
# *Power Cost Equalization Program Guide*

**Updated September 2019**


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Throughout this publication, the following abbreviations and terms are used:

| | |
|---|---|
| AEA: | Alaska Energy Authority |
| RCA: | Regulatory Commission of Alaska |
| kWh: | Kilowatt-hour |
| PCE: | Power Cost Equalization |
| PCE Level: | Amount payable per eligible kWh, expressed in cents. |

***Updated September 2019***

# Table of Contents

# PCE Program Inception

The PCE program was established in 1985 as one of the components of a statewide energy plan, providing economic assistance to customers in rural areas of Alaska. Prior to the PCE program, there was the Power Production Assistance Program and the Power Cost Assistance Program.

The PCE program provides economic assistance to communities and residents in rural areas of Alaska where, in many instances, the kilowatt-hour charge for electricity can be three to five times higher than the average kWh rate of 19.10¢ (7/19) in Anchorage, Fairbanks or Juneau.

The PCE program was established to assist rural residents at the same time state funds were used to construct major energy projects to assist more urban areas. Most urban and road connected communities benefit from major state-subsidized energy projects such as the Four Dam Pool, Bradley Lake, and the Alaska Intertie.

Rural communities not on the road system that are dependent on diesel fuel do not benefit from the large subsidized energy projects, and PCE is a cost-effective alternative to provide comparable rate relief to rural residents.

# PCE Program Funding

## Power Cost Equalization Fund and Rural Electric Capitalization Fund:

This fund is administered by the Alaska Energy Authority and is composed of:

1. Appropriations by the State Legislature.
2. Appropriations from the NPRA.
3. Gifts, bequests, and contributions from other sources.
4. Interest earned on the fund balance.

## PCE Endowment Fund:

The PCE Endowment Fund was created and capitalized in FY 2001 with Funds from the Constitutional Budget Reserve and the Four Dam Pool Project sale proceeds, and further capitalized in FY 2007 and FY 2012 with General Funds. The PCE Endowment Fund is an Alaska Energy Authority Fund managed by the Department of Revenue. It is invested to earn 7% over time. 7% of the PCE Endowment Fund's three-year monthly average market value may be appropriated to the PCE Rural Electric Capitalization Fund for annual PCE program costs.

The August 31, 2019 PCE Endowment Fund balance was $1,066,569,717.46.

# PCE Program Funding (continued)

## Program cost and pro-rata reductions:

42.45.110 (i)

The authority shall review the report required under (h) of this section. After review and approval of the report, the authority shall, subject to appropriation, pay to each eligible electric utility an amount equal to the power cost equalization per kilowatt-hour determined under (a) and (c) of this section, multiplied by the number of kilowatt-hours eligible for power cost equalization that were sold during the preceding month to all customers of the utility under (b) of this section. Payment shall be made by the authority within 30 days after receipt from the utility of the report required under (h) of this section. ***If appropriations that have been made for the purpose by July 1 of a fiscal year are insufficient for payment in full, the amount paid to each electric utility shall be reduced on a pro rata basis. In making the pro rata reductions required by this subsection, the authority may not consider any potential supplemental appropriation until the appropriation has been enacted.***

# Implementing a Pro-Rata Reduction in PCE Levels

If there are not enough funds to pay for the cost of the program in a given fiscal year, the PCE levels must be reduced.

AEA notifies RCA that it has been determined that there is not enough money to fund the program, identifies the pro-rata reduction needed, and when it must be implemented. The RCA then recalculates the PCE levels for each utility in the program, applying the new funding level, and notifies the utilities of the change.

**For Example:**

In February, AEA determines that PCE monies will not last through the fiscal year (June 30). It notifies RCA that, to keep some level of funding for the entire year for all participating utilities, a reduction of 10% in all PCE levels must take place effective in May. RCA then recalculates the PCE levels and issues a notice to all participating utilities that includes the new PCE level and its effective date.

