



March 17, 2014

Support for HB 367

Honorable members of the House Resources Committee,

Alaska Village Electric Cooperative is a not-for-profit, member-owned utility providing electric service to 55 villages across the state. We will soon be adding the community of Bethel, which itself serves two nearby villages.

AVEC owns and operates 47 bulk fuel tank farms, almost all of which hold more than 100,000 gallons of diesel fuel.

When the Denali Commission was established in 1997 and began funding long overdue projects to upgrade fuel tank farms and bring them into code compliance, it was the first time that substantial funding became available for that purpose. Rural Alaska is inexorably dependent on petroleum fuels for their energy needs because no other technology is currently available to energize these communities through the harsh arctic winter.

AVEC is a leader in alternative energy development and currently owns and operates the most extensive fleet of wind turbines in the state. We have pursued and built interties to connect our communities to improve efficiencies and spread the benefits of wind generation more widely. Six percent of our electric sales came from wind in 2013 - which is a remarkable feat considering that only 15 of our villages actually receive wind-generated electricity.

About half of our communities have been the beneficiaries of tank farm improvements with Denali commission funds. The rest are still in woeful need of upgrades and expansion.

HB 367 provides a desperately needed avenue to provide partial funding (50%) of future tank farm expansion and improvement projects. It ensures that we have "skin in the game" by requiring, in essence, a 50% match from the recipient.

AVEC is not seeking to perpetuate the dependence on diesel that currently exists in rural Alaska. Rather we are actively engaged in alleviating that dependence in every manner possible. But while we seek that goal, we must have sufficient, affordable and code-compliant storage facilities to serve the basic needs of the thousands of Alaskans who still depend on diesel for power and heat.

Thank you for hearing this important bill and thank you for