



DEPARTMENT OF COMMERCE, COMMUNITY, AND  
ECONOMIC DEVELOPMENT  
DIVISION OF COMMUNITY ADVOCACY  
REPORT TO THE GOVERNOR

WILLIAM NOLL, COMMISSIONER  
MICHAEL BLACK, DIRECTOR

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**CURRENT COMMUNITY CONDITIONS:  
FUEL PRICES ACROSS ALASKA,  
SEPTEMBER 2006 SUPPLEMENT**







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PREFACE BY BILL NOLL, COMMISSIONER

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This report is a follow-up to a November 2005 report titled, *Community Conditions: Fuel Prices Across Alaska*, which surveyed the cost of fuel in 100 communities across Alaska.

This supplemental report is a survey of 29 communities and includes some historic comparisons. It cannot and does not provide absolute answers to an increasingly complex energy scenario.

This report was drafted to help bring facts to the debate. It is intended to be a resource for energy policy makers and program developers.

When the price of energy is high, Alaskans benefit through more money to the State of Alaska's treasury. On the other hand, most Alaska industries and individuals are burdened by high prices.

The cost of energy is a moving target and is unpredictable. In fact, the research for this report was conducted a month ago and since then, the price for a barrel of oil has gone down more than \$12. However, most economists predict energy prices will remain relatively high, and we should plan that way.

In addition to government support programs such as full funding of Power Cost Equalization and outright energy grants, the Alaska marketplace is responding to these high prices.

There is movement to bring other energy options to Alaska like tidal, wind, biomass, geothermal and more. The Alaska Energy Authority and partners in the public and private sectors have been working to do just that. It's an effort that's showing results and in some areas is already bringing limited relief.

The Alaska Department of Commerce, Community and Economic Development staff welcomes your comments and dialogue concerning this important issue. The decisions made today will affect economic development opportunities and lives throughout Alaska for years to come.

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## INTRODUCTION

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Alaskan communities continue to face challenges presented by the high cost of fuel across the state. With the winter season around the corner and associated extreme low temperatures, rural Alaska communities and households that are reliant on fuel to heat their homes and buildings and to generate electricity are confronted with the challenge of paying increased fuel prices to meet basic survival needs. While market trends and oil prices may fluctuate, the dynamics that drive the purchase of fuel in rural Alaska make it so that rural communities are not always able to take advantage of the changes in the market. For example, a community may have to purchase its winter fuel during the summer months and all at once, in order to ensure that the fuel barges will be able to deliver the product. This means that even if fuel prices decrease in the later months, the community does not benefit from the change in price because the purchase has been made at a particular price point. This report is a snapshot of fuel prices and the status of related programs. It is not intended to be used as a forecast. Survey results should be considered one-time measurements and representative of fuel prices on the particular day of contact. Furthermore, heating fuel and gasoline prices may have changed between the time of contact and publishing of this report.

### *Of Interest....*

In June 2005, seven Alaskan villages reported being in jeopardy of losing electricity to their public utilities and buildings because they could not pay their bills. The sentiment expressed by Robert Beans, Board Chairman of Alaska Village Electric Cooperative (AVEC) that “The unprecedented increase in the cost of heating fuel and gasoline in recent years coupled with the loss of state funding has left most of the municipal governments that AVEC serves struggling to pay for their electrical services” is still a reality more than a year later.

The seven Alaskan communities were Chevak, Emmonak, Gambell, Koyuk, Shaktoolik, Shishmaref, and Wales. DCA staff was able to reach some of these communities to follow up on their current situation since June 2005. Brief synopses of the communities’ responses are interspersed throughout the Supplemental report.

In November 2005, Division of Community Advocacy (DCA) Research and Analysis staff conducted a statewide survey of retail heating fuel and gasoline prices in a cross-section of select Alaska communities in an effort to assess current retail fuel prices. The November 2005 report is titled, *Community Conditions: Fuel Prices across Alaska* (original report). The original report surveyed the cost of fuel in 100 communities across Alaska. The report herein is titled, *Community Conditions: Fuel Prices across Alaska, September 2006 Supplement* (supplemental report) and is a follow-up to the original report. The supplemental report is smaller in scope, analyzing 29 communities in a shorter time frame. The supplemental report summarizes the fuel survey findings from September 1 to September 5, 2006 and presents them in comparison to the findings in the original report. However, the supplemental report contains an analysis of Price Cost Equalization (PCE) program funding for the same subset of 29 communities. A similar analysis is not contained in the original report.

According to the Energy Information Administration's Short-Term Energy Outlook, August 2006, regular gasoline prices are projected to average \$2.72 per gallon in 2006, and \$2.67 in 2007 on a national level. As the original report and the supplemental report indicate, Alaska's mean price for gasoline at the pump is already well beyond the forecasted average.

Significantly increased fuel and energy costs combined with high unemployment rates, limited local economic bases, and local governments that are struggling to provide basic local services have presented rural Alaska communities and households with difficult circumstances.

A review of the Price Cost Equalization Program for the same subset of 29 communities from 2001 to 2005 also reveals a parallel trend of exceedingly rising fuel costs across the state. In addition to the PCE review and a glimpse at 29 communities, this report also looks at the current status of key programs that focus on alleviating the affects of the high cost of energy, including the Municipalities Energy Assistance Program for FY07 (MEAP), Alaska Energy Authority's (AEA) Bulk Fuel Revolving Loan Fund (BFRLF), and the Bulk Fuel Bridge Loan program.

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## METHODOLOGY

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The DCA Research and Analysis Section developed the survey instrument and community sample frame. In short, communities were selected to represent differing socioeconomic conditions and various Alaska regions including the Interior, North Slope, South Coastal, Southeast, and Western Regions. Selected communities had also generally been the recipient of an Alaska Energy Authority bulk fuel project in the past. Since a non-probability sampling method was utilized, this survey should be considered a non-scientific study with results not to be applied to the entire population of rural Alaska communities.

Research and Analysis staff implemented the survey instrument during September 1 - 5, 2006. In total, local fuel retailers from 35 communities were contacted (via telephone) and requested to provide current heating fuel retail prices and retail gasoline prices. Twenty nine retailers responded to the information request. Survey results should be considered one-time measurements and representative of fuel prices on the particular day of contact. Furthermore, heating fuel and gasoline prices may have changed between the time of contact and publishing of this report.

Research and Analysis staff reviewed Price Cost Equalization data for the subset of 29 communities from 2001 to 2005 in order to identify trends in the average price of fuel and eligibility of kWh sold. It's important to note that PCE data presents a statistical snapshot of the Program and should be considered a non-scientific study.

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## CURRENT FUEL PRICES ACROSS ALASKA

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***City of Koyuk: It's becoming more difficult.***

Koyuk has a population of about 350 people and is located at the mouth of the Koyuk River, at the northeastern end of Norton Bay on the Seward Peninsula, 90 air miles northeast of Nome. When asked how the community was faring this year compared to last year, Tracey Kimoktoak, Utility Clerk said that compared to last year, purchasing adequate fuel for the village is becoming more difficult because fuel prices have gone up. The community has grown and fuel consumption has increased. The community reported paying almost \$5.00 per gallon of oil.

The community reported having to cut back on services as a result of the cost of fuel. The community reported that the local church has had services elsewhere because it cannot heat its building. The community did receive almost \$45,000 in SMEAP funding in FY 2005 and may receive an additional \$38,000 from the current MEAP program when requirements are met. The City received help from Norton Sound Community Development Corporation (NSCDC) with purchasing fuel for the community; however this will have to be reimbursed through the community's benefit share.

When asked if, "In the near future, do you expect impacts from the fuel crisis to ease, worsen, or stay the same?" Ms. Kimoktoak responded that, "...people I've talked to expect fuel prices to come up even more. The gas line could let fuel prices go down, but I don't know what fuel prices will look like in the future."

**Heating Fuel #1**

Table 1. below shows the price change between November 2005 and September 2006 for Heating Fuel #1. To accurately summarize statewide heating fuel prices in the supplemental data, it is appropriate to exclude North Slope Borough communities due to the North Slope Borough subsidy for residential use heating fuel. In addition, comparisons in the supplements compare the subset of communities and their related data from both time periods. The Division's analysis from November, 2005 Heating Fuel #1 prices indicated that at a statewide level the high price was \$5.40 per gallon while the lowest was \$2.30 per gallon, and the mean was \$3.48 excluding North Slope communities.

For the supplemental subset of communities in November, 2005, the high was \$5.40, the minimum was \$2.47 and the mean was \$3.56

per gallon, excluding North Slope communities. The September data indicates that, in general, the cost of Heating Fuel #1 has continued to increase. The analysis for September, 2006 data indicates that the high price was \$6.36 per gallon while the lowest was \$2.97 per gallon, and the mean was \$4.19 per gallon excluding North Slope communities (See Figure 1). In other words, the mean price for Heating Fuel #1 for the subset of communities was \$0.63 cents per gallon more in September 2006 than in November, 2005. The difference is only slightly less, at \$0.58 when including the North Slope communities.

Figure 1. Heating Fuel #1: Price per Gallon, Sept 2006 vs. Nov 2005: Minimum, Mean and Maximum Prices

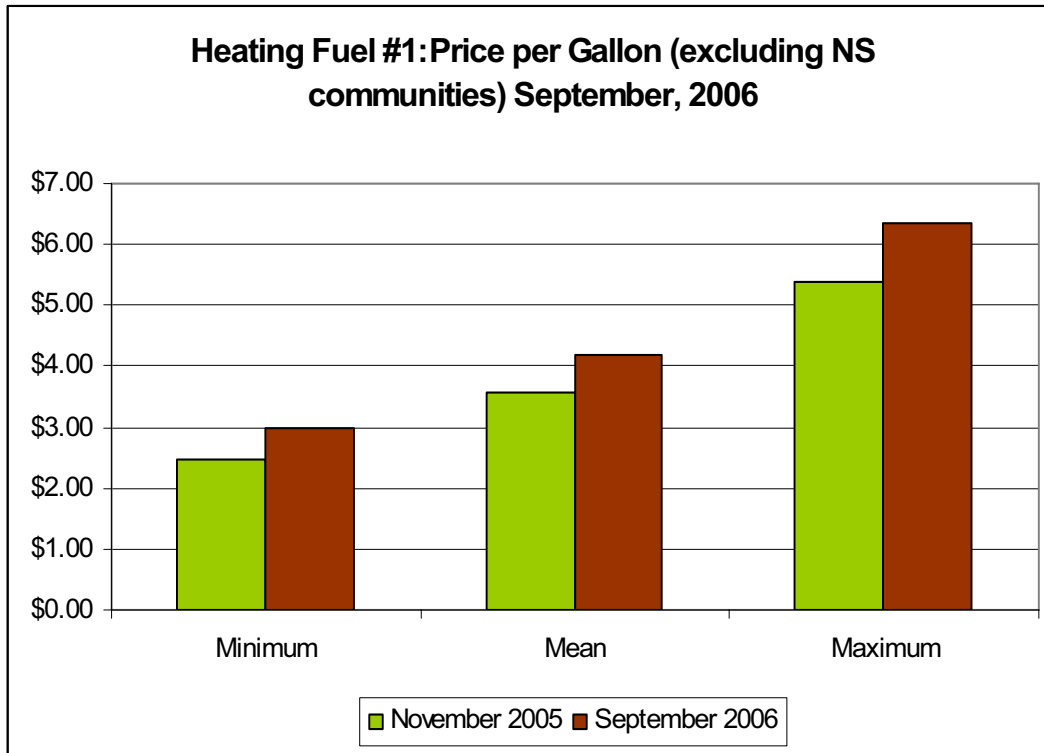
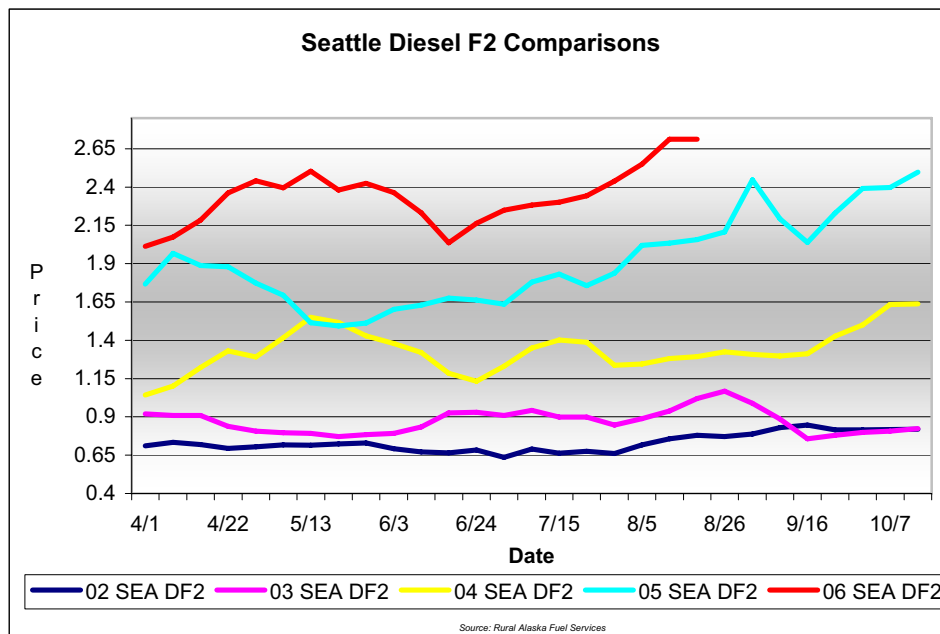


Table 1. Heating Fuel #1			
Heating Fuel #1: Retail Price per Gallon (excluding NS communities)	Minimum	Mean	Maximum
September 2006	\$2.97	\$4.19	\$6.36
November 2005	\$2.47	\$3.56	\$5.40
Heating Fuel #1: Retail Price per Gallon (including NS communities)	Minimum	Mean	Maximum
September 2006	\$1.75	\$4.04	\$6.36
November 2005	\$1.60	\$3.46	\$5.40

Source: DCA

The chart below (Figure 2) shows an upward trend in Diesel Fuel #2 prices. The data compares price points over time of Seattle Diesel Fuel #2.

