

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	CSSB 196(FIN)
Fiscal Note Number:	2
(S) Publish Date:	4/11/2016

Identifier: SB196CS(FIN)-DCCED-AEA-04-10-16  
 Title: POWER COST EQ FUND: RESERVE  
 ACCT;DIVIDEND  
 Sponsor: HOFFMAN  
 Requester: (S) Finance

Department: Department of Commerce, Community and  
 Economic Development  
 Appropriation: Alaska Energy Authority  
 Allocation: Alaska Energy Authority Power Cost Equalization  
 OMB Component Number: 2602

### Expenditures/Revenues

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

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

### Fund Source (Operating Only)

None							
<b>Total</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>

### Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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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? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

### Why this fiscal note differs from previous version:

This is a zero fiscal note. No change from the initial version.

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 Agency: Division of Administrative Services, DCCED

Phone: (907)771-3012  
 Date: 04/10/2016 05:00 PM  
 Date: 04/10/16

REPORTED OUT OF  
SFC 04/11/2016

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

## Analysis

This bill reduces the amount made available from the Power Cost Equalization Endowment Fund from seven percent of the three year average monthly market value of the fund to five percent.

If the amount appropriated is insufficient to achieve the designated purposes, the amount shall be prorated among funding for the power cost equalization and rural electric capitalization fund and reimbursement to the Department of Revenue for the costs of establishing and managing the fund.

If the Endowment Fund earnings determined on July 1 for the previous closed fiscal year exceed the appropriation for the designated purposes, the legislature may appropriate the difference as follows:

- 1) 50% or \$30,000,000, whichever is less, to a community revenue sharing or community assistance fund;
- 2) 30% or \$25,000,000, whichever is less, to the renewable energy grant fund (AS 42.45.045), to the bulk fult revolving loan fund (AS 42.45.250), or for rural power system upgrades; and
- 3) to the power cost equalization endowment fund (AS 42.45.070), the amount not otherwise allocated under this subsection.

For illustration purposes, the impact of this bill in terms of computing the amount available for appropriation in FY2017 is as follows:

Average monthly market value (July 2013 - June 2015):	\$ 899,064,329
Seven percent of the average monthly market value:	\$ 62,934,503
<i>as compared to:</i>	
Five percent of the average monthly market value:	\$ 44,953,216
The estimated costs of funding the PCE program for FY2017 are	\$ 40,355,000.

In years where the amount available for appropriation is determined to be less than it takes to fund the PCE Program, AEA will prorate the costs of the program.

The PCE Endowment Fund earnings for FY2015 were \$33,192,304. Therefore, no funds would be made available for the designated purposes in Section 3. (d) of the proposed bill.