



2016 ANNUAL REPORT



REPORT TO ALASKANS

Alaska Energy Authority (AEA)'s mission is to reduce the cost of energy in Alaska. For the last 40 years, we've been working toward this mission with a diverse portfolio that has adapted to changing needs and circumstances. Over this period, programs and projects have evolved. However, the organization has been consistent in our delivery of high impact benefits to communities and utilities around the state—we help keep the lights (and heat) on.

An underlying theme throughout AEA's portfolio of programs and projects is "communities require energy." We take a whole-community approach to finding the most cost-effective, actionable solutions to high energy costs. In the recently completed Alaska Affordable Energy Strategy (AKAES), this whole-community approach points to the critical need for ensuring energy safety, stability and reliability in the most affordable manner possible.

The need to maintain core rural energy services such as circuit rider, technical assistance, operator training and electrical emergency assistance is now stronger than ever. These, combined with flagship rural energy programs (Rural Power System Upgrades and Bulk Fuel Upgrades) are the critical activities that help keep the lights on in rural communities at a relatively low cost to the State. These services protect investments already made in the

construction and operation of energy infrastructure. Without these services, there would surely be an uptick of costly electrical emergencies or catastrophic power generation failures.

Also contributing to energy safety, stability, reliability and affordability in rural communities are those programs and projects administered for statewide application, programs like the Renewable Energy Fund and energy efficiency projects. Since the Renewable Energy Fund was established in 2008, AEA has funded 287 grant applications for varying stages of project development, which has resulted in 70 operational projects, with 21 more projects expected to come online in the near future and approximately \$63 million saved annually from offset fuels. Over a similar timeframe, AEA's Village Energy Efficiency Program has implemented improvements to public buildings and facilities in nearly 150 communities around the state, bringing electric and heat savings to areas that pay some of the highest energy costs.

AEA's relevance continues into the Railbelt region. Our role as an asset owner of Railbelt infrastructure brings great benefit to all six Railbelt utilities and their ratepayers. AEA's seat at the table and role in managing the Alaska Intertie and Bradley Lake Hydroelectric facility is to bring the single,

unique and unifying voice of looking out for the best interest of all stakeholders, not just those in a given service territory.

In light of the changing fiscal climate, AEA is continuously adapting. Over the course of the last year we have been moving toward a project development and finance emphasis as a way to continue helping communities and utilities bring good projects to fruition. This includes both traditional power house improvements as well as the appropriate integration of locally available renewable energy resources and energy efficiency improvements. This emphasis is built on the extensive experience of our 40 years working in rural, Railbelt and urban Southeast Alaska.

Our mission, the work we do toward that mission, and our ability to adapt remains ever relevant as the State grapples with difficult budgetary challenges. AEA's work brings safety, stability, reliability and affordability to Alaska's communities for the benefit of consumers and utilities, community organizations and businesses alike.

Sincerely,

Michael E. Lamb
AEA Executive Director



RURAL PROGRAMS

The following are programs and projects benefitting exclusively small, rural communities. Additional benefit is also delivered through programs and projects statewide, as will be discussed in the subsequent section.

RURAL POWER SYSTEM UPGRADE

Electricity provides for lighting, communication, heat and power necessary to operate infrastructure that supports safe and healthy living conditions. In rural communities throughout Alaska, electricity is generated by a small, local “system” (generation and distribution) using diesel fuel that results in electricity costs that are three to five times higher than in urban parts of the state. Of 200 rural Alaska communities, approximately half are served by cooperatives or another form of utility that performs under a well-established organization. Others are served by very small entities, some of which experience technical and administrative problems due to lack of economies of scale and/or lack of specialized skills in the community.

AEA’s Rural Power Systems Upgrade (RPSU) program builds and retrofits code-compliant facilities in communities of less than 2,000 people, providing stable and reliable power. The average efficiency improvement in diesel generation is between 10 and 20 percent, with some improvements as high as or even exceeding 30 percent. Upgrades may include efficiency improvements, power house upgrades or replacements, line assessments, distribution lines to new customers, demand-side improvements, heat recovery and repairs to generation and distribution systems.

81

RPSU projects
completed
since 2000



Kipnuk power house in 2004. A new power house module for Kipnuk is currently under construction by AEA contractors.

