

HB

103

<TARGET><BILL>HB 103</BILL><SUBJECT>HB
103</SUBJECT><COMM>HFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version CSHB 103(FIN)
() Publish Date _____

Identifier (file name) HB103-CCED-AIDEA-04-12-11 Dept. Affected DCCED
Title Powers of Alaska Energy Authority Appropriation Alaska Industrial Development & Export Authority
Allocation Alaska Industrial Development & Export Authority
Sponsor Rules by Request of the Governor
Requester House Finance Committee OMB Component Number 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	1,125.0		1,181.3	1,240.3	1,302.3	1,367.4	***	
Travel	0.0		0.0	0.0	0.0	0.0	***	
Services	0.0		0.0	0.0	0.0	0.0	***	
Commodities	0.0		0.0	0.0	0.0	0.0	***	
Capital Outlay	0.0		0.0	0.0	0.0	0.0	***	
Grants								
Miscellaneous								
TOTAL OPERATING	1,125.0	0.0	1,181.3	1,240.3	1,302.3	1,367.4	***	

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1007 I/A Receipts	1,125.0		1,181.3	1,240.3	1,302.3	1,367.4	***
Other (please identify)							
TOTAL	1,125.0	0.0	1,181.3	1,240.3	1,302.3	1,367.4	***

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	8		8	8	8	8	
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

This Fiscal Note estimates employee costs for Susitna Project Office and assumes that new staff are AIDEA employees contracted to the Alaska Energy Authority. This revised fiscal note includes, for informational purposes, the estimated Personal Services costs to AIDEA for the years noted for the eight positions.

Prepared by Amy Adler
Division Alaska Energy Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 771-3013
Date/Time 4/12/11 3:50 PM
Date 4/12/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB103(FIN)

Analysis

This legislation expands the Alaska Energy Authority's powers to allow AEA to acquire a Susitna River power project.

This fiscal note reflects the costs to AIDEA for the increase in personal services related to AEA's establishment of a project office in pursuit of constructing and owning the Susitna Hydro project.

PERSONAL SERVICES: \$1,125.0 - Increased to include 8 staff for the first year as follows:

Project Manager Rg 27

Environmental Manager Rg 26

Administrative Assistant Rg 12

Project Accountant Rg 18

Financial/Budget Analyst Rg 24

Public Outreach/Legislation Liaison Rg 23

Procurement Manager Rg 24

Data System Specialist Rg 20

The funding source is an increase to I/A receipts from the Alaska Energy Authority.

See also the related Fiscal Note for the costs to AEA Statewide Project Development component to establish a project office for the Susitna Hydro project.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB 103(FIN)
 () Publish Date _____

Identifier (file name) HB103-CCED-AEA-04-11-11 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
 Allocation Statewide Project Development
 Sponsor Rules by Request of the Governor Alternative Energy and Efficiency
 Requester House Finance Committee OMB Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0	***
Travel	0.0		0.0	0.0	0.0	0.0	0.0	***
Services	1,350.0		1,413.5	1,476.1	1,538.1	1,606.8	***	
Commodities	0.0		0.0	0.0	0.0	0.0	***	
Capital Outlay	413.0		5.0	5.0	5.0	5.0	***	
Grants								
Miscellaneous								
TOTAL OPERATING	1,763.0	0.0	1,418.5	1,481.1	1,543.1	1,611.8	***	

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1061 CIP Receipts	1,763.0		1,418.5	1,481.1	1,543.1	1,611.8	***	
1037 GF/Mental Health								
Other (please identify)								
TOTAL	1,763.0	0.0	1,418.5	1,481.1	1,543.1	1,611.8	***	

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

This Fiscal Note estimates employee costs for Susitna Project Office and assumes that new staff are AIDEA employees contracted to the Alaska Energy Authority.

Prepared by Amy Adler
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 771-3013
 Date/Time 4/11/11 5:00 PM
 Date 4/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB103(FIN)

Analysis

This legislation expands the Alaska Energy Authority's powers to allow AEA to acquire a Susitna River power project.

This fiscal note reflects the costs to AEA to establish a project office in pursuit of constructing and owning the Susitna Hydro project.

CONTRACTUAL: \$1,350.0

\$1,125.0 Contractual Services for 8 staff (AIDEA employees) for the first year as follows:

- Project Manager - Rg 27
- Environmental Manager - Rg 26
- Administrative Assistant - Rg 12
- Project Accountant - Rg 18
- Financial/Budget Analyst - Rg 24
- Public Outreach/Legislation Liaison - Rg 23
- Procurement Manager - Rg 24
- Data System Specialist - Rg 20

Note: Personal Services Costs are reflected in the related Fiscal Note for the AIDEA component.

\$225.0 Contractual Services for Building lease, and G&A costs for Project Office. Cost estimates include a cost associated with contract labor personnel.

\$ 189.0 Annual Lease - 4,500 sq. ft. (250'/pp x 14 +1000') x \$3.50 per sq. ft./mo. x 12 mo.'s.
\$ 36.0 G&A Expense: \$3.6 per person - \$3.6 x 10 (8 staff + 2 contractors).
\$ 225.0

EQUIPMENT/FURNITURE: \$413.0 - Increase for first year Project Office set up costs. This cost estimate assumes all equipment and furniture purchases in the first year as well as one time only moving expenses and tenant improvements.

\$ 28.0 IT Equipment \$2.0 per person x 14 (8 staff + 6 contractors). Assumes all equipment purchases in first year for project office (including contract labor needs).
\$ 385.0 Tenant Improvement \$315.0 (\$70 x 4,500 sq. ft.); Moving Expenses \$21.0; and Furniture \$49.0
\$ 413.0

Note: Tenant Improvement costs will vary depending on building configuration and may also be negotiated as part of a long term lease.

*** Costs for FY 2017 indeterminate

CS FOR HOUSE BILL NO. 103(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA
 TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL**FOR AN ACT ENTITLED**

1 **"An Act relating to the quorum of the Alaska Energy Authority; relating to the powers**
 2 **and duties of the Alaska Energy Authority; relating to the acquisition or construction of**
 3 **a Susitna River power project by the Alaska Energy Authority; relating to the definition**
 4 **of 'feasibility study' in the Alaska Energy Authority Act; providing legislative approval**
 5 **for certain loans from the power project fund; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 *** Section 1.** AS 44.83.040(a) is amended to read:

8 (a) The chair and vice-chair of the Alaska Industrial Development and Export
 9 Authority shall serve as officers of the Alaska Energy Authority. The powers of the
 10 Alaska Energy Authority are vested in the directors, and **four** [THREE] directors of
 11 the authority constitute a quorum. Action may be taken and motions and resolutions
 12 adopted by the Alaska Energy Authority at a meeting by the affirmative vote of a
 13 majority of the directors. The directors of the Alaska Energy Authority serve without

1 compensation, but they shall receive the same travel pay and per diem as provided by
2 law for board members under AS 39.20.180.

3 * **Sec. 2.** AS 44.83.080 is amended to read:

4 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
5 purposes, the authority has the following powers in addition to its other powers:

6 (1) to sue and be sued;

7 (2) to have a seal and alter it at pleasure;

8 (3) to make and alter bylaws for its organization and internal
9 management;

10 (4) to adopt regulations governing the exercise of its corporate powers;

11 (5) to improve, equip, operate, and maintain power projects and bulk
12 fuel, waste energy, energy conservation, energy efficiency, and alternative energy
13 facilities and equipment;

14 (6) to issue bonds to carry out any of its corporate purposes and
15 powers, including the establishment or increase of reserves to secure or to pay the
16 bonds or interest on them, and the payment of all other costs or expenses of the
17 authority incident to and necessary or convenient to carry out its corporate purposes
18 and powers;

19 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
20 encumber in any manner by mortgage or by creation of any other security interest, real
21 or personal property owned by it, or in which it has an interest, when, in the judgment
22 of the authority, the action is in furtherance of its corporate purposes;

23 (8) to accept gifts, grants, or loans from, and enter into contracts or
24 other transactions regarding them, with any person;

25 (9) to deposit or invest its funds, subject to agreements with
26 bondholders;

27 (10) to enter into contracts with the United States or any person and,
28 subject to the laws of the United States and subject to concurrence of the legislature,
29 with a foreign country or its agencies, for the construction, financing, acquisition,
30 operation, and maintenance of all or any part of a power project or bulk fuel, waste
31 energy, energy conservation, energy efficiency, or alternative energy facilities or

1 equipment, either inside or outside the state, and for the sale or transmission of power
2 from a project or any right to the capacity of it or for the security of any bonds of the
3 authority issued or to be issued for the project;

4 (11) to enter into contracts with any person and with the United States
5 [,] and, subject to the laws of the United States and subject to the concurrence of the
6 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
7 transmission, or use of power from a project, or any right to the capacity of it;

8 (12) to apply to the appropriate agencies of the state, the United States,
9 and a foreign country and any other proper agency for the permits, licenses, or
10 approvals as may be necessary, to **acquire, construct,** maintain, and operate power
11 projects in accordance with the licenses or permits, and to obtain, hold, and use the
12 licenses and permits in the same manner as any other person or operating unit;

13 (13) to enter into contracts or agreements with respect to the exercise
14 of any of its powers, and do all things necessary or convenient to carry out its
15 corporate purposes and exercise the powers granted in this chapter;

16 (14) to recommend to the legislature

17 (A) the pledge of the credit of the state to guarantee repayment
18 of all or any portion of revenue bonds issued to assist in construction of power
19 projects;

20 (B) an appropriation from the general fund

21 (i) for debt service on bonds or other project purposes;

22 or

23 (ii) to reduce the amount of debt financing for the
24 project;

25 (15) to carry out the powers and duties assigned to it under AS 42.45;

26 (16) to make grants or loans to any person and enter into contracts or
27 other transactions regarding the grants or loans;

28 (17) to promote energy conservation, energy efficiency, and alternative
29 energy through training and public education;

30 **(18) to acquire a Susitna River power project, whether by**
31 **construction, purchase, gift, or lease, including the acquisition of property rights**

1 **and interests by eminent domain under AS 09;**

2 **(19) to perform feasibility studies and engineering and design with**
 3 **respect to power projects.**

4 * **Sec. 3.** AS 44.83 is amended by adding a new section to read:

5 **Sec. 44.83.085. Susitna River power project annual report.** The authority
 6 shall prepare, not later than the first day of each regular session of the legislature, an
 7 annual report summarizing the status of the Susitna River power project and shall
 8 notify the legislature that the report is available.