Figure 2. Seattle Diesel Price Comparison 2002-2006



More interesting to note is the price comparison data provided by Rural Alaska Fuel Services (RAFS) comparing the price of fuel for a handful of communities in the Bridge Loan Program between first and last delivery of fuel. See Table 2.

Table 2. Comparison between fuel prices between First and Last Delivery Bulk Fuel Bridge Loan Program				
Community	Product	Dates Delivered		% Change First to Last Delivery
Chignik Lake	DF #1	09/01/2005	07/25/2006	7.36%
		\$ 2.7663	\$ 2.9700	
Chalkyitsik	DF #1	10/09/2005	05/24/2006	27.28%
		\$ 3.5300	\$ 4.4930	
Emmonak	DF #1	10/02/2005	08/25/2006	13.71%
		\$ 2.9210	\$ 3.3216	
Kotlik	DF#1	09/21/2005	08/25/2006	5.92%
		\$ 3.2519	\$ 3.4445	
Koyukuk	DF#1	09/09/2005	08/25/2006	3.68%
		\$ 3.2019	\$ 3.3196	

Source: Rural Alaska Fuel Services

*Specific Details of the Supplemental Subset of Communities.*

Further analysis of the subset of 29 communities indicates that while most communities experience a similar upward trend in the price of Heating Fuel #1, there are a few communities where the prices remained the same or where the prices were lower in September 2006 than in November 2005. The communities of Eagle, Nuiqsut and Togiak reported that the price of Heating Fuel #1 was less in September 2006 than in November 2005. The communities of Point Baker and Shishmaref reported no changes in Heating Fuel #1 prices. The remaining 24 communities all reported an increase in Heating Fuel #1 prices, with Arctic Village reporting the highest percentage change or 65.97% from November 2005 to September 2006. Grayling reported the second highest increase in the subset of 40%. See Appendix A for a full listing of reported prices for November 2005 and September 2006.

**Price of Gasoline**

According to the Energy Information Administration's Short-Term Energy Outlook, August 2006, regular gasoline prices are projected to average \$2.72 per gallon in 2006, and \$2.67 in 2007 on a national level. As the original report and the supplemental report indicate, Alaska's mean price for gasoline at the pump is already well beyond the forecasted average.

Table 3. below shows the price of gasoline in September 2006 in comparison to the price in gasoline in November, 2005 for the subset of 29 communities. In the analysis that excludes North Slope communities, the data shows that mean price of gasoline increased from \$3.87 per gallon in November 2005 to \$4.37 in September 2006. While the minimum gasoline price increased by \$0.29 per gallon from November 2005 to September 2006, the maximum price increased by one dollar, from \$5.00 per gallon in November 2005 to \$6.00 per gallon in September 2006. (See Figure 3) Togiak reported a lower price for gasoline in September 2006 than November 2005. While Nuiqsut also reported a lower price for gasoline for the same time period, it is likely that the two data points differ and the North Slope subsidy was accounted for in one and not the other. Russian Mission and Shishmaref reported no change in the price of gasoline for the same time period. However, at the time Shishmaref was contacted, it reported that it had run out of fuel, the barge was in transit and it anticipated a significant price increase. The remaining communities all reported an increase in the price of gasoline except for Chignik, where this measure is not applicable. Arctic Village reported the highest percent change in the price of gasoline, or 47.02% and going from \$4.08 per gallon in November 2005 to \$6.00 per gallon in September 2006. See Appendix A for a full listing of reported gasoline prices for the 29 communities.

Method of transporting heating fuel and gasoline varies across Alaska with fuel retailers using barge, air, truck, or a combination to transport fuel into the community (Table 4). With 100 communities reporting, the wide majority (83%) report barging fuel into the community. In contrast, nine communities (nine percent) report trucking fuel into the community, three communities (3%) report air freighting fuel into the community, and four communities (4%) utilize multiple methods of

transporting fuel into the community (i.e., barge/truck, barge/air, or truck/air). Valdez reports no need to transport fuel because an on-site refinery exists within the community.

Figure 3. Gasoline: Price per Gallon, Sept 2006 vs. Nov 2005: Minimum, Mean and Maximum Prices

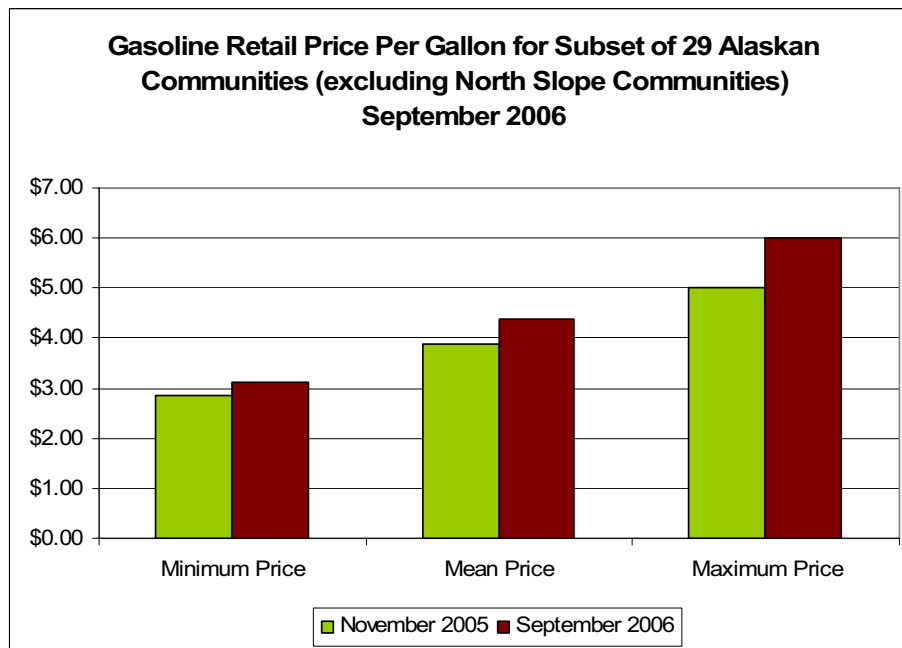


Table 3. Gasoline			
<b>Gasoline: Retail Price per Gallon (excluding NS communities)</b>			
	<b>Minimum</b>	<b>Mean</b>	<b>Maximum</b>
September 2006	\$3.13	\$4.37	\$6.00
November 2005	\$2.84	\$3.87	\$5.00
<b>Gasoline: Retail Price per Gallon (including NS communities)</b>			
	<b>Minimum</b>	<b>Mean</b>	<b>Maximum</b>
September 2006	\$3.13	\$4.30	\$6.00
November 2005	\$2.65	\$3.91	\$6.25
<i>Source: DCA</i>			

Fuel is necessary to the continued viability of communities. When asked what the main use for the fuel is in the community, the majority replied that home heating alone, or in combination with, other uses was the primary use for fuel. Table 4. details the various responses provided by the communities.

<b>Table 4. What is the Primary Use of Fuel in the Community? (electrical generation, community facilities, transportation, sales to public, other)</b>		
	Frequency	Percent
All	2	6.90%
Electric Generation	2	6.90%
Electric Generation and Heating	3	10.34%
Home Heating	11	37.93%
Home Heating and Transportation	3	10.34%
Home Heating, Subsistence	1	3.45%
No response/Do not know	2	6.90%
Public Facilities	1	3.45%
Public Facilities and Home Heating	1	3.45%
Public Facilities and Transportation	2	6.90%
Subsistence	1	3.45%
<b>Total</b>	<b>29</b>	<b>100.00%</b>

Source: DCA

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#### **POWER COST EQUALIZATION PROGRAM (PCE)**

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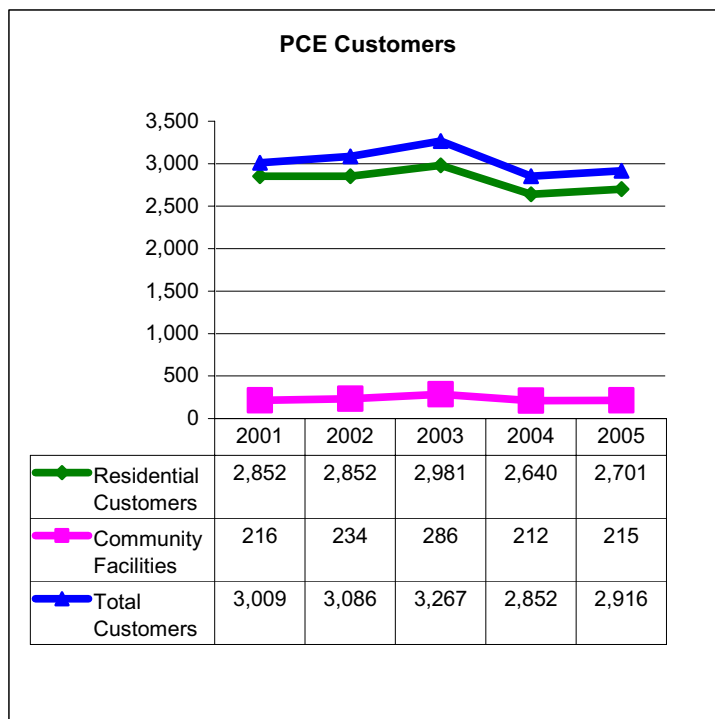
The goal of Price Cost Equalization Program (PCE) (Program) is to provide economic assistance to customers in rural areas of Alaska where the kilowatt-hour charge for electricity can be three to five times higher than the charge in more urban areas of the state. While the PCE program is an indispensable program for many communities, the Program currently excludes State and federal offices/facilities, commercial customers and public schools. For PCE highlights and eligibility requirements see Appendix C. On a statewide level PCE only pays a portion approximately 30% of all kWhs sold by the participating utilities.

During the course of examining PCE data for the subset of 29 communities found in the Supplemental report, Research and Analysis staff noted that communities in the subset are not necessarily in the PCE program from year to year or there is only partial data available for some communities. For example, Saint George was in the PCE program in 2001, 2002 and 2003, but in 2003 there was insufficient data for analysis; the community was then not in the program in 2004. Notably, there are communities in the subset who have not been participants in the PCE program in the last five years because they are ineligible for the program or have been inactive for many years; therefore the PCE analysis is not applicable to them, including Point Baker, Valdez and Wrangell.

Arctic Village has been inactive for more than five years in the PCE program because of administrative issues.

According to the data in the PCE reports, the overall population served for the subset has generally decreased in the last five years, see Figure 4.

Figure 4. The graph shows an overall decline in number of residential and community facility customers served by the PCE program, the data is for the subset of communities only.



Source: AEA PCE Reports, DCA

The total number of kWh sold and that are not eligible for PCE has increased in the last five years. The data shows that in 2001 the PCE-eligible percent of kWh was approximately 39% of total kWh sold. By 2005, the PCE-eligible percent of kWh had dropped to approximately 35% of total kWh sold. (See appendix B for full details).

The average price of fuel from 2001 to 2005 has increased for 19 out of 22 communities in the subset which are also in the PCE program. In addition, the effective residential rate from 2001 to 2005 has increased for 17 out of 22 communities in the subset. The effective rate is the rate that is paid by the consumer, after the PCE subsidy. [Rate – PCE subsidy = Effective Rate] See Figure 5.

Figure 5. PCE Year-over-year percent changes of Average Fuel Prices and Effective Residential Rates by Community.

**How to read this table:** This table shows the year-over-year percent change of Average Fuel Prices and Effective Residential Rates by community. For example, what is the Effective Residential Rate year-over-year percent change for the community Alatna, Alaska from 2002 to 2001? And 2001 to 2005?

- The balloons below show the Effective Residential Rates for 2001 and 2002. The Effective Residential Rate is what the customer paid per kWh once the PCE subsidy is applied. In 2002 the Effective Residential Rate \$0.2337, this was \$0.0667 cents higher than the 2001 Effective Residential Rate, the difference constitutes a year-over-year percent change of 28.54%.
- The table employs the same method when examining the Effective Residential Rates for the period from 2001-2005. In this case, the Effective Residential Rate for Alatna in 2005 was \$0.3163, that is \$0.0826 cents higher in 2005 than 2001, thus constituting a percent change of 35.34% for this time period.

The same method is applied to the percent change of the Average Fuel Price. All Related data is found in Appendix C.

