

Overview

Energy

Issues

(PCE)



Alaska State Legislature

HOUSE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

Representative John Harris, Representative Carl Morgan, Co-Chairmen
State Capitol, Room 110, Juneau, Alaska 99801-1182
(907) 465-3882

Overview of Energy Issues Including Power Cost Equalization January 27, 2000

- CSHB 40 (FIN) Chart with Agency Programs by Department
- Organizational Charts
 - Division of Energy (DCRA)
 - Article from ARECA Newsletter 11/99
 - AIDEA-Current; with Energy Groups A, B, C
 - Rural & Special Energy Programs Group (A)
 - Alternative & Special Energy Programs (B)
 - Project Manager (C)
 - AIDEA-Prior to Merger with Division of Energy
- AIDEA Budget Request Unit (page 94)
 - Mission, FY2001 Strategies
 - Components:
 - AIDEA (page 98)
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 - Rural Energy (page 112)
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 - Circuit Rider (page 126)
- Bulk Fuel Assessment Report Rankings



Overview of Energy Issues Including Power Cost Equalization

Randy Simmons, Executive Director

Keith Laufer, Financial and Legal Affairs Manager

David Germer, Deputy Director, Business
Development and Rural Energy

Percy Frisby, Manager, Rural Energy Programs



Community and Regional Affairs Committee Hearing
January 27, 2000



Alaska Energy Authority Mission

Operate and maintain existing state-owned power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs; and

Assist in the development of safe, reliable and effective energy systems throughout Alaska that are financially viable and environmentally sound.





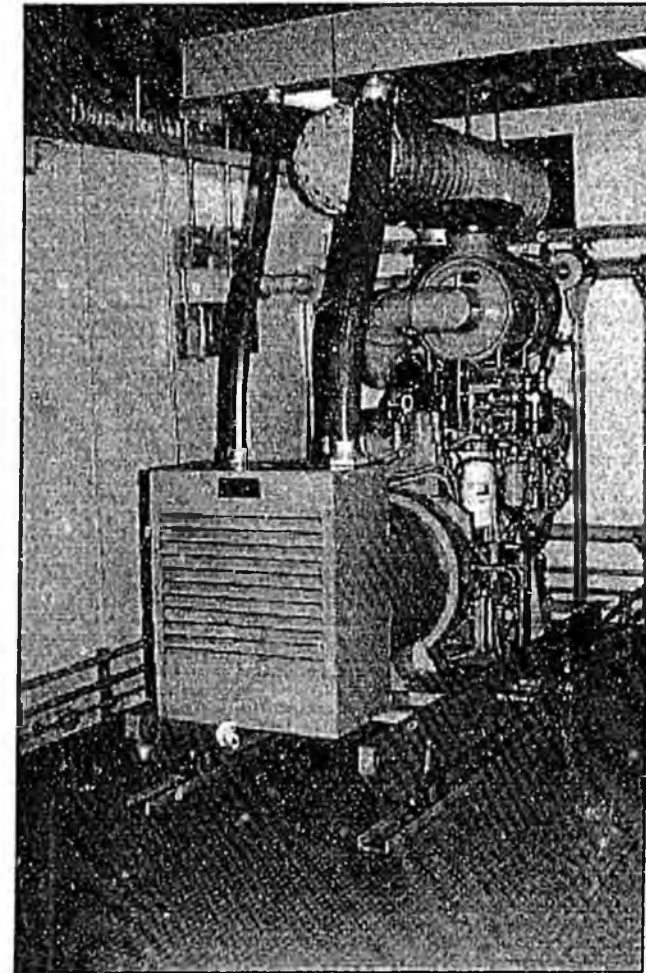
Alaska's Energy Overview

Current Energy Use

- Urban: Natural gas, large hydro, coal
- Rural: Diesel-powered generator sets, small hydro

Description of Rural Utilities

- 190 utilities in rural Alaska including:
 - 93 Cooperatives and electric associations
 - 97 stand alone utilities





AEA Projects



Bradley Lake Hydroelectric Project

- ✓ Bradley Lake
- ✓ Four Dam Pool
 - ✓ Solomon Gulch
 - ✓ Swan Lake
 - ✓ Terror Lake
 - ✓ Tyee Lake
- ✓ Alaska Intertie
- ✓ Larsen Bay





AEA Project Major Activities

- ✓ Create efficiencies in operation
- ✓ Divestiture of projects
- ✓ Provide necessary repairs to projects



Challenges to Rural Utilities

- ✓ Costs: kWh, Fuel, Maintenance
- ✓ Bulk Fuel Storage
 - ✓ 200 communities identified
 - ✓ \$450 million in identified costs
- ✓ Emergencies
- ✓ Power Cost Equalization





AEA's Rural Energy Programs

- ✓ Bulk Fuel Upgrades
- ✓ Rural Power System Upgrades
- ✓ Power Project Fund Loans
- ✓ Bulk Fuel Loans
- ✓ Power Cost Equalization
- ✓ Energy Conservation
- ✓ Alternative Energy Development



Alternative Energy

- ✓ wind
- ✓ fuel cells
- ✓ battery storage and hybrids
- ✓ coal and biomass
- ✓ natural gas
- ✓ small hydroelectric
- ✓ conservation





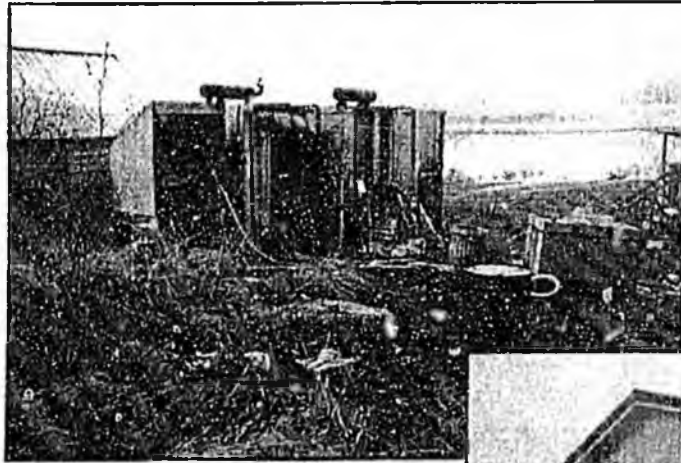
Bulk Fuel Upgrades

- ✓ Need for new code-compliant bulk fuel storage capacity
 - ✓ 200 communities identified
 - ✓ \$450 million in identified costs

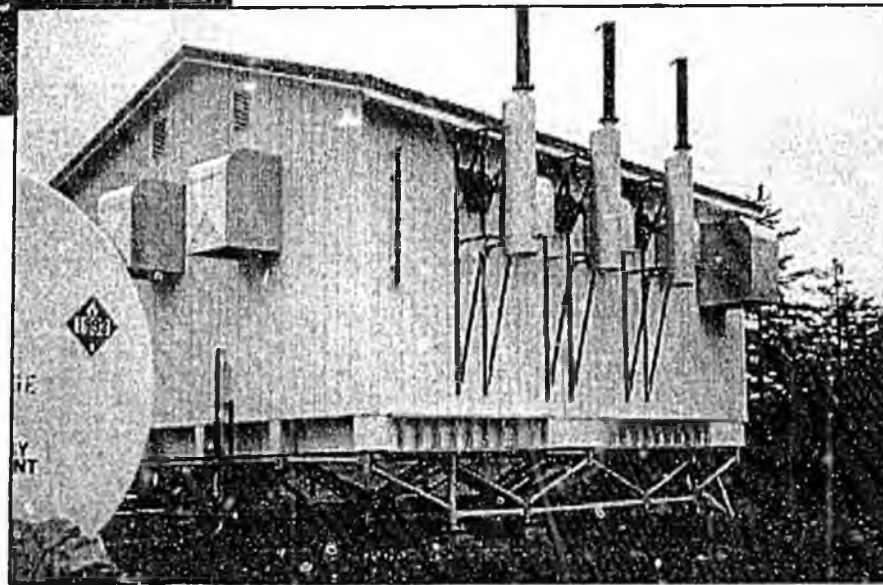




Rural Power Facilities Upgrades



Old and New Tatitlek
powerhouse

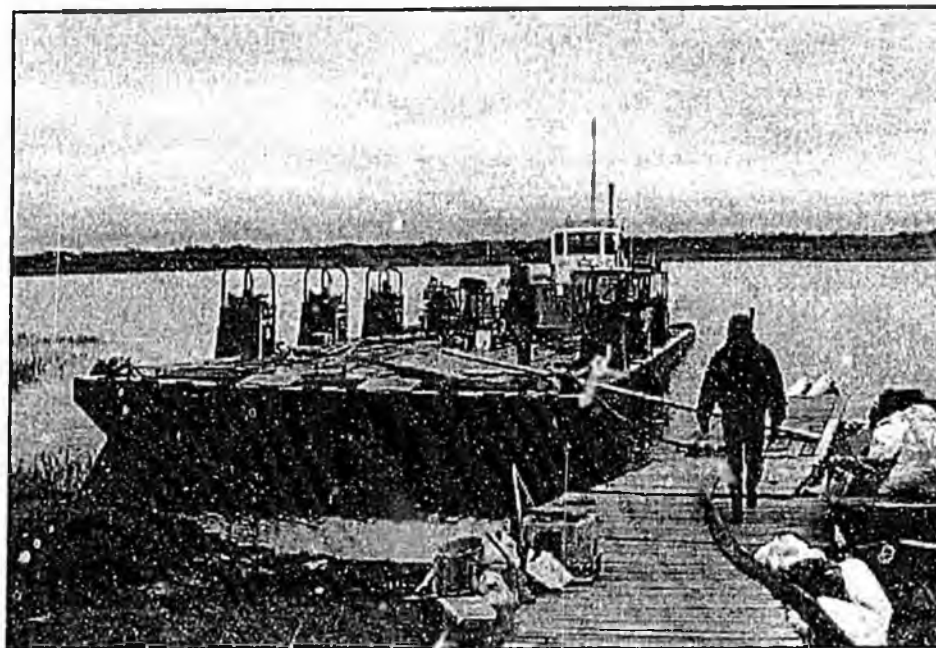


Improvements are underway!



