

State of Alaska
FY2018 Governor's Operating Budget

**Department of Commerce, Community, and Economic
Development**
Alaska Energy Authority Rural Energy Assistance
Component Budget Summary

Component: Alaska Energy Authority Rural Energy Assistance

Contribution to Department's Mission

Assist in the development of safe, reliable, and efficient energy systems throughout Alaska, which are sustainable, environmentally sound, and reduce the cost of energy in rural Alaska.

Major Component Accomplishments in 2016

Rural Power Projects: The Alaska Energy Authority (AEA) completed four Rural Power Systems Upgrades in FY2016: Nunam Iqua powerhouse module, Central powerhouse module, Tuntutuliak distribution system, and Tatitlek powerhouse upgrade. AEA also completed two designs for bulk fuel projects in FY2016 as well as a tank farm relocation in Port Heiden. Three projects were under construction in FY2016.

Training: AEA's Rural Training Program trains community operators with the skills to operate their energy infrastructure, helping utilities keep their facilities code-compliant and managed sustainably. In FY2016, 46 operators completed training and received certification of completion in Bulk Fuel Operations (17), Power Plant Operations (19) and Advanced Power Plant Operations (10).

Technical Assistance: AEA provided planning and technical assistance to communities by: reviewing resource specific project plans; providing feedback to communities exploring energy generation and efficiency options; analyzing community energy use; providing building energy audits; evaluating financing options for project development; helping to complete federal award applications and renewable energy fund applications; and by providing technical assistance as needed to support community participation in the Power Cost Equalization program.

Circuit Rider: AEA Circuit Rider program fielded in excess of 1,000 phone calls, and assisted 58 eligible utilities in FY2016 by providing remote monitoring, training, technical consultation, on-site assistance, and minor repairs to their power systems. The Circuit Rider and Technical Assistance programs provide essential preventative assistance to reduce the number of emergency responses that are needed due to power outages in communities.

Emergency Response: AEA provides power-related emergency response services to rural Alaska communities as required by AS 42.45.900. Emergency community response was provided to more than 13 communities during FY2016.

Key Component Challenges

Completing Rural Power Systems Upgrades (RPSU) in rural Alaska so critical energy infrastructure may be built or upgraded. Over time, communities with aging power systems will require frequent maintenance and/or emergency responses to prevent power outages. Fewer state and federal RPSU grants means more utilities need loans to finance power system repairs and upgrades.

Upgrading aging bulk fuel tanks in rural Alaska. Many communities have aging fuel tanks that may not meet the capacity needs of the community or are at risk of leaks, contamination, and/or failure.

Staffing is a challenge for AEA. Work load has not declined at the same pace as staffing. Staff is asked to do more with fewer resources. Management is responding by realigning work load to resources and identifying core AEA services.

AEA's established programs have effectively leveraged federal dollars to complete projects in the past. However, reduced federal funding for energy projects in Alaska creates increased reliance on state funds to support construction of energy infrastructure.

Many rural communities are in need of increased management capacity. Having the infrastructure is essential, but equally important is the ability of the local operators to operate the utilities in an efficient and sustainable manner.

Local and regional engagement and participation is critical for a statewide effort of sustainable and cost effective energy solutions.

The construction of substantial infrastructure projects in communities (for example: water/sewer facilities and school upgrades and replacements) are over-taxing some of the older power systems, which results in system overload, shorter equipment life, and more frequent power outages. Without remote monitoring, technical assistance, and periodic training, performance and efficiency gains of newly upgraded powerhouses will slowly erode.

Significant Changes in Results to be Delivered in FY2018

In complying with the FY2017 budget intent language to phase out the use of unrestricted general funds (UGF) AEA conducted a review of programs funded by UGF to determine the best path forward for the continuation of those programs.

AEA's circuit rider program, technical assistance, community assistance, and training programs for rural bulk fuel tank, power plant and hydro operators have historically been funded with general fund dollars. AEA has partnered with the Denali Commission for the continued funding of some of these critical programs. Funding obligations have been obtained for FY2017 and part of FY2018 for the circuit rider and training programs. These programs help communities maintain and trouble shoot their existing energy systems to ensure maximum efficient, safe, and reliable energy production. However, unfilled positions have created pressure on delivery of these programs and uncertainty of future funds will impact the future delivery of those services.