9 * **Sec. 4.** AS 44.83.396(a) is amended to read:

10 (a) A power project that was acquired or constructed **under AS 44.83.080(18)**
 11 **or** as part of the former energy program for Alaska is owned, and shall be
 12 administered, by the authority.

13 * **Sec. 5.** AS 44.83.990(3) is amended to read:

14 (3) "feasibility study"

15 (A) means a study conducted for the purpose of establishing the
 16 economic and environmental practicality of completing a proposed power
 17 project [UNDER FORMER AS 44.83.181];

18 (B) includes engineering and design work to meet the
 19 requirements for submission of a license application for a proposed new
 20 project to the Federal Energy Regulatory Commission;

21 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 **LEGISLATIVE APPROVAL OF LOANS FROM THE POWER PROJECT FUND.**

24 (a) Provided the Alaska Energy Authority approves a loan for the Haida Energy, Inc.,
 25 Reynolds Creek hydroelectric project, the legislature authorizes the Alaska Energy Authority
 26 to loan an amount not to exceed \$11,000,000 from the power project fund (AS 42.45.010) for
 27 the Haida Energy, Inc., Reynolds Creek hydroelectric project in addition to the loan
 28 authorized by sec. 6, ch. 70, SLA 2010.

29 (b) Provided the Alaska Energy Authority approves a loan for the Cordova Electric
 30 Cooperative Humpback Creek hydroelectric project, the legislature authorizes the Alaska
 31 Energy Authority to loan an amount not to exceed \$5,000,000 from the power project fund

1 (AS 42.45.010) for the Cordova Electric Cooperative Humpback Creek hydroelectric project.

2 (c) Subsections (a) and (b) of this section constitute legislative approval under
3 AS 42.45.010(j) for a loan from the fund that exceeds \$5,000,000.

4 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).

CSHB 103(ENE)
Sectional Analysis - Sequential

Section 1: Would expressly authorize the legislature to appropriate amounts in the Railbelt energy fund to capitalize the new Railbelt energy fund, called the Alaska Railbelt energy fund, created by Section 3 of the bill. This would allow amounts to be appropriated and transferred from the existing Railbelt Energy fund into the new fund.

Section 2: Would place in the exempt service the executive director and other staff of AEA.

Section 3: Would establish the new Railbelt energy fund, called the Alaska Railbelt energy fund of AEA. The legislature may appropriate money from the fund for feasibility studies, license, permit, acquire or construct, or to make grants for power projects and electric transmission lines and interties that serve the Railbelt region.

Section 4: Would increase from 3 to 4 the quorum requirement for meetings of the AEA board of directors in reaction to statutory amendments made in 2010. Those amendments increased the size of the AIDEA board from 5 to 7. The AIDEA board serves as the board of AEA. The proposed amendment would correct the quorum for meetings of AEA's board of directors.

Section 5: Would empower AEA to hire employees and advisors in the exempt service. This power to hire employees would be equivalent to powers the Alaska Industrial Development and Export Authority (AIDEA) currently possesses.

Section 6: Would expand AEA's powers to allow AEA to acquire and construct new projects, and to conduct feasibility studies of new power projects.

Sections 7: Would empower AEA to establish subsidiary corporations to support the acquisition, construction, ownership, and operation of power projects, and thereby potentially limit potential liability of AEA or strengthen the financial viability of a project.

Section 8: Would enable an AEA subsidiary to exercise powers currently granted to AEA under AS 44.83.090. For example, an AEA subsidiary would be exempt from regulation by the Regulatory Commission of Alaska (RCA) to the same extent as AEA is exempt (but utilities contracting with the AEA subsidiary would not be exempted, and RCA would still need to approve power sales agreements between the AEA subsidiary and the Railbelt utilities).

Section 9: Would provide that AEA must exercise for new power projects, existing statutory authority managing power projects. This obligation is currently limited to power projects from the pre-1993, "former energy program for Alaska."

Section 10: Would make AS 44.83.396 apply to AEA subsidiaries that own power projects . AS 44.83.393 addresses how AEA administers the power project and contracts for operators, and includes provisions providing for AEA to contract with qualified utilities for the operation of the project. The amendment in Section 10 will impose these same duties on a subsidiary of AEA formed for a power project.

Section 11: Would amend the definition of "feasibility study" under AS 44.83.990(3) so that the term is not limited to only pre-1993 power projects.

Section 12: Would repeal the existing Railbelt energy fund, AS 37.05.520. This repeal would become effective under Section 15 when the balance of the fund is appropriated to AEA for deposit into the new Alaska Railbelt energy fund (created by Section 3), or appropriated and expended on projects.

Section 13: Would provide transitional provisions to address the status of existing employees who perform AEA functions with the Alaska Industrial Development Export Authority. AEA has not possessed the statutory authority to hire its own staff since the reorganization of AEA affected by 1993 legislation (ch. 18, SLA 1993). Since the 1993 legislation, AEA programs have been implemented by AIDEA employees. AEA's executive director, for example, is an employee of AIDEA, but is independent from the executive director of AIDEA. Sections 2 and 5 would authorize AEA to hire its own employees, and thereby assume greater control over the implementation of AEA programs. Section 13 provides for the transition of these employees from AIDEA to AEA.

Section 14: Would instruct the revisor of statutes to amend the statutory heading of AS 44.83.040 to reflect that the section would also address AEA employees.

Section 15: Would make the repeal of the existing Railbelt energy fund, AS 37.05.520, contingently effective when the balance of the fund is appropriated to AEA for deposit into the new Alaska Railbelt energy fund (created by Section 3), or appropriated and expended on projects.

Section 16: Would provide for an immediate effective date, excepting the contingent effective date for repeal of the existing Railbelt energy fund.



March 10, 2011

The Honorable Bill Stoltze
The Honorable Bill Thomas
Co-Chairs, House Finance Committee
Alaska State Legislature
State Capitol Rm 515
Juneau, Alaska 99801-1182

RE: CS HB 103 (ENE), "An establishing the Alaska Railbelt energy fund and relating to the fund; relating to and repealing the Railbelt energy fund; relating to the quorum of the board of the Alaska Energy Authority; relating to the powers of the Alaska Energy Authority regarding employees and the transfer of certain employees of the Alaska Industrial Development Export Authority to the Alaska Energy Authority; relating to the acquisition or construction of certain projects by the Alaska Energy Authority; relating to the definition of 'feasibility study' in the Alaska Energy Authority Act; and providing for an effective date."

Dear Representatives Stoltze and Thomas:

On March 8, 2011, CS HB 103 (ENE) passed the House Energy Committee with seven "do-passes" and was referred to the House Finance Committee. We respectfully request you to schedule CS HB 103 (ENE) for a hearing in the House Finance Committee and we urge favorable action on this bill.

On January 18, 2011, House Bill 103 (Companion Bill SB 42) was introduced by request of the Governor. Alaska's Energy Policy target is to reach 50 percent of its electricity generation through renewable energy by 2025. A new large hydroelectric project is needed to achieve this goal. This legislation would authorize the Alaska Energy Authority (AEA) to move forward on pursuing such a project to supply electricity to the railbelt region of the state. In November 2010, AEA released its "Preliminary Decision Document" identifying the Susitna Hydroelectric project as the recommended project to pursue. CS HB 103 (ENE) requires passage this session in order for AEA to file a preliminary permit application for the Susitna (Watana location) project with the Federal Energy Regulatory Commission this year.

The House Energy Committee amended HB 103 by removing AEA's ability to adopt its own procurement regulations and amending the new Alaska Railbelt Energy Fund by requiring legislative appropriation from the fund. Minor technical corrections and edits by Legislative Legal Division were also made to the bill. AEA has no objection to the changes.

CS HB 103 (ENE) authorizes AEA to 1) acquire, construct and own new power projects 2) hire staff in exempt service 3) create subsidiary corporations for the purpose of acquiring,

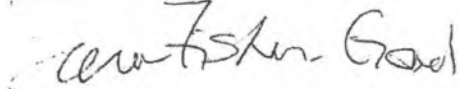
The Honorable Bill Stoltze
The Honorable Bill Thomas
March 10, 2011
Page 2 of 2

constructing, owning, maintaining and operating power projects 4) creates a new Alaska Railbelt Energy Fund in AEA and 4) defines the Board of Director's quorum as four of seven members.

A copy of CS HB 103 (ENE), the sectional analysis and other supporting documents will be sent to you separately. We will be happy to meet with you and other members of the committee to provide any other information you may require. Thank you for considering our request.

Sincerely,

ALASKA ENERGY AUTHORITY

A handwritten signature in cursive script that reads "Sara Fisher-Goad".

