



## QUICK FACTS

PCE serves 91 utilities, 195 communities, 83,510 people

Program costs tied directly to fuel prices

PCE is supported by rural utility assistance and training

## FOR MORE INFO CONTACT:

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# POWER COST EQUALIZATION (PCE)

## CURRENT STATUS

194 communities out of 195 eligible are currently active in the PCE program. Participation is the highest it has been for the last decade. AEA continues to work with Perryville, the only PCE eligible community not receiving benefits, to meet eligibility standards required for participation and fully expects the community to resume participation in 2019.

Estimated FY2018 total PCE reimbursements equal approximately \$26.2 million. The FY2016 and FY2017 PCE distributions were \$31.0 million and \$26.0 million respectively. A combination of lower fuel prices and fewer gallons of fuel purchased resulted in the lower PCE program costs for FY 2017. If fuel prices increase, program costs will also increase.

In FY2017 the PCE base rate was \$0.1667. In FY2018 the base rate was \$0.1758. The FY2018 amount appropriated to the PCE program was \$32.1 million. The PCE Endowment Fund's market value of total invested assets was \$1.01 billion as of 11/30/18. In FY2018, 194 communities participated in the PCE program.

## PROGRAM OVERVIEW

The Power Cost Equalization Program provides economic assistance to communities and residents of rural electric utilities where the cost of electricity can be three to five times higher than for customers in more urban areas of the state.

The program's purpose is to equalize power costs to near the average cost of power in Anchorage, Fairbanks, and Juneau. Residential and community facility buildings in nearly 200 communities are eligible for the reduced rate.

The Regulatory Commission of Alaska (RCA) determines if a utility is eligible to participate in the program and calculates the rate that the PCE program reimburses each eligible utility. The Alaska Energy Authority (AEA) determines the eligibility of community facilities and residential customers and provides reimbursement to the electric utility for the PCE credits extended to customers.

The PCE Program is funded by earnings of the PCE Endowment Fund. AS 42.45.085 provides that five percent of the PCE Endowment Fund's three-year monthly average market value may be appropriated to the PCE Program. It has only been in recent years that the five percent draw on the endowment has been sufficient to fully fund PCE payments.

AEA regulations define a community building as one that operates for the benefit of the general public and to address the state or federal funding of community facilities. This regulation clarifies that the receipt of state or federal government payments is not considered state or federal payment of operating costs if the local community receives the benefits of the power cost equalization payment rather than the state or federal government.