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Power Cost Equalization Program and Fund

House Finance Committee

April 15, 2021

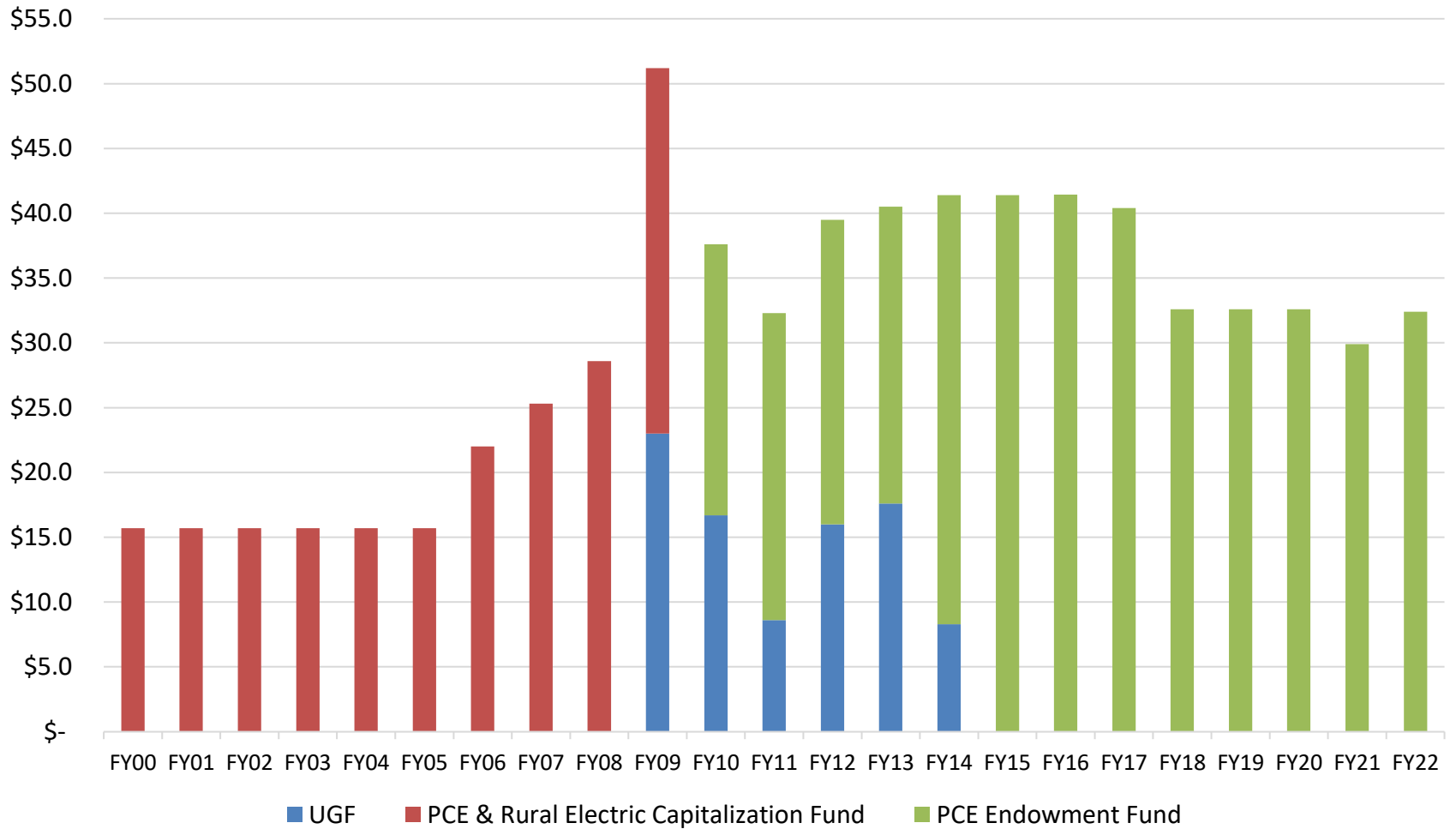
Legislative Finance Division

PCE Fund Background

- The PCE program began in FY85 and was funded with UGF appropriations until FY94.
- Ch. 18, SLA 1993, the Power Cost Equalization and Rural Electric Capitalization Fund was established to fund the PCE program.
 - In FY00 the fund balance declined and was no longer sufficient to cover program costs.
 - The fund was deactivated in FY11 when the funding methodology was revised and replaced with the Power Cost Equalization Endowment Fund.
- Ch. 75, SLA 2000 established the Power Cost Equalization Endowment Fund.
 - Capitalized with \$100 million from the CBR and sale of the Four Dam Pool Hydroelectric Project.
 - The earnings of the fund are used to fund the PCE program.

