

RESOLUTION #2021-04

Recommending the transfer of PCE endowment assets and distribution responsibilities outside the State's management and the Legislature's appropriating authority.

WHEREAS, the Power Cost Equalization (PCE) fund and program is a recognition that the State has made significant investment in Railbelt and urban energy infrastructure, including the subsidy of Cook Inlet natural gas prices; and

WHEREAS, similar and equitable investments have not been made to address high energy costs across much of the rest of Alaska, even as State programs have made uneven attempts to produce solutions; and

WHEREAS, high energy costs are one of the most significant features of high transaction costs, which compound business development and the cost of living; lower energy costs spur development and investment, and require less in the form of State subsidies for other types of programs or offsets; and

WHEREAS, the State's fiscal condition often results in an unsustainable budget deficit, and the State has not significantly adjusted revenues to expenditures; and

WHEREAS, the result is increasing pressure to utilize existing assets and to renegotiate or renege on past commitments; and the PCE Endowment Fund may be facing its greatest threat ever, as the State is left with just a few options; and

WHEREAS, traditionally it has been left to political compromise to hold the line on use of the PCE; and

WHEREAS, even in just the last few years, PCE's earnings have been tied to Community Assistance and renewable energy, in the hopes that these priorities may be preserved; and

WHEREAS, it is time to remove the temptation from legislative appropriation and ensure that the State can achieve its support of lower cost energy across Alaska; and

WHEREAS, reform of the PCE program should also be considered, such that if any community make an investment in, or incur debt as it relates to, energy infrastructure that achieves lower cost energy, that PCE provides for debt relief or investment match; and

WHEREAS, the relationship with Community Assistance should remain, with a level amount of funding available to provide needs-based support for local governments in their delivery of essential State services.

NOW, THEREFORE BE IT RESOLVED that AML first and foremost expects that the State respect and preserve the integrity of the PCE endowment, avoiding its diminishment to meet short-term budgetary demands; but that the State also begin a process to evaluate the process for an appropriate steward to assume management of the endowment and distribution based on statutory investment policy and formula; and

FURTHER, BE IT RESOLVED that as part of this process PCE funds become available to reimburse communities for making investments in lower cost energy infrastructure, and a set aside and distribution occur each year for distribution to the local governments that demonstrate relevant need as part of the Community Assistance program.