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Senate Finance Committee Member

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District S

Adak
Akiachak
Akiak
Akutan
Aleknagik
Aniak
Anvik
Atka
Atmauthluak
Attu Station
Bethel
Chefornak
Chignik
Chignik Lagoon
Chignik Lake
Chuathbaluk
Clark's Point
Cold Bay
Crooked Creek
Dillingham
Dutch Harbor
Eek
Egegik
Ekwok
False Pass
Flat
Goodnews Bay
Grayling
Holy Cross
Igiugig
Iliamna
Ivanof Bay
Kasigluk
King Cove
King Salmon
Kipnuk
Kokhanok
Koliganek
Kongiganak
Kwethluk
Kwigillingok
Lake Minchumina
Levelock
Lime Village
Lower Kalskag
Manokotak
Marshall
McGrath
Mekoryuk
Mertarvik
Naknek
Napakiak
Napaskiak
Nelson Lagoon
Newhalen
New Stuyahok
Newtok
Nighthute
Nikolai
Nijloksji
Nondalton
Nunapituchuk
Oscarville
Pedro Bay
Perryville
Pilot Point
Platinum
Pope-Vannoy Landing
Port Alsworth
Port Heiden
Portage Creek
Quinhagak
Red Devil
Russian Mission
Saint George Island
Saint Paul Island
Sand Point
Shageluk
Sleetmute
South Naknek
Stony River
Takotna
Togiak
Toksook Bay
Tuntutuliak
Tununak
Twin Hills
Ugashik
Unalaska
Upper Kalskag

SPONSOR STATEMENT SB 196

“An Act relating to the use of certain unexpended earnings from the power cost equalization endowment fund.”

The Power Cost Equalization program has evolved much in its 36 years of existence. It began in 1980 as the Power Production Cost Assistance program serving 66 communities. It changed to the Power Cost Assistance Program, and then in 1984, to the PCE program we know today, currently serving 190 communities. It is a rural lifeline program with a funding formula tied to utility costs and rates thereby reducing electricity rates that residential customers and community facilities pay.

Through the early years, funding the program with general funds became a challenge as world oil prices sharply decreased, which lowered state revenues. In an attempt to help sustain the program, legislation in 2000 established the Power Cost Equalization Endowment Fund which appropriated \$100 million.

The Power Cost Endowment Fund was designed to fully fund the Power Cost Equalization Program off of earnings of the endowment and without general funds. Additional deposits were needed to bring the fund into full realization. Now that this has been achieved it makes sense to use the excess earnings, when available, for other state purposes.

After fully funding the PCE Program, SB 196 provides an avenue for excess earnings of the PCE endowment fund, to be utilized for other state purposes while protecting the corpus of the fund to ensure future PCE Program payouts.

SB 196 proposes that the fund’s excess earnings will be made available for appropriation in the following manner:

- 60% of the excess earnings will pay a dividend to the State’s general fund.
- 30% will go to the Renewable Energy Fund. A state-wide program that focuses on lowering the costs of energy as a goal, which is in line with the intent of the endowment.
- 10% of the excess will go back into the corpus of the fund to protect it in case of lower than expected earnings into the future.

A healthy fund will continue helping Alaskan citizens better afford the high costs of energy while also contributing back to the state in the form of dividends and energy projects across the State.