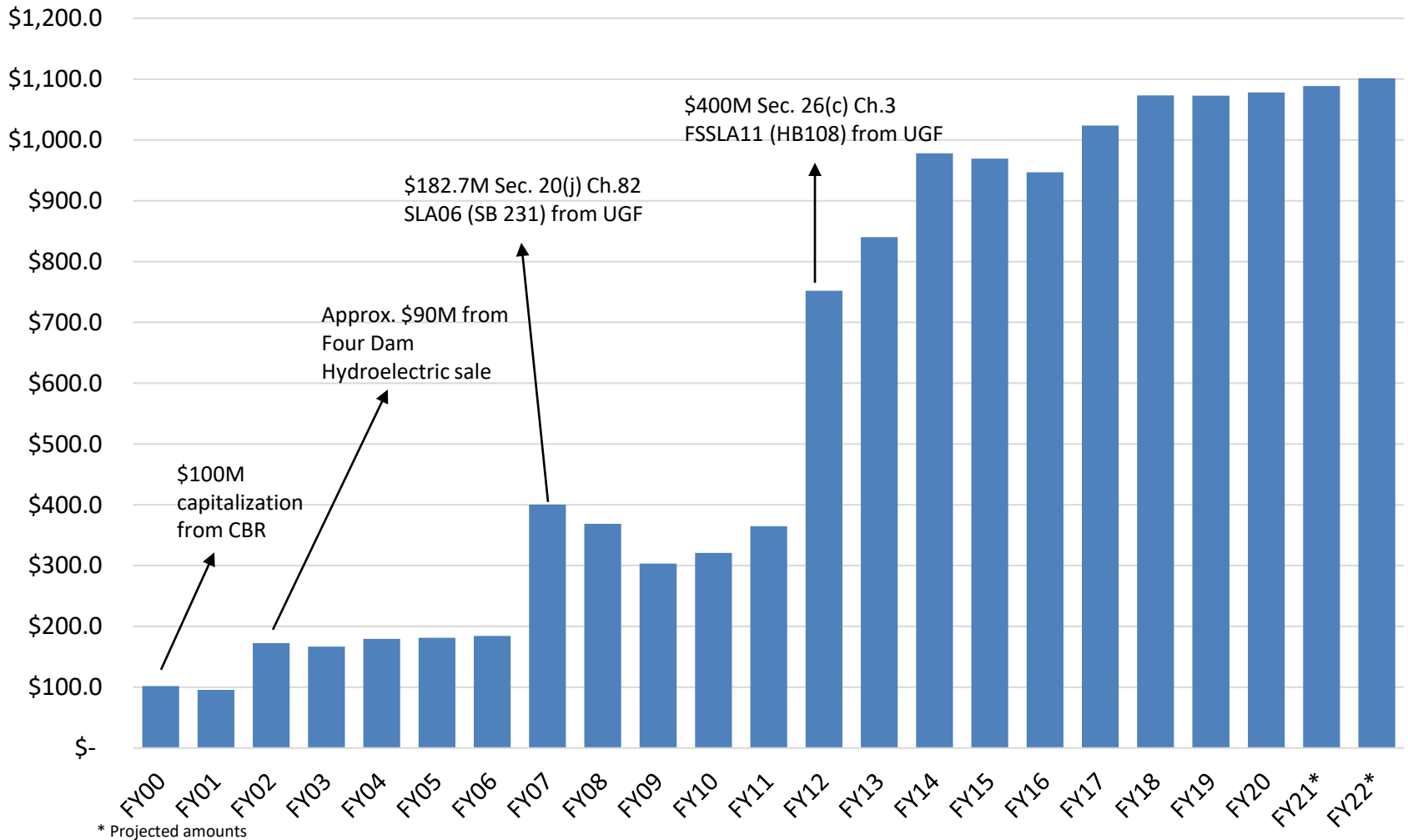
AEA PCE Program Fund History (FY00-FY22)

(in millions)



PCE Endowment Balance History (FY00-FY22)

(in millions)



