



**Alaska Native Brotherhood & Alaska Native  
Sisterhood  
Grand Camp**



RESOLUTION No. 14-11

**Title: Requesting State of Alaska take action to Stabilize Rural Economies and Achieve Rural/Urban Socioeconomic Parity by Increasing the Level of Power Cost Equalization Support to Recipient Communities and other Solutions**

**WHEREAS**, the availability of affordable energy is in many cases the key determining factor in the long term success, sustainability, and competitiveness of Alaska's businesses and communities; and

**WHEREAS**, communities in Alaska are challenged by lack of access to lower cost renewable and alternative energy development opportunities due to the imposition of the Roadless Rule in the Tongass National Forest in southeast Alaska, and other federal land use restrictions which are inconsistent with U.S. federal government policies prioritizing development of domestic renewable energy; and

**WHEREAS**, the Alaska Energy Authority (AEA) states: "The goal of Alaska Energy Authority's Power Cost Equalization (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," and

**WHEREAS**, the PCE fund, which became active in October of 1984, was capitalized at the same time that state funds were used to create major energy projects to assist urban areas, such as the Four Dam Pool, Bradley Lake, and the Alaska Intertie, so that rural communities not benefitting from these infrastructure investments would have an equitable opportunity to reduce the cost of energy, thereby supporting creation of new economic opportunities, and preserving the well-being of their communities' families and economies long term; and

**WHEREAS**, 30 years after the implementation of the PCE Program, rural Alaskan communities remain persistently subject to forces of economic attrition, economic stagnancy, and population outmigration; and

**WHEREAS**, the communities of Southeast Alaska joined together to develop an infrastructure solution known as the Southeast Intertie that has been partially built out but the AEA has determined that completion of the plan is not feasible without conducting a region wide feasibility including the import of low cost Canadian power available at the Alaska border; and

**WHEREAS**, 30 years after the implementation of the PCE Program, there is a persistent and unacceptable disparity between the amount and quality of economic opportunities in rural and urban areas of Alaska; and

**WHEREAS**, the level of State assistance provided in the form of new direct investment in rural infrastructure has been insufficient to facilitate rural/urban parity of economic conditions, job creation, and economic opportunities; and

**WHEREAS**, the Alaska State Demographer's April 2014 Report titled "Alaska Population Projections 2012-2042" predicts that disparities in population and economic growth shall persist for another 30 years; and

**WHEREAS**, the PCE Endowment currently contains nearly \$1 billion in funds; and

**WHEREAS**, RCA Issuance U-14-080 Order No. 2, "In the Matter of Setting of a Base Amount for Power Cost Equalization Calculations for FY2015" established the Power Cost Equalization base amount at 14.82 cents per kilowatt-hour; and

**WHEREAS**, Alaska Senate Bill 138, signed into law on May 9<sup>th</sup> of 2014, proposes to utilize revenue from a new gas line to provide funding for energy projects for rural communities unable to access North Slope pipeline gas; these funds could be used to: 1) further capitalize the PCE Fund in order to sustain a higher level of economic assistance, and/or 2) create new rural energy projects which will decrease the level of PCE required; and

**NOW THEREFORE BE IT RESOLVED**, that the Alaska Native Brotherhood and the Alaska Native Sisterhood in Grand Camp assembled in Petersburg, Alaska between October 8 through October 11, 2014 finds that the PCE program has failed to provide socioeconomic parity between recipient and non-recipient communities and requests that State of Alaska officials follow the course of action below:

State of Alaska officials must develop and implement a plan to utilize PCE endowment funds to provide more generous economic assistance to rural communities immediately.

This more generous assistance would be repaid through future gas line revenues earmarked for rural community assistance.

Gas line revenues would also be utilized to further capitalize the PCE endowment, to sustain more generous levels of assistance long term.

State gas line revenues should also be invested in new renewable energy projects that decrease the need for PCE subsidization long term.

The RCA should incorporate a "socioeconomic multiplier" variable into PCE base rate calculations to accelerate achievement of conditions of rural/urban socioeconomic parity.

An initial 150% socioeconomic multiplier is necessary and appropriate.

Under these conditions, the definition of the PCE “base rate” would be adjusted from “the average price per KWH in Anchorage, Fairbanks, and Juneau” to “the average price per KWH in Anchorage, Fairbanks, and Juneau times a socioeconomic multiplier of 150%.”

PCE eligibility caps should be raised from the current level of 500 KWH per month to 1,000 KWH per month for residential consumers, and 3,000 KWH per month for small commercial consumers, except for State and federal offices and facilities.

The RCA and the State of Alaska should conduct a due diligence review of socioeconomic demographics and trends on an annual basis to determine whether or not the Power Cost Equalization formula and associated “socioeconomic multiplier” has indeed facilitated socioeconomic “equalization” in recipient communities, or whether these communities are experiencing ongoing economic stagnancy, economic decline, and population outmigration due to the high cost of rural energy. This due diligence review should include generous opportunities for public comment. Findings should be utilized to periodically update the “socioeconomic multiplier” variable.

The Alaska State Legislature should modify the definition of “small power project” under AS 42.45.180 (d)3 as follows:

(3) "small power project" means a new or modified project that will either generate, store, or conserve no more than 20 megawatts of power, including any associated transmission features, or provide a metering system, transmission system, distribution system, or bulk fuel storage facility that has an estimated cost of less than \$3,000,000.

Insert language stating that “In the event that a generation project of any capacity would seek to provide 20 MW or less of capacity to a PCE-eligible offtaker, while also providing energy and capacity to a non-PCE-eligible offtaker, the proportion of the project which serves the PCE-eligible offtaker shall be treated as a ‘small power project’ and shall be eligible for grant funding assistance under AS 42.45.180. In determining an appropriate proportion of grant support eligibility, the State shall consider PCE-eligible offtakers’ current energy and capacity demand, as well as PCE-eligible offtakers’ future energy and capacity demand projections over the commercial lifespan of the project.”

These modifications will allow rural communities more flexibility and improved economies of scale as they seek to utilize PCE endowment funds to develop new, more efficient energy systems which reduce or eliminate PCE subsidization requirements long term; and

**BE IT FURTHER RESOLVED**, that the Alaska Native Brotherhood and Alaska Native Sisterhood, urges Federal and State governments to take expedient action to:

Remove barriers to development of lower cost renewable and alternative energy on federal lands, including the applicability of the Roadless Rule in the Tongass National Forest.

Assure that federal lands in Alaska are managed to produce affordable renewable energy, consistent with federal renewable energy policy, including the Energy Independence and Security Act of 2007, which states that: "It is the sense of Congress that it is the goal of the United States that, not later than January 1, 2025, the agricultural, forestry, and working land of the United States should – (1) provide from renewable resources not less than 25 percent of the total energy consumed in the United States," as well as all other federal policy prioritizing development of renewable energy."

Conduct a region wide feasibility study on completing an electrical intertie backbone between Yukon and BC through Southeast Alaska and include in the study the effect of importing low cost Canadian power available at the Alaska border.



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William E. Martin  
ANB Grand President



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Freda M. Westman  
ANS Grand President

ATTEST: I certify that this resolution was adopted by the ANB/ANS Grand Camp in convention at Petersburg, Alaska, during the week of October 8 through October 11, 2014.



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Colette Buchanan  
ANB Grand Secretary