		PCE 2001															
Community	Region	Pop	In PCE?	Customers			PCE Eligible							Res rate kWh (\$/gallon)	PCE Rate	Effective Residential Rate (what the customer pays)	
				Res Customers	Comm Facilities	Total	Residential	Facilities	Total	% of Residential	% Facilities	Total kWh Sold	Total kWh not eligible				
Alatna*	Interior	214	y	70	17	87	184,043	135,875	319,918	57.53%	42.47%	520,458	38,53%	\$ 2.00	\$0.4705	\$0.2368	\$0.2337

In 2001, Alatna's Effective Residential Rate was \$0.2337 cents per kWh.

		PCE 2002															
Community	Region	Pop	In PCE?	Customers			PCE Eligible							Res rate kWh (\$/gallon)	PCE Rate	Effective Residential Rate (what the customer pays)	
				Res Customers	Comm Facilities	Total	Residential	Facilities	Total	% of Residential	% Facilities	Total kWh Sold	Total kWh not eligible				
Alatna*	Interior	168	y	72	19	91	185,876	109,260	295,136	62.98%	37.02%	539,628	45.31%	\$ 2.11	\$0.5204	\$0.2200	\$0.3004

In 2002, Alatna's Effective Residential Rate was \$0.3004 cents per kWh.

<b>Price Cost Equalization Program: 2001-2005</b>											
<b>2001 - 2005 Year over Year Percent Changes, and Percent Change from four year period (2005-2001)</b>											
		<b>Average Price of Fuel</b>					<b>Effective Residential Rate (what the customer pays with the PCE subsidy)</b>				
<b>Community</b>	<b>Region</b>	<b>2002/2001</b>	<b>2003/2002</b>	<b>2004/2003</b>	<b>2005/2004</b>	<b>2005/2001</b>	<b>2002/2001</b>	<b>2003/2002</b>	<b>2004/2003</b>	<b>2005/2004</b>	<b>2005/2001</b>
Alatna*	Interior	5.50%	-1.42%	5.29%	25.11%	37.00%	28.54%	-40.91%	54.48%	15.35%	35.34%
Arctic Village	Interior	na	na	na	na	na	na	na	na	na	na
Atmautluak	Western	9.72%	-15.19%	34.33%	21.67%	52.08%	-13.65%	19.92%	-20.57%	8.11%	-11.08%
Chignik*	South Coastal	-42.93%	5.71%	na	na	0.00%	6.20%	-46.41%	na	na	na
Deering	Western	-1.12%	1.13%	-1.68%	5.11%	3.35%	9.79%	6.85%	19.65%	-7.68%	29.57%
Eagle*	Interior	0.00%	-5.83%	6.19%	40.00%	40.00%	31.44%	-39.15%	56.56%	-0.47%	24.64%
Golovin	Western	10.33%	-10.34%	-17.58%	40.00%	14.13%	10.45%	-19.08%	24.49%	-12.86%	-3.05%
Gustavus	Southeast	-6.16%	7.30%	4.76%	29.87%	36.99%	-3.80%	-31.97%	43.61%	42.41%	33.85%
Hughes	Interior	-0.44%	0.44%	42.79%	-3.98%	37.12%	4.59%	-19.31%	21.65%	-10.80%	-8.42%
Kake	Southeast	-17.19%	3.77%	11.82%	43.09%	37.50%	19.06%	-34.62%	36.38%	-0.35%	5.78%
Kaktovik	North Slope	3.76%	0.00%	0.72%	22.30%	27.82%	58.56%	64.00%	6.59%	0.00%	177.17%
Kaltag	Western	9.38%	-2.14%	15.33%	17.72%	45.31%	-5.22%	-12.87%	40.55%	7.47%	24.73%
King Cove	South Coastal	-19.13%	10.75%	25.24%	2.33%	14.78%	7.84%	-13.32%	17.76%	-2.45%	7.38%
Kotlik	Western	42.54%	-4.19%	-11.48%	20.37%	45.52%	8.63%	3.81%	16.96%	22.55%	61.63%
Larsen Bay	South Coastal	-1.82%	37.04%	-13.51%	40.63%	63.64%	21.76%	-17.84%	11.38%	-4.24%	6.71%
McGrath	Western	1.36%	-9.40%	3.70%	10.00%	4.76%	35.73%	-14.81%	20.18%	-10.44%	24.45%
New Stuyahok	South Coastal	-2.21%	-12.03%	11.11%	53.08%	46.32%	-6.34%	-13.26%	32.21%	11.49%	19.75%
Nuiqsut	North Slope	7.96%	0.00%	-0.82%	-11.57%	-5.31%	1.88%	-5.53%	6.59%	0.00%	2.58%
Point Baker	Southeast	na	na	na	na	na	na	na	na	na	na
Russian Mission	Western	-0.83%	-10.92%	24.53%	35.61%	49.17%	-10.97%	-8.76%	37.53%	9.89%	22.77%
Saint George	South Coastal	15.20%	na	na	na	na	21.86%	na	na	na	na
Shishmaref	Western	-6.35%	-5.93%	19.82%	23.31%	30.16%	-11.62%	-9.57%	36.41%	6.85%	16.50%
Tanana	Interior	10.13%	-28.74%	8.06%	27.61%	8.23%	-4.00%	-12.29%	6.41%	-2.90%	-13.00%
Teller*	Western	1.27%	8.81%	na	na	na	11.62%	-26.21%	na	na	na
Togiak	South Coastal	-34.59%	-4.96%	13.04%	42.31%	0.00%	-7.85%	-10.16%	37.61%	12.63%	28.31%
Tuntutuliak	Western	-7.83%	-13.73%	na	na	54.22%	22.44%	-16.37%	na	na	18.00%
Valdez	South Coastal	na	na	na	na	na	na	na	na	na	na
White Mountain	Western	15.22%	-11.95%	29.29%	na	na	6.16%	-21.22%	20.54%	na	na
Wrangell	Southeast	na	na	na	na	na	na	na	na	na	na

Source: AEA PCE reports

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**ADDRESSING THE FUEL CHALLENGE: SHORT- AND LONG-TERM STRATEGIES**

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***City of Gambell: We are down to the very bones of our City***

The City of Gambell has a population of about 660 people and is located on the northwest cape of St. Lawrence Island, 200 miles southwest of Nome, in the Bering Sea. Mayor Debbie Apatiki, said that compared to last year, purchasing adequate fuel for the village has become more difficult and it's more expensive to buy fuel. Mayor Apatiki said that the City has had to cut back on community services due to the cost of fuel, including Search and Rescue, police personnel, equipment, supplies and general things that need to be purchased for the community. She said, "We are down to the very bones of our City."

The City received approximately \$67,000 in FY 05 from the SMEAP program and was recently awarded about \$57,000 from MEAP to help with the cost of energy.

When asked if she expected the impacts from the fuel crisis to ease, worsen, or stay the same, Mayor Apatiki said, "Hopefully lessen, but we can never tell."

Effective short-term strategies for alleviating high fuel costs and corresponding impacts for rural energy primarily include implementing energy assistance funding programs, which can only occur through the continued cooperation between federal agencies, state agencies, local governments, and tribal governments.

In its ongoing attempt to assist communities with the high cost of energy, the State of Alaska has implemented several programs to assist with the high cost of energy. In FY 2005 the Small Municipalities Energy Assistance Program (SMEAP) offered municipalities with populations less than 2,500 grants ranging from \$22,396 to \$67,188 for fuel purchase. This year, the State of Alaska, has implemented the Municipalities Energy Assistance Program for FY07 (MEAP). The 24th Alaska State Legislature has appropriated over \$48 million to municipalities under the Municipal Energy Assistance Program (MEAP). These funds are being provided "for the purpose of defraying increased energy and other costs". Therefore, municipalities may use its payment for any public service at the discretion of the local governing body. (See

Appendix D for a current status on MEAP funding and the last status report on SMEAP.)

Alaska Energy Authority's (AEA) Bulk Fuel Revolving Loan Fund (BFRLF) provides loans to communities, utilities, or fuel retailers in rural communities to purchase emergency, semi-annual, or annual bulk fuel supplies. The purpose of the AEA Bulk Fuel Revolving Loan Fund is to assist communities, utilities or fuel retailers in small rural communities in purchasing emergency, semi-annual or annual bulk fuel supplies. Loans are for the purchase of new fuel. The bulk fuel may be used for Municipal electrical power generators, municipal heavy equipment, heating fuel for the municipality, residents, and businesses, business and residential motor vehicles and for subsistence purposes. The Division of Community Advocacy, through its Rural Utility Business Advisory (RUBA) program and contacts makes a concerted effort to be informed and understand communities' needs and involvement with the Bulk Fuel Revolving Loan Fund. Table 5. illustrates

RUBA staff's anticipated requests or potential requests by some communities of the Bulk Fuel Revolving Loan Fund as of the beginning of September, 2006.

<b>Table 5. Bulk Fuel Revolving Loan Fund (BFRLF) Status as Determined By RUBA Staff</b>				
<b><u>Status</u></b>				
<b>Community</b>	<b>Entity</b>	<b>Amount</b>	<b>Uses</b>	<b>Status</b>
Kasigluk Inc	Corp.	\$50,000	Electrical	Additional AEA loan denied (Fall delivery) Additional need over existing bridge loan
Tuntutuliak	Non-Profit	\$125,000	Electric, Water plant	
<b><u>Anticipated Requests</u></b>				
<b>Community</b>	<b>Entity</b>	<b>Amount</b>	<b>Uses</b>	<b>Status</b>
Nightmute	Corp.	\$235,000	retail sales, sales to City	BFRLF Request
Nelson Lagoon	Non-Profit	\$300,000	Electrical Generation	Denied credit with Crowley
Atmauthluak	Tribe	\$98,520	Electric	Denied Loan by AEA, requested bridge loan
Tuntutuliak	Non-Profit	\$100,000	Electric	Increase Bridge Loan request of \$100,000
Deering	City	\$179,746	Electric, Piped w/s	RAFS Report
Akiak	City	\$273,000	Water/Sewer	Electrical Generation,
<b>Total Requests</b>		<b>\$1,361,266</b>		AEA Loan in process, rejected last year
<b><u>Potential Requests</u></b>				
<b>Community</b>	<b>Entity</b>	<b>Amount</b>	<b>Uses</b>	<b>Status</b>
Tununak	Corp.	na	retail sales	BFRLF Request
Kipnuk	Light Plant	na	Electrical Generation	BFRLF Request
Kokhanok Electric	Tribal Utility	na	Electric, piped sewer, retail sales	BFRLF Request
Kongiginak	Corp.	\$160,000	na	BFRLF Request
Chevak	Corp.	\$300,000	na	BFRLF Request
Holy Cross	Fuel Corp.	\$200,000	na	BFRLF Request
Kaltag	Fuel Coop	\$160,000	Store request for retail sales.	BFRLF Request
Platinum	City	\$62,000	Electric Generation, CF	BFRLF Request
Holy Cross	Corp.	\$200,000	na	BFRLF Request
<b>Total Requests</b>		<b>\$1,082,000</b>		

Source: DCA

The Bulk Fuel Bridge Loan program was established in 2004 to assist rural Alaskan communities that were unable to finance fuel purchases. A prerequisite for borrowing is rejection by the AEA Bulk Fuel loan program. The program is designed so that loans are repaid over nine months. If the funds are repaid, the community is eligible to borrow again the following year for up to three years.

The intent is to provide “at risk” communities an opportunity to repair their credit deficiencies so that they can move back to more traditional fuel funding sources. The program is managed by Rural Alaska Fuel Services (RAFS).

- In 2004 loans were made to eleven communities for a total of approximately \$715,000. 100% of these funds were repaid and four communities that were in the Bridge Loan program in 2004 have “graduated” and found other funding sources.
- In 2005/2006 loans were issued to ten communities for a total amount of \$1.2 million. However, even with an increased lending ability, RAFS reports to be unable to fully fund fuel purchases for many of the client communities. See Table 6 below.

<b>Table 6. Available Loan Status (Sept 2006) For Bulk Fuel Bridge Loan Program</b>	
<b>Total Funding Available For Loans</b>	<b>\$1,702,196</b>
Prior Year Loans	\$121,880
2006 Loans	\$1,032,197
Payments Expected in next 14 days	\$74,000
<b>Available for loans</b>	<b>\$622,119</b>
Funding Committed to Previous Applicants	\$520,000
Increased Requests from Previous Applicants	\$125,000
Funding Committed to New Applicants	\$191,000
Available for New Applicants	<b>-\$88,881</b>

Source: Rural Alaska Fuel Services and DCA

While a variety of funding programs exist to address the short-term fuel challenge, long-term strategies remain elusive when considering the prognosis of predictable and sustainable energy costs. Seeking long-term solutions to the current fuel challenge will likely include a combination of greater fuel supply and examining the most cost effective strategies for transportation and storage in order to develop appropriate local bulk fuel infrastructure, reduce transportation costs, and increase local human capital. Another long-term solution may be alternative energy development that can displace fossil fuel consumption. Specifically, AEA in collaboration with the Denali Training Fund, provides training opportunities to local residents regarding energy projects and infrastructure. The purpose of the training is to ensure community personnel have the appropriate skills to maintain bulk fuel infrastructure in a consistent and sustainable manner. Addressing the adequacy of bulk fuel farms is also a critical component of a long-term strategy to addressing fuel prices. Specifically, many bulk fuel farms were constructed more than 20 years ago and are currently in poor condition. With substantial contributions from the Denali Commission, the Bulk Fuel Upgrades Program provides funding for the design/engineering, business planning, and construction management services to build bulk fuel farms in rural communities.

