



City of King Cove
PO Box 37
King Cove, Alaska 99612

May 9, 2022

Testimony on SB 243 – Power Cost Equalization – to HOUSE FINANCE COMMITTEE

Senate Bill 243 has been passed to increase the monthly ceiling for residential customers from 500 kWh to 750 kWh and is now open for public testimony today with the House Finance Committee. The City of King Cove **SUPPORTS** this increase contingent on the following two issues.

First, King Cove is one of four PCE-eligible utilities, out of 195, that does NOT receive a PCE subsidy. In our case it is because our 25+ year investment in successful renewable energy conflicts with the current PCE statutes that **do not fairly allow** for annual expenditures for the total cost of debt service investing in our two hydro facilities vis-à-vis the annual cost avoidance of approximately \$250,000 in diesel fuel costs.

Second, unless the Legislature appropriates additional funding to the PCE Endowment Fund to compensate for this additional \$15 million annual cost we cannot support this increase. We believe it will only be a matter of time before the Community Assistance funding that comes from this Fund will start to erode downward. And, this would be another HIT on King Cove's local government funding that we depend on, particularly with no PCE subsidy for King Cove residents and community facilities. In other words, this would be a double-whammy to King Cove – and we don't think that is fair.

Per our first concern, the city has requested the Administration to review our situation. However, no meaningful discussion or solution has been identified by the Administration at this time.

Per our second concern, the city recommends the Legislature appropriately capitalizes the PCE Endowment fund to allow for the increase in monthly PCE payments to accommodate the 500 to 750 kWh increase, but also maintain the required funding in the Endowment fund to keep Community Assistance fully funded.

Thank you.

Gary Hennigh
City Administrator

