

SB

196

**CONFERENCE
COMMITTEE
(FILE 2)**

<TARGET><BILL>SB 196</BILL><SUBJECT>SB 196 CONFERENCE
COMMITTEE (FILE 2)</SUBJECT><COMM>SFIN29</COMM></TARGET>

Received in the Senate: _____
(Date/Time)

Received in the House: _____
(Date/Time)

CONFERENCE COMMITTEE REPORT

Date: 4/28/16
(Reported from Committee)

MR. PRESIDENT: MR. SPEAKER:

THE CONFERENCE COMMITTEE [] without limited powers OR [] with limited powers of free conference
CONSIDERING:

•Senate Version

CS FOR SENATE BILL NO. 196(FIN)

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

and

•House Version

HOUSE CS FOR CS FOR SENATE BILL NO. 196(FIN)

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

Recommends (one of the following):

[] CCS SB 1961) be adopted. Same Title as: [] Senate Version [] House Version or
[] New Title (tech) or [] New Title/SCR No. _____

[] Senate Version or [] House Version be adopted.

Attaches: [] _____ Letter of Intent [] Other _____

FN #	List by Dept(s)	New Fiscal Note	Previous Fiscal Note	Fiscal Impact	Indet.	Zero
2	CED		✓			✓
1	SFIN		✓	✓		

Senate Conferees



Senator Hoffman, Chair

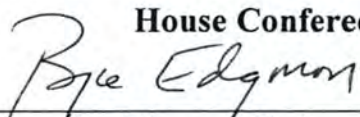


Senator MacKinnon

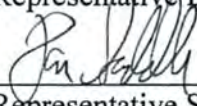


Senator Bishop

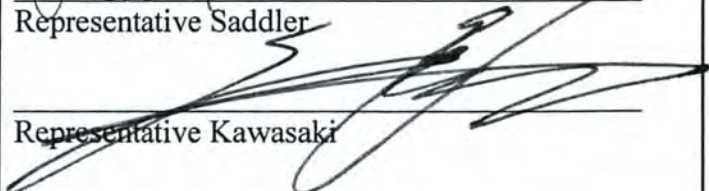
House Conferees



Representative Edgmon, Chair



Representative Saddler



Representative Kawasaki

Return Conference Bill and Attachments to the Senate Secretary's Office.

Alaska State Legislature

Conference Committee on Senate Bill 196

Sen. Lyman Hoffman, Senate Chair
State Capitol
Juneau, Alaska 99801
(907) 465-4453



Rep. Bryce Edgmon, House Chair
State Capitol
Juneau, Alaska 99801
(907) 465-4451

MEMORANDUM

TO: Senator Kevin Meyer, President of the Senate
Representative Mike Chenault, Speaker of the House

FROM: Sen. Lyman Hoffman, Senate Chair
Rep. Bryce Edgmon, House Chair

DATE: April 22, 2016

RE: Senate Bill 196 Conference Committee Report

The Conference Committee considering:

CS FOR SENATE BILL NO. 196(Fin)

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

and


HCS FOR CS FOR SENATE BILL NO. 196(Fin)

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

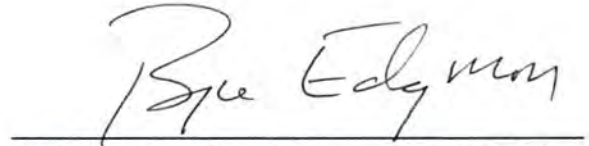
requests limited powers of free conference on the following specific point:

- Section 3

Which relates to the formula to appropriate excess earnings from the PCE fund



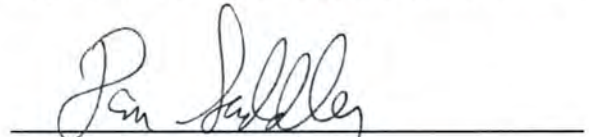
Senator Lyman Hoffman, Senate Chair



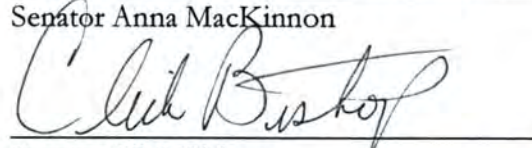
Representative Bryce Edgmon, House Chair



