

## **RESOLUTION 19-51**

### **A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY TO PRESERVE THE POWER OF COST EQUALIZATION ENDOWMENT FUND FOR ITS INTENDED PURPOSE OF ASSISTING ALASKANS AND ALASKAN COMMUNITIES WITH THE HIGH COST OF ELECTRICITY**

**WHEREAS**, the Power Cost Equalization (PCE) Program was established in 1985 as part of a Statewide Energy Plan to provide for a long-term stable funding source for provision of affordable levels of electric utility costs in high-cost service areas of the State; and

**WHEREAS**, the PCE program was established to assist rural residents at the same time state funds were used to construct major energy projects like the Four Dame Pool projects, Bradley Lake, and Alaska intertie that benefited more urban areas of Alaska; and

**WHEREAS**, in FY 2001 a PCE Endowment Fund was created and capitalized from the Constitutional Budget Reserve and Four Dam Pool proceeds and further capitalized in FY 2007 with General Funds; and

**WHEREAS**, the PCE Endowment Fund is invested and managed by the Alaska Department of Revenue on behalf of the Alaska Energy Authority with a goal of earning sufficient income to fund PCE payments to rural communities and residents that pay three to five times or more the amount for electricity that urban residents pay; and

**WHEREAS**, the PCE program serves 91 utilities, 194 communities, including the Aleutians East Borough communities of Akutan, Cold Bay, False Pass, Nelson Lagoon and Sand Point, and 83,510 customers; and

**WHEREAS**, the PCE Endowment has been very successful in growing to a level of a perpetual fund with a balance of \$1.01 billion as of November 2018; and

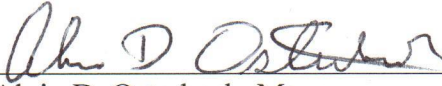
**WHEREAS**, the PCE Fund is the source of funding for the Community Assistance Program that provides funding to municipalities, reserves, and communities; and

**WHEREAS**, the Governor is proposing to dismantle the PCE Endowment Fund to help fill the State's budget gap and replace the endowment funding stream with annual appropriations from the general fund; and

**WHEREAS**, the proposal by the Governor is contrary to the original intent of the PCE program to remove uncertainty and competition with other State needs and goes against the promise to rural residents to have a sustainable program for energy assistance in lieu of the benefits of expensive hydroelectric projects and interties.

**NOW THEREFORE, BE IT RESOLVED**, that the Aleutians East Borough fully supports continuation of the Power Cost Equalization (PCE) Program with the PCE Endowment Fund kept intact to fulfill the historical intended purpose of the program and the promise made to rural Alaskans of assisting rural residents and communities in offsetting high electricity costs.

**PASSED AND ADOPTED** by the Aleutians East Borough on this 14<sup>th</sup> day of March, 2019.

  
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Alvin D. Osterback, Mayor

ATTEST:

  
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Tina Anderson, Clerk