

HB

299

<TARGET><BILL>HB 299</BILL><SUBJECT>HB
299</SUBJECT><COMM>HF IN28</COMM></TARGET>



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
Karen Rehfeld, Director

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February 18, 2014

The Honorable Pete Kelly
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Kevin Meyer
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

The Honorable Alan Austerman
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Bill Stoltze
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Re: FY 2014 Supplemental Budget Amendments HB 299/SB 155

Dear Finance Committee Co-Chairs,

Enclosed, please find proposed supplemental amendments to the FY 2014 supplemental budget based on additional information received after the 15th Legislative day.

As you know, the Susitna-Watana Hydroelectric Project will provide long-term, low-cost reliable power for generations of Railbelt electric consumers. The Alaska Energy Authority (AEA) is continuing work necessary to submit the project licensing application to the Federal Energy Regulatory Commission (FERC). We are requesting approval of supplemental funding, contingent upon AEA obtaining executed land access permits. The additional funds will support continued progress on the licensing effort to conduct the FERC approved environmental study plan. We are also requesting re-appropriation of FY2014 excess fuel trigger funding to cover costs associated with the Tustumena's delayed return to service and for the vessel replacement fund.

Thank you for your consideration of these supplemental budget amendments.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen".

Karen J. Rehfeld
Director

Enclosures

cc: David Teal, Director, Legislative Finance Division

FY2014 Supplemental Summary

Amendments Submitted February 3, 2014	UGF	DGF	Other Funds	Federal Funds	Total
Operating Agencies - Non-Formula	891.0	35.0	(17.9)	(23.1)	885.0
Operating Agencies - Formula	0.0	0.0	0.0	0.0	0.0
Fire Suppression	27,769.4	0.0	0.0	0.0	27,769.4
Agency Operating Subtotal	28,660.4	35.0	(17.9)	(23.1)	28,654.4
Debt Service	(15.5)	0.0	37.4	(21.9)	0.0
Disaster Funding	19,961.5	0.0	0.0	0.0	19,961.5
Settlements	1,846.1	0.0	0.0	0.0	1,846.1
Statewide Subtotal	21,792.1	0.0	37.4	(21.9)	21,807.6
Total Operating Supplementals	50,452.5	35.0	19.5	(45.0)	50,462.0
Capital	2,908.1	0.0	0.0	0.0	2,908.1
Total	53,360.6	35.0	19.5	(45.0)	53,370.1

Amendments Submitted February 18, 2014	UGF	DGF	Other Funds	Federal Funds	Total
Operating					
Operating Agencies - Non-Formula	0.0	0.0	0.0	0.0	0.0
Operating Agencies - Formula	0.0	0.0	0.0	0.0	0.0
Total Operating Supplementals Amendments	0.0	0.0	0.0	0.0	0.0
Capital	32,700.0	0.0	0.0	0.0	32,700.0
Total February 18 Supplemental Amendments	32,700.0	0.0	0.0	0.0	32,700.0
Total FY2014 Operating Supplementals	50,452.5	35.0	19.5	(45.0)	50,462.0
Total FY2014 Capital Supplementals	35,608.1	0.0	0.0	0.0	35,608.1
TOTAL SUPPLEMENTALS	86,060.6	35.0	19.5	(45.0)	86,070.1

