

State of Alaska FY2006 Governor's Operating Budget

Dept. of Commerce, Community, and Economic Dev. Alaska Energy Authority Owned Facilities Component Budget Summary

Component: Alaska Energy Authority Owned Facilities

Contribution to Department's Mission

The mission of the Alaska Energy Authority Owned Facilities component is to provide for the operation and maintenance of existing Authority-owned projects with maximum utility control.

Core Services

AEA owns and oversees the operation and maintenance of:

Alaska Intertie

Bradley Lake Hydroelectric Project

Larsen Bay Hydroelectric Project

End Results	Strategies to Achieve Results
<p>A: The AEA owned facilities will continue to transmit and generate power with maximum utility control.</p> <p><u>Target #1:</u> Transfer of AEA's railbelt assets to a unified system operator. <u>Measure #1:</u> Completion of the transfer of AEA assets.</p>	<p>A1: Train local personnel to operate and maintain the Larsen Bay Hydroelectric project</p> <p><u>Target #1:</u> 100% of personnel employed at project that were trained by AEA are Larsen Bay residents <u>Measure #1:</u> % of employees that are both Larsen Bay residents and trained by AEA</p> <p>A2: Assist Larsen Bay to increase power sales to local cannery</p> <p><u>Target #1:</u> Cannery to purchase 25% of available excess power <u>Measure #1:</u> % excess power purchased</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Monitor maintenance activities performed by utilities • Ensure FERC compliance of Bradley Lake Hydro Project • Monitor condition of the project • Complete annual budgets for the Bradley Lake Hydro Project and the Alaska Intertie Project • Facilitate cooperation between utilities 	<ul style="list-style-type: none"> • Larsen Bay training • Repair and maintenance of the Larsen Bay project • Oversight of Larsen Bay operations • Work with cannery and Larsen Bay for delivery of reliable power • Work with Larsen Bay to take responsibility for the project

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$1,067,100	Personnel:	
	Full time	0
	Part time	0
	Total	0

Performance Measure Detail

A: Result - The AEA owned facilities will continue to transmit and generate power with maximum utility control.

Target #1: Transfer of AEA's railbelt assets to a unified system operator.

Measure #1: Completion of the transfer of AEA assets.

Analysis of results and challenges: The Alaska Energy Policy Task Force report recommends that energy projects should in general not be owned, operated or maintained by the State. The State should encourage Railbelt utilities to form a Unified Systems Operator (USO) open to all utilities on equal footing. The USO could accept ownership of state-owned assets to reduce bureaucracy, thereby reducing state expenses and offering utilities the benefits of long term ownership. AEA is encouraging the utilities to accept AEA's assets. The utilities indicated that they would draft an MOU to initiate transfer discussions.

A1: Strategy - Train local personnel to operate and maintain the Larsen Bay Hydroelectric project

Target #1: 100% of personnel employed at project that were trained by AEA are Larsen Bay residents

Measure #1: % of employees that are both Larsen Bay residents and trained by AEA

Analysis of results and challenges: Training is an effective strategy to assist with the goal of maximum utility/local control of the project. Currently, all employees trained have the necessary qualifications; however, employee retention has been an issue. AEA provided hydro training to two residents in 2003 and one in 2004; two are still employed at the project. This measure indicates AEA's effectiveness in training and recruiting local residents.

A2: Strategy - Assist Larsen Bay to increase power sales to local cannery

Target #1: Cannery to purchase 25% of available excess power

Measure #1: % excess power purchased

Analysis of results and challenges: Increased power sales are critical for local control of the project. Currently the cannery is not purchasing any excess power. Increased power sales are critical for local control of the project. AEA assisted with Larsen Bay's successful Community Development Block Grant which will fund improvements to increase generation so excess power can be sold to the cannery. Increased power sales should occur by the end of 2005.

Key Component Challenges

Continue working with the Intertie Operating Committee (IOC) on issues related to the operation and maintenance of the Anchorage to Fairbanks Intertie. In addition to O&M issues, AEA is coordinating with the IOC on building a new 19-mile section of transmission line from Hollywood Road to the Douglas substation in the Mat-Su Valley.

The primary challenge for the Larsen Bay Hydroelectric Project is to improve power equipment at the local cannery to allow direct power sales from the hydro project to the cannery. AEA is also working with the local government to transfer the asset.

AEA continues to work with the Project Management Committee to complete the control systems repairs at the Bradley Lake Hydroelectric Project.

Significant Changes in Results to be Delivered in FY2006

No significant changes.

Major Component Accomplishments in 2004

None.

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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**Alaska Energy Authority Owned Facilities
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	30.0	30.0
73000 Services	0.0	1,024.1	1,024.1
74000 Commodities	0.0	8.0	8.0
75000 Capital Outlay	0.0	5.0	5.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	1,067.1	1,067.1
Funding Sources:			
1107 Alaska Energy Authority Corporate Receipts	0.0	1,067.1	1,067.1
Funding Totals	0.0	1,067.1	1,067.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Managem ent Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Alaska Energy Authority Receipts	51418	0.0	1,067.1	1,067.1
Restricted Total		0.0	1,067.1	1,067.1
Total Estimated Revenues		0.0	1,067.1	1,067.1

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	1,067.1	1,067.1
FY2006 Governor	0.0	0.0	1,067.1	1,067.1