

# **State of Alaska FY2020 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 2018**

**Rural Power Projects:** In FY2018, the Alaska Energy Authority (AEA) completed five Rural Power Systems Upgrade (RPSU) projects in Kake, Nunam Iqua, Kongiganak, Kwigillingok, and Port Alsworth. Additional RPSU design and construction work, including engine replacement with Diesel Emission Reduction Act (DERA) funds, was done in the following communities: Akhoiak, Beaver, Circle, Chignik Lake, Clarks Point, Kipnuk, Mertarvik, Port Heiden, Stevens, Takotna, Tuluksak, and Twin Hills. Additional Bulk Fuel Upgrade (BFU) design and construction work was done in the following communities: Kasaan, Kipnuk, Holy Cross, Mertarvik, and Tatitlek. AEA completed four BFU projects in Kake, Shishmaref, Edna Bay, and Port Alsworth. Additionally, AEA completed one DERA engine replacement in Hughes.

**Denali Commission support, Maintenance & Improvement (M&I):** AEA and the Denali Commission are leveraging available funding by shifting focus towards maintenance and improvement projects. The goal is to maximize the useful life of rural energy infrastructure so that fewer complete facility replacements are required. This strategy is being incorporated into both the RPSU and BFU programs.

**Training:** AEA's Rural Training Program trains community operators on skills to operate their energy infrastructure, helping utilities keep their facilities code-compliant and sustainably managed. In FY2018, 42 operators completed training and received certification of completion in Bulk Fuel Operations (20), Power Plant Operations (14) and Advanced Power Plant Operations (8) in AEA's training courses at Alaska Vocational Technical Center (AVTEC). An additional 26 students from eight communities received on-site itinerant training in bulk fuel operations.

**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 providing technical assistance as needed to support community participation in the Power Cost Equalization (PCE) program.

**Circuit Rider:** AEA Circuit Rider program assisted 103 eligible utilities in FY2018 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 Assistance:** AEA provides power-related emergency response services to rural Alaska communities as required by AS 42.45.900. Emergency community assistance was provided to Akhiok, Arctic Village, Chefornak, Hughes, Kwethluk, and Netwok during FY2018.

**Key Component Challenges**

Current U.S. Environmental Protection Agency (EPA) regulations have put at risk AEA's ability to provide rural utilities with compliant diesel engines at a manageable cost into the future. AEA is working cooperatively with Alaska Department of Environmental Conservation and the EPA to remove the Diesel Particulate Filter (DPF) requirement contained in §40 CFR 60.4216(c) for model year 2014 and newer diesel engines in prime power applications in remote areas of Alaska. This is a multi-year effort and includes a public comment period. Since relief is needed now to provide cleaner and more efficient engines, AEA is working on temporary lifting the DPF requirement until a final decision is made called a "Bridge To A Rule."

Completing Rural Power Systems Upgrades (RPSU) in rural Alaska so critical energy infrastructure may be built or upgraded remains a challenge. 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 continues to be challenging. 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. Workload has not declined at the same pace as staffing. Staff is asked to do more with fewer resources. Management is responding by realigning workload to resources and identifying core AEA services.

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 FY2020**

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 by the General Fund. AEA has partnered with the Denali Commission for the continued funding of some of these critical programs. Federal funding has been obtained for FY2018, FY2019, and part of FY2020 for the circuit rider and training programs. With Denali Commission support, AEA has greatly expanded the training mission to include itinerate Rural Power System Operator, Bulk Fuel Operator, Utility Manager, and PCE Technician training, as well as more intensive regionalized training in hub communities. Improvements in knowledge and skill levels across the board will help provide extension of the useful life of facilities and greater efficiencies through optimal operational use. Training programs help communities maintain and troubleshoot their existing energy systems to ensure maximum efficient, safe, and reliable energy production. However, an uncertain funding future will impact the future delivery of those services.

AEA is making operational and policy changes to emphasize efficiency in the delivery of programs and projects, increase the transparency of the organization's work, and to maximize current funding. AEA is pursuing regulatory changes to the way some projects are selected and funded with the intent of further leveraging current funding while encouraging administrative and technical best practices at utilities so that infrastructure lasts its full economic life. Additionally, AEA is aggressively seeking non-state funding, and expanding collaborative partnerships to leverage the limited State dollars for maximum benefit to Alaska communities.

AEA is optimizing project management support by realigning internal functional groups and processes to improve project delivery. In addition, project manager training through the Project Management Institute will result in program, project, and portfolio management at the most widely recognized in standard in the world.

