

**SB**

**196**

**(FILE 1)**

<TARGET><BILL>SB 196</BILL><SUBJECT>SB 196 (FILE  
1)</SUBJECT><COMM>SFIN29</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/22/16

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

**Finance Committee** considered SENATE BILL NO. 196

SB 196-POWER COST EQ FUND: RESERVE ACCT;DIVIDEND

"An Act relating to the use of certain unexpended earnings from the power cost equalization endowment fund."

and recommends:

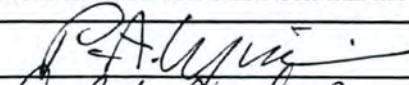

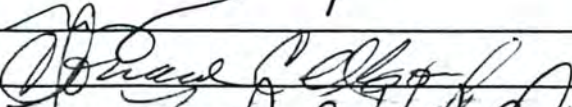
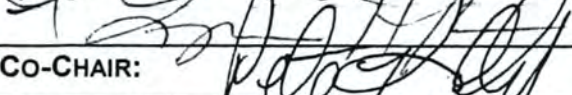


- be replaced with CS SB 196 (FIN)  Same Title  New Title
- adopt previous CS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  New Title
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
SPIN	X			
CED			X	

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	MICCHE	✓			
	Bishop	✓			
	Dunaway				✓
	OLSON	✓			
	Hoffman	✓			
CO-CHAIR: 	Kelly	✓			
CO-CHAIR: Anna MacKinnon	MacKinnon	✓			



# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: SB 196  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

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

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

### Expenditures/Revenues

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

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

### Fund Source (Operating Only)

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

### Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

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

### ASSOCIATED REGULATIONS

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

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

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

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

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

## Power Cost Equalization Endowment Fund -- Impacts of SB 196

### History and Projections (in Millions)

Fiscal Year	Beginning Balance	Additional Deposits	Earnings Rate*	Earnings	Program Costs	2nd Prior Fiscal Year Earnings In Excess of Program Costs	Available for Allocation	Allocation to Community Assistance	Allocation to Rural Energy Programs	Rem PCE
				Growth	2%		% Allocation Maximum	50% 30.0	20% 25.0	
FY03										
FY04	166.7		12%	20.7	15.1					
FY05	179.3		9%	15.4	15.9					
FY06	181.1		8%	14.6	22.2					
FY07	184.4	182.7	24%	45.1	25.7					
FY08	400.3		-5%	-18.8	28.8					
FY09	368.7		-13%	-49.1	37.7					
FY10	303.4		13%	38.4	31.8					
FY11	320.7		21%	67.7	32.7					
FY12	364.5	400.0	3%	10.9	39.5					
FY13	751.8		15%	111.5	40.6					
FY14	840.2		20%	171.1	41.7					
FY15	977.9		3%	33.2	38.4					
FY16	969.4		6%	58.2	41.7					
FY17	985.8		6%	59.2	40.4	(7.2)	0.0	0.0	0.0	
FY18	1,004.6		6%	60.3	41.2	17.0	17.0	8.5	3.4	
FY19	1,011.9		6%	60.7	42.0	17.2	17.2	8.6	3.4	
FY20	1,018.6		6%	61.1	42.8	17.5	17.5	8.7	3.5	
FY21	1,024.6		6%	61.5	43.7	17.0	17.0	8.5	3.4	
FY22	1,030.5		6%	61.8	44.6	16.6	16.6	8.3	3.3	
FY23	1,036.2		6%	62.2	45.4	16.0	16.0	8.0	3.2	
FY24	1,041.7		6%	62.5	46.4	15.5	15.5	7.7	3.1	
FY25	1,047.0		6%	62.8	47.3	14.9	14.9	7.4	3.0	
FY26	1,052.1		6%	63.1	48.2	14.3	14.3	7.1	2.9	
FY27	1,057.0		6%	63.4	49.2	13.6	13.6	6.8	2.7	
<b>TOTAL</b>								<b>79.8</b>	<b>31.9</b>	

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

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: SB 196  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

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

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

**Expenditures/Revenues**

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

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

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

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

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

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

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

Prepared By: Sara Fisher-Goad, Executive Director	Phone: (907)771-3012
Division: Alaska Energy Authority	Date: 04/10/2016 05:00 PM
Approved By: Catherine Reardon, Director	Date: 04/10/16
Agency: Division of Administrative Services, DCCED	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. CSSB196(FIN)

