

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSSB 196(FIN)
Fiscal Note Number:	1
(S) Publish Date:	4/11/2016

Identifier: SB196 SFIN Various 4-9-16
 Title: POWER COST EQ FUND: RESERVE
 ACCT;DIVIDEND
 Sponsor: HOFFMAN
 Requester: Senate Finance

Department: Various (for Fiscal Notes only)
 Appropriation: Various
 Allocation: Executive Branch
 OMB Component Number: 0

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund			(17,000.0)	(17,200.0)	(17,500.0)	(17,000.0)	(16,600.0)
1169 PCE Endow			17,000.0	17,200.0	17,500.0	17,000.0	16,600.0
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version. This fiscal note for information purposes only. Beginning in FY16, it assumes a six percent earnings rate and two percent program growth rate for each fiscal year. In FY18 through FY22, Power Cost Equalization Endowment funds (DGF) would be available to replace Unrestricted General Funds (UGF) expenditures for Community Assistance and Rural Energy Programs. Depending on actual earnings in a fiscal year the amount available to replace UGF will vary from zero to \$55 million.

Prepared By: Senator Kelly
Senate Finance Committee
Senator MacKinnon
Senate Finance Committee

Phone: (907)465-3709
 Date: 04/09/2016

REPORTED OUT OF
SFC 04/11/2016

Power Cost Equalization Endowment Fund -- Impacts of SB 196													
History and Projections (in Millions)													
Fiscal Year	Beginning Balance	Additional Deposits	Earnings Rate*	Earnings	Program Costs	2nd Prior Fiscal Year Earnings In Excess of Program Costs	Available for Allocation	Allocation to Community Assistance	Allocation to Rural Energy Programs	Remains PCE Fund	Ending Balance	3 Year Average Balance	% Payout (Program Costs Only)
				Growth	2%		% Allocation Maximum	50% 30.0	20% 25.0				
FY03											166.7		
FY04	166.7		12%	20.7	15.1						179.3		
FY05	179.3		9%	15.4	15.9						181.1		
FY06	181.1		8%	14.6	22.2						184.4		
FY07	184.4	182.7	24%	45.1	25.7						400.3		
FY08	400.3		-5%	-18.8	28.8						368.7	181.6	7.0%
FY09	368.7		-13%	-49.1	37.7						303.4	255.3	6.4%
FY10	303.4		13%	38.4	31.8						320.7	317.8	6.6%
FY11	320.7		21%	67.7	32.7						364.5	357.4	6.7%
FY12	364.5	400.0	3%	10.9	39.5						751.8	330.9	7.2%
FY13	751.8		15%	111.5	40.6						840.2	329.5	7.0%
FY14	840.2		20%	171.1	41.7						977.9	479.0	7.0%
FY15	977.9		3%	33.2	38.4						969.4	652.2	6.4%
FY16	969.4		6%	58.2	41.7						985.8	856.6	4.9%
FY17	985.8		6%	59.2	40.4	(7.2)	0.0	0.0	0.0	0.0	1,004.6	929.2	4.3%
FY18	1,004.6		6%	60.3	41.2	17.0	17.0	8.5	3.4	5.1	1,011.9	977.7	4.21%
FY19	1,011.9		6%	60.7	42.0	17.2	17.2	8.6	3.4	5.1	1,018.6	986.6	4.26%
FY20	1,018.6		6%	61.1	42.8	17.5	17.5	8.7	3.5	5.2	1,024.6	1,000.8	4.28%
FY21	1,024.6		6%	61.5	43.7	17.0	17.0	8.5	3.4	5.1	1,030.5	1,011.7	4.32%
FY22	1,030.5		6%	61.8	44.6	16.6	16.6	8.3	3.3	5.0	1,036.2	1,018.4	4.38%
FY23	1,036.2		6%	62.2	45.4	16.0	16.0	8.0	3.2	4.8	1,041.7	1,024.6	4.44%
FY24	1,041.7		6%	62.5	46.4	15.5	15.5	7.7	3.1	4.6	1,047.0	1,030.5	4.50%
FY25	1,047.0		6%	62.8	47.3	14.9	14.9	7.4	3.0	4.5	1,052.1	1,036.1	4.56%
FY26	1,052.1		6%	63.1	48.2	14.3	14.3	7.1	2.9	4.3	1,057.0	1,041.6	4.63%
FY27	1,057.0		6%	63.4	49.2	13.6	13.6	6.8	2.7	4.1	1,061.7	1,047.0	4.70%
							TOTAL	79.8	31.9	47.9			

*Earnings Rate - FY16 estimated to be 6%. For FY17-FY27, the earnings rate is copied forward from FY04-FY15 for illustration purposes only.
 Per AS 42.45.085, the payout for a FY is determined on July 1 by the avg for the first 3 of the preceding 4 years.