BULK FUEL UPGRADE

Rural Alaska is energized primarily by liquid fuels: diesel for power generation and heating, and gasoline for transportation. Rural villages are located either along rivers or on the coast, so fuel is primarily delivered by barge. Where barge deliveries are unavailable or uneconomic, air tankers and, in a few cases, tanker trucks deliver fuel. Delivery is seasonal and limited by sea or river ice, water levels, or ice road availability. Villages of a few hundred people must store hundreds of thousands of gallons of fuel to meet their annual energy needs.

Many of rural Alaska's bulk fuel facilities were built in the 1950-60s or earlier. They were not built to national standards or in compliance with current regulations, and

some of them are at the end of their useful lives. Yet they continue in service until upgraded or replaced, in some cases posing risks to personal safety and the surrounding environment.

AEA's Bulk Fuel Upgrade (BFU) program builds and repairs code-compliant fuel storage facilities in Alaska communities under 2,000 people. These facilities help decrease the per-unit cost of fuel by allowing the community to purchase in bulk quantities. Moreover, the facilities protect local public health and the environment by preventing spills and contamination. In the last 15 years, AEA has performed 111 bulk fuel upgrades, and another 20 are currently in design or construction.



POWER COST EQUALIZATION

The Power Cost Equalization (PCE) program provides economic assistance to communities and residents of rural electric utilities where the cost of electricity can be three to five times higher than for customers in more urban areas of the state. The program's purpose is to equalize power costs to near the average cost of power in Anchorage, Fairbanks and Juneau. Residential and community facility buildings in nearly 200 communities are eligible for the reduced rate.

The Regulatory Commission of Alaska (RCA) determines if a utility is eligible to participate in the program and calculates the rate that PCE program reimburses each eligible utility. AEA determines eligibility of community facilities and residential customers and provides reimbursement to the electric utility for the PCE credits

extended to customers. The PCE program is funded by earnings of the PCE Endowment Fund. AS 42.45.085 provides that five percent of the PCE Endowment Fund's three-year monthly average market value may be appropriated to the PCE program. It has only been in recent years that the five-percent draw on the endowment has been sufficient to fully fund PCE payments. PCE administrative expenses have historically been supplemented with State general fund dollars.

191

Communities
Served by PCE
(as of June 2016)

83,000

Approximately 83,000 people
receive direct benefit from PCE.

84

Utilities
Served by PCE
(as of June 2016)



TRAINING

Proper maintenance of energy infrastructure is an essential component of delivering safe and reliable power to a community. AEA provides training opportunities for local residents to learn how to operate and maintain their energy infrastructure and to assist utilities to keep their facilities code-compliant and managed sustainably.

AEA contracts with Alaska Vocational Technical Center (AVTEC) in Seward to deliver bulk fuel and power plant operator training courses. AEA also provides in-house

training for utility clerks about the Power Cost Equalization (PCE) program, Regulatory Commission of Alaska (RCA) reporting, bulk fuel loan application process and general accounting practices on an as-available basis.

40 COMMUNITIES

In 2016, AEA trained individuals from 25 communities in power plant operations and 15 in bulk fuel operations.



Angoon power house operator training on new power house module during construction

CIRCUIT RIDER AND TECHNICAL ASSISTANCE

AEA's Circuit Rider program provides eligible utilities with technical assistance to improve the efficiency, safety and reliability of their power systems and helps reduce the risk and severity of emergency conditions.

AEA staff instructs the rural utility operators and managers in the proper operations and maintenance of their generation and distribution infrastructure. Power generation includes conventional diesel and alternative sources (e.g. hydro and wind). Technical staff can help with diagnosing and troubleshooting through real-time, remote monitoring, or provide on-site training, technical consultation, assistance and minor repairs. The program

does not replace the utility's necessary operations and maintenance budget or provide funding for major repairs or reconstruction of utility systems but augments these efforts. This program is available for rural Alaska communities with a population less than 2,000.

AEA also provides assistance by providing information regarding available programs and resource options to maximize benefit to the community. AEA personnel act as a liaison between local governments and state and federal agencies and may assist with navigating complex application processes.



ELECTRICAL EMERGENCY ASSISTANCE

“Electrical emergency” is a condition in a utility's system that presents an imminent danger to life or likelihood of significant disruption of electrical service. AEA responds to a real or potential emergency situation before disaster or major loss occurs.

