

Revised April 5, 2010

**Alaska Energy Authority
Program Fact Sheet:**

Power Cost Equalization Program

Current Status:

Effective October 1, 2008, the power cost for which PCE is paid (the “ceiling”) was raised from \$.525 to \$1.00. For FY 2010, the base rate was raised from \$0.1283 to \$0.1412. As of April 5, 2010, the estimated program cost for FY 2010 is \$36 million.

Program Description:

The goal of Alaska Energy Authority's (AEA) Power Cost Equalization program is to provide economic assistance to customers in rural areas of Alaska where the kilowatt-hour charge for electricity can be three to five times higher than the charge in more urban areas of the state. PCE only pays a portion of approximately 30% of all kWh's sold by the participating utilities.

PCE fundamentally improves Alaska's standard of living by helping small rural areas maintain the availability of communications and the operation of basic infrastructure and systems, including water and sewer, incinerators, heat and light. PCE is a core element underlying the financial viability of centralized power generation in rural communities.

The Legislature established different functions for AEA and the Regulatory Commission of Alaska (RCA) under Alaska Statutes 42.45.100-170, which govern PCE program responsibilities.

AEA determines eligibility of community facilities and residential customers and authorizes payment to the electric utility. Commercial customers are not eligible to receive PCE credit. Participating utilities are required to reduce each eligible customer's bill by the amount that the State pays for PCE.

RCA determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. More information about the RCA may be found at www.state.ak.us/rca

PCE Endowment Fund:

The PCE Endowment Fund was created and capitalized in FY 2001 with Funds from the Constitutional Budget Reserve and the Four Dam Pool Project sale proceeds. The PCE Endowment Fund is an Alaska Energy Authority Fund managed by the Department of Revenue; it is invested to earn at least 7% over time. \$182.7 million was appropriated to the fund in FY 2007. The deposit occurred in October 2006.

AS 42.45.085 provides that 7% of the PCE Endowment Fund's 3 year monthly average market value may be appropriated to the PCE Rural Electric Capitalization Fund for annual PCE program costs. The total invested assets of the Fund on January 31, 2010 were \$322.8 million.

PCE Statistical Report

The Alaska Energy Authority published its annual PCE Statistical Report for Fiscal Year 2009. This report provides statistical data on the program for the fiscal year ended June 30, 2009. Approximately 77,518 people living in 184 communities participated in the FY09 program. FY09 appropriations allowed for PCE payments at 100% during the fiscal year, totaling approximately \$37 million.

The FY09 report may be found at: www.akenregyauthority.org