

# **State of Alaska FY2024 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 2022**

AEA administers the Power Cost Equalization (PCE) program, which serves approximately 82,000 Alaskans in communities who largely depend on diesel fuel for power generation. In fiscal year 2022, 190 eligible communities actively participated in the PCE program.

**PCE Clerk Training:** AEA trains PCE utility clerks on essential technical knowledge to help ensure continued participation in the PCE program and accuracy of reporting so that utility monthly reports are filed regularly and disbursement can be made routinely. PCE training is open to all eligible PCE community utilities, but specifically targets utilities that require training to re-enter the program

**PCE Payment Increase:** In July 2022, the Governor and the Legislature approved SB243, which expands the maximum kilowatt-hour (kWh) usage for rural residential customers from 500 kWh to 750 kWh per month. The PCE program serves as a crucial lifeline for rural Alaskans, as it helps bridge the gap in the cost of energy between urban and rural Alaska. This legislation reaffirms the strong commitment to rural Alaska with this increase in PCE payments by up to 50 percent.

**PCE Program Costs:** AEA anticipates payments to participating communities will exceed \$28 million in FY2022.

**PCE Reporting Portal:** To improve payment processing times and simplify reporting, AEA developed a simple, mostly self-guided web-based filing portal. This portal is in use today by all communities. It is now the principal means for making PCE filings within the next year. The portal enables utilities to submit monthly reports directly by use of an online form. The 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 assists communities daily with their PCE filings, and with questions throughout the year. AEA has trained utility staff on how to use the portal and achieved 100 percent participation by the end of fiscal year 2022.

**Key Component Challenges**

**PCE Endowment Funding:** In accordance with Alaska Statue 42.45.080(c), the Department of Revenue determines the amount available for appropriation to fund the PCE program (five percent of the monthly average market of the value the three closed previous fiscal years). Funding PCE from the Endowment fund may be challenging given the market conditions and an increase in PCE costs (500 to 750 kilowatt-hours) could impact the ability fully fund PCE.

**PCE Staffing:** Due to high staff turnover rate in rural utilities, training and assistance to utility staff continues to be a challenge. With increased costs of administering PCE program due to legislative modification, therefore, AEA is requesting an additional PCE Technician to assist in training for communities and an increase in administrative costs, which over the years has increased without an increase in authorization.

**Significant Changes in Results to be Delivered in FY2024**

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
<p><b>Contact:</b> Curtis W. Thayer, Executive Director <b>Phone:</b> (907) 771-3000 <b>E-mail:</b> <a href="mailto:cthayer@akenergyauthority.org">cthayer@akenergyauthority.org</a></p>