# PCE Program Goal

- The program goal is to attempt to “equalize” high costs of electricity in rural communities with the lower costs in more urban areas. Communities in areas that are not served by road experience very high costs of producing electricity, usually by diesel, due to high transportation costs and high diesel prices. These high costs must be recovered from the limited number of customers with limited disposable income associated with generally low economic development.

- PCE is the core element to ensure the financial viability of centralized power generation in rural communities.

- Reliable lower cost energy enhances the quality of life, standard of living and economic strength of the communities.

- Economic development and affordable power go hand-in-hand in the effort to grow healthy economies in rural Alaska.

## Eligible Utilities

The Railbelt electric utilities, the electric utility in Juneau and those utilities that receive electric power from the Four Dam Pool facilities (Ketchikan, Wrangell, Petersburg, Kodiak, Glennallen, and Valdez) are not eligible for PCE assistance.

## Eligible Customers

- An eligible residential customer may receive PCE credit on up to the first 500 kWhs consumed each month.

- Community facilities are also eligible to receive PCE credit on up to a maximum of 70 kWh per month x the community population. For example, a community of 100 would receive credit on up to 7,000 kWhs for its community facilities combined.

- State and Federal customers, as well as commercial customers, including schools, are not eligible for PCE credit.

Refer to page 25 for more details on eligible customers of the PCE program.

# State Agency Roles In the Administration of the PCE program

The **Regulatory Commission of Alaska** determines the PCE level for each utility based on:

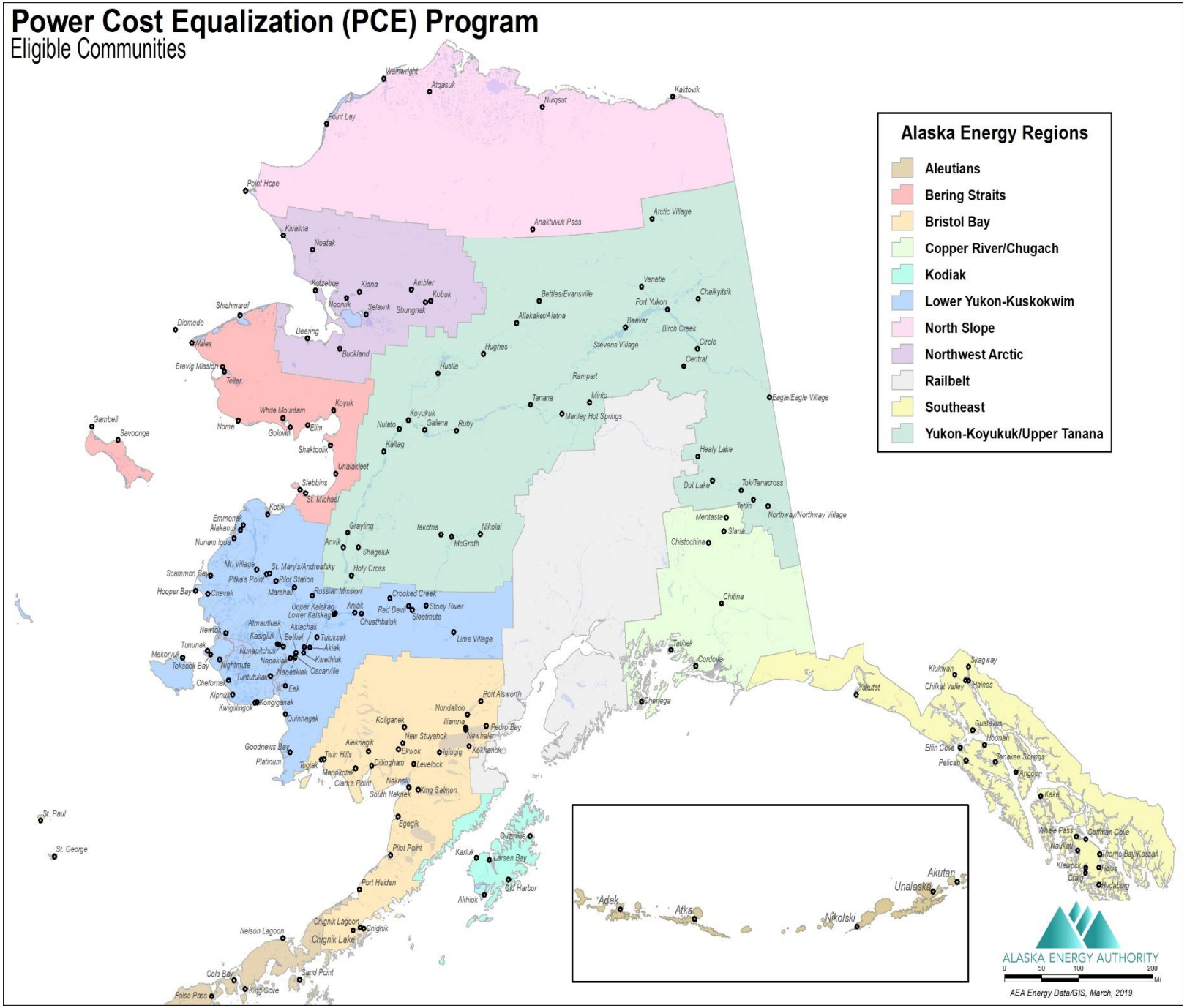
- Fuel expenses such as the cost of fuel, transportation; and,
- Non-fuel expenses such as salaries, insurance, taxes, parts and supplies, interest and other reasonable costs.

