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Friday
July 19, 2019
[via e-mail]

Cathy Giessel, Senate President
Lyman Hoffman, Majority Leader
Tom Begich, Minority Leader
Donny Olson, District T
Bryce Edgmon, Speaker of the House
Steve Thompson, Majority Leader
Lance Pruitt, Minority Leader
John Lincoln, District 40

Dear Senators and Representatives,

A few days ago the Office of Management and Budget confirmed in a letter to state lawmakers that the Power Cost Equalization (“PCE”) Endowment Fund is currently unavailable for disbursement in FY2020. Therefore, there is no funding to pay PCE to eligible electric utilities and customers in rural villages will not receive PCE credits in FY2020. This loss of PCE credits will be devastating to individuals in rural Alaska.

Lost to date in the discussion of this matter is the serious impact of the loss of PCE credits on local governments in the Bush. Our local utility, Kotzebue Electric Association (“KEA”), has informed the City Council of the City of Kotzebue that the loss of PCE credits will cost the City of Kotzebue **at least** an additional estimated \$265,000 in power costs for FY2020 needed to operate the City’s water plant, twelve sewage lift stations, dam site, street lights, fire station, public works department, rec center, city hall and police department. This represents a 45% increase in power costs for the City of Kotzebue. Such a shock increase is unsustainable and will have a dramatic, immediate impact on the City’s ability to provide public health and safety services to the residents of Kotzebue and guests/visitors to our community.

I would respectfully request that our state lawmakers take immediate, appropriate action to restore PCE credits in FY2020 for customers – individual and municipal – in rural Alaska. This is a most urgent plea and time is of the essence.

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Letter to Legislators re: PCE
July 19, 2019

Respectfully,
CITY OF KOTZEBUE



Lewis Pagel, Mayor

cc: City Council Members

ACM

City Clerk

City Finance Director

City Attorney

KEA

NAB

NANA

KIC

NVK

ADN

FDNM

KTOO

KTUU

KOTZ

KTVA

KSKA

AML