

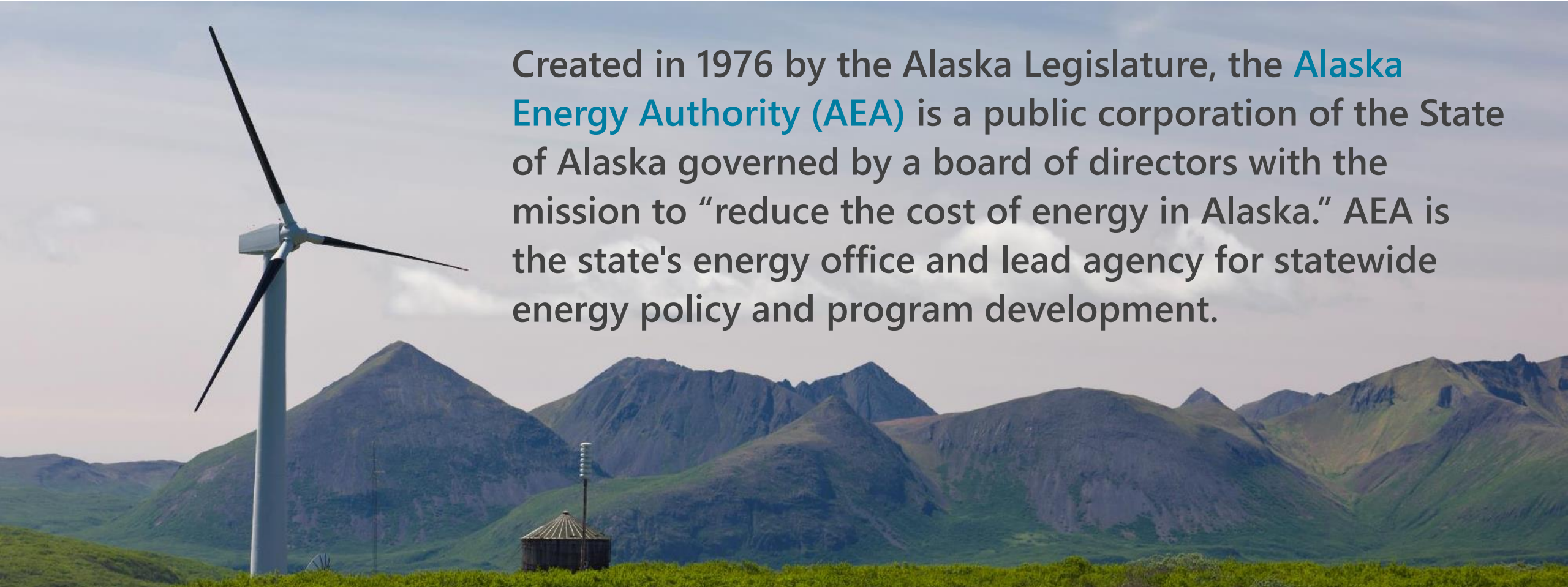
POWER COST EQUALIZATION

Curtis W. Thayer
Executive Director

House Judiciary Committee
June 4, 2021



WHO WE ARE

A photograph of a white wind turbine on a grassy hill, with a small wooden structure and a range of rugged, green mountains in the background under a cloudy sky.

Created in 1976 by the Alaska Legislature, the [Alaska Energy Authority \(AEA\)](#) is a public corporation of the State of Alaska governed by a board of directors with the mission to “reduce the cost of energy in Alaska.” AEA is the state's energy office and lead agency for statewide energy policy and program development.

Power Cost Equalization (PCE)

The PCE Program was established in 1985 as one of the components of a statewide energy plan to help “equalize” the high cost of electricity in rural communities with the lower costs in more urban areas.