2/20/14

Line	Back-up Page	Bill Section	Bill Page	Bill Line	Department	Component or Capital	PFT	Lang	Description	Unrestricted General Funds (UGF)	Designated General Funds (DGF)	Other Funds	Federal Funds	Fund Source	Total
1	LANGUAGE														
2	1-2	new	new	new	Commerce, Community and Economic Development	Capital		L	Susitna-Watana Hydroelectric Project This project supports the Susitna-Watana Hydroelectric project and provides for continued progress of field studies needed to file a Susitna-Watana Hydroelectric Project Federal Energy Regulatory Commission (FERC) license application. The sum of \$32,700,000 is appropriated from the general fund to the Alaska Energy Authority (AEA) for the Susitna-Watana Hydroelectric Project contingent upon AEA obtaining and holding valid executed land access permits needed to conduct field studies and other activities.	32,700.0	0.0	0.0	0.0	1004 General Fund	32,700.0
3	3	11	8	new	Fuel Branch-wide Unallocated	Appropriation		L	Reappn: sec. 22e(1), ch. 14, SLA 2013 Reappropriation for costs and lost revenue associated with the Tustumena cancelled service and repairs. The unexpended and unobligated balance, estimated to be \$2,500,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch. 14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)) to cover costs and lost revenue associated with the Tustumena cancelled service and repairs.	0.0	0.0	0.0	0.0	1004 General Fund	0.0
4	4	11	8	new	Fuel Branch-wide Unallocated	Appropriation		L	Reappn: sec. 22e(1), ch. 14, SLA 2013 Reappropriation to Alaska marine highway system vessel replacement fund (AS 37.05.550). The unexpended and unobligated balance, after application of the amount appropriated in (b) of this section, estimated to be \$5,000,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch. 14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).	0.0	0.0	0.0	0.0	1004 General Fund	0.0
5					Total of Supplemental Requests					32,700.0	0.0	0.0	0.0	0.0	32,700.0

Alaska Energy Authority - Susitna-Watana Hydroelectric Project **FY2014 Request: \$32,700,000**
Reference No: AMD 56220

AP/AL: Appropriation **Project Type:** Energy
Category: Development
Location: Southcentral Alaska **House District:** Southcentral Region (HD 7-30)
Impact House District: Southcentral Region (HD 7-30) **Contact:** Sara Fisher-Goad
Estimated Project Dates: 04/20/2014 - 06/30/2019 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

This project supports the Susitna-Watana Hydroelectric project and provides for continued progress of field studies contingent upon obtaining and holding valid executed land access permits. The Alaska Energy Authority continues to work towards filing a Susitna-Watana Hydroelectric Project Federal Energy Regulatory Commission (FERC) license application.

Funding:	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total
Gen Fund	\$32,700,000						\$32,700,000
Total:	\$32,700,000	\$0	\$0	\$0	\$0	\$0	\$32,700,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

Sec4 Ch16 SLA2013 P105 L22 SB18 \$95,200,000
 Sec4 Ch5 SLA2011 P127 L10 SB46 \$65,700,000
 Sec7 Ch43 SLA2010 P19 L16 SB230 \$10,000,000
 Sec13 Ch29 SLA2008 P87 L14 SB221 \$2,500,000

DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEVELOPMENT. The sum of \$32,700,000 is appropriated from the general fund to the Alaska Energy Authority for the Susitna-Watana Hydroelectric Project contingent upon Alaska Energy Authority obtaining and holding valid executed land access permits needed to conduct field studies and other activities.

Project Description/Justification:

The Alaska Energy Authority requests \$32,700,000 to complete the environmental studies for the Susitna-Watana Hydroelectric Project for FY2014. The funding will be utilized in April through June for procurement and field studies for FY2014 in anticipation of the FERC license application. A similar request is in the FY2015 Governor's budget.

Susitna -Watana Estimated Budget (in thousands)
Licensing and Engineering
PRECONSTRUCTION