Recognizing the need to study and develop feasible short- and long-term strategies to address rural energy in Alaska, Governor Murkowski commissioned the formation of the Rural Energy Action Council (REAC). During 2005, REAC closely reviewed the Power Cost Equalization (PCE) Program, energy conservation measures, diesel alternatives, the development of fuel cooperatives, and the cost of energy for schools. As a result, REAC recommended short- and long-term strategies to lower the cost of energy in rural Alaska. Short-term strategies included the following: 1) fully fund the PCE Program; 2) front-load the PCE endowment; 3) develop a bulk fuel operator technical assistance program; 4) incorporate downstream tanks and pipes into bulk fuel infrastructure upgrades; 5) support the development of regional bulk fuel cooperatives; 6) recommend higher loan limits for Bulk Fuel Revolving Loan Program single and cooperative applicants; 7) improve power plant operational efficiencies and remote capabilities; 8) increase support for development of alternative energy sources including coal, instream, wind, and gas projects; 9) accelerate renewable energy programs and implement energy conservation measures; 10) continue low-income home energy assistance program funding; and 11) create a new line-item for school district energy funding.

REAC also identified the following as elements of a long-term approach to improving the affordability of rural energy: 1) study the direct impacts of high fuel cost in rural Alaska; 2) develop regional energy centers on rural campuses; 3) support a feasibility study to examine links with the Railbelt Energy Grid; 4) develop a fuel price reporting system for “non-PCE” communities; 5) divest the State of rural energy infrastructure; and 6) improve transportation and distribution systems.

***City of Chevak: If there were no debts...***

Chevak has an estimated population of 916 people. The City is located on the north bank of the Niglikfak River, 17 miles east of Hooper Bay in the Yukon-Kuskokwim Delta. According to Roy Atchak, City Administrator, last year the price of fuel was lower than this year, so it is more difficult to purchase fuel this year. The Administrator indicated that the City could not afford to buy fuel in bulk, so it has been buying fuel from a local vendor at retail rates which hurts the City's finances. Mr. Atchak noted that, “If you don't have big dollar amounts to purchase fuel [then] you're buying it from the local vendors and that's with prices around \$4.75 a gallon. A drum of gas is over \$200 bucks and every 3 or 4 days you need to refill it [to keep a buildings heated and up and running].” The City has outstanding bills from last year, the Administrator rhetorically asked, “If they don't pay off fuel costs from last year, how are they going to buy the spring order?” The City has had to cut back on community services due to the cost of fuel. Mr. Atchak mentioned that last year only three buildings were “heating up”. The public safety building was not being maintained and heated, and the laundromat had to be closed down.

According to the Administrator, the City received both SMEAP and MEAP funding from the State of Alaska but was not sure if the community had a bulk fuel loan. Mr. Atchak said that “The money that we got this year went to the major debts that we had, so we didn't really see the benefit from the SMEAP. If there were no debts we would have had to deal with, the money would have gone toward fuel to keep us at an operational level.” On an individual level some of these people are getting more and more driftwood for their woodstoves and turning down their thermostats a little lower; the costs of living out here in rural Alaska are really high and some of these people are on a real fixed income, it's fortunate that some of these people are receiving assistance to help them cope with the costs.

**Appendix A**  
**SURVEY RESPONSES**

<b>Supplemental Survey Responses</b>									
Community	Region	11 05 Heating Fuel #1 Retail Price: (selling price per gallon)	9 06 Heating Fuel #1 Retail Price: (selling price per gallon)	HF #1 Percent Change from November 2005	11 05 Gasoline Retail Price: (selling price per gallon)	9 06 Gasoline Retail Price: (selling price per gallon)	Gasoline Percent Change from November 2005	Transport Method:	Primary use of fuel (electrical generation, comm facilities, sales to public, other)
Alatna	Interior	4.00	4.50	12.50%	4.50	5.00	11.11%	Air	Home Heating
Arctic Village	Interior	3.83	6.36	65.97%	4.08	6.00	47.02%	Air	Elec. generation and heating
Eagle	Interior	3.25	3.00	-7.69%	3.50	3.75	7.14%	Truck	Home Heating
Hughes	Interior	5.40	6.00	11.11%	4.75	5.50	15.79%	Air	Public facilities and heating
Tanana	Interior	3.55	4.69	32.11%	3.98	4.69	17.84%	Barge, Air	Home Heating
Kaktovik	North Slope	1.60	1.75	9.38%	2.65	3.60	35.85%	Barge	Hunting
Nuiqsut	North Slope	2.50	2.25	-10.00%	6.25	3.25	-48.00%	Truck, Ice Road	Electricity Generation
Chignik	South Coastal	2.83	3.45	21.91%	None Sold	None Sold	N/A	Barge	Home Heating
King Cove	South Coastal	2.58	3.08	19.19%	2.97	3.40	14.51%	Barge	Public
Larsen Bay	South Coastal	3.12	3.22	3.21%	3.25	3.64	12.00%	Barge	ALL
New Stuyahok	South Coastal	3.80	4.87	28.16%	4.63	5.10	10.15%	Barge	Gasoline is used for transportation. Heating oil is for public.
Saint George	South Coastal	3.86	4.47	15.80%	3.86	4.08	5.70%	Barge	public use: vehicles
Togiak*	South Coastal	4.38	4.07	-6.99%	4.51	4.47	-0.85%	Barge	Home Heating
Valdez	South Coastal	2.47	2.97	20.24%	2.84	3.13	10.21%	Barge, Truck	Home Heating
Gustavus	Southeast	2.80	3.08	10.00%	3.30	3.66	10.91%	Barge	Elec. generation and heating
Kake	Southeast	3.38	3.70	9.47%	3.49	3.85	10.32%	Barge	Home Heating
Point Baker	Southeast	4.10	4.10	0.00%	4.15	4.15	0.00%	Barge	Electric Generation
Wrangell*	Southeast	3.28	3.47	5.79%	3.55	3.78	6.48%	Barge	Home Heating, generators
Atmautluak	Western	3.05	3.92	28.52%	3.55	4.14	16.62%	Barge	No response
Deering	Western	3.50	3.80	8.57%	3.60	3.80	5.56%	Barge	No response
Golovin	Western	3.60	4.42	22.78%	3.85	4.90	27.27%	Barge	Multi-purpose
Kotlik	Western	3.50	4.41	26.00%	3.98	4.71	18.34%	Barge	Heating fuel, outboard motors
McGrath	Western	3.97	4.87	22.67%	4.14	5.30	28.02%	Barge	Sales to Public
Grayling	Western	4.00	5.60	40.00%	5.00	6.00	20.00%	Barge	Transportation and Facilities
Russian Mission	Western	3.85	5.32	38.18%	4.20	4.20	0.00%	Barge	Home Heating
Shishmaref	Western	2.99	2.99	0.00%	3.39	3.39	0.00%	Barge	Home Heating
Teller	Western	4.02	4.79	19.15%	3.91	4.79	22.51%	Barge	Home Heating
Tuntutuliak	Western	3.95	4.27	8.10%	4.18	4.38	4.78%	Barge	Home Heating
White Mountain	Western	3.09	3.69	19.42%	3.39	3.85	13.57%	Barge	Home heating, subsistence

*Wrangell\* - varying break points: \$3.32 - \$3.47*  
*Togiak\* \$4.38/\$4.47 w taxes*



**Appendix B**

**PCE DATA FOR SUBSET OF COMMUNITIES**



Price Cost Equalization Program: 2001-2005		PCE 2001										PCE Eligible kWh										PCE Rate									
Community	Region	Pop.	In PCE?	Res. Customers	Comm. Facilities	Total	Residential	Facilities	Total	% of Residential	% Facilities	Total kWh Sold	% of Total kWh not eligible	Avg Price of fuel (\$/gallon)	Avg Res rate cent/kWh	PCE Rate	Effective Residential Rate (what the customer pays)														
1	Albion*	214	Y	70	17	87	184,043	135,975	319,918	57.53%	42.47%	520,458	38.53%	\$ 2.00	\$0.4705	\$0.2388	\$0.2337														
2	Arctic Village	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na														
3	Atkasook	276	Y	57	3	60	169,074	7,708	176,782	95.64%	4.36%	541,659	67.36%	\$ 1.44	\$0.4680	\$0.1089	\$0.3611														
4	Chignik*	96	Y	68	10	78	167,191	76,538	243,729	68.60%	31.40%	632,278	61.45%	\$ 1.84	\$0.4260	\$0.1324	\$0.2936														
5	Deering	155	Y	40	6	46	166,880	75,486	242,366	68.85%	31.15%	589,548	58.89%	\$ 1.79	\$0.3950	\$0.1528	\$0.2022														
6	Eagle*	184	Y	142	9	151	305,577	21,476	327,053	93.43%	6.57%	642,055	49.06%	\$ 1.20	\$0.3766	\$0.1710	\$0.2058														
7	Groovin	144	Y	46	8	54	132,982	66,234	197,816	67.02%	32.98%	478,224	58.64%	\$ 1.84	\$0.3800	\$0.1570	\$0.2230														
8	Gustavus	377	Y	326	6	332	717,895	39,890	757,785	95.49%	4.51%	1,417,209	46.95%	\$ 1.46	\$0.5692	\$0.2847	\$0.2845														
9	Hughes	77	Y	31	4	35	61,048	34,319	95,367	64.01%	35.99%	180,242	47.09%	\$ 2.29	\$0.5100	\$0.2178	\$0.2922														
10	Kake	702	Y	291	11	302	1,058,933	457,307	1,516,240	69.80%	30.20%	3,849,134	60.66%	\$ 1.28	\$0.3458	\$0.1990	\$0.1868														
11	Kaktovik	294	Y	74	4	78	159,676	93,722	253,398	63.01%	36.99%	1,535,798	85.69%	\$ 1.33	\$0.3113	\$0.0840	\$0.0473														
12	Kallag	281	Y	77	9	86	277,732	65,231	340,963	81.46%	18.54%	707,841	51.83%	\$ 1.28	\$0.4393	\$0.1981	\$0.2434														
13	King Cove	671	Y	180	22	202	595,805	506,602	1,102,407	54.05%	45.95%	2,637,741	58.21%	\$ 1.15	\$0.2000	\$0.0482	\$0.1518														
14	Kotik	597	Y	137	6	143	470,223	52,095	522,288	90.03%	9.97%	1,302,449	59.90%	\$ 1.34	\$0.3000	\$0.1332	\$0.1688														
15	Larsen Bay	120	Y	80	8	88	162,831	72,471	235,302	69.20%	30.80%	532,315	56.80%	\$ 1.10	\$0.4000	\$0.1436	\$0.2584														
16	McGrath	408	Y	176	11	187	677,109	276,299	953,408	71.02%	28.98%	2,780,409	66.71%	\$ 1.47	\$0.3637	\$0.1583	\$0.2074														
17	New Shulishok	468	Y	111	11	122	443,021	106,882	549,903	80.71%	19.29%	1,112,861	50.68%	\$ 1.36	\$0.4332	\$0.1917	\$0.2415														
18	Niqtit	468	Y	96	5	101	359,462	250,145	609,607	58.97%	41.03%	3,364,540	81.33%	\$ 1.13	\$0.1900	\$0.0222	\$0.1278														
19	Pont Baker	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na														
20	Russian Mission	307	Y	72	7	79	276,983	38,488	315,471	87.60%	12.20%	680,325	52.22%	\$ 1.20	\$0.4274	\$0.1676	\$0.2998														
21	Saint George	164	Y	53	6	59	202,195	119,477	321,672	62.86%	37.14%	795,448	59.95%	\$ 1.71	\$0.3500	\$0.1283	\$0.2237														
22	Sheppard	547	Y	154	10	164	541,025	172,710	713,735	75.80%	24.20%	1,492,500	52.19%	\$ 1.26	\$0.4400	\$0.1984	\$0.2436														
23	Tanana	300	Y	102	10	112	278,871	90,310	376,181	73.60%	26.40%	1,286,137	70.29%	\$ 1.58	\$0.5983	\$0.2382	\$0.3601														
24	Teller*	281	Y	71	2	73	199,665	44,403	235,068	81.11%	18.89%	733,639	67.96%	\$ 1.57	\$0.5489	\$0.2847	\$0.2642														
25	Togiak	824	Y	245	10	254	808,076	344,793	1,152,869	70.09%	29.91%	2,289,455	48.66%	\$ 1.85	\$0.4160	\$0.1510	\$0.2370														
26	Tuntutuliak	350	Y	86	4	90	331,443	55,401	386,844	86.12%	13.88%	730,915	47.34%	\$ 1.66	\$0.4600	\$0.1627	\$0.2673														
27	Valdez	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na														
28	White Mountain	207	Y	67	8	75	204,208	124,787	328,975	62.07%	37.93%	716,887	54.11%	\$ 1.38	\$0.4300	\$0.1313	\$0.2987														
29	Wainali	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na														
<b>TOTALS</b>		<b>8,412</b>		<b>2,852</b>	<b>216</b>	<b>3,069</b>	<b>8,938,548</b>	<b>3,325,589</b>	<b>12,264,137</b>	<b>72.88%</b>	<b>27.12%</b>	<b>31,427,977</b>	<b>60.98%</b>																		

\*Albion\*: PCE report includes Atkasook and Alutian  
 \*Chignik\*: PCE reports on Chignik Electric. For 2004 there was insufficient data  
 \*Eagle\*: PCE Reports includes Eagle and Eagle Village  
 \*Teller\*: For 2004 there was insufficient data.

