

AVCP Calista Region's Energy Costs

**Testimony of Felix Hess
Calista Corporation, Board Secretary
Before the Alaska Legislative House Special Committee on Energy
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Fuel Price and Electricity

Prices for residential heating oil, regular gasoline increased well over 100% since 2007 in many of the regions villages (prices without taxes). The AVCP Calista region's prices have followed national trends and will continue to be linked to world oil prices. Delivered prices in spring 2008 rose to \$8.00 gallon for home heating fuel throughout the region.

Electric utility rates are higher as 2009 begins, between 53¢ and 65¢ per kWh, and electric bills have been averaging around \$342 to \$360 per month in villages of the region. Usage has been anywhere around 530kWh to 750kWh per household. Increases in the electric rates have been reflective of higher delivered fuel costs in recent years and the PCE program has been significant in every community in helping to make electricity affordable to families in the region.

Fuel costs have been going up between \$6.00 and \$8.00 per gallon. Recently in the village of Emmonak fuel had to be flown in at a cost near \$10.00 per gallon when local storage ran out. Energy costs take up a significant portion of family disposable income, which in recent months is estimated 60% to 70% due to price hikes.

Any further increases in fuel costs and electric rates will have the effect of making fuel and electricity unaffordable. Recent studies that were conducted in the region (Nuvista Light and Power 2002 and 2004 Energy Studies) have shown that lower income residents devote higher amounts of their disposable income to energy and use less.

Unemployment rates are currently between 16.6 and 22.8 for the Bethel and Wade Hampton Census districts respectively. However, the jobless rate is even more significant and relevant indicator of the economic condition in the region. The rate is 38.5% and 43.3% for the Bethel and Wade Hampton census districts. Total income in 2007 for the Bethel census

district was \$431.4 million and \$124.8 million which provided a median income of \$45,200 and average monthly income about \$2,700 for the Bethel census district; and \$36,600 median income and \$1,750 average monthly for the Wade Hampton census district.

2008 Kuskokwim Salmon Fishery

A total of 494,108 salmon was harvested in 2008 in the Kuskokwim area by 462 permit holders for an estimated ex-vessel value of \$1,487,111. This provides an exvessel value of \$3,219 per permit holder. (2008 ADF&G Kuskokwim River Salmon Fishery Report)

2008 Yukon Commercial Fishery Summary

A total 312,513 salmon were commercially harvested in the Lower Yukon in 2008. A total of 444 permit holders fished in the Lower Yukon area for a total of \$1,363,746 in ex-vessel earnings from the 2008 commercial fishery. This provides an exvessel value of \$3,071 per permit holder. (ADF&G 2008 Annual Yukon Salmon Fishery Report)

Both higher fuel costs and increases to electric rates also have the effect of making other local goods and services unaffordable. This has been demonstrated since the fall of 2008 with the onset of winter and freezing temperatures. Because of low income and higher energy costs, there were numerous families in the region that were unable to afford fuel, electricity and food items from the local store. This humanitarian crisis surfaced in numerous news media and generated food drives and donations to villages in the Yukon delta. This is an indicator that populations throughout the region are vulnerable, local economies are fragile and susceptible to further fuel and price and electric rate increases.

Goals and Deployment Objectives

Calista Corporation concurs with the goals and deployment objectives developed for energy sustainability and economic viability in the AVCP Calista Region.

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*

Calista also firmly supports the concept of an All Alaska Energy Generation and Transmission Utility to bring together all the energy needs of rural and

urban Alaska and bring the costs of energy down to an affordable rate for all Alaskans.

We agree that we need to seek Integrated Renewable Energy Solutions and desire to expand Wind Energy Projects along the eastern Bering Sea Coast and the Bethel area. Including, determine feasibility for integrated wind/diesel/solar/biomass heating and electric systems with community heat storage system.

For the villages in the vicinity of Bethel it is vital that hydroelectric power be determined. In that light we support a determination of feasibility for a Regional Hydroelectric Project such as at Lake Chikuminuk to provide region-wide electricity and heat.

We want to see the development and installation of Biomass projects in those communities where it is appropriate: including wood fired boilers, heaters and wood chippers for community facilities and buildings.

So for the upcoming Alaska State Legislative Session, our Legislative Priorities for 2010 include:

- *Statewide G&T utility to include Rural, Southeast and Railbelt*
- *Introduce statewide heating fuel price parity legislation to cap at \$3 per gallon (September 1 through March 31) for all Alaska residents*
 - *Formula (delivered cost above \$3.00 X total gallons for number of households served) not including O&M, overhead cost, etc.*

Concerning federal funding, we seek the legislature support and assistance to make sure that as much of the assistance directed to energy in rural Alaska be applied for and acquired. These include:

American Recovery & Reinvestment Act

- **DoE Energy Efficiency and Conservation Block Grant:** tribes receive 2% set-aside of \$2.8 billion.
- **Clean Renewable Energy Bonds:** One-third of the authorized amount is available to tribes.
- **Qualified Energy Conservation Bonds:** allocations to tribes as local governments.
- **DoE support for tribal Smart Grid Demonstration projects.**
- **\$18,142,580 Alaska Weatherization Assistance Program and \$28,232,000 for the State Energy Program** (currently declined by Governor Palin) Calista Corporation, as with many other organizations are adamant in opposing the governor's position in denying these funds for rural Alaska.

DoE Energy Efficiency and Conservation Block Grants

- **The amount of funding for each Tribe will be based on a formula to be published in the Federal Register.**

- In addition to the \$56 million EECBG tribal set-aside funds, tribes are eligible to receive awards on a competitive basis for \$400,000,000 made available under the Act. These funding amounts include administrative, training, and technical assistance costs that will reduce available funding for grants by 1-2%.

2009 Omnibus Appropriation Act

- Appropriations Act Provides Nearly \$2 Billion in New Funding to DoE Energy Efficiency & Renewable Energy
 - \$217 million for biomass energy;
 - \$175 million for solar energy
 - \$30 million for concentrating solar power
 - \$55 million for wind energy
 - \$40 million for "water power," which includes both conventional hydropower and tidal and marine technologies.
- Infrastructure development activities, and other supporting activities also received funding increases under the appropriations act.

In closing, we want to thank the Alaska Legislature's dedication and commitment to all Alaska in seeking a statewide energy solution to the energy crisis our people are facing and will continue to face if action is not taken. We look forward to working with each and everyone of you in developing a plan that can achieve our energy sustainability and economic viability.

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