### **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

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<b>Contact Information</b>
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**Contact Information**

**Contact:** Janet Reiser, Executive Director  
**Phone:** (907) 771-3000  
**E-mail:** jreiser@aidea.org

**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

	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	52.8	132.0	132.0	132.0	132.0	0.0	0.0%
73000 Services	3,429.3	6,405.5	6,405.5	6,405.5	6,405.5	0.0	0.0%
74000 Commodities	14.7	48.0	48.0	48.0	48.0	0.0	0.0%
75000 Capital Outlay	26.5	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%
<b>Totals</b>	<b>3,523.3</b>	<b>6,695.5</b>	<b>6,695.5</b>	<b>6,695.5</b>	<b>6,695.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1002 Fed Rcpts (Fed)	516.2	1,502.0	1,502.0	1,502.0	1,502.0	0.0	0.0%
1004 Gen Fund (UGF)	874.5	874.5	874.5	874.5	874.5	0.0	0.0%
1005 GF/Prgm (DGF)	0.0	100.0	100.0	100.0	100.0	0.0	0.0%
1007 I/A Rcpts (Other)	0.0	123.9	123.9	123.9	123.9	0.0	0.0%
1061 CIP Rcpts (Other)	1,375.9	2,567.8	2,567.8	2,567.8	2,567.8	0.0	0.0%
1062 Power Proj (DGF)	554.2	995.5	995.5	995.5	995.5	0.0	0.0%
1108 Stat Desig (Other)	0.0	150.0	150.0	150.0	150.0	0.0	0.0%
1169 PCE Endow (DGF)	202.5	381.8	381.8	381.8	381.8	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>874.5</b>	<b>874.5</b>	<b>874.5</b>	<b>874.5</b>	<b>874.5</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>756.7</b>	<b>1,477.3</b>	<b>1,477.3</b>	<b>1,477.3</b>	<b>1,477.3</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>1,375.9</b>	<b>2,841.7</b>	<b>2,841.7</b>	<b>2,841.7</b>	<b>2,841.7</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>516.2</b>	<b>1,502.0</b>	<b>1,502.0</b>	<b>1,502.0</b>	<b>1,502.0</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 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 FY2019 Conference Committee To FY2019 Authorized *****												
<b>FY2019 Conference Committee</b>												
	ConfCom	6,695.5	0.0	132.0	6,405.5	48.0	10.0	100.0	0.0	0	0	0
1002 Fed Rcpts		1,502.0										
1004 Gen Fund		874.5										
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										
1169 PCE Endow		381.8										
<b>Subtotal</b>		<b>6,695.5</b>	<b>0.0</b>	<b>132.0</b>	<b>6,405.5</b>	<b>48.0</b>	<b>10.0</b>	<b>100.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2019 Management Plan To FY2020 Governor *****												
<b>Totals</b>		<b>6,695.5</b>	<b>0.0</b>	<b>132.0</b>	<b>6,405.5</b>	<b>48.0</b>	<b>10.0</b>	<b>100.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
2000	Travel		52.8	132.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
<b>2000 Travel Detail Totals</b>			<b>52.8</b>	<b>132.0</b>
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	46.7	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.	6.1	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		FY2018 Actuals	FY2019 Management Plan
3000	Services		3,429.3	6,405.5
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
<b>3000 Services Detail Totals</b>			<b>3,429.3</b>	<b>6,405.5</b>
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	21.3	40.0
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	7.6	15.0
3002	Legal and Judicial Services	Legal and judicial services, including costs to conduct hearings and transcription fees.	2.4	10.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	14.4	15.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	9.1	25.0
3006	Delivery Services	Freight, courier services, and postage.	1.3	10.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	3.5	5.0
3008	Utilities	Electricity, heating fuel, water, sewage and disposal services.	21.2	22.0
3009	Structure/Infrastructure/Land	Structure, infrastructure and land repairs, maintenance, rentals and leases.	0.3	2.0

**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	FY2018 Actuals	FY2019 Management Plan
<b>3000 Services Detail Totals</b>			<b>3,429.3</b>	<b>6,405.5</b>
3010	Equipment/Machinery	Machinery, furniture and equipment purchase, repairs, maintenance, rentals, and leases.	0.2	10.0
3011	Other Services	Other professional services.	265.0	265.0
3011	Other Services	Federal funding to address rural community energy needs, including technical assistance and operator training.	0.0	750.0
3011	Other Services	General Fund Program Receipts from participation fees for AEA-sponsored trainings and conferences. These receipts will not be allocated until they are received. Receipts were not received in FY2018.	0.0	100.0
3011	Other Services	Inter-agency receipts that will not be allocated until agreements are entered into.	0.0	123.9
3011	Other Services	Statutory designated program receipts in support of AEA-sponsored trainings, conferences, and events. These receipts will not be allocated until they are received. Receipts were not received in FY2018.	0.0	150.0
3024	Inter-Agency Legal	Law - Department-wide	41.0	50.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	21.0	30.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	3,021.0	4,782.6

