

STATISTICAL REPORT
Of The
POWER COST EQUALIZATION
PROGRAM

Fiscal Year 2008
July 1, 2007 - June 30, 2008

Twentieth Edition
August 2009

State of Alaska
Sean Parnell, Governor

Alaska Energy Authority



August 2009

Executive Director's Statement:

This report provides statistical data on the Power Cost Equalization (PCE) program for the fiscal year ended June 30, 2008.

The cost of electricity for customers in rural parts of Alaska is generally three to five times higher than that of customers in more urban areas of the State. PCE provides assistance to the customers of rural electric utilities by paying part of their electricity costs. Thus, it ultimately insures the viability of the local utility and the availability of reliable centralized power.

Approximately 74,700 people living in 176 communities participated in the FY08 program. The FY08 appropriations allowed for PCE payments at 100% during the fiscal year totaling approximately \$28.2 million.

The FY08 report may be found at www.akenergyauthority.org. Additional copies or prior year reports may be obtained by calling (907) 771-3000.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Haagenson", with a long, sweeping underline that extends to the right.

Steve Haagenson
Executive Director

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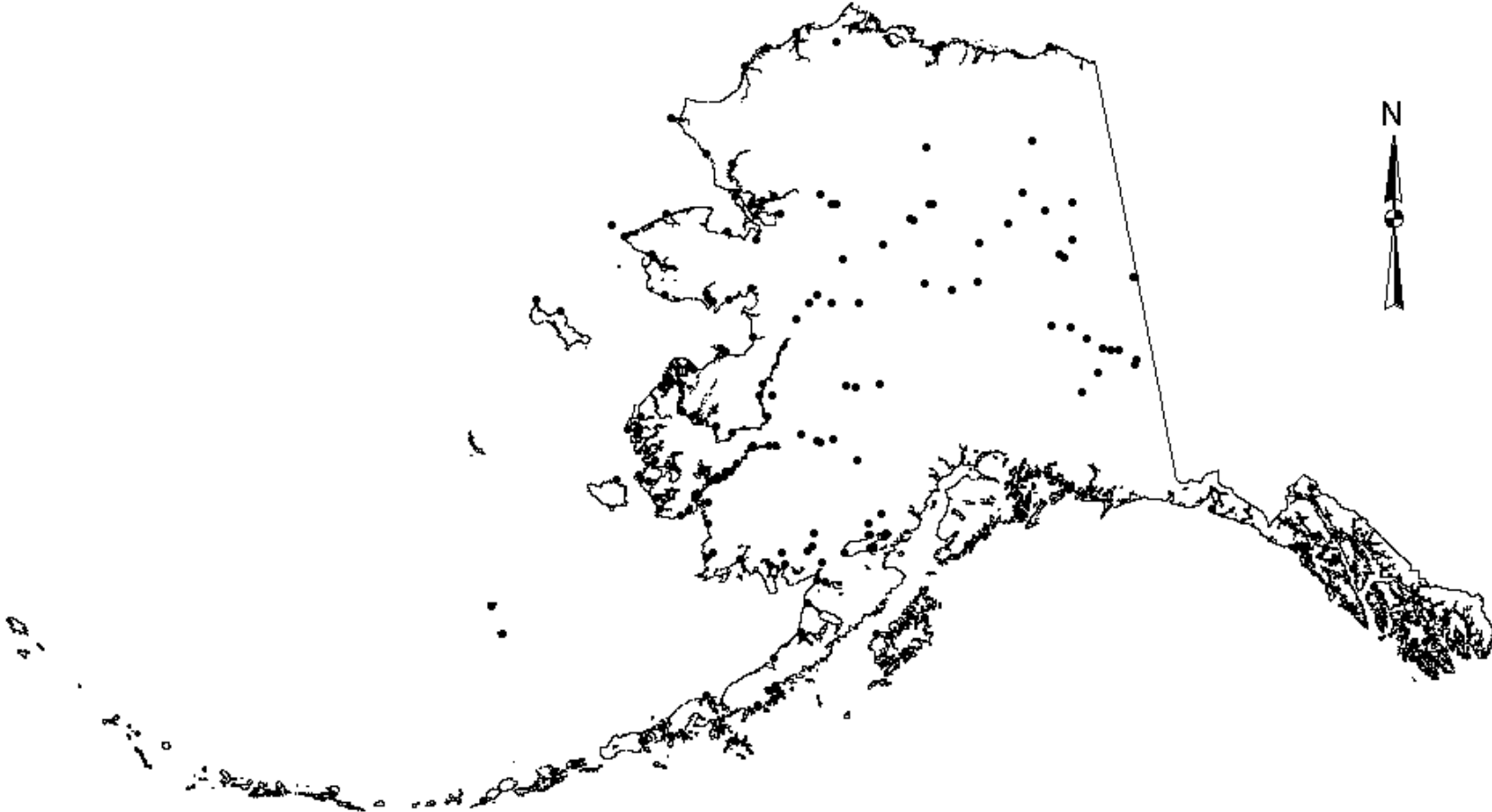
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The Alaska Energy Authority (AEA) complies with Title II of the Americans with Disabilities Act of 1990. This publication is available in alternative communications formats upon request. Please contact the Authority at (907) 771-3000 to make any necessary arrangements.