**Analysis**

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

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

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

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

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

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

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

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

**CS FOR SENATE BILL NO. 196(FIN)**  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATORS HOFFMAN, MacKinnon, Bishop, Olson, Stedman, Stevens

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act relating to the amount appropriated for power cost equalization; relating to the**  
2 **use of certain unexpended earnings from the power cost equalization endowment fund;**  
3 **and providing for an effective date."**

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

5 \* **Section 1.** AS 42.45.080(c) is amended to read:

6 (c) On July 1 of each year, the commissioner shall determine

7 **(1) the monthly average market value of the fund for the previous three**

8 **closed fiscal years; and**

9 **(2) the earnings of the fund for the previous closed fiscal year.**

10 \* **Sec. 2.** AS 42.45.085(a) is amended to read:

11 (a) **Five** [SEVEN] percent of the amount determined by the commissioner of  
12 revenue on July 1 of each year under AS 42.45.080(c)(1) may be appropriated [FOR  
13 THE FISCAL YEAR BEGINNING THE FOLLOWING JULY 1] for the following  
14 purposes:

1 (1) funding the power cost equalization and rural electric capitalization  
2 fund (AS 42.45.100);

3 (2) reimbursement to the Department of Revenue for the costs of  
4 establishing and managing the fund; and

5 (3) reimbursement of other costs of administration of the fund.

6 \* **Sec. 3.** AS 42.45.085 is amended by adding new subsections to read:

7 (c) If the amount appropriated under (a) of this section is insufficient to  
8 achieve the purposes of (a)(1) - (3) of this section, the amount shall be prorated among  
9 the purposes listed in (a)(1) and (2) of this section.

10 (d) If the earnings of the fund for the previous closed fiscal year, as calculated  
11 under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the  
12 current fiscal year, the legislature may appropriate the difference between the earnings  
13 of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2)  
14 and the appropriation made under (a) of this section for the current fiscal year as  
15 follows:

16 (1) to a community revenue sharing or community assistance fund, 50  
17 percent or \$30,000,000, whichever is less;

18 (2) to the renewable energy grant fund established under  
19 AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or  
20 for rural power system upgrades, 20 percent or \$25,000,000, whichever is less;

21 (3) to the power cost equalization endowment fund established under  
22 AS 42.45.070, the amount not otherwise allocated under this subsection.

23 \* **Sec. 4.** This Act takes effect June 30, 2016.

adopted 4/9/16

29-LS1383\F

Nauman

4/8/16

**CS FOR SENATE BILL NO. 196( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-NINTH LEGISLATURE - SECOND SESSION

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): SENATORS HOFFMAN, MacKinnon, Bishop, Olson, Stedman, Stevens**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the amount appropriated for power cost equalization; and relating**  
2 **to the use of certain unexpended earnings from the power cost equalization endowment**  
3 **fund."**

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

5 \* **Section 1.** AS 42.45.080(c) is amended to read:

6 (c) On July 1 of each year, the commissioner shall determine

7 **(1) the monthly average market value of the fund for the previous three**  
8 **fiscal years; and**

9 **(2) the earnings of the fund for the previous fiscal year.**

10 \* **Sec. 2.** AS 42.45.085(a) is amended to read:

11 (a) **Five** [SEVEN] percent of the amount determined by the commissioner of  
12 revenue on July 1 of each year under AS 42.45.080(c) may be appropriated for the  
13 fiscal year beginning the following July 1 for the following purposes:

14 (1) funding the power cost equalization and rural electric capitalization

1 fund (AS 42.45.100);

2 ~~(2) reimbursement to the Department of Revenue for the costs of~~  
3 ~~establishing and managing the fund; and~~

4 (3) reimbursement of other costs of administration of the fund.

5 \* **Sec. 3.** AS 42.45.085 is amended by adding new subsections to read:

6 (c) If the amount appropriated under (a) of this section is insufficient to  
7 achieve the purposes of (a)(1) - (3) of this section, the amount shall be prorated among  
8 the purposes listed in (a)(1) and (2) of this section.

