



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

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

April 20, 2018

In reply refer to: Finance Section
File: PC32-0416E
Letter Order No.: L1800171

Dianne King
General Manager
Naknek Electric Association, Inc.
P.O. Box 118
Naknek, AK 99633

Dear Ms. King:

On April 19, 2018, the Commission approved updated **Permanent** Power Cost Equalization (PCE) levels in cents per kilowatt-hour (¢/kWh) for Naknek Electric Association, Inc. (NEA), for the listed classes of customers as follows:

Residential	27.22¢
Commercial Facilities	
Single Phase - First 1,000 kWh	27.43¢
Over 1,000 kWh	27.43¢
Three Phase - First 1,000 kWh	27.43¢
Over 1,000 kWh	27.43¢
Large Power	
Large Power - Seasonal	

The revised PCE levels result from the review of NEA's Rate Change filed on January 29, 2018. The PCE levels are effective for bills rendered on or after May 1, 2018. A copy of the Commission Staff's recommendations and schedules are attached as an Appendix.

NEA 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.

NEA 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 NEA that a failure to comply with those reporting requirements could jeopardize continued participation in the program.

If NEA 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 (Commissioner Rebecca Pauli not participating)

Sincerely,

REGULATORY COMMISSION OF ALASKA

A handwritten signature in black ink, appearing to read "Julie C. Vogler", is written over the typed name.

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: (800) 770-8973
WEBSITE: <http://rca.alaska.gov>

DATE: April 20, 2018

INVOICE#: 32-0416E

DATE DUE: May 20, 2018

Dianne King
General Manager
Naknek Electric Association, Inc.
P.O. Box 118
Naknek, AK 99633

Fee for Commission Staff analysis and recommendations Re:

FILE #: PC32-0416E

LO #: L1800171

Rate Change under the Power Cost Equalization Program

Amount Due : \$ 39

TOTAL AMOUNT DUE: \$ 39

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.

Naknek Electric Association, Inc.

FILE #: PC32-0416E

Amount Due: \$ 39

LO #: L1800171

Check Number _____

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

Power Cost Memorandum Rate Change

Date: **April 19, 2018**

Utility Name (Cert. No.) Naknek Electric Association, Inc. (22)	Utility File No. PC32-0416E	Date Filed: January 29, 2018
---	---------------------------------------	--

PCE LEVEL SUMMARY	Previously Approved PC32-0416D	Staff Recommended Level(s) and Effective Date PC32-0416E
Class Rate	Date Approved: December 8, 2017	May 1, 2018
Residential	\$ 0.2622	\$ 0.2722
Commercial Facilities		
Single Phase First 1,000 kWh	\$ 0.2743	\$ 0.2743
Over 1,000 kWh	\$ 0.2743	\$ 0.2743
Three Phase First 1,000 kWh	\$ 0.2743	\$ 0.2743
Over 1,000 kWh	\$ 0.2743	\$ 0.2743
Large Power	\$ 0.2743	\$ 0.2743
Large Power - Seasonal	\$ 0.2743	\$ 0.2743
<input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent		

Prior Fuel Purchase Price: \$ 1.9630	Fuel Purchase Price: \$ 1.9630
<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted	<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted
Delivery Charge: n/a	Surcharge Change: Previous 0.09795 Updated 0.09795

Weighted Average Fuel Price/Gal. Calculation					
	Gallons		Price		
On-hand before deliv.	122,534	X	1.9429	=	238,071.31
Delivered	1,460,627	X	1.9647	=	2,869,693.87
	<u>1,583,161</u>				<u>\$ 3,107,765.18</u>
					Weighted Average
					\$ 1.9630

Signed: *Brenda Cox*
Brenda Cox

Utility Financial Analyst

Commission decision re. this recommendation :

	Date (if different from 4/19/18)	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT *
McAlpine		<i>AMC</i>		
Lisankie		<i>ALC</i>		
Pauli				
Pickett		<i>PP</i>		
Wilson		<i>JAW</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.