The **Alaska Energy Authority** administers the PCE Fund based on:

- Fiscal appropriations by the Legislature,
- Monthly reports submitted by the participating utilities, and,
- Determination of eligibility for residential and community facility customers.

# Power Cost Equalization (PCE) Program

## Eligible Communities



# Utilities/Communities

**Adak ElectricUtility**

**Akhiok, City of**

**Akiachak Native Community Electric**

**Akiak, City of**

**Akutan Electric Utility**

**Alaska Power Company**

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

**Alaska Village Electric Cooperative**

| | |
|---|---|
| Alakanuk | New Stuyahok |
| Ambler | Nightmute |
| Anvik | Noatak |
| Bethel/Oscarville | Noorvik |
| Brevig Mission | Nulato |
| Chevak | Nunapitchuk |
| Eek | Old Harbor |
| Ekwok | Pilot Station |
| Elim | Pitka's Point |

**Alaska Village Electric Cooperative**

| | |
|---|---|
| Emmonak | Quinhagak |
| Gambell | Russian Mission |
| Goodnews Bay | Savoonga |
| Grayling | Scammon Bay |
| Holy Cross | Selawik |
| Hooper Bay | Shageluk |
| Huslia | Shaktoolik |
| Kaltag | Shishmaref |
| Kasigluk | Shungnak |
| Kiana | St. Mary's/Andreafsky |
| Kivalina | St. Michael |
| Kobuk | Stebbins |
| Kotlik | Teller |
| Koyuk | Togiak |
| Lower Kalskag | Toksook Bay |
| Marshall | Tununak |
| Mekoryuk | Upper Kalskag |
| Minto | Wales |
| Mt. Village | Yakutat |

