



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Bill Walker, Governor
Mike Navarre, Commissioner
Stephen McAlpine, Chairman

Regulatory Commission of Alaska

June 8, 2018

In reply refer to: Finance Section
File: PC86-0517C
Letter Order No.: L1800244

Terri Earl
Finance Manager
I-N-N Electric Cooperative
P.O. Box 24-0114
Anchorage, AK 99524

Dear Ms. Earl:

On June 7, 2018, the Commission approved updated **Permanent** Power Cost Equalization (PCE) levels in cents per kilowatt-hour (¢/kWh) for I-N-N Electric Cooperative (INN), for the listed classes of customers as follows:

Residential	39.30¢
Community Facilities First 1,000 kWh	39.30¢
Community Facilities 1,001-15,000 kWh	39.30¢
Community Facilities Over 15,000 kWh	34.29¢

The revised PCE levels result from the review of INN's Fuel Report filed on May 23, 2018. The PCE levels are effective for bills rendered on or after June 8, 2018. A copy of the Commission Staff's recommendations and schedules are attached as an Appendix.

INN is reminded of its obligation under PCE legislation to provide its customers with the notice specified in AS 42.45.120 or a similar notice approved by the Alaska Energy Authority.

INN is also reminded of its obligation under 3 AAC 52.620 and 3 AAC 52.640 to notify the Commission of any change in its rates, surcharges, fuel costs, and/or efficiency of operation, and advises INN that a failure to comply with those reporting requirements could jeopardize continued participation in the program.

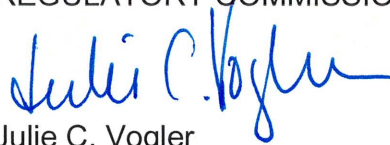
If INN believes that the calculation used to establish the PCE level set out above is incorrect, it should seek reconsideration setting forth why it believes the calculation is in error. Any reconsideration request must be submitted within 15 days of the date of this Letter Order.

If you have any questions regarding the calculation of PCE levels, please contact Utility Financial Analyst Brenda Cox at (907) 263-2131.

BY DIRECTION OF THE COMMISSION (Commissioners McAlpine and Pickett not participating).

Sincerely,

REGULATORY COMMISSION OF ALASKA



Julie C. Vogler
Finance Section Supervisor

cc: Jeffery Williams, Alaska Energy Authority

STATE OF ALASKA

DEPARTMENT OF COMMERCE,
COMMUNITY & ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA

BILL WALKER, GOVERNOR

701 WEST EIGHTH AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY/Alaska Relay: 7-1-1 or (800) 770-8973
WEBSITE: <http://rca.alaska.gov>

DATE: June 8, 2018

INVOICE#: 86-0517C

DATE DUE: July 8, 2018

Terri Earl
Finance Manager
I-N-N Electric Cooperative
P.O. Box 24-0114
Anchorage, AK 99524

Fee for Commission Staff analysis and recommendations Re:

FILE #: PC86-0517C

LO #: L1800244

Fuel Report under the Power Cost Equalization Program

Amount Due :	<u>\$ 39</u>
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TOTAL AMOUNT DUE:	<u>\$ 39</u>
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MAKE CHECK PAYABLE TO: **STATE OF ALASKA**

PLEASE REMIT CHECK AND COPY OF THIS INVOICE TO:

REGULATORY COMMISSION OF ALASKA
701 W. 8TH AVE., SUITE 300
ANCHORAGE, AK 99501-3469

If you have any questions, please contact Valerie Fletcher-Mitchell at (907) 263-2132 or valerie.fletcher-mitchell@alaska.gov.

I-N-N Electric Cooperative

FILE #: PC86-0517C

Amount Due: \$ 39

LO #: L1800244

Check Number _____

Please tear along dotted line and submit payment with bottom portion. Thank you.

