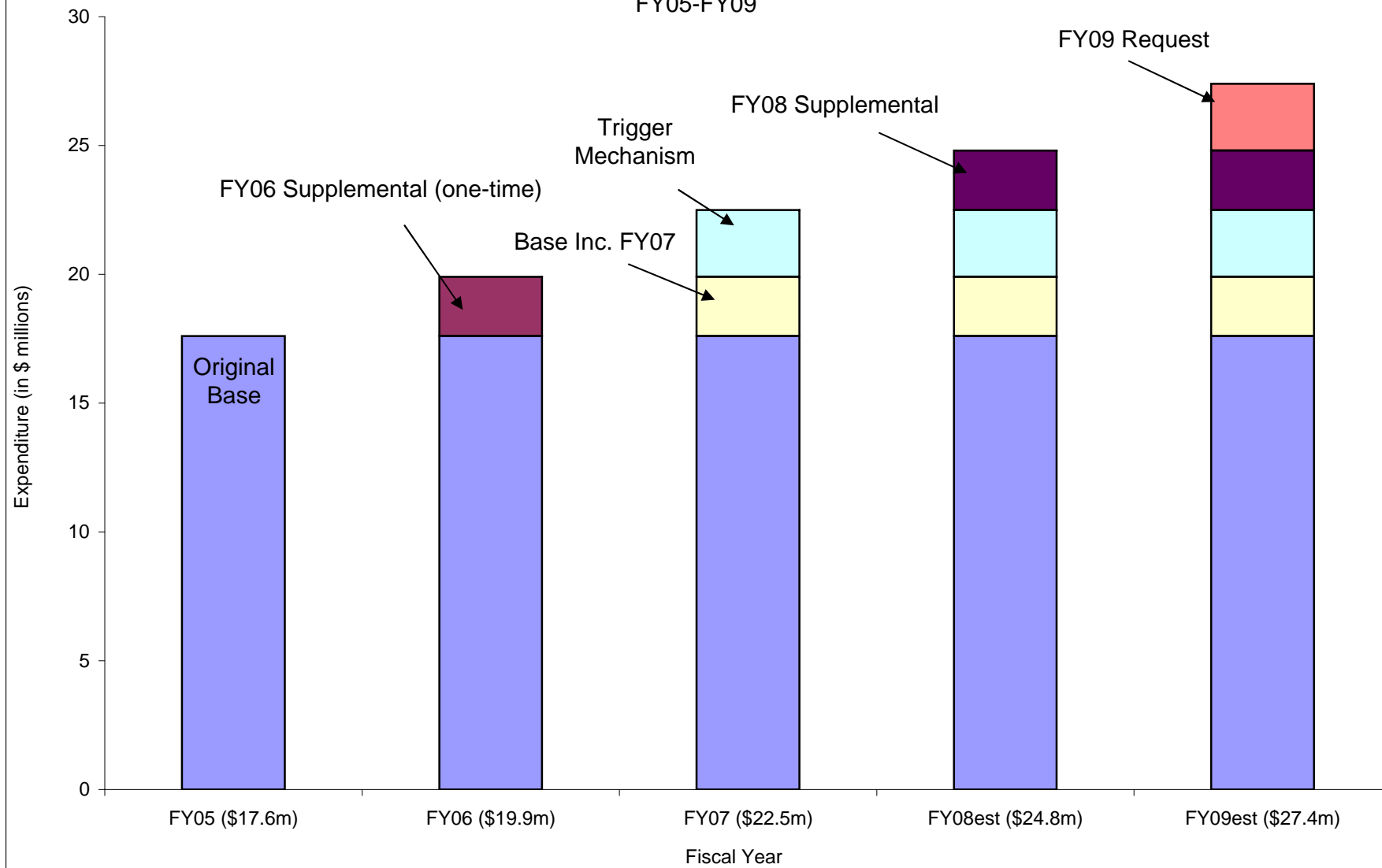


University of Alaska
Utilities and Fuel Expenditure Trend
FY05-FY09



Pat Pitney, Vice President
(907) 450-8191
(907) 450-8181 fax
pat.pitney@alaska.edu



UNIVERSITY
of ALASKA
Many Traditions One Alaska

Planning & Budget
PO BOX 755260
910 Yukon Drive Ste. 108
Fairbanks, AK 99775-5260

January 10, 2008

Karen Rehfeld, Director
Office of Management and Budget
P.O. Box 110020
Juneau, AK 99811

Dear Ms. Rehfeld:

The University of Alaska is requesting a supplemental to cover FY08 projected utility cost increases of \$2.3 million. While, UA has taken energy conservation measures such as new lighting technology, improved building automation and boiler upgrades to help reduce the consumption of energy, utility costs continue to increase across all campuses. Some examples include, Fairbanks campus facing another natural gas rate increase of 10% effective February 2008 in addition to the rate hike of 20% effective May 2007. Electric has gone up 7% in the past six months. Prince William Sound (Valdez) is experiencing a 20% average rate increase in electric and a 40% rate increase in fuel. The heating oil prices paid by Kenai campus have increased by 37% so far in FY08.