Price Cost Equalization Program: 2001-2005										PCE 2002									
Community	Region	Customers					PCE Eligible kWh					Residential Rate (what the customer pays)							
		Pop	In PCE?	Res Customers	Comm Facilities	Total	Residential	Facilities	Total	% of Residential	% Facilities		Total kWh Sold	% of Total kWh not eligible	Avg Price of fuel (\$/gallon)	Avg Res rate cent/Wh	PCE rate		
1	Alford	168	Y	72	19	91	185,876	109,280	295,156	62.96%	37.02%	539,628	45.31%	\$ 2.11	\$0.5204	\$0.2200	\$0.3004		
2	Arctic Village	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
3	Armasulik	284	Y	61	4	65	180,800	31,848	212,648	85.02%	14.98%	950,011	64.14%	\$ 1.58	\$0.4680	\$0.1982	\$0.3118		
4	Chignik	79	Y	57	10	67	157,104	67,650	224,754	69.95%	30.07%	591,730	62.03%	\$ 1.05	\$0.4680	\$0.1982	\$0.3118		
5	Deering	155	Y	47	7	54	169,730	79,986	249,716	68.00%	32.00%	696,907	63.68%	\$ 1.77	\$0.3850	\$0.1650	\$0.2220		
6	Engle	145	Y	145	9	154	308,260	20,021	328,281	98.75%	6.25%	645,933	48.93%	\$ 1.20	\$0.4401	\$0.1696	\$0.2705		
7	Galovin	144	Y	48	8	56	147,311	62,003	209,314	70.34%	29.66%	490,844	57.34%	\$ 2.03	\$0.3800	\$0.1337	\$0.2463		
8	Quilivus	429	Y	352	6	358	766,309	31,690	797,999	96.03%	3.97%	1,390,495	42.61%	\$ 1.37	\$0.4972	\$0.2235	\$0.2737		
9	Hughes	78	Y	26	4	30	64,473	32,497	96,970	66.43%	33.57%	193,777	49.88%	\$ 2.28	\$0.5100	\$0.2044	\$0.3056		
10	Kake	710	Y	282	11	293	1,032,175	275,218	1,307,391	78.95%	21.05%	3,862,294	64.59%	\$ 1.06	\$0.3392	\$0.1078	\$0.2224		
11	Kaktovik	293	Y	72	4	76	314,200	194,316	508,516	61.79%	38.21%	3,201,831	84.12%	\$ 1.38	\$0.1900	\$0.0750	\$0.0750		
12	Kaliag	250	Y	83	9	92	285,458	46,010	332,388	85.89%	14.11%	679,154	51.69%	\$ 1.40	\$0.4489	\$0.1862	\$0.2307		
13	King Cove	792	Y	180	28	208	565,982	593,631	1,159,613	48.82%	51.18%	3,145,889	63.14%	\$ 0.93	\$0.2000	\$0.0363	\$0.1637		
14	Kotik	591	Y	142	8	150	456,775	75,470	532,245	86.82%	14.18%	1,512,612	64.61%	\$ 1.91	\$0.3000	\$0.1188	\$0.1612		
15	Leaven Bay	115	Y	55	13	68	164,134	79,442	243,576	67.39%	32.61%	611,815	60.19%	\$ 1.08	\$0.4000	\$0.0878	\$0.3122		
16	McGrath	401	Y	177	11	188	674,098	282,202	956,788	70.45%	29.55%	2,775,721	65.53%	\$ 1.49	\$0.4283	\$0.1448	\$0.2615		
17	New Stuyahok	471	Y	109	11	120	451,227	109,859	561,086	80.42%	19.58%	1,138,717	60.73%	\$ 1.33	\$0.4849	\$0.1787	\$0.2862		
18	Nulikut	433	Y	101	5	106	397,073	235,808	632,881	62.77%	37.23%	4,160,103	84.69%	\$ 1.22	\$0.1900	\$0.0198	\$0.1902		
19	Pilot Baker	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
20	Russian Mission	293	Y	74	7	81	280,359	36,963	317,327	68.35%	31.65%	721,796	56.04%	\$ 1.19	\$0.3706	\$0.1571	\$0.2135		
21	Saint George	152	Y	56	6	62	119,188	57,442	176,631	67.36%	32.64%	468,939	62.03%	\$ 1.97	\$0.3500	\$0.0774	\$0.2728		
22	Shekomear	582	Y	153	11	164	555,124	157,283	712,407	77.92%	22.08%	1,557,505	54.28%	\$ 1.18	\$0.3754	\$0.1601	\$0.2153		
23	Tarana	308	Y	105	10	115	274,331	86,200	360,531	78.05%	21.95%	1,187,756	69.51%	\$ 1.74	\$0.5408	\$0.2047	\$0.3361		
24	Teller	281	Y	72	4	76	180,705	42,880	223,585	81.72%	18.28%	781,574	70.14%	\$ 1.59	\$0.5489	\$0.2540	\$0.2649		
25	Togiak	809	Y	233	17	250	803,993	381,086	1,185,079	68.45%	31.55%	2,321,160	49.07%	\$ 1.21	\$0.3839	\$0.1655	\$0.2184		
26	Tuntutuliak	370	Y	83	4	87	319,333	50,573	369,906	86.35%	13.67%	716,459	48.53%	\$ 1.53	\$0.4680	\$0.0980	\$0.3640		
27	Valdez	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
28	White Mountain	203	Y	67	8	75	203,775	152,330	356,105	57.22%	42.78%	625,223	43.04%	\$ 1.59	\$0.4300	\$0.1129	\$0.3171		
29	Wainwright	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
30	TOTALS	8,506		2,852	234	3,086	9,068,840	3,273,072	12,341,912	73.52%	26.48%	34,421,593	64.09%						

Notes: PCE reports includes Afakiel and Adams  
 Chignik: PCE reports on Chignik Electric. For 2004, there was insufficient data  
 Engle: PCE Reports includes Engle and Engle Village  
 Teller: For 2004, there was insufficient data

Price Cost Equalization Program: 2001-2005										PCE 2003									
Community	Region	Pop	In PCE?	Customers				PCE Elig kWh				Avg Price mte (\$/gallon)	Avg Res mte cent/kWh	PCE Rate	Effective Residential Rate (what the customer pays)				
				Res Customers	Comm Facilities	Total	Residential	Facilities	Total	% of Residential	% Total kWh not eligible								
1	Alair*	162	Y	74	16	90	194,575	111,071	306,246	63.54%	36.46%	567,542	46.04%	\$ 2.08	\$0.4797	\$0.3022	\$0.1775		
2	Arctic Village	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
3	Arnaaluk	291	Y	63	4	67	185,307	26,746	224,053	87.17%	12.83%	571,485	60.79%	\$ 1.34	\$0.4680	\$0.0841	\$0.3739		
4	Chignik*	77	Y	62	10	72	167,227	66,800	233,027	71.76%	28.24%	578,660	59.74%	\$ 1.11	\$0.3353	\$0.1662	\$0.1671		
5	Deering	129	Y	47	8	55	182,957	61,504	244,461	74.84%	25.16%	665,317	63.26%	\$ 1.79	\$0.3850	\$0.1478	\$0.2372		
6	Engle*	152	Y	146	8	154	306,910	16,243	322,153	94.34%	5.66%	607,846	47.00%	\$ 1.13	\$0.3776	\$0.2130	\$0.1648		
7	Gobovin	148	Y	49	9	58	159,806	61,769	215,575	71.35%	28.65%	573,744	62.43%	\$ 1.82	\$0.3800	\$0.1807	\$0.1993		
8	Gudikous	421	Y	365	6	371	776,532	32,114	808,646	96.03%	3.97%	1,450,912	44.27%	\$ 1.47	\$0.5063	\$0.3201	\$0.1862		
9	Hughes	69	Y	34	3	37	61,972	35,045	97,017	63.88%	36.12%	201,088	51.75%	\$ 2.29	\$0.5100	\$0.2634	\$0.2466		
10	Keke	700	Y	274	11	285	1,011,519	119,808	1,131,127	89.43%	10.57%	3,900,525	71.00%	\$ 1.10	\$0.3275	\$0.1821	\$0.1454		
11	Kekovik	306	Y	72	4	76	279,116	19,975	472,991	59.01%	40.99%	3,298,110	85.26%	\$ 1.36	\$0.1900	\$0.0270	\$0.1230		
12	Kelag	223	Y	79	9	88	284,582	44,456	329,038	86.49%	13.51%	668,789	50.05%	\$ 1.37	\$0.4473	\$0.2463	\$0.2010		
13	King Cove	794	Y	180	28	208	501,728	665,880	1,167,008	42.99%	57.01%	3,343,330	65.09%	\$ 1.03	\$0.2000	\$0.0561	\$0.1419		
14	Kodlak	633	Y	146	8	154	452,285	164,486	616,771	73.33%	26.67%	1,699,045	61.67%	\$ 1.83	\$0.3000	\$0.1119	\$0.1681		
15	Larsen Bay	107	Y	49	10	59	139,269	81,148	211,417	61.62%	38.38%	557,514	62.06%	\$ 1.48	\$0.4000	\$0.1435	\$0.2565		
16	McGrath	407	Y	181	12	193	674,799	269,541	944,340	69.96%	30.02%	2,627,695	63.30%	\$ 1.35	\$0.4263	\$0.1865	\$0.2398		
17	New Stuyahok	479	Y	115	10	125	455,127	111,895	566,712	80.31%	19.69%	1,134,313	50.04%	\$ 1.17	\$0.4095	\$0.2133	\$0.1962		
18	Nulikut	443	Y	96	5	101	396,937	219,146	616,983	64.43%	35.57%	4,273,741	85.58%	\$ 1.22	\$0.1900	\$0.0270	\$0.1230		
19	Pent Baker	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
20	Russian Mission	328	Y	76	6	82	263,342	39,581	323,103	87.76%	12.24%	724,066	55.36%	\$ 1.06	\$0.3983	\$0.2035	\$0.1948		
21	Saint George	na	Y	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
22	Shepherd	589	Y	154	12	166	570,647	148,881	719,228	79.34%	20.66%	1,699,661	56.92%	\$ 1.11	\$0.3866	\$0.2019	\$0.1947		
23	Tinana	278	Y	118	11	129	296,444	117,869	413,442	71.46%	28.54%	1,189,122	64.64%	\$ 1.24	\$0.5408	\$0.2460	\$0.2948		
24	Tiler*	281	Y	67	5	72	206,319	39,620	245,949	83.89%	16.11%	721,731	65.92%	\$ 1.73	\$0.6569	\$0.3463	\$0.2176		
25	Togalak	804	Y	241	18	259	609,097	231,864	1,041,061	77.72%	22.28%	2,235,392	53.22%	\$ 1.15	\$0.4095	\$0.2133	\$0.1962		
26	Tundulak	377	Y	83	5	88	253,342	33,243	326,585	89.52%	10.48%	715,414	54.35%	\$ 1.32	\$0.4680	\$0.1556	\$0.3044		
27	Valdez	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na		
28	White Mountain	210	Y	210	68	278	219,580	143,807	363,487	60.41%	39.59%	693,376	47.65%	\$ 1.40	\$0.4300	\$0.1802	\$0.2498		
29	Wrangell	na	n	na	na	na	na	n	na	na	na	na	na	na	na	na	na		
<b>TOTALS</b>		<b>8,408</b>		<b>2,981</b>	<b>286</b>	<b>3,267</b>	<b>8,900,629</b>	<b>3,098,901</b>	<b>11,999,530</b>	<b>74.42%</b>	<b>25.58%</b>	<b>34,448,118</b>	<b>65.20%</b>						

\*Alair\*: PCE report includes Alair and Alina  
 \*Chignik\*: PCE reports on Chignik Electric. For 2004 there was insufficient data  
 \*Engle\*: PCE Reports includes Engle and Engle Village  
 \*Tiler\*: For 2004 there was insufficient data