Bulk Fuel Loans

- ✓ Allows borrowers from communities with population of less than 2,000 to borrow up to \$100,000 annually to buy and pay for bulk fuel supplies.
- ✓ Approximately 60 active loans





Energy Conservation



Energy Conservation Matching Grants

✓ Grants to retrofit non-residential facilities with high-efficiency controls and equipment.

Rebuild America

✓ Federal Department of Energy program that provides seed money to promote reductions in energy costs.

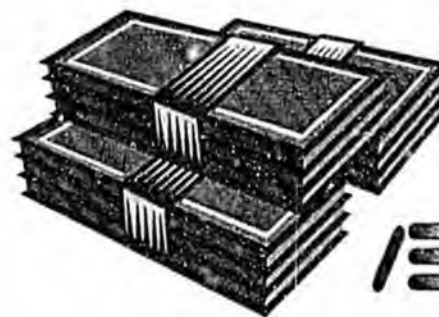
✓ \$430,000 over next 3 years.





Power Cost Equalization (PCE)

- ✓ Seeks to equalize cost of electricity between urban and rural Alaska
- ✓ Even with PCE, rural electric costs are 2-3 times higher than urban energy costs
- ✓ Costs about \$15.7 million annually (reflects revisions made in 1999)
- ✓ Long term funding of PCE unknown





Alaska Energy Plan

- ✓ Two-phase statewide energy plan to identify best approaches to major energy problems in Rural Alaska, the Railbelt and the Four Dam Pool and other communities.
- ✓ Phase 1 - Identify major problems and alternatives
- ✓ Phase 2 - Evaluate Phase 1 results and recommend efficient strategies and policies for solutions





Addendum



Community and Regional Affairs Committee Hearing
January 27, 2000

Proposed Bulk Fuel Storage Projects

(Based on deficiency Ranking)

The following projects have been selected from the Alaska Energy Authority's deficiency ranking list in order of priority, indicating the worst average tank farm conditions to the best. Project database reports have also been included to provide the Commission with information on assessed tank farms in each community.

<u>Community</u>	<u>Projected Cost</u>
Nikolai	\$ 600,000
Kotlik	2,100,000
Chalkyitsik	600,000
Venetie	500,000
Rampart	500,000
Port Protection	150,000
Chignik Lagoon	500,000
Takotna	1,500,000
Red Devil	600,000
Point Baker	150,000
Larsen Bay	600,000
Diomedes	1,400,000
Birch Creek	500,000
Old Harbor	600,000
Atka	1,000,000
Kongiganak	1,600,000
Crooked Creek	600,000
Aleknagik	400,000
Togiak	3,000,000
Tununak	1,900,000
Buckland	<u>2,200,000</u>
TOTAL	\$21,000,000

This project listing may change after inspection and preparation of 35% design. Conditions in the community such as number of tanks, tank condition and capacity, ownership, site selection, etc., must be verified prior to approval of final design or construction.

NOTE: All projects listed are under the 35% design status.

**Bulk Fuel Storage Facility
Project List**
(Initial Year of Denali Commission Funding)

This document presents the Alaska Energy Authority's plan for the initial year of funding from the Denali Commission for bulk fuel storage consolidation facilities in rural Alaska.

SUMMARY OF PROPOSALS AND FUNDING
BULK FUEL STORAGE CONSOLIDATION

(\$ Thousands - Subject to Change)

Community	DENALI COMMISSION	EPA	HUD	EDUC	OTHER	AEA	TOTAL
*Noorvik	300.0	1,200.0	500.0	500.0	250.0	300.0	3,050.0
*Chefornak	700.0		500.00	425.0	40.0	275.0	1,440.0
Emmonak	900.0		500.0			200.0	1,600.0
Napaskiak	200.0		500.0				700.0
*Tuntutuliak (1)	400.0		500.0		440.0	300.0	1,640.0
Tuntutuliak (2)	200.0			300.0			500.0
Tanana	900.0			250.0		165.0	1,315.0
Arctic Village	600.0			225.0			825.0
*Kiana	1,500.0			250.0		250.0	2,000.0
Nikolski	700.0				100.0		800.0
Upper Kalskag	700.0					100.0	800.0
Lower Kalskag	1,100.0					100.0	1,200.0
Toksook Bay	1,700.0					100.0	1,800.0
Port Graham	600.0					100.0	700.0
Totals	10,000.0	1,200.0	2,500.0	1,950.0	830.0	1,890.0	18,370.0

*Indicates currently in construction.

Km/bulk fuel \$ project list

Km/energy bulk fuel initial funding list

Bulk Fuel Storage Facility Project List

Funding Approved by the Denali Commission January 21, 2000

(\$ Thousands - Subject to change)

Community	Denali Commission	VSW	CDBG	OTHER	AEA	Project Total
Nikolai						600.0
Kotlik						2,100.0
Chalkyitsik						600.0
Venetie						500.0
Rampart						500.0
Pt. Protection						150.0
Chignik Lagoon						500.0
Takotna						1,450.0
35% Design						500.0
Total						6,900.0

If an additional \$5,000,000 is made available:

Community	Denali Commission	VSW	CDBG	OTHER	AEA	Project Total
Takotna						50.0
Red Devil						600.0
Pt. Baker						150.0
Larsen Bay						600.0
Diomedes						1,400.0
Birch Creek						500.0
Old Harbor						600.0
Atka						1,00.0
Total						4,900.0

Electric Utility Upgrades Project List

Initial Year of Funding from the Denali Commission

This document provides the Alaska Energy Authority's plan for the initial year of funding from the Denali Commission for electrical utility upgrades in rural Alaska

(\$ Thousands – Subject to Change)

Project #	Community	Denali Commission	VSW	CDBG	Other	AEA	Project Total
15775	Old Harbor	1,000.0			900.00	45.0	1,945.0
15693	Atka	600.00				100.0	700.0
15752	Kotlik	700.0	105.0			45.0	850.0
15753	Hughes	750.0				45.0	795.0
15754	Koyukuk	500.0				45.0	545.0
15742	Deering	400.0	113.0	200.0		50.0	763.0
15756	Golovin	350.0				45.0	395.0
15685	Arctic Village	700.0				45.0	745.0
15774	Nome	750.0				45.0	795.0
TOTAL		\$5,750.0	\$218.0	\$200.0	\$900.0	\$460.0	\$7528.0

Additional notes:

- 1) Deering and Golovin are in the construction phase.
- 2) Kotlik grant is pending.
- 3) Nome line extension grant signed; Nome to perform construction.

**Electrical Utility Upgrade
Project List**

Funding Approved by the Denali Commission January 21, 2000

This document presents the Alaska Energy Authority's plan for funding for electrical utility upgrades in rural Alaska.

(\$ Thousands – Subject to Change)

Community	Denali Commission	VSW	CDBG	Other	AEA	Project Total
Stevens Village	635.0				45.0	680.0
Tuntutuliak Pwr.	1,155,000				45.0	1,200.0
Newtok	405.0				45.0	450.0
Total	2,195.0				135.0	2,330.0

HB 40
Agency Programs by Department
Version "K" 4/28.99

JAN 24 2000

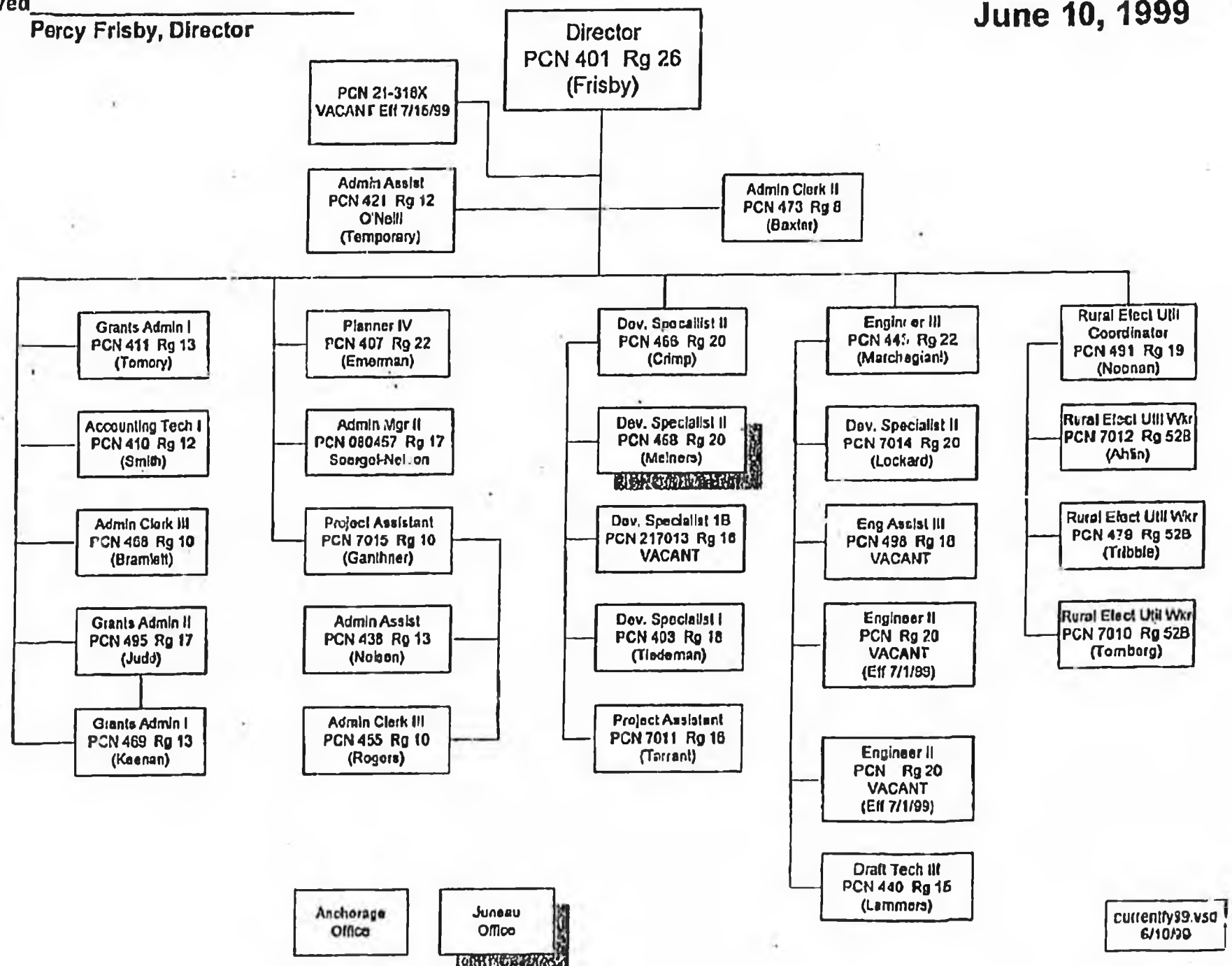
Labor & Workforce Development	Community & Economic Development	Education & Child Development
<p>(Currently in Dept. of Labor)</p> Wage & hour Mechanical Inspection Unemployment Insurance Occupational Safety & Health Safety Advisory Council Fishermens Fund Workers' Comp Labor Relations Agency Employment Services Work Services	<p>(Currently in C&RA)</p> Community Development Assistance Community & Economic Development National Forest Receipts Revenue Sharing Municipal Assistance Unicorporated Capital Matching Grants State Assessor Local Boundary Commission PCE Energy Operations Circuit Rider National Petroleum Reserve Program Statewide Assistance Renters' Equivalency Rebate	<p>(Currently in Dept. of Education)</p> Quality Schools Program K-12 Financial Assistance Vocational Technical Education State Owned Schools State Library and Museum Post Secondary Education Commission Teaching and Learning Support** Alaska State Council on the Arts
<p>(Currently in DOE)</p> Adult Basic Education Vocational Rehabilitation		<p>(Currently in C&RA)</p> Head Start Child Care Pass II, III Day Care Assistance
<p>(Currently in Community & Regional Affairs)</p> Job Training Partnership Act State Training & Employment Program	<p>(Currently in C&ED)</p> Trade & Development Investments Tourism ATMC AIDEA ASTF ASMI AADC Banking, Securities & Corporations Insurance Occupational Licensing APUC	<p>(Currently in H&SS)</p> Child Care Licensing
<p>(Currently in Governor's Office)</p> Alaska Human Resource Investment Council*	<p>(Currently in DOA)</p> Capital Matching Grants (Incorporated) Municipal Grants	