9 (d) If the earnings of the fund for the previous fiscal year, as calculated under  
10 AS 42.45.080(c), exceed the appropriation under (a) of this section for the previous  
11 fiscal year, the legislature may appropriate the difference between the earnings of the  
12 fund for the previous fiscal year, as calculated under AS 42.45.080(c) and the  
13 appropriation made under (a) of this section in the previous fiscal year as follows:

14 (1) a dividend of 50 percent to a community revenue sharing or  
15 community assistance fund;

16 (2) 30 percent to the renewable energy grant fund established under  
17 AS 42.45.045; and

18 (3) 20 percent to the power cost equalization endowment fund  
19 established under AS 42.45.070(a).

*adopted 4/9/16*

29-LS1383V  
Nauman  
4/9/16

**CS FOR SENATE BILL NO. 196( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATORS HOFFMAN, MacKinnon, Bishop, Olson, Stedman, Stevens**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the amount appropriated for power cost equalization; relating to the**  
2 **use of certain unexpended earnings from the power cost equalization endowment fund;**  
3 **and providing for an effective date."**

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

5 \* **Section 1.** AS 42.45.080(c) is amended to read:

6 (c) On July 1 of each year, the commissioner shall determine  
7 (1) the monthly average market value of the fund for the previous three  
8 closed fiscal years; and  
9 (2) the earnings of the fund for the previous closed fiscal year.

10 \* **Sec. 2.** AS 42.45.085(a) is amended to read:

11 (a) Five [SEVEN] percent of the amount determined by the commissioner of  
12 revenue on July 1 of each year under AS 42.45.080(c)(1) may be appropriated [FOR  
13 THE FISCAL YEAR BEGINNING THE FOLLOWING JULY 1] for the following  
14 purposes:

1 (1) funding the power cost equalization and rural electric capitalization  
2 fund (AS 42.45.100);

3 (2) reimbursement to the Department of Revenue for the costs of  
4 establishing and managing the fund; and

5 (3) reimbursement of other costs of administration of the fund.

6 \* **Sec. 3.** AS 42.45.085 is amended by adding new subsections to read:

7 (c) If the amount appropriated under (a) of this section is insufficient to  
8 achieve the purposes of (a)(1) - (3) of this section, the amount shall be prorated among  
9 the purposes listed in (a)(1) and (2) of this section.

10 (d) If the earnings of the fund for the previous closed fiscal year, as calculated  
11 under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the  
12 current fiscal year, the legislature may appropriate the difference between the earnings  
13 of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2)  
14 and the appropriation made under (a) of this section for the current fiscal year as  
15 follows:

16 (1) to a community revenue sharing or community assistance fund, 50  
17 percent or \$30,000,000, whichever is less;

18 (2) to the renewable energy grant fund established under  
19 AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or  
20 for rural power system upgrades, 20 percent or \$25,000,000, whichever is less;

21 (3) to the power cost equalization endowment fund established under  
22 AS 42.45.070, the amount not otherwise allocated under this subsection.

23 \* **Sec. 4.** This Act takes effect June 30, 2016.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 485-3867 or 485-2450  
FAX (907) 485-2029  
Mall Stop 3101

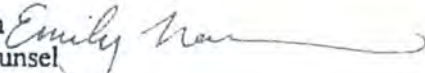
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 2, 2016

**SUBJECT:** Sectional Summary of SB 196 (Work Order No. 29-LS1383P)

**TO:** Senator Lyman Hoffman  
Attn: Tim Grussendorf

**FROM:** Emily Nauman   
Legislative Counsel

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 adds a new sentence to AS 42.45.080(c) requiring that the commissioner of revenue determine the earnings on the power cost equalization endowment fund (PCE fund) for the fiscal year on June 30 each year.

Section 2 adds a new subsection to AS 42.45.085 that allows the legislature to appropriate the part of the annual fiscal year earnings of the PCE fund in excess of the expenditures necessary to achieve the purposes under AS 42.45.085(a) to the general fund and the renewable energy grant fund, and to appropriate some funds back to the PCE fund.

If I may be of further assistance, please advise.

