

**State of Alaska**  
**FY2013 Governor's Operating Budget**

**Department of Transportation/Public Facilities**  
**Marine Vessel Fuel**  
**Component Budget Summary**

**Component: Marine Vessel Fuel****Contribution to Department's Mission**

Provide safe, reliable, and efficient transportation of people and vehicles between Alaskan communities, Canada and Bellingham, Washington

**Core Services**

- Equipping 10 of the 11 vessels with fuel efficiency technology.

**Key Component Challenges**

AMHS operating plans must be developed within allocated budget based on anticipated system revenues, general fund operating revenues, and the AMHS fund balance. AMHS will continue to provide year round, safe, reliable, and efficient transportation of people, goods, and vehicles on Alaska's Marine Highway.

It is anticipated in 2013 that AMHS will have modernized, with the exception of the Lituya, the entire fleet with current technology aimed at minimizing fuel consumption. AMHS has decided not to upgrade the M/V Lituya which provides shuttle service between Metlakatla and Ketchikan due to the nature of the route and doubt about overall vessel savings possible and payback of the fuel management system initial cost. Individual vessels will be monitored and appropriate training will be instituted so as to achieve the maximum savings possible from this technology investment.

**Significant Changes in Results to be Delivered in FY2013**

Continue to fine tune the Fuel Management System fuel efficiency technology on each vessel to ensure optimal fuel burn to minimize diesel fuel consumption while still meeting scheduled service levels.

**Major Component Accomplishments in 2011**

Commencing in June of 2008, AMHS started equipping its fleet with modern fuel efficiency upgrades. These improvements act as a "cruise control" mechanism and fuel consumption is expected to go down in the 10-14% range. The M/V Aurora and the M/V Tustumena were equipped with the technology in fiscal year 2009. In fiscal year 2010 the M/V Columbia and Kennicott were equipped. The M/V Taku, Matanuska, and LeConte were installed in fiscal year 2011, and Malaspina is still pending. The fast vehicle ferries, FVF Fairweather and FVF Chenega, were equipped with this technology during their initial construction and will not have separate systems added on.

**Statutory and Regulatory Authority**

AS 19 Highways & Ferries  
AS 44 State Government

**Contact Information**

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**Marine Vessel Fuel  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2011 Actuals</b>	<b>FY2012 Management Plan</b>	<b>FY2013 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	32,851.8	34,798.7	26,830.3
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>32,851.8</b>	<b>34,798.7</b>	<b>26,830.3</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	28,776.4	30,171.6	21,429.2
1076 Marine Highway System Fund	4,075.4	4,627.1	5,401.1
<b>Funding Totals</b>	<b>32,851.8</b>	<b>34,798.7</b>	<b>26,830.3</b>

**Summary of Component Budget Changes  
From FY2012 Management Plan to FY2013 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2012 Management Plan</b>	<b>30,171.6</b>	<b>4,627.1</b>	<b>0.0</b>	<b>0.0</b>	<b>34,798.7</b>
<b>Adjustments which will continue current level of service:</b>					
-Reverse August FY2012 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor	-8,742.4	0.0	0.0	0.0	-8,742.4
<b>Proposed budget increases:</b>					
-Continuance of Alaska Marine Highway System Service Levels	0.0	774.0	0.0	0.0	774.0
<b>FY2013 Governor</b>	<b>21,429.2</b>	<b>5,401.1</b>	<b>0.0</b>	<b>0.0</b>	<b>26,830.3</b>

**Component Detail All Funds**  
**Department of Transportation/Public Facilities**

**Component:** Marine Vessel Fuel (2979)  
**RDU:** Marine Highway System (334)

	FY2011 Actuals	FY2012 Conference Committee	FY2012 Authorized	FY2012 Management Plan	FY2013 Governor	FY2012 Management Plan vs FY2013 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	32,851.8	26,056.3	34,798.7	34,798.7	26,830.3	-7,968.4	-22.9%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>32,851.8</b>	<b>26,056.3</b>	<b>34,798.7</b>	<b>34,798.7</b>	<b>26,830.3</b>	<b>-7,968.4</b>	<b>-22.9%</b>
<b>Fund Sources:</b>							
1004 Gen Fund (UGF)	28,776.4	21,429.2	30,171.6	30,171.6	21,429.2	-8,742.4	-29.0%
1076 Marine Hwy (DGF)	4,075.4	4,627.1	4,627.1	4,627.1	5,401.1	774.0	16.7%
<b>Unrestricted General (UGF)</b>	<b>28,776.4</b>	<b>21,429.2</b>	<b>30,171.6</b>	<b>30,171.6</b>	<b>21,429.2</b>	<b>-8,742.4</b>	<b>-29.0%</b>
<b>Designated General (DGF)</b>	<b>4,075.4</b>	<b>4,627.1</b>	<b>4,627.1</b>	<b>4,627.1</b>	<b>5,401.1</b>	<b>774.0</b>	<b>16.7%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios With Descriptions**  
**Department of Transportation/Public Facilities**

