

PUT ON LETTERHEAD

Testimony to the Special Committee on Energy

By

Myron P. Naneng, Sr., President

May 29, 2009

About the YK and Advocacy

On behalf of our 56 federally recognized Tribes, I would like to welcome you all to Bethel, the hub of the Yukon Kuskokwim Delta. We tried this gathering before in February when the darkness, snow and cold was still prevalent and would help us better illustrate energy efficiencies our part of the State needs. Nevertheless, we are glad to have you here.

My name is Myron Naneng, I am the President of this region's non-profit corporation. We are pleased to have this Committee formed in response to the Energy Crisis a large part of the State experiences. Quiana, thanks to Representative Co-Chairs, Charisse Millett and Bryce Edgmon for hosting this hearing, and for bringing such an important Legislative presence to parts not traditionally visited in the course of your duties representing your own districts.

We'd also like to thank the Speaker of the House, Mike Chenault and Rules Chairman, John Coghill for joining the other Committee members to hear directly from Rural Alaska on our lack of energy infrastructure, consumption, needs, challenges and long-term plans. Senator Lyman Hoffman has long represented our interests for the greater parts of Rural Alaska, and we are glad to have Representative Bob Herron join him in Juneau.

We continue to present our position in seeking appropriate and adequate energy relief for rural regions of this great state outside the railbelt, natural gas, hydro-electric and road-system.

AVCP recognizes the many attempts the State Legislature has made to address the rural energy crisis as it loomed in the last session, as well as in the first few weeks of the 26th Legislature. We have presented supporting comments to many pieces of legislation like SB 88 (extending the PCE program), 91 (a fuel cap subsidy), 114 (utilizing State transportation resources for compassionate aid to Yukon villages) 115 and 116 (to authorize and appropriate funds for emergency energy relief) and most recently, for the \$28.6 million in federal stimulus money for weatherization and renewable energy projects that the Governor has rejected.

I want to make it perfectly clear, that we did not want to advocate for costly emergency legislation this winter. Last summer, we wanted very much to be proactive in addressing

the high fuel costs most of our villages had to lock-in at in order to service their communities when oil was going for over \$140 a barrel. What may have been good for State coffers was ironically a debt sentence for our village households, corporations and services. SB 4002 attempted to address our concerns in a comprehensive and long-term manner that were trumped by the well-intentioned but badly formulated energy rebate. However, we are grateful for the far-sighted benefits that a fully funded Renewable Energy Grant program authorized under the Alaska Energy Authority (AEA) beyond the first \$100 million in FY2009 would provide for areas such as ours.

When oil prices plummeted, the State went through a very serious budget shortfall and fears of a monumental deficit – that affected intended state capital projects and other appropriated mandates. Since mid-January, the price of Alaska North Slope crude oil has rebounded by a third, bringing money back into the state treasury through taxes and royalties.

Petroleum Dependency at the YK Level and living in Disaster Mode

Because we are roadless, all of our villages have to import fuel by barge or by air in emergencies. In most cases, we have no choice but to sign no-fault contracts with fuel vendors if weather or acts of god prevent a scheduled delivery. Some of our villages, with human resources turnover or other constraints, are unable to make their fuel orders in concordance to State programs such as the bulk fuel loan in time to lock in at more agreeable rates. Factors such as these aggravate the already challenging nature of providing light and heat to our communities with little or no energy infrastructure.

There have always been constantly expressed concerns by some of your colleagues within the Senate and your House counterpart that the subsidy in SB 88 creates an unending entitlement program, that it is an insufficient one-size-fits-all solution to an enduring program. Truthfully, it could be that way should the commercial fisheries continue to collapse; however, the circumstances that brought about this particular energy crisis are unusual. The price of oil topping over \$100 a barrel, the commercial salmon fishery on either river no good, but catastrophic on the Lower Yukon, the early freeze-up and particularly hard winter has sopped up whatever energy program and cash most families need for our sub-arctic winters. Because of the poor fishing season, the cash usually generated by that commercial practice was not there to outfit seal, small whale or moose hunting and gathering expeditions that make up most of our winter sustenance.

Frankly, this winter's river break-ups and flooding that finally prompted a Governor Declared Disaster also heavily exacerbates our region's economy. By the time the National Weather Service called off its flood warning for Emmonak and other Lower Yukon River villages Tuesday, May 26, breakup flooding had soaked a total of roughly 40 communities along more than 3,000 miles of rivers, according to the state. There is no limit to how much federal money Alaska can get in disaster funding and the state is still assessing the damages on both rivers even after the letter requesting aid has gone out to President Obama. Even with a cap on how much a single family can receive at \$30,300, it is rare for families to get the maximum amount allowed.