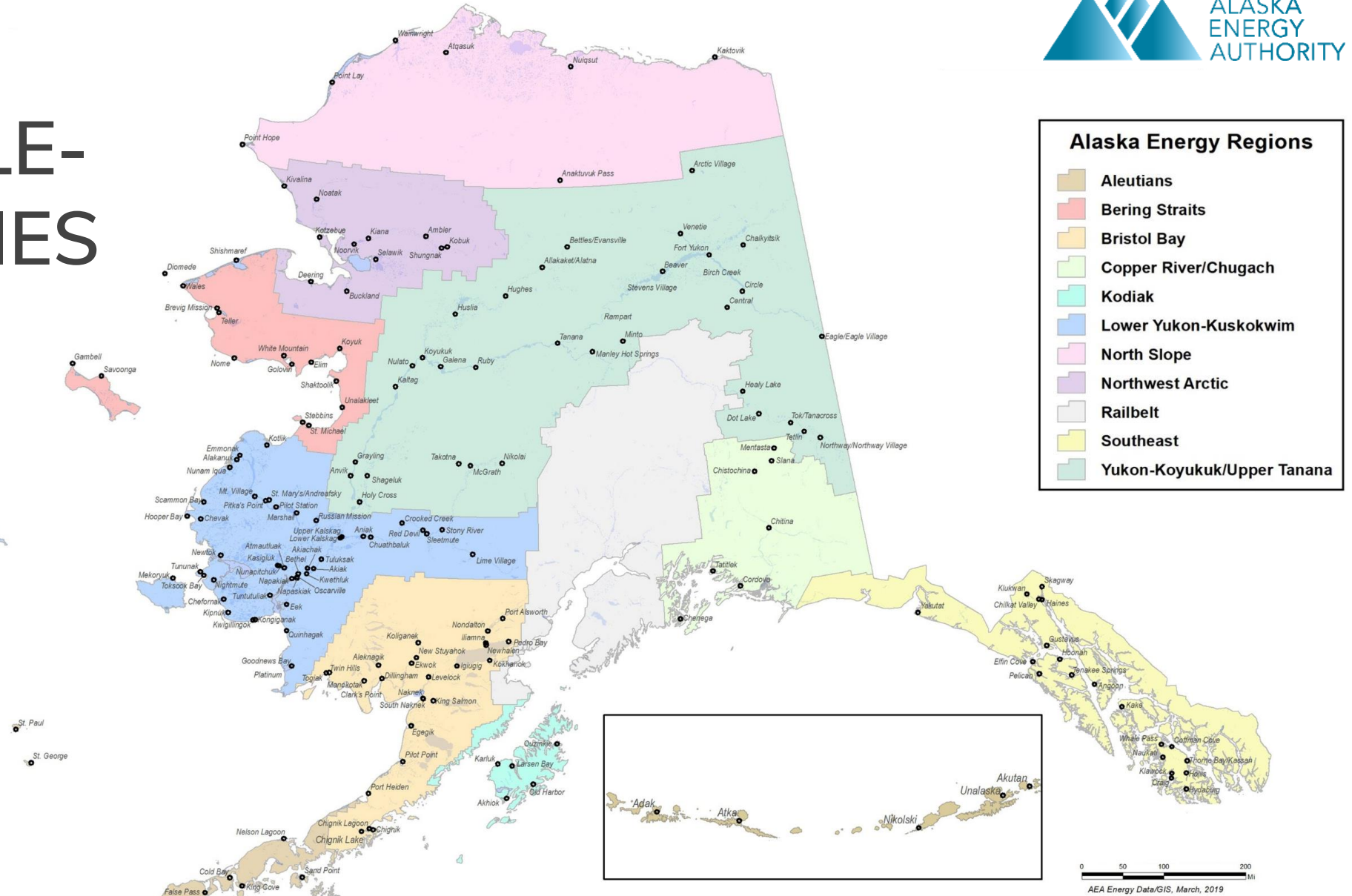


WHAT IS PCE?

- PCE helps ~82,000 Alaskans in ~200 rural communities with their high energy costs.
- The program seeks to reduce the high costs of electricity paid by rural consumers to a level comparable to an average of rates paid in Anchorage, Fairbanks, and Juneau.
- PCE ensures the financial viability of rural communities.
- Reliable lower-cost energy enhances the quality of life, the standard of living, and the economic strength of the communities.

PCE ELIGIBLE- COMMUNITIES

Residential and
community
facility customers
in approximately
200 communities
are eligible for
PCE Credits



PCE PROGRAM IN FISCAL YEAR 2020



81,700

Alaskans benefited from
PCE Credits

192

Communities were eligible
for PCE Credits

\$29.6

In Fiscal Year 2020, \$29.6
million was disbursed

PCE ENDOWMENT FUND

- PCE disbursements are funded from the PCE Endowment Fund.
- Created and capitalized in Fiscal Year 2001, the PCE Endowment Fund is managed by the Department of Revenue.
- Alaska Statute 42.45.085 provides that five percent of the PCE Endowment Fund three-year average market value may be appropriated to the program.



PCE ENDOWMENT HISTORY (THOUSANDS)

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Beginning Investment Fund Balance	\$ 969,389	946,939	1,023,566	1,073,378	1,072,825
Inflows:					
Annual investment earnings	8,912	112,331	76,602	74,142	48,303
Capital fund transfers in	—	—	—	—	—
Total inflows	8,912	112,331	76,602	74,142	48,303
Outflows:					
Transfers to AEA for PCE payments (1)	(30,622)	(34,956)	(25,595)	(29,719)	(27,000)
Transfers and appropriations to Other Funds	—	—	—	(44,000)	(14,867)
Program administration – AEA	(255)	(243)	(624)	(444)	(575)
Administrative fee – Regulatory Commission	(100)	(112)	(113)	(102)	(108)
Management fee – Department of Revenue	(385)	(393)	(458)	(430)	(421)
Total outflows	(31,362)	(35,704)	(26,790)	(74,695)	(42,971)
Ending investment fund balance	\$ 946,939	1,023,566	1,073,378	1,072,825	1,078,157

(1) Transfers to AEA for PCE Endowment grant payments at June 30, 2020 were \$27,000,000. Subsequent transfers were \$2,600,000 based on estimated PCE costs paid in FY21.

AEA provides
energy solutions
to meet the
unique needs and
opportunities of
Alaska's rural
and urban
communities.

Alaska Energy Authority

813 W Northern Lights Blvd.
Anchorage, AK 99503



Main: (907) 771-3000
Fax: (907) 771-3044



akenergyauthority.org