**Alutiiq Power Company**

Karluk

**Aniak Light & Power**

**Arctic Village Electric**

**Atka, City of**

**Atmautluak Joint Utilities**

**Beaver Joint Utilities**

**Birch Creek Village Elec. Utilities**

# Utilities/Communities

**Buckland, City of**
**Chalkyitsik Village Council**
**Chenega Bay IRA Village Council**
**Chignik Electric**
**Chignik Lagoon**
**Chignik Lake Electric Utility, Inc.**
**Chitina Electric Inc.**
**Circle Electric Utility**
**Clarks Point Village Council**
**Cordova Electric Co-op**
**Diomede Joint Utilities**
**Egegik Light & Power**
**Elfin Cove Electric Utility**
**False Pass Electric Association**
**G & K**
Cold Bay
**Galena, City of**
**Gold Country Energy**
Central
**Golovin Power Utilities**
**Gwitchyaa Zhee Utilities**
Ft. Yukon
**Hughes Electric Company**
**Igiugig Electric Company**
**I-N-N Electric Cooperative**
Iliamna Nondalton
Newhalen
**Inside Passage Electric Co-op**
Angoon Kake
Chilkat Valley Klukwan
Hoonah
**Ipnatchiaq Electric Company**
Deering
**King Cove, City of**
**Kipnuk Light Plant**
**Kokhanok Village Council**
**Koliganek Village Council**
**Kotzebue Electric Association**
**Koyukuk, City of**
**Kwethluk, Inc.**
**Kwig Power Company**
Kwigillingok
**Larsen Bay Utility Company**
**Levelock Electric Cooperative**
**Lime Village Electric Company**
**Manley Utility Company**
**Manokotak Power Company**
**McGrath Light & Power**
**Middle Kuskokwim Elec. Co-op.**
Chuathbaluk Sleetmute
Crooked Creek Stony River
Red Devil
**Naknek Electric Association**
Naknek/South Naknek/King Salmon

# Utilities/Communities

**Napakiak Ircinraq**

**Napaskiak Electric Utility**

**Naterkaq Light Plant**

Chefornak

**Nelson Lagoon Electric Cooperative**

**Nikolai Light & Power**

**Nome Joint Utility System**

**North Slope Borough**

Anaktuvuk Pass
Atqasuk
Kaktovik
Nuiqsut
Point Hope
Point Lay
Wainwright

**Nunam Iqua Electric Company**

**Nushagak Electric Cooperative**

Dillingham
Aleknagik

**Ouzinkie, City of**

**Pedro Bay Village Council**

**Pelican Utility Company**

**Perryville, Native Village of**

**Pilot Point Electrical**

**Platinum, City of**

**Port Heiden, City of**

**Puvurnaq Power Company**

Kongiganak

**Rampart Village**

**Ruby, City of**

**Sand Point Electric Company**

**St. George Muni. Elec. Utility**

**St. Paul Muni. Electrical Utility**

**Stevens Village IRA Council**

**Takotna Comm. Assoc. Utilities**

**Tanalian Electric Cooperative**

Port Alsworth

**Tanana Power Company**

**Tatitlek Electric Utility**

**Tenakee Springs, City of**

**Tuluksak Power Utility**

**Tuntutuliak Comm. Svc. Assoc.**

**Twin Hills Village Council**

**Umnak Power Company**

Nikolski

**Unalakleet Valley Elec. Co-op**.

**Unalaska Electric Utility**

**Ungusraq power Company**

Newtok

**Venetie Village Electric**

**White Mountain, City of**

# Participation in the PCE Program

### How do electric utilities start participating in the PCE program?

An electric utility sends a request to RCA to participate in the PCE program. If RCA determines that a utility is eligible, the utility provides information to RCA for determination of the PCE level. RCA's staff assists the utilities in locating and identifying the required information.

### What information must a utility provide to RCA to determine the PCE level?

The utility must provide the RCA its costs for a specific time period, usually a year. The utility must also report how many kilowatt hours have been generated and sold during the same time period, as well as how many gallons of fuel it took to produce the kilowatt hours generated, and the cost of that fuel.

**What happens if a utility does not submit all the information needed by RCA to determine the PCE level?**

If a utility does not submit all the information required to determine the PCE level, including Annual Filings and Fuel Price Changes, or if RCA believes there are reasons to question some of the financial information provided, RCA will recommend suspension from the program until the information has been received and processed by RCA.

In the event that a utility fails to report a change in its rates to RCA, the utility's PCE level will become interim and refundable. Once RCA has recalculated the PCE level using the new rates, a new permanent PCE level will be established.