We appreciate the state authorized spending up to \$2.5 million on the emergency response to the floods to cover things like delivering food, testing water and travel, but we hope that a coordinated response with the federal government and tribal organizations such as AVCP, the Housing Authority and the Health Corporation will maximize the benefits of the effort and provide for smart, lasting and sustainable results.

Rebuilding with State Renewable Energy Program, ARAA and Emergency Funds

With continued and full funding by the Legislature of the Renewable Energy Fund coupled with federal stimulus infrastructure and emergency disaster funds, we may be looking at a reality where accessible energy sources come to fruition in a matter of years, rather than a matter of decades. With affordable energy at the village level, a failed fishing season would not break us as badly as this hard winter has shown and break-up and flooding will.

When arguments on fairness and equality are thrown around, keep in mind, that families with mid-range incomes who live in Anchorage were projected to spend about 3% of their income on energy costs (based on May prices) and that figure increases to about 5% of your income if you live in other cities or towns on Alaska's road system.

Mid-income households in remote villages (places you can only reach by water or plane) were expected to spend about 11% of the paycheck on energy because we rely on diesel fuel, while the majority of Anchorage families use natural gas.

ISER estimates that the median annual cost of power and heating for an Anchorage family is about \$2,400, compared to about \$4,100 for midsize towns and cities and **\$6,600 for remote rural villages**. Enclosed is a worksheet on the fuel prices at each of our villages, you can see that the lowest price for stove oil is published at \$5.45 per gallon with no tax. The highest is listed as \$8.10 in Kwethluk. Gas is offered at its lowest in Tununak at \$5.43 and at its highest in Kotlik at \$8.55 a gallon.

AVCP provides direct assistance to many families in our member villages that include a Housing Improvement Program, TANF and LIHEAP to name a few. Last year we assisted 1,846 households with energy assistance, and we anticipate the same number if not more appeals for the remainder of this season.

Much publicity has gone out on our energy crunch affecting our Subsistence hunting capabilities and our pantries. The food we traditionally obtain through fishing and hunting usually stock our winter supply and commodities from the stores usually supplement our diet. Because so many families could not afford to outfit hunting expeditions, and Subsistence fishing was disastrous, there are instances of people going cold and hungry each month in this colder than normal winter. I am also providing an inventory of Bethel prices for food, and you can see how expensive it is to stock your pantry and refrigerator with healthy and nutritious foods for our households. A box of corn flakes goes for \$8.49, goldfish crackers for \$13.99, a bag of carrots go for \$12.99, a case of corn is \$29.88, one case of Apple Juice is \$74.16 and a case of Tuna goes for

\$90.72. The staples alone can break a whole month's budget, we aren't even talking about a well rounded shopping list for nutritious meals.

On a related matter, there has been a lot of discussion among regional and tribal entities about heating and lighting village dependent offices that are necessary for operations to the community. When Governor Palin said in her Energy Plan press conference that she had tried to, but failed, to get a hold of people in Emmonak in response to a private citizens appeal for help in the Bristol Bay Times, we were confused as to whom she tried to communicate with. . .the people of Emmonak from the Mayor's office, the tribal council and Nick Tucker all said an hour before in our joint Agency teleconference that their calls were never answered in the Governor's office.

It turns out that whatever attempts the Governor's office made - was communicating to a shuttered City Office, because the village couldn't afford to keep the building operational more than one week out of the month. All other entities were operational, all of them frantically calling out for help with the State.

We tried to do this proactively, in public statements and resolutions. We warned that the \$1,200 rebate would not adequately address the remote / rural fuel needs - and with the taxes due from as little as \$90 to over \$300 per person, we will continue to see pain in affected households this year. If we had access to affordable energy sources, all the factors we laid out for you would not have hurt us so badly this winter.

Senator Hoffman's call for the state to make up the difference in the instance where an Alaskan has to pay more than \$3 a gallon for residential heating fuel up to 600 gallons purchased per residence from September through March, in addition to SB 88's extension of the PCE program, will continue to go a long way to keeping our homes heated, and saving our families from deciding between freezing or going hungry next winter.