* AHRIC will transfer to L&WD at the completion of their 5 year planning cycle (July 1, 2000).

** Teaching and Learning Support includes Preschool Certification, Teacher Certification, Community Schools & Child Nutrition.

Division of Energy Organizational Chart June 10, 1999

Approved _____
Percy Frisby, Director



Rural Energy Programs Settling in at AEA

Rural energy programs were recently moved from the former State Division of Energy to the Alaska Energy Authority (AEA). AEA is managed as a separate corporation under oversight of the Alaska Industrial Development and Export Authority (AIDEA). While the transfer was official on July 1, actual transition activities were only beginning.

"In consolidating the energy agencies, we faced complex issues," said Simmons. "AIDEA is a profit motivated public corporation that provides business financing – we don't provide grants – and to maintain our bond ratings, we have to keep AEA and AIDEA programs and assets separate." Management consultant Mark Hickey worked with AIDEA on the transition.

In October, former Division of Energy employees were hired by AIDEA. Percy Frisby, Rural Energy Manager, and his staff will continue to oversee the rural energy programs, including bulk fuel, rural power systems, the Power Cost Equalization Program, and alternative energy programs.

David Germer, an AIDEA employee since 1995, was appointed Deputy Director of Business Development and Rural Energy Programs, where he will interface with the rural energy staff to help insure the programs operate effectively under AEA.

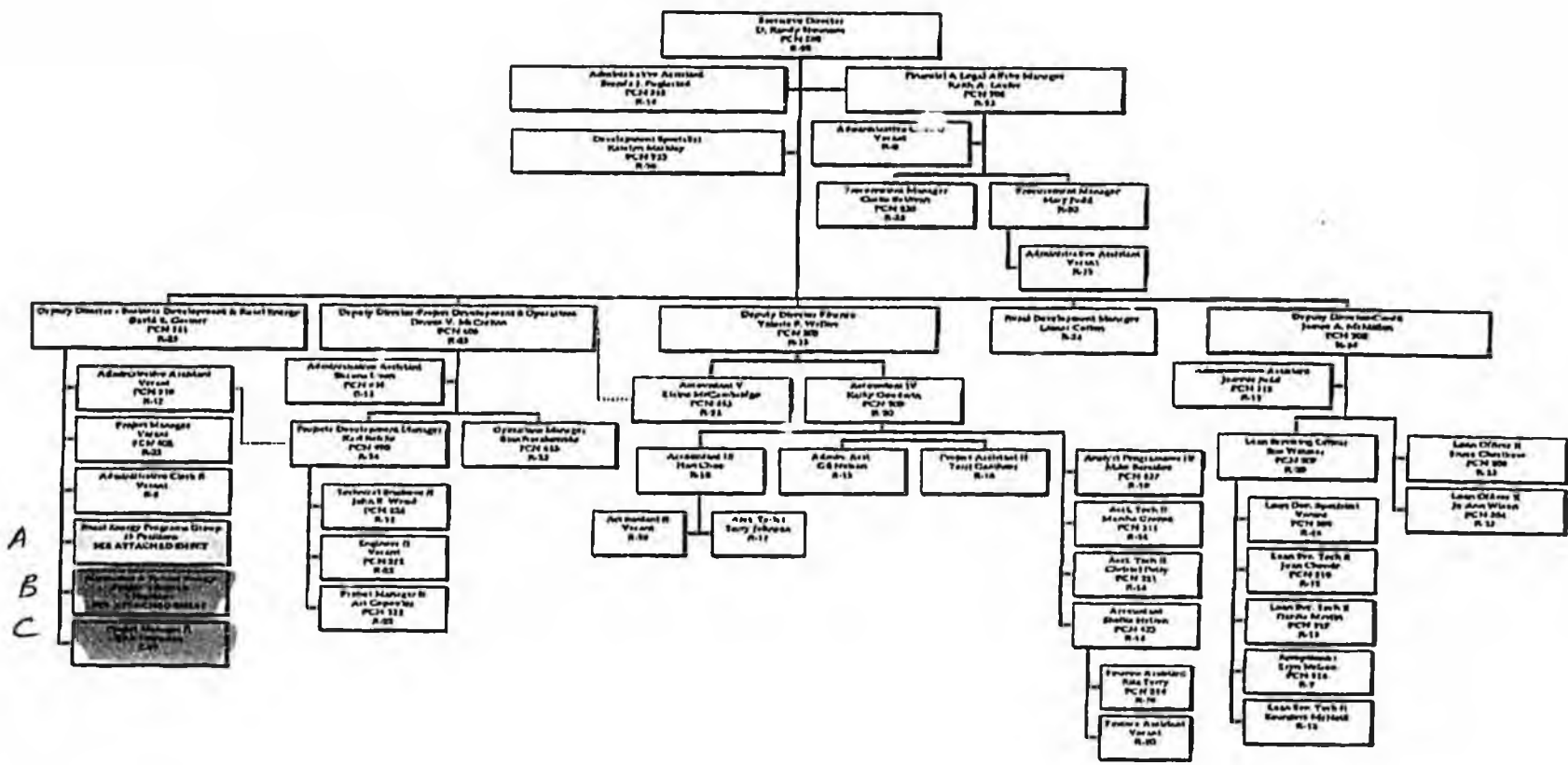
Prior to his appointment, Germer was AIDEA's Business Development Manager, and was involved in all aspects of AIDEA's development finance program, negotiating contracts with the private sector, developing initial plans for project finance and overseeing feasibility studies on potential capital improvement projects. Germer will continue to manage Development Finance.

The Energy Group will remain at 333 West 4th Avenue, and telephone numbers will remain the same, until a new building is secured by AIDEA. All e-mail addresses have changed to: firstinitiallastname@aidea.org. AIDEA is in the process of locating office space in Anchorage to house all employees in one location, to provide cost savings and operating efficiencies.

*AEEA
newslet
11/99*

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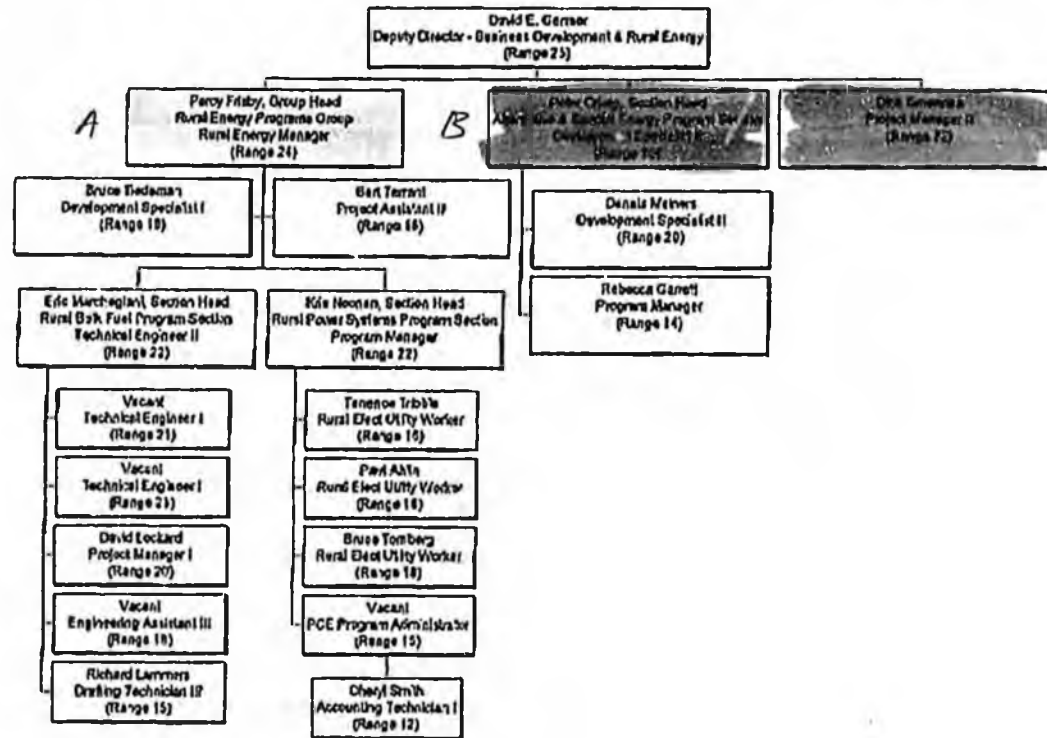
AIDEA Organization Chart



