

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

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MEMORANDUM

TO: Senator Kevin Meyer
Senate Finance Committee Chair

FROM: Kris Curtis, CPA, CISA *KC*
Legislative Auditor

DATE: April 15, 2014

RE: Regulator Commission of Alaska Power Cost Equalization Information Request

I respectfully submit the attached Regulatory Commission of Alaska's Power Cost Equalization expenditure information for Senate Finance Committee members' consideration. The information was requested by Senator Hoffman and Senator Olsen during the April 14th morning Senate Finance Committee meeting.



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Sean Parnell, Governor
Susan K. Bell, Commissioner
T.W. Patch, Chairman

Regulatory Commission of Alaska

April 15, 2014

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
Alaska State Legislature
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Curtis:

During the April 14 House Bill 234 Senate Finance Committee hearing a question was posed that was beyond the scope of information Chairman Patch had immediately available to him.

The inquiry concerned the Alaska Energy Authority, Power Cost Equalization Program figures found in Appendix C, page 31, RCA Sunset Audit report. Specifically, why was there a significant increase in FY 12 over FY 11?

Response: In FY 11 the Regulatory Commission of Alaska (RCA) position that reviews PCE filings and works with the unregulated utilities eligible for PCE funding was vacant for a time. Thus services provided to AEA in support of the PCE program, shown as \$62,600 in Appendix C, were not available throughout the calendar year. In FY 12 the position was not vacant and efforts were made to thoroughly review PCE filings made by utilities exempt from RCA rate regulation. Therefore, in FY 12 services provided and revenues collected for services in support of the PCE program were increased. As was mentioned during the hearing, the FY 13 figure shown in Appendix C reflects a partial year. Final RCA records for FY 13 indicate the RCA received revenues in the amount of \$89,948 for administrative services in support of the power cost equalization program. Although the AEA/RCA reimbursable services agreement sets \$140,000 as the total revenue available to the RCA for administrative services in support of the PCE program, AEA is invoiced only for the cost of services performed.

Respectfully yours,

T.W. Patch

T.W. Patch
Chairman

Attachment: FY 14 AEA/RCA Reimbursable Services Agreement

State of Alaska

Reimbursement Services Agreement

AMENDMENT #

Payment Process		Agency Journal Entry (439-49)		<input checked="" type="checkbox"/> Other		Agency Check - AEA Not on ARSAS	
<input type="checkbox"/> Executive RBA (145-80 or 145-85)							
Requesting Agency	AEU	Component	ADN #				
DCED	Alaska Energy Authority	Power Cost Equalization (PCE)	R1411				
Servicing Agency	AEU	Component	ADN #				
DCED	Regulatory Commission of Alaska (RCA)		840065				

I. Project or program title: RCA FY14 PCE Allocation Administration

II. The servicing agency agrees to provide the requesting agency with the following service(s):
 (Answer who, what, where, when, why and how cost estimates are derived. Use attachment if necessary.)

The RCA will provide administrative services to AEA in support of the power cost equalization program for FY14.

REQ Program Contact Person: Jeff Williams 907-771-3045		SVC Program Contact Person: Joyce McGowan (907) 263-2132		
III. Terms and conditions of reimbursement:				
<input type="checkbox"/> Payment upon approval <input type="checkbox"/> Payment upon receipt of inter-agency billing <input type="checkbox"/> Payment upon completion of service(s) <input checked="" type="checkbox"/> Other (Specify) Invoice with backup		Billing Address: Alaska Energy Authority 813 W. Northern Lights Blvd. Anchorage, AK 99503 A/E Finance Accts Payable		
Commencement date	7/1/2013	Completion date	6/30/2014	
Billing frequency	N/A	Phone #	907-771-3035	
IV. Servicing agency cost based on: <input checked="" type="checkbox"/> (Detailed costs of service(s) provided) <input type="checkbox"/> Cost allocation schedule (Description of allocation methodology must be attached)				
V. Schedule of maximum costs to be incurred by the Servicing Agency:				
	Original Agreement	Previous Amendment(s)	This Amendment	Total
Personal Services	\$ 138,400.00	\$	\$	\$ 138,400.00
Travel	\$ 3,000.00	\$	\$	\$ 3,000.00
Services	\$ 809.00	\$	\$	\$ 809.00
Commodities	\$	\$	\$	\$ 0.00
Capital Outlay	\$	\$	\$	\$ 0.00
Grants and Benefits	\$	\$	\$	\$ 0.00
Other	\$	\$	\$	\$ 0.00
Total	\$ 140,000.00	\$ 0.00	\$ 0.00	\$ 140,000.00
VI. Budgeting and Accounting Information:				
Requesting Agency Appropriation		<input type="checkbox"/> Capital <input checked="" type="checkbox"/> Operating <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, on detailed Budget Page		
If Operating, is item on Inter-Agency Services Report?		Former Sec Ch SLA Pg Ln OR RPL 8/20/13/2000 Appropriation Ch Sec 13 Ch 14 SLA 2013 Pg 70 Ln 1-4 Appropriation Ch Sec		
Fiscal year to be charged		E2101-73115-14225003-00000-331001-00 RC # 3046 EN# 840400 (for RCA)		
Open Item # or Batch # (PR, CR, or AJE)		Date funds input 6/30/2014 ARRA funds <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes ARRA Reporting to be done by: <input type="checkbox"/> Reversing <input type="checkbox"/> Standing If the RBA includes ARRA funds, it can not include other types of funding. ARRA RBA's must stand alone.		
Federal funds <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, Amount				
Federal Pass Through <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
Federal Agency/Program/Contract/Grant/Contract No.				
Servicing Agency Authorization				
Is this agreement using budgeted authorization?		<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, on detailed Budget Page		
Is item on Restricted Revenue Report?		AR 29640-14 CC 8533005 BR 59080 Other 476		
VII. Approvals & Certification: The requesting agency and servicing agency agree to the terms and conditions above. In addition, the requesting agency certifies that sufficient funds are appropriated to pay this obligation and that it is sufficient to cover the obligation. I am aware that knowingly making false claims or alterations on a public record, or knowingly making, altering, suppress, remove or otherwise impact the verity, integrity or availability of a public record constitutes tampering with public records punishable under AS 11.55.015-020. Other disciplinary action may be taken up to and including dismissal.				
Requesting Agency Authorized Signature		Printed Name		
[Signature]		Sara Fisher-Good, AEA Executive Director		
Date		7/17/13		
Servicing Agency Authorized Signature		Printed Name		
[Signature]		T.W. Patch, Commissioner, RCA		
Date		29 July 2013		
Other Authorized Signature (as applicable)		Printed Name		
[Signature]		Date		