Emergency response can ultimately be preventative in nature, adequately restoring power before loss of life or property. Electrical emergency response includes the repair of existing infrastructure or the procurement and/or installation of new equipment including engines, generators and transformers. The Electrical Emergency Response program, combined with other critical AEA rural

programs, have led to a significant decrease in the annual number of costly catastrophic electrical emergencies over time. Catastrophic electrical emergencies are those that incur loss of property or life, and include situations in which the power generation facility is destroyed to the point it must be completely replaced.

In 2016, AEA responded to seven electrical emergencies. The most recent catastrophic power house failure was in 2011.

7



Birch Creek power house fire, 2011

STATEWIDE PROGRAMS

The following are programs and projects available to all communities in Alaska but focus on those with high energy costs, which are primarily rural.

ENERGY EFFICIENCY

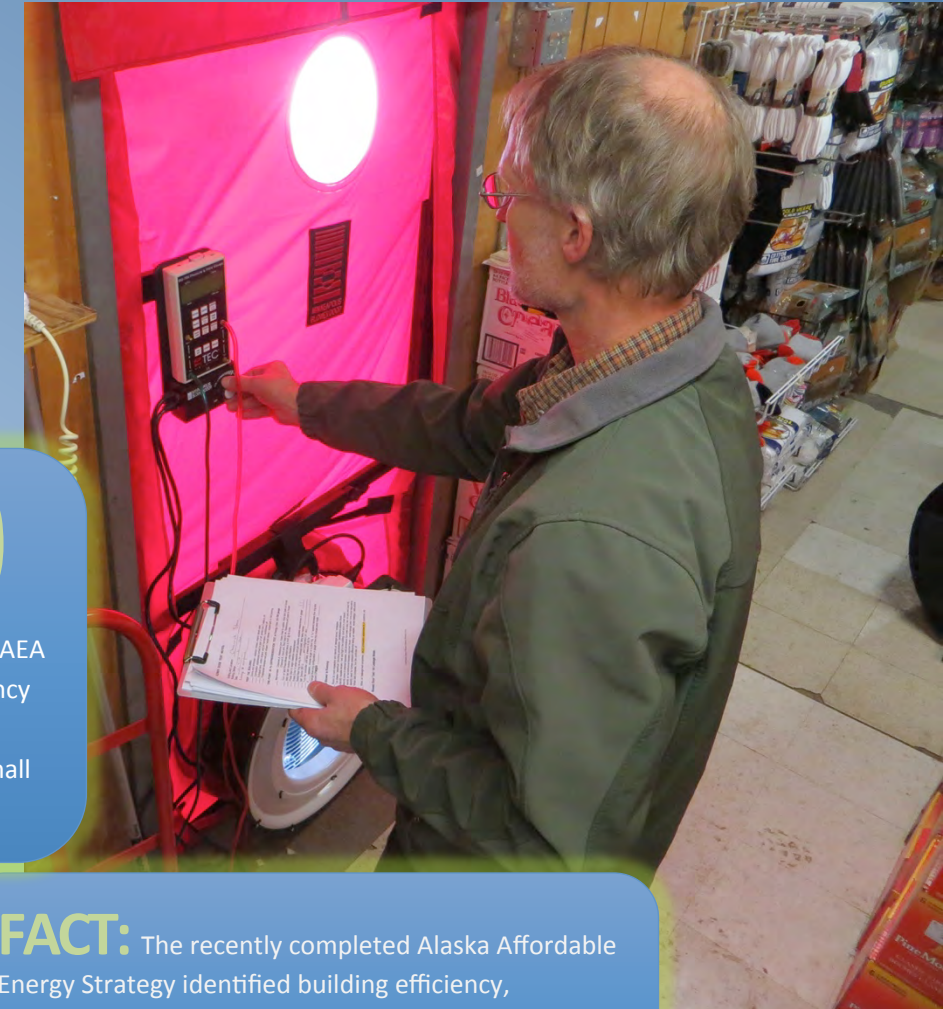
Energy efficiency is a low-cost energy solution that is both quick to deploy and available in every community in the state. When taking a whole community approach to energy solutions, building efficiency improvements are usually the most highly prioritized action to reduce community energy costs. The Energy Efficiency program at AEA leverages federal State Energy Program (SEP) formula funds and has three primary components:

1. The Village Energy Efficiency Program (VEEP) provides grants to improve efficiency in public and community buildings in rural communities with high energy costs.
2. Alaska Energy Efficiency Partnership is an ad hoc group of more than 50 utilities, advocacy groups, federal, state, regional and local government and tribal entities that meet quarterly to share information, discuss policy and best practices, as well as identify opportunities for collaboration.

