

State of Alaska FY2009 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Alaska Energy Authority Rural Energy Operations Component Budget Summary

Component: Alaska Energy Authority Rural Energy Operations

Contribution to Department's Mission

Assist in the development of safe, reliable and efficient energy systems throughout Alaska, which are sustainable and environmentally sound, and to reduce the cost of energy in rural Alaska.

Core Services

- Utility systems training, fuel systems training, business plan training
- Active Loan Programs - Power Project Fund, Bulk Fuel Revolving Loan Fund
- Coordination and management of AEA capital projects
- Provide planning and technical assistance to communities with energy infrastructure needs

Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> • Issue/administer contracts and loans • Coordinate with communities and other government agencies • Develop business plans • Apply for grant funds • Provide technical assistance | <ul style="list-style-type: none"> • Perform energy audits • Project management • Recruitment of eligible trainees • Development of site-specific training curriculum • Develop/expand curriculum for powerhouse training |
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FY2009 Resources Allocated to Achieve Results

FY2009 Component Budget: \$2,946,500

Personnel:	
Full time	0
Part time	0
Total	0

Key Component Challenges

AEA challenges include, scheduling and managing Denali Commission requested Bulk Fuel and Rural Power System Upgrade projects with an unpredictable capital funding stream; for the training programs the primary challenges include high turnover in bulk fuel and utility clerk job classes and last minute cancellations from training participants which makes it difficult for AEA to fill available training slots. The increasing per unit cost of fuel has increased annual demand on the bulk fuel revolving loan fund.

Significant Changes in Results to be Delivered in FY2009

Creation of the new component “Statewide Project Development, Alternative Energy and Efficiency” will allow AEA to more thoroughly describe the challenges, results and accomplishment for both rural and statewide programs.

Major Component Accomplishments in 2007

AEA administered training programs bulk fuel operator training for 30 students, itinerant bulk fuel operator training for 20

students, power plant operator training for 18 students, advanced power plant operator training for 3 students, utility clerk training for 15 students, hydro power plant training for 8 students, bulk fuel bookkeeper training for 10 students and bulk fuel manager training for 13 students, electric utility bookkeeper training for 7 students, electric utility manager training for 7 students.

In fiscal year 2007, AEA funded 51 Bulk Fuel loans for \$8.1 million and committed to 15 more loans for \$2.8 million at June 30, 2007.

AEA and grantee TDX Power completed preconstruction activities on a 1 MW wind power plant in Sand Point. Following an RFP, AEA initiated a grant to AVEC for a 400 kW wind power plant in Chevak. Estimated diesel displacement for the two projects is 193,000 gallons per year (GPY).

Construction began on the City of Craig's sawmill waste-fired heating system, supported by AEA, which will save an estimated \$100,000 per year in school and facility heating costs. AEA supported fish oil biodiesel testing at UAF.

AEA offered grants for interties that will end diesel generation in Naukati, Coffman Cove, and Whitestone under the Energy Cost Reduction (ECR) program, an AEA-Denali Commission partnership. Estimated diesel savings are 119,000 GPY.

AEA contractors completed energy conservation measures in 56 community facilities in 17 rural communities and began retrofits in over 45 facilities in 14 communities with Denali Commission funding. Completed retrofits are saving over \$200,000 per year in power and heating costs and displacing 35,000 GPY of diesel. AEA awarded the Anchorage School District grants for measures that will save \$4.6 million over the next 10 years under the ECR program.

Chena Hot Springs completed construction of a 400 kW geothermal power plant supported by ECR funding and AEA loans. Estimated diesel displacement is over 115,000 GPY.

AEA and its utility partners completed feasibility study of tidal power generation at Knik Arm and began a statewide feasibility assessment of stream flow power generation on the Yukon and other major rivers.

AEA revised and reprinted the Renewable Energy Atlas of Alaska. AEA organized and conducted the fourth Alaska Rural Energy Conference in April, a Tidal Energy Conference in Ketchikan in January, two rural wind training sessions, three energy conservation workshops, and a statewide geothermal working group meeting. AEA provided expert speakers for numerous other events throughout the state.

Statutory and Regulatory Authority

AS 42.45	Rural and Statewide Energy Programs
3 AAC 106	Loan Programs
3 AAC 107	Grant Programs
3 AAC 160	Rural Development Assistance and Bulk Fuel Storage Facility Grant Programs

Contact Information

Contact: Ronald W. Miller, Executive Director
Phone: (907) 269-3000
Fax: (907) 269-3044
E-mail: rmiller@aidea.org

**Alaska Energy Authority Rural Energy Operations
Component Financial Summary**

All dollars shown in thousands

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	280.3	164.5	139.5
73000 Services	3,158.9	3,181.1	2,649.0
74000 Commodities	73.9	48.0	48.0
75000 Capital Outlay	0.0	10.0	10.0
77000 Grants, Benefits	0.0	100.0	100.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,513.1	3,503.6	2,946.5
Funding Sources:			
1002 Federal Receipts	29.6	71.9	30.0
1004 General Fund Receipts	198.6	198.1	150.0
1007 Inter-Agency Receipts	418.0	350.0	300.0
1061 Capital Improvement Project Receipts	1,934.7	1,562.8	1,262.8
1062 Power Project Loan Fund	918.2	1,056.5	1,000.0
1074 Bulk Fuel Revolving Loan Fund	0.0	53.7	53.7
1108 Statutory Designated Program Receipts	14.0	210.6	150.0
Funding Totals	3,513.1	3,503.6	2,946.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	29.6	71.9	30.0
Interagency Receipts	51015	418.0	350.0	300.0
Statutory Designated Program Receipts	51063	14.0	210.6	150.0
Capital Improvement Project Receipts	51200	1,934.7	1,562.8	1,262.8
Bulk Fuel Revolving Loan Fund	51270	0.0	53.7	53.7
Power Project Loan Fund	51350	918.2	1,056.5	1,000.0
Restricted Total		3,314.5	3,305.5	2,796.5
Total Estimated Revenues		3,314.5	3,305.5	2,796.5

**Summary of Component Budget Changes
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	198.1	71.9	3,233.6	3,503.6
Adjustments which will continue current level of service:				
-Transfer from Alaska Energy Authority Rural Energy Operations to Statewide Project Development, AEE	-48.1	-41.9	-467.1	-557.1
FY2009 Governor	150.0	30.0	2,766.5	2,946.5