ELN:dla  
16-228.dla

## Power Cost Equalization Endowment Fund -- Impacts of SB 196

### History and Projections (in Millions)

Fiscal Year	Beginning Balance	Additional Deposits	Earnings Rate*	Earnings	Program Costs	2nd Prior Fiscal Year Earnings In Excess of Program Costs	Available for Allocation	Allocation to Community Assistance	Allocation to Rural Energy Programs	Remains PCE Fund	Ending Balance	3 Year Average Balance	% Payout (Program Costs Only)
				Growth	2%		% Allocation Maximum	50% 30.0	20% 25.0				
FY03											166.7		
FY04	166.7		12%	20.7	15.1						179.3		
FY05	179.3		9%	15.4	15.9						181.1		
FY06	181.1		8%	14.6	22.2						184.4		
FY07	184.4	182.7	24%	45.1	25.7						400.3		
FY08	400.3		-5%	-18.8	28.8						368.7	181.6	7.0%
FY09	368.7		-13%	-49.1	37.7						303.4	255.3	6.4%
FY10	303.4		13%	38.4	31.8						320.7	317.8	6.6%
FY11	320.7		21%	67.7	32.7						364.5	357.4	6.7%
FY12	364.5	400.0	3%	10.9	39.5						751.8	330.9	7.2%
FY13	751.8		15%	111.5	40.6						840.2	329.5	7.0%
FY14	840.2		20%	171.1	41.7						977.9	479.0	7.0%
FY15	977.9		3%	33.2	38.4						969.4	652.2	6.4%
FY16	969.4		6%	58.2	41.7						985.8	856.6	4.9%
FY17	985.8		12%	122.2	40.4	(7.2)	0.0	0.0	0.0	0.0	1,067.7	929.2	4.3%
FY18	1,067.7		9%	91.6	41.2	17.0	17.0	8.5	3.4	5.1	1,106.2	977.7	4.21%
FY19	1,106.2		8%	89.1	42.0	80.3	80.3	30.0	16.1	34.2	1,107.3	1,007.7	4.17%
FY20	1,107.3		24%	270.9	42.8	48.7	48.7	24.4	9.7	14.6	1,301.3	1,053.3	4.07%
FY21	1,301.3		-5%	-61.0	43.7	45.4	45.4	22.7	9.1	13.6	1,164.9	1,093.8	3.99%
FY22	1,164.9		-13%	-155.1	44.6	226.4	226.4	30.0	25.0	171.4	910.2	1,171.6	3.80%
FY23	910.2		13%	115.2	45.4	(106.4)	0.0	0.0	0.0	0.0	979.9	1,191.1	3.82%
FY24	979.9		21%	206.7	46.4	(201.5)	0.0	0.0	0.0	0.0	1,140.3	1,125.4	4.12%
FY25	1,140.3		3%	34.2	47.3	67.9	67.9	30.0	13.6	24.3	1,083.6	1,018.3	4.64%
FY26	1,083.6		15%	160.7	48.2	158.5	158.5	30.0	25.0	103.5	1,141.1	1,010.1	4.77%
FY27	1,141.1		20%	232.4	49.2	(15.0)	0.0	0.0	0.0	0.0	1,324.3	1,067.9	4.61%
							TOTAL	175.6	101.9	366.7			

\*Earnings Rate - FY16 estimated to be 6%. For FY17-FY27, the earnings rate is copied forward from FY04-FY15 for illustration purposes only.  
Per AS 42.45.085, the payout for a FY is determined on July1 by the avg for the first 3 of the preceding 4 years.

**Power Cost Equalization Endowment Fund -- Impacts of SB 196**

**History and Projections (in Millions)**

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

\*Earnings Rate - FY16 estimated to be 6%. For FY17-FY27, the earnings rate is copied forward from FY04-FY15 for illustration purposes only.  
Per AS 42.45.085, the payout for a FY is determined on July1 by the avg for the first 3 of the preceding 4 years.

<b>Power Cost Equalization Endowment Fund - % of Payout with only program costs funded</b>											
Earnings	4.3%										