3. The third component focuses on the development of financing markets and mechanisms to use an increasingly larger share of private dollars to complete efficiency projects in both urban and rural Alaska. These efforts include work with building owners, the commercial lending community and evaluation of policies to facilitate private investment in efficiency like the Property Assessed Clean Energy (PACE) legislation and the use of federal Energy Efficiency Conservation Loan Program (EECLP) funds.

150

Between 2005 and 2016, AEA performed energy efficiency improvements to public buildings in nearly 150 small Alaska communities.



FACT: The recently completed Alaska Affordable Energy Strategy identified building efficiency, particularly in non-residential buildings, as the most abundant and cost-effective way to lower energy costs in communities outside the Railbelt region.

HYDRO

AEA's Hydro program includes run-of-river and storage hydroelectric, ocean and wave energy. Due to budget considerations, this program is focused on conventional, run-of-river and storage hydropower, which are the most mature and economical of the hydro technologies. Early-stage hydro project development is needed to provide the business case to, and reduce the risk for, investors and communities in order to advance projects through construction with private financing and/or grant funds.

A new program objective for 2017 is to establish a statewide hydro working group which will prioritize communities for stream gauging, a necessary initial step to identify potential hydro resources. AEA provides hydro-related technical support to approximately 20 communities in Alaska annually. AEA staff provide technical assistance to AEA's

Power Project Fund loan program and long-term protection of the State's investments in many built and developing hydro projects, such as the Hiilangaay project (formerly Reynolds Creek) on Prince of Wales Island. This technical support helps ensure technical and economic viability of projects by identifying and addressing risks through all stages of project development, from reconnaissance through construction and commissioning.

Ocean and wave energy technologies are also monitored by this program but smaller budgets and reduced staff have eliminated previously funded early-stage work in these developing arenas.

Susitna-Watana Hydro Status

Per the Governor's June 2016 directive, AEA is wrapping up work associated with the Susitna-Watana Hydroelectric Project with an emphasis placed on preserving the State's investment to date. Most of that investment consists of determining the engineering and economic feasibility of the project and extensive environmental data collection and analysis, which is stored and publicly accessible online. AEA is currently awaiting Federal Energy Regulatory Commission (FERC)'s study plan determination, expected in early March 2017; FERC will put the project licensing effort into abeyance following the determination.



Humpback Creek Hydro, Cordova

WIND

AEA's Wind program has recently re-established the Alaska Wind Working Group (AWWG), a steering committee comprised of utilities, private developers, national labs, NGOs and others to guide the development of wind projects in Alaska. The wind program focuses on assisting communities to identify wind resources that could result in economical projects and on optimizing performance of existing systems.

Early-stage development is necessary to provide the business case to, and reduce the risk for, investors or communities to advance projects through construction with private financing or grant funds.

The program objectives for 2017 are to provide meteorological towers (to measure the wind resource) for up to four Alaska communities and to work with the

AWWG to improve performance of existing wind systems. Technical support is provided to approximately 40 communities in the state annually. As a result of budget and staff reductions, research work has ceased; recent research focused on wind tower foundations in permafrost during winter warming trends and the impact of icing on wind performance. While this research is important to help maximize the State's investment, reduction in State funding has limited this work. Existing work is more directly applied to helping communities reduce energy costs through economical wind development and by maximizing generation of existing infrastructure



BIOMASS

AEA, through its Biomass program, is the lead agency of the Alaska Wood Energy Development Task Group (AWEDTG). The AWEDTG is a collaboration of 20 state, federal, tribal and non-governmental organizations that provides education about the benefits of biomass and works with communities to develop successful projects. Funding for this effort comes from State of Alaska funds that leverage grants from the U.S. Forest Service.

In 2017, the AWEDTG is targeting completion of six to 10 pre-feasibility studies, technical support in over 25 communities with high energy costs, as well as one

technical training workshop. In total, the AWEDTG has completed over 150 pre-feasibility studies for over 70 communities in Alaska and provided technical support in over 100 communities. Thirty-two biomass systems are operating in Alaska as a result of this work. At least 15 systems are currently under construction. Prince of Wales Island, Ketchikan and the Tok area have also developed regional wood supply economies supporting multiple wood energy systems.

