

# Community Assistance and Power Cost Equalization

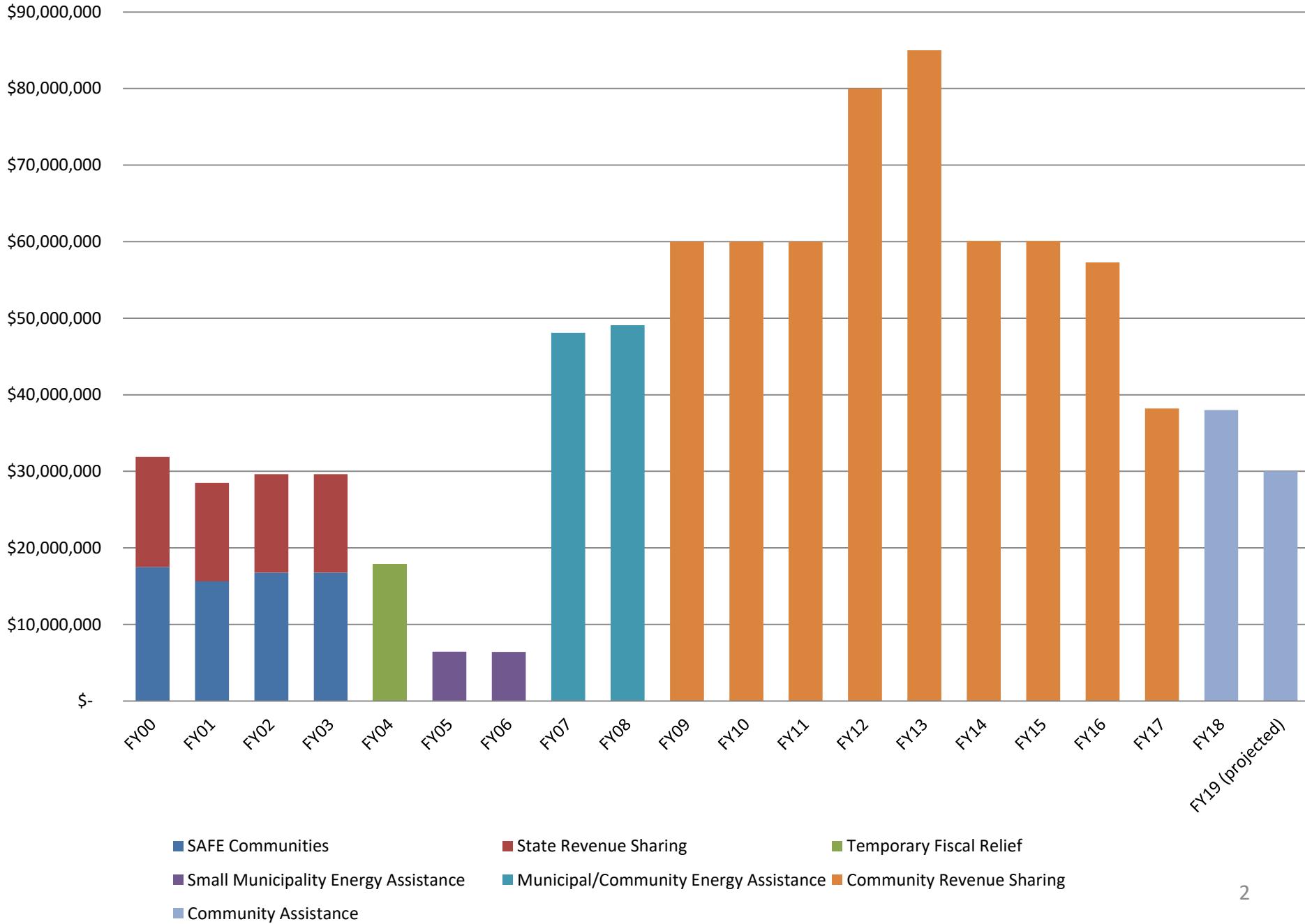
Senate Finance Committee

March 13, 2018

David Teal

Legislative Finance Division

# Community Assistance Programs: Historical Distributions (FY00-FY19)



# Community Assistance Fund Illustration

	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Starting Balance	\$ 180.0	\$ 180.0	\$ 172.0	\$ 114.7	\$ 90.0	\$ 90.0	\$ 90.0
<i>Distribution (1/3 of balance)</i>	\$ 60.0	\$ 60.0	\$ 57.3	\$ 38.2	\$ 30.0	\$ 30.0	\$ 30.0
<i>Additional distribution</i>	\$ -	\$ -	\$ -	\$ -	\$ 8.0	\$ -	\$ -
Total Distribution	\$ 60.0	\$ 60.0	\$ 57.3	\$ 38.2	\$ 38.0	\$ 30.0	\$ 30.0
Deposit to Fund	\$ 60.0	\$ 52.0	\$ -	\$ 13.6	\$ 30.0	\$ 30.0	\$ 30.0
Ending Balance	\$ 180.0	\$ 172.0	\$ 114.7	\$ 90.0	\$ 90.0	\$ 90.0	\$ 90.0