**Component:** Marine Vessel Fuel (2979)  
**RDU:** Marine Highway System (334)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2012 Conference Committee To FY2012 Authorized *****												
<b>FY2012 Conference Committee</b>												
	ConfCom	26,056.3	0.0	0.0	0.0	26,056.3	0.0	0.0	0.0	0	0	0
1004 Gen Fund		21,429.2										
1076 Marine Hwy		4,627.1										
<b>August FY2012 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor</b>												
	Atrin	8,742.4	0.0	0.0	0.0	8,742.4	0.0	0.0	0.0	0	0	0
1004 Gen Fund		8,742.4										
<p>Pursuant to Sec 21 Ch 3 FSSLA 2011 pg 76 In 19 through pg 78 In 27, \$18.0 million is distributed in August to State agencies from the Office of the Governor to offset the increased costs for fuel and utilities. Per the Department of Revenue (DOR), the fiscal year-to-date average price of Alaska North Slope crude as of August 1, 2011, was \$114.08 per barrel, which is \$19.38 (20.5%) above DOR's Spring 2011 FY2012 forecast amount of \$94.70.</p> <p>The amounts transferred to state agencies are as follows:            Administration, \$27.3; Corrections, \$720.0; DEED, \$68.6; DEC, \$90.3; Fish and Game, \$93.2; HSS, \$720.0; Labor, \$42.4; DMVA, \$392.8; DNR, \$81.7; DPS, \$328.6; Transportation, \$13,455.1; University, \$1,980.0.</p> <p>The \$13,455.1 transferred to DOT&amp;PF was further allocated as follows: Central Region Facilities, \$460.0; Northern Region Facilities, \$1,107.7; Southeast Region Facilities, \$110.0; Central Region Highways &amp; Aviation, \$565.0; Northern Region Highways &amp; Aviation, \$1,500.0; Southeast Region Highways &amp; Aviation, \$200.0; Marine Vessel Operations, \$600.0; Marine Shore Operations, \$170.0; Marine Vessel Fuel, \$8,742.4.</p>												
<b>Subtotal</b>		<b>34,798.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>34,798.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2012 Authorized To FY2012 Management Plan *****												
<b>Subtotal</b>		<b>34,798.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>34,798.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2012 Management Plan To FY2013 Governor *****												
<b>Reverse August FY2012 Fuel/Utility Cost Increase Funding Distribution from the Office of the Governor</b>												
	OTI	-8,742.4	0.0	0.0	0.0	-8,742.4	0.0	0.0	0.0	0	0	0
1004 Gen Fund		-8,742.4										
<p>Pursuant to Sec 21 Ch 3 FSSLA 2011 pg 76 In 19 through pg 78 In 27, \$18.0 million is distributed in August to State agencies from the Office of the Governor to offset the increased costs for fuel and utilities. Per the Department of Revenue (DOR), the fiscal year-to-date average price of Alaska North Slope crude as of August 1, 2011, was \$114.08 per barrel, which is \$19.38 (20.5%) above DOR's Spring 2011 FY2012 forecast amount of \$94.70.</p> <p>The amounts transferred to state agencies are as follows:            Administration, \$27.3; Corrections, \$720.0; DEED, \$68.6; DEC, \$90.3; Fish and Game, \$93.2; HSS, \$720.0; Labor, \$42.4; DMVA, \$392.8; DNR, \$81.7; DPS, \$328.6; Transportation, \$13,455.1; University, \$1,980.0.</p>												

**Change Record Detail - Multiple Scenarios With Descriptions**  
**Department of Transportation/Public Facilities**

**Component:** Marine Vessel Fuel (2979)  
**RDU:** Marine Highway System (334)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
The \$13,455.1 transferred to DOT&PF was further allocated as follows: Central Region Facilities, \$460.0; Northern Region Facilities, \$1,107.7; Southeast Region Facilities, \$110.0; Central Region Highways & Aviation, \$565.0; Northern Region Highways & Aviation, \$1,500.0; Southeast Region Highways & Aviation, \$200.0; Marine Vessel Operations, \$600.0; Marine Shore Operations, \$170.0; Marine Vessel Fuel, \$8,742.4.												
<b>Continuance of Alaska Marine Highway System Service Levels</b>												
	IncM	774.0	0.0	0.0	0.0	774.0	0.0	0.0	0.0	0	0	0
1076 Marine Hwy		774.0										
The intent of the FY2013 Governor's request is to mirror service levels of the 2012 authorized budget to the best of the system's ability. In following this principle Alaska Marine Highway System (AMHS) has prepared a 2013 schedule totaling 412.4 weeks in comparison to the 410.9 weeks comprising the 2012 authorized budget. Although this increase in service is minimal the makeup of the increase includes added service levels of the Columbia and the Kennicott. These vessels are the 2 highest cost vessels as their capacities are significantly higher than the 2 vessels they are replacing, the Tustumena and the Malaspina., Vessels enter multi-month capital projects every 4-5 years, depending upon need, and vessels in the fleet vary in cost of operation significantly. In this particular year the greatest service increase is in the Columbia's operation which is the highest cost operator and the greatest decrease is to the Tustumena which is the lowest cost operator of the mainline fleet.												
	<b>Totals</b>	<b>26,830.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>26,830.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Commodities**

**Component:** Marine Vessel Fuel (2979)  
**RDU:** Marine Highway System (334)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
74000	Commodities		32,851.8	34,798.7	26,830.3
Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
<b>74000 Commodities Detail Totals</b>			<b>32,851.8</b>	<b>34,798.7</b>	<b>26,830.3</b>
74850	Equipment Fuel	FY12 AMHS Operating Plan expected fuel purchases of 11,505.3 gallons at an estimated average delivered fuel price of \$2.26 = \$26,056.3 FY13 AMHS estimated fuel based on 11,871.8 gallons at an estimated average fuel delivery price of \$2.26 per gallon = \$26,830.3	32,851.8	26,056.3	26,830.3
74850	Equipment Fuel	Pursuant to Sec 21 Ch 3 FSSLA 2011 Pg 76 Ln 19 thru Pg 78 Ln 27, funding was distributed from the Office of the Governor to offset the increased costs for fuel and utilities in FY12 - \$8,742.4 for marine fuel. This authorization does not carry forward into the FY13 budget.	0.0	8,742.4	0.0