Sara Fisher-Goad
Executive Director

Fiscal Note Numbers:
 Support for Fiscal Note Computations (Thousands of Dollars).
 Prepared by Alaska Energy Authority
 Updated January 25, 2011

Component: Component Number:	AIDEA (1234)	AIDEA Facilities (2361)	AIDEA RDU Total	FN 1 of 2		FN 2 of 2		AEA Rural Energy Ops (2600)	AEA PCE (2602)	AEA Owned Facilities (2599)	AEA RDU Total
				AEA Statewide Project Devel., AEE (2888)	AEA Statewide Project Devel., AEE (2888)						
Operating Expenditures:											
71000 Personal Services	(5,578.7)		(5,578.7)	5,638.7	1,125.0						6,763.7
72000 Travel			0.0								0.0
73000 Contractual	341.6		341.6	(2,311.1)	238.0	(2,329.3)	(160.0)	(25.0)			(4,587.4)
74000 Supplies			0.0								0.0
75000 Land & Structures/Equipment			0.0		413.0						413.0
77000 Grants & Claims			0.0								0.0
78000 Miscellaneous			0.0								0.0
Total Operating	(5,237.1)	0.0	(5,237.1)	3,327.6	1,776.0	(2,329.3)	(160.0)	(25.0)			2,589.3
Funding Source											
1002 Federal Receipts			0.0								0.0
1004 General Fund			0.0	1,388.4		(816.7)	(160.0)				411.7
1007 IA Receipts	(5,379.9)	142.8	(5,237.1)	341.6							341.6
1061 CIP Receipts			0.0	1,512.6	1,776.0	(1,512.6)					1,776.0
1062 Power Project Fund			0.0								0.0
1074 Bulk Fuel Revolving Loan Fun			0.0	60.0							60.0
1102 AIDEA Receipts	142.8	(142.8)	0.0								0.0
1107 AEA Corporate Receipts			0.0	25.0				(25.0)			0.0
1108 Statutory Desig. Program Rcpts			0.0								0.0
1173 Miscellaneous Earnings			0.0								0.0
1210 Renewable Energy Fund			0.0								0.0
Total	(5,237.1)	0.0	(5,237.1)	3,327.6	1,776.0	(2,329.3)	(160.0)	(25.0)			2,589.3
Positions											
Transfer	(42.0)		(42.0)	42.0							42.0
New positions	1.0		1.0	1.0	8.0						9.0
Net position change	(41.0)		(41.0)	43.0	8.0						51.0
Total positions			35.0								61.0

Analysis:

ALASKA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY - AIDEA

Personal Services: TOTAL \$(5,578.7)

\$ (5,578.7) Decrease in personal services costs with transfer of 42 employees to Alaska Energy Authority.

\$ - Request one new position for AIDEA - Accountant IV, Range 20, to accommodate anticipated increased work load. Estimated cost is \$110.0
 No net increase in AIDEA Receipts requested - Cost offset by receipts from AEA for facilities costs. See net change in receipts for AIDEA Facilities Component.
 Net reduction in position count to AIDEA is 41.

Contractual Services: TOTAL \$341.6

\$ 341.6 Contractual cost of AEA Employees providing shared services (Operations Department) to AIDEA.

\$ (5,237.1) Net Change to Expenditures

ALASKA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY - Facilities Maintenance

Currently AIDEA absorbs the building operating costs. This fiscal note estimates the impact to AEA and AIDEA if AEA reimbursed AIDEA for their pro rata share.

Facility Operating Cost = \$3.4 per PCN per year x 42 employees = \$142.8

Contractual Services: No net impact to expenditure line. Reimbursement of actual costs impacts only the revenue source.

Impact to Fund Source: Reduces AIDEA receipts and increases I/A receipts. Transfer AIDEA receipt authority to operations component

**ALASKA ENERGY AUTHORITY - Statewide Project Development, Alternative Energy and Efficiency
FN 1 of 2**

Personal Services: TOTAL \$ 5,638.7

Increase in personal services costs with transfer of approximately 42 employee from AIDEA. All employee costs will be accounted for in one component - Statewide Project Development, AEE. This transfer reduces contractual services in several AEA components and increases personal services in this component.

\$	160.0	Approximately 2 FTE's providing support to the AEA PCE Component - GF funds.
\$	2,207.5	Approximately 16 FTE's providing support to the AEA Rural Energy Operations Component - GF and CIP receipts.
\$	2,320.0	Approximately 17 FTE's providing support to the AEA Statewide Project Development & AEE Component - GF and CIP receipts.
\$	891.2	Approximately 7 FTE's who are defined as shared service. This includes 6 positions that report to the Deputy Director of Operations and one engineer that works on both AIDEA and AEA projects.
\$	5,578.7	
\$	60.0	Request one new position for AEA - Loan Officer R20. Request additional BF receipts of \$60.0 with remaining funds through current funding levels.
\$	<u>5,638.7</u>	

Contractual Services: TOTAL \$ (2,311.1)

\$	(2,320.0)	Decrease Contractual Services and transfer cost to Personal Services. Approximately 17 FTE's.
\$	(285.1)	Operations - Shared Services. Decrease Contractual Services and transfer cost to Personal Services.
\$	142.8	Facility Operating Cost = \$3.4 per PCN per year x 42 employees = \$142.8
\$	151.2	G&A Cost Currently paid by AIDEA = \$3.6 per PCN per year x 42 employees = \$151.2
\$	<u>(2,311.1)</u>	

\$ 3,327.6 Net change to expenditures

**ALASKA ENERGY AUTHORITY - Statewide Project Development, Alternative Energy and Efficiency
FN 2 of 2**

Personal Services: TOTAL \$ 1,125.0

Increased to include 8 staff for the first year as follows:

\$	210.0	Project Manager Rg 27
\$	175.0	Environmental Manager Rg 26
\$	70.0	Administrative Assistant Rg 12
\$	100.0	Project Accountant Rg 18
\$	155.0	Financial/Budget Analyst Rg 24
\$	140.0	Public Outreach/Legislative Liaison Rg 23
\$	155.0	Procurement Manager Rg 24
\$	120.0	Data Systems Specialist Rg 20
\$	<u>1,125.0</u>	

Contractual Services: TOTAL \$ 238.0

\$	189.0	Annual Lease - 4,500 sq. ft. x \$3.50 per sq. ft./mo. X 12 mo.'s
\$	13.0	Utilities - \$1.3 per person x 10 (8 staff + 2 contractors)
\$	36.0	G&A Expense: \$3.6 per person - \$3.6 x 10 (8 staff + 2 contractors)
\$	<u>238.0</u>	

Equipment/Furniture: TOTAL \$ 413.0

\$	28.00	IT Equipment \$2.0 per person per year x 14 (8 staff + 6 contractors). Assumes all equipment purchases in 1st yr for project office (including contract labor needs).
\$	385.00	Tenant Improvement \$315.0 (\$70 x 4,500 sq ft); Moving Expenses \$21.0 and Furniture 49.0
\$	<u>413.00</u>	

ALASKA ENERGY AUTHORITY - Rural Energy Operations

Personal Services: No Impact.

Contractual Services: TOTAL \$ (2,329.3)

\$ (2,207.5) Reduce cost contractual costs of employee services and transfer out to Statewide component. Approximately 16 FTE's.
\$ (121.8) Reduce contractual costs of Operations employees who provide shared services. Transfer cost to Statewide component personal services.
\$ (2,329.3)

ALASKA ENERGY AUTHORITY - Power Cost Equalization

Personal Services: No Impact.

Contractual Services: TOTAL \$ (160.0)

\$ (160.0) Reduce cost contractual costs of employee services and transfer out to Statewide component. Approximately 2 FTE's.
\$ (160.0)

ALASKA ENERGY AUTHORITY - Owned Facilities

Personal Services: No Impact.

Contractual Services: TOTAL \$ (25.0)

\$ (25.0) Reduce cost contractual costs of employee services and transfer out to Statewide component. Approximately 15% of 1 FTE.
\$ (25.0)

Summary of Net Increase In GF Request for AEA:

\$ 76.9 Shared Services - IT Support not previously paid for by AEA
\$ 40.8 Shared Services - HR Support not previously paid for by AEA
\$ 284.0 O/H Facility Operating Cost/G&A not previously paid for by AEA
\$ 411.7

HB 103
REGULATION BY RCA

Prepared by the Alaska Department of Law, 15 February 2011

Statutory Bases for Regulation/Exemption from Regulation:

1. AS 44.83.090(b) – AEA is not subject to jurisdiction by RCA, but that does not diminish RCA jurisdiction over utilities that purchase power from AEA projects. E.g., absent other exemption, RCA must approve a power sales agreement before a utility could purchase from an AEA power project. AS 42.05.431(b).

- a. AEA exemption is similar to treatment given other political subdivisions.

- AS 42.05.711(b) – a public utility owned by and operated by a political subdivision is not subject to RCA regulation under AS 42.05 (with limited exceptions) unless: (a) the governing body elects to be subject to AS 42.05, or (b) the political subdivision would directly compete with another utility.

2. AS 44.83.090(a) – mandates provisions that must be included in AEA power sales agreements. The contract must provide for payment of operating and maintenance costs, interest and amortization of bond debt, AEA monitoring of project, full disclosure of all cost factors so rates will be determined on basis of true cost data; periodic revision of rates based upon accurate cost data; security and default provisions.

- AS 44.83.396(e) – mandates that AEA when it contracts for operation of a power project, review and approve annual budgets for operation and maintenance, and assure that the project is being operated efficiently and in a manner consistent with national standards for industry and agreements with bondholders.

- a. These statutory mandates largely duplicate what RCA does under economic regulation for power sales to ratepayers.

- AS 42.05.381 & AS 42.05.431(a) require rates be just and reasonable, and not discriminatory. Rates based upon costs. RCA generally reviews costs after project is constructed, but may review before construction (e.g., South Anchorage facility). RCA does not monitor construction of projects.

AS 42.05.291 & AS 42.05.511 provide authority for RCA to investigate management, services and facilities for efficiency, safety, etc.