Licensing

Engineering

Activity	Budget Authorized	To Date Expenditures & Outstanding Obligations Includes FY 14 - July - Dec 2013	FY2014 Budget January - June	FY2015 Budget	FY2016 Budget	Licensing Budget	Engineering Budget FY 17 and Beyond	Current Estimated Total Budget Jan 25, 2014
Pre-PAD Activities	\$6,498.3	\$6,498.3	\$0.0	\$0.0	\$0.0	\$6,498.3	\$0.0	\$6,498.3
Engineering Feasibility Study	17,773.5	14,032.9	3,343.0	300.0	0.0	17,675.9	8,097.5	25,773.5
Geotechnical Services	154.4	154.4	0.0	0.0	0.0	154.4	34,755.0	34,909.4
Board of Consultants	1,308.5	858.5	503.0	200.0	0.0	1,561.5	3,347.0	4,908.5
Detailed Engineering Design	200.0	0.0	0.0	0.0	0.0	0.0	176,268.0	176,268.0
Utility Coordination, Operations, & Power Sales	268.0	241.2	300.0	0.0	100.0	641.2	526.8	1,168.0
Update Integrated Resource Plan	18.3	18.3	0.0	0.0	0.0	18.3	0.0	18.3
Watana Transportation Analysis	575.0	521.2	0.0	0.0	0.0	521.2	0.0	521.2
FERC Licensing Support	2,704.3	2,339.2	600.0	1,300.0	1,000.0	5,239.2	1,565.0	6,804.3
Office of Project Management & Permitting	5,270.7	3,836.7	1,440.0	3,000.0	2,795.0	11,071.7	3,834.0	14,905.7
Water Resource Studies	21,436.3	18,251.0	9,797.2	0.0	9,353.0	37,401.3	0.0	37,401.3
Water Quality Studies	8,525.0	7,588.9	1,850.0	0.0	3,721.3	13,160.2	0.0	13,160.2
Geomorphology/Geology/Soils Studies	6,129.6	5,072.7	3,085.0	0.0	6,321.9	14,479.6	0.0	14,479.6
Fish and Aquatic Resource Studies	34,153.7	26,060.8	15,950.0	0.0	10,242.9	52,253.7	0.0	52,253.7
Wildlife Resource Studies	7,847.3	6,496.5	3,787.3	0.0	1,211.7	11,495.5	0.0	11,495.5
Botanical Resource Studies	3,882.2	3,218.5	1,344.6	0.0	1,719.1	6,282.2	0.0	6,282.2
Recreation and Aesthetic Resource Studies	7,657.1	5,285.6	1,785.0	0.0	6,499.0	13,569.6	0.0	13,569.6
Cultural Resource Studies	5,943.5	5,373.5	775.0	0.0	3,505.0	9,653.5	0.0	9,653.5
Substance Resource Studies	2,462.1	1,952.1	150.0	0.0	1,270.0	3,372.1	0.0	3,372.1
Socioeconomic and Transportation Issues	3,201.4	2,886.2	575.0	0.0	1,240.3	4,701.5	0.0	4,701.5
Draft License Application, BA, EFHA, Historic PMP	0.0	0.0	0.0	0.0	6,000.0	6,000.0	0.0	6,000.0
Final License Application	0.0	0.0	0.0	0.0	3,000.0	3,000.0	0.0	3,000.0
FERC NEPA Process	0.0	0.0	0.0	0.0	1,200.0	1,200.0	500.0	1,700.0
Settlement	0.0	0.0	0.0	566.0	1,534.0	2,100.0	0.0	2,100.0
Project Management Consultant	818.1	676.6	40.0	0.0	0.0	716.6	1,851.5	2,568.1
Technical Assistance	346.3	146.3	0.0	0.0	0.0	146.3	2,100.0	2,246.3
Field Permitting, Insurance, Bonding, & Misc	955.5	578.2	2,400.0	0.0	100.0	3,078.2	0.0	3,078.2
Safety & Logistical Support	20,530.8	20,098.9	12,130.0	1,000.0	4,963.2	38,192.1	331.9	38,524.0
GIS	1,176.2	1,108.6	300.0	0.0	350.0	1,758.6	167.6	1,926.2
SharePoint Site	160.0	10.0	0.0	0.0	600.0	610.0	450.0	1,060.0
Website and Public Information Library	466.0	187.8	60.0	300.0	840.0	1,387.8	878.2	2,266.0
Public Notices/Communications	603.1	364.9	550.0	200.0	150.0	1,264.9	388.2	1,653.1
Legal	4,522.5	3,435.0	1,610.0	0.0	1,590.0	6,635.0	2,587.5	9,222.5
Project Office	705.4	345.7	233.0	134.0	134.0	846.7	656.7	1,503.4
AEA Staffing Costs	5,716.0	3,484.8	1,041.0	3,000.0	3,612.5	11,138.2	6,352.4	17,490.7
Contingency and Unallocated Budget	63.7	0.0	0.0	0.0	0.0	0.0	63.7	63.7
Total Project Costs:	\$172,072.4	\$141,123.3	\$63,649.1	\$10,000.0	\$73,052.8	\$287,826.2	\$244,721.0	\$532,546.2