PCE Endowment Earnings & Fund History

TREASURY DIVISION
DEPARTMENT OF REVENUE
STATE OF ALASKA

• • • • • Version 5.3 Released September 30, 2020 • • • • •

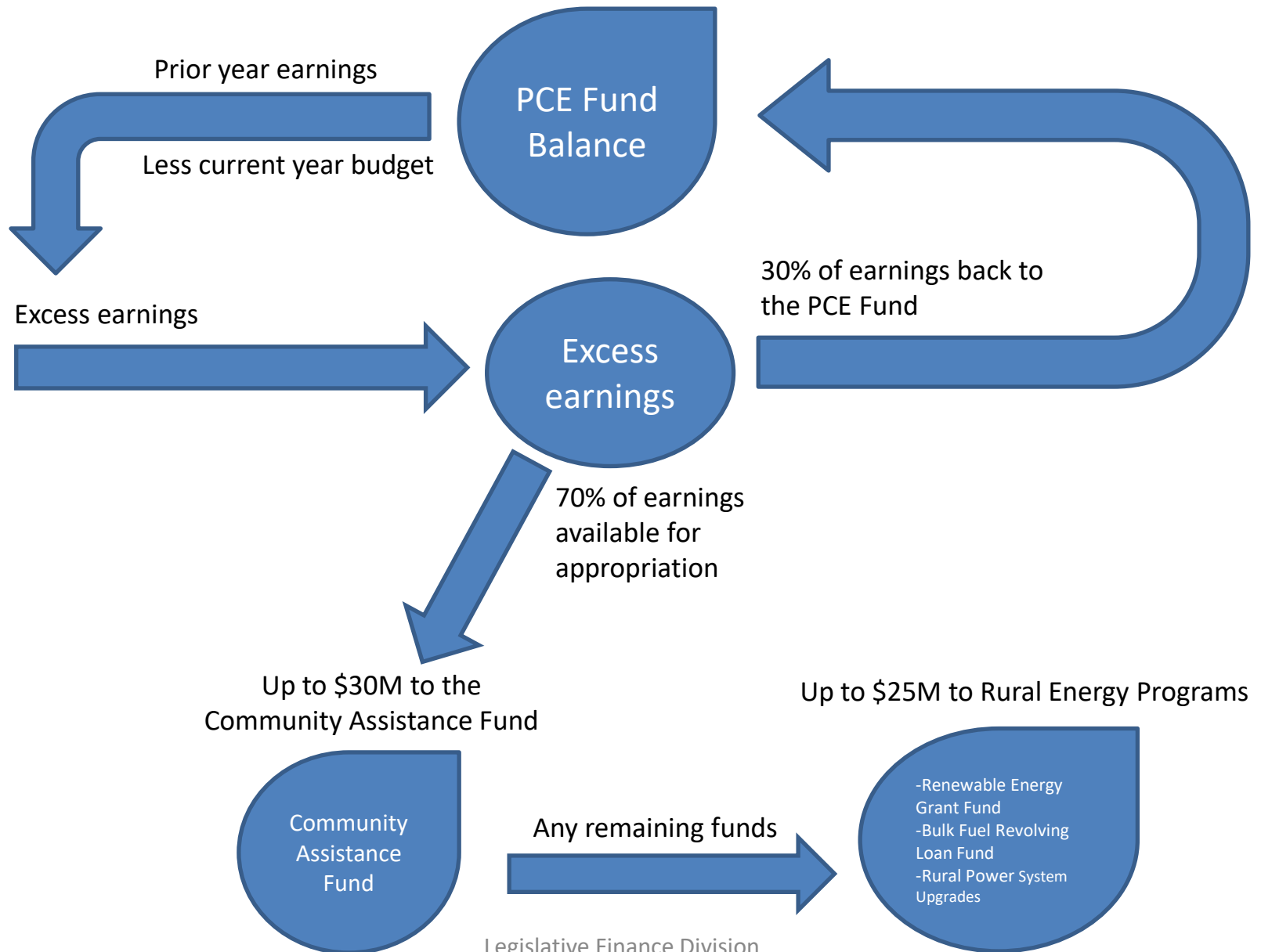
Fiscal Year	Earnings	Fair Value	Actual Return
2000	1,726,614	101,726,614	
2001	(6,049,407)	95,677,206	(6.00)%
2002	(5,716,214)	172,445,674	(5.09)%
2003	6,241,929	166,653,975	3.88 %
2004	20,676,236	179,303,474	12.90 %
2005	15,384,400	181,113,210	8.78 %
2006	14,591,803	184,456,694	8.43 %
2007	44,876,372	400,250,076	15.91%
2008	(18,750,502)	368,706,164	(4.79)%
2009	(49,095,135)	303,354,399	(13.87) %
2010	38,386,794	320,713,602	12.74%
2011	67,651,024	364,529,375	21.80%
2012	10,947,889	751,780,453	1.67%
2013	111,487,779	840,214,875	15.12%
2014	171,111,667	977,867,367	20.72%
2015	33,192,304	969,389,431	3.50%
2016	8,912,404	946,938,059	0.99%
2017	112,330,514	1,023,565,664	12.21%
2018	76,602,411	1,073,378,411	7.53%
2019	74,141,548	1,072,825,381	7.28%
2020	48,303,424	1,078,156,859	4.64%

https://treasury.dor.alaska.gov/Portals/0/docs/Blue%20Book%20V%205_3%20FY21%20FINAL_1.pdf