AEA also determined that administrative costs to manage the PCE program, including the cost of collecting PCE data for statistical reporting, providing reporting assistance to communities, associated accounting functions, and other energy data analysis, were subsidized by general fund dollars in prior years. This was consistent with general fund subsidies for the PCE program costs through FY2014. Beginning in FY2015, the amount appropriated from the PCE Endowment Fund has been sufficient to fund the program without general fund appropriation. Accordingly, AEA has requested a fund source change so that the PCE Endowment fund is appropriately the fund source for the PCE program starting in FY2018.

Statutory and Regulatory Authority

AS 42.45 Rural and Statewide Energy Programs
3 AAC 106 Loan Programs
3 AAC 107 Grant Programs
3 AAC 160 Rural Development Assistance and Bulk Fuel Storage Facility Grant Programs

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)
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	31.3	132.0	132.0	132.0	132.0	0.0	0.0%
73000 Services	3,282.3	5,348.5	5,348.5	5,348.5	5,655.5	307.0	5.7%
74000 Commodities	77.5	48.0	48.0	48.0	48.0	0.0	0.0%
75000 Capital Outlay	10.9	10.0	10.0	10.0	10.0	0.0	0.0%
77000 Grants, Benefits	0.0	100.0	100.0	100.0	100.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	3,402.0	5,638.5	5,638.5	5,638.5	5,945.5	307.0	5.4%
Fund Sources:							
1002Fed Rcpts (Fed)	0.0	445.0	445.0	445.0	752.0	307.0	69.0%
1004Gen Fund (UGF)	1,735.5	1,256.3	1,256.3	1,256.3	874.5	-381.8	-30.4%
1005GF/Prgm (DGF)	1.8	100.0	100.0	100.0	100.0	0.0	0.0%
1007I/A Rcpts (Other)	0.0	123.9	123.9	123.9	123.9	0.0	0.0%
1061CIP Rcpts (Other)	1,491.9	2,567.8	2,567.8	2,567.8	2,567.8	0.0	0.0%
1062Power Proj (DGF)	172.8	995.5	995.5	995.5	995.5	0.0	0.0%
1108Stat Desig (Other)	0.0	150.0	150.0	150.0	150.0	0.0	0.0%
1169PCE Endow (DGF)	0.0	0.0	0.0	0.0	381.8	381.8	100.0%
Unrestricted General (UGF)	1,735.5	1,256.3	1,256.3	1,256.3	874.5	-381.8	-30.4%
Designated General (DGF)	174.6	1,095.5	1,095.5	1,095.5	1,477.3	381.8	34.9%
Other Funds	1,491.9	2,841.7	2,841.7	2,841.7	2,841.7	0.0	0.0%
Federal Funds	0.0	445.0	445.0	445.0	752.0	307.0	69.0%
Positions:							
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 Rural Energy Assistance (2600)

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 *****												
FY2017 Conference Committee												
	ConfCom	5,638.5	0.0	132.0	5,348.5	48.0	10.0	100.0	0.0	0	0	0
1002 Fed Rcpts		445.0										
1004 Gen Fund		1,256.3										
1005 GF/Prgm		100.0										
1007 I/A Rcpts		123.9										
1061 CIP Rcpts		2,567.8										
1062 Power Proj		995.5										
1108 Stat Desig		150.0										
Subtotal		5,638.5	0.0	132.0	5,348.5	48.0	10.0	100.0	0.0	0	0	0
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
Denali Commission Support for Rural Training and Assistance Programs												
	Inc	307.0	0.0	0.0	307.0	0.0	0.0	0.0	0.0	0	0	0
1002 Fed Rcpts		307.0										
The Alaska Energy Authority is anticipating federal Denali Commission funds totaling \$157.0 for rural operator training programs (Bulk Fuel Operator and Power Plant Operator), and \$150.0 for the Circuit Rider program. General fund authority for these programs was reduced in the FY2017 budget, but federal authority is anticipated to be available in FY2018.												
Replace General Fund Authority for the Power Cost Component												
	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-381.8										
1169 PCE Endow		381.8										
An in-depth analysis of the Power Cost Equalization (PCE) program revealed that some PCE administrative costs have historically been paid by unrestricted general fund authority in the Rural Energy Assistance component. This fund change will ensure that costs to manage the PCE program are no longer subsidized by unrestricted general fund authority, and that the full cost of managing the PCE program – working with rural utilities to ensure regulations compliance and required data collection – is reflected in the PCE component.												
Totals		5,945.5	0.0	132.0	5,655.5	48.0	10.0	100.0	0.0	0	0	0