If RCA approves a permanent PCE level that is lower than the Interim & Refundable PCE level, the utility will have to refund the excess PCE payments it received back to AEA. It is up to the utility as to whether or not they collect back from its customers, any overpayment that was made.

**If a utility receives other kinds of assistance, is the PCE calculation affected?**

Yes. The program legislation requires that if a utility receives other assistance that reduces its rates on a kWh basis, the cost calculation to determine the PCE level will be reduced by that amount.

**Are there other requirements that a utility must meet in order to participate in the PCE program?**

An electric utility is required to install and maintain necessary metering equipment. The statute also requires a utility to use energy conservation measures when and where possible, and to determine if it can generate electricity with fuel other than diesel.

3 AAC 107.240 (E) states that “An eligible electric utility shall organize and maintain, in accordance with standard accounting practices, the accounts of its electric fund as a separate accounting entity in a self-balancing set of account that includes the assets, liabilities, balance, revenue, and expenses of the electric fund.”

**Additional requirements that a utility must meet in order to be in the PCE program?**

The utility must file monthly reports with AEA in order to receive payment; it must maintain good administrative practices and keep records of its costs and revenues, and upon request, the records of the utility are to be made available to AEA and RCA.

**If a utility participates in the PCE program, does this mean RCA will also regulate the rates the utility charges its customers?**

Not necessarily. If a utility has annual revenues of more than $50,000, it may be subject to rate regulation. Non-regulated utilities are not subject to rate regulation. Both regulated and non-regulated utilities will need a Certificate of Public Convenience and Necessity from RCA in order to operate and charge customers for its services.

**Are regulated and unregulated utilities treated the same when calculating the PCE levels?**

The procedures followed by RCA to establish PCE levels for regulated or unregulated utilities are comparable.

- For a regulated utility, the costs allowed to determine the PCE level are the same, except for profit, as those used to determine the utility's rate.

- For an unregulated utility, RCA does not establish the utility's rates. However, to determine the PCE level, it allows expenses comparable to those included in rates of regulated utilities.

Reporting requirements vary between regulated and unregulated utilities and more information about this topic can be obtained from RCA.

**What does RCA consider to be reasonable costs when it determines the PCE level?**

The PCE level is determined by using only necessary and reasonable costs that can be verified by RCA. The program statutes require the RCA to eliminate any duplicative or unnecessary costs from the PCE level calculation. The utility's profit is not included when determining the PCE level.

There are two categories of costs used in determining the PCE level:

- Fuel expenses: the costs of fuel, including transportation.
- Non-fuel expenses: costs such as salaries, insurance, taxes, power plant parts and supplies, interest and other reasonable costs.

**For Example:**
A utility may not include in its eligible costs, depreciation expenses on facilities unless those facilities have been purchased by the utility. If a utility has been provided with a generator purchased with grant money, the depreciation expense for that generator is not allowed to be included in the calculation of the PCE level for that utility.

**How is the PCE level determined?**

PCE is computed on a kWh basis for each rate schedule. Different classes of customers, such as residential and community facilities, may have different PCE levels.

- A formula is used to determine PCE levels: 95% of a utility's costs between ★19.10¢/kWh and $1.00/kWh are used to calculate the PCE level. If costs are below ★19.10¢/kWh, they are not eligible for PCE. If the eligible costs are more than $1.00/kWh, the maximum PCE level is 76.86¢/kWh

  $1.00 - ★19.10¢/kWh = 80.90¢/kWh

  80.90¢/kWh x 95% = 76.86¢/kWh

★Base may vary on annual basis, per AS 42.45.110(c)(2).

**EXAMPLE OF COST BASED PCE LEVEL:**

RCA has approved the following cost for a utility that sold 300,000 kWh during the reporting period.