- b. The statutory mandates on AEA alleviate the need for what would include duplicative RCA regulation.
3. AS 42.05.431(b) – A wholesale power agreement between public utilities is subject to prior approval by RCA. This provision applies to utilities purchasing from AEA, absent another exemption.
4. AS 42.05.431(c) – provides that wholesale power and related agreements arising out of certain projects owned, or originally owned, by AEA are not subject to RCA review or approval until all long-term debt for the project is paid off.
 - a. Applies to Bradley Lake Hydroelectric Project, and the original Four Dam Pool Hydroelectric Project (currently Lake Tye and Swan Lake owned by the SEAPA joint action agency).
 - b. Valid, approved power sales agreements will almost certainly be necessary to support financing a project.
 - c. The exemption of RCA review of wholesale power sales agreements for past projects eliminated the time necessary for RCA review and approval, including time that might have been involved with litigation challenging RCA's decision.
5. AS 42.05.431(b) – After RCA approves a wholesale power agreement and the agreement is in effect, RCA may not invalidate a sale under that contract. If sales under the contract make rates unjust or unreasonable, RCA can order parties to the agreement to negotiate or exercise dispute resolution mechanisms in the contract.
6. AS 42.05.431(a) – includes provisions that municipal and cooperative utilities may include rate covenants in bond and debt instruments, and RCA may not reject a rate necessary to satisfy debt covenants relating to rates.
 - a. This provision reduce scope of economic regulation and thereby offers assurances to creditors that the utility's debt will be repaid.
 - b. Application of this or similar provisions will likely be necessary for AEA financing of large projects.

FERC Oversight in Licensing Procedures
<p>1. Certain factors related to cost of power FERC evaluates in determining whether to grant a license include:</p> <ul style="list-style-type: none"> a. Construction and operational plans. b. Whether the project can be operated efficiently. c. The local need for power. d. The projected cost of power. e. Comparison of the lowest cost, reasonable alternative source of power. <p>FERC will not grant a license if not in the public interest based upon economic and other factors.</p>
<p>2. License conditions FERC imposes will impact the cost of power:</p> <ul style="list-style-type: none"> a. FERC will impose license conditions (e.g., environmental conditions). b. License conditions usually increase the cost of power. c. License conditions are mandatory. d. FERC will enforce license conditions. e. RCA economic regulation would not eliminate license conditions, regardless of impact on power rates.
<p>3. Post licensing activities.</p> <ul style="list-style-type: none"> a. FERC will review and enforce compliance with license conditions, including dam safety. b. FERC reviews and approves license amendments, e.g. to improve efficiency of project. c. FERC oversight might impact efficiency and costs, but is not focused upon economic regulation.

RCA Oversight
<p>1. RCA approves power sales agreements.</p> <ul style="list-style-type: none"> a. Decision based on economic and cost of power factors similar to those FERC uses in licensing. b. After a power sales agreement is approved <ul style="list-style-type: none"> i. RCA may not invalidate power sales under an approved contract, and ii. RCA does not economically regulate operations under the contract, but may order renegotiation or dispute resolution.
<p>2. RCA Statutory Regulation.</p> <ul style="list-style-type: none"> a. Non-economic regulation includes potential investigation of services and facilities of public utility that are unreasonable, unsafe, inadequate, insufficient, or unreasonably discriminatory. b. Economic regulation includes: <ul style="list-style-type: none"> i. Approval of rates if “just and reasonable,” and “non-discriminatory.” ii. Potential investigation of utility management for inefficient or unreasonable practices.

Impact of Imposing Rate Regulation on Ability to Obtain Financing.

1. Financing a project at reasonable, economic rates requires minimizing risk of non-payment of the debt.
2. If “rate regulation” is imposed to eliminate the obligation of ratepayers to pay certain expenses (e.g., for cost overruns), another person or entity must pay.
 - a. Placing payment risk on lenders or bond holders will likely either (i) preclude financing, or (ii) increase the cost of financing (increased costs which would pass through to ratepayers).
 - b. Placing payment risk on utilities would generally redirect the obligation to the same persons - - from ratepayers to members for cooperatives, and from ratepayers to tax-payers for municipal utilities.
 - c. Future legislatures could choose to appropriate more funds to the project to cover cost overruns, and protect ratepayers.
3. RCA statutes protect lenders and bond holders of municipal and cooperative utilities, assuring that rates RCA approves will cover debt payments.



D. Douglas Johnson

PROJECTS DIRECTOR, ALASKA

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April 12, 2011

Reps. Bill Stoltze and Bill Thomas, House Finance Co-Chairmen

State Capitol Rooms 515 and 505

Juneau, AK, 99811

Re: HB 103

Dear Chairmen,

I am writing in support of the elements of HB 103 that give the Alaska Energy Authority (AEA) a greater degree of autonomy in their ability to resource appropriately. As a developer of renewable energy projects in Alaska, ORPC needs the assistance of AEA's professional staff and resources to further our nascent industry and support the development of our projects here in Alaska. HB 103 provides AEA an independent framework for more efficiently and effectively supporting its mission of lowering the cost of energy to Alaskans.

Thank you for your time and service. I look forward to advancing this new form of energy with your help.

Sincerely,

D. Douglas Johnson

FERC LICENSING - PUBLIC PROCESSES

This paper outlines public processes applicable to two of FERC's licensing processes: the Alternative Licensing Process (ALP) and the Integrated Licensing Process (ILP). This paper does not outline public processes FERC uses in determining whether to approve a license application.

Exhibit A provides process flow charts for the ALP and ILP. Exhibit B provides a matrix comparing ALP and ILP. Both Exhibits are copied from documents on FERC's website.

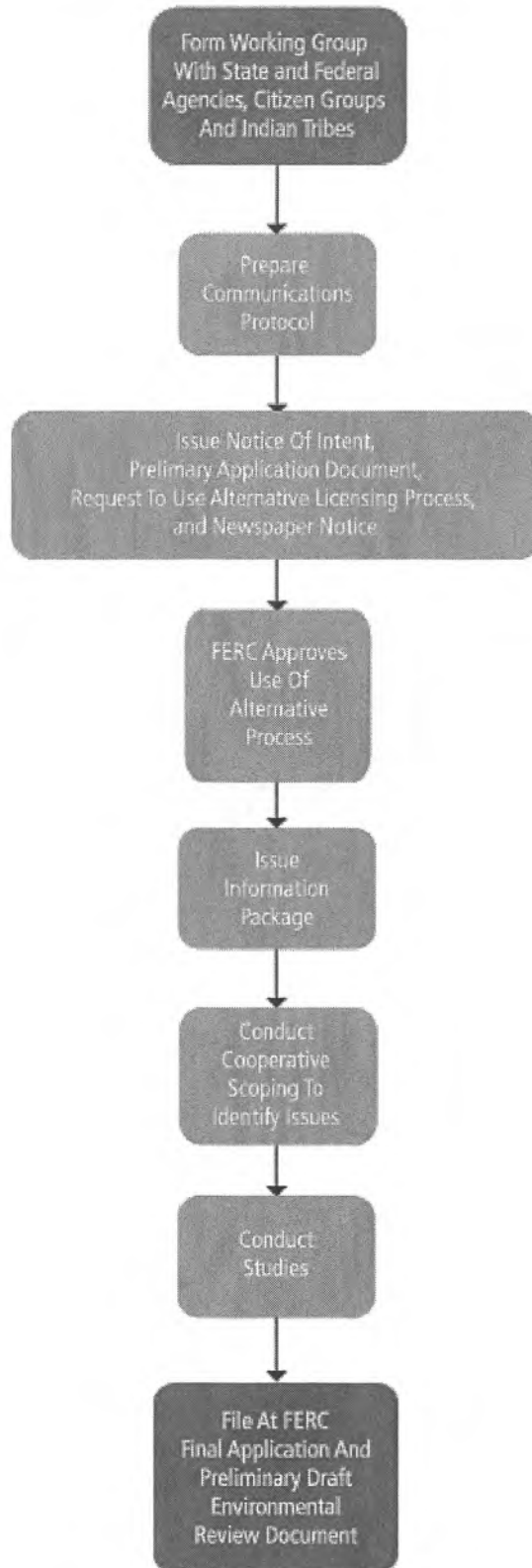
1. Overview of processes.
 - a. Both ALP and ILP include establishing groups of interested parties to participate in the licensing process (referred to as "stakeholders" in this paper). Stakeholders include state and federal resource agencies, tribal organizations, non-governmental organizations, and members of the public.
 - b. FERC recommends that communication with stakeholders is critical, regardless of the process selected. In this regard, the applicant's approach and willingness to engage participants is key.
 - c. ILP is the presumptive process; FERC must approve using another process.
 - d. ALP is described as "collaborative" while ILP is described as "integrated."
 - e. ILP "integrated" basically means that the licensing process is integrated with the environmental processes (e.g., NEPA, 401 permit - Clean Water Act, Endangered Species Act.) by FERC and other agencies.
 - f. ILP is more regimented (see Exhibit A for detailed process), and has more specific time deadlines. ILP is front loaded; planning ahead and active participation are essential.
 - g. ALP is collaborative. For example, the processes and deadlines are developed through collaboration with stakeholders. Communications protocols are established early in the process. Dispute resolution is collaborative; no decision maker if parties fail to reach agreement.
 - h. While not imposed by the ILP process, FERC suggests that the applicant may implement open communication/collaborative protocols and other processes similar to ALP.
 - i. ILP process gives more deference to state and federal resource agencies.
 - j. FERC involvement with all stakeholders early and throughout the process is very helpful.
2. Activities before filing notice of intent and pre-application document (pre-application activity).
 - a. FERC has expressed a willingness to participate in workshops and training sessions with stakeholders about the FERC licensing processes. A FERC staff report based upon inquiries made to stakeholders on the ILP suggests:

