

# **State of Alaska FY2018 Governor's Operating Budget**

## **Department of Commerce, Community, and Economic Development Alaska Energy Authority Owned Facilities Component Budget Summary**

Component: Alaska Energy Authority Owned Facilities

## Contribution to Department's Mission

Management and development of AEA owned infrastructure.

## Major Component Accomplishments in 2016

**Alaska Intertie Project:** The Alaska Energy Authority (AEA) continues to work with the Intertie Management Committee on issues related to the operation and maintenance of the Anchorage to Fairbanks Intertie and necessary repairs. Municipal Light & Power was contracted to perform the repairs and upgrades. The tower repairs are now complete. Design and construction of the new static VAR compensator is substantially complete as of June 30, 2016, with minor punch list items being completed and service warranty being negotiated. AEA will continue to work with the Railbelt utilities to extend the intertie to Lake Lorraine.

**Bradley Lake Hydroelectric Project:** AEA received the West Fork Upper Battle Creek amendment from the Federal Energy Regulatory Commission (FERC) in September 2016. This project will divert the West Fork Upper Battle Creek into Bradley Lake. The diversion will increase the Bradley Lake Hydroelectric Project annual energy by approximately 37,000 megawatt hours (MWh). The Battle Creek project addition includes construction of three miles of road, a concrete diversion dam, a pipe and canal to convey the water to Bradley Lake. The estimated cost of construction in June 2016 was approximately \$44 million. Construction may begin in 2017 and be completed in the fall of 2019.

**Susitna–Watana Hydroelectric Project:** AEA filed a Notice of Intent and Pre-Application Document with the FERC to begin the Integrated Licensing Process (ILP) for the project in December 2011. The FERC approved 58 environmental study plans in early 2013. In implementing the study plans, AEA has worked closely with the Alaska Department of Fish and Game and many other resource agencies in conducting the fishery and wildlife studies. On June 3, 2014, AEA filed the approximately 7,000-page Initial Study Report (ISR), summarizing information collected during 2013. AEA also filed Study Completion Reports or Study Implementation Reports in November 2015, which included approximately 8,000 pages documenting data gathered during 2014 and 2015. At AEA's request, FERC agreed to collectively consider these reports the ISR for purposes of FERC's updated Study Plan Determination.

The Alaska Legislature has appropriated a total of \$192.1 million for AEA to plan, design, and obtain permit of the project. On December 26, 2014 the Governor of Alaska issued Administrative Order 271 suspending discretionary spending on the project. On January 8, 2015, the FERC granted AEA's request to hold the licensing process in abeyance. On July 6, 2015, the Governor's office authorized AEA to proceed with the ILP using previously appropriated funds. In August 2015, AEA requested the FERC's permission to resume the licensing efforts. As per the Governor's June 29, 2016 direction, AEA has continued to work towards shutting down the project while preserving the State's investment to date. On August 4, 2016 the Governor issued a letter to FERC requesting to proceed with the ILP to the point of issuing its updated Study Plan Determination (SPD) to preserve the State's investment in the project. On August 26, 2016 FERC responded to the Governor's letter. FERC will proceed with the ILP to complete the SPD; after issuing the SPD the project will be put into abeyance as requested by the Governor.

## Key Component Challenges

**Alaska Intertie Project:** As Railbelt generation has changed, upgrades to the transmission system will be needed. In support of that effort, a transmission plan has been completed for the interconnected electrical system (including the Alaska Intertie).

**Bradley Lake Hydroelectric Project:** AEA will work with the railbelt utilities to develop a financing plan to construct the Battle Creek diversion project.

**Susitna–Watana Hydroelectric Project:** Project licensing has been delayed due to funding constraints. Project will be put into abeyance to preserve the State's investment.

### Significant Changes in Results to be Delivered in FY2018

Significant staff reductions have occurred. As AEA loses technical staff, there are impacts to work loads and increased stress on existing staff. The loss of technical expertise impacts the delivery of energy services to the state.