150

pre-feasibility studies have been conducted statewide since 2005.

53

Renewable Energy Fund biomass projects funded since the REF program began in 2008.

100,000

More than 100,000 cords of wood are used annually for home heating statewide.



Mentasta biomass

HEAT

The Heat program is a consolidation of many former programs recognizing AEA's smaller staff and reduced budgets. The program encompasses heat recovery, heat pumps (ground, air and ocean-source heat pumps), solar thermal, geothermal, biomass, biofuels and all other alternative energy heat sources. Technical support is provided to approximately 40 Alaska communities annually. Support for early-stage development is necessary to establish a business case for projects, reducing the risk for investors and communities as they advance projects with private financing or grant funding.

This program has developed and tested a heat recovery unit, or “marine manifold,” for use on a diesel engine commonly found in rural power houses. That marine manifold is now being added to power houses around the state to capture and use previously wasted heat energy. This level of research is unlikely to occur with smaller budgets, so efforts are focusing on preparing projects for financing and implementation.

74

More than 74 communities use recovered heat from power plants to heat community buildings/facilities.

Quinhagak Heat Recovery: Award-winning energy savings

AEA funded the Quinhagak Heat Recovery project from the Renewable Energy Fund. Alaska Native Tribal Heath Consortium (ANTHC) built the project for the rural village of Quinhagak. CRW Engineering was hired to design the project and received the E-Week People's Choice Award for the project's engineering in February 2016.

This project will provide recovered heat from the existing electrical power plant to the washeteria and combined utility building. The estimated fuel oil savings to the combined utility building and washeteria is projected to be 14,200 gallons per year, which, at \$3.23 per gallon for heating fuel (2016) equates to a total offset value of approximately \$46,000.

23 Renewable Energy Fund
heat recovery projects funded



Quinhagak heat recovery

RENEWABLE ENERGY FUND

From 2008 to 2015, appropriations totaling \$257 million were made for Renewable Energy Fund (REF) projects. This funding has been matched with hundreds of millions of dollars in funding from local and other government sources to develop projects that reduce and stabilize the cost of energy in Alaska communities through development of renewable energy projects for heat and electricity.

In 2016, operational REF projects displaced an estimated 31 million diesel equivalent gallons, saving communities an estimated \$63 in that year alone. The State's investment through the REF identified and evaluated renewable potential across the state and jumpstarted a renewable energy industry in Alaska, the benefits of which will be felt for decades to come.

40%+

More than 40 percent of all operating REF projects are heat projects.

857,875
metric tons

From 2009 to 2016, REF projects have eliminated 857,875 metric tons of CO₂.

2.51

Collectively, operational REF projects have a benefit cost ratio of

There are
REF projects
in every
region of
the state.



Allison Creek Hydro, Copper Valley Electric Association

EMERGING ENERGY TECHNOLOGY FUND

The Emerging Energy Technology Fund (EETF) was created by the Alaska State Legislature in 2010 to promote the expansion of energy sources commercially available to Alaskans. Projects can test emerging energy technologies or methods of conserving energy; improve an existing technology; or deploy an existing technology that has not previously been demonstrated in the state. EETF grants must be used for demonstration projects of technologies that have a reasonable expectation of becoming commercially viable within five years. Energy technology can include technologies related to renewable sources of energy, conservation of energy, enabling technologies, efficient and effective use of hydrocarbons and integrated systems.

Federal funds awarded to AEA specifically for emerging technology allowed for a third round of funding in 2016.

Two competitive rounds of EETF funding (2012 and 2013) have successfully launched projects demonstrating a broad range of emerging energy technologies, including battery and flywheel energy storage, river hydrokinetic devices, new heat pump systems, efficient diesel generation and novel wind turbines. Projects funded under the program will record performance data throughout the demonstration period for independent review. A third solicitation for applications in 2016 prioritized microgrid-enabling technology. Helping to mature these types of technologies could increase renewable penetration in all rural microgrids with diesel-renewable hybrid systems, which would have potential widespread applicability and benefit throughout Alaska.



RAILBELT

AEA plays a leading role in energy planning and project implementation within the Railbelt region, as an owner of both generation and transmission infrastructure and through the agency's participation in collaborative management of these assets with Railbelt electric utilities.

