

**State of Alaska**  
**FY2014 Governor's Operating Budget**

**Department of Commerce, Community, and 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.

**Major Component Accomplishments in 2012**

In FY2012 AEA offered three power costs equalization (PCE) training classes for Utility Clerks with a total of 18 participants. PCE training provides utility clerks with essential technical knowledge in order to help ensure continued participation in the program. The training is open to all participants but specifically targets non-participating utilities that require training to re-enter the program as well as participating utilities that have had a turnover in their utility clerk positions. During FY2012 AEA estimates it will provide \$39.2 million in PCE grant payments to the 188 participating communities.

**Key Component Challenges**

Because of high turnover rate of staff in the 87 rural utilities (representing 188 communities) participating in the PCE program, the training and assistance to the utility staff continues to be a challenge.

**Significant Changes in Results to be Delivered in FY2014**

No significant changes to component.

**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

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

*All dollars shown in thousands*

	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.4	10.0	10.0
73000 Services	337.2	330.0	341.0
74000 Commodities	2.1	0.0	0.0
75000 Capital Outlay	0.3	0.0	0.0
77000 Grants, Benefits	39,150.0	37,850.0	40,000.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>39,490.0</b>	<b>38,190.0</b>	<b>40,351.0</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	15,979.4	15,314.2	7,260.0
1169 PCE Endowment Fund	23,510.6	22,875.8	33,091.0
<b>Funding Totals</b>	<b>39,490.0</b>	<b>38,190.0</b>	<b>40,351.0</b>

**Estimated Revenue Collections**

<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Unrestricted Revenues</b>				
Unrestricted Fund	68515	15,979.4	15,314.2	7,260.0
<b>Unrestricted Total</b>		<b>15,979.4</b>	<b>15,314.2</b>	<b>7,260.0</b>
<b>Restricted Revenues</b>				
Power Cost Equalization Endowment Fund	51465	23,510.6	22,875.8	33,091.0
<b>Restricted Total</b>		<b>23,510.6</b>	<b>22,875.8</b>	<b>33,091.0</b>
<b>Total Estimated Revenues</b>		<b>39,490.0</b>	<b>38,190.0</b>	<b>40,351.0</b>

**Summary of Component Budget Changes  
From FY2013 Management Plan to FY2014 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>FY2013 Management Plan</b>	<b>15,314.2</b>	<b>22,875.8</b>	<b>0.0</b>	<b>0.0</b>	<b>38,190.0</b>
<b>Adjustments which will continue current level of service:</b>					
-Reverse FY2013 Power Cost Equalization and Endowment Funding	-15,314.2	-22,875.8	0.0	0.0	-38,190.0
<b>Proposed budget increases:</b>					
-Restore FY2014 Power Cost Equalization and Endowment Funding	7,260.0	33,091.0	0.0	0.0	40,351.0
<b>FY2014 Governor</b>	<b>7,260.0</b>	<b>33,091.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40,351.0</b>

**Component Detail All Funds**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (AR29672) (2602)

**RDU:** Alaska Energy Authority (453)

	FY2012 Actuals	FY2013 Conference Committee	FY2013 Authorized	FY2013 Management Plan	FY2014 Governor	FY2013 Management Plan vs FY2014 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.4	10.0	10.0	10.0	10.0	0.0	0.0%
73000 Services	337.2	330.0	330.0	330.0	341.0	11.0	3.3%
74000 Commodities	2.1	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.3	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	39,150.0	37,850.0	37,850.0	37,850.0	40,000.0	2,150.0	5.7%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>39,490.0</b>	<b>38,190.0</b>	<b>38,190.0</b>	<b>38,190.0</b>	<b>40,351.0</b>	<b>2,161.0</b>	<b>5.7%</b>
<b>Fund Sources:</b>							
1004 Gen Fund (UGF)	15,979.4	15,314.2	15,314.2	15,314.2	7,260.0	-8,054.2	-52.6%
1169 PCE Endow (DGF)	23,510.6	22,875.8	22,875.8	22,875.8	33,091.0	10,215.2	44.7%
<b>Unrestricted General (UGF)</b>	<b>15,979.4</b>	<b>15,314.2</b>	<b>15,314.2</b>	<b>15,314.2</b>	<b>7,260.0</b>	<b>-8,054.2</b>	<b>-52.6%</b>
<b>Designated General (DGF)</b>	<b>23,510.6</b>	<b>22,875.8</b>	<b>22,875.8</b>	<b>22,875.8</b>	<b>33,091.0</b>	<b>10,215.2</b>	<b>44.7%</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 Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

