

State of Alaska FY2025 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 2023

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 FY2023, 183 eligible communities actively participated in the PCE program.

In FY2023, AEA expended \$40 million in PCE payments to rural electric utilities for the benefit of 82,000 Alaskans in 193 communities. This is substantially more than in past years. This increase is primarily the result of legislation passed during the last legislative session that increased PCE payments from 500 to 750 kilowatt-hours to help rural Alaskans lower their cost of energy. The primary driver for the PCE program cost is the price for delivered fuel to eligible and participating community-based utilities. The primary fuel for electricity and electrically produced space heat remains diesel fuel, which is purchased and barged to Alaska and thereafter delivered to communities.

Now that the PCE program is completely staffed, the program will place an increased focus on training of utility clerks, in addition, assessing existing community facilities will be a priority.

During the past year the PCE team has eliminated the back log of payments and is current with all payments.

Key Component Challenges

PCE Endowment Funding: In accordance with Alaska Statue 42.45.080(c), the Alaska Permanent Fund Corporation 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. The 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 FY2025

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: Curtis W. Thayer, Executive Director
Phone: (907) 771-3000
E-mail: cthayer@akenergyauthority.org

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

	FY2023 Actuals	FY2024 Enrolled	FY2024 Authorized	FY2024 Management Plan	FY2025 Governor Adjusted Base	FY2025 Governor	FY2024 Management Plan vs FY2025 Governor	
1000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
2000 Travel	0.0	2.2	2.2	2.2	2.2	2.2	0.0	0.0%
3000 Services	354.6	586.7	586.7	586.7	586.7	586.7	0.0	0.0%
4000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
5000 Capital Outlay	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
7000 Grants, Benefits	41,706.2	47,694.8	47,694.8	47,694.8	47,694.8	47,694.8	0.0	0.0%
8000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	42,061.2	48,283.7	48,283.7	48,283.7	48,283.7	48,283.7	0.0	0.0%
Fund Sources:								
1169 PCE Endow (DGF)	42,061.2	48,283.7	48,283.7	48,283.7	48,283.7	48,283.7	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	42,061.2	48,283.7	48,283.7	48,283.7	48,283.7	48,283.7	0.0	0.0%
Other Funds	0.0	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	0.0%
Positions:								
Permanent Full Time	0	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0	0.0%
Non Permanent	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	
***** Changes From FY2024 Enrolled To FY2024 Authorized *****												
FY2024 Alaska Energy Authority Power Cost Equalization Allocation Sec60(d) Ch1 SLA2023 P146 L12 (HB39)												
1169 PCE Endow	Enrol(L)	48,049.8	0.0	0.0	355.0	0.0	0.0	47,694.8	0.0	0	0	0
FY2024 Enrolled												
1169 PCE Endow	Enrolled	233.9	0.0	2.2	231.7	0.0	0.0	0.0	0.0	0	0	0
Subtotal		48,283.7	0.0	2.2	586.7	0.0	0.0	47,694.8	0.0	0	0	0
***** Changes From FY2024 Management Plan To FY2025 Governor Adjusted Base *****												
Reverse FY2024 Alaska Energy Authority Power Cost Equalization Allocation Sec60(d) Ch1 SLA2023 P146 L12 (HB39)												
1169 PCE Endow	OTI	-48,049.8	0.0	0.0	-355.0	0.0	0.0	-47,694.8	0.0	0	0	0
Restore FY2025 Alaska Energy Authority Power Cost Equalization Allocation												
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
Subtotal		48,283.7	0.0	2.2	586.7	0.0	0.0	47,694.8	0.0	0	0	0
***** Changes From FY2025 Governor Adjusted Base To FY2025 Governor *****												
Totals		48,283.7	0.0	2.2	586.7	0.0	0.0	47,694.8	0.0	0	0	0

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, 2025.

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

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
2000	Travel		0.0	2.2	2.2
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
2000 Travel Detail Totals			0.0	2.2	2.2
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		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000	Services		354.6	586.7	586.7
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3000 Services Detail Totals			354.6	586.7	586.7
3007	Advertising and Promotions	Advertising, promotions and legal notices.	3.1	3.0	3.0
3011	Other Services	Temporary staffing services.	62.5	0.0	0.0
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.	166.3	473.9	473.9
3038	Inter-Agency Management/Consulting	Commerce - Reg Comm of AK (2417) Rate setting assistance from the Regulatory Commission of Alaska.	122.7	104.8	104.8

Line Item Detail (1676)

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

Component: Alaska Energy Authority Power Cost Equalization (2602)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
5000	Capital Outlay		0.4	0.0	0.0
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
5000 Capital Outlay Detail Totals			0.4	0.0	0.0
5004	Equipment	Equipment and furniture.	0.4	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)

Line Number	Line Name		FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
7000	Grants, Benefits		41,706.2	47,694.8	47,694.8
Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
		7000 Grants, Benefits Detail Totals	41,706.2	47,694.8	47,694.8
7001	Grants	Power Cost Equalization program payments.	41,706.2	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)				FY2024	
Revenue Source	Component	Comment	FY2023 Actuals	Management Plan	FY2025 Governor
6169 PCE Endow (1169 PCE Endow)			0.0	0.0	48,283.7
6815 PCE Endowment Fund - Miscellaneous		Power Cost Equalization Funds.	0.0	0.0	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)

	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
Component Totals	289.0	583.7	583.7
With Department of Law	0.0	5.0	5.0
With Department of Commerce, Community, and Economic Development	289.0	578.7	578.7

Object Class	Servicing Agency	Explanation	FY2023 Actuals	FY2024 Management Plan	FY2025 Governor
3024	Inter-Agency Legal	Law - Department-wide	0.0	5.0	5.0
3038	Inter-Agency Management/Consulting	Commerce - AIDEA (1234)	166.3	473.9	473.9
3038	Inter-Agency Management/Consulting	Commerce - Reg Comm of AK (2417)	122.7	104.8	104.8