



Power Cost Equalization (PCE) Program

The Power Cost Equalization 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 was created to equalize power costs per kilowatt-hour statewide at a cost close to or equal to the mean of the cost per kilowatt-hour (kWh) in Anchorage, Fairbanks, and Juneau. PCE is a core element underlying the financial viability of centralized power generation in rural communities.

Current Status: The estimated FY2016 costs for PCE are \$32.0 million. For FY2016 the base rate was \$0.1582. For FY2017 the base rate is \$0.1667. FY2017 amount appropriated to the PCE program is \$40.4 million. The PCE Endowment Fund's market value of total invested assets was \$949.9 million as of 8/31/16. For FY2015, 190 communities participated in the PCE program. As of Sept 9, 2106 only two communities remain that may be eligible to receive PCE that are currently inactive. Ongoing work continues with Birch Creek and Platinum to reinstate these communities in the PCE program.

Alaska Statutes 42.45.100-170, the Regulatory Commission of Alaska (RCA) determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. The Alaska Energy Authority (AEA) determines eligibility of community facilities and residential customers and authorizes reimbursement to the electric utility for the PCE credits extended to customers.

Program Progress:

AEA adopted and amended regulations to 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.

Funding:

The PCE Program is funded by earnings of the PCE Endowment Fund. AS 42.45.085 provides that seven percent of the PCE Endowment Fund's three-year monthly average market value may be appropriated to the PCE Program.

Revised: Sept. 14, 2016

813 W Northern Lights Blvd
Anchorage, AK 99503
(907) 771-3000

**AEA'S MISSION IS
TO REDUCE THE COST
OF ENERGY IN ALASKA**
AKENERGYAUTHORITY.ORG