NAKNEK ELECTRIC ASSOCIATION, INC.

APPENDIX 1

POWER COST EQUALIZATION CALCULATION
FOR TEST PERIOD ENDING DECEMBER 31, 2015

Rate Change

	PC32-0416D	PC32-0416E
	Prior Commission Approval	Utility Request Staff Recommended
A. Total kWh Generated	21,716,919	21,716,919
B. .1 Total kWh Sold (Appendix 2)	20,029,891	20,029,891
.2 kWh Sold - City	17,975,491	17,975,491
C. Total Non-Fuel Costs (Appendix 2)	5,759,718	5,759,718
D. Non-Fuel Cost/kWh (C / B.2)	\$0.3204	\$0.3204
E. Total Fuel Costs (Appendix 2)	2,886,766	2,886,766
F. Fuel Costs/kWh (E / B.1)	\$0.1441	\$0.1441
G. Eligible Costs/kWh (D + F)	\$0.4645	\$0.4645
H. Eligible Cost/kWh (G) less base rate in effect	\$0.2887	\$0.2887
I. Lesser of (H) or 82.42 cents/kWh	\$0.2887	\$0.2887
J. Average Class Rates (Appendix 3)		
Residential	\$0.2622	\$0.2722
Commercial Facilities		
Single Phase First 1,000 kWh	\$0.2922	\$0.3022
Over 1,000 kWh	\$0.2772	\$0.2872
Three Phase First 1,000 kWh	\$0.3522	\$0.3622
Over 1,000 kWh	\$0.3372	\$0.3472
Large Power	\$0.4020	\$0.4120
Large Power - Seasonal	\$0.5872	\$0.5972
K. Lesser of: (I) x 95% or (J)		
Residential	\$0.2622	\$0.2722
Commercial Facilities		
Single Phase First 1,000 kWh	\$0.2743	\$0.2743
Over 1,000 kWh	\$0.2743	\$0.2743
Three Phase First 1,000 kWh	\$0.2743	\$0.2743
Over 1,000 kWh	\$0.2743	\$0.2743
Large Power	\$0.2743	\$0.2743
Large Power - Seasonal	\$0.2743	\$0.2743
L. Funding Level in Effect	100%	100%
Residential	\$0.2622	\$0.2722
Commercial Facilities		
Single Phase First 1,000 kWh	\$0.2743	\$0.2743
Over 1,000 kWh	\$0.2743	\$0.2743
Three Phase First 1,000 kWh	\$0.2743	\$0.2743
Over 1,000 kWh	\$0.2743	\$0.2743
Large Power	\$0.2743	\$0.2743
Large Power - Seasonal	\$0.2743	\$0.2743

NAKNEK ELECTRIC ASSOCIATION, INC.

APPENDIX 2

SCHEDULE OF ELIGIBLE POWER COSTS, SALES, AND EFFICIENCY
FOR TEST PERIOD ENDING DECEMBER 31, 2015

Rate Change

		PC32-0416D	PC32-0416E	
		Prior Commission Approval	Utility Request	Per Staff
Non-Fuel Costs:				
A.	Generation Expense	2,529,182	2,529,182	2,529,182
B.	Distribution Expenses	769,603	769,603	769,603
C.	Customer Accounts Expenses	428,569	428,569	428,569
D.	Administrative & General Expense	1,022,640	1,022,640	1,022,640
E.	Allowable Fixed Costs	925,269	925,269	925,269
F.	Fuel Regulatory Expense	358,125	358,125	358,125
G.	Reductions to Non Fuel Costs:			
	USAF Non Fuel costs	(188,388)	(188,388)	(188,388)
	Waste Heat Revenue	(81,957)	(81,957)	(81,957)
	Rent from Electric Property	(3,325)	(3,325)	(3,325)
H.	Total Non-Fuel Costs	\$5,759,718	\$5,759,718	\$5,759,718
Fuel Costs:				
I.	Gallons Consumed for Electric Generation	1,470,589	1,470,589	1,470,589
J.	Price of Fuel:(per gal) Weighted Average	\$1.9630	\$1.9630	\$1.9630
K.	Total Cost of Fuel (I x J)	2,886,766	2,886,766	2,886,766
L.	kWh Generated	21,716,919	21,716,919	21,716,919
M.	TOTAL SALES	20,029,891	20,029,891	20,029,891
M.1	kWh Sales - USAF	2,054,400	2,054,400	2,054,400
M.2	kWh Sales - City	17,975,491	17,975,491	17,975,491
N.	kWh Station Service	576,446	576,446	576,446
O.	Efficiency (L/ I) Eff. Std.	14.77	14.77	14.77
P.	Line Loss ≤ 12%	5.11%	5.11%	5.11%
(kWh generated-(kWh sold + Sation Service))/kWh generated				