Price Cost Equalization Program: 2001-2005		PCE 2004												PCE Eligible kWh												PCE Rate												Effective Residential Rate (what the customer pays)											
Community	Region	Pop.	In PCE?	Res Customers	Comm Facilities	Total	Residential	Facilities	Total	% of Residential	% Facilities	Total kWh Sold	% of Total kWh not eligible	Avg Price of fuel (\$/gallon)	Avg Res rate cent/kWh	PCE Rate	Effective Residential Rate (what the customer pays)																																
1	Alutia*	162	Y	75	16	91	205,402	106,070	311,472	65.95%	34.05%	594,450	46.71%	\$ 2.19	\$0.4632	\$0.2090	\$0.2742																																
2	Arctic Village	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na																																
3	Armedahuk	291	Y	64	5	69	214,230	33,001	248,991	65.39%	13.64%	579,634	57.13%	\$ 1.90	\$0.4690	\$0.1710	\$0.2670																																
4	Chignik*	na	Y	na	na	na	na	n	na	na	na	na	na	na	na	na	na																																
5	Deering	129	Y	50	8	58	191,652	101,952	293,604	65.28%	34.72%	665,696	55.76%	\$ 1.76	\$0.3650	\$0.1012	\$0.2638																																
6	Eagle*	152	Y	153	9	162	314,289	22,196	336,655	93.41%	6.59%	699,938	51.21%	\$ 1.20	\$0.4088	\$0.1509	\$0.2577																																
7	Gobovin	418	Y	47	8	55	195,128	74,621	270,749	67.66%	32.34%	591,676	60.33%	\$ 1.50	\$0.3600	\$0.1319	\$0.2481																																
8	Gustavus	421	Y	385	6	391	827,491	36,351	863,842	95.79%	4.21%	1,512,273	42.88%	\$ 1.54	\$0.5048	\$0.2374	\$0.2674																																
9	Hughes	69	Y	25	4	29	64,837	41,648	106,485	60.89%	39.11%	214,699	50.40%	\$ 3.27	\$0.5100	\$0.2100	\$0.3000																																
10	Kake	700	Y	270	11	281	1,094,699	131,149	1,226,008	88.46%	11.54%	3,354,674	68.04%	\$ 1.23	\$0.3275	\$0.1292	\$0.1983																																
11	Kaktovik	306	Y	71	4	75	262,752	166,219	448,971	58.52%	41.48%	3,303,966	86.33%	\$ 1.39	\$0.1600	\$0.0199	\$0.1511																																
12	Kaliag	223	Y	81	9	90	288,516	51,058	320,074	83.89%	16.11%	648,845	50.67%	\$ 1.98	\$0.4688	\$0.1743	\$0.2825																																
13	King Cove	794	Y	180	28	208	491,291	66,640	557,931	42.43%	57.57%	3,347,856	65.42%	\$ 1.29	\$0.2000	\$0.0329	\$0.1671																																
14	Kotik	633	Y	150	11	161	473,005	107,225	580,430	81.53%	18.47%	1,516,808	61.74%	\$ 1.62	\$0.3000	\$0.0800	\$0.2200																																
15	Larsen Bay	107	Y	48	9	57	114,272	85,657	200,129	57.10%	42.90%	574,220	65.15%	\$ 1.28	\$0.4000	\$0.1143	\$0.2857																																
16	McGrath	407	Y	165	12	177	632,646	293,664	926,310	68.30%	31.70%	2,578,957	64.08%	\$ 1.40	\$0.4263	\$0.1381	\$0.2882																																
17	New Stuyahok	479	Y	115	11	126	482,289	122,489	604,778	78.69%	21.31%	1,148,899	49.97%	\$ 1.30	\$0.3994	\$0.1400	\$0.2594																																
18	Niqliq	443	Y	94	6	100	382,765	145,533	528,318	72.45%	27.55%	4,249,458	87.57%	\$ 1.21	\$0.1600	\$0.0199	\$0.1511																																
19	Point Baker	na	n	na	na	na	na	n	na	na	na	na	na	na	na	na	na																																
20	Russian Mission	328	Y	77	5	82	284,674	44,179	329,053	66.57%	13.43%	797,596	66.96%	\$ 1.32	\$0.4205	\$0.1526	\$0.2679																																
21	Saint George	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na																																
22	Shikomeer	589	Y	156	13	169	584,795	165,194	749,989	77.97%	22.03%	1,592,712	52.91%	\$ 1.33	\$0.4147	\$0.1491	\$0.2656																																
23	Tarana	278	Y	117	11	128	320,632	134,105	455,037	70.53%	29.47%	1,203,647	62.19%	\$ 1.34	\$0.4909	\$0.1772	\$0.3137																																
24	Teller*	na	Y	na	na	na	na	n	na	na	na	na	na	na	na	na	na																																
25	Togiak	804	Y	246	17	263	817,426	271,930	1,089,356	75.04%	24.96%	2,392,439	54.47%	\$ 1.30	\$0.4259	\$0.1559	\$0.2700																																
26	Tuntuturuk	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na																																
27	Valdez	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na																																
28	White Mountain	214	Y	71	9	80	219,902	158,644	378,446	58.11%	41.89%	799,726	50.19%	\$ 1.81	\$0.4500	\$0.1289	\$0.3011																																
29	Wiergall	na	n	na	na	na	na	n	na	na	na	na	na	na	na	na	na																																
30	TOTALS	7,947		2,640	212	2,852	8,385,043	2,809,095	11,265,948	73.54%	26.46%	32,035,619	65.27%																																				

\*Note: PCE report includes Alutiaq and Adana  
 Chignik: PCE reports on Chignik Electric. For 2004, there was insufficient data.  
 Eagle: PCE Reports includes Eagle and Eagle Village  
 Teller: For 2004, there was insufficient data

Price Cost Equalization Program: 2001-2005		PCE 2005										PCE Elig kWh										Customers										Average Price of Fuel										Effective Residential Rate (What the customer pays with the PCE subsidy)									
Community	Region	Pop	In PCE?	Res Customers	Comm Facilities	Total	Residential	Facilities	Total	% of Residential	% of Total kWh not eligible	Total kWh Sold	Avg Price of Fuel (\$/gallon)	Avg Res rate cent/kWh	PCE Rate	Effective Residential Rate (what the customer pays)	2002/2001	2003/2002	2004/2003	2005/2004	2002/2001	2003/2002	2004/2003	2005/2004	2002/2001	2003/2002	2004/2003	2005/2004																							
1	Albion*	161	Y	76	16	92	203,502	95,002	298,504	68.77%	31.93%	546,204	\$ 2.74	\$ 0.9587	\$0.2424	\$0.3163	5.50%	-1.42%	5.29%	25.11%	37.00%	28.64%	-40.51%	54.48%	15.35%	34.34%	na	na	na	na																					
2	Arctic Village		n	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na																				
3	Armbulak	279	Y	66	5	71	224,480	35,000	260,080	88.31%	13.99%	576,762	\$ 2.19	\$0.4680	\$0.1489	\$0.3211	9.72%	-15.19%	34.33%	21.67%	52.08%	-13.65%	19.92%	-20.57%	8.11%	-11.08%	na	na	na	na	na																				
4	Chignik*	92	Y	52	11	63	173,288	76,002	249,290	69.31%	30.99%	543,364	\$ 1.84	\$0.4260	\$0.1324	\$0.2936	-42.95%	5.71%	na	na	0.00%	6.20%	-46.41%	na	na	na	na	na	na	na	na																				
5	Dering	131	Y	47	8	55	195,499	87,272	282,771	69.14%	30.86%	663,401	\$ 1.85	\$0.3850	\$0.1230	\$0.2620	-1.12%	1.13%	-1.68%	5.11%	3.35%	9.79%	8.85%	19.05%	-7.08%	29.57%	na	na	na	na	na	na	na																		
6	Eagle*	185	Y	156	9	165	328,009	22,133	350,142	93.68%	6.32%	715,204	\$ 1.88	\$0.4390	\$0.1825	\$0.2665	0.00%	-5.83%	6.19%	40.00%	40.00%	31.44%	-30.15%	56.95%	-0.47%	24.64%	na	na	na	na	na	na	na																		
7	Subotin	146	Y	56	10	66	169,113	92,317	261,430	64.69%	35.31%	592,665	\$ 2.10	\$0.3800	\$0.1638	\$0.2162	10.33%	-10.34%	-17.68%	40.00%	14.13%	10.45%	-19.08%	24.49%	-12.86%	-3.05%	na	na	na	na	na	na	na	na																	
8	Custovus	438	Y	395	6	401	809,993	35,721	845,714	95.78%	4.22%	1,482,629	\$ 2.00	\$0.5740	\$0.1932	\$0.3808	-6.61%	7.30%	4.76%	29.67%	36.96%	-3.60%	-31.97%	43.61%	42.41%	33.85%	na	na	na	na	na	na	na	na																	
9	Kughes	72	Y	32	3	35	72,410	49,329	121,739	59.48%	40.52%	240,654	\$ 3.14	\$0.5100	\$0.2424	\$0.2676	-0.44%	0.44%	42.79%	-3.96%	37.12%	4.99%	-19.31%	21.65%	-10.80%	-8.42%	na	na	na	na	na	na	na	na	na																
10	Kake	684	Y	249	11	260	883,862	90,920	974,882	90.69%	9.32%	2,255,939	\$ 1.76	\$0.3606	\$0.1630	\$0.1976	-17.19%	3.71%	11.62%	-40.09%	37.50%	19.06%	-34.62%	36.38%	-0.35%	5.78%	na	na	na	na	na	na	na	na	na	na	na														
11	Kekovik	295	Y	67	3	70	261,217	53,748	314,965	82.94%	17.06%	3,651,136	\$ 1.70	\$0.1500	\$0.0189	\$0.1311	3.76%	0.00%	0.72%	29.30%	27.66%	58.56%	64.00%	6.69%	0.00%	177.17%	na	na	na	na	na	na	na	na	na	na	na														
12	Kelag	229	Y	82	11	93	266,280	59,986	326,266	81.97%	18.13%	650,221	\$ 1.86	\$0.4889	\$0.1853	\$0.3036	9.38%	-2.14%	15.33%	-17.70%	45.31%	-5.22%	-12.87%	40.95%	7.47%	24.33%	na	na	na	na	na	na	na	na	na	na	na														
13	King Cove	737	Y	183	28	211	555,675	97,972	1,132,287	48.94%	51.06%	3,412,008	\$ 1.32	\$0.2000	\$0.0370	\$0.1630	-19.13%	10.75%	25.44%	2.33%	14.76%	7.84%	-13.22%	17.76%	-2.45%	7.36%	na	na	na	na	na	na	na	na	na	na	na														
14	Kotik	609	Y	151	10	161	469,541	136,522	606,063	77.47%	22.53%	1,289,704	\$ 1.95	\$0.3700	\$0.1004	\$0.2696	42.45%	-4.19%	-11.48%	20.37%	45.52%	8.63%	3.81%	16.96%	22.55%	61.63%	na	na	na	na	na	na	na	na	na	na	na	na													
15	Larsen Bay	96	Y	56	10	66	125,610	67,212	192,822	65.44%	34.56%	562,720	\$ 1.80	\$0.4000	\$0.1264	\$0.2736	-1.62%	37.04%	-13.51%	40.63%	63.64%	21.76%	-17.64%	11.36%	-4.24%	6.71%	na	na	na	na	na	na	na	na	na	na	na	na													
16	McCrath	415	Y	159	12	171	583,096	290,240	873,336	66.77%	33.23%	2,482,177	\$ 1.54	\$0.4263	\$0.1682	\$0.2681	1.36%	-9.40%	3.70%	10.00%	4.76%	35.73%	-14.61%	20.19%	-10.44%	24.45%	na	na	na	na	na	na	na	na	na	na	na	na													
17	New Stuyahok	483	Y	120	10	130	422,223	120,510	542,733	77.89%	22.20%	1,110,846	\$ 1.99	\$0.4509	\$0.1617	\$0.2892	-2.21%	-12.03%	11.11%	50.00%	46.32%	-6.94%	-13.28%	32.21%	11.49%	19.75%	na	na	na	na	na	na	na	na	na	na	na	na	na												
18	Niqtud	416	Y	85	5	90	349,910	135,649	485,559	72.03%	27.97%	3,900,631	\$ 1.07	\$0.1500	\$0.0189	\$0.1311	7.96%	0.00%	-0.92%	##/###	-5.31%	1.85%	-5.53%	6.69%	0.00%	2.66%	na	na	na	na	na	na	na	na	na	na	na	na													
19	Point Baker		n	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na													
20	Russian Mission	310	Y	75	5	80	282,467	36,239	318,706	88.63%	11.37%	746,703	\$ 1.79	\$0.4639	\$0.1695	\$0.2844	-0.69%	-10.92%	24.53%	36.61%	49.17%	-10.97%	-8.76%	37.55%	9.89%	22.77%	na	na	na	na	na	na	na	na	na	na	na	na	na												
21	Sand George		Y	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na													
22	Sheshoad	594	Y	154	10	164	561,324	160,389	721,713	77.88%	22.22%	1,688,697	\$ 1.64	\$0.4376	\$0.1538	\$0.2838	-6.85%	-5.83%	19.82%	23.31%	30.16%	-11.62%	-9.57%	36.41%	6.85%	16.50%	na	na	na	na	na	na	na	na	na	na	na	na	na												
23	Sitana	290	Y	117	12	129	305,414	130,870	436,284	70.00%	30.00%	1,213,725	\$ 1.71	\$0.4009	\$0.1693	\$0.3046	10.13%	-28.74%	8.06%	27.61%	8.23%	-4.00%	-12.29%	6.41%	-2.90%	-13.00%	na	na	na	na	na	na	na	na	na	na	na	na	na												
24	Siber*		Y	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na													
25	Togiak	624	Y	237	16	253	816,987	234,143	1,051,030	77.22%	22.28%	2,608,062	\$ 1.85	\$0.4980	\$0.1839	\$0.3041	-34.95%	-4.96%	13.04%	43.31%	0.00%	-7.95%	-10.16%	37.61%	12.63%	28.31%	na	na	na	na	na	na	na	na	na	na	na	na	na												
26	Tuntutuliak	381	Y	86	4	90	295,999	26,162	322,161	91.38%	8.61%	682,510	\$ 2.56	\$0.5500	\$0.1692	\$0.2608	-7.83%	-13.73%	na	na	na	22.44%	-16.37%	na	na	16.00%	na	na	na	na	na	na	na	na	na	na	na	na													
27	Valdez	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na													
28	White Mountain	na	Y	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na													
29	Wierigall	na	n	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na												
<b>TOTALS</b>		<b>7,677</b>		<b>2,701</b>	<b>215</b>	<b>2,916</b>	<b>8,959,399</b>	<b>2,616,768</b>	<b>10,575,167</b>	<b>76.8%</b>	<b>23.84%</b>	<b>31,267,931</b>				<b>64.90%</b>																																			
Albion* - PCE report includes Alakalek and Alabuk																																																			
Chignik* - PCE reports on Chignik Electric For 2004, there was insufficient data																																																			
Eagle* - PCE Reports includes Eagle and Eagle Village																																																			
Togiak For 2004, there was insufficient data																																																			



## Appendix C

### **HIGHLIGHTS OF THE POWER COST EQUALIZATION PROGRAM**

#### **Eligibility**

##### ***Utility***

An electric utility participating in the Power Cost Equalization Program (PCE) must: a) provide electric service to the public for compensation; b) during calendar year 1983, had less than 7,500 megawatt hours of residential consumption or less than 15,000 megawatt hours if two or more communities were served; and c) during calendar year 1984, the utility has used diesel-fired generators to produce more than 75% of its electrical consumption.

