

State of Alaska FY2022 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 2020

AEA administers the Power Cost Equalization program (PCE) which serves over 84,000 Alaskans in communities that are largely reliant on diesel fuel for power generation. In FY2020, 194 eligible communities actively participated in the PCE program.

PCE Clerk Training: AEA provides PCE training to 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 Program Costs: The 194 communities currently participating in PCE received \$27.5 million during FY2019. Total FY2018 PCE program distributions were \$26.2 million.

PCE Reporting Portal: In response to concerns raised by rural utilities about the need for faster payment processing and more simplified reporting, AEA developed a web-based reporting portal. The Portal allows 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, faster turnaround for payment, and convenient access to historic Utility Monthly Reports in digital form.

PCE Technical Assistance: AEA continues to assist communities with community facility 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. AEA is currently training utility staff on how to use the portal with plans to have 100 percent participation by the end of this year.

Key Component Challenges

As a result of high staff turnover rate in rural utilities, training and assistance to utility staff continues to be a challenge.

Significant Changes in Results to be Delivered in FY2022

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

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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

	FY2020 Actuals	FY2021 Conference Committee	FY2021 Authorized	FY2021 Management Plan	FY2022 Governor	FY2021 Management Plan vs FY2022 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	355.0	355.0	355.0	355.0	355.0	0.0	0.0%
74000 Commodities	0.0	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	29,587.5	29,500.0	29,500.0	29,500.0	32,000.0	2,500.0	8.5%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	29,942.5	29,855.0	29,855.0	29,855.0	32,355.0	2,500.0	8.4%
Fund Sources:							
1169 PCE Endow (DGF)	29,942.5	29,855.0	29,855.0	29,855.0	32,355.0	2,500.0	8.4%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	29,942.5	29,855.0	29,855.0	29,855.0	32,355.0	2,500.0	8.4%
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 FY2021 Conference Committee To FY2021 Authorized *****												
Alaska Energy Authority Power Cost Equalization Allocation Sec25dCh8 SLA2020 P90 L8 (HB 205)												
	ConfC(L)	29,855.0	0.0	0.0	355.0	0.0	0.0	29,500.0	0.0	0	0	0
1169 PCE Endow		29,855.0										
(d) The amount necessary for the purposes specified in AS 42.45.085(a), estimated to be \$29,855,000, not to exceed the amount determined under AS 42.45.080(c)(1), 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, 2021.												
	Subtotal	29,855.0	0.0	0.0	355.0	0.0	0.0	29,500.0	0.0	0	0	0
***** Changes From FY2021 Management Plan To FY2022 Governor *****												
Reverse Alaska Energy Authority Power Cost Equalization Allocation Sec25d Ch8 SLA2020 P90 L8 (HB 205)												
	OTI	-29,855.0	0.0	0.0	-355.0	0.0	0.0	-29,500.0	0.0	0	0	0
1169 PCE Endow		-29,855.0										
Reverse Alaska Energy Authority Power Cost Equalization Allocation Sec25d Ch8 SLA2020 P90 L8 (HB 205).												
Restore Power Cost Equalization and Endowment Funding for FY2022												
	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 Alaska Energy Authority (AEA) is increasing grant authority by \$2.5 million based on historical averages and similar trends in fuel costs.												
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 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 (RCA) determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. AEA determines eligibility of community facilities and residential customers and authorizes reimbursement to the electric utility for the PCE credits extended to customers.												
* Sec. 10. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT. (d) The amount necessary for the purposes specified in AS 42.45.085(a), estimated to be \$32,355,000, not to exceed the amount determined under AS 42.45.080(c)(1), 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, 2022.												
	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
Services

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3000	Services		355.0	355.0	355.0
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3000 Services Detail Totals			355.0	355.0	355.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	1.3	0.0	0.0
3011	Other Services	Other professional services.	107.2	113.0	113.0
3024	Inter-Agency Legal	Law - Department-wide Legal services.	0.0	2.0	2.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234) Alaska Industrial Development and Export Authority support.	246.5	240.0	240.0

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		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
7000	Grants, Benefits		29,587.5	29,500.0	32,000.0
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
		7000 Grants, Benefits Detail Totals	29,587.5	29,500.0	32,000.0
7001	Grants	Power Cost Equalization program payments.	29,587.5	29,500.0	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	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
6169 PCE Endow (1169 PCE Endow)			30,290.4	29,855.0	32,355.0
6815 PCE Endowment Fund - Miscellaneous		Power Cost Equalization Funds.	29,942.5	29,855.0	32,355.0
6815 PCE Endowment Fund - Miscellaneous		Return of FY2019 Power Cost Equalization grant advance funds.	299.0	0.0	0.0
6815 PCE Endowment Fund - Miscellaneous		Return of Interest Earned - Power Cost Equalization Endowment Fund.	48.9	0.0	0.0

Inter-Agency Services (1682)

Department of Commerce, Community, and Economic Development

Component: Alaska Energy Authority Power Cost Equalization (2602)

	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
Component Totals	246.5	242.0	242.0
With Department of Law	0.0	2.0	2.0
With Department of Commerce, Community, and Economic Development	246.5	240.0	240.0

Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3024 Inter-Agency Legal	Law - Department-wide	Legal services.	0.0	2.0	2.0
3038 Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	246.5	240.0	240.0