The PCE calculation would look something like this:

Fuel Cost for 25,000 (gal) x $2.90 = $ 72,500.00

Non-Fuel cost of the utility = $ 70,000.00

$142,500.00

$142,500 ÷ 300,000 kWh Sold = 47.50¢/kWh

47.50¢ - ★19.10¢ = 28.40 x 95% = 26.98¢ PCE Level

A Rate based PCE level is set if the Average Class Rate (Residential Rate minus 19.10¢) is less than the Cost based rate.

**Are there established standards for utility expenses?**

Yes. RCA has established minimum generation efficiency standards. The standards require that a utility's fuel expense be calculated as if the generation system produced at least the minimum number of kWh for each gallon of fuel.

As stated in regulations on the following pages, and demonstrated in the example below, the standards are based on size. Larger utilities that sell more kilowatt hours have higher standards than smaller utilities that sell less kilowatt hours.

**For Example:**

For a utility that relies on all diesel generation that produced fewer than 100,000 kWh annually and produced 7.5 kWh for each gallon of fuel consumed: In calculating the PCE level for this utility, RCA would calculate fuel costs **as if** the utility generated 9.5 kWh for each gallon of fuel consumed. This means the PCE level would be lower than a level based on actual fuel costs because the utility did not meet the fuel efficiency standard set out in regulation.

**The current standards established by regulation are:**

## 3 AAC 52.620. Generation efficiency and line loss standards

(a) Generation efficiency and line loss standards are established to encourage efficient and economical generation, transmission, and distribution of electricity. The standards represent the minimum acceptable level of performance by a participating electric utility.

(b) A line loss standard of 12 percent applies to all electricity sold, and is measured as all kilowatt-hours generated or purchased, from whatever source, minus kilowatt-hours sold, divided by all kilowatt-hours generated or purchased.

(c) The following generation efficiency standards apply only to the utility's diesel generation, are measured in kilowatt-hours generated per gallon of fuel consumed, and are based on the annual number of kilowatt-hours of diesel generation:

(1) for a utility that uses diesel fuel to generate 80 percent or more of total kilowatt-hours generated, and that generates

(A) less than 100,000 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is 9.5 kilowatt-hours generated per gallon of diesel fuel consumed;
(B) 100,000 - 499,999 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is

10.5 kilowatt-hours generated per gallon of diesel fuel consumed;

(C) 500,000 - 999,999 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is 11.5 kilowatt-hours generated per gallon of diesel fuel consumed;

(D) 1,000,000 - 9,999,999 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is 12.5 kilowatt-hours generated per gallon of diesel fuel consumed; or

(E) 10,000,000 kilowatt-hours or more annually using diesel fuel, the minimum efficiency standard is 13.5 kilowatt-hours generated per gallon of diesel fuel consumed;

(2) for a utility that uses diesel fuel to generate less than 80 percent of total kilowatt-hours generated, and that generates

(A) less than 100,000 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is 8.5 kilowatt-hours generated per gallon of diesel fuel consumed;

(B) 100,000 - 499,999 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is 10 kilowatt-hours generated per gallon of diesel fuel consumed;

(C) 500,000 - 999,999 kilowatt-hours annually using diesel fuel, the minimum efficiency standard is 11 kilowatt-hours generated per gallon of diesel fuel consumed;

(D) 1,000,000 - 9,999,999 kilowatt-hours annually using diesel fuel, the minimum efficiency standard

is 12 kilowatt-hours generated per gallon of diesel fuel consumed; or

(E) 10,000,000 kilowatt-hours or more annually using diesel fuel, the minimum efficiency standard is 13 kilowatt-hours generated per gallon of diesel fuel consumed.