Data for the Power Cost Equalization Annual Statistics is based on utility monthly PCE reports submitted by participating utilities/communities. AEA staff reviews the reports for completeness; otherwise, data submitted by the utilities/communities is not altered.

Data for prior fiscal years does not include data collected after the publication of the PCE Annual Statistics Report for that fiscal year. Data for this fiscal year reflects only those monthly PCE reports that have been processed prior to publication.

**Power Cost Equalization (PCE) Program
Participating Communities**



FY08 PCE Program Participating Utilities

Akiak City Council

Akiachak Native Community

City of Akutan

Alaska Power Company

Allakaket/Alatna	Klawock
Bettles/Evansville	Mentasta
Chistochina	Naukati
Coffman Cove	Northway/Northway Village
Craig	Skagway
Dot Lake	Slana
Eagle/Eagle Village	Tetlin
Haines	Thorne Bay/Kassan
Healy Lake	Tok/Tanacross
Hollis	Whale Pass
Hydaburg	

Alaska Village Electric Cooperative

Alakanuk	Nightmute
Ambler	Noatak
Anvik	Noorvik
Brevig Mission	Nulato
Chevak	Nunapitchuk
Eek	Old Harbor
Elim	Pilot Station
Emmonak	Pitka's Point
Gambell	Quinhagak
Goodnews Bay	Russian Mission
Grayling	Savoonga
Holy Cross	Scammon Bay
Hooper Bay	Selawik
Huslia	Shageluk
Kaltag	Shaktolik
Kasigluk	Shishmaref
Kiana	Shungnak
Kivalina	St. Mary's/Andreafsky
Kotlik	St. Michael
Koyuk	Stebbins
Lower Kalskag	Teller
Marshall	Togiak
Mekoryuk	Toksook Bay
Minto	Tununak
Mt. Village	Upper Kalsag
New Stuyahok	Wales

Alutiq Power Company

Karluk

Andeanof Electric Corporation

Atka

Aniak Light & Power Company

Atmautluak Joint Utilities

Beaver Joint Utilities

Bethel Utilities Corp.

Bethel Oscarville

Buckland, City of

Central Electric, Inc.

Chenega IRA Village Council

Chignik, City of

Chignik Lagoon Power Utility

Chitina Electric Inc.

Circle Electric Utility

Cordova Electric Co-op

Diomedee Joint Utilities

Egegik Light and Power

Ekwok, City

Elfin Cove Utility Commission

False Pass, City

Galena, City of

G & K Inc.

Cold Bay

Golovin Power Utilities

Gustavus Electric Company

Gwitchyaa Zhee Utilities

Fort Yukon

Hughes Power & Light

Igiugig Electric Company

I-N-N Electric Cooperative

Iliamna Nondalton

Newhalen

Inside Passage Electric Cooperative

Angoon Kake

Chilkat Valley Klukwan

Hoonah

Ipnotchik Electric Company

Deering

King Cove, City of

Kipnuk Light Plant

Kobuk Valley Electric Company

Kokhanok Village Council

Kotzebue Electric Association

Koyukuk, City of

Kwethluk Incorporated

Kwig Power Company

Kwigillingok

Larsen Bay Utility Company

Levelock Electrical Coop

Lime Village Electric Company

Manley Utilities

Manokotak Power Company

McGrath Light & Power

Middle Kuskokwim Electric

Chuathbaluk Sleetmute

Crooked Creek Stony River

Red Devil

Naknek Electric

King Salmon

Naknek

South Naknek

Napakia Ircinraq

Napaskiak Electric Utility

Naterkaq Light Plant

Chefornak

Nelson Lagoon Electrical Coop

New Koliganek Village Council

Koliganek

Nikolai, City of

Nome Joint Utility System

Nunam Iqua Electric Company

Nushagak Electric Cooperative

Aleknagik

Dillingham

Ouzinkie, City of

Pedro Bay Village Council

Pilot Point Electrical

Platinum, City of

Puvurna Power Company

Kongiganak

Ruby, City of

Stevens Village IRA Council

St. Paul Municipal Electric

Takotna Community Assoc. Inc.

