



Sponsor Statement

HB 39 Power Cost Equalization

HB 39 proposes to restore certain components of the Power Cost Equalization (PCE) program that existed prior to 1999. It would raise the consumption cap on residential power covered by the program from 500 kWh to 600 kWh per month, and it would include small-business rate payers in the pool of entities eligible for PCE, also at a cap of 600 kWh per month. These small commercial customers are clearly defined as only those who presently consume no more than 2,400 kWh per month. Presently, such businesses—which are important contributors to bush economies—are not eligible to receive PCE benefits.

HB 39 addresses the near-term survival of our rural communities. In recent years, the state of Alaska has created and supported energy programs that in time will significantly improve the long-term sustainability of our remote towns and villages. The legislation you have before you is an important interim measure to stabilize those same communities while permanent solutions are established.

Throughout the year, rural residents strive to conserve power and remain below the present 500 kWh ceiling. In fact, on average PCE-eligible customers consume less than 400 kWh per month—more than 40 percent less electricity than the average urban Alaskan consumer. Researchers have described rural electricity consumption as survival-level—scarcely sufficient to power what in urban areas would be regarded as the most basic household functions. In winter, it is particularly difficult to maintain such extraordinary levels of conservation.

HB 39 seeks to extend a lifeline to rural Alaskans during the harsh winter months. At the same time, it will support small business owners, strengthening their viability as local job creators and enabling them to make goods and services more affordable in remote communities.

I would be grateful for your support for this bill.