

Power Cost Equalization Program

The PCE 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. AEA, along with the Regulatory Commission of Alaska (RCA), administers the program that serves 82,000 Alaskans in 193 communities that are largely reliant on diesel fuel for power generation.

The PCE program benefits rural communities by lowering the electricity costs paid by customers, which in turn helps to ensure the sustainability of remote economies dependent on available, reliable, centralized power.

The PCE program reduces the electric rates paid by rural consumers to levels comparable to those paid by consumers in Anchorage, Fairbanks, and Juneau. The program reimburses the utility for credits it has extended to its customers. This happens after the utility reports its sales and provides a customer ledger to AEA. AEA reviews the utility monthly report (UMR) and pays the utility based on rates calculated by the state's utility overseer, the RCA. The RCA determines if a utility is eligible to participate in the program and calculates the rate that the PCE program reimburses each eligible utility. 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. [Alaska Statute 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.

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About AEA

AEA's mission is to reduce the cost of energy in Alaska. AEA's work is the delivery of core services and critical projects for improving energy safety, reliability and affordability. AEA has positive impacts in nearly every community and for ratepayers across Alaska. AEA was established in 1976 as an independent and public corporation of the State of Alaska with the explicit purpose of assisting with the development, operations and financing of energy projects around the state.

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