A
B
C

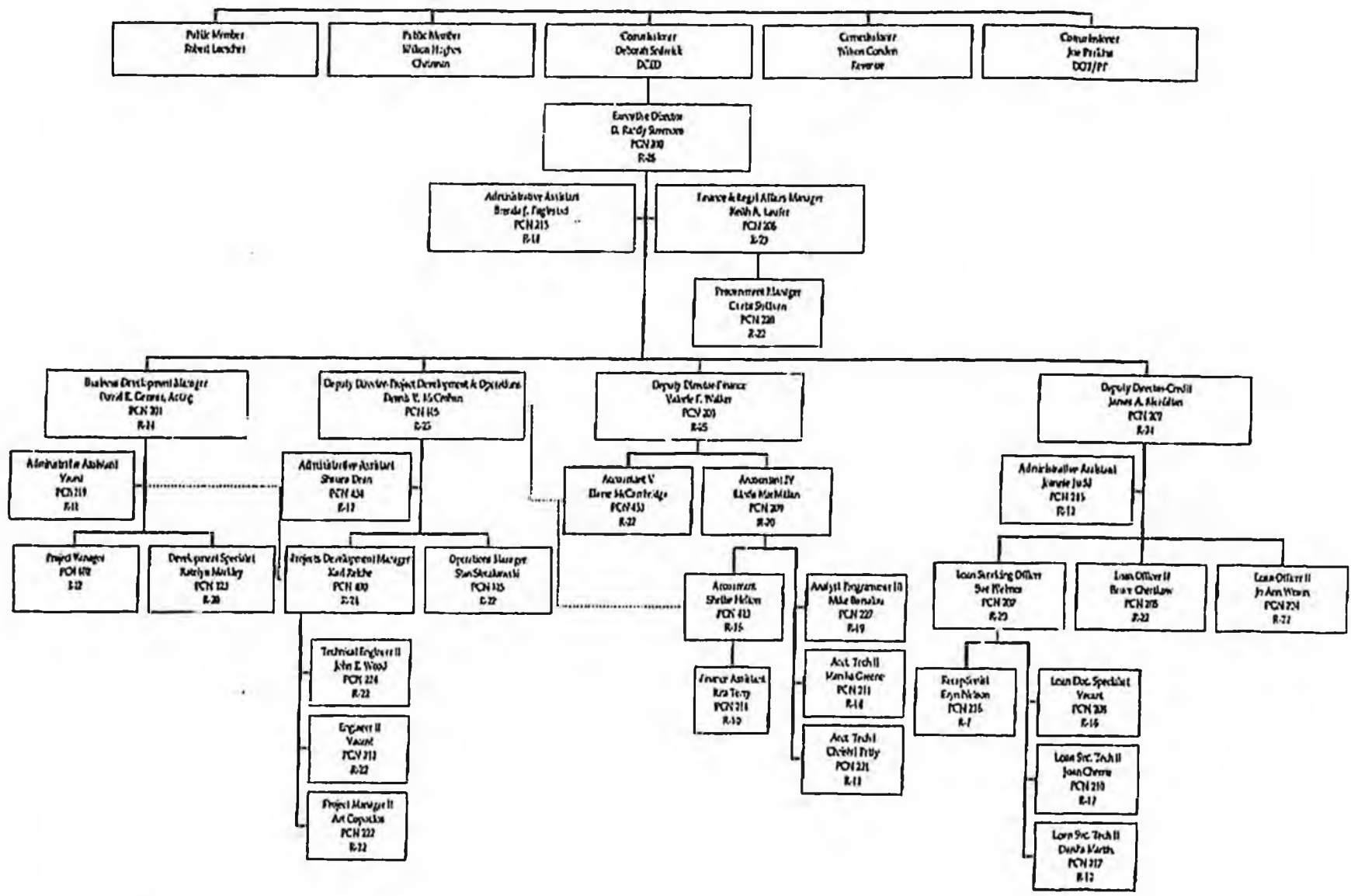
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AIDEA/Energy Programs Merger Organization Chart Rural & Special Energy Programs Group



1/24/00 10:20 AM

AIDEA ORGANIZATIONAL CHART (prior to reorganization)



Budget Request Unit: Alaska Industrial Development and Export Authority

Manager: D. Randy Simmons, Executive Director
Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org

BRU Mission

To encourage economic growth and diversification of the economy.

BRU Services Provided

AIDEA acts as an economic development catalyst by providing capital at a reasonable cost for Alaskan businesses, with emphasis on projects that create new jobs and economic activity in the private sector. AIDEA is a primary source of secondary financing in the state for business loans made by financial institutions. The loans are serviced by the banks, thereby limiting staffing requirements at AIDEA. The Authority can also own and operate specific development projects that enhance the economy of the state and support private sector investment. The Authority can also act as a conduit for the issuance of both taxable and tax-exempt bonds for specific business development projects. For small businesses, AIDEA has a Business and Export Assistance program, which provides loan guarantees, with particular emphasis on businesses in rural Alaska.

Bonds sold for AIDEA projects are the general obligation of AIDEA and do not have the expressed moral obligation of the State of Alaska.

All staffing for Alaska Energy Authority (AEA) functions is provided by AIDEA. As the owner of six hydroelectric plants and the Alaska Inter tie transmission line, AEA is responsible for the administrative oversight for these facilities. In addition, AIDEA staff is responsible for providing staffing for the oversight and operation of all rural and alternative energy programs and the circuit rider program of AEA.

BRU Goals and Strategies for FY2001

- 1) To stimulate economic development and diversification.
 - Provide business financing assistance throughout Alaska through AIDEA's Credit programs by participating in or guaranteeing bank originated loans.
 - Continue to develop, operate and maintain AIDEA owned development projects that support private sector investment and create or maintain jobs for Alaskans.
- 2) To efficiently oversee the operations and maintenance of approximately \$1 billion in electrical generation and transmission facilities owned by AEA in Alaska.
 - To the extent feasible, contract to user utilities direct operating, maintenance and repair responsibilities for the AEA owned facilities.
- 3) To effectively provide management support for the rural and alternative energy programs and the circuit rider program of AEA.

Key BRU Issues for FY2000 – 2001

Provide technical assistance and financing to help businesses diversify the economy in rural Alaska.

Provide financing assistance under the Business and Export Assistance Guarantee Program, assisting small businesses and businesses in rural Alaska to obtain bank financing that otherwise may not have been available to them.

Continue to maintain the technical integrity of AEA projects.

Continue to maximize local control of AEA projects, to the extent feasible, by contracting with the operating utilities to provide operating and maintenance services.

Continue to work with the operating utilities to lower operating costs and improve efficiencies at the AEA owned hydroelectric projects.

HB 40, passed by the 1999 Legislature, moved the Rural and Alternative Energy programs from the Department of Community and Regional Affairs to Alaska Energy Authority (AEA). Because AEA has no staff, AIDEA will provide the staff to operate the programs and the Rural and Alternative Energy Programs BRU and the Circuit Rider BRU will reimburse AIDEA for the staff costs.

Major BRU Accomplishments for FY1999

Provided a \$16 million dividend to the State General Fund in FY99. The AIDEA board approved an \$18 million dividend for FY00.

Purchased approximately \$20 million in loan participations originated through financial institutions for businesses and projects in Alaska, helping to expand Alaska's economic base and create jobs in Alaska.

Began construction on the \$125 million Alaska Seafood International manufacturing facility (ASI), with operation scheduled to begin in December 1999. In full production, ASI will provide 450 year-round manufacturing jobs, result in hundreds of indirect jobs, and stimulate the local economies of fishing communities by providing a reliable market for their product.

Working with banks and the private sector, recommended regulatory changes to eliminate archaic and unnecessary requirements in AIDEA's Credit programs. AIDEA is proactive in making necessary changes to our programs based on the changing needs of AIDEA's stakeholders and the economy.

Issued \$21.8 million in conduit financing for private sector and non-profit projects.

Partnered with the U.S. Economic Development Administration to provide low-interest loans to Western Alaska communities hurt by the recent poor salmon runs.

Continued demonstration testing of the Healy Clean Coal Project, exceeding environmental expectations.

Completed installation of new underwater transmission cables on the AIDEA-owned Snettisham Hydroelectric Project. The project was completed on schedule and under budget. Snettisham provides 85% of Juneau's electrical energy.

Continued to work with Cominco Alaska and the U.S. Corp of Engineers to study the potential feasibility of a deep water port at the DeLong Mountain Transportation facility (DMTS), the road and port serving the Red Dog Mine. The Red Dog Mine and the DMTS provide approximately 485 permanent, full-time jobs in the NW Arctic Borough.

Completed a revised development plan for the AIDEA-owned Ketchikan Shipyard. The proposed improvements will increase shipyard efficiency and production capacity and improve services, ultimately creating a more viable shipyard and increased employment. The shipyard currently employs nearly 100 employees.

Maintained and administered AEA owned facilities, maximizing services and revenues and minimizing unscheduled outages.

Continued to administer outstanding AEA long-term debt in excess of \$300 million; continued to administer special trust funds relating to the facilities.