**Minimum efficiency standards for a utility that uses diesel fuel to generate 80% or more of total kWhs generated, and that generates:**

| Less Than 100,000 | 100,000 to 499,999 | 500,000 to 999,999 | 1,000,000 to 9,999,999 | More Than 10,000,000 |
|---|---|---|---|---|
| **9.5** | **10.5** | **11.5** | **12.5** | **13.5** |

**Minimum efficiency standards for a utility that uses diesel fuel to generate less than 80% of total kWhs generated, and that generates:**

| Less Than 100,000 | 100,000 to 499,999 | 500,000 to 999,999 | 1,000,000 to 9,999,999 | More Than 10,000,000 |
|---|---|---|---|---|
| **8.5** | **10.0** | **11.0** | **12.0** | **13.0** |

**What assistance is available to a utility to meet these standards?**

Efficiency improvement assistance such as general engineering and technical support for system upgrades, including the analysis of systems to determine appropriate efficiency improvements is available through AEA. Funding may be available through the Power Project Fund, Rural Power System Upgrade & Bulk Fuel System upgrade programs or a variety of other programs. To receive more information on these programs, contact the Alaska Energy Authority.

**If the rate of one utility is higher than the rate of another utility, will their PCE levels be different?**

Probably, but not necessarily. In general, the higher the costs to produce electricity, the higher the utility's rates. However, there are many different ways a utility may charge its customers for electricity, and each utility's PCE level is calculated on reasonable and verifiable costs submitted to the Regulatory Commission of Alaska, along with generation and fuel information.

Different approaches to designing rates mean that two utilities with the same costs per kWh may charge different rates to their customers. Since PCE levels are based on a utility's rates or costs, whichever is less, two utilities with the same costs could receive the same PCE level for each kWh even if they had different rates.

**Example:**

Some utilities charge all customers the same amount for each kilowatt hour sold.

Some utilities divide their customers into "classes," such as residential and commercial, and charge different rates to each class. In some instances different rates are charged within a class.

Utilities may further divide a customer class into subclasses, determined by electric usage. However, each customer in each subclass is charged the same rate.

**Are all utility customers eligible to receive PCE credit? How much?**

The statute excludes from PCE, State and Federal offices and facilities, as well as commercial customers, including schools. All other utility customers are generally eligible to receive PCE credits, within the following statutory limits:

- Residential customers are eligible for PCE credit up to 500 kilowatt hours per month per customer;

- Community facilities, as a group, can receive PCE credit for 70 kWh per month multiplied by the number of residents in the community.

All eligible customers, including community facilities, must pay to the utility at least ★19.10¢ for every kWh eligible for PCE credit, plus any difference between the PCE level per kWh and the rate charged by the utility. Customers must also pay to the utility the full rate for all kWh used in excess of those eligible for PCE. Customers receiving donated or unbilled power are not eligible for PCE.

★Base may vary on annual basis, per AS 42.45.110(c)(2).

**What part of a residential customer's bill is eligible for PCE credit?**

A residential customer will only receive PCE credit for up to 500 kWh per month.

**Example:**

**If** a customer used 400 kWh in one month, and the utility charges 50¢/kWh, and the approved PCE level is 35¢/kWh;

**Then** the customer's bill would be calculated as follows:

| | |
|---|---|
| 400 kWh x 50 cents/kWh = | $200.00 |
| *minus PCE credit:* | |
| 400 kWh x 35 cents/kWh = | $140.00 |
| the customer pays | $ 60.00 |

**Another example is:**

**If** a customer used 800 kWh in one month, and the utility charges 50¢/kWh, and the approved PCE level is 35¢/kWh;

**Then** the customer's bill would be calculated as follows:

| | |
|---|---|
| 800 kWh x 50 cents/kWh = | $400.00 |
| *minus PCE credit:* | |
| 500 kWh x 35 cents/kWh = | $175.00 |
| the customer pays | $225.00 |

**What is a community facility customer?**

The PCE statute defines a community facility as a water, sewer or charitable educational facility, public outdoor lighting, or a community building whose operation is not paid for by the State or Federal government or by a private commercial organization. A community building is further defined as a community facility that is not operated for profit, and that is open to the general public. AEA determines the community buildings that may be included in this class of customers based upon information provided by the utility and the facility owner.