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		31.3	132.0	132.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000 Travel Detail Totals			31.3	132.0	132.0
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	29.5	125.0	125.0
2002	Out of State Employee Travel	Out-of-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	1.8	7.0	7.0

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		3,282.3	5,348.5	5,655.5
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000 Services Detail Totals			3,282.3	5,348.5	5,655.5
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	15.2	15.0	15.0
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	32.8	30.0	30.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	2.5	2.5	2.5
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	46.4	45.0	45.0
3006	Delivery Services	Freight, courier services, and postage.	8.8	8.0	8.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	5.5	5.0	5.0
3008	Utilities	Electricity, heating fuel, water, sewage and disposal services.	26.3	30.0	30.0
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rentals and leases.	2.1	2.0	2.0
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance, rentals, and leases.	3.4	10.0	10.0

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000 Services Detail Totals			3,282.3	5,348.5	5,655.5
3011	Other Services	Other professional services.	373.8	275.0	582.0
3024	Inter-Agency Legal	Law - Department-wide	61.0	75.0	75.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	183.7	184.0	184.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	2,520.8	4,667.0	4,667.0

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		77.5	48.0	48.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000 Commodities Detail Totals			77.5	48.0	48.0
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	71.3	42.0	42.0
4002	Household/Institutional	Cleaning, food and other household supplies.	2.1	2.0	2.0
4020	Equipment Fuel	Fuel and gasoline.	4.1	4.0	4.0

Line Item Detail (1676)

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
5000	Capital Outlay		10.9	10.0	10.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
5000 Capital Outlay Detail Totals			10.9	10.0	10.0
5004	Equipment	Equipment and furniture.	10.9	10.0	10.0

Line Item Detail (1676)

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

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
7000	Grants, Benefits		0.0	100.0	100.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
		7000 Grants, Benefits Detail Totals	0.0	100.0	100.0
7001	Grants	Grants.	0.0	100.0	100.0

Revenue Detail (1681)

Department of Commerce, Community, and Economic Development

Component: Alaska Energy Authority Rural Energy Assistance (2600)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
5002 Fed Rcpts (1002 Fed Rcpts)			0.0	445.0	752.0
5002 Federal General Government - Miscellaneous Grants		Federal General Government - Misc grants.	0.0	445.0	445.0
5002 Federal General Government - Miscellaneous Grants		Denali Commission grants for rural training and assistance programs.	0.0	0.0	307.0
5005 GF/Prgm (1005 GF/Prgm)			1.8	100.0	100.0
5104 Program Receipts Charges for Services - 3rd Party Collectns		Program Receipts - 3rd party collection.	1.8	100.0	100.0
5007 I/A Rcpts (1007 I/A Rcpts)			0.0	123.9	123.9
5301 Inter-Agency Receipts		Inter-Agency Receipts.	0.0	123.9	123.9
5061 CIP Rcpts (1061 CIP Rcpts)			1,491.9	2,567.8	2,567.8
5351 Capital Improvement Project Inter-Agency		Capital Improvement Project Receipts.	1,491.9	2,567.8	2,567.8
5062 Power Proj (1062 Power Proj)			172.8	995.5	995.5
5413 Power Project Loan Fund		Power Project Loan Funds.	172.8	995.5	995.5
5108 Stat Desig (1108 Stat Desig)			0.0	150.0	150.0
5205 Statutory Dsgntd Prgrm Rcpts Development - Charges for Svcs		SDPR - Charges for services.	0.0	150.0	150.0
6169 PCE Endow (1169 PCE Endow)			0.0	0.0	381.8
6815 PCE Endowment Fund - Miscellaneous		Power Cost Equalization Fund receipts for program administration.	0.0	0.0	381.8

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

Component: Alaska Energy Authority Rural Energy Assistance (2600)

	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
Component Totals	2,765.5	4,926.0	4,926.0
With Department of Law	61.0	75.0	75.0
With Department of Commerce, Community, and Economic Development	2,704.5	4,851.0	4,851.0

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3024	Inter-Agency Legal	Law - Department-wide	61.0	75.0	75.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	183.7	184.0	184.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	2,520.8	4,667.0	4,667.0