**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

	FY2022 Actuals	FY2023 Conference Committee	FY2023 Authorized	FY2023 Management Plan	FY2024 Governor	FY2023 Management Plan vs FY2024 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	2.2	2.2	0.0	0.0%
73000 Services	354.0	355.0	355.0	352.8	586.7	233.9	66.3%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	1.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	27,384.1	32,000.0	47,694.8	47,694.8	47,694.8	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>27,739.1</b>	<b>32,355.0</b>	<b>48,049.8</b>	<b>48,049.8</b>	<b>48,283.7</b>	<b>233.9</b>	<b>0.5%</b>
<b>Fund Sources:</b>							
1169 PCE Endow (DGF)	27,739.1	32,355.0	48,049.8	48,049.8	48,283.7	233.9	0.5%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>27,739.1</b>	<b>32,355.0</b>	<b>48,049.8</b>	<b>48,049.8</b>	<b>48,283.7</b>	<b>233.9</b>	<b>0.5%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</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 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	
<b>***** Changes From FY2023 Conference Committee To FY2023 Authorized *****</b>												
<b>FY2023 Alaska Energy Authority Power Cost Equalization and Allocation Sec64(d) Ch11 SLA2022 P172 L20 (HB281)</b>												
1169 PCE Endow	ConfC(L)	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0
Sec64(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, 2023.												
<b>Pwr Cost Eq: Raise, Endow Fund Investment Ch39 SLA2022 (SB243) (Sec2 Ch11 SLA2022 P50 L26 (HB281))</b>												
1169 PCE Endow	FisNot	15,694.8	0.0	0.0	0.0	0.0	0.0	15,694.8	0.0	0	0	0
<b>Subtotal</b>		<b>48,049.8</b>	<b>0.0</b>	<b>0.0</b>	<b>355.0</b>	<b>0.0</b>	<b>0.0</b>	<b>47,694.8</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>***** Changes From FY2023 Authorized To FY2023 Management Plan *****</b>												
<b>Align Authority with Anticipated Expenditures</b>												
	LIT	0.0	0.0	2.2	-2.2	0.0	0.0	0.0	0.0	0	0	0
Align authorization for anticipated expenditures in the travel line, consistent with the FY2023 Travel Plan.												
<b>Subtotal</b>		<b>48,049.8</b>	<b>0.0</b>	<b>2.2</b>	<b>352.8</b>	<b>0.0</b>	<b>0.0</b>	<b>47,694.8</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>***** Changes From FY2023 Management Plan To FY2024 Governor *****</b>												
<b>Reverse FY2023 Alaska Energy Authority Power Cost Equalization and Allocation</b>												
1169 PCE Endow	OTI	-32,355.0	0.0	0.0	-355.0	0.0	0.0	-32,000.0	0.0	0	0	0
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, 2023.												
<b>Reverse Pwr Cost Eq: Raise, Endow Fund Investment Ch39 SLA2022 (SB243) (Sec2 Ch11 SLA2022 P50 L26 (HB281))</b>												
1169 PCE Endow	FNOTI	-15,694.8	0.0	0.0	0.0	0.0	0.0	-15,694.8	0.0	0	0	0
Reverse Pwr Cost Eq: Raise, Endow Fund Investment Ch39 SLA2022 (SB243) (Sec2 Ch11 SLA2022 P50 L26 (HB281))												
<b>Power Cost Equalization Technician Support and Administrative Cost Increases</b>												
1169 PCE Endow	Inc	233.9	0.0	0.0	233.9	0.0	0.0	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	
<p>The Power Cost Equalization Technician will assist in training to communities in rural Alaska and to update the inventory of community buildings. The full cost of this position is estimated \$106.8.</p> <p>The remaining \$127.1 is needed for shared services and other administrative costs which over the years have increased without an increase in authorization.</p>												
<b>FY2024 Alaska Energy Authority Power Cost Equalization and Allocation</b>												
1169 PCE Endow	IncM	48,049.8	0.0	0.0	355.0	0.0	0.0	47,694.8	0.0	0	0	0
		48,049.8										
<p>The amount necessary for the purposes specified in AS 42.45.085(a), estimated to be \$48,049,800, 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, 2024.</p>												
	<b>Totals</b>	<b>48,283.7</b>	<b>0.0</b>	<b>2.2</b>	<b>586.7</b>	<b>0.0</b>	<b>0.0</b>	<b>47,694.8</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 Power Cost Equalization (2602)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
2000	Travel		0.0	2.2	2.2
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>2000 Travel Detail Totals</b>			<b>0.0</b>	<b>2.2</b>	<b>2.2</b>
2000	In-State Employee Travel	In-State Transportation - Transportation costs for travel relating to administration, meetings, boards and commissions.	0.0	2.2	2.2

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

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000	Services		354.0	352.8	586.7
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>3000 Services Detail Totals</b>			<b>354.0</b>	<b>352.8</b>	<b>586.7</b>
3000	Education Services	Temporary staffing services.	15.9	0.0	0.0
3007	Advertising and Promotions	Advertising, promotions and legal notices.	0.4	1.0	1.0
3011	Other Services	Other professional services.	136.6	106.8	106.8
3024	Inter-Agency Legal	Law - Department-wide	0.0	5.0	5.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	201.1	240.0	473.9



**Line Item Detail (1676)**

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

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
5000	Capital Outlay		1.0	0.0	0.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
<b>5000 Capital Outlay Detail Totals</b>			<b>1.0</b>	<b>0.0</b>	<b>0.0</b>
5004	Equipment	Equipment and furniture.	1.0	0.0	0.0

**Line Item Detail (1676)**

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

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
7000	Grants, Benefits		27,384.1	47,694.8	47,694.8
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2022 Actuals</b>	<b>FY2023 Management Plan</b>	<b>FY2024 Governor</b>
		<b>7000 Grants, Benefits Detail Totals</b>	<b>27,384.1</b>	<b>47,694.8</b>	<b>47,694.8</b>
7001	Grants	Power Cost Equalization program payments.	27,384.1	47,694.8	47,694.8

**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	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>6169 PCE Endow (1169 PCE Endow)</b>			<b>27,739.1</b>	<b>48,049.8</b>	<b>48,283.7</b>
6815 PCE Endowment Fund - Miscellaneous		Power Cost Equalization Funds.	27,739.1	48,049.8	48,283.7
6815 PCE Endowment Fund - Miscellaneous		Return of Interest Earned - Power Cost Equalization Endowment Fund.	0.0	0.0	0.0

**Inter-Agency Services (1682)**

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

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

				FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
<b>Component Totals</b>				<b>201.1</b>	<b>245.0</b>	<b>478.9</b>
With Department of Law				0.0	5.0	5.0
With Department of Commerce, Community, and Economic Development				201.1	240.0	473.9
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3024	Inter-Agency Legal	Law - Department-wide	Legal services.	0.0	5.0	5.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	Alaska Industrial Development and Export Authority support.	201.1	240.0	473.9