<b>Power Cost Equalization Endowment Fund - History and Projections (in Millions)</b>											
	Beginning Balance	Additional Deposits	Earnings	Net Payout	Actual Program Costs	Ending Balance	3 Year Average Balance	% Payout	Endowment Payout	Projected Program Costs	FY03-FY16 Est GF Subsidy
FY03						166.7					
FY04	166.7		20.7	-8.0	15.1	179.3					7.1
FY05	179.3		15.4	-13.6	15.9	181.1					2.2
FY06	181.1		14.6	-11.2	22.2	184.4					11.0
FY07	184.4	182.7	45.1	-12.0	25.7	400.3					13.3
FY08	400.3		-18.8	-12.8	28.8	368.7	181.6	7.0%			15.8
FY09	368.7		-49.1	-16.3	37.7	303.4	255.3	6.4%			18.4
FY10	303.4		38.4	-21.0	31.8	320.7	317.8	6.6%			10.8
FY11	320.7		67.7	-23.8	32.7	364.5	357.4	6.7%			8.9
FY12	364.5	400.0	10.9	-23.7	39.5	751.8	330.9	7.2%			16.0
FY13	751.8		111.5	-23.1	40.6	840.2	329.5	7.0%			17.5
FY14	840.2		171.1	-33.5	41.7	977.9	479.0	7.0%			8.3
FY15	977.9		33.2	-41.7	38.4	969.4	652.2	6.4%			-
FY16	969.4		41.7	-41.7	41.7	969.4	856.6	4.9%	41.7	41.7	-
<b>FY17</b>	<b>969.4</b>		<b>41.7</b>	<b>-40.4</b>	<b>40.4</b>	<b>970.7</b>	<b>929.2</b>	<b>4.3%</b>	<b>40.4</b>	<b>40.4</b>	<b>-</b>
FY18	970.7		41.7	-41.2	41.2	971.3	972.2	4.23%	41.2	41.2	-
FY19	971.3		41.8	-42.0	42.0	971.1	969.8	4.33%	42.0	42.0	-
FY20	971.1		41.8	-42.8	42.8	970.0	970.4	4.41%	42.8	42.8	-
FY21	970.0		41.7	-43.7	43.7	968.0	971.0	4.50%	43.7	43.7	-
FY22	968.0		41.6	-44.6	44.6	965.1	970.8	4.59%	44.6	44.6	-
FY23	965.1		41.5	-45.4	45.4	961.1	969.7	4.69%	45.4	45.4	-
FY24	961.1		41.3	-46.4	46.4	956.1	967.7	4.79%	46.4	46.4	-
FY25	956.1		41.1	-47.3	47.3	949.9	964.7	4.90%	47.3	47.3	-
FY26	949.9		40.8	-48.2	48.2	942.6	960.8	5.02%	48.2	48.2	-
FY27	942.6		40.5	-49.2	49.2	933.9	955.7	5.15%	49.2	49.2	-

Per AS 42.45.085, the payout for a FY is determined on July 1 by the avg for the first 3 of the preceding 4 years.



**Alaska Power Association**

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Anchorage, Alaska 99503-6650  
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Fax: (907) 561-5547  
[www.alaskapower.org](http://www.alaskapower.org)

February 28, 2016

The Honorable Senator Lyman Hoffman  
State Capitol, Room 508  
Juneau, Alaska 99801

Dear Senator Hoffman:

Alaska Power Association (APA), the statewide electric utility trade association, supports Senate Bill 196, which would protect funding for the Power Cost Equalization Program (PCE) while allowing appropriation of funds from the PCE Endowment for other valuable purposes.

APA members believe this legislation will allow the PCE program to continue providing a vital measure of relief to ratepayers in communities throughout our State where electric rates are the highest, while sharing benefits with the General Fund, the Renewable Energy Grant Fund and the PCE Endowment. This distribution of benefits is especially important in these difficult financial times.

Many APA members throughout the state have integrated wind and hydroelectric power into their systems through funding from the Renewable Energy Grant Fund, and their customers see the results in lower or stabilized bills. Through SB 196, work could continue on renewable energy systems that will positively impact Alaskans for generations to come.

APA member utilities serve communities from Barrow to Unalaska, through the Interior and Southcentral and down the Inside Passage. We appreciate your decades-long leadership in assisting our home grown industry in striving to provide affordable and reliable electric power to Alaskans. Your sponsorship of SB 196 continues these collaborative efforts, and we urge passage of this legislation.

Best regards,

A handwritten signature in black ink, appearing to read 'Crystal Enkvist'. The signature is fluid and cursive, with the first name 'Crystal' being more prominent and the last name 'Enkvist' following in a similar style.

