

## IPEC DEREGULATION MEETINGS SUMMARY POINTS

- IPEC is a cooperative, owned by its member/customers, and governed by a locally elected Board of Directors, including a director elected from each of the communities IPEC serves.
- As a cooperative, all of IPEC's revenue goes to cover its costs and provide a small margin needed to ensure financial soundness and meet lender requirements. The margin is eventually returned to customers through capital credits. There are no investors, and no profits are paid to anyone.
- The RCA fully regulates some Alaska electric utilities, including regulation of rates and charges. Others, however, are "deregulated," which means they are subject to a lighter form of regulation by the RCA, and freed from a number of onerous and expensive filing requirements and proceedings.
- In Alaska, all investor-owned utilities are fully regulated. All rural Alaska municipally-owned utilities are deregulated, such as Petersburg, Sitka, and Ketchikan in Southeast. Cooperatives, through a vote of their members, can elect to be deregulated.
- *Deregulation and local control works for rural Alaska.*
  - IPEC is one of only three rural electric cooperatives that have not yet elected to be deregulated.
  - Cooperatives can elect to return to full regulation by the RCA any time more than two years after the cooperative is deregulated. While many cooperatives have been deregulated, some for decades, no cooperative has *ever* asked to go back to full RCA regulation.
- Full regulation has costs. IPEC estimates that since 2004, has spent \$652,000 for attorneys, consultants, and other costs associated with RCA regulation. That amount does not include costs for IPEC staff time.
- As the experience of other cooperatives and municipal utilities shows, local control can promptly and effectively meet the specific needs of local members, and avoid the duplicative, costly, and time-consuming review by the RCA.
- When deregulated, IPEC's rates will continue to be set to recover costs and provide a small financial cushion. *Reduced costs = reduced rates to members.*
- IPEC's Board of Directors and Management urge members to vote, and to vote "YES" for deregulation.