**RDU:** Alaska Energy Authority (453)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2013 Conference Committee To FY2013 Authorized *****												
<b>FY2013 Conference Committee</b>	ConfCom	38,190.0	0.0	10.0	330.0	0.0	0.0	37,850.0	0.0	0	0	0
1004 Gen Fund		15,314.2										
1169 PCE Endow		22,875.8										
<b>Subtotal</b>		<b>38,190.0</b>	<b>0.0</b>	<b>10.0</b>	<b>330.0</b>	<b>0.0</b>	<b>0.0</b>	<b>37,850.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
<b>Subtotal</b>		<b>38,190.0</b>	<b>0.0</b>	<b>10.0</b>	<b>330.0</b>	<b>0.0</b>	<b>0.0</b>	<b>37,850.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
<b>Reverse FY2013 Power Cost Equalization and Endowment Funding</b>	OTI	-38,190.0	0.0	-10.0	-330.0	0.0	0.0	-37,850.0	0.0	0	0	0
1004 Gen Fund		-15,314.2										
1169 PCE Endow		-22,875.8										
<p>This reverses the one-time authorization for Alaska Energy Authority (AEA) Power Cost Equalization (PCE) program in FY2013. The PCE payments reduce the cost of power to residential and community customers of eligible utilities. The program cost estimates are based on a variety of factors including the projected cost of fuel and adjustments to the Regulatory Commission of Alaska base rate or "floor" which is down from 14.39 for FY2011 to 13.42 for FY2012.</p>												
<b>Restore FY2014 Power Cost Equalization and Endowment Funding</b>	IncM	40,351.0	0.0	10.0	341.0	0.0	0.0	40,000.0	0.0	0	0	0
1004 Gen Fund		7,260.0										
1169 PCE Endow		33,091.0										
<p>Alaska Energy Authority (AEA) requests an increment \$2,161.0 from FY2013 funding levels to continue to fully fund the Power Cost Equalization (PCE) program in FY2014. AEA estimates a cost of \$40,351.0 to fully fund the PCE program in FY2014. The PCE payments reduce the cost of power to residential and community customers of eligible utilities. The program estimates are based on a variety of factors including the projected cost of fuel and adjustments to the Regulatory Commission of Alaska base rate or "floor". In FY2013 the floor is 14.30 up from 13.42 in FY2012. Although the floor has increased, we do not expect a reduction in PCE payments because fuel costs in rural communities has also significantly increased.</p>												
<p>The increase reflects the amount available from the Endowment Fund as a result of a \$400 million dollar fund capitalization effective June 30, 2011. This is the first year impact of a three year average computation.</p>												
<b>Totals</b>		<b>40,351.0</b>	<b>0.0</b>	<b>10.0</b>	<b>341.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40,000.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Travel**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
72000	Travel		0.4	10.0	10.0
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
<b>72000 Travel Detail Totals</b>			<b>0.4</b>	<b>10.0</b>	<b>10.0</b>
72100	Instate Travel	Administrative travel costs.	0.4	10.0	10.0

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Services**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000	Services		337.2	330.0	341.0
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
<b>73000 Services Detail Totals</b>			<b>337.2</b>	<b>330.0</b>	<b>341.0</b>
73750	Other Services (Non IA Svcs)	Reg Comm of AK	146.1	155.0	160.0
73979	Mgmt/Consulting (IA Svcs)	AIDEA Administrative Costs	191.1	175.0	181.0

**Line Item Detail**

**Department of Commerce, Community, and Economic Development  
Commodities**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)

**RDU:** Alaska Energy Authority (453)

<b>Line Number</b>	<b>Line Name</b>		<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
74000	Commodities		2.1	0.0	0.0
<b>Expenditure Account</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
			<b>74000 Commodities Detail Totals</b>	<b>2.1</b>	<b>0.0</b>
74200	Business	Supplies cost	2.1	0.0	0.0

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Capital Outlay**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
75000	Capital Outlay		0.3	0.0	0.0
			<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Expenditure Account</b>	<b>Servicing Agency</b>	<b>Explanation</b>			
<b>75000 Capital Outlay Detail Totals</b>			<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
75700	Equipment		0.3	0.0	0.0

**Line Item Detail**  
**Department of Commerce, Community, and Economic Development**  
**Grants, Benefits**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
77000	Grants, Benefits		39,150.0	37,850.0	40,000.0
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
<b>77000 Grants, Benefits Detail Totals</b>			<b>39,150.0</b>	<b>37,850.0</b>	<b>40,000.0</b>
77110	Grants	Power Cost Equalization Program grants (AS 42.45.110)	39,150.0	37,850.0	40,000.0

**Unrestricted Revenue Detail**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

<b>Master Account</b>	<b>Revenue Description</b>				<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
68515	Unrestricted Fund				15,979.4	15,314.2	7,260.0
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
68515	Unrestrict Fu Source				15,979.4	15,314.2	7,260.0
	Unrestricted Fund Source						

**Restricted Revenue Detail**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

<b>Master Account</b>	<b>Revenue Description</b>				<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
51465	Power Cost Equalization Endowment Fund				23,510.6	22,875.8	33,091.0
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
51465	Power Cost Equalization Endowment Fund Endowment fund (AS 42.45.070).				23,510.6	22,875.8	33,091.0

**Inter-Agency Services**  
**Department of Commerce, Community, and Economic Development**

**Component:** Alaska Energy Authority Power Cost Equalization (2602)  
**RDU:** Alaska Energy Authority (453)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2012 Actuals	FY2013	
					Management Plan	FY2014 Governor
73750	Other Services (Non IA Svcs)	Inter-dept	Reg Comm of AK	146.1	155.0	160.0
<b>73750 Other Services (Non IA Svcs) subtotal:</b>				<b>146.1</b>	<b>155.0</b>	<b>160.0</b>
73979	Mgmt/Consulting (IA Svcs) Administrative Costs	Intra-dept	AIDEA	191.1	175.0	181.0
<b>73979 Mgmt/Consulting (IA Svcs) subtotal:</b>				<b>191.1</b>	<b>175.0</b>	<b>181.0</b>
<b>Alaska Energy Authority Power Cost Equalization total:</b>				<b>337.2</b>	<b>330.0</b>	<b>341.0</b>
<b>Grand Total:</b>				<b>337.2</b>	<b>330.0</b>	<b>341.0</b>