Tanalian Electric Cooperative

Port Alsworth

Tanana Power Company Inc.

Tatitlek Village IRA Council

TDX Corporation

Sand Point

Tenakee Springs, City of

Tuluksak Traditional Power Utility

Tuntutuliak Community Service Assoc.

Twin Hills Village Council

Umnak Power Company

Nikolski

Unalaska, City of

Unalakleet Valley Electrical Cooperative

Ungusrag Power Company

Newtok

Venetie Village Electric

White Mountain, City of

Yakutat Power

HIGHLIGHTS OF THE POWER COST EQUALIZATION PROGRAM

Eligibility

Utility

An electric utility participating in the Power Cost Equalization Program (PCE) must:
a) provide electric service to the public for compensation; b) during calendar year 1983, had less than 7,500 megawatt hours of residential consumption or less than 15,000 megawatt hours if two or more communities were served; and c) during calendar year 1984, the utility has used diesel-fired generators to produce more than 75% of its electrical consumption.

Customers

Customer eligibility is based on actual power purchased. State and federal offices/facilities, commercial customers and public schools are excluded from PCE. Residential customers are eligible for PCE credit up to 500 kilowatt-hours (kWh/s) per month. Community facilities, as a group, can receive PCE credit for up to 70 kilowatt-hours per month multiplied by the number of residents in a community.

Formula Used to determine PCE level/kWh for a utility:

Formula: 95% of the eligible costs per kWh between 12.87 cents/kWh, "the floor" and, 52.5 cents/kWh, "the ceiling".

Costs below 12.87 cents/kWh and above 52.5 cents/kWh are not eligible for PCE.

If the eligible costs are 52.5 cents/kWh or more, the maximum PCE level is 37.65 cents/kWh (52.5 cents – 12.87 cents = 39.63 cents x 95% = 37.65 cents).

A participating utility must meet generation efficiency and line loss standard, otherwise the PCE level is reduced to reflect those standards.

Process

The Regulatory Commission of Alaska (RCA)

RCA determines the PCE level per kWh for each utility. Two categories of costs are used in determining the PCE level: a) fuel expenses: the cost of fuel, including transportation of fuel; and b) non-fuel expenses: salaries, insurance, taxes, power plant parts and supplies, interest and other reasonable costs.

The Alaska Energy Authority (AEA)

Eligible utilities submit monthly reports to AEA that document the eligible power sold and PCE credits applied to eligible customers' bills. AEA calculates the amount of PCE on a monthly basis and issues payment to the utility. AEA verifies the eligibility of customers and of community facilities. In addition, AEA calculates the required pro-rated PCE levels based on available funds.

Authority

PCE is governed by Alaska Statutes 42.45.110-170, and by the Alaska Administrative Code 3 AAC 107.200-270 and 3 AAC 52.600-690.

FY08 POWER COST EQUALIZATION PROGRAM STATISTICS

	Fiscal year 2008	Fiscal year 2007	Percent Change (6) 2007 - 2008
Participation Statistics			
Population Served	74,677	78,530	-4.9%
Communities Served	176	183	-3.8%
Participating Utilities	86	87	-1.1%
Total Residential Customers	25,954	26,523	-2.1%
Total Community Facilities Customers	1,820	1,834	-0.8%
Total Customers (Residential & Community Facilities) (1)	27,518	28,357	-3.0%
Production Statistics			
Total Diesel Generation (kWh)	369,460,646	380,165,149	-2.8%
Total "Other" (Hydroelectric/Wind) Generation (kWh)	25,893,754	24,984,536	3.6%
Total Purchased Power (kWh)	52,076,751	55,631,649	-6.4%
Total kWh Sold (All Customers) (2)	408,457,578	419,857,612	-2.7%
PCE Eligible kWh - Residential	89,125,459	90,172,865	-1.2%
PCE Eligible kWh - Community Facilities	31,027,706	31,541,372	-1.6%
Total PCE Eligible kWh - Community Facilities & Residential	120,153,165	121,714,237	-1.3%
Total PCE Eligible kWh shown as percent of total kWh sold.	29%	29%	0.0%
Average Monthly PCE Eligible kWh - Residential Customers (3)	289	283	2.1%
Average Monthly PCE Eligible kWh - Community Facilities (3)	1,453	1,433	1.4%
Average Monthly PCE Eligible kWh - Community Facilities / Per Resident (3)	33	33	0.0%
Financial Statistics			
Average Price of Fuel Oil (\$/gallon)	3.06	2.72	12.5%
Total Fuel Oil Consumed (gallons)	26,806,329	27,631,224	-3.0%
Total Cost of Fuel Oil Purchased by the Utilities (\$)	81,939,755	75,261,627	8.9%
Total Non-Fuel Expenses (\$)	62,312,429	67,411,410	-7.6%
Non-Fuel expenses per total kWh sold (\$)	0.1526	0.1619	-5.7%
Total Operating Costs per kWh (\$) (4)	0.3532	0.3431	2.9%
PCE legislative funding appropriations	28,560,000	25,619,000	11.5%
Total Monthly Reports Processed through 2/08 (\$) (5)	28,137,549	25,437,093	10.6%