Alaska Industrial Development and Export Authority

Financial Summary

All dollars in thousands

	FY1999 Actuals				FY2000 Authorized				FY2001 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
AIDEA	0.0	0.0	3,615.3	3,615.3	0.0	0.0	3,952.2	3,952.2	0.0	0.0	5,659.0	5,659.0
AIDEA Facilities Maintenance	0.0	0.0	0.0	0.0	0.0	0.0	73.0	73.0	0.0	0.0	177.0	177.0
Alaska Energy Auth Op & Maint	0.0	0.0	948.6	948.6	0.0	0.0	1,049.5	1,049.5	0.0	0.0	1,049.5	1,049.5
Totals	0.0	0.0	4,563.9	4,563.9	0.0	0.0	5,074.7	5,074.7	0.0	0.0	6,885.5	6,885.5

Alaska Industrial Development and Export Authority

Proposed Changes in Levels of Service for FY2001

HB 40, passed by the 1999 Legislature, moved the Rural and Alternative Energy programs from the Department of Community and Regional Affairs to Alaska Energy Authority (AEA). Because AEA has no staff, AIDEA will provide the staff to operate the programs and the Rural and Alternative Energy Programs BRU and the Circuit Rider BRU will reimburse AIDEA for the staff costs.

Alaska Industrial Development and Export Authority

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	0.0	0.0	5,074.7	5,074.7
Adjustments which will continue current level of service:				
-AIDEA	0.0	0.0	120.9	120.9
Proposed budget increases:				
-AIDEA	0.0	0.0	1,585.9	1,585.9
-AIDEA Facilities Maintenance	0.0	0.0	104.0	104.0
FY2001 Governor	0.0	0.0	6,885.5	6,885.5

Component: Alaska Industrial Development and Export Authority

Manager: D. Randy Simmons, Executive Director

Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org

Component Mission

To encourage economic growth and diversification of the economy by financing industrial, manufacturing, export and business enterprises and facilities within Alaska.

Component Services Provided

AIDEA acts as an economic development catalyst by providing capital at a reasonable cost for Alaskan businesses, with emphasis on projects that create new jobs and economic activity in the private sector. AIDEA is a primary source of secondary financing in the state for business loans made by financial institutions. The loans are serviced by the banks, thereby limiting staffing requirements at AIDEA. The Authority can also own and operate specific development projects that enhance the economy of the state and support private sector investment. The Authority can also act as a conduit for the issuance of both taxable and tax-exempt bonds for specific business development projects. For small businesses, AIDEA has a Business and Export Assistance program, which provides loan guarantees, with particular emphasis on businesses in rural Alaska.

Bonds sold for AIDEA projects are the general obligation of AIDEA and do not have the expressed moral obligation of the State of Alaska.

AIDEA provides all staffing for Alaska Energy Authority (AEA). This encompasses (1) the oversight of the operations and maintenance of all AEA owned power projects, (2) the management and staffing of AEA's Rural and Alternative Energy Programs, (3) the administration of the Power Cost Equalization (PCE) Program, and (4) the administration of the Circuit Rider Program.

Component Goals and Strategies for FY2001

To stimulate economic development and diversification.

- 1) Provide business financing assistance throughout Alaska through AIDEA's Credit programs by participating in or guaranteeing bank originated loans.
- 2) Continue to develop, operate and maintain AIDEA owned development projects that support private sector investment and create or maintain jobs for Alaskans.

Key Component Issues for FY2000 – 2001

- Provide technical assistance and financing to help businesses diversify the economy in rural Alaska.
- Provide \$30 million in long term financing for business developments throughout Alaska by purchasing up to 80% of bank originated loans.
- Begin production of Alaska's first seafood manufacturing facility.

Major Component Accomplishments for FY1999

Provided a \$16 million dividend to the State General Fund in FY99. The AIDEA board approved an \$18 million dividend for FY00.

Purchased approximately \$20 million in loan participations originated through financial institutions for businesses and projects in Alaska, helping to expand Alaska's economic base and create jobs in Alaska.

Issued \$21.8 million in conduit financing for private sector and non-profit projects.

Began construction on the \$125 million Alaska Seafood International manufacturing facility (ASI), with operation scheduled to begin in December 1999. In full production, ASI will provide 450 year-round manufacturing jobs, result in hundreds of indirect jobs, and stimulate the local economies of fishing communities by providing a reliable market for their product.

Working with banks and the private sector, recommended regulatory changes to eliminate archaic and unnecessary requirements in AIDEA's Credit programs. AIDEA is proactive in making necessary changes to our programs based on the changing needs of AIDEA's stakeholders and the economy.

Partnered with the U.S. Economic Development Administration to provide low-interest loans to Western Alaska communities hurt by the recent poor salmon runs.

Continued the demonstration testing of the Healy Clean Coal Project, exceeding environmental expectations.

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Completed a revised development plan for the AIDEA-owned Ketchikan Shipyard. The proposed improvements will increase shipyard efficiency and production capacity and improve services, ultimately creating a more viable shipyard and increased employment. The shipyard currently employs nearly 100 employees.

Statutory and Regulatory Authority

AS 44.88
3 AAC 99

Key Performance Measures

Measure: Create at least 350 new jobs for Alaskans in FY 2001 by providing financial assistance to economic development projects that meet defined criteria for feasibility and financial success.

(Not yet addressed by Legislature.)

Current Status:

Projected FY 2000 funded loan participations total \$21.9 million, creating approximately 465 construction jobs and 320 new jobs.

Benchmark:

No other state in the nation has a public development corporation identical to AIDEA.

Background and Strategies:

AIDEA provides the financing mechanisms necessary to participate in long-term commercial loans, and to own projects that promote economic development.

In FY 2001, AIDEA will purchase \$30.0 million in loan participations with financial institutions; and participate in or guarantee \$5.0 million in small rural loans.

AIDEA will also continue to work with the private sector to develop infrastructure projects that AIDEA can own and lease to the private sector, complimenting private sector investment.

Alaska Industrial Development and Export Authority

Resource Summary

All dollars in thousands

	FY1999 Actuals	FY2000 Authorized	FY2001 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	2,127.1	2,319.6	4,026.4
72000 Travel	18.9	68.2	68.2
73000 Contractual	1,404.0	1,510.0	1,510.0
74000 Supplies	23.9	38.9	38.9
75000 Equipment	41.4	15.5	15.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,615.3	3,952.2	5,659.0
Funding Sources:			
1007 Inter-Agency Receipts	256.9	319.3	1,909.7
1061 Capital Improvement Project Receipts	0.0	0.0	0.0
1102 Alaska Industrial Development & Export Authority Receipts	3,358.4	3,632.9	3,749.3
Funding Totals	3,615.3	3,952.2	5,659.0

Estimated Revenue Collections

Description	Master Revenue Account	FY1999 Actuals	FY2000 Authorized	FY2000 Cash Estimate	FY2001 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
Interagency Receipts	51015	256.9	319.3	319.3	1,909.7
AK Industrial Dev. Export Auth. Receipts	51406	3,358.4	3,632.9	3,632.9	3,749.3
Restricted Total		3,615.3	3,952.2	3,952.2	5,659.0
Total Estimated Revenues		3,615.3	3,952.2	3,952.2	5,659.0

Alaska Industrial Development and Export Authority

Proposed Changes in Levels of Service for FY2001

HB 40, passed by the 1999 Legislature, moved the Rural and Alternative Energy programs from the Department of Community and Regional Affairs to Alaska Energy Authority (AEA). Because AEA has no staff, AIDEA will provide the staff to operate the programs and the Rural and Alternative Energy Programs BRU and the Circuit Rider BRU will reimburse AIDEA for the staff costs.

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	0.0	0.0	3,952.2	3,952.2
Adjustments which will continue current level of service:				
-Transfer positions from DCED Admin	0.0	0.0	120.9	120.9
Proposed budget increases:				
-Increase I/A funding	0.0	0.0	1,585.9	1,585.9
FY2001 Governor	0.0	0.0	5,659.0	5,659.0

Alaska Industrial Development and Export Authority

Personal Services Information

	Authorized Positions		Personal Services Costs	
	FY2000 Authorized	FY2001 Governor		
Full-time	32	61	Annual Salaries	3,261,138
Part-time	0	0	Premium Pay	55,984
Nonpermanent	0	0	Annual Benefits	971,856
			Less 6.12% Vacancy Factor	(262,578)
			Lump Sum Premium Pay	0
Totals	32	61	Total Personal Services	4,026,400

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	3	0	0	0	3
Accountant II	1	0	0	0	1
Accountant III	1	0	0	0	1
Accounting Tech I	2	0	0	0	2
Accounting Technician	2	0	0	0	2
Admin Assistant	1	0	0	0	1
Administrative Assistant	4	0	0	0	4
Administrative Clerk II	1	0	0	0	1
Analyst Programmer IV	1	0	0	0	1
Dep Dir Rural Outreach & Dev	1	0	0	0	1
Deputy Director Credit	1	0	0	0	1
Deputy Director Development	1	0	0	0	1
Deputy Director Finance	1	0	0	0	1
Deputy Director-Energy	1	0	0	0	1
Dev Spec I, Option A	1	0	0	0	1
Dev Spec II, Option B	1	0	0	0	1
Dev Specialist I/ II	1	0	0	0	1
Development And Finance Mgr	1	0	0	0	1
Development Specialist II	1	0	0	0	1
Drafting Technician III	1	0	0	0	1
Engineering Assistant III	1	0	0	0	1
Executive Director	1	0	0	0	1
Finance Assistant	2	0	0	0	2
Loan Officer II	2	0	0	0	2
Loan Servicing Officer	1	0	0	0	1
Loan Servicing Technician II	3	0	0	0	3
Operations Manager	1	0	0	0	1
PCE Program Administrator	1	0	0	0	1
Procurement Manager	2	0	0	0	2
Project Assistant	1	0	0	0	1
Project Assistant II	1	0	0	0	1
Project Asst II	1	0	0	0	1
Project Development Manager	1	0	0	0	1
Project Manager	1	0	0	0	1
Project Manager I	2	0	0	0	2
Project Manager II	2	0	0	0	2
Receptionist	1	0	0	0	1
Rural Electrical Utility Wrk	3	0	0	0	3
Rural Energy Program Director	1	0	0	0	1
Secretary III	1	0	0	0	1

Component — Alaska Industrial Development and Export Authority

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Technical Engineer I	1	0	0	0	1
Technical Engineer II	2	0	0	1	3
Technical Engineer I	1	0	0	0	1
Totals	60	0	0	1	61

Component: Alaska Industrial Development Corporation Facilities Maintenance

Manager: D. Randy Simmons, Executive Director
Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmoms@aidea.org

Component Mission

To maintain and operate the office building occupied by AIDEA.