- i. Early workshops/training with FERC staff is invaluable to promoting meaningful public participation.
 - ii. FERC involvement early and throughout the process is very helpful.
 - b. The applicant prepares a pre-application document (PAD) which gathers studies and starts organization for environmental processes (the PAD can be structured like an environmental assessment document). Stakeholder comments and participation is helpful.
 - i. The applicant gathers existing studies (“existing, relevant, and reasonably available information”), and requests stakeholders to provide additional studies and identify issues and resource management considerations
 - c. Adopt information/communication protocols – how information will be made available.
 - i. Pre-application outreach meetings.
 - ii. A project website.
 - iii. Document distribution protocol.
 - iv. Perhaps, communication protocol
3. Activities before filing License Application (after notice of intent and PAD is filed).
- a. Scoping.
 - i. Scoping initiates FERC’s process to identify issues to be examined under NEPA. Scoping provides stakeholders an opportunity to review and discuss existing information and conditions, resource management objectives, issues, and the process plan and schedule.
 - ii. FERC holds scoping meetings with stakeholders.
 - b. Study plan development and study plan requests.
 - i. Study plan development involves developing a detailed approach for filing information gaps needed to address issues and identify mitigation opportunities identified during consultation and scoping and for resolving disagreements over studies and study methods.
 - ii. Informal study plan workshops may be scheduled before the release of the proposed study plan.
 - iii. Stakeholders can review and request additional studies.
 - iv. Study plan meetings may be held to resolve disputes.
 - c. FERC’s pre-environmental impact statement meetings with stakeholders.
 - d. Preliminary licensing proposal.
 - i. Applicant under ILP process files preliminary license proposal 150 days before filing license application.
 - ii. Stakeholders given opportunity to comment.
 - iii. Agencies prepare draft terms and conditions for inclusion in License Application

EXHIBIT A

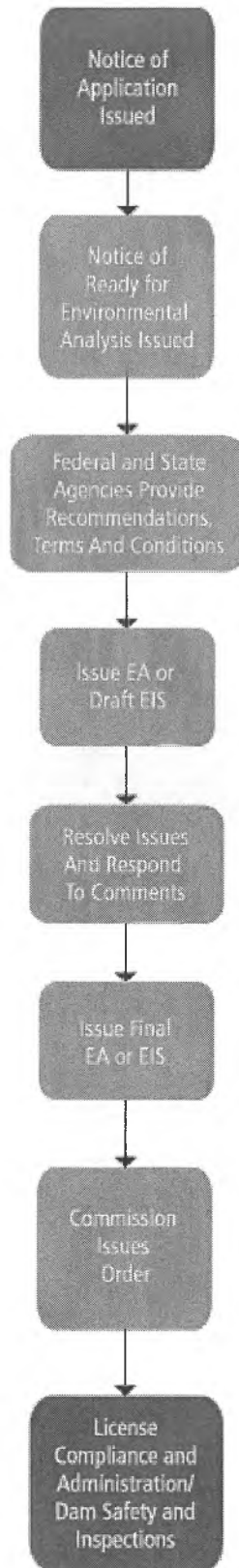
PROCESSES FOR HYDROPOWER LICENSES Alternative Licensing Process

Applicant's Pre-Filing Process



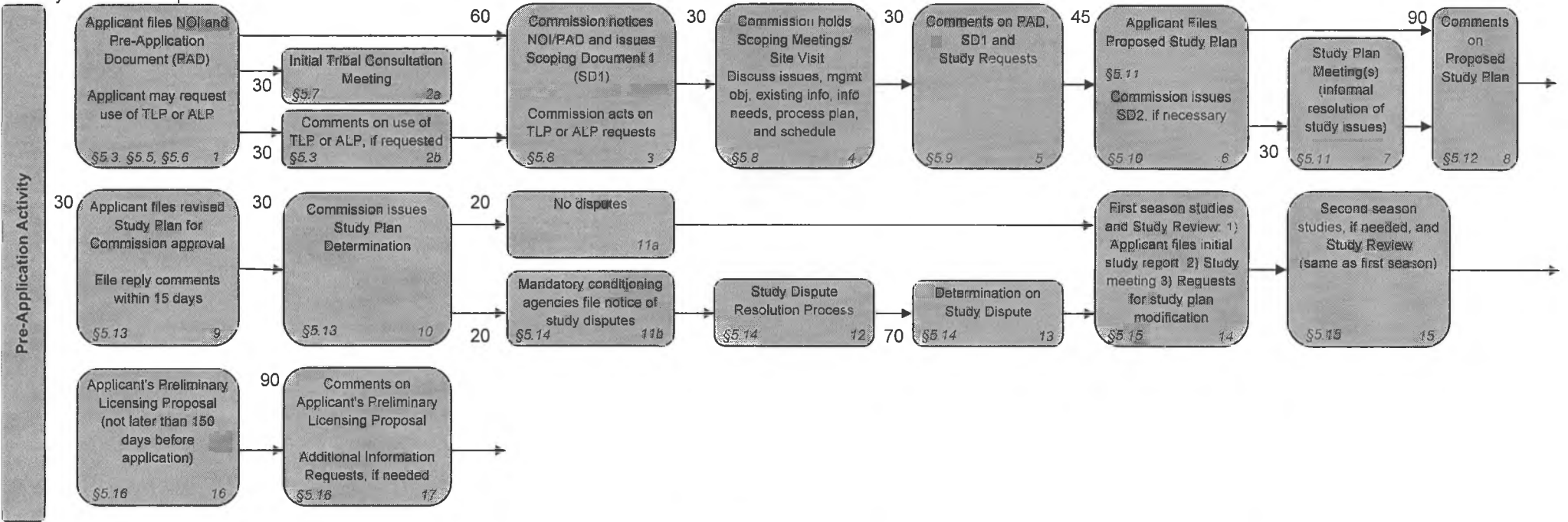
PROCESSES FOR HYDROPOWER LICENSES
Alternative Licensing Process

FERC Application Process



Integrated Licensing Process (Section 241 of the Energy Policy Act of 2005)

5.5-5 years before expiration for relicense



2 years before expiration for relicense

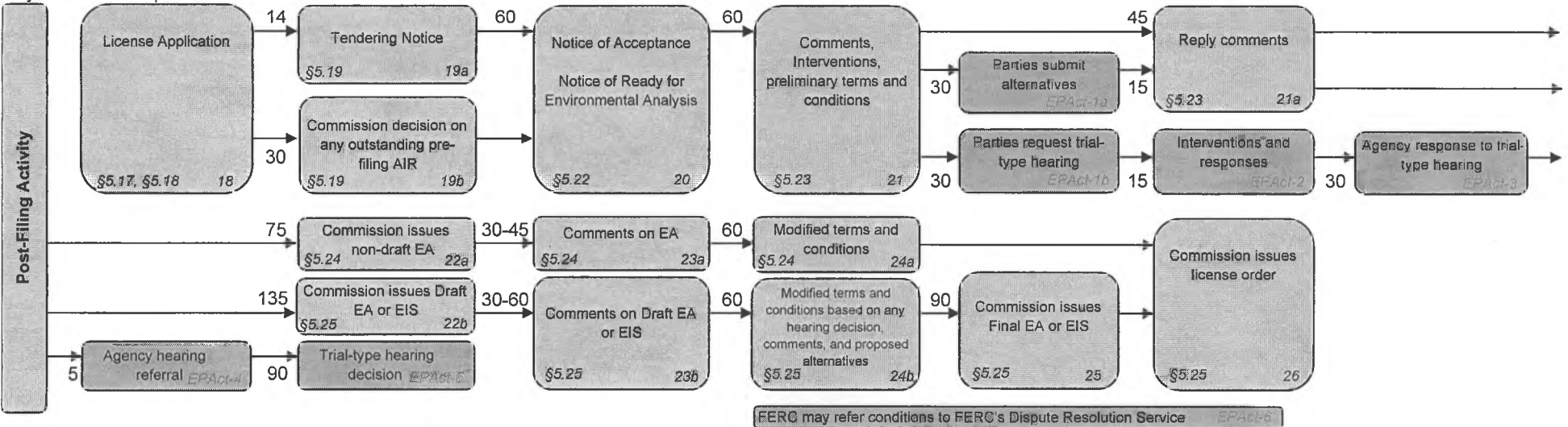


EXHIBIT B

Matrix Comparing Two Licensing Processes

	Integrated Licensing Process (ILP)	Alternative Licensing Process (ALP)
Consultation w/ Resource Agencies and Indian Tribes	- Integrated	- Collaborative
FERC Staff Involvement	- Pre-filing [beginning at filing of Notice of Intent (NOI)] - Early and throughout process	- Pre-filing (beginning at filing the NOI) - Early involvement for National Environmental Policy Act (NEPA) scoping as requested
Deadlines	- Defined deadlines for all participants (including FERC) throughout the process	- Pre-filing: deadlines defined by collaborative group - Post-filing: defined deadlines for participants
Study Plan Development	- Developed through study plan meetings with all stakeholders - Plan approved by FERC	- Developed by collaborative group - FERC staff assist as resources allow
Study Dispute Resolution	- Informal dispute resolution available to all participants - Formal dispute resolution available to agencies with mandatory conditioning authority - Three-member panel provides technical recommendation on study dispute - OEP Director opinion binding on applicant	- FERC study dispute resolution available upon request to agencies and affected tribes - OEP Director issues advisory opinion
Application	- Preliminary licensing proposal or draft application and final application include Exhibit E (environmental report) with form and contents of an EA	- Draft and final application with applicant-prepared environmental assessment or third-party environmental impact statement

Additional Information Requests	<ul style="list-style-type: none"> - Available to participants before application filing - No additional information requests after application filing 	<ul style="list-style-type: none"> - Available to participants primarily before application filing - Post-filing requests available but should be limited due to collaborative approach
Timing of Resource Agency Terms and Conditions	<ul style="list-style-type: none"> - Preliminary terms and conditions filed 60 days after Ready for Environmental Analysis (REA) notice - Modified terms and conditions filed 60 days after comments on draft NEPA document 	<ul style="list-style-type: none"> - Preliminary terms and conditions filed 60 days after REA notice - Schedule for final terms and conditions

Document Copied from FERC Website by Department of Law on April 6, 2011

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Governor Sean Parnell
STATE OF ALASKA

January 14, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill that would authorize the Alaska Energy Authority (AEA) to move forward on pursuing a large hydroelectric project to supply much needed energy to Interior and Southcentral Alaska. The bill would authorize AEA to acquire, construct, own, and operate new power projects; create a new Alaska Railbelt energy fund as a fund of AEA; repeal the existing Railbelt energy fund (AS 37.05.520) after the balance of the existing fund is appropriated and transferred into the new fund or appropriated and expended for other purposes; address quorum requirements of the AEA board; and allow for the adoption of regulations to govern the procurement of supplies, services, professional services, and construction.