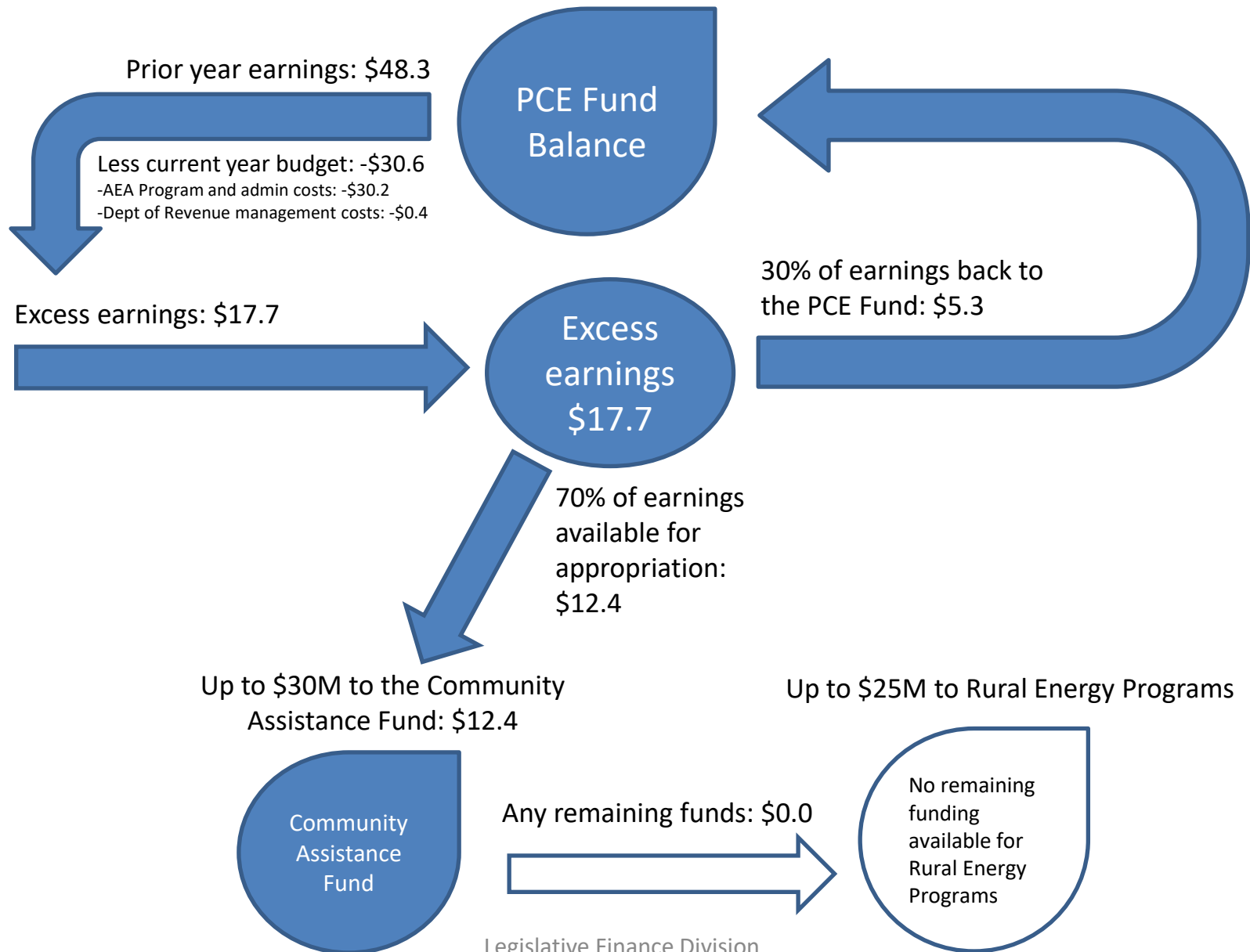
AS 42.45.085 - Use of PCE Funds

- AS 42.45.85(a) – POMV Payout – 5% of the monthly average market value for the previous three closed fiscal years may be appropriated
- AS 42.45.085(d) – If the earnings of the previous closed fiscal year exceed the appropriation under (a) for the current fiscal year then the legislature may appropriate 70% of the difference to:
 - 1) a maximum of \$30 million to the Community Assistance Program
 - 2) the remainder, not to exceed \$25 million for Rural Energy Programs

PCE Waterfall



PCE Waterfall (FY22)



Questions?

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