Component Services Provided

The purpose of this component is to provide for the operations, maintenance and repair costs of the AIDEA office building.

Component Goals and Strategies for FY2001

Maintain and operate the office building occupied by AIDEA efficiently and effectively.

Key Component Issues for FY2000 – 2001

HB 40 (SLA 99 Ch58) transferred the responsibility of the Dept of Community and Regional Affairs rural energy programs to AIDEA. This resulted in almost doubling the staff of AIDEA, thus doubling the office space requirements of AIDEA. An increment of \$104,000 for FY2001 is necessary to provide for the additional costs to maintain the required office space. This increment will be funded by AIDEA Corporate Receipts.

Major Component Accomplishments for FY1999

No major accomplishments.

Statutory and Regulatory Authority

AS37.07.020(e)

Alaska Industrial Development Corporation Facilities Maintenance

Resource Summary

All dollars in thousands

	FY1999 Actuals	FY2000 Authorized	FY2001 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	73.0	177.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	73.0	177.0
Funding Sources:			
1102 Alaska Industrial Development & Export Authority Receipts	0.0	73.0	177.0
Funding Totals	0.0	73.0	177.0

Estimated Revenue Collections

Description	Master Revenue Account	FY1999 Actuals	FY2000 Authorized	FY2000 Cash Estimate	FY2001 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
AK Industrial Dev. Export Auth. Receipts	51406	0.0	73.0	73.0	177.0
Restricted Total		0.0	73.0	73.0	177.0
Total Estimated Revenues		0.0	73.0	73.0	177.0

Alaska Industrial Development Corporation Facilities Maintenance

Proposed Changes in Levels of Service for FY2001

HB 40 (SLA 99 Ch58) transferred the responsibility of the Dept of Community and Regional Affairs rural energy programs to AIDEA. This resulted in almost doubling the staff of AIDEA, thus doubling the office space requirements of AIDEA. An increment is necessary to provide for the additional costs to maintain the required office space.

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	0.0	0.0	73.0	73.0
Proposed budget increases:				
-Increased facilities costs due to additional space requirements	0.0	0.0	104.0	104.0
FY2001 Governor	0.0	0.0	177.0	177.0

Component: Alaska Energy Authority Operations and Maintenance

Manager: D. Randy Simmons, Executive Director
Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org

Component Mission

To oversee the operation and maintenance of Alaska Energy Authority(AEA) owned power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs.

Component Services Provided

All staffing for AEA administrative functions is provided by AIDEA. AEA owns six hydroelectric plants and the Alaska Intertie transmission line and is responsible for the administrative oversight for these facilities.

Component Goals and Strategies for FY2001

To efficiently oversee the operations and maintenance of approximately \$1 billion in electrical generation and transmission facilities in Alaska.

- To the extent feasible, contract to user utilities the direct operating, maintenance and repair responsibilities for AEA owned facilities.

Key Component Issues for FY2000 – 2001

Continue to maintain the technical integrity of AEA projects by providing scheduled maintenance inspections and by working with the Four Dam Pool communities under the "Self Help" provision of the operating contract. This includes repairs of the Tyee transmission line and of the Terror Lake project.

Continue to maximize local control of AEA projects, to the extent feasible, by contracting with the operating utilities to provide operating and maintenance services.

Continue to work with the operating utilities to lower operating costs and improve efficiencies at the hydroelectric projects: Four Dam Pool, Larsen Bay and Bradley Lake.

Major Component Accomplishments for FY1999

Completed Phase 2 of the Tyee Lake Transmission Line. Awarded and commenced Phase 3 repair work. Scheduled for completion by the end of 1999.

Inspected and completed the final engineering of the Terror Lake tunnel repairs. Phase 3 of the tunnel repair work is expected to begin in the summer of 2000.

Completed maintenance upgrades at Terror Lake Shotgun Lake dam.

Began replacement of the Swan Lake underground storage tank. Scheduled to be completed December 1999.

Installed Terror Lake Kizhuyak River diversion structure.

Replaced Swan Lake oil circuit breaker at the Bailey Substation.

Installed spill containment and updated procedures for the Four Dam Pool projects.

Cleared timber and brush from the existing Alaska Intertie Right of Way.

Evaluated, modified and replaced equipment and materials to assure Y2K compliance.

Continued to administer outstanding long-term debt in excess of \$300 million; continued to administer special trust funds relating to the facilities.

Statutory and Regulatory Authority

AS 44.83
2 AAC 94

Alaska Energy Authority Operations and Maintenance

Resource Summary

All dollars in thousands

	FY1999 Actuals	FY2000 Authorized	FY2001 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	38.5	30.0	30.0
73000 Contractual	906.1	1,006.5	1,006.5
74000 Supplies	0.1	8.0	8.0
75000 Equipment	3.9	5.0	5.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	948.6	1,049.5	1,049.5
Funding Sources:			
1107 Alaska Energy Authority Corporate Receipts	948.6	1,049.5	1,049.5
Funding Totals	948.6	1,049.5	1,049.5

Estimated Revenue Collections

Description	Master Revenue Account	FY1999 Actuals	FY2000 Authorized	FY2000 Cash Estimate	FY2001 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
Alaska Energy Authority Receipts	51418	948.6	1,049.5	1,049.5	1,049.5
Restricted Total		948.6	1,049.5	1,049.5	1,049.5
Total Estimated Revenues		948.6	1,049.5	1,049.5	1,049.5

Alaska Energy Authority Operations and Maintenance

Proposed Changes in Levels of Service for FY2001

No changes are anticipated.

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	0.0	0.0	1,049.5	1,049.5
FY2001 Governor	0.0	0.0	1,049.5	1,049.5

Budget Request Unit: Rural Energy Program

Manager: Randy Simmons, Executive Director
Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org

BRU Mission

The mission of the AEA Rural and Alternative Energy Program BRU is to assist in the development of safe, reliable, and efficient energy systems throughout Alaska that are financially viable and environmentally sound. The Rural and Alternative Energy BRU places an emphasis on lowering the costs and increasing the safety and reliability of approximately 115 independent utility rural power systems located throughout Alaska.

BRU Services Provided

The Rural and Alternative Energy component provides a variety of assistance programs and capital improvement programs designed to upgrade and improve the safety of rural energy infrastructure projects, provide lower cost energy, and create management efficiencies.

Through loan, grant and technical assistance programs, services of the Rural and Alternative Energy component include providing technical assistance and capital improvement funds to finance the purchase of bulk fuel, upgrade and rehabilitate bulk fuel projects, improve rural electric power systems, remedy safety deficiencies, provide emergency responses to utility system failures and provide technical and management assistance.

The Power Cost Equalization Program (PCE) is also administered through AEA's Rural and Alternative Energy BRU, a program to equalize the cost of energy in rural Alaska.

All programs are coordinated with the local governments, sanitation utilities and federal and state programs to improve efficiencies of funds and the long-term viability of the project.

The Alaska Industrial Development and Export Authority (AIDEA) provides oversight of the Alaska Energy Authority projects and Rural and Alternative Energy Programs. AEA contracts with AIDEA to provide staffing for the rural energy programs.

BRU Goals and Strategies for FY2001

Provide technical assistance to upgrade community power and fuel facilities.

Assist rural communities in the management and administration of electric utilities and bulk fuel storage system facilities.

Eliminate safety hazards and prevent or resolve emergencies related to power production or fuel storage and delivery in rural communities. This will be accomplished by continuing to provide preventative maintenance programs and upgrades to power systems.

Provide management oversight and technical assistance for capital improvement projects authorized and funded by the Legislature or funded by federal grants.

Evaluate the economic and technical feasibility of power projects.

Investigate and promote alternative power generation and transmission methods.

Provide financial assistance to rural communities through the PCE program through capital and loan funds for energy projects.

Key BRU Issues for FY2000 – 2001

- 1) Improve rural utility infrastructure and improve management efficiencies related to the operation and delivery of energy services.
 - Provide technical assistance to rural communities in power generation and transmission and bulk fuel storage facilities.
 - Provide management oversight and technical assistance for capital improvement projects authorized and funded by the Legislature or funded by federal funds.
 - Evaluate the economic and technical feasibility of power projects.
 - Administer loan program to assist small rural communities purchase annual bulk fuel supplies.
- 2) Decrease rural utility safety hazards.
 - Through technical assistance and training, resolve emergencies related to power production or fuel storage and delivery in rural communities.
- 3) Seek long term funding for PCE program.
 - It is possible that the PCE Fund will be depleted in FY2000.
 - To maintain the program at its current level of \$15.7 million, an additional \$9.4 million in funding is required for FY2001.

Major BRU Accomplishments for FY1999

Completed bulk fuel storage projects and upgrades in 13 communities totally \$8.9 million.

Continued to design work on 22 bulk fuel projects totaling \$23.6 million. The projected construction date is calendar year 2001.

Acquired a \$5.8 million grant from the Denali Commission to upgrade power generating facilities and distribution systems statewide.

Issued PCE payments as required by law in the amount of \$18 million. In addition, issued PCE statistical reports for FY97 and FY98.

Provided information as needed to the Governor's Blue Ribbon Committee and to the Legislature in connection with PCE program review.

**Rural Energy Program
Financial Summary**

All dollars in thousands

	FY1999 Actuals				FY2000 Authorized				FY2001 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
Power Cost Equalization	0.0	0.0	0.0	0.0	0.0	0.0	15,700.0	15,700.0	0.0	0.0	15,700.0	15,700.0
Non-Formula Expenditures												
Energy Operations	0.0	0.0	0.0	0.0	287.9	65.6	1,797.8	2,151.3	287.9	65.6	1,797.8	2,151.3
Totals	0.0	0.0	0.0	0.0	287.9	65.6	17,497.8	17,851.3	287.9	65.6	17,497.8	17,851.3

Rural Energy Program

Proposed Changes in Levels of Service for FY2001

All of the staff of the Rural Energy Program Component have been transferred to the AIDEA Component. AIDEA will now provide the necessary staff for the Rural Energy Program and bill the cost of these services to the Rural Energy Program Component. The personal services costs will be reflected in the AIDEA Component and will be funded by Interagency Receipts. The Rural Energy Program Component will reflect the cost as contractual expense.

