

State of Alaska FY2002 Governor's Operating Budget

Department of Community & Economic Development
Alaska Energy Authority Operations and Maintenance
Component

Component: Alaska Energy Authority Operations and Maintenance

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Component Mission

To tap Alaska's natural resources and new technology to achieve the lowest reasonable consumer power costs.

Component Services Provided

All staffing for AEA administrative functions is provided by AIDEA. AEA owns six hydroelectric plants and the Alaska Intertie transmission line and is responsible for the administrative oversight for these facilities.

Component Goals and Strategies

To efficiently oversee the operations and maintenance of approximately \$1 billion in electrical generation and transmission facilities in Alaska.

- To the extent feasible, contract to user utilities the direct operating, maintenance and repair responsibilities for AEA owned facilities.

Key Component Issues for FY2001 – 2002

Continue to maintain the technical integrity of AEA projects by providing scheduled maintenance.

Work with the Four Dam Pool communities and utilities to finalize the sale of the projects.

Continue to maximize local control of AEA projects, to the extent feasible, by contracting with the operating utilities to provide operating and maintenance services.

Continue to work with the operating utilities to lower operating costs and improve efficiencies at the AEA-owned hydroelectric projects.

Major Component Accomplishments for FY2000

Completed Phase III of the Tyee Lake Transmission Line.

Replaced the Swan Lake underground storage tank.

Installed a foundation to the reactor at Pump Station 11 for the Solomon Gulch hydroelectric project.

Repaired a corrugated metal culvert at the Swan Lake hydroelectric project to maintain the integrity of the dam.

Reviewed the Tyee hydroelectric project protective relaying screen.

Oversaw repairs of the Nuka diversion at the Bradley Lake hydroelectric project.

Cleared timber and brush from the existing Alaska Intertie Right of Way.

Statutory and Regulatory Authority

AS 44.83
2 AAC 94

Key Performance Measures for FY2002

Measure: Amount of revenue created by projects owned by the Authority.

(Added by Legislature in FY2001 version.)

Current Status:

In FY 2000 the AEA-owned projects generated \$25,259,000 in revenues from operating plants and \$2,766,000 of investment and other income. The income was offset by expenses in excess of revenues.

Benchmark:

The projects owned by AEA were built as infrastructure projects to provide lower-cost energy to Alaskans and were not intended as a source of revenue. AEA works to maximize the revenues at the projects to offset operating expenses.

Background and Strategies:

AEA administers the outstanding long-term debt of the AEA-owned projects, which is in excess of \$300 million, and administers special trust funds relating to the facilities. To the extent feasible, AEA contracts the direct operating, maintenance and repair responsibilities of the AEA-owned facilities to the operating utilities and works with the operating utilities to lower operating costs and improve efficiencies at the facilities owned by AEA.

Measure: Number of unscheduled outages of hydroelectric projects owned by the Authority.

(Added by Legislature in FY2001 version.)

Current Status:

AEA works closely in an administrative role with the operating utilities to minimize the number of unscheduled outages at the hydroelectric projects owned by the Authority and to insure the projects are operated effectively and efficiently through regular maintenance and budget oversight. The utilities are tasked with providing the necessary service to get the projects back on line when there is an unscheduled outage and provide backup generation when outages occur.

Benchmark:

AEA's primary role is to efficiently oversee the operations and maintenance of approximately \$1 billion in electrical generation and transmission facilities in Alaska. AEA is the owner of the facilities with oversight of the project budgets. The utilities operate and maintain the facilities. Prior to 1993, AEA had a staff of seventeen (17) to monitor the operations of the projects, providing detailed reports on operations, including unscheduled outages. AIDEA currently provides one staff position to provide oversight of the project operations and maintenance. Due to lack of resources, detailed reporting has been discontinued.

Background and Strategies:

On January 31, 2000, a heavy snow fall downed the Solomon Gulch hydroelectric project transmission line in Thompson Pass. Copper Valley Electric Association (CVEC) repaired and returned the transmission line to service on March 10th with AEA oversight. CVEC supplied diesel generation and hydroelectric backup while the transmission line was out of service.

Measure: Number of four dam pool project repairs and upgrades completed on time and within budget.

(Added by Legislature in FY2001 version.)

Current Status:

AEA initiates regular maintenance and repair to the four dam pool projects and provides administrative and budget oversight to insure the projects are completed on time and within budget. Repairs and upgrades initiated in FY 2000 include:

- In June the 2000 contractor began tunnel repairs at the Terror Lake hydroelectric project. A majority of the project was completed by October 31, 2000. Work will continue to complete the sedimentation discharge system.
- AEA is working with the Ketchikan Public Utility to repair the turbine guide bearings at the Swan Lake hydroelectric project. In addition, a failed corrugated metal culvert was repaired to maintain the integrity of the dam.
- Completed Phase III of the Tyee Lake hydroelectric project transmission lines in November 1999 and reviewed the protective relaying screen.
- Completed the Swan Lake hydroelectric project underground storage in November 1999.

Benchmark:

As the owner of the four dam pool projects, it is AEA's responsibility to insure the assets are protected and the integrity of the projects is maintained.

Background and Strategies:

AEA initiates repairs and upgrades as necessary to maintain the AEA-owned projects built over a decade ago. In FY 2002, AEA will work with the operating utilities to complete the following:

- Complete the Terror Lake sedimentation discharge system upgrade.
- Evaluate a major overhaul of the Swan Lake generator and turbines.
- Sale of the four dam pool projects to the operating utilities and/or communities.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Number of unscheduled outages of hydroelectric projects owned by the Authority.			X		
• Number of four dam pool project repairs and upgrades completed on time and within budget.			X		
• Amount of revenue created by projects owned by the authority			X		

Alaska Energy Authority Operations and Maintenance
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	45.6	30.0	30.0
73000 Contractual	554.2	1,006.5	1,008.9
74000 Supplies	3.4	8.0	8.0
75000 Equipment	1.8	5.0	5.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	605.0	1,049.5	1,051.9
Funding Sources:			
1107 Alaska Energy Authority Corporate Receipts	605.0	1,049.5	1,051.9
Funding Totals	605.0	1,049.5	1,051.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Alaska Energy Authority Receipts	51418	605.0	1,049.5	1,049.5	1,051.9	1,051.9
Restricted Total		605.0	1,049.5	1,049.5	1,051.9	1,051.9
Total Estimated Revenues		605.0	1,049.5	1,049.5	1,051.9	1,051.9

Alaska Energy Authority Operations and Maintenance
Proposed Changes in Levels of Service for FY2002

None.

Summary of Component Budget Changes
From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	0.0	0.0	1,049.5	1,049.5
Proposed budget increases:				
-Increase RSA to AIDEA	0.0	0.0	2.4	2.4
FY2002 Governor	0.0	0.0	1,051.9	1,051.9