Alaska's State Energy Policy target is to reach 50 percent of its electricity generation through renewable energy by 2025. To achieve this goal, we must move aggressively and invest now to develop capacity for a major hydroelectric project on the Susitna River. This legislation allows AEA to continue with environmental and feasibility studies positioning the State to seek preliminary approval from the Federal Energy Regulatory Commission for a project that will provide half of Southcentral's electricity demand.

Alaska must invest now to create new opportunities for economic development and jobs for Alaskans. A Susitna Dam hydroelectric project will provide an important and much needed supply of renewable energy for Alaskan homes and businesses while creating jobs for Alaskans. A sectional analysis is provided with this packet.

I urge your prompt and favorable action on this important measure.

Sincerely,

A handwritten signature in black ink that reads "Sean Parnell".

Sean Parnell
Governor

Enclosure

1

House Bill No. 103

CSHB 103(ENE)
Sectional Analysis – By subject

Sections 1, 3, 12, and 15: Collectively, creates a new Railbelt energy fund called the Alaska Railbelt Energy Fund, as a fund of AEA and repeals the existing Railbelt energy fund. **Section 1** would expressly authorize the legislature to appropriate amounts in the Railbelt energy fund to capitalize the new Railbelt energy fund, called the Alaska Railbelt energy fund. This would allow amounts to be appropriated and transferred from the existing Railbelt Energy fund into the new fund. **Section 3** would establish the new Railbelt energy fund, called the Alaska Railbelt energy fund of AEA. The legislature may appropriate money from the fund for feasibility studies, license, permit, acquire or construct, or to make grants for power projects and electric transmission lines and interties that serve the Railbelt region.

Section 12: Would repeal the existing Railbelt energy fund, while **Section 15** would make that repeal contingent upon the balance of the fund being appropriated to AEA for deposit into the new Railbelt energy fund called the Alaska Railbelt energy fund, or appropriated and expended on projects.

Sections 2 and 5: Would empower AEA to hire employees and advisors in the exempt service. This power to hire employees would be equivalent to powers the Alaska Industrial Development and Export Authority (AIDEA) currently possesses.

Sections 13 and 14: Are transitional sections related to AEA hiring employees. **Section 13:** would address the status of existing employees who perform AEA functions with the Alaska Industrial Development Export Authority. AEA has not possessed the statutory authority to hire its own staff since the reorganization of AEA affected by 1993 legislation (ch. 18, SLA 1993). Since the 1993 legislation, AEA programs have been implemented by AIDEA employees. AEA's executive director, for example, is an employee of AIDEA, but is independent from the executive director of AIDEA. The bill would authorize AEA to hire its own employees, and thereby assume greater control over the implementation of AEA programs. **Section 14:** would instruct the revisor of statutes to amend the statutory heading of AS 44.83.040 to reflect that the section would also address employees.

Section 4: Would increase from 3 to 4 the quorum requirement for meetings of the AEA board of directors in reaction to statutory amendments made in 2010. Those amendments increased the size of the AIDEA board from 5 to 7. The AIDEA board serves as the board of AEA. The proposed amendment would correct the quorum for meetings of AEA's board of directors.

Sections 6, 9, and 11: Would expand AEA's powers to allow AEA to acquire, construct, and

conduct feasibility studies of new power projects. **Section 6** would amend the powers of AEA to add provisions related to new power projects. **Sections 9 and 11** would empower AEA to exercise for new power projects, existing statutory authority managing power projects which are currently limited to power projects from the pre-1993, "former energy program for Alaska." AS 44.83.396 (amended by sec. 9 of the bill) addresses how AEA administers the power project and contracts for operators. AS 44.83.990(3) (amended by **Section 11**) would define "feasibility study" so that it is not limited to only pre-1993 power projects.

Sections 7, 8, and 10: Would empower AEA to establish subsidiary corporations to support the acquisition, construction, ownership, and operation of power projects. **Section 7** would empower AEA to create subsidiary corporations for new power projects, and thereby potentially limit potential liability of AEA or strengthen the financial viability of a project. **Sections 8 and 10** of the bill would enable an AEA subsidiary to exercise powers currently granted to AEA. For example, AS 44.83.090 (amended by **Section 8**) would exempt an AEA subsidiary from regulation by the Regulatory Commission of Alaska to the same extent as AEA is exempt (but would not exempt utilities contracting with the AEA subsidiary). Also, **Section 10** would make AS 44.83.396 apply to AEA subsidiaries that own power projects . AS 44.83.393 addresses how AEA administers the power project and contracts for operators, and includes provisions providing for AEA to contract with qualified utilities for the operation of the project. The amendment in Section 10 will impose these same duties on a subsidiary of AEA formed for a power project.

Section 16: Would provide for an immediate effective date, excepting the contingent effective date for repeal of the existing Railbelt energy fund.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB 103(FIN)
 () Publish Date _____

Identifier (file name) HB103-CCED-AIDEA-04-11-11 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Industrial Development & Export Authority
 Allocation Alaska Industrial Development & Export Authority
 Sponsor Rules by Request of the Governor
 Requester House Finance Committee OMB Component Number 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services	1,125.0						
Travel	0.0						
Services	0.0						
Commodities	0.0						
Capital Outlay	0.0						
Grants							
Miscellaneous							
TOTAL OPERATING	1,125.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1007 I/A Receipts	1,125.0						
Other (please identify)							
TOTAL	1,125.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	8.0						
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

This Fiscal Note estimates employee costs for Susitna Project Office and assumes that new staff are AIDEA employees contracted to the Alaska Energy Authority.

Prepared by Amy Adler
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 771-3013
 Date/Time 4/11/11 5:00 PM
 Date 4/11/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB103(FIN)

Analysis

This legislation expands the Alaska Energy Authority's powers to allow AEA to acquire a Susitna River power project.

This fiscal note reflects the costs to AIDEA for the increase in personal services related to AEA's establishment of a project office in pursuit of constructing and owning the Susitna Hydro project.

PERSONAL SERVICES: \$1,125.0 - Increased to include 8 staff for the first year as follows:

Project Manager Rg 27

Environmental Manager Rg 26

Administrative Assistant Rg 12

Project Accountant Rg 18

Financial/Budget Analyst Rg 24

Public Outreach/Legislation Liaison Rg 23

Procurement Manager Rg 24

Data System Specialist Rg 20

The funding source is an increase to I/A receipts from the Alaska Energy Authority.

See also the related Fiscal Note for the costs to AEA Statewide Project Development component to establish a project office for the Susitna Hydro project.

(all 7 voided)

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
Bill Version HB 103
(H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
Title Powers of Alaska Energy Authority Appropriation AIDEA
Sponsor Rules Committee Allocation Alaska Industrial Development & Export Authority
Requester Request of the Governor OMB Component Number 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	(5,578.7)							
Travel								
Contractual	341.6							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(5,237.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
---------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF							
1007 I/A Receipts	(5,379.9)						
1061 CIP Receipts							
1102 AIDEA Receipts	142.8						
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	(5,237.1)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time	(41.0)						
Part-time							
Temporary							

Why this fiscal note differs from previous version

[Empty box for explanation of differences]

Prepared by Sara Fisher-Goad, Deputy Director - Operations
Division Alaska Industrial Development & Export Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
Date/Time 1/12/11 5:00 PM
Date 1/13/2011

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

This bill empowers the Alaska Energy Authority (AEA) to hire employees. The impact of this legislation to AIDEA's Operating component is that approximately 42 employees will transfer to AEA and decrease AIDEA's cost of personal services. This cost analysis assumes that AIDEA and AEA will maintain certain shared services (Finance, Operations, and Credit Departments).

Personal Services:	\$ (5,578.7)	Transfer of 42 employees to AEA Statewide Component.
Contractual Services:	<u>\$ 341.6</u>	Contractual cost of AEA Employees providing shared services. Net
Change	\$ (5,237.1)	

Under this analysis, AIDEA contractual costs increase by the cost of AEA employees providing shared services (Operations Department) to AIDEA. The Finance and Credit departments provide shared services to AEA.

One new Finance position is requested to meet anticipated increased work. The anticipated cost of this position is estimated to be \$110.0. No additional funding is requested to support this position. AIDEA anticipates that this position can be funded with the additional AIDEA receipts gained as a result of billing AEA for their share of the building operating costs, estimated in this analysis to be \$142.8.

(42) Employee transfers to AEA Statewide Component

1 New position - Accountant, Rg 20

(41) Net Positions

Please see cost analysis in AEA's Statewide Project Development & AEE component for more detail as well as a list of the PCN's transferred to AEA.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 2
 Bill Version HB 103
 (H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10
 Title Powers of Alaska Energy Authority
 Sponsor Rules Committee
 Requester Request of the Governor
 Dept. Affected DCCED
 Appropriation AIDEA
 Allocation Alaska Industrial Development Corporation Facilities Maintenance
 OMB Component Number 2361

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1004 GF								
1007 I/A Receipts	142.8							
1061 CIP Receipts								
1102 AIDEA Receipts	(142.8)							
1074 Bulk Fuel								
1107 AEA Corporate Receipts								
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version

Prepared by Sara Fisher-Goad, Deputy Director - Operations
 Division Alaska Industrial Development & Export Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

This bill empowers the Alaska Energy Authority (AEA) to hire employees. Currently AIDEA absorbs 100% of the facility operating costs. This fiscal note estimates the impact to AIDEA if AEA reimbursed AIDEA for their pro-rata share of the facility operating costs based on PCN count.

Facility Operating Cost = \$3.4 per PCN per year x 42 employees = \$142.8.

There is no net impact to the expenditure line as actual building costs remain the same. Increase in I/A receipts reduces AIDEA receipts in this component. AIDEA receipt authority is transferred to the AIDEA operations component.