FY2014 Budget Remaining \$30,949.1
FY2014 Supplemental Request \$32,700.0

Note: No adjustment has been made for inflation of deferred cost from 2014 to 2015 field season.

Change Record Detail with Description (1438)

Unalloc Ap

Scenario: FY2014 Supplemental Amds Submitted Feb18 (11405)

Component: Fuel Branch-wide Appropriations (2954)

RDU: Fuel Branch-wide Unallocated (558)

Title: Reapprop Fuel Allocation to AMHS Fund for Tustumena Costs and Lost Revenue - Estimated to be \$2.5 Million

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

Alaska Marine Highway System is predicting the revenue generated in FY2014 will be approximately \$2.5 million less than budgeted due to the Tustumena's canceled sailings as well as the Kennicott's delay in coming out of its overhaul and the resulting impact system wide. Increased costs to cover operating the Kennicott on the Tustumena's Aleutian chain run were also incurred. Fuel and utility costs are lower than projected due to lower prices and reduced gallons used due to cancelled sailings. This request will reappropriate the fuel and utility authorization to cover these increased costs and lost revenues.

Add a new subsection:

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

(b) The unexpended and unobligated balance, estimated to be \$2,500,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch.14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)) to cover costs and lost revenue associated with the Tustumena cancelled service and repairs.

Change Record Detail with Description (1438)

Unalloc Ap

Scenario: FY2014 Supplemental Amds Submitted Feb18 (11405)

Component: Fuel Branch-wide Appropriations (2954)

RDU: Fuel Branch-wide Unallocated (558)

Title: Reapprop Fuel Allocation to Vessel Replacement Fund - Estimated to be \$5 Million

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		
										PFT	PPT	NP
Y	Suppl	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Add a new subsection:												
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.												
(c) The unexpended and unobligated balance, after application of the amount appropriated in (b) of this section, estimated to be \$5,000,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch.14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).												
Totals		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

FY2014 Supplemental Budget Amendment (HB 299/ SB 155)

Add a new section:

* Sec. XX. DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEVELOPMENT. The sum of \$32,700,000 is appropriated from the general fund to the Alaska Energy Authority for the Susitna-Watana Hydroelectric Project contingent upon Alaska Energy Authority obtaining and holding valid executed land access permits needed to conduct field studies and other activities.

FY2014 Supplemental Budget Amendment (HB 299/ SB 155)

Add new subsections:

*** Sec. 11. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a)**

The sum of \$164,617 is appropriated from the general fund to the Department of Transportation and Public Facilities, central design and engineering services, for the purpose of paying costs associated with Old Quinhagak Airport litigation for the fiscal year ending June 30, 2014.

(b) The unexpended and unobligated balance, estimated to be \$2,500,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch. 14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system fund (AS 19.65.060(a)) to cover costs and lost revenue associated with the Tustumena cancelled service and repairs.

(c) The unexpended and unobligated balance, after application of the amount appropriated in (b) of this section, estimated to be \$5,000,000, of the appropriation made in sec. 22(a) and (b) and allocated in sec. 22(e)(1), ch. 14, SLA 2013, page 75, lines 27-28 (Department of Transportation and Public Facilities fuel and utility costs) is reappropriated to the Alaska marine highway system vessel replacement fund (AS 37.05.550).