**Does a community facility customer receive PCE for all the kilowatt hours is uses?**

Yes, in most cases. For customers designated as community facilities, the statute sets a total limit on the number of kilowatt hours eligible for PCE within each community. The monthly limit for all community facilities in a community is calculated by multiplying the number of residents in the community, determined by the Department of Community and Economic Development, by 70 kWh. In most communities, the group monthly limit is not reached.

**Example:**

**If** the total kWh usage of all community facilities in one community is 5,000 kWh in one month,

**And** there are 50 residents in the community.

**Then** the utility would receive PCE for only 3,500 kWh

(70 kWh x 50 residents – 3,500 kWh).

The remaining 1,500 kWh are not eligible for PCE, and would be charged the full rate.

### What happens after RCA approves a PCE level?

RCA notifies the utility and AEA of the PCE level. Then the utility computes the customer's bill for the total electricity used during the month, subtracts the amount to be paid by the PCE program, and charges the customer the difference. The PCE statute requires that the customer is notified of the PCE credit with every bill.

### How does the utility receive PCE payments from AEA?

The utility files a PCE Utility Monthly Report with AEA which shows the kWhs eligible for PCE payments. This report also contains other utility data as required by AEA. The utility must also submit a copy of its monthly records supporting the eligible kWh usage.

This back-up data documents in summary for each customer: the kWh consumption, gross billed, kWh eligible for PCE credit; the dollar amount of PCE credit given, the net amount due for that month, payments made by the customer during that month and the total amount due.
The information provided with the monthly report is used to verify compliance with the program requirements.

**What happens if a utility does not submit all the information needed by AEA to authorize payment?**

If a utility does not submit all the information in the monthly report required to authorize payment, or if AEA believes there are reasons to question some of the information provided, AEA will work with the utility to resolve the problem. However, if the utility does not provide evidence to support its claim, AEA may suspend payment of PCE assistance in full or in part, as applicable, until the problem is resolved.

## Under what other situations may AEA withhold PCE payments?

3 AAC 107.240 (f) states that “An eligible electric utility shall make its records available to the authority and the commission within 60 days after receipt of a request to do so.”

AEA may also withhold payment, at the request of RCA, if the utility has not submitted its annual update filing. Payment will resume when the required filing is received by the RCA.

## How does a utility’s PCE level change?

A regulated utility must obtain RCA’s approval to change any rate it charges to its customers. Its PCE level may be adjusted when a change to the utility’s rates are approved by RCA.

An unregulated utility does not have to have approval by RCA to change any of its rates. In addition to providing financial information to justify changes in its PCE level, an unregulated utility must file information annually with RCA to support that its existing PCE level is correct.

The utility is also required to send a fuel price change form to RCA by the prescribed due date set by RCA. The utility must also report to the RCA, any change in its rates, 30 days prior to implementing the new rates.

# TRAINING

**Is training available to utilities participating in the PCE program or utilities that have previously participated but are currently inactive?**

AEA, may provide training to staff of a participating utility and take part in workshops that address all aspects of the PCE program. Individuals or utilities interested in training should contact AEA for further information.

**Are there other training opportunities available through AEA?**

Yes. AEA participates in a variety of other training opportunities for rural utility bookkeepers, managers and operators. There are also training programs available to bulk fuel tank operators and hydro facility operators. Further information in these training programs can also be obtained from AEA.

# State of Alaska Statute
# Power Cost Equalization Program

**Section 42.45.070**

Power cost equalization endowment fund established.

**Section 42.45.080**

Powers and duties of the commissioner of revenue.

**Section 42.45.085**

Use of the power cost equalization fund.

**Section 42.45.099**

Definition.

**Section 42.45.100**

Power cost equalization and rural electric fund.

**Section 42.45.110**

Entitlement to power cost equalization.

**Section 42.45.115**

Exclusion from eligibility.

**Section 42.45.120**

Notice to customers.

**Section 42.45.130**

Cost minimization.

**Section 42.45.140**

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