Rural Energy Program

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	287.9	65.6	17,497.8	17,851.3
Adjustments which will continue current level of service:				
-Energy Operations	0.0	0.0	0.0	0.0
FY2001 Governor	287.9	65.6	17,497.8	17,851.3

Component: Energy Operations

Manager: D. Randy Simmons, Executive Director
Tel: (907) 269-3000 Fax: (907) 269-3044 E-mail: rsimmons@aidea.org

Component Mission

The mission of the Rural and Alternative Energy Programs Operations component is to assist in the development of safe, reliable, and efficient energy systems throughout Alaska that are financially viable and environmentally sound.

Component Services Provided

This component encompasses all operational activities of AEA's Rural Energy Programs that assist rural communities develop and operate safe, reliable and environmentally sound energy systems. In an effort to assist rural communities in the upgrades of community power and fuel facilities, the component provides technical assistance through the following programs and activities: 1) Bulk Fuel Repairs and Systems Improvements; 2) Rural Power System Upgrades; 3) Electrical Emergencies Response; 4) Utility Improvements/Small Power Projects; 5) Alternative Energy; and 6) Other Community-Specific Programs.

The component administers the Power Cost Equalization Program; the Bulk Fuel Revolving Loan Fund Program; the Power Project Loan Fund, including the award/administration of two large loans for the construction of power interties; the Rural Electrification Revolving Loan Fund, and other funds appropriated to the component.

Rural Energy Programs administers a variety of federal programs that provide capital funding for bulk fuel projects and power system upgrades. Federal funding is provided for Bioenergy, State Energy Program/Rebuild America rural building energy conservation program, Environmental Protection Agency/Bulk Fuel consolidation and construction in rural Alaska, U.S. DOE wind projects in Wales and Kotzebue and the U.S. DOE fuel-cell hybrid project in rural Alaska. In addition, U.S. Housing and Urban Development and the Denali Commission provide funding for rural energy project development and improvements.

The component also coordinates contracts for studies of financial and technical feasibility power projects in Alaska.

Component Goals and Strategies for FY2001

Provide technical assistance to upgrade community power and fuel facilities.

Assist rural communities in the management and administration of electric utilities and bulk fuel storage system facilities.

Eliminate safety hazards and prevent or resolve emergencies related to power production or fuel storage and delivery in rural communities. This will be accomplished by continuing to provide preventative maintenance programs and upgrades to power systems.

Provide management oversight and technical assistance for capital improvement projects authorized and funded by the Legislature or funded by federal grants.

Evaluate the economic and technical feasibility of power projects.

Investigate and promote alternative power generation and transmission methods.

Key Component Issues for FY2000 – 2001

Reduce the number of emergencies due to failures in electrical generation and transmission and in fuel facilities in rural Alaska.

Improve the safety and delivery of reasonably priced power to communities in rural Alaska through interconnection of facilities and consolidation of operations and administration.

Provide rural communities with short-term loans and technical assistance to purchase annual supplies of fuel for residential, municipal, utility and community facilities.

Continue to administer outstanding long-term loans in excess of \$200 million.

Pursue new federal funds for development of energy projects, bulk fuel systems and/or new power generation technology.

Major Component Accomplishments for FY1999

Completed bulk fuel storage projects and upgrades in 13 communities totaling \$8.9 million.

Continued design work on 22 bulk fuel projects totaling \$23.6 million. The projected construction date is calendar year 2001.

Acquired a \$5.8 million grant from the Denali Commission to upgrade power generating facilities and distribution systems statewide.

Statutory and Regulatory Authority

AS 42.45
19 AAC 96
19 AAC 97

Key Performance Measures

Measure: In FY01, complete construction of 10 code-compliant bulk fuel consolidation (CCBFC) or project upgrades (PU), complete design and begin construction of 8 CCBFC or PUs, and begin design of 17 CCBF.

(Not yet addressed by Legislature.)

Current Status:

Through November 1999, construction has been completed on 12 code-compliant bulk fuel consolidations and project upgrades in FY2000.

Through November 1999, the preliminary design phase has not yet been completed on any bulk fuel upgrade projects in FY00. However, 24 preliminary designs are to be received in January/February 2000.

Benchmark:

The term "code-compliant facility" was created by the Rural Energy Group to include all state regulations (Uniform Fire Code), as well as all federal requirements and regulations (U.S. Army Corps of Engineers, U.S. Coast Guard,

U.S. Environmental Protection Agency) for the construction, containment, dispensing and operation of facilities storing hazardous wastes and/or petroleum based fuels.

Background and Strategies:

Prior studies of tank farm conditions in rural Alaska reached the following conclusions:

- Over 90 % of the tank farms had inadequate dikes to contain fuel spills.
- 80 percent had inadequate foundations, which leads to gradual tank movement and fuel leaks.
- 75 % had improper piping systems with respect to joints and valves, the components most often associated with fuel leaks. Deficiencies included the widespread use of threaded pipe or rubber hose.
- 10 % of the tanks were rusted or dented beyond repair.
- Over 90 % did not have security fences.
- 25 % were sited too close to a well, beach, or building, or within a flood plain.
- 20 % exhibited electrical code violations.
- Almost all of the tank farms in rural Alaska are located near a river or coastline. As a result, fuel that leaks from these facilities readily finds its way to nearby water sources and damages marine habitat, fish, and wildlife. Fuel leakage into drinking water threatens public health. The State has already faced litigation rising from communities with evidence of deleterious health effects from drinking contaminated water.

Using a combination of federal and state funding, AEA will continue to provide technical assistance and construction oversight for the construction of code-compliant bulk fuel facilities on appropriate sites. These new or upgraded facilities will have the following characteristics:

- Secondary containment (typically, these are dikes) with impermeable liners and adequate capacity to contain fuel spills.
- New fuel tanks or refurbished tanks that have been cleaned, inspected, repaired and found suitable for continued service. The tanks will rest on properly sized and constructed foundations.
- Proper site location with respect to wells, beaches, buildings, and flood plains.
- New piping systems characterized by heavy gauge steel pipe, welded joints, steel valves, and aboveground access and visibility.
- Adequate security fences and lighting.

Energy Operations

Resource Summary

All dollars in thousands

	FY1999 Actuals	FY2000 Authorized	FY2001 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	1,585.9	0.0
72000 Travel	0.0	125.6	125.6
73000 Contractual	0.0	416.8	2,002.7
74000 Supplies	0.0	18.0	18.0
75000 Equipment	0.0	5.0	5.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	2,151.3	2,151.3
Funding Sources:			
1002 Federal Receipts	0.0	65.6	65.6
1004 General Fund Receipts	0.0	287.9	287.9
1007 Inter-Agency Receipts	0.0	236.0	217.1
1061 Capital Improvement Project Receipts	0.0	710.3	752.5
1062 Power Project Loan Fund	0.0	802.5	779.2
1074 Bulk Fuel Revolving Loan Fund	0.0	49.0	49.0
Funding Totals	0.0	2,151.3	2,151.3

Estimated Revenue Collections

Description	Master Revenue Account	FY1999 Actuals	FY2000 Authorized	FY2000 Cash Estimate	FY2001 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
Federal Receipts	51010	0.0	65.6	32.0	65.6
Interagency Receipts	51015	0.0	236.0	212.3	217.1
Capital Improvement Project Receipts	51200	0.0	710.3	774.8	752.5
Bulk Fuel Revolving Loan Fund	51270	0.0	49.0	49.0	49.0
Power Project Loan Fund	51350	0.0	802.5	802.5	779.2
Restricted Total		0.0	1,863.4	1,870.6	1,863.4
Total Estimated Revenues		0.0	1,863.4	1,870.6	1,863.4

Energy Operations

Proposed Changes in Levels of Service for FY2001

All of the staff of the Rural Energy Program Component have been transferred to the AIDEA Component. AIDEA will now provide the necessary staff for the Rural Energy Program and bill the cost of these services to the Rural Energy Program Component. The personal services costs will be reflected in the AIDEA Component and will be funded by Interagency Receipts. The Rural Energy Program Component will reflect the cost as contractual expense.

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	287.9	65.6	1,797.8	2,151.3
Adjustments which will continue current level of service:				
FY2001 Governor	287.9	65.6	1,797.8	2,151.3

Energy Operations

Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2000</u> <u>Authorized</u>	<u>FY2001</u> <u>Governor</u>		
Full-time	27	0	Annual Salaries	0
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	0
			<i>Less % Vacancy Factor</i>	()
			Lump Sum Premium Pay	0
Totals	27	0	Total Personal Services	

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
No personal services.					
Totals	0	0	0	0	0

Component: Power Cost Equalization

Manager: D. Randy Simmons, Executive Director

Tel: (907) 269-3000 Fax: (907) 269-3004 E-mail: rsimmons@aidea.org

Component Mission

To reduce the consumer's cost of electricity by attempting to provide for equalization of power cost per kilowatt-hour between rural Alaska and urban Alaska.

Component Services Provided

The PCE program currently plays a major role in helping to make power affordable for rural Alaskans by "equalizing" the cost of power between rural and urban communities, bringing consumer costs in communities dependent upon diesel generation close to the average cost of power in Anchorage, Fairbanks and Juneau. The cost of power in rural Alaska is up to four times greater than the cost of power in urban Alaska. Funding is provided to approximately 97 utilities eligible to participate in the PCE program. These utilities serve approximately 194 communities across the state, providing benefits to approximately 76,000 residents of the state.

PCE rates are determined on a community basis by using only the necessary and reasonable costs for each electric utility participating in the program. PCE funding reduces the cost of the first 500 kilowatt-hours per residential customer per month.