### Statutory and Regulatory Authority

AS 44.83	Alaska Energy Authority
AS 37.07.020(e)	State Facilities Operations and Maintenance
3 AAC 105	Alaska Energy Authority

Contact Information
<p><b>Contact:</b> Michael Lamb, Interim Executive Director <b>Phone:</b> (907) 771-3000 <b>Fax:</b> (907) 771-3044 <b>E-mail:</b> mlamb@aidea.org</p>

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

**Component:** Alaska Energy Authority Owned Facilities (2599)  
**RDU:** Alaska Energy Authority (453)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	30.0	30.0	30.0	30.0	0.0	0.0%
73000 Services	253.8	938.7	938.7	938.7	937.7	-1.0	-0.1%
74000 Commodities	0.0	8.0	8.0	8.0	8.0	0.0	0.0%
75000 Capital Outlay	0.0	5.0	5.0	5.0	5.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>253.8</b>	<b>981.7</b>	<b>981.7</b>	<b>981.7</b>	<b>980.7</b>	<b>-1.0</b>	<b>-0.1%</b>
<b>Fund Sources:</b>							
1107AEA Rcpts (Other)	253.8	981.7	981.7	981.7	980.7	-1.0	-0.1%
<b>Unrestricted General (UGF)</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>Designated General (DGF)</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>Other Funds</b>	<b>253.8</b>	<b>981.7</b>	<b>981.7</b>	<b>981.7</b>	<b>980.7</b>	<b>-1.0</b>	<b>-0.1%</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 Owned Facilities (2599)

**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 FY2017 Conference Committee To FY2017 Authorized *****												
<b>FY2017 Conference Committee</b>												
ConfCom		981.7	0.0	30.0	938.7	8.0	5.0	0.0	0.0	0	0	0
1107 AEA Rcpts		981.7										
<b>Subtotal</b>		<b>981.7</b>	<b>0.0</b>	<b>30.0</b>	<b>938.7</b>	<b>8.0</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
<b>AO-281 Budget Placeholder for AHFC, AEA and AIDEA Efficiencies</b>												
Dec		-1.0	0.0	0.0	-1.0	0.0	0.0	0.0	0.0	0	0	0
1107 AEA Rcpts		-1.0										
<b>Totals</b>		<b>980.7</b>	<b>0.0</b>	<b>30.0</b>	<b>937.7</b>	<b>8.0</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Administrative Order 281 required a review process of the activities and budgets of AHFC, AEA and AIDEA. Over the course of the last two years the budgets of these agencies have been reduced by tens of millions of dollars. A comprehensive review of agency activities and costs will continue through-out FY 2018. Consolidation, colocation and support function sharing efficiencies will be implemented. As an outcome the administration has expects at least one million dollars of annual budget reductions among the three entities combined. Additionally, the administration anticipates liquidation of property and other non-monetary assets, resulting in one-time net contributions to the general fund. These changes are in discussion and budget reductions will be provided during the budget amendment process.

**Line Item Detail (1676)**  
**Department of Commerce, Community, and Economic Development**  
**Travel**

**Component:** Alaska Energy Authority Owned Facilities (2599)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		0.0	30.0	30.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>2000 Travel Detail Totals</b>			<b>0.0</b>	<b>30.0</b>	<b>30.0</b>
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	0.0	30.0	30.0

**Line Item Detail (1676)**

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

**Component:** Alaska Energy Authority Owned Facilities (2599)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
3000	Services		253.8	938.7	937.7
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>3000 Services Detail Totals</b>			<b>253.8</b>	<b>938.7</b>	<b>937.7</b>
3011	Other Services	Other professional services.	200.0	878.7	877.7
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Alaska Industrial Development and Export Authority support.	53.8	60.0	60.0

**Line Item Detail (1676)**

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

**Component:** Alaska Energy Authority Owned Facilities (2599)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
4000	Commodities		0.0	8.0	8.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
		<b>4000 Commodities Detail Totals</b>	<b>0.0</b>	<b>8.0</b>	<b>8.0</b>
4002	Household/Institutional	Cleaning, food and other household supplies.	0.0	8.0	8.0



**Line Item Detail (1676)**

**Department of Commerce, Community, and Economic Development  
Capital Outlay**

**Component:** Alaska Energy Authority Owned Facilities (2599)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
5000	Capital Outlay		0.0	5.0	5.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
<b>5000 Capital Outlay Detail Totals</b>			<b>0.0</b>	<b>5.0</b>	<b>5.0</b>
5004	Equipment	Equipment and furniture.	0.0	5.0	5.0

**Revenue Detail (1681)**

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

**Component:** Alaska Energy Authority Owned Facilities (2599)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>5107 AEA Rcpts (1107 AEA Rcpts)</b>			<b>253.8</b>	<b>981.7</b>	<b>980.7</b>
5420 Alaska Energy Authority Corporate Receipts		Alaska Energy Authority receipts.	253.8	981.7	980.7

**Inter-Agency Services (1682)**

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

**Component:** Alaska Energy Authority Owned Facilities (2599)

	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>	<b>53.8</b>	<b>60.0</b>	<b>60.0</b>
With Department of Commerce, Community, and Economic Development	53.8	60.0	60.0

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	53.8	60.0	60.0