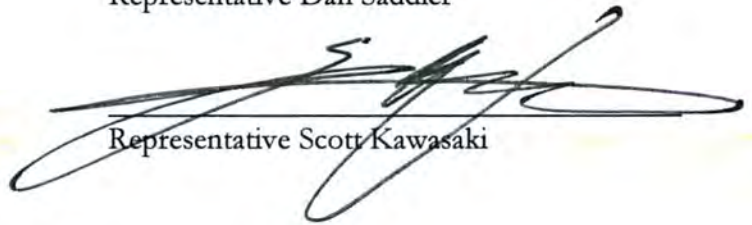
Senator Anna MacKinnon



Representative Dan Saddler



Senator Click Bishop



Representative Scott Kawasaki

adopted 4/28/16

29-LS1383\D
Shutts/Nauman
4/22/16

CONFERENCE CS FOR SENATE BILL NO. 196
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE CONFERENCE COMMITTEE

Offered:

Sponsor(s): SENATORS HOFFMAN, MacKinnon, Bishop, Olson, Stedman, Stevens, McGuire, Micciche
REPRESENTATIVES Edgmon, Muñoz, Herron

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)** [AS 42.45.080(c)] may be
- 13 appropriated [FOR THE FISCAL YEAR BEGINNING THE FOLLOWING JULY 1]
- 14 for the following purposes:
- 15 (1) funding the power cost equalization and rural electric capitalization
- 16 fund (AS 42.45.100);

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

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

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

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

(d) If the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), exceed the appropriation under (a) of this section for the current fiscal year, the legislature may appropriate 70 percent of the difference between the earnings of the fund for the previous closed fiscal year, as calculated under AS 42.45.080(c)(2), and the appropriation made under (a) of this section for the current fiscal year as follows:

(1) if the amount calculated under this subsection is less than \$30,000,000, that amount to a community revenue sharing or community assistance fund; or

(2) if the amount calculated under this subsection is \$30,000,000 or more,

(A) \$30,000,000 to a community revenue sharing or community assistance fund; and

(B) the remaining amount, not to exceed \$25,000,000, to the renewable energy grant fund established under AS 42.45.045, to the bulk fuel revolving loan fund established under AS 42.45.250, or for rural power system upgrades or to a combination of the funds or purposes listed in this paragraph.

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

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSSB 196(FIN)
Fiscal Note Number:	1
(S) Publish Date:	4/11/2016

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 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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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	Phone:	(907)465-3709
	Senate Finance Committee	Date:	04/09/2016
	Senator MacKinnon		
	Senate Finance Committee		

**REPORTED OUT OF
SFC 04/11/2016**

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	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.

Fiscal Note

State of Alaska
2016 Legislative Session

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

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

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

Expenditures/Revenues

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

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

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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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
 Division: Alaska Energy Authority
 Approved By: Catherine Reardon, Director
 Agency: Division of Administrative Services, DCCED

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

**REPORTED OUT OF
SFC 04/11/2016**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

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

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

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

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

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

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

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

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

SB 196

CONFERENCE COMMITTEE ROLL CALL

DATE: 4/22/10

SUBJECT: CS SB 196 (FIN) / U

MEMBER

YEA

NAY

Sen. Hoffman	✓	
Rep. Edgmon		✓
Sen. MacKinnon	✓	
Rep. Saddler		✓
Sen. Bishop	✓	
Rep. Kawasaki		✓

YEA

NAY

HOUSE	0	3
SENATE	3	0

PASSED: _____

FAILED: _____

SB196
CONFERENCE COMMITTEE ROLL CALL

DATE: 9/22/16

SUBJECT: HCS CSSB196 (FIN)/R

MEMBER	YEA	NAY
Rep. Edgmon	✓	
Sen. MacKinnon		✓
Rep. Saddler	✓	
Sen. Bishop		✓
Rep. Kawasaki	✓	
Sen. Hoffman		✓

	YEA	NAY
HOUSE		
SENATE		

PASSED: _____

FAILED: _____

SB 196
CONFERENCE COMMITTEE ROLL CALL

DATE: 4/28/16
 SUBJECT: MOVE CCSSB 196 from committee

MEMBER	YEA	NAY
Sen. MacKinnon	✓	
Rep. Saddler	✓	
Sen. Bishop	✓	
Rep. Kawasaki	✓	
Sen. Hoffman	✓	
Rep. Edgmon	✓	

	YEA	NAY
HOUSE	3	0
SENATE	3	0
PASSED:	<u>X</u>	
FAILED:	_____	