# History of Power Cost Equalization

- Established in 1985 to assist rural residents with energy costs
- At the time, urban communities benefited from state-subsidized energy projects such as the Four Dam Pool and Bradley Lake
- PCE Program directly subsidizes high energy costs for ratepayers

# PCE Fund

- Until FY01, PCE was funded through annual GF appropriations
- In FY01, \$100 million from the sale of the Four Dam Pool and from the CBR was used to capitalize the PCE Endowment
- \$182.8 million added in FY07 and \$400 million added in FY12
- GF funding was phased out and replaced with payouts from the PCE Endowment

## Power Cost Equalization Endowment Fund (*Includes SB 196*)

### History and Projections (in Millions)

Fiscal Year	Beginning Balance	Additional Deposits/Withdrawals	Earnings Rate*	Earnings (into the fund)	Total Program Costs	Program Costs (from the PCE Fund)	GF Subsidy to Cover Total Program Costs	2nd Prior Fiscal Year Earnings In Excess of Program Costs	70% of Excess Earnings Available for Allocation	Allocation to Community Assistance	Allocation to Rural Energy Programs	Excess Earnings that Remain in the PCE Fund	Excess Earnings that Remain in the PCE Fund	Ending Balance	
				Growth 0%					% Allocation Maximum	70% 30.0					
FY03									70%					166.7	
FY04	166.7		12%	20.7	15.1	8.0	7.1							179.3	
FY05	179.3		9%	15.4	15.9	13.6	2.3							181.1	
FY06	181.1		8%	14.6	22.2	11.2	10.9							184.4	
FY07	184.4	182.7	24%	45.1	25.7	12.0	13.7							400.3	
FY08	400.3		-5%	(18.8)	28.8	12.8	16.0							368.7	
FY09	368.7		100%	(10.1)	37.7	16.3	21.5							303.4	
FY10	303.4				31.8	21.0	10.8							320.7	
FY11	320.7				32.7	23.8	8.9							364.5	
FY12	364.5	400.0			39.5	23.7	15.8							751.8	
FY13	751.8				40.6	23.1	17.6							840.2	
FY14	840.2				41.7	33.5	8.2							977.9	
FY15	977.9		3%	33.2	41.7	41.7	-							969.4	
FY16	969.4		1%	8.9	31.4	31.4	-							946.9	
FY17	946.9	(16.3)	12%	112.3	40.7	40.7	-	(7.5)	0.0	0.0	0.0	0.0	0.0	1,002.2	
FY18	1,002.2	(44.0)	6%	60.1	38.6	38.6	-	(29.7)	0.0	0.0	0.0	0.0	0.0	979.8	
FY19	979.8		6%	58.8	33.1	33.1	-	79.2	55.4	30.0	25.0	24.2	31%	1,005.5	
FY20	1,005.5		6%	60.3	33.1	33.1	-	27.0	18.9	18.9	0.0	0.0	0%	1,032.7	
FY21	1,032.7		6%	62.0	33.1	33.1	-	25.7	18.0	18.0	0.0	0.0	0%	1,061.6	
FY22	1,061.6		6%	63.7	33.1	33.1	-	27.2	19.1	19.1	0.0	0.0	0%	1,092.2	
FY23	1,092.2		6%	65.5	33.1	33.1	-	28.9	20.2	20.2	0.0	0.0	0%	1,124.6	
FY24	1,124.6		6%	67.5	33.1	33.1	-	30.6	21.4	21.4	0.0	0.0	0%	1,159.0	
FY25	1,159.0		6%	69.5	33.1	33.1	-	32.4	22.7	22.7	0.0	0.0	0%	1,195.4	
FY26	1,195.4		6%	71.7	33.1	33.1	-	34.4	24.1	24.1	0.0	0.0	0%	1,234.0	
FY27	1,234.0		6%	74.0	33.1	33.1	-	36.4	25.5	25.5	0.0	0.0	0%	1,275.0	
									TOTAL	199.9	25.0	24.2			

\*For FY18-FY27, the earnings rate is a flat 6% for illustration purposes only.

Per AS 42.45.085, the payout for a FY is determined on July 1 by the avg for the first 3 of the preceding 4 years.

Language: 70% of excess earnings goes first to CA (max \$30m) then to RE (max \$25m).