See related fiscal notes for both AIDEA and AEA Statewide Project Development components for the full impact of this legislation.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 3
 Bill Version HB 103
 (H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
 Allocation Statewide Project Development
 Alternative Energy and Efficiency
 Sponsor Rules Committee OMB Component Number 2888
 Requester Request of the Governor

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	5,638.7							
Travel								
Contractual	(2,311.1)							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	3,327.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF	1,388.4						
1007 I/A Receipts	341.6						
1061 CIP Receipts	1,512.6						
1102 AIDEA Receipts							
1074 Bulk Fuel	60.0						
1107 AEA Corporate Receipts	25.0						
TOTAL	3,327.6	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	43.0						
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #3

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

Note: This is fiscal note 1 of 2 for the AEA Statewide Project Development component. The cost information relevant to the power of AEA to have employees is presented separately from the cost information relevant to the power of AEA to construct and own projects (See fiscal note 2 of 2 Statewide Project Development for cost of AEA to establish a project office for the Susitna Hydro Projects.)

This bill empowers the Alaska Energy Authority (AEA) to hire employees. All AEA employee costs will be accounted for in this component. This increases personal services with the transfer of approximately 42 employees from AIDEA. This transfer reduces contractual services in several AEA components and increases personal services in this component. One new position (Loan Officer Rg 20) is requested to meet anticipated increased work in lending activities. This position will be primarily responsible for AEA loan programs.

Personal Services: TOTAL \$5,638.7

\$ 160.0	Approximately 2 FTE's providing support to the AEA PCE Component - GF Funds.
\$ 2,207.5	Approximately 16 FTE's providing support to the AEA Rural Energy Operations Component - GF & CIP.
\$ 2,320.0	Approximately 17 FTE's providing support to the AEA Statewide Pj Devel & AEE Component - GF & CIP.
<u>\$ 891.2</u>	Approximately 7 FTE's who are defined as shared services. This includes 6 positions that report to the Deputy Director of Operations and one engineer that works on both AIDEA and AEA projects.
\$ 5,578.7	Subtotal Personal Services - 42 employees transferred from AIDEA to AEA.
<u>\$ 60.0</u>	Request 50% funding for one new position for AEA - Loan Officer Rg 20.
\$ 5,638.7	

Contractual Services: TOTAL \$(2,311.1)

\$(2,320.0)	Decrease Contractual Services and transfer cost to Personal Services. Approximately 17 FTE's.
\$ (285.1)	Operations - Shared Services. Decrease Contractual Services and transfer cost to Personal Svcs.
\$ 142.8	Facility Operating Costs = \$3.4 per PCN per year x 42 employees = \$142.8 (See also AIDEA Facilities Comp).
<u>\$ 151.2</u>	G&A Cost currently paid by AIDEA = \$3.6 per PCN per year x 42 employees = \$151.2.
\$(2,311.1)	

\$ 3,327.6 Net Change in Expenditures

PCN List (Title, Range, PCN, Dept./Area):

Transfers from AIDEA:

- 1) PCE Program Administrator Rg 17 - 080411 (PCE)
- 2) Accounting Technician Rg 12 - 080217 (PCE)
- 3) Deputy Director - Operations Rg 27 - 080405 (Operations Shared Services)
- 4) Data Systems Specialist Rg 22 - 080227 (Operations Shared Services)
- 5) HR Specialist Rg 18 - 080455 (Operations Shared Services)
- 6) Administrative Assistant Rg 13 - 080473 (Operations Shared Services)
- 7) Data Processing Tech II Rg 15 - 08X037 (Operations Shared Services)
- 8) Project Manager Rg 22 - 080223 (Operations Shared Services)
- 9) Technical Engineer Rg 25-080229 (Rural Energy Shared Services)
- 10) Deputy Director-Rural Energy Rg 27 - 080206 (Rural Energy)
- 11) Project Manager II Rg 24 - 080231 (Rural Energy)
- 12) Coordinator Rural Community Outreach Rg 24 -080401 (Rural Energy)
- 13) Project Development Specialist Rg 20 -080403 (Rural Energy)
- 14) Warehouse Manager Rg 15 - 080440 (Rural Energy)
- 15) Technical Engineer II Rg 25 - 080443 (Rural Energy)

See Page 3 of 3 for Continued Analysis.

Analysis Continued**PCN List (Title, Range, PCN, Dept./Area):**Transfers from AIDEA - continued:

- 16) Assistant Project Manager Rg 22 - 080466 (Rural Energy)
- 17) Rural Electric Utility Worker Rg 20 - 080479 (Rural Energy)
- 18) Project Manager Rg 25 - 080491 (Rural Energy)
- 19) Project Manager Rg 25 - 080498 (Rural Energy)
- 20) Rural Electric Utility Worker Rg 20 - 217010 (Rural Energy)
- 21) Project Assistant Rg 16 - 217011 (Rural Energy)
- 22) Rural Electric Utility Worker Rg 20 - 217012 (Rural Energy)
- 23) Program Manager Bulk Fuel & RPSU Rg 25 - 217014 (Rural Energy)
- 24) Project Manager Rg 22 - 08T019 (Rural Energy)
- 25) Circuit Rider Technician Rg 20 - 08X003 (Rural Energy)
- 26) Executive Director Rg 28 - 080208 (AEA Statewide)
- 27) Executive Assistant Rg 16 - 080219 (AEA Statewide)
- 28) Project Manager Rg 25 - 080222 (AEA Statewide)
- 29) Administrative Assistant Rg 12 - 080410 (AEA Statewide)
- 30) Administrative Assistant Rg 12 - 080434 (AEA Statewide)
- 31) Grants Assistant Rg 15 - 080233 (AEA Statewide)
- 32) Grants Administrator Rg 22 - 080457 (AEA Statewide)
- 33) Project Manager Rg 22 - 080230 (AEA Statewide)
- 34) Project Manager Rg 24 - 080232 (AEA Statewide)
- 35) Deputy Director - AEEE Rg 27 - 080407 (AEA Statewide)
- 36) Project Manager - Energy Data Inventory Rg 22 - 080425 (AEA Statewide)
- 37) Project Manager Rg 24 - 080458 (AEA Statewide)
- 38) Project Manager Rg 24 - 08X007 (AEA Statewide)
- 39) Assistant Project Manager - Wind Rg 22 - 08X028 (AEA Statewide)
- 40) Assistant Project Manager - Hydro Rg 22 - 08X029 (AEA Statewide)
- 41) Assistant Project Manager - GEO/Ocean Rg 22 - 08X033 (AEA Statewide)
- 42) Assistant Project Manager - Energy Efficient Rg 20 - 08X034 (AEA Statewide)

New Position:

- 43) Loan Officer Rg 20

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 4
Bill Version HB 103
(H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
Allocation Alaska Energy Authority Rural
Sponsor Rules Committee Operations
Requester Request of the Governor OMB Component Number 2600

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	(2,329.3)							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(2,329.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF	(816.7)						
1007 I/A Receipts							
1061 CIP Receipts	(1,512.6)						
1102 AIDEA Receipts							
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	(2,329.3)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
Division Alaska Energy Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
Date/Time 1/12/11 5:00 PM
Date 1/13/2011

FISCAL NOTE #4

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

This legislation allows the Alaska Energy Authority (AEA) to have employees. The impact to the Rural Energy Operating component is a reduction in contractual costs of employee services for an estimated 16 FTE's that were previously AIDEA employees estimated to be \$2,207.5 and a reduction in contractual costs of Operations employees who provide shared services estimated to be \$121.8. These positions are funded by both GF and CIP receipts. Costs are transferred to the Statewide component personal services. Please see the fiscal note analysis for the AEA Statewide Project Development, Alternative Energy and Efficiency component (FN 1 of 2) for more detail.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 5
 Bill Version HB 103
 (H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
 Allocation Alaska Energy Authority Power
 Sponsor Rules Committee Cost Equalization
 Requester Request of the Governor OMB Component Number 2602

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	(160.0)							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	(160.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF	(160.0)						
1007 I/A Receipts							
1061 CIP Receipts							
1102 AIDEA Receipts							
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	(160.0)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date _____

FISCAL NOTE #5

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

This legislation allows the Alaska Energy Authority (AEA) to have employees. The impact to the Power Cost Equalization component is a reduction in contractual costs of employee services for an estimated 2 FTE's that were previously AIDEA employees estimated to be \$160.0. These positions are funded by GF receipts. Costs are transferred to the Statewide component personal services. Please see the fiscal note analysis for the AEA Statewide Project Development, Alternative Energy and Efficiency component (FN 1 of 2) for more detail.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 6
 Bill Version HB 103
 (H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10 Dept. Affected DCCED
 Title Powers of Alaska Energy Authority Appropriation Alaska Energy Authority
 Allocation Alaska Energy Authority Owned
 Sponsor Rules Committee Facilities
 Requester Request of the Governor OMB Component Number 2599

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services							
Travel							
Contractual	(25.0)						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	(25.0)	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1004 GF							
1007 I/A Receipts							
1061 CIP Receipts							
1102 AIDEA Receipts							
1074 Bulk Fuel							
1107 AEA Corporate Receipts	(25.0)						
TOTAL	(25.0)	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
 Division Alaska Energy Authority
 Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
 Date/Time 1/12/11 5:00 PM
 Date 1/13/2011

FISCAL NOTE #6

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

This legislation allows the Alaska Energy Authority (AEA) to have employees. The impact to AEA Owned Facilities component is a reduction in contractual costs of employee services for an estimated 15% of one engineer position funded by AEA Corporate receipts. Costs are transferred to the Statewide component personal services. Please see the fiscal note analysis for the AEA Statewide Project Development, Alternative Energy and Efficiency component (FN 1 of 2) for more detail.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 7
Bill Version HB 103
(H) Publish Date 1/18/11

Identifier (file name) 1822-CED-AEA-12-10-10
Title Powers of Alaska Energy Authority
Sponsor Rules Committee
Requester Request of the Governor
Dept. Affected DCCED
Appropriation Alaska Energy Authority
Allocation Statewide Project Development
Alternative Energy and Efficiency
OMB Component Number 2888

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	1,125.0		1,181.3	1,240.3	1,302.3	1,367.4		
Travel								
Contractual	238.0		247.8	252.7	252.7	257.1		
Supplies								
Equipment	413.0		5.0	5.0	5.0	5.0		
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	1,776.0	0.0	1,434.1	1,498.0	1,560.0	1,629.5	0.0	

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
1004 GF							
1007 I/A Receipts							
1061 CIP Receipts	1,776.0		1,434.1	1,498.0	1,560.0	1,629.5	
1102 AIDEA Receipts							
1074 Bulk Fuel							
1107 AEA Corporate Receipts							
TOTAL	1,776.0	0.0	1,434.1	1,498.0	1,560.0	1,629.5	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Full-time	8.0						
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Sara Fisher Goad, Deputy Director - Operations
Division Alaska Energy Authority
Approved by Susan K. Bell, Commissioner
Commerce, Community, & Economic Development

Phone 907-771-3012
Date/Time 1/12/11 5:00 PM
Date 1/13/2011

FISCAL NOTE #7

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 103

Analysis

Note: This is fiscal note 2 of 2 for the AEA Statewide Project Development component. The cost information relevant to the AEA project construction portion of this legislation is presented separately from the cost information relevant to the power of AEA to have employees (See fiscal note 1 of 2 for the costs of AEA Statewide Project Development to have employees).