##### ***Customers***

Customer eligibility is based on actual power purchased. State and federal offices/facilities, commercial customers and public schools are excluded from PCE. Residential customers are eligible for PCE credit up to 500 kWh/month/customer. Community facilities, as a group, can receive PCE credit for up to 70 kWh/month multiplied by the number of residents in a community.

#### **Formula Used to determine PCE level/kWh for a utility:**

95% of the eligible costs per kWh between 12.0 cents/kWh, “the floor” and, 52.5 cents/kWh, “the ceiling”.

Costs below 12.0 cents/kWh and above 52.5 cents/kWh are not eligible for PCE.

If the eligible costs are 52.5 cents/kWh or more, the maximum PCE level is 38.48 cents/kWh  
(52.5 cents – 12.0 cents = 40.5 - cents x 95% = 38.48 cents).

A participating utility must meet generation efficiency and line loss standard, otherwise the PCE level is reduced to reflect those standards.

#### **Process**

##### ***The Regulatory Commission of Alaska (RCA)***

RCA determines the PCE level per kWh for each utility. Two categories of costs are used in determining the PCE level: a) fuel expenses: the cost of fuel, including transportation of fuel; and b) non-fuel expenses: salaries, insurance, taxes, power plant parts and supplies, interest and other reasonable costs.

##### ***The Alaska Energy Authority (AEA)***

Eligible utilities submit monthly reports to AEA that document the eligible power sold. AEA calculates the amount of PCE on a monthly basis and issues payment to the utility to cover PCE credits that the utility has already provided to its eligible customers in the form of a reduced monthly electric bill. AEA verifies the eligibility of customers and of community facilities.

**PCE is governed by Alaska Statutes 42.45.110-170, and by the Alaska Administrative Code 3 AAC 94.305-330 and 3 AAC 52.600-690.**

*Source:: Alaska Energy Authority, 2005 PCE Report*



**APPENDIX D: MEAP STATUS and SMEAP STATUS**



**FY 07  
Municipal Energy Assistance Program  
Status Report as of 9/21/2006**

Municipality	PERS Contribution	Energy Assistance Payment	FY 07 Muni Budget	FY 05 Audit or CFS	FY 07 MEAP Budget Form
Adak	\$0	\$40,000			✓
Akhiok	\$0	\$40,000			
Akiak	\$0	\$40,000			
Akutan	\$16,941	\$49,795	✓	✓	✓
Alakanuk	\$0	\$58,678	✓	✓	✓
Aleknagik*	\$0	\$40,000	✓	✓	✓
Aleutians East Borough	\$33,915	\$192,788	✓	✓	✓
Allakaket	\$3,056	\$36,944	✓		✓
Ambler	\$0	\$40,000	✓	✓	✓
Anaktuvuk Pass	\$0	\$40,000			
Anchorage*	\$6,913,262	\$16,687,758	✓	✓	✓
Anderson	\$2,149	\$45,333	✓	✓	✓
Angoon	\$0	\$43,326		✓	
Aniak	\$0	\$45,955	✓	✓	✓
Anvik	\$0	\$40,000	✓	✓	✓
Atka	\$4,628	\$35,372	✓	✓	✓
Atkasuk	\$0	\$40,000		✓	
Barrow	\$47,355	\$309,967	✓	✓	✓
Bethel	\$282,716	\$223,971	✓	✓	✓
Bettles	\$0	\$40,000	✓	✓	✓
Brevig Mission	\$0	\$40,000	✓	✓	✓
Bristol Bay Borough	\$81,472	\$10,709		✓	
Buckland	\$0	\$40,000	✓	✓	✓
Chefornak	\$0	\$40,000			
Chevak	\$0	\$78,865	✓	✓	✓
Chignik	\$0	\$40,000			
Chuathbaluk	\$0	\$40,000	✓	✓	✓
Clark's Point	\$0	\$40,000		✓	
Coffman Cove	\$0	\$40,000	✓	✓	✓
Cold Bay	\$0	\$40,000	✓	✓	✓
Cordova*	\$112,553	\$82,682	✓	✓	✓
Craig	\$74,603	\$20,038			
Deering	\$0	\$40,000		✓	✓
Delta Junction	\$13,507	\$76,469	✓	✓	✓
Denali Borough	\$7,889	\$147,906	✓	✓	✓
Dillingham	\$110,426	\$91,764	✓	✓	✓
Diomedede	\$0	\$40,000		✓	✓
Eagle	\$0	\$40,000	✓		
Eek	\$0	\$40,000	✓	✓	✓
Egegik	\$2,830	\$37,170	✓	✓	✓
Ekwok	\$0	\$40,000	✓	✓	✓
Elim	\$0	\$40,000	✓		
Emmonak	\$0	\$63,937	✓	✓	✓
Fairbanks*	\$333,653	\$2,312,314	✓	✓	✓

**FY 07  
Municipal Energy Assistance Program  
Status Report as of 9/21/2006**

Municipality	PERS Contribution	Energy Assistance Payment	FY 07 Muni Budget	FY 05 Audit or CFS	FY 07 MEAP Budget Form
Fairbanks North Star Borough	\$929,023	\$6,506,447	✓	✓	✓
False Pass	\$0	\$40,000			
Fort Yukon	\$24,209	\$25,309	✓	✓	
Galena	\$95,984	\$0		✓	N/A
Gambell	\$0	\$57,151	✓	✓	✓
Golovin	\$0	\$40,000	✓	✓	✓
Goodnews Bay	\$0	\$40,000		✓	
Grayling	\$0	\$40,000			
Gustavus	\$0	\$40,103		✓	
Haines Borough	\$85,814	\$102,551			
Holy Cross	\$0	\$40,000	✓	✓	✓
Homer*	\$248,456	\$213,701	✓		
Hoonah	\$35,299	\$38,901	✓	✓	✓
Hooper Bay	\$1,576	\$95,694	✓	✓	✓
Houston	\$0	\$123,903	✓	✓	✓
Hughes	\$0	\$40,000	✓	✓	✓
Huslia	\$5,215	\$34,785	✓	✓	✓
Hydaburg	\$0	\$40,000			
Juneau	\$1,397,093	\$1,249,807	✓	✓	✓
Kachemak	\$1,193	\$38,807	✓	✓	✓
Kake	\$0	\$51,893	✓	✓	✓
Kaktovik	\$0	\$40,000	✓	✓	✓
Kaltag	\$870	\$39,130	✓		
Kasaan	\$0	\$40,000		✓	
Kenai	\$235,223	\$340,760	✓	✓	✓
Kenai Peninsula Borough	\$702,515	\$3,647,106		✓	
Ketchikan*	\$400,460	\$252,538	✓	✓	✓
Ketchikan Gateway Borough	\$214,696	\$899,712	✓		
Kiana	\$0	\$40,000			
King Cove	\$50,001	\$12,494	✓	✓	✓
Kivalina	\$0	\$40,000	✓	✓	✓
Klawock	\$31,917	\$35,413			
Kobuk	\$0	\$40,000	✓	✓	✓
Kodiak	\$314,368	\$203,176	✓	✓	✓
Kodiak Island Borough	\$118,047	\$1,039,873	✓	✓	✓
Kotlik	\$0	\$52,826	✓	✓	✓
Kotzebue	\$169,920	\$95,884		✓	
Koyuk	\$1,664	\$38,336		✓	
Koyukuk	\$0	\$40,000	✓		
Kupreanof	\$0	\$40,000		✓	
Kwethluk	\$0	\$62,325	✓	✓	✓
Lake & Peninsula Borough	\$19,656	\$118,921	✓	✓	✓
Larsen Bay	\$0	\$40,000	✓	✓	✓
Lower Kalskag	\$0	\$40,000		✓	

**FY 07  
Municipal Energy Assistance Program  
Status Report as of 9/21/2006**

Municipality	PERS Contribution	Energy Assistance Payment	FY 07 Muni Budget	FY 05 Audit or CFS	FY 07 MEAP Budget Form
Manokotak	\$0	\$40,000		✓	
Marshall	\$0	\$40,000	✓	✓	✓
Matanuska-Susitna Borough	\$583,491	\$5,697,691		✓	
McGrath	\$0	\$40,000	✓	✓	✓
Mekoryuk	\$611	\$39,389	✓	✓	✓
Metlakatla	\$0	\$119,662			
Mountain Village	\$1,786	\$66,053	✓	✓	✓
Napakiak	\$0	\$40,000	✓	✓	✓
Napaskiak	\$0	\$40,000		✓	
Nenana	\$12,244	\$35,493	✓	✓	✓
New Stuyahok	\$0	\$40,273	✓		✓
Newhalen	\$0	\$40,000	✓	✓	✓
Nightmute	\$0	\$40,000			
Nikolai	\$0	\$40,000			
Nome	\$123,946	\$174,767	✓	✓	✓
Nondalton	\$0	\$40,000		✓	
Noorvik	\$12,352	\$42,085	✓	✓	✓
North Pole*	\$80,525	\$55,931	✓	✓	✓
North Slope Borough	\$2,006,956	\$0			N/A
Northwest Arctic Borough	\$44,779	\$577,515	✓	✓	✓
Nuiqsut	\$0	\$40,000		✓	
Nulato	\$0	\$40,000	✓		
Nunam Iqua	\$0	\$40,000	✓	✓	✓
Nunapitchuk	\$0	\$44,938			
Old Harbor	\$0	\$40,000	✓	✓	✓
Ouzinkie	\$0	\$40,000	✓	✓	✓
Palmer*	\$154,333	\$303,329	✓	✓	✓
Pelican	\$7,657	\$32,343	✓	✓	✓
Petersburg	\$206,671	\$62,101	✓	✓	✓
Pilot Point	\$0	\$40,000			
Pilot Station*	\$0	\$49,094	✓	✓	✓
Platinum	\$0	\$40,000		✓	
Point Hope	\$0	\$60,714	✓	✓	✓
Port Alexander	\$0	\$40,000	✓	✓	✓
Port Heiden	\$0	\$40,000	✓		
Port Lions	\$0	\$40,000	✓	✓	✓
Quinhagak	\$1,920	\$53,705	✓	✓	✓
Ruby	\$0	\$40,000			
Russian Mission	\$0	\$40,000	✓		
Saint George*	\$0	\$40,000	✓	✓	
Saint Mary's	\$0	\$49,518	✓	✓	✓
Saint Michael	\$0	\$40,000	✓	✓	✓
Saint Paul*	\$74,829	\$0	✓	✓	N/A
Sand Point	\$38,396	\$42,420	✓	✓	✓

**FY 07  
Municipal Energy Assistance Program  
Status Report as of 9/21/2006**

Municipality	PERS Contribution	Energy Assistance Payment	FY 07 Muni Budget	FY 05 Audit or CFS	FY 07 MEAP Budget Form
Savoonga	\$0	\$60,120	✓	✓	✓
Saxman	\$5,637	\$34,363			✓
Scammon Bay	\$0	\$44,344	✓		
Selawik	\$0	\$71,571	✓	✓	✓
Seldovia	\$2,405	\$37,595		✓	
Seward*	\$186,026	\$36,181			
Shageluk	\$0	\$40,000	✓	✓	✓
Shaktoolik	\$0	\$40,000	✓	✓	✓
Shishmaref	\$0	\$50,451		✓	
Shungnak	\$0	\$40,000			
Sitka	\$439,010	\$321,028	✓	✓	✓
Skagway	\$89,301	\$0			N/A
Soldotna	\$136,756	\$192,576	✓	✓	✓
Stebbins	\$0	\$51,723	✓	✓	✓
Tanana	\$7,302	\$32,698	✓	✓	✓
Teller	\$0	\$40,000	✓		
Tenakee Springs	\$0	\$40,000	✓	✓	✓
Thorne Bay	\$10,435	\$31,958		✓	✓
Togiak	\$0	\$67,245	✓	✓	✓
Toksook Bay	\$583	\$51,140			
Unalakleet	\$11,157	\$50,235	✓	✓	✓
Unalaska	\$520,772	\$0	✓		N/A
Upper Kalskag	\$0	\$40,000			
Valdez*	\$250,819	\$128,132	✓	✓	✓
Wainwright	\$0	\$45,277	✓		
Wales	\$0	\$40,000			
Wasilla	\$228,380	\$316,729	✓	✓	✓
White Mountain	\$0	\$40,000	✓	✓	✓
Whittier*	\$49,904	\$0		✓	N/A
Wrangell	\$132,606	\$35,996	✓	✓	✓
Yakutat	\$36,178	\$17,496	✓	✓	✓
<b>Totals</b>	<b>\$18,581,921</b>	<b>\$48,093,166</b>			
* Indicates municipality operates on a calendar fiscal year. A 2006 budget is required rather than an FY 07 budget.					
Indicates municipality's MEAP payment has been requested.					