Crystal Enkvist  
Executive Director



February 29, 2016

The Honorable Lyman Hoffman  
Alaska State Senate  
Alaska State Capitol, Room 508  
Juneau, Alaska 99801-1182

RE: Support of SB 196

Dear Senator Hoffman,

The Alaska Native Tribal Health Consortium supports Senate Bill No. 196 entitled "An Act relating to the use of certain unexpended earnings from the power cost equalization endowment fund". The proposed legislation provides for the use of unexpended annual earnings to continue support of the Renewable Energy Grant Fund established under AS 42.45.045.

The Renewable Energy Grant Fund currently provides resources, among other uses, to help lower the costs of operating sanitation utilities throughout our state. Rural Alaska pays more than twice the statewide averages for heating fuel and electricity. Fuel costs are highly unpredictable in the current economic environment and it is clear that most rural communities will pay substantially higher costs for energy. Higher expenses are reflected in our costs of living and include the costs of water and sewer utility services to homeowners.

Since 2010, ANTHC has worked on behalf of Alaska's rural communities to identify, design and construct renewable energy solutions to reduce the high cost of rural sanitation systems. Integration of renewable energy as part of the solution to high operating costs serves to not only reduce system dependence on high-cost fossil fuels, but also leads to more affordable and sustainable residential water and sewer service.

SB 196 allows ANTHC to continue to use renewable energy solutions such as recovered heat, heat to wind, ground source heat pumps and biomass derived heat to reduce costs to rural households. As a match, Renewable Energy Grant Funds allows the Consortium to attract more than \$2 additional federal dollars to Alaska for each dollar received from the Fund. These leveraged dollars are used to lower individual sanitation system energy costs by 50% or more. Annual savings to communities and households is critical to keeping public water and wastewater disposal systems operating in these small cities and villages. ANTHC projects completed with Renewable Energy Grant Funds are producing

Page 2 of 2  
Senator Hoffman  
February 29, 2016

an annual savings to small communities of **\$2,563,162** with a return on investment **(ROI) of 7.5 years.**

Thank you for the opportunity to voice our support for Senate Bill 196. If the committee has any questions regarding our efforts to reduce the costs of sanitation services through the reduction of energy use, we would be happy to offer additional details.

Respectfully,

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

Andy Teuber  
Chairman and President



MANIILAQ  
ASSOCIATION

March 16, 2016

State of Alaska, Senate Finance Committee  
Alaska State Capital Building  
Juneau, AK 99811

Re: Support for SB 196

Dear Senate Finance,

This letter is in support of SB 196, "An Act relating to the use of certain unexpended earnings from the power cost equalization fund."

Maniilaq Association is an Alaska Native regional tribal non-profit organization providing health, social and Tribal services to the twelve Tribes and 8,500 residents of Northwest Alaska.

As you are all well aware, the Power Cost Equalization (PCE) Program is a crucial tool used to keep the lights on across rural Alaska. The PCE program was established in the 1980s after an exhaustive and fruitless search for available energy technologies that could be used to reduce the cost of electricity in rural communities across the state.

The Alaska Energy Authority-managed Renewable Energy Fund (REF) and the Village Energy Efficiency Program (VEEP) have done a tremendous amount over the past decade to reduce the reliance of rural Alaska on imported diesel fuel and the power cost equalization fund. Although progress is being made, the PCE endowment is still a vital part of keeping the lights on for 80,000 rural Alaskans that benefit from the PCE program. This PCE endowment was set aside for the benefit of rural Alaskans and it should continue to be focused on supporting and finding solutions for the energy challenges that rural residents face.

We want to assure the Senate Finance Committee and the Alaskan State Legislature as a whole that rural Alaska supports the provisions outlined in SB 196. We believe SB 196 will protect and expand the usefulness of the PCE endowment and will be a vital part of keeping rural Alaska moving forward and enabling communities to accomplish our shared long-term goals of sustainable, thriving and resilient rural Alaskan communities.

Thank you for your consideration.

Timothy Schuerch  
President/CEO

MANIILAQ ASSOCIATION | P.O. BOX 256 | KOTZEBUEF AK 99752 | 1 800 478 3312

Kotzebue Qikiqtagruk Ambler Ivishappaat Buckland Nuvatchiag Deering Igroatchiag Kiana Kalyaak Kivalina Kivarinig  
Kobuk Luogvik Noatak Nautag Noorvik Nuorvik Point Hope Ukiag Selawik Uluqig Shungnak Isinnag