

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
legaudit@akleg.gov

### 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 14<sup>th</sup> 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

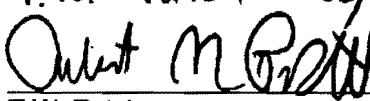
Dear Ms. Curtis:

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 <sup>by</sup>  


T.W. Patch  
Chairman

Attachment: FY 14 AEA/RCA Reimbursable Services Agreement

State of Alaska Reimbursement Services Agreement

ORIGINAL  AMENDMENT #

Payment Process:  Executive RBA (145-03 or 145-05)  Agency Journal Entry (439-09)  Other Agency Check - AEA Not on ARSAS

Requesting Agency:  BRU Alaska Energy Authority Component: Power Cost Equalization (PCE) AEN # R1411

Servicing Agency:  BRU Regulatory Commission of Alaska (RCA) Component: AEN # 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 907-771-3046** SVC Program Contact Person: **Tracy McGowan (907) 263-2132**

III. Terms and mechanics of reimbursement:

Payment upon approval  
 Payment upon receipt of inter-agency billing  
 Payment upon completion of service(s)  
 Other (Specify) **Invoice with backup**

Billing Agency: **Alaska Energy Authority**  
**813 W. Northern Lights Blvd.**  
**Anchorage, AK 99508**  
**Attn: Finance Accts Payable**

Commencement date: **7/1/2013** Completion date: **6/30/2014** Billing PD code: **N/A** Phone #: **907-771-3036**

IV. Servicing agency cost based on:  (hourly costs of service(s) provided)  
 Cost allocation schedule (Specification 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
Traffic	\$ 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
<b>Total</b>	<b>\$ 140,000.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 140,000.00</b>

Servicing Agency may not change fee above without approval of Requesting Agency

VI. Budgeting and Accounting Information:

Requesting Agency Appropriation:  Capital  Operating  
 If Operating, is item on Inter-Agency Services Report?  No  Yes, on detailed Budget Page **373**

Financial coding to be changed: **E2101-73115-14225003-00000-331601-00**  
**RC # 5046**

Open Item # or Batch # (PR, CR, or A/E): **EN# 840400 (for RCA)**

Federal funds:  No  Yes, Amount  
 Federal Pass Through:  YES  NO

ARRA Reporting to be done by:  No  Yes  
 If the FSA includes ARRA funds, I can not include other types of funding.  
 ARRA FSA's must stand alone.

Servicing Agency Authorization:

In this agreement using budgeted authorization?  No  Yes  
 Is item on Reciprocal Financials Report?  No  Yes, on detailed Budget Page **476**

AR **29640-14** CC **8533005** BR **59080** Other \_\_\_\_\_

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 cover this obligation or that there is sufficient unencumbered balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false claims or a violation on a public record, or knowingly destroy, deface, suppress, prevent, remove or otherwise impair the value, 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 termination.

Requesting Agency Authorized Signatures:

**Sara Fisher-Good** (Signature) Printed Name: **Sara Fisher-Good, AEA Executive Director** Date: **7/17/13**

**T.W. Patch** (Signature) Printed Name: **T.W. Patch, Commissioner, RCA** Date: **29 July 2013**