

State of Alaska FY2007 Governor's Operating Budget

Dept of Commerce, Community, & 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.

Core Services

Verify eligibility and process monthly Power Cost Equalization (PCE) payments

Produce annual statistical report of PCE programs

Calculate the prorated PCE funding levels

End Results	Strategies to Achieve Results
<p>A: Distribute Power Cost Equalization Payments to 100% eligible electric utilities</p> <p><u>Target #1:</u> 100% of eligible utilities' customers receive PCE</p> <p><u>Measure #1:</u> Percentage of eligible utilities' customers receiving PCE</p>	<p>A1: Provide monthly technical assistance and support for utility clerks</p> <p><u>Target #1:</u> All requests for technical assistance receive response from AEA staff.</p> <p><u>Measure #1:</u> Percentage of requests for technical assistance receiving a response</p>

Major Activities to Advance Strategies
<ul style="list-style-type: none"> • Verify eligibility and process monthly PCE payments • Produce annual statistical report of PCE program • Calculate the prorated PCE funding level • Technical assistance • Provide utility clerk training

FY2007 Resources Allocated to Achieve Results							
<p>FY2007 Component Budget: \$25,160,000</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Full time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">0</td> </tr> </table>	Full time	0	Part time	0	Total	0
Full time	0						
Part time	0						
Total	0						

Performance Measure Detail

A: Result - Distribute Power Cost Equalization Payments to 100% eligible electric utilities

Target #1: 100% of eligible utilities' customers receive PCE

Measure #1: Percentage of eligible utilities' customers receiving PCE

Percentage of Eligible Utilities' Customers Receiving PCE

Fiscal Year	YTD Total
FY 2003	95.5%
FY 2004	95.5%
FY 2005	98.8%

Analysis of results and challenges: AEA provides technical assistance to utility clerks that need help preparing PCE reports; utilities that are not participating or are suspended do not receive payments. In FY2003 and FY 2004, 4 utilities that had established PCE levels, did not participate in the program. (4 out of 88; or 4.5%). In FY 2005, 1 utility with an established PCE level did not participate in the program. (1 out of 86; or 1.2%) Additionally, 6 utilities participated in only a portion of the fiscal year and received only partial-year reimbursement. AEA has notified legislators of communities that did not receive eligible payments.

A1: Strategy - Provide monthly technical assistance and support for utility clerks

Target #1: All requests for technical assistance receive response from AEA staff.

Measure #1: Percentage of requests for technical assistance receiving a response

Percentage of requests receiving a response

Year	YTD Total
2005	100%

Analysis of results and challenges: AEA provides technical assistance to all utility clerks who call AEA for support. AEA estimates that phone support is provided to approximately 90% of all utility clerks responsible for filing monthly reports.

AEA is also in the process of developing distance delivery materials to further assist utility clerks.

Key Component Challenges

Since there is a high turn-over rate of staff in the 86 rural utilities (representing 178 communities) participating in the PCE Program, the continual training of and assistance to the utility staff continues to be a challenge.

Significant Changes in Results to be Delivered in FY2007

The increased funding will result in rural utilities receiving approximately 100 percent of their eligibility amount instead of the pro rated levels they have been receiving in recent years.

Major Component Accomplishments in 2005

Adoption of regulations clarifying that a residential customer with a home-based business is eligible for PCE.

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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**Alaska Energy Authority Power Cost Equalization
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	66.0	66.0	160.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	15,634.0	18,634.0	25,000.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	15,700.0	18,700.0	25,160.0
Funding Sources:			
1089 Power Cost Equalization Fund	15,700.0	18,700.0	25,160.0
Funding Totals	15,700.0	18,700.0	25,160.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Managem ent Plan	FY2007 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Power Cost Equalization	51404	15,700.0	18,700.0	25,160.0
Restricted Total		15,700.0	18,700.0	25,160.0
Total Estimated Revenues		15,700.0	18,700.0	25,160.0

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	0.0	18,700.0	18,700.0
Proposed budget increases:				
-Power Cost Equalization Program Grants	0.0	0.0	6,366.0	6,366.0
-Power Cost Equalization Program Administrative Costs	0.0	0.0	94.0	94.0
FY2007 Governor	0.0	0.0	25,160.0	25,160.0