

State of Alaska FY2020 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 2018

Through the Alaska Energy Authority's (AEA) on-going efforts, the number of Power Cost Equalization (PCE) program-eligible communities not participating in the PCE program has been reduced to only one. A total of 195 communities currently participate in the PCE program.

PCE Clerk Training: AEA provided PCE training to 14 utility clerks. PCE training gives utility clerks essential technical knowledge in order to help ensure continued participation in the program and accuracy of reporting. The training is open to all eligible PCE community utilities, but specifically targets utilities that require training to re-enter the program as well as utilities with new utility clerks.

PCE Technical Assistance: AEA assisted 11 communities with community facility certifications and eligibility determination requests for PCE. This work ensures that eligible community facilities receive the benefits of reduced electrical costs through the PCE program.

AEA staff assisted communities daily with their PCE filings, and with questions throughout the year. In addition to these regular contacts, the PCE program manager met with many communities during the Rural Energy Conference in Fairbanks.

PCE Program Costs: The 195 communities currently participating in PCE have received \$26,072,373.59 for FY2018 (as of October 5, 2018). Total FY2018 PCE program distributions were \$26.2 million.

PCE Web Portal: In response to concerns raised by rural utilities about the need for faster payment processing and more simplified reporting, AEA developed an on-line PCE reporting portal in FY2018. The new portal will be beta tested in early FY2019 and a three-phased launch is expected later in FY2019. This new tool will be an option for utilities – it will not be mandatory. The PCE Web Portal will allow utilities to submit monthly reports directly to a form on the web. Benefits of the portal include easier submission of the PCE reports, savings on postage, a faster turnaround for payment, and convenient access to historic Utility Monthly Reports (UMR's) in digital form.

Key Component Challenges

Because of high staff turnover rate in the 91 rural utilities (representing 195 communities participating in the PCE program), the training and assistance to the utility staff continues to be a challenge. AEA's reduced staffing makes it challenging to meet the ongoing demands associated with serving the 195 participating communities.

Significant Changes in Results to be Delivered in FY2020

No significant changes to the Power Cost Equalization program are anticipated.

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

Contact Information

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

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

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	1.5	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	353.4	355.0	355.0	355.0	355.0	0.0	0.0%
74000 Commodities	0.1	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	26,195.8	32,000.0	32,000.0	32,000.0	32,000.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	26,550.8	32,355.0	32,355.0	32,355.0	32,355.0	0.0	0.0%
Fund Sources:							
1169 PCE Endow (DGF)	26,550.8	32,355.0	32,355.0	32,355.0	32,355.0	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	26,550.8	32,355.0	32,355.0	32,355.0	32,355.0	0.0	0.0%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
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 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 FY2019 Conference Committee To FY2019 Authorized *****												
Power Cost Equalization Sec11f Ch17 SLA2018 P73 L12 (HB286)												
	ConfC(L)	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0
1169 PCE Endow		32,355.0										
(f) The amount necessary, estimated to be \$32,355,000, not to exceed the amount determined under AS 42.45.085(a), 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, 2019.												
	Subtotal	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0
***** Changes From FY2019 Management Plan To FY2020 Governor *****												
Restore Power Cost Equalization and Endowment Funding for FY2020												
	IncM	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0
1169 PCE Endow		32,355.0										
The Power Cost Equalization (PCE) program provides economic assistance to communities and residents in rural areas, where the cost of electricity can be three to five times higher than for customers in more urban areas of the state. The program was created to equalize power cost per kilowatt-hour (kWh) statewide at a cost close to or equal to the mean of the cost per kWh in Anchorage, Fairbanks, and Juneau. PCE is a core element underlying the financial viability of centralized power generation in rural communities.												
Under Alaska Statutes 42.45.100-170, the Regulatory Commission of Alaska determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. The Alaska Energy Authority determines eligibility of community facilities and residential customers and authorizes reimbursement to the electric utility for the PCE credits extended to customers.												
Power Cost Equalization program payments are expected to remain stable in FY2020. Program costs are also impacted by the "PCE floor" calculated by the RCA. In FY2017, because of increases in the cost of power in urban Alaska, the PCE floor was raised, reducing the number of communities eligible for residential reimbursement and lowering the overall cost of the program. At this time, AEA does not expect the program payments to exceed \$32 million in FY2020. However, changing factors can cause this estimate to be higher or lower than actual costs.												
Reverse Power Cost Equalization and Endowment Funding for FY2019												
	OTI	-32,355.0	0.0	0.0	-355.0	0.0	0.0	-32,000.0	0.0	0	0	0
1169 PCE Endow		-32,355.0										
Reverse language section transaction from the base budget.												
	Totals	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0

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

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
2000	Travel		1.5	0.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
2000 Travel Detail Totals			1.5	0.0
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, conventions and meetings, boards and commissions.	1.5	0.0

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

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
3000	Services		353.4	355.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
3000 Services Detail Totals			353.4	355.0
3000	Education Services	Training, educational conferences, agency memberships, tuition, books and fees for work-related courses.	0.3	0.0
3003	Information Technology	Information Technology - Training, consulting, equipment and software leases, licensing and maintenance.	0.2	0.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	0.1	0.0
3011	Other Services	Other professional services.	113.2	113.0
3024	Inter-Agency Legal	Law - Department-wide Legal services.	3.4	2.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Alaska Industrial Development and Export Authority support.	236.2	240.0

Line Item Detail (1676)

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

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
4000	Commodities		0.1	0.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
4000 Commodities Detail Totals			0.1	0.0
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	0.1	0.0

Line Item Detail (1676)

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

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
7000	Grants, Benefits		26,195.8	32,000.0
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
7000 Grants, Benefits Detail Totals			26,195.8	32,000.0
7001	Grants	Power Cost Equalization program payments.	26,195.8	32,000.0

Revenue Detail (1681)

Department of Commerce, Community, and Economic Development

Component: Alaska Energy Authority Power Cost Equalization (2602)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2018 Actuals	FY2019 Management Plan
6169 PCE Endow (1169 PCE Endow)			26,550.8	32,355.0
6815 PCE Endowment Fund - Miscellaneous		Power Cost Equalization Funds.	26,550.8	32,355.0

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

Component: Alaska Energy Authority Power Cost Equalization (2602)

				FY2018 Actuals	FY2019 Management Plan
Component Totals				239.6	242.0
With Department of Law				3.4	2.0
With Department of Commerce, Community, and Economic Development				236.2	240.0
Object Class	Servicing Agency	Explanation		FY2018 Actuals	FY2019 Management Plan
3024	Inter-Agency Legal	Law - Department-wide	Legal services.	3.4	2.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	236.2	240.0