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
4000	Commodities		14.7	48.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
<b>4000 Commodities Detail Totals</b>			<b>14.7</b>	<b>48.0</b>
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	11.5	42.0
4002	Household/Institutional	Cleaning, food, and other household supplies.	1.6	2.0
4020	Equipment Fuel	Fuel and gasoline.	1.6	4.0

**Line Item Detail (1676)**

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
5000	Capital Outlay		26.5	10.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
<b>5000 Capital Outlay Detail Totals</b>			<b>26.5</b>	<b>10.0</b>
5004	Equipment	Equipment and furniture.	26.5	10.0

**Line Item Detail (1676)**

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
7000	Grants, Benefits		0.0	100.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
<b>7000 Grants, Benefits Detail Totals</b>			<b>0.0</b>	<b>100.0</b>
7001	Grants	Grants.	0.0	100.0

**Revenue Detail (1681)**

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

<b>Revenue Type (OMB Fund Code)</b> <b>Revenue Source</b>	<b>Component</b>	<b>Comment</b>	<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
<b>5002 Fed Rcpts (1002 Fed Rcpts)</b>			<b>516.2</b>	<b>1,502.0</b>
5002 Federal General Government - Miscellaneous Grants		Federal General Government - Misc grants.	516.2	445.0
5002 Federal General Government - Miscellaneous Grants		Denali Commission grants for rural training and assistance programs.	0.0	307.0
5002 Federal General Government - Miscellaneous Grants		Federal funding received under a Memorandum of Understanding with the Denali Commission and other agencies.	0.0	750.0
<b>5005 GF/Prgm (1005 GF/Prgm)</b>			<b>0.0</b>	<b>100.0</b>
5104 Program Receipts Charges for Services - 3rd Party Collectns		Program Receipts - Third party collections.	0.0	100.0
<b>5007 I/A Rcpts (1007 I/A Rcpts)</b>			<b>0.0</b>	<b>123.9</b>
5301 Inter-Agency Receipts		Inter-Agency Receipts.	0.0	123.9
<b>5061 CIP Rcpts (1061 CIP Rcpts)</b>			<b>1,375.9</b>	<b>2,567.8</b>
5351 Capital Improvement Project Inter-Agency		Capital Improvement Project Receipts.	1,375.9	2,567.8
<b>5062 Power Proj (1062 Power Proj)</b>			<b>554.2</b>	<b>995.5</b>
5413 Power Project Loan Fund		Power Project Loan Funds.	554.2	995.5
<b>5108 Stat Desig (1108 Stat Desig)</b>			<b>0.0</b>	<b>150.0</b>
5205 Statutory Dsgntd Prgrm Rcpts Development - Charges for Svcs		SDPR - Charges for services.	0.0	150.0
<b>6004 Gen Fund (1004 Gen Fund)</b>			<b>253.0</b>	<b>0.0</b>
6036 General Fund - Other Interest Earned			186.8	0.0
6036 General Fund - Other Interest Earned			66.2	0.0
<b>6169 PCE Endow (1169 PCE Endow)</b>			<b>202.5</b>	<b>381.8</b>
6815 PCE Endowment Fund - Miscellaneous		Power Cost Equalization Fund receipts for program administration.	202.5	381.8

**Revenue Detail (1681)**

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

<b>Revenue Type (OMB Fund Code)</b>	<b>Component</b>	<b>Comment</b>	<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
<b>Revenue Source</b>				
<b>FUND Fund Only (9999 No specif.)</b>			<b>23.0</b>	<b>0.0</b>
6095 Fund Only - Interest Earned			6.1	0.0
6095 Fund Only - Interest Earned			16.9	0.0

**Inter-Agency Services (1682)**

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

**Component:** Alaska Energy Authority Rural Energy Assistance (2600)

				FY2018 Actuals	FY2019 Management Plan
<b>Component Totals</b>				<b>3,083.0</b>	<b>4,862.6</b>
With Department of Law				41.0	50.0
With Department of Commerce, Community, and Economic Development				3,042.0	4,812.6

  

Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3024	Inter-Agency Legal	Law - Department-wide	41.0	50.0
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	21.0	30.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	3,021.0	4,782.6