PC32-0416E
Appendix 2

NAKNEK ELECTRIC ASSOCIATION, INC.

Average Class Rate Calculation

Surcharge 0.09795

Calculation of Average Class Rate per kWh

Rate Schedule: Residential

Facility Charge: \$15.00

(1) Annual Updated kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)+ Facility Charge:	(6) Avg. (\$/kWh) (E)/(A)	(7) Avg. Rate (\$/kWh) - 0.1758
500	0.3200	0.09795	0.4180	224.00	0.4480	0.2722
500				224.00	0.4480	0.2722
TOTAL (A)				(E)		

Rate Schedule: Commercial Single Phase

Facility Charge: \$30.00

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4) Facility Charge:	(6) Avg. (\$/kWh) (E)/(A)+	(7) Avg. Rate (\$/kWh) - 0.1758
1000	0.3200	0.09795	0.4180	209.00	0.4780	0.3022
Above 1000	0.3050	0.09795	0.4030	201.50	0.4630	0.2872
TOTAL (A)				(E)		

Rate Schedule: Commercial Three Phase

Facility Charge: \$60.00

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4) Facility Charge:	(6) Avg. (\$/kWh) (E)/(A) +	(7) Avg. Rate (\$/kWh) - 0.1758
1000	0.3200	0.09795	0.4180	209.00	0.5380	0.3622
Above 1000	0.3050	0.09795	0.4030	201.50	0.5230	0.3472
TOTAL (A)				(E)		

Rate Schedule: Large Power

Facility Charge: \$100.00

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4) Facility Charge:	(6) Avg. (\$/kWh) (E)/(A) +	(7) Avg. Rate (\$/kWh) - 0.1758
1000	0.2900	0.09795	0.3880	194.00	0.5880	0.4120
TOTAL (A)				(E)		

NAKNEK ELECTRIC ASSOCIATION, INC.

Average Class Rate Calculation

Surcharge 0.09795

Calculation of Average Class Rate per kWh

Rate Schedule: Large Power - Seasonal

Facility Charge: \$200.00

Annual Update kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)+ Facility Charge:	(6) Avg. (\$/kWh) (E)/(A)	(7) Avg. Rate (\$/kWh) - 0.1758
500	0.2750	0.09795	0.3730	386.50	0.7730	0.5972
500				386.50	0.7730	0.5972

TOTAL (A)

(E)

Rate Schedule:

Facility Charge:

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4) Facility Charge:	(6) Avg. (\$/kWh) (E)/(A)+	(7) Avg. Rate (\$/kWh) - 0.1758
			0.0000	0.00	0.0000	
			0.0000	0.00	0.0000	

TOTAL (A)

(E)

Rate Schedule:

Facility Charge:

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4) Facility Charge:	(6) Avg. (\$/kWh) (E)/(A) +	(7) Avg. Rate (\$/kWh) - 0.1758
			0.0000	0.00	0.0000	
			0.0000	0.00	0.0000	

TOTAL (A)

(E)

Rate Schedule:

Facility Charge:

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4) Facility Charge:	(6) Avg. (\$/kWh) (E)/(A) +	(7) Avg. Rate (\$/kWh) - 0.1758
			0.0000	0.00	0.0000	

TOTAL (A)

(E)