TRANSMISSION OWNERSHIP: THE ALASKA INTERTIE

The Alaska Intertie transmission line is a 170-mile long, 345 kV transmission line between Willow and Healy that is owned by AEA and operates at 138 kV. The Intertie interconnects Golden Valley Electric Association (GVEA), the regulated utility that serves areas north of the Alaska Range, with Southcentral Alaska utilities. Although the Alaska Intertie allows resources north and south of the range to be shared to improve reliability, the GVEA storage battery and generation resources have been used to send emergency power south to minimize catastrophic network-wide outages.

Constructed in the mid-1980s with \$124 million in State of Alaska appropriations, this AEA-owned asset is associated with no debt. There are significant cost savings resulting from the exchange of economy energy and sharing of reserve generation capacity between the Anchorage and Fairbanks load centers. Once estimated to be \$17 million in annual monetary benefit, GVEA ratepayers achieved savings in excess of \$52 million in 2012. In the past year, the State has completed construction of a Static Var

Compensator (SVC) Project, a \$15 million Project which ensures the stability of this important State asset.

The operation of the Intertie is governed by the Alaska Intertie Agreement entered into in 1985, amended in 1991 and again in 2011. The parties to this agreement are AEA, GVEA, Municipal Light & Power, Chugach Electric and Matanuska Electric Association. Each of these entities also has a seat on the Intertie Management Committee (IMC), the entity with the responsibility for operating and managing the Alaska Intertie.

Through AEA's leadership role as a member of the IMC and the only participating member with step-in rights on financial decisions regarding the intertie, AEA is uniquely positioned to ensure that ratepayers for the entire electrically interconnected Railbelt region are treated similarly, without regard to a specific utility's individual service territory.



POWER GENERATION OWNERSHIP: BRADLEY LAKE HYDROELECTRIC FACILITY

The Bradley Lake Hydroelectric Project is located 27 air miles northeast of Homer on the Kenai Peninsula and has 120 MW of installed capacity. The project consists of a 125-foot high, concrete-faced, rock-filled dam structure; three diversion structures; a 3.5-mile long power tunnel and vertical shaft; generating plant; interior substation; 20 miles of transmission line; and a substation. The power generation potential of Bradley Lake was first studied by the U.S. Corps of Engineers in 1955. AEA, then the Alaska Power Authority, assumed responsibility for the project in 1982. The project was declared in commercial operation on Sept. 1, 1991 and has been producing power since. Total project costs, including major capital improvements as of June 30, 2015, are \$328 million.

The project was funded through legislative appropriations and AEA revenue bonds that are being repaid by the participating utilities. Bonds are expected to be retired in July 2020, after which the participating utilities will be obligated to pay AEA up to \$12.5 million annually for deposit into the Railbelt Energy Fund. The Bradley Lake Project Management Committee (BPMC) generally manages the project, subject to AEA's non-delegable rights, duties and responsibilities.

Through the State's participation on the BPMC, the participants are investigating the potential to divert waters of Battle Creek into the Bradley Lake reservoir. This project will increase Bradley Lake Hydro electricity production approximately 37,300 MWh, or about 10 percent.

The project includes construction of three miles of road and a concrete diversion dam, and a 5-foot pipe under the road to convey the water to Bradley Lake. The capital construction cost estimate is less than \$40 million. Aquatic studies were performed on lower sections of Battle Creek for two years. No fish have been found within several miles of the diversion site, but are present near tidewater. It is thought that the project could have a positive impact on salmon through the removal of the summer glacial water and moderation of flows.



PLANNING & POLICY

AEA's planning and policy work includes regional and statewide energy planning, as well as policy research, analysis and stakeholder support.

REGIONAL PLANNING

In 2016, AEA completed Regional Energy Plans throughout the state. The agency contracted with Alaska Regional Development Organizations (ARDORs) and other regional entities to identify energy priorities and a regionally-driven blueprint for energy sustainability.

The Regional Energy Plans provide a concrete, implementable and fundable energy plan that addresses electricity, heating and transportation energy needs. Each region crafted a specific and actionable plan to work toward an affordable, reliable, efficient and sustainable energy future.

AEA continues to provide technical assistance to regional

energy planners, community energy champions and local energy working groups that were established as a part of the planning effort. Many regions are moving forward with projects and programs identified through the planning process. Implementation of the regional energy plans is long-term, ongoing work which AEA will continue to support by providing technical, financial and evaluation assistance.