Section 6, 9, and 11 of this bill expands AEA's powers to allow AEA to acquire, construct, and conduct feasibility studies of new power projects. Section 6 of the bill would amend the powers of AEA to add provisions related to new power projects. Sections 9 and 11 of the bill would empower AEA to exercise for new power projects, the existing statutory authority managing power projects which are currently limited to power projects from the pre-1993, "former energy program for Alaska."

This fiscal note reflects the costs to AEA to establish a project office in pursuit of constructing and owning the Susitna Hydro project.

PERSONAL SERVICES: \$1,125.0 - Increased to include 8 staff for the first year as follows:

Project Manager Rg 27
Environmental Manager Rg 26
Administrative Assistant Rg 12
Project Accountant Rg 18
Financial/Budget Analyst Rg 24
Public Outreach/Legislation Liaison Rg 23
Procurement Manager Rg 24
Data System Specialist Rg 20

CONTRACTUAL: \$238.0 - Increase for Contractual services including Lease, Utilities, and G&A costs for Project Office. Utilities and G&A estimates include a cost associated with contract labor personnel.

\$ 189.0 Annual Lease - 4,500 sq. ft. x \$3.50 per sq. ft./mo. x 12 mo.'s.
\$ 13.0 Utilities \$1.3 per person x 10 (8 staff + 2 contractors) first year.
\$ 36.0 G&A Expense: \$3.6 per person - \$3.6 x 10 (8 staff + 2 contractors).
\$ 238.0

EQUIPMENT/FURNITURE: \$413.0 - Increase for 1st year Project Office set up costs. This cost estimate assumes all equipment and furniture purchases in the first year as well as one time only moving expenses and tenant improvements.

\$ 28.0 IT Equipment \$2.0 per person per year x 14 (8 staff + 6 contractors). Assumes all equipment purchases in 1st year for project office (including contract labor needs).
\$ 385.0 Tenant Improvement \$315.0 (\$70 x 4,500 sq. ft.); Moving Expenses \$21.0; and Furniture 49.0
\$ 413.0

~~FIN~~

concept
Amend 1

require annual
report ^{to the legist} start of
each legislative
Session

*Adopted
4/12/11*

27-GH1822M
Kane
4/11/11

CS FOR HOUSE BILL NO. 103(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the quorum of the Alaska Energy Authority; relating to the powers**
2 **of the Alaska Energy Authority; relating to the acquisition or construction of a Susitna**
3 **River power project by the Alaska Energy Authority; relating to the definition of**
4 **'feasibility study' in the Alaska Energy Authority Act; providing legislative approval for**
5 **certain loans from the power project fund; and providing for an effective date."**

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 44.83.040(a) is amended to read:

8 (a) The chair and vice-chair of the Alaska Industrial Development and Export
9 Authority shall serve as officers of the Alaska Energy Authority. The powers of the
10 Alaska Energy Authority are vested in the directors, and **four** [THREE] directors of
11 the authority constitute a quorum. Action may be taken and motions and resolutions
12 adopted by the Alaska Energy Authority at a meeting by the affirmative vote of a
13 majority of the directors. The directors of the Alaska Energy Authority serve without

1 compensation, but they shall receive the same travel pay and per diem as provided by
2 law for board members under AS 39.20.180.

3 * **Sec. 2.** AS 44.83.080 is amended to read:

4 **Sec. 44.83.080. Powers of the authority.** In furtherance of its corporate
5 purposes, the authority has the following powers in addition to its other powers:

6 (1) to sue and be sued;

7 (2) to have a seal and alter it at pleasure;

8 (3) to make and alter bylaws for its organization and internal
9 management;

10 (4) to adopt regulations governing the exercise of its corporate powers;

11 (5) to improve, equip, operate, and maintain power projects and bulk
12 fuel, waste energy, energy conservation, energy efficiency, and alternative energy
13 facilities and equipment;

14 (6) to issue bonds to carry out any of its corporate purposes and
15 powers, including the establishment or increase of reserves to secure or to pay the
16 bonds or interest on them, and the payment of all other costs or expenses of the
17 authority incident to and necessary or convenient to carry out its corporate purposes
18 and powers;

19 (7) to sell, lease as lessor or lessee, exchange, donate, convey, or
20 encumber in any manner by mortgage or by creation of any other security interest, real
21 or personal property owned by it, or in which it has an interest, when, in the judgment
22 of the authority, the action is in furtherance of its corporate purposes;

23 (8) to accept gifts, grants, or loans from, and enter into contracts or
24 other transactions regarding them, with any person;

25 (9) to deposit or invest its funds, subject to agreements with
26 bondholders;

27 (10) to enter into contracts with the United States or any person and,
28 subject to the laws of the United States and subject to concurrence of the legislature,
29 with a foreign country or its agencies, for the construction, financing, acquisition,
30 operation, and maintenance of all or any part of a power project or bulk fuel, waste
31 energy, energy conservation, energy efficiency, or alternative energy facilities or

1 equipment, either inside or outside the state, and for the sale or transmission of power
2 from a project or any right to the capacity of it or for the security of any bonds of the
3 authority issued or to be issued for the project;

4 (11) to enter into contracts with any person and with the United States
5 [,] and, subject to the laws of the United States and subject to the concurrence of the
6 legislature, with a foreign country or its agencies for the purchase, sale, exchange,
7 transmission, or use of power from a project, or any right to the capacity of it;

8 (12) to apply to the appropriate agencies of the state, the United States,
9 and a foreign country and any other proper agency for the permits, licenses, or
10 approvals as may be necessary, to acquire, construct, maintain, and operate power
11 projects in accordance with the licenses or permits, and to obtain, hold, and use the
12 licenses and permits in the same manner as any other person or operating unit;

13 (13) to enter into contracts or agreements with respect to the exercise
14 of any of its powers, and do all things necessary or convenient to carry out its
15 corporate purposes and exercise the powers granted in this chapter;

16 (14) to recommend to the legislature

17 (A) the pledge of the credit of the state to guarantee repayment
18 of all or any portion of revenue bonds issued to assist in construction of power
19 projects;

20 (B) an appropriation from the general fund

21 (i) for debt service on bonds or other project purposes;

22 or

23 (ii) to reduce the amount of debt financing for the
24 project;

25 (15) to carry out the powers and duties assigned to it under AS 42.45;

26 (16) to make grants or loans to any person and enter into contracts or
27 other transactions regarding the grants or loans;

28 (17) to promote energy conservation, energy efficiency, and alternative
29 energy through training and public education;

30 (18) to acquire a Susitna River power project, whether by
31 construction, purchase, gift, or lease, including the acquisition of property rights

1 **and interests by eminent domain under AS 09:**

2 **(19) to perform feasibility studies and engineering and design with**
3 **respect to power projects.**

4 * **Sec. 3.** AS 44.83.396(a) is amended to read:

5 (a) A power project that was acquired or constructed **under AS 44.83.080(18)**
6 **or** as part of the former energy program for Alaska is owned, and shall be
7 administered, by the authority.

8 * **Sec. 4.** AS 44.83.990(3) is amended to read:

9 (3) "feasibility study"

10 (A) means a study conducted for the purpose of establishing the
11 economic and environmental practicality of completing a proposed power
12 project [UNDER FORMER AS 44.83.181];

13 (B) includes engineering and design work to meet the
14 requirements for submission of a license application for a proposed new
15 project to the Federal Energy Regulatory Commission;

16 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
17 read:

18 **LEGISLATIVE APPROVAL OF LOANS FROM THE POWER PROJECT FUND.**

19 (a) Provided the Alaska Energy Authority approves a loan for the Haida Energy, Inc.,
20 Reynolds Creek hydroelectric project, the legislature authorizes the Alaska Energy Authority
21 to loan an amount not to exceed \$11,000,000 from the power project fund (AS 42.45.010) for
22 the Haida Energy, Inc., Reynolds Creek hydroelectric project in addition to the loan
23 authorized by sec. 6, ch. 70, SLA 2010.

24 (b) Provided the Alaska Energy Authority approves a loan for the Cordova Electric
25 Cooperative Humpback Creek hydroelectric project, the legislature authorizes the Alaska
26 Energy Authority to loan an amount not to exceed \$5,000,000 from the power project fund
27 (AS 42.45.010) for the Cordova Electric Cooperative Humpback Creek hydroelectric project.

28 (c) Subsections (a) and (b) of this section constitute legislative approval under
29 AS 42.45.010(j) for a loan from the fund that exceeds \$5,000,000.

30 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).