(1) Assumes all customers were eligible to receive PCE credit during FY08.

(2) Value reduced by 1,007,801 in FY08, and by 1,100,666 in FY07 to eliminate double counting of kWh's where power is sold/purchased between utilities participating in the PCE Program.

FY07 amount increased from previous report to include Galena sales to government unit.

(3) Calculation assumes all customers were eligible to receive twelve (12) months of PCE credit.

(4) "Operating" costs include both fuel and non-fuel expenses.

(5) During FY08 PCE payments were made at a 100% level for all 12 months.

During FY07 PCE payments were made at a 100% level for the first six (6) months, at a 89% level for the remaining six (6) months.

(6) Net change between years is partially attributable to incomplete reporting by utilities and non-participation of 3 utilities in FY08, North Slope Borough, Chignik Lake Electric, and City of Port Heiden

POWER COST EQUALIZATION PROGRAM
HISTORICAL TRENDS
Fiscal Year 1993 - 2008

	Fiscal Year 93	Fiscal Year 94	Fiscal Year 95	Fiscal Year 96	Fiscal Year 97	Fiscal Year 98	Fiscal Year 99	Fiscal Year 00	Fiscal Year 01	Fiscal Year 02	Fiscal Year 03	Fiscal Year 04	Fiscal Year 05	Fiscal Year 06	Fiscal Year 07	Fiscal Year 08
PARTICIPATION																
Participating Utilities	96	95	95	96	96	97	98	94	91	90	89	85	86	85	87	86
Communities Served	166	173	175	180	191	193	194	188	189	187	185	181	183	181	183	176
Population Served	69,626	73,392	75,776	75,488	77,406	78,179	79,377	77,625	79,708	79,555	79,229	78,166	79,178	77,859	78,530	74,677
CUSTOMERS																
Residential	20,857	21,732	22,361	23,316	23,820	24,423	25,226	24,753	25,123	25,426	25,713	25,747	26,059	26,384	26,523	25,954
Commercial	5,363	5,202	5,299	6,391	5,778	5,895	5,955	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Community Facilities	1,285	1,366	1,361	1,452	1,510	1,609	1,627	1,675	1,732	1,740	1,776	1,768	1,821	1,781	1,834	1,820
Total Customers	27,505	28,300	29,021	31,159	31,108	31,927	32,808	26,428	26,855	27,166	27,489	27,515	27,880	28,165	28,357	27,518
FUNDING																
Appropriations (\$)	\$18,026,700	\$17,920,000	\$18,635,000	\$19,385,600	\$18,500,000	\$18,700,000	\$18,050,000	\$15,700,000	\$17,090,222	\$15,700,000	\$15,700,000	\$15,700,000	\$15,700,000	\$22,020,000	\$25,619,000	\$28,560,000
Disbursements (\$)	\$17,341,042	\$17,516,024	\$18,493,448	\$19,201,515	\$17,906,275	\$18,503,992	\$17,949,524	\$14,415,676	\$17,076,203	\$15,469,105	\$15,448,480	\$15,617,225	\$15,370,599	\$21,494,137	\$25,437,093	\$28,137,549
Disbursements/Customer (\$)	\$630	\$619	\$637	\$616	\$576	\$580	\$547	\$545	\$636	\$569	\$562	\$568	\$551	\$763	\$897	\$1,023
Funding Level (Annual Average % of full PCE rates)	n/a	n/a	n/a	n/a	n/a	n/a	(2)	100%	(3)	(4)	(5)	(7)	(8)	(9)	(10)	(10)
CONSUMPTION																
Total MWh Sold (MWh)	313,535	340,102	359,569	363,783	374,455	383,549	403,663	391,454	390,802	401,804	403,157	411,939,787	409,712,809	424,878,796	419,857,612	408,457,578
PCE Eligible MWh Residential & Commercial (6)	104,545	105,630	108,217	112,484	115,803	118,553	128,836	85,873	87,524	89,315	89,786	90,450,341	90,067,688	90,790,225	90,172,856	89,125,459
PCE Eligible kWh/Month/Cust, Resid & Comrc	332	327	326	316	326	326	364	265	290	293	291	293	288	287	283	289
PCE Eligible MWh Community Facilities	23,331	24,344	26,447	27,420	28,308	29,954	33,016	30,216	33,062	34,342	33,829	35,210,266	32,683,683	32,509,806	31,541,372	31,027,706