But what we truly seek, and I think you lawmakers from other parts of the State agree, is a long-term solution to our energy needs. You being here is a very serious attempt to address these needs, and seeking solutions to curbing energy consumption, maximizing bulk fuel purchases and creating greater efficiencies with supplemental / alternative energy sources will help make village life more economical and feasible. Once we can provide affordable energy sources in our communities, the potential to diversify and establish new industry and economy is possible, and we want to see that for our villages and our youth. The answer is not to continue to export our workforce to the North Slope or other points beyond our geographical border, industry and economy can happen out here as long as the State invests in us and allows us to explore responsible and reasonable development that has appropriate energy sources to support it. I would think that what is good for Rural Alaska, is good for the whole of Alaska, and I think you share that sentiment with us.

I'd like to Introduce the work we've been doing with all our regional non-profit and for-profit organizations on energy. Over the last year we've been working together in developing a regional energy plan which our tribes adopted last fall.

The AVCP CALISTA Regional Biennial Energy Plan is the work and the progress of the AVCP Calista Regional Leadership to:

- ◆develop and adopt a long term energy policy for sustainable energy
- ◆work collectively and combine our resources
- ◆identifying conventional and non-conventional renewable energy development
- ◆identify strategies for funding and deployments methods

Regional Leadership of the AVCP Calista Regional Energy Plan includes:

- Executive officers, board members, staff of the major regional organizations, local governments, utilities and the business community.
- The Leadership is using the Nuvista Light and Electric Cooperative on the Biennial Energy Plan.
- The Nuvista Light and Electric Cooperative, Inc. a regional wholesale utility formed by Calista Corporation and currently administered by the Association of Village Council Presidents.

Energy Planning Participants included

- Sven Paukan, Nuvista Chairman, AVCP Board, Algaaciq Tribe*
 - Paul George Guy, Nuvista Vice-Chairman, Calista Board, Kwethluk Power Company and Kwethluk Inc.*
 - Arthur S. Heckman Sr., Nuvista Secretary, Calista Board, Pilot Station Village Corporation*
 - Daniel Waska, Nuvista Treasurer, AVCP Board, Atmautluak Tribe*
 - Moses Owen, Nuvista Board, AVCP Board, Akiak Tribe*
 - Willie Kasayulie, Nuvista Board, Calista Board*
 - Myron Naneng, AVCP President*
 - Ron Hoffman, AVCP Regional Housing Authority CEO*
 - Robert Nick, AVCP Regional Housing Authority Board Chairman*
 - Martin B. Moore, City of Emmonak*
 - William Igkurak, Chaninik Wind Group Chairman*
 - Matthew Nicolai, Calista Corp., President & CEO*
 - Andrew Guy, Calista Corp., General Counsel*
 - Doug Nicholson, Donlin Creek, LLC, General Manager*
 - Brent Petrie, Alaska Village Electric Cooperative, VP*
 - Ernie Baumgartner, Middle Kuskokwim Electric Cooperative, CEO*
 - Gene Peltola, Yukon Kuskokwim Health Corporation, CEO*
- Task Force and Committees formed during the planning process included:***

Western Alaska Fuel Task Force

- ◆*Chair - Meera Kohler, AVEC*
- ◆*Elaine Brown, Northstar Gas*
- ◆*Greg McIntyre, YKHC*
- ◆*Ivan M. Ivan, Akiak TC*
- ◆*Willie Kasayulie, Calista Corporation*
- ◆*Deborah Vo, Yukon Delta Fisheries Development Association*

♦*Allen Joseph, AVCP Regional Housing*

Legislative Committee

♦*Chair- Michelle Sparck, AVCP*

♦*Elaine Brown, North Star Gas*

♦*Rep. Bob Herron*

♦*Allen Joseph, AVCP Regional Housing Authority*

♦*Meera Kohler, AVEC*

♦*Mary Nelson, Donlin Creek LLC Biennial Energy Plan*

Renewable Energy Committee

♦*Chair - John Sargent, City of Bethel*

♦*William Igkurak, Chaninik Wind Group*

♦*Brent Petrie, AVEC*

Goals and Deployment Objectives we've developed included:

Energy Security and Economic Stability

■*Develop integrated energy solutions that meet local energy requirements and economic development needs*

Energy Parity and Stability

■*Establish statewide energy cost parity to make home heating affordable and equitable*

Energy Generation and Transmission

■*Pursue an All Alaskan Generation and Transmission Utility to save energy dollars and reduce electricity rates across All Alaska*

Quyana, thank you for coming here today, and we look forward to continuing to be of assistance to the Alaska Legislature on these issues.