**Small Municipality Energy Assistance Program  
Status Report as of 9/21/06**

<b>Small Municipalities Energy Assistance Program (SMEAP) Status as of September, 2006</b>									
	2003	House	Senate	TOTAL GRANT	CURRENT GRANT	FY 05 BUDGET	FY 03 CFS/AUDIT	FY 06 BUDGET	FY 04 CFS/AUDIT
CITY/BOROUGH	POP	District	District	AWARD	BALANCE	SUBMITTED	SUBMITTED	SUBMITTED	SUBMITTED
Adak	150	37	S	\$44,791.67	\$0.00	X	X		
Akhiok	51	36	R	\$22,395.83	\$0.00	X	X		
Akiak	337	38	S	\$44,791.67	\$0.00	X	X		
Akutan	787	37	S	\$67,187.50	\$0.00	X	X		
Alakanuk	666	39	T	\$67,187.50	\$0.00	X	X		
Aleknagik*	235	37	S	\$44,791.67	\$0.00	X	X		
Allakaket	102	6	C	\$44,791.67	\$0.00	X	X		
Ambler	291	40	T	\$44,791.67	\$0.00	X	X		
Anaktuvuk Pass	319	40	T	\$44,791.67	\$0.00	X	X		
Anderson	592	8	D	\$44,791.67	\$0.00	X	X	X	X
Angoon	505	5	C	\$44,791.67	\$0.00	X	X		
Aniak	551	6	C	\$44,791.67	\$0.00	X	X		
Anvik	108	6	C	\$44,791.67	\$0.00	X	X		
Atka	95	37	S	\$22,395.83	\$0.00	X	X		
Atkasuk	247	40	T	\$44,791.67	\$0.00	X	X		
Bettles	33	6	C	\$22,395.83	\$0.00	X	X		
Brevig Mission	314	39	T	\$44,791.67	\$0.00	X	X		
Bristol Bay Borough	1,105	37	S	\$67,187.50	\$0.00	X	X		
Buckland	410	40	T	\$44,791.67	\$0.00	X	X		
Chefornak	434	38	S	\$44,791.67	\$0.00	X	X		
Chevak	884	39	T	\$67,187.50	\$0.00	X	X		
Chignik	89	37	S	\$22,395.83	\$0.00	X	X		
Chuathbaluk	102	6	C	\$44,791.67	\$0.00	X	X		
Clark's Point	66	37	S	\$22,395.83	\$0.00	X	X		
Coffman Cove	163	1	A	\$44,791.67	\$0.00	X	X		
Cold Bay	95	37	S	\$22,395.83	\$0.00	X	X		
Cordova*	2,372	5	C	\$67,187.50	\$0.00	X	X		
Craig	1,174	5	C	\$67,187.50	\$0.00	X	X		
Deering	131	40	T	\$44,791.67	\$0.00	X	X		
Delta Junction	984	12	F	\$67,187.50	\$0.00	X	X		
Denali Borough	1,914	8	D	\$67,187.50	\$0.00	X	X		
Dillingham	2,373	37	S	\$67,187.27	\$0.00	X	X		
Diomedea	129	39	T	\$44,791.67	\$0.00	X	X		
Eagle	126	6	C	\$44,791.67	\$0.00	X	X	X	X
Eek	290	38	S	\$44,791.67	\$0.00	X	X	X	X
Egegik	84	37	S	\$22,395.83	\$0.00	X	X		
Ekwok	128	37	S	\$44,791.67	\$0.00	X	X	X	X
Elim	341	39	T	\$44,791.67	\$0.00	X	X		
Emmonak	763	39	T	\$67,187.50	\$0.00	X	X		
False Pass	69	37	S	\$22,395.83	\$0.00	X	X		
Fort Yukon	574	6	C	\$44,791.67	\$0.00	X	X		
Galena	763	6	C	\$67,187.50	\$0.00	X	X		
Gambell	647	39	T	\$67,187.50	\$0.00	X	X		
Golovin	146	39	T	\$44,791.67	\$0.00	X	X		
Goodnews Bay	245	38	S	\$44,791.67	\$0.00	X	X		
Grayling	166	6	C	\$44,791.67	\$44,791.67	X	X	X	
Gustavus	438	5	C	\$44,791.67	\$0.00	X	n/a		
Haines Borough	2,327	5	C	\$67,187.50	\$0.00	X	X		
Holy Cross	209	6	C	\$44,791.67	\$0.00	X	X		
Hoonah	851	5	C	\$67,187.50	\$0.00	X	X		
Hooper Bay	1,115	39	T	\$67,187.50	\$0.00	X	X		
Houston	1,339	15	H	\$67,187.50	\$0.00	X	X		
Hughes	65	6	C	\$22,395.83	\$0.00	X	X		
Huslia	291	6	C	\$44,791.67	\$0.00	X	X		
Hydaburg	370	5	C	\$44,791.67	\$44,791.67	X	X		
Kachemak	473	35	R	\$44,791.67	\$0.00	X	X		
Kake	682	5	C	\$67,187.50	\$0.00	X	X		
Kaktovik	295	40	T	\$44,791.67	\$0.00	X	X		
Kaltag	229	6	C	\$44,791.67	\$0.00	X	X		
Kasaan	55	5	C	\$22,395.83	\$0.00	X	X	X	X
Kiana	408	40	T	\$44,791.67	\$0.00	X	X		
King Cove	737	37	S	\$67,187.50	\$0.00	X	X		
Kivalina	388	40	T	\$44,791.67	\$0.00	X	X	X	X
Klawock	851	5	C	\$67,187.50	\$67,187.50	X	X	X	
Kobuk	125	40	T	\$44,791.67	\$0.00	X	X		
Kotlik	609	39	T	\$67,187.50	\$0.00	X	X		
Koyuk	340	39	T	\$44,791.67	\$0.00	X	X		
Koyukuk	111	6	C	\$44,791.67	\$0.00	X	X		
Kupreanof	30	2	A	\$22,395.83	\$0.00	X	X		
Kwethluk	730	38	S	\$67,187.50	\$0.00	X	X	X	X
Lake and Peninsula Borough	1,628	36,37	R,S	\$67,187.50	\$0.00	X	X		
Larsen Bay	96	36	R	\$22,395.83	\$0.00	X	X		
Lower Kalskag	267	38	S	\$44,791.67	\$0.00	X	X	X	X
Manokotak	405	37	S	\$44,791.67	\$0.00	X	X	X	X

**Small Municipality Energy Assistance Program  
Status Report as of 9/21/06**

CITY/BOROUGH	2003 POP	House District	Senate District	TOTAL GRANT AWARD	CURRENT GRANT BALANCE	FY 05 BUDGET SUBMITTED	FY 03 CFS/AUDIT SUBMITTED	FY 06 BUDGET SUBMITTED	FY 04 CFS/AUDIT SUBMITTED
Marshall	368	6	C	\$44,791.67	\$0.00	X	X		
McGrath	415	6	C	\$44,791.67	\$0.00	X	X		
Mekoryuk	205	38	S	\$44,791.67	\$0.00	X	X	X	X
Mountain Village	750	39	T	\$67,187.50	\$0.00	X	X		
Napakiaik	380	38	S	\$44,791.67	\$0.00	X	X		
Napaskiak	419	38	S	\$44,791.67	\$0.00	X	X		
Nenana	519	6	C	\$44,791.67	\$0.00	X	X		
New Stuyahok	493	37	S	\$44,791.67	\$0.00	X	X	X	X
Newhalen	167	36	R	\$44,791.67	\$0.00	X	X		
Nightmute	228	38	S	\$44,791.67	\$44,791.67	X	X		X
Nikolai	127	6	C	\$44,791.67	\$0.00	X	X		
Nondalton	217	36	R	\$44,791.67	\$0.00	X	X		
Noorvik	649	40	T	\$67,187.50	\$0.00	X	X		
North Pole*	1,646	11	F	\$67,187.50	\$0.00	X	X		
Nuiqsut	416	40	T	\$44,791.67	\$0.00	X	X		
Nulato	342	6	C	\$44,791.67	\$0.00	X	X		
Nunam Iqua	204	39	T	\$44,791.67	\$0.00	X	X		
Nunapitchuk	498	38	S	\$44,791.67	\$0.00	X	X	X	X
Old Harbor	211	36	R	\$44,791.67	\$0.00	X	X		
Ouzinkie	170	36	R	\$44,791.67	\$0.00	X	X		
Pelican	113	2	A	\$44,791.67	\$0.00	X	X		
Pilot Point	70	37	S	\$22,395.83	\$0.00	X	X		
Pilot Station*	564	39	T	\$44,791.67	\$0.00	X	X	X	X
Platinum	40	38	S	\$22,395.83	\$1,497.47	X	X	X	X
Point Hope	725	40	T	\$67,187.50	\$0.00	X	X		
Port Alexander	70	2	A	\$22,395.83	\$0.00	X	X		
Port Heiden	87	37	S	\$22,395.83	\$0.00	X	X		
Port Lions	251	36	R	\$44,791.67	\$0.00	X	X		
Quinhagak	579	38	S	\$44,791.67	\$0.00	X	X		
Ruby	169	6	C	\$44,791.67	\$0.00	X	X		
Russion Mission	310	6	C	\$44,791.67	\$0.00	X	X		
Saint George*	149	37	S	\$44,791.67	\$0.00	X	X	X	X
Saint Mary's	585	39	T	\$44,791.67	\$0.00	X	X		
Saint Michael	413	39	T	\$44,791.67	\$0.00	X	X		
Saint Paul*	539	37	S	\$44,791.67	\$0.00	X	X		
Sand Point	947	37	S	\$67,187.50	\$0.00	X	X		
Savoonga	704	39	T	\$67,187.50	\$0.00	X	X		
Saxman	425	1	A	\$44,791.67	\$44,791.67	X	X	X	
Scammon Bay	470	39	T	\$44,791.67	\$0.00	X	X		
Selawik	821	40	T	\$67,187.50	\$0.00	X	X		
Seldovia	300	35	R	\$44,791.67	\$0.00	X	X		
Shageluk	146	6	C	\$44,791.67	\$0.00	X	X		
Shaktolik	223	39	T	\$44,791.67	\$0.00	X	X		
Shishmaref	594	40	T	\$44,791.67	\$0.00	X	X		
Shungnak	264	40	T	\$44,791.67	\$0.00	X	X		
Skagway	845	5	C	\$67,187.50	\$0.00	X	X		
Stebbins	570	39	T	\$44,791.67	\$0.00	X	X		
Tanana	290	6	C	\$44,791.67	\$0.00	X	X		
Teller	242	39	T	\$44,791.67	\$0.00	X	X		
Tenakee Springs	106	5	C	\$44,791.67	\$0.00	X	X		
Thorne Bay	480	1	A	\$44,791.67	\$0.00	X	X		
Togiak	824	37	S	\$67,187.50	\$0.00	X	X		
Toksook Bay	572	38	S	\$44,791.67	\$0.00	X	X		
Unalakleet	741	39	T	\$67,187.50	\$0.00	X	X		
Upper Kalskag	231	38	S	\$44,791.67	\$0.00	X	X		
Wainwright	553	40	T	\$44,791.67	\$0.00	X	X		
Wales	158	39	T	\$44,791.67	\$6,112.56	X	X	X	X
White Mountain	214	39	T	\$44,791.67	\$0.00	X	X		
Whittier*	178	32	P	\$44,791.67	\$0.00	X	X		
Wrangell	2,113	2	A	\$67,187.50	\$0.00	X	X		
Yakutat, City & Borough of	691	5	C	\$67,187.50	\$0.00	X	X		
<b>TOTAL (135)</b>				<b>\$6,450,000.00</b>	<b>\$253,964.21</b>				
* indicates municipalities on a calendar fiscal year. They are required to submit their 2004 Budget not FY 05 budget.									