AS 42.45.050 provides funding for the program made up of the following sources: 1) 60 percent of the balance of the Four Dam Pool transfer fund; 2) money appropriated by the Legislature; and 3) money appropriated from the National Petroleum Reserve Alaska special revenue fund; 4) gifts, bequests, and contributions from other funds and 5) interest earned on the fund balance.

Component Goals and Strategies for FY2001

Assist in making power affordable in rural Alaska for residential households and community facilities.

Seek long-term funding for the PCE Program, which is vital to the economic well-being of rural Alaska.

Continue to administer program compliance and disbursements to approximately 97 electrical utilities and 194 communities.

Assist rural electric utilities in collecting the information and submitting the necessary report to obtain PCE benefits.

Prepare an annual statistical report on rural electric utility sales, costs, rates, and benefits based on monthly PCE reports.

Continue to provide administrative training, when necessary, to electric utility staff to promote self sufficient and reliable utility record keeping and administration.

Key Component Issues for FY2000 – 2001

The PCE program is funded by the Power Cost Equalization and Rural Electrification Capitalization Fund (PCE Fund). It is possible that the PCE Fund will be depleted in FY2000. Currently the only long term funding source for the program is 60% of the annual deposit to the Four Dam Pool Transfer Fund. This is projected to be \$6.3 million in FY2001. Future years receipts from the Transfer Fund are projected to be between \$6.0 and \$6.5 million annually. To maintain the PCE program at a level of \$15.7, other sources of funding are required. Last year the Governor and the Legislature began working to find a solution to long term funding for PCE.

Implement statutory changes enacted by the 1999 Legislature, including changes to the eligibility of customers (new program eliminates commercial and schools from the program), reduces the entitlement to 500 kWh per month, raises the floor of eligibility to 12 cents/kWh and requires pro-ration when short funded for a total program of approximately \$15.7 million annually.

Project the impact of statutory changes on the annual program funding requirement based on actual payments during the first several months of the fiscal year.

Major Component Accomplishments for FY1999

Issued PCE payments as required by law in the amount of \$18.0 million.

Issued PCE statistical reports for FY97 and FY98.

Provided information as needed to the Governor's Blue Ribbon Committee and to the Legislature in connection with PCE program review.

Statutory and Regulatory Authority

AS 42.45

Power Cost Equalization
Resource Summary

All dollars in thousands

	FY1999 Actuals	FY2000 Authorized	FY2001 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Contractual	0.0	0.0	0.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	15,700.0	15,700.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	15,700.0	15,700.0
Funding Sources:			
1089 Power Cost Equalization Fund	0.0	15,700.0	15,700.0
Funding Totals	0.0	15,700.0	15,700.0

Estimated Revenue Collections

Description	Master Revenue Account	FY1999 Actuals	FY2000 Authorized	FY2000 Cash Estimate	FY2001 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
Power Cost Equalization	51404	0.0	15,700.0	15,700.0	15,700.0
Restricted Total		0.0	15,700.0	15,700.0	15,700.0
Total Estimated Revenues		0.0	15,700.0	15,700.0	15,700.0

Power Cost Equalization

Proposed Changes in Levels of Service for FY2001

No service changes.

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	0.0	0.0	15,700.0	15,700.0
FY2001 Governor	0.0	0.0	15,700.0	15,700.0

BRU/Component: Circuit Rider

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section)

Manager: D. Randy Simmons, Executive Director
Tel: (907) 269-3000 Fax: (907) 369-3044 E-mail: rsimmons@aidea.org

Component Mission

To insure reliable and efficient performance of the electric systems in rural communities in the state.

Component Services Provided

The services under the Circuit Rider program are contracted out to the private sector. The services are technical services and generally provided by qualified plant operators, electricians and linemen. Contractors visit the participating communities on a quarterly or semi-annual basis, depending on the conditions of the electrical systems, operator skills and utility management. Contractors perform technical inspection of facilities and testing of diesel generators, control panels, metering systems and other related components.

To insure the local plants are operated by skilled personnel and to supplement the hands-on-training provided through the contractor, where necessary, the Rural Energy Program provides formal plant operator training at the Alaska Vocational Technical School in Seward.

Component Goals and Strategies for FY2001

Ensure that small diesel power plants, especially those constructed or financed by the State, are properly maintained for safe and reliable service over their expected lives.

Conduct preventive maintenance and repair on a quarterly basis for rural electric utilities that lack the necessary in-house capability.

Conduct on-site operator training needed for local labor to take on regular preventive maintenance tasks.

Plan travel to communities located in the same geographic area to contain program costs.

Key Component Issues for FY2000 – 2001

Identify funding needed to stabilize program. Previous funding limits only provide for limited services in targeted geographic areas most in need and only during the winter months.

Use circuit rider program to gather and update information for electric utility and bulk fuel storage database, including inventory of system components and condition assessments.

Major Component Accomplishments for FY1999

Provided circuit rider maintenance services to 29 communities.

Statutory and Regulatory Authority

AS 42.45

Circuit Rider
Resource Summary

All dollars in thousands

	FY1999 Actuals	FY2000 Authorized	FY2001 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	8.0
73000 Contractual	0.0	300.0	292.0
74000 Supplies	0.0	0.0	0.0
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	300.0	300.0
Funding Sources:			
1002 Federal Receipts	0.0	200.0	0.0
1004 General Fund Receipts	0.0	100.0	300.0
Funding Totals	0.0	300.0	300.0

Estimated Revenue Collections

Description	Master Revenue Account	FY1999 Actuals	FY2000 Authorized	FY2000 Cash Estimate	FY2001 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
Federal Receipts	51010	0.0	200.0	200.0	0.0
Restricted Total		0.0	200.0	200.0	0.0
Total Estimated Revenues		0.0	200.0	200.0	0.0

Circuit Rider

Proposed Changes in Levels of Service for FY2001

No service changes.

Summary of Budget Changes

From FY2000 Authorized to FY2001 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2000 Authorized	100.0	200.0	0.0	300.0
Adjustments which will continue current level of service:				
-Funding Source Reallocation	200.0	-200.0	0.0	0.0
FY2001 Governor	300.0	0.0	0.0	300.0

BULK FUEL ASSESSMENT REPORT -- RANKING BY POINTS

Nikolai	127.51	Port Helden	87.69	Ekwok	41.77
Arctic Village	122.94	Shageluk	67.50	Gustavus	41.71
Kotlik	121.71	Kiana	67.36	Port Lions	40.00
Chignik Bay	119.39	Emmonak	67.30	McGrath	39.59
Chalkyitsik	119.35	Deering	67.00	Pelican	39.46
Beaver	116.10	Sheldon Point	67.00	Pilot Station	39.35
Venetie	115.08	Lower Kalskag	66.80	Napakiaik	38.89
Rampart	115.00	Shishmaref	65.41	Levalock	37.60
Aleknagik	111.25	Stony River	65.22	Aniak	37.53
Port Protection	110.00	Telida	65.00	Grayling	36.48
Noorvik	107.43	Atakanuk	64.84	Kasaan	34.97
Takotna	102.91	Brevig Mission	64.70	Quinhagak	34.69
Red Devil	101.34	Nightmute	64.25	Oscarville	34.59
Toksook Bay	101.13	Port Alsworth	63.97	Golovin	33.80
Point Baker	100.00	Russian Mission	63.67	Kolliganek	33.57
Diomede	99.90	Newtok	63.29	Nondalton	33.48
Larsen Bay	99.76	Shungnak	62.35	MeUakalla	33.44
Birch Creek	98.55	Hooper Bay	62.07	Kaktovik	33.32
Old Harbor	95.57	False Pass	60.98	Galena	33.17
Alka	94.25	Bettles	60.66	Scammon Bay	32.36
Chignik Lagoon	93.86	Pilot Point	59.47	Saint Mary's	32.06
Kongiganak	91.05	Collman Cove	58.24	Teller	32.02
Crooked Creek	91.02	Ouzinko	58.11	Shaktolik	31.37
Chevak	90.07	Craig	57.54	Savoonga	31.20
Chignik Lake	89.10	South Naknek	57.25	Wales	29.60
Tanana	84.29	Tuntutuliak	57.23	Ambler	29.36
Togiak	83.71	Allakaket	56.98	Goodnews Bay	28.67
Tununak	83.18	Unalakleet	65.95	Klawock	28.51
Upper Kalskag	82.55	Kallag	55.86	Walwright	28.31
Kokhanok	81.90	Stevens Village	55.00	Hughes	26.88
Nulato	81.83	New Stuyahok	54.94	Kwigillingok	24.98
Manokolak	81.48	Mekoryuk	54.93	Twin Hills	24.60
Koyukuk	80.30	Fort Yukon	54.87	Akiak	23.54
Huslia	80.02	Elim	54.50	Kivalina	23.30
Buckland	79.74	Pedro Bay	54.12	Napaskiak	23.22
Sand Point	78.96	Nunapitchuk	53.53	Perryville	20.87
Gambell	78.25	Thome Bay	53.13	Selawik	20.14
Koyuk	77.84	Kwethluk	62.19	Alatna	20.00
Chefornak	77.70	Marshall	50.32	Hollis	20.00
Clark's Point	76.36	Ivanof Bay	50.06	Pitka's Point	20.00
Chuathbaluk	75.87	Elfin Cove	50.00	Port Alexander	17.19
Egegik	74.29	Tenakee Springs	49.52	Nulqsut	16.67
Kasigluk	74.25	Kobuk	49.50	Anaktuvuk Pass	15.81
Akiachak	72.33	King Cove	49.10	Point Lay	10.27
Sleetmute	72.33	Iliamna	48.38	Point Hope	10.23
Noatak	71.60	Tauitek	48.00	Hydaburg	8.20
Anvik	71.28	Hoonah	47.38	Cold Bay	7.34
Mountain Village	70.92	Saint Michael	47.01	Karluk	5.00
White Mountain	70.04	Kipnuk	45.57	Naknek	3.61
Akutan	69.55	Kake	44.92	Atkasuk	1.32
Platinum	69.52	Eck	43.89	Angoon	0.92
Stebbins	69.14	Holy Cross	42.97	Atmautluak	0.22
Igiugig	69.01	Tuluksak	42.71	Ilimo Village	
Newhalen	68.06	Ruby	42.40		