost Equalization and Endowment Funding**

	OTI	-40,351.0	0.0	-10.0	-341.0	0.0	0.0	-40,000.0	0.0	0	0	0
1004 Gen Fund		-7,260.0										
1169 PCE Endow		-33,091.0										

This reverses the one-time authorization for Alaska Energy Authority (AEA) Power Cost Equalization (PCE) program in FY2014. The PCE payments reduce the cost of power to residential and community customers of eligible utilities. The program cost estimates are based on a variety of factors including the projected cost of fuel and adjustments to the Regulatory Commission of Alaska base rate or "floor" which is up from \$13.42 in FY2012 to \$14.30 in FY2013. Although the floor increased, a reduction in the PCE payments is not expected because fuel costs in rural communities also significantly increased.

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Travel**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
72000	Travel		1.4	10.0	0.0
Expenditure Account	Servicing Agency	Explanation	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
<b>72000 Travel Detail Totals</b>			<b>1.4</b>	<b>10.0</b>	<b>0.0</b>
72100	Instate Travel	Administrative travel costs.	1.4	10.0	0.0

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Services**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name			FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
73000	Services			285.5	341.0	355.0
Expenditure Account	Servicing Agency	Explanation		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
<b>73000 Services Detail Totals</b>				<b>285.5</b>	<b>341.0</b>	<b>355.0</b>
73025		Education Services	Education services.	0.3	0.0	0.0
73450		Advertising & Promos	Advertising and promotions.	2.4	0.0	0.0
73750	Reg Comm of AK	Other Services (Non IA Svcs)	Regulatory Commission of Alaska.	0.0	160.0	160.0
73812	Law	Legal	RSA with the Department of Law for legal services.	0.8	0.0	0.0
73979	AIDEA	Mgmt/Consulting (IA Svcs)	Alaska Industrial Development and Export Association (AIDEA) - Management support services.	192.0	181.0	195.0
73979	Reg Comm of AK	Mgmt/Consulting (IA Svcs)	Regulatory Commission of Alaska.	90.0	0.0	0.0

**Line Item Detail**

**Department of Commerce, Community, and Economic Development  
Commodities**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
74000	Commodities		1.2	0.0	0.0
<b>Expenditure Account</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
		<b>74000 Commodities Detail Totals</b>	<b>1.2</b>	<b>0.0</b>	<b>0.0</b>
74200	Business	Supplies.	1.2	0.0	0.0

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Grants, Benefits**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
77000	Grants, Benefits		40,100.0	40,000.0	41,000.0
Expenditure Account	Servicing Agency	Explanation	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
<b>77000 Grants, Benefits Detail Totals</b>			<b>40,100.0</b>	<b>40,000.0</b>	<b>41,000.0</b>
77110	Grants	Power Cost Equalization Program grants (AS 42.45.110)	40,100.0	40,000.0	41,000.0

**Unrestricted Revenue Detail**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Master Account	Revenue Description				FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
68515	Unrestricted Fund				17,512.3	7,260.0	0.0
<b>Detail Information</b>							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
68515	Unrestrict Fu Source				17,512.3	7,260.0	0.0
	Unrestricted Fund Source						

**Restricted Revenue Detail**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Master Account	Revenue Description				FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51465	Power Cost Equalization Endowment Fund				22,875.8	33,091.0	41,355.0
<b>Detail Information</b>							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51465	Power Cost Equalization Endowment Fund Endowment fund (AS 42.45.070).				22,875.8	33,091.0	41,355.0

**Inter-Agency Services**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2013 Actuals	FY2014		FY2015 Governor
					Management Plan		
73750	Other Services (Non IA Svcs)	Regulatory Commission of Alaska.	Inter-dept	Reg Comm of AK	0.0	160.0	160.0
<b>73750 Other Services (Non IA Svcs) subtotal:</b>					<b>0.0</b>	<b>160.0</b>	<b>160.0</b>
73812	Legal	RSA with the Department of Law for legal services.	Inter-dept	Law	0.8	0.0	0.0
<b>73812 Legal subtotal:</b>					<b>0.8</b>	<b>0.0</b>	<b>0.0</b>
73979	Mgmt/Consulting (IA Svcs)	Alaska Industrial Development and Export Association (AIDEA) - Management support services.	Intra-dept	AIDEA	192.0	181.0	195.0
73979	Mgmt/Consulting (IA Svcs)	Regulatory Commission of Alaska.	Inter-dept	Reg Comm of AK	90.0	0.0	0.0
<b>73979 Mgmt/Consulting (IA Svcs) subtotal:</b>					<b>282.0</b>	<b>181.0</b>	<b>195.0</b>
<b>Alaska Energy Authority Power Cost Equalization total:</b>					<b>282.8</b>	<b>341.0</b>	<b>355.0</b>
<b>Grand Total:</b>					<b>282.8</b>	<b>341.0</b>	<b>355.0</b>