As part of UA's FY08 budget request, \$1.6 million general fund was requested to cover utility cost increases, however the FY08 appropriation for UA did not include any base funding for utility cost increases, just funding contingent on the fuel trigger mechanism, which only covered the cost increases that occurred in FY07.

In FY07, UA received \$2.6 million in general fund one-time funding through the fuel trigger mechanism to cover FY06 to FY07 utility cost increases. However, since the funding was only one-time, funding received in FY08 as part of the same fuel trigger mechanism only replaced the FY07 one-time funding, leaving UA at the FY07 funding level. Therefore, in addition to the existing funds received through the fuel trigger mechanism, UA is requesting the FY08 supplemental, to cover the utility increases from FY07 to FY08.

The table below shows the FY06 actuals, FY07 projected, FY07 actuals and FY08 projected utility costs by campus.

	Actuals	Projected		Actuals	Projected	
	FY06	FY07	Increase FY06-FY07	FY07	FY08	Increase FY07-FY08
Anchorage	\$4,338.6	\$4,727.8	\$389.2	\$4,337.2	\$4,998.9	\$661.7
Kenai (incl. Kachemak Bay)	\$213.2	\$257.6	\$44.4	\$238.6	\$267.9	\$29.3
Kodiak	\$173.4	\$196.0	\$22.6	\$189.4	\$216.8	\$27.4
Mat-Su	\$176.5	\$226.2	\$49.7	\$225.9	\$233.9	\$8.0
PWSCC	\$257.2	\$344.2	\$87.0	\$246.5	\$318.5	\$72.0
Fairbanks*	\$12,430.1	\$14,199.9	\$1,769.8	\$14,659.9	\$16,125.8	\$1,465.9
College of Rural Alaska		\$0.0				
Bristol Bay	\$58.8	\$66.8	\$8.0	\$79.2	\$87.2	\$8.0
Chukchi	\$54.6	\$73.2	\$18.6	\$52.9	\$60.9	\$8.0
Interior/Aleutians	\$73.9	\$98.0	\$24.1	\$79.3	\$87.3	\$8.0
Kuskokwim	\$330.0	\$369.1	\$39.1	\$360.3	\$396.4	\$36.1
Northwest	\$79.3	\$105.0	\$25.7	\$83.8	\$92.2	\$8.4
Juneau	\$999.2	\$1,156.8	\$157.6	\$1,100.3	\$1,188.3	\$88.0
Ketchikan	\$165.1	\$188.1	\$23.0	\$169.5	\$183.0	\$13.5
Sitka	\$103.3	\$115.4	\$12.1	\$104.4	\$112.8	\$8.4
UA Anchorage	\$5,158.9	\$5,751.8	\$592.9	\$5,237.6	\$6,036.0	\$798.4
UA Fairbanks	\$13,026.7	\$14,912.0	\$1,885.3	\$15,315.4	\$16,849.8	\$1,534.4
UA Southeast	\$1,267.6	\$1,460.3	\$192.7	\$1,374.2	\$1,484.1	\$109.9
UA Statewide	\$443.0	\$523.0	\$80.0	\$440.2	\$484.2	\$44.1
UA System	\$19,896.2	\$22,647.1	\$2,750.9	\$22,367.4	\$24,854.1	\$2,486.8

*Includes Co-op Extension, Rural College, UAF Organized Research, and TVC 11.1%

Total Increase FY06-FY08	\$4,957.9
Less funding through trigger mechanism	-\$2,640.0
FY08 Supplemental Request	\$2,317.9

This supplemental request has been discussed with the Board of Regents leadership and is expected to be formally approved at the February 2008 Board of Regents' meeting.

Please let me know if you need any additional information. UA will continue to monitor utility costs monthly and will notify the Office of Management and Budget of any significant cost changes. Assuming funding is received, UA will review campus projections as of March 2008 to determine the final distribution.

Sincerely,

Pat Pitney