

ALASKA ENERGY AUTHORITY

POWER COST EQUALIZATION PROGRAM

Katherine Aubry
PCE Program Manager

Local Government Specialists
Annual Meeting
April 29, 2026



Power Cost Equalization (PCE)

PCE is a key part of Alaska's energy policy—helping rural residents access affordable electricity despite isolation and high infrastructure costs, narrowing the gap with urban rates and supporting rural utilities.



188

RURAL COMMUNITIES



81

ELECTRIC UTILITIES



81,000+

ALASKANS



750 kWh

RESIDENTIAL

Residential customer are eligible for PCE credit up to 750 kWhs per month.

70 kWh

COMMUNITY FACILITIES

Community facilities can receive PCE credit for up to 70 kWhs per month multiplied by the number of residents in a community.

\$46M

FUNDS DISBURSED

In fiscal year 2025, AEA disbursed \$46 million to rural electric utilities benefiting 81,000+ Alaskans.

St. George Island, Pribilof Islands, Alaska

PCE Program Inception

Power Cost Equalization Program - Established 1985

- ✓ **Established in 1985** to provide economic assistance where electricity costs are 3-5 times urban rates
- ⚡ **Urban reference rate:** 20.28¢/kWh for comparison with rural rates
- 📍 **Target communities:** Rural communities not connected to the road system
- 💰 **Cost-effective alternative** supporting affordability and equity in energy access

1985

Year Established

3-5x

Cost Multiplier vs Urban

Program Purpose

The PCE program helps rural Alaskans afford electricity by equalizing power costs between urban and rural areas, ensuring equitable access to essential energy services.

PCE Program Funding


The PCE program is funded through an endowment managed by the Alaska Permanent Fund Corporation, with earnings supporting annual appropriations.



Fund Manager

Alaska Permanent Fund Corporation

APFC



Current Balance

\$1,003,313.90


As of Aug 31, 2025



Target Return

7%

Long-term annual return



Fund Management Overview

The Alaska Permanent Fund Corporation manages the PCE endowment with a target long-term return of 7%. The fund balance of \$1,003,313.90 as of August 31, 2025, supports annual PCE appropriations and program stability. Earnings from the fund are used to subsidize electricity costs for eligible rural communities.

Key Financial Details	
Fund Established	1985
Management Fee	0.5%
Last Audit	Aug 2025
Next Review	Dec 2025

State Agency Roles in PCE Administration

Division of duties between RCA and AEA in PCE administration



RCA

Regulatory Commission of Alaska

- ✓ **Determines eligibility** for communities, utilities, and customer classes
- ✓ **Sets Base Rate Charge (BRC)** and PCE levels for eligible utilities
- ✓ **Oversees annual filings** and compliance with PCE regulations
- ✓ **Monitors utility operations** and reviews cost data



AEA

Alaska Energy Authority

- ✓ **Administers PCE fund** per legislative appropriations
- ✓ **Processes utility reports** and makes payments
- ✓ **Program operations** and customer outreach
- ✓ **Data collection** and reporting to RCA



Determining Residential Customer Eligibility



Authority & Jurisdiction

3 AAC 107.230 and 3 AAC 107.260

Legal Definition: Residential Customer

-  Must be the customer's **primary place of residence** and verified **voting location**.
-  PCE credits must be billed to individual household accounts that strictly meet all residency criteria.

Documentation Requirements

Utilities are required to maintain proper documentation of eligibility in accordance with their approved utility tariff and overarching Regulatory Commission of Alaska (RCA) requirements.

