

PROGRAM 1 – RURAL ENERGY PROGRAMS

ALASKA ENERGY AUTHORITY

I. PROGRAM OBJECTIVES

Authorized under AS 42.45, the Alaska Energy Authority's (AEA) Rural Energy Programs include Bulk Fuel Storage Upgrades, Rural Power System Upgrades, and Power Cost Equalization (PCE).

AEA grants fall under "umbrella" state funding sources for energy project construction and management activities. The objective of the programs are to fund projects that improve cost-savings, energy efficiency, safety and reliability of electric energy systems, bulk fuel storage facilities and waste heat systems in rural Alaska. Examples include: purchases or modifications to electric utility engine-generators, system meters, or other equipment; upgrades or safety improvements to electric transmission and distribution lines, repairs and code compliance work on electric utility bulk fuel storage facilities and installation of waste heat recovery systems.

The Power Cost Equalization program provides payments to electrical utilities on behalf of individuals. Power cost equalization payments are not considered to be financial assistance for state single audit purposes, please refer to 2 AAC 45.080(a)(4).

II. PROGRAM PROCEDURES

AEA administers grants in two ways:

1. **Managed on Behalf of the Grantee:** Through the terms of the grant agreement with the grantee, AEA acts as an agent of the grantee and directly procures all grant force account labor, materials and other services. AEA pays vendors directly for materials and services and the grantee does not receive funds directly. An accounting firm under contract with AEA pays force account payroll from a trust account into which AEA deposits grant funds for payroll and related taxes.
2. **Direct Award to the Grantee:** These grants are paid to the grantee based on the terms of the grant agreement.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

1. **Compliance Requirements:** Grant funds can be expended as specified in the grant agreement in accordance with the authorizing legislation, statutes, and regulations.

Suggested Audit Procedure: Review the grant agreement and related records to determine if the funds were expended in accordance with the terms of the agreement.

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B. ELIGIBILITY -

The auditor is not expected to make tests for recipient eligibility.

C. MATCHING, LEVEL OF EFFORT AND /OR EARMARKING REQUIREMENTS -

1. **Compliance Requirements:** The grant agreement identifies any matching, level of effort, or earmarking requirements.

Suggested Audit Procedure: Review the grant agreement, identify any matching, level of effort, or earmarking requirements, and verify that the requirements were met.

D. REPORTING REQUIREMENTS -

1. **Compliance Requirements:** The grant agreement specifies the reporting requirements to which the grantee must adhere.

Suggested Audit Procedures: Examine reports and supporting documentation and verify completeness, accuracy and timeliness of submission. Verify that required approvals were obtained and that expenditures and matching contributions were within the award performance period.

E. SPECIAL TESTS AND PROVISIONS -

1. **Compliance Requirements:** The grant agreement identifies any other compliance requirements to which the recipient is to adhere.

Suggested Audit Procedures: Review the grant agreement, identify any other applicable compliance provisions, including the “standard provisions,” and verify that the requirements were met.