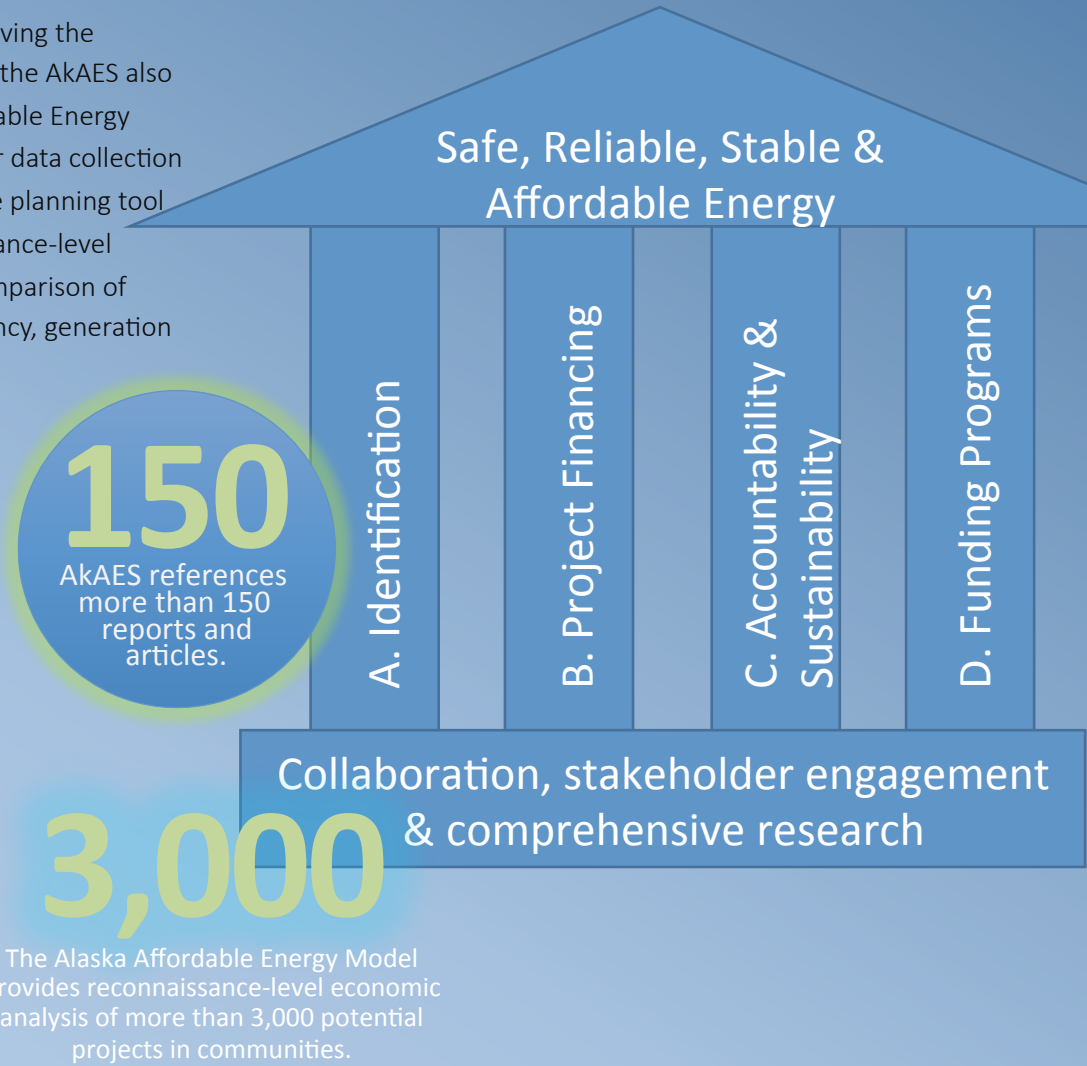


Regional energy planning work session, Bethel

ALASKA AFFORDABLE ENERGY STRATEGY

The Alaska Affordable Energy Strategy (AkaES) fulfills the legislative mandate set out as part of Senate Bill 138 (SB138) in 2014. SB138 required that AEA develop a “plan and recommendations to the legislature on infrastructure needed to deliver affordable energy to areas in the state that do not have direct access to a North Slope natural gas pipeline.” The AkaES proposes changes in the current system for how the State identifies and finances cost-effective projects, and provides accountability and funds programs.