Power Cost Memorandum Fuel Cost Update

Date: **June 7, 2018**

Utility Name (Cert. No.) INN Electric Cooperative (280)	Utility File No. PC86-0517C	Date Filed: May 23, 2018
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PCE LEVEL SUMMARY	Previously Approved PC86-0517B	Staff Recommended Level(s) and Effective Date PC86-0517C
Class Rate	Date Approved: July 1, 2017	June 8, 2018
Residential	\$ 0.3930	\$ 0.3930
Community Facilities First 1,000kWh	\$ 0.3930	\$ 0.3930
Community Facilities 1,001-15,000kWh	\$ 0.3930	\$ 0.3930
Community Facilities Over 15,000kWh	\$ 0.3429	\$ 0.3429
<input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent		

Prior Fuel Purchase Price: \$ 4.6716	New Fuel Purchase Price: \$ 4.6653
<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted	<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted
Delivery Charge: <u>0</u>	Surcharge Change: Previous <u>0</u> Updated <u>0</u>

Weighted Average Fuel Price/Gal. Calculation					
	Gallons		Price		
On-hand before deliv.	18,760	X	4.6716	=	87,639.22
Delivered	448	X	4.4000	=	1,971.20
	<u>19,208</u>				<u>\$ 89,610.42</u>
					Weighted Average \$ 4.6653

Signed: *Brenda Cox*
Brenda Cox

Utility Financial Analyst

Commission decision re. this recommendation :

	Date (if different from 6/7/18)	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT *
McAlpine				
Lisankie		<i>DL</i>		
Pickett				
Scott		<i>AS</i>		
Wilson		<i>JW</i>		

Special Instructions to Staff:

* If this column is initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

I-N-N Electric Coop.

APPENDIX 1

POWER COST EQUALIZATION CALCULATION BASED ON TEST PERIOD ENDING December 31, 2016 Fuel Cost Update

	PC86-0517B	PC86-0517C
	Prior Commission Approval	Utility Request Staff Recommended
A. Total kWh Generated	3,081,135	3,081,135
B. Total kWh Sold (Appendix 2)	2,073,447	2,073,447
C. Total Non-Fuel Costs (Appendix 2)	1,194,687	1,194,687
D. Non-Fuel Cost/kWh (C / B)	\$0.5762	\$0.5762
E. Total Fuel Costs (Appendix 2)	27,642	27,604
F. Fuel Costs/kWh (E / B)	\$0.0133	\$0.0133
G. Eligible Costs/kWh (D + F)	\$0.5895	\$0.5895
H. Eligible Cost/kWh (G) Less 17.58 cents/kWh	\$0.4137	\$0.4137
I. Lesser of (H) or 82.42 cents/kWh	\$0.4137	\$0.4137
J. Average Class Rates (Appendix 3)		
Residential	\$0.4682	\$0.4682
Comm. Fac. 0-1,000 kWh	\$0.4942	\$0.4942
Comm. Fac. 1,001 - 15,000 kWh	\$0.3942	\$0.3942
Comm. Fac. 15,001 and above	\$0.3429	\$0.3429
K. Lesser of: (I) x 95% or (J)		
Residential	\$0.3930	\$0.3930
Comm. Fac. 0-1,000 kWh	\$0.3930	\$0.3930
Comm. Fac. 1,001 - 15,000 kWh	\$0.3930	\$0.3930
Comm. Fac. 15,001 and above	\$0.3429	\$0.3429
Class Power Cost Equalization Per kWh Payable		
L. Funding Level in Effect	100%	100%
Residential	\$0.3930	\$0.3930
Comm. Fac. 0-1,000 kWh	\$0.3930	\$0.3930
Comm. Fac. 1,001 - 15,000 kWh	\$0.3930	\$0.3930
Comm. Fac. 15,001 and above	\$0.3429	\$0.3429

I-N-N Electric Coop.

