

State of Alaska
FY2021 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 2019

Bradley Lake Hydroelectric Project: The Bradley Lake Hydroelectric Project is the largest renewable energy project in Alaska and provides some of the cheapest power on the Railbelt Grid at approximately 4.5 cents per kWh. In September 2016, AEA received the West Fork Upper Battle Creek amendment from the Federal Energy Regulatory Commission (FERC). The Battle Creek 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), increasing output by 10 percent. The Battle Creek project addition includes construction of three miles of road, a concrete diversion dam, and a pipe and canal to convey the water to Bradley Lake. In FY2019, the contractor for the project substantially completed the new access road to the proposed diversion site of the West Fork Upper Battle Creek. The Battle Creek project is expected to be substantially completed by the end of FY2020.

Alaska Intertie Project: AEA facilitates the Intertie Management Committee (IMC) on issues related to the operation and maintenance of the Anchorage to Fairbanks Intertie. AEA is working with the IMC to identify a logical termination point for the intertie extension that is based on the most recent generation and transmission planning scenarios of the Railbelt utilities. AEA also participates in Railbelt institutional reform efforts respecting transmission and generation planning efforts for the entirety of the interconnected Bulk Electrical System.

Susitna–Watana Hydroelectric Project: As of June 30, 2019, AEA incurred capitalized costs of \$183.7 million for the Susitna-Watana Hydroelectric Project, which include professional efforts and expenditures related to engineering, economic analysis, financing alternatives, planning, public outreach, and environmental impact studies toward obtaining a FERC license for the project. Administrative Order (AO) 271 issued during FY2015 directed only non-discretionary spending continue on the project. AEA completed the necessary work to preserve the value of the FERC's required studies and put the project into abeyance of the FERC license. These efforts were complete December 2017. On February 21, 2019, Governor Dunleavy issued AO 309 that rescinded several AOs, including AO 271. However, AEA has not been directed to re-initiate the licensing process.

Key Component Challenges

Soldotna to Quartz Creek Line: The June 5, 2019 Swan Lake Wildfire damaged the Soldotna to Quartz Creek portion of the transmission line that feeds electricity from the Bradley Lake Hydro facility to the Railbelt. At present, only the Homer Electric Association (HEA) is able to use power produced from the Bradley Lake Hydro facility. Since HEA can only use a portion of the power produced, water levels are rising in the Bradley dam. This water would normally be used to produce power used by the Railbelt utilities. This results in excess water accumulation, normally viewed as stored energy that must be spilled to prevent dam overflow. Through September 2019, the total water spilled equated to approximately 22,500 MWh, or a lost value of approximately \$2,250,000. Repair of this line is critical to reduce lost power generation to the Railbelt utilities at a rate about half that of power produced by natural gas. As of October 15, 2019, only an aerial assessment of the damage has been performed due to continuing burn. Until a ground assessment is completed, the cost and extent of the damage is unknown. Estimated timeline to repair is not determinable at this time.

Alaska Intertie Project: Current institutional reform efforts underway in the Railbelt will need proactive engagement by AEA in all facets of this reform. The Alaska Intertie, and the management thereof, is in integral component of the overall system, will play a significant role in whatever reforms are ultimately derived from this effort. As the Railbelt utilities continue to work toward institutional reform AEA, as an asset owner within the region that will be affected by any potential reform, continues to maintain a high level of engagement on the issue with dedicated staff time and resources.

Significant Changes in Results to be Delivered in FY2021

No significant result changes at this time.

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

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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

	FY2019 Actuals	FY2020 Conference Committee	FY2020 Authorized	FY2020 Management Plan	FY2021 Governor	FY2020 Management Plan vs FY2021 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	551.7	937.7	937.7	937.7	737.7	-200.0	-21.3%
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%
Totals	551.7	980.7	980.7	980.7	780.7	-200.0	-20.4%
Fund Sources:							
1107 AEA Rcpts (Other)	551.7	980.7	980.7	980.7	780.7	-200.0	-20.4%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	551.7	980.7	980.7	980.7	780.7	-200.0	-20.4%
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 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 FY2020 Conference Committee To FY2020 Authorized *****												
FY2020 Conference Committee												
1107 AEA Rcpts	ConfCom	980.7	0.0	30.0	937.7	8.0	5.0	0.0	0.0	0	0	0
		980.7										
	Subtotal	980.7	0.0	30.0	937.7	8.0	5.0	0.0	0.0	0	0	0
***** Changes From FY2020 Management Plan To FY2021 Governor *****												
Reduce AEA Receipt Authority No Longer Needed for Reimbursements from Railbelt Utilities												
1107 AEA Rcpts	Dec	-200.0	0.0	0.0	-200.0	0.0	0.0	0.0	0.0	0	0	0
		-200.0										
	Totals	780.7	0.0	30.0	737.7	8.0	5.0	0.0	0.0	0	0	0

Reduce AEA receipt authority that is no longer needed for reimbursements from the Railbelt Utilities for the costs of administering the Alaska Energy Authority (AEA) owned assets (Bradley Lake/Battle Creek and the Alaska Intertie projects).

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

Component: Alaska Energy Authority Owned Facilities (2599)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000	Travel		0.0	30.0	30.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
2000 Travel Detail Totals			0.0	30.0	30.0
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)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000	Services		551.7	937.7	737.7
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			551.7	937.7	737.7
3001	Financial Services	Accounting, auditing, management consulting, grantee monitoring, loan servicing and insurance related services.	0.0	1.0	1.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	0.0	1.5	1.5
3006	Delivery Services	Freight, courier services, and postage.	0.0	1.0	1.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	0.0	1.0	1.0
3011	Other Services	Other professional services.	0.0	540.2	340.2
3038	Inter-Agency Management/Consulting	Commerce - Administrative Services (1028) Core and allocated services, including Administrative Services and Commissioner's Office support.	0.0	1.0	1.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Alaska Industrial Development and Export Authority support.	183.7	170.0	170.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Bradley Lake and Battle Creek Administrative Fee.	368.0	222.0	222.0

Line Item Detail (1676)

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

Component: Alaska Energy Authority Owned Facilities (2599)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000	Commodities		0.0	8.0	8.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000 Commodities Detail Totals			0.0	8.0	8.0
4000	Business	Supplies for office, library, training, and instructional needs, including small equipment, tools and subscriptions.	0.0	7.0	7.0
4002	Household/Institutional	Cleaning, food, and other household supplies.	0.0	1.0	1.0

Line Item Detail (1676)

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

Component: Alaska Energy Authority Owned Facilities (2599)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5000	Capital Outlay		0.0	5.0	5.0
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5000 Capital Outlay Detail Totals			0.0	5.0	5.0
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	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
5107 AEA Rcpts (1107 AEA Rcpts)			551.7	980.7	780.7
5420 Alaska Energy Authority Corporate Receipts		Bradley Lake administrative fees. (AEA reporting code E2701)	551.7	980.7	780.7

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

Component: Alaska Energy Authority Owned Facilities (2599)

	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
Component Totals	551.7	393.0	393.0
With Department of Commerce, Community, and Economic Development	551.7	393.0	393.0

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3038 Inter-Agency Management/Consulting	Commerce - Administrative Services (1028)	Core and allocated services, including Administrative Services and Commissioner's Office support.	0.0	1.0	1.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	183.7	170.0	170.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Bradley Lake and Battle Creek Administrative Fee.	368.0	222.0	222.0