In addition to recommendations for improving the delivery of energy programs and services, the AkaES also included the creation of the Alaska Affordable Energy Model (AkaEM). With appropriate, regular data collection and updates, the AkaEM will be a valuable planning tool into the future. The model is a reconnaissance-level economic analysis tool that allows the comparison of different types of community-scale efficiency, generation and heating projects.



LOOKING AHEAD

Though the State has less money to spend on capital projects, there is still abundant energy cost-saving opportunities that can be brought to fruition through strategic project planning and creative financing solutions. AEA is focusing efforts to guide project development; act as a project funding and financing conduit; and continue to provide critical technical assistance as Alaska's Energy Solutions Center.

PROJECT DEVELOPMENT & FINANCE

The project development and finance group at AEA provides direct assistance to communities to help them transition to financially sustainable energy systems without grant-funded assets. AEA works with communities to bring good projects to the point of financing through methods other than state grants, e.g. federal grants or loans. In its first year in 2017, AEA is targeting unfunded REF projects that are good ventures but did not receive funding. This effort should create a pipeline for well-developed Power Project Fund (PPF) loan applications.

The PPF loan program provides loans to utilities, local governments, tribes and independent power producers for the development or improvement of power generation facilities, including renewable and non-renewable, supply-side conservation, heat recovery and bulk fuel storage. Loan

terms can match the expected useful life of the project and interest rates are set between tax-exempt at the high end and zero at the low end. The PPF program is designed to be flexible enough to meet community needs, providing an attractive financing option for continued investment in local energy infrastructure.

The project development and finance group works in concert with local, regional and statewide planning efforts to bring financial and other resources to bear to meet identified needs. In addition to responding to areas of need identified at the local level, this group tracks potential funding opportunities (e.g. federal and private grants and initiatives) and works to put those funds to work in Alaska.

Waterfall Creek Hydro in King Cove is a good example of a project brought to bear by multiple sources. This project received grant funding from the Renewable Energy Fund, a loan from the Power Project Fund, bonding through the State bond bank and local match to create the financing package needed to complete their project. This is the type of dynamic capital stack that will be needed increasingly more in the future to bring projects to fruition with less reliance on state and federal grant funding as has been historically received. AEA's in-house technical, financial and project management expertise across a range of energy project types allows the agency to provide communities and utilities assistance with identifying, developing and financing critical energy projects.



Perryville, 2016

FINANCIALS

Alaska Energy Authority: Unaudited Financial Highlights (in thousands)

BALANCE SHEETS

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets:		
Investment securities and cash	\$ 1,118,052	\$ 1,167,953
Loans, net	6,312	6,347
Capital assets, net	370,154	368,160
Receivables and other assets	7,774	15,734
Total Assets	<u>1,502,292</u>	<u>1,558,194</u>
Liabilities and net position:		
Liabilities		
Bonds payable	62,585	71,155
Payables and other liabilities	44,530	60,232
Total liabilities	<u>107,115</u>	<u>131,387</u>
Net position:	<u>1,395,177</u>	<u>1,426,807</u>
Total liabilities and net position	<u>\$ 1,502,292</u>	<u>\$ 1,558,194</u>

REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Operating revenues:		
Federal grants	\$ 4,357	\$ 4,734
Revenue from operating plants	18,640	16,828
State operating revenues	18,943	34,116
Interest on loans	291	282
Other operating revenues	43	18
Total operating revenues	<u>42,274</u>	<u>55,978</u>
Operating expenses:		
Grants and projects	37,918	75,056
Power cost equalization grants	31,198	36,663
Interest expense	3,177	3,668
Plant operating	4,709	3,985
General and administrative	6,590	6,113
Provision for loan losses	(2)	6
Depreciation	10,529	10,487
Other project expenses	-	-
Total operating expenses	<u>94,119</u>	<u>135,978</u>
Operating loss	<u>(51,845)</u>	<u>(80,000)</u>
Investment Income, net	11,048	35,095
State of Alaska Fund Capitalization	9,167	65,489
Other non-operating losses	-	30
Increase (decrease) in net position	<u>\$ (31,630)</u>	<u>\$ 20,614</u>

For AEA's complete FY16 Audited Financial Statements, go to akenergyauthority.org or call 907.771.3000.



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AEA's mission: Reduce the cost of energy in Alaska.