APPENDIX 2

SCHEDULE OF ELIGIBLE POWER COSTS, SALES, AND EFFICIENCY
BASED ON TEST PERIOD ENDING December 31, 2016

Fuel Cost Update

		PC86-0517B	PC86-0517C
		Prior Commission Approval	Utility Request Staff Recommended
Non-Fuel Costs:			
A.	Generation Expense	177,633	177,633
B.	Distribution Expense	68,177	68,177
C.	Customer Accounts Expense	116,112	116,112
D.	General and Administrative	499,368	499,368
E.	Depreciation	258,685	258,685
F.	Interest Expense	181,703	181,703
G.	Other: Taxes	1,366	1,366
	Dump Energy Costs (Revenues)	(81,157)	(81,157)
	Electric Revenue	(27,200)	(27,200)
H.	Total Non-Fuel Costs	\$1,194,687	\$1,194,687
Fuel Costs:			
I.	Gallons Consumed for Electric Generation	5,917	5,917
J.	Wtd. Avg. Price of Fuel	\$4.6716	\$4.6653
K.	Total Cost of Fuel (I x J)	\$27,642	\$27,604
L.	Diesel Generated	79,074	79,074
	Diesel Station Svc.	0	0
	Hydro Generated	3,539,570	3,539,570
	Hydro Station Svc. *	(537,509)	(537,509)
	Utility's Own Use	0	0
	Total kWh Generated	3,081,135	3,081,135
M.	Efficiency \geq Standard 8.5 (kWhs generated per gallons consumed)	13.36	13.36
N.	Total kWh Sales	2,749,758	2,749,758
	less: Dump Energy Sales	(676,311)	(676,311)
	kWh Sales applicable to PCE	2,073,447	2,073,447
O.	Line Loss \leq 12%	10.76%	10.76%

Calculation of Weighted Average Price of Fuel:

3eg. Inventory	18,760	x	4.6716	=	87,639.22	
Delivered	448	x	4.4000	=	1,971.20	Weighted
	19,208				89,610.42	Average
						4.6653

PC86-0517C
Appendix 2

* INN combined Hydro station service and its own use kWhs.

Calculation of Average Class Rate per kWh

Rate Schedule: Residential

Customer Charge (CC): \$ 25

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)+ *CC	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - 0.1758 kWh
0-400	0.6000	0.0000	0.6000	265.00		
401-500	0.5700	0.0000	0.5700	57.00		
TOTAL (A)				322.00	0.6440	0.4682 (E)

Rate Schedule: Community Facilities

Customer Charge (CC): \$ 35

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (500x4) + *CC	(6) Avg. (\$/kWh) (5)/(500)	(7) Avg. Rate (\$/kWh) - 0.1758 kWh
0-1,000	0.6000	0.0000	0.6000	335.00	0.6700	0.4942
1,001-15,000	0.5700	0.0000	0.5700	285.00	0.5700	0.3942
Over 15,000	0.5187	0.0000	0.5187	259.35	0.5187	0.3429
TOTAL (A)						(E)

* The Customer Charge is only included in the 0-400 kWh rate for Residential and the 0-1,000 kWh rate for Community Facilities.

I-N-N Electric Cooperative, Inc.**Fuel Purchases****PC86-0517C**

	Delivery Date	Gallons	Cost per Gallon	Delivery/ Mark-Up per Gallon	Total Cost
Beginning Fuel Inventory		18,760			
Last Approved Fuel Cost/Gal.			\$ 4.6716		
Beginning Fuel Inventory in Gallons X Last Approved Fuel Cost/Gal. = Beginning Fuel Inventory Cost ---->					\$ 87,639
Reporting Period Purchases	01/25/17	448	4.4000		1,971
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Totals for Reporting Period					
Purchases on this sheet:		448			1,971
Delivered Weighted Average			\$4.4000		
Grand Totals (beginning inventory plus purchases)		<u>19,208</u>		B \$	<u>89,610</u>

Grand Total Cost (B) divided by Grand Total Gallons (A) = 4.6653 Weighted Avg. Cost per gallon