Determining Residency



Authority & Jurisdiction

AS 15.05.020 - Residency Determination Standards

1 Intent to Remain: Intent to remain in the community as primary residence

3 No Other Residency: No intent to claim residency elsewhere

5 Local Participation: Local participation (licenses, permits) as applicable

7 One Residence: Only one voting residence at a time

2 Physical Presence: Physical presence except for temporary absences

4 Voter Registration: Voter registration records/affidavits as evidence

6 Temporary Absence: Temporary absence doesn't void residency if intent remains

8 Other Evidence: Other corroborating evidence per statute

Determining Community Facility Eligibility



Eligibility Criteria

Not-for-profit facility that benefits the general public

Eligible Facilities

- ✓ **Not-for-profit** facility status
- ✓ Must **benefit the general public** (community purpose)
- ✓ **Community building** definition applies

Ineligible Facilities

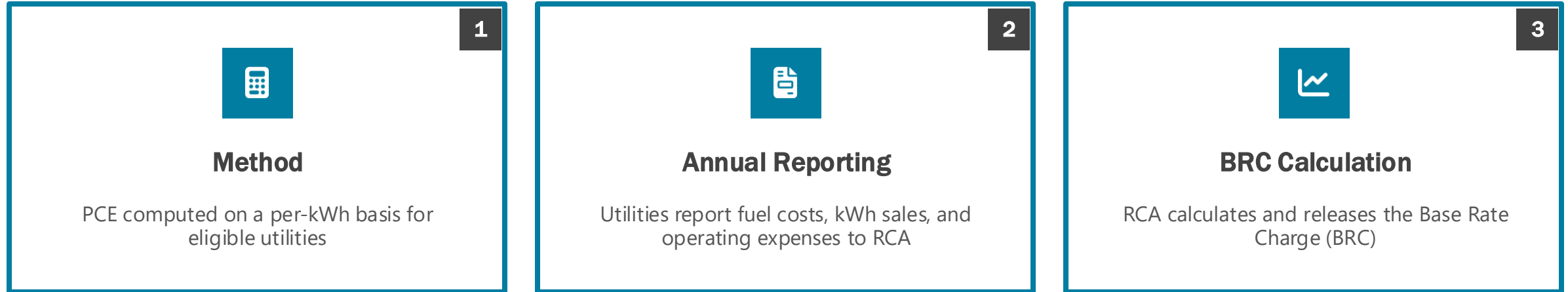
- ✗ Operating costs paid by **state/federal** governments
- ✗ **For-profit** or limited/private benefit use

Documentation Requirements

Apply RCA/AEA definitions and documentation standards. Community facilities must submit proper documentation to verify eligibility status.

Determining PCE Rates

Methodology for determining Power Cost Equalization rates



Rate Determination Process

The PCE rate calculation involves three key steps: First, utilities must submit annual reports to the RCA including fuel costs, kWh sales, and non-fuel operating expenses. Second, the RCA reviews this data and calculates the Base Rate Charge (BRC). Third, the PCE level is derived from the difference between the BRC and the actual retail rate, subject to the statutory maximum.

Key Parameters

FY26 BRC	20.38¢/kWh
Maximum PCE Level	75.64¢/kWh
Calculation Factor	95%

PCE Rate Calculations



Key Parameters

FY26 BRC

20.38¢/kWh

Calculation Rule

95% of costs

Max PCE Level

75.64¢/kWh

Cap

\$1.00/kWh

Calculation Formula

Eligible band = $\min(\text{Retail Rate}, \$1.00) - \text{BRC}$

PCE level = $95\% \times \text{Eligible band}$ (capped at 75.64¢/kWh)

Calculation Example

Parameter	Value	Calculation	Result
Retail Rate	95.0¢/kWh	—	—
BRC (Base Rate Charge)	20.38¢/kWh	—	—
Eligible Band	74.62¢/kWh	$95.0 - 20.38$	74.62¢
PCE Level (95%)	70.89¢/kWh	$95\% \times 74.62$	70.89¢
Final PCE (Capped)	70.89¢/kWh	$< 75.64\text{¢ cap}$	70.89¢



Thank You

Alaska Energy Authority
813 W Northern Lights Blvd.
Anchorage, AK 99503
Phone: (907) 771-3000
Fax: (907) 771-3044
akenergyauthority.org