



# Senator Lyman F. Hoffman

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  
Nunapitchuk  
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.