Elig. kWh/Month/Capita, Community Facilities	28.0	28.0	29.0	30.0	31.0	32.0	35.0	32.4	35.0	36.0	36.0	38.0	34.0	35.0	33.0	33.0
Total PCE Eligible MWh (MWh)	127,877	129,974	134,194	139,904	144,112	148,507	161,852	116,089	120,585	123,657	123,615	125,660	122,751	123,300	121,714	120,153
Eligible kWh/Month/Cust, Total Customers	388	383	385	374	386	388	411	293	325	379	327	331	322	365	358	364
COSTS																
Average Price of Fuel Oil (\$/gallon)	\$0.990	\$0.970	\$1.010	\$1.01	\$1.11	\$1.07	\$0.98	\$1.10	\$1.37	\$1.32	\$1.33	\$1.43	\$1.99	\$2.36	\$2.72	\$3.06
Total Gallons of Fuel Oil Consumed (gallons)	24,932,287	26,663,700	27,861,416	27,540,292	28,159,435	28,380,048	28,296,365	27,697,657	27,358,835	28,161,794	27,295,935	28,476,898	27,344,185	28,578,801	27,631,224	26,806,329
Total Cost of Fuel Oil (\$)	\$25,246,066	\$27,391,271	\$27,616,949	\$27,849,969	\$31,174,864	\$30,235,332	\$27,701,300	\$30,427,210	\$37,547,880	\$37,059,110	\$36,400,050	\$40,850,408	\$51,202,886	\$67,306,038	\$75,261,627	\$81,939,673
Total Non-Fuel Costs (\$)	\$43,974,601	\$48,431,445	\$47,200,227	\$52,174,734	\$51,068,505	\$53,803,948	\$54,539,372	\$41,487,005	\$55,436,898	\$57,169,071	\$59,003,506	\$59,995,049	\$61,258,444	\$66,090,950	\$67,411,410	\$62,312,429
EFFICIENCY RATIOS																
Non-Fuel Costs per total kWh Sold (\$/kWh)	\$0.1400	\$0.1270	\$0.1310	\$0.1430	\$0.1360	\$0.1400	\$0.1350	\$0.1060	\$0.1410	\$0.1410	\$0.1464	\$0.1453	\$0.1495	\$0.1555	\$0.1619	\$0.1526
RATES																
Average PCE per Eligible kWh (\$/kWh)	\$0.1350	\$0.1350	\$0.1380	\$0.1370	\$0.1240	\$0.1250	\$0.1450	\$0.1240	\$0.1416	\$0.1251	\$0.1250	\$0.1200	\$0.1252	\$0.1600	\$0.2200	\$0.2627

(1) Commercial customers are ineligible to receive PCE credit, per July 2000 legislation.

(2) PCE funding levels for FY99 were paid at the a reduced level of 85% for the first ten (10) months of the program year, and reduced to 73.5% for the last two (2) months of the program year.

(3) PCE funding levels for FY01 were paid at the 100% level for the first eleven (11) months, and reduced to 74% for the last month of the program year.

(4) PCE funding levels for FY02 were paid at the reduced level of 92% for the first seven (7) months, 80% for the next four (4) months, and 66% for the last month of the program year.

(5) PCE funding levels for FY03 were paid at the reduced level of 84% for the first eight (8) months, 90% for the next three (3) months, and 92% for the last month of the program year.

(6) PCE Eligible MWh Residential & Commercial is a combined total for years FY90 - FY99. FY00 - FY04 represents residential eligible MWh's only.

(7) PCE funding levels for FY04 were paid at the reduced level of 92% for the first three (3) months, 83% for the next six (6) months, 75% for the next two months, and 63% for the last month of the program year.

(8) PCE funding levels for FY05 were paid at the reduced level of 81% for the first two (2) months, 76% for the next five (5) months, 65% for the next four (4) months, and 63% for the last month of the program year.

(9) PCE funding levels for FY06 were paid at the reduced level of 81% for the first four (4) months, 78% for the next three (3) months, and at 100% for the remaining five (5) months of the program year.

(10) PCE funding levels for FY07 were paid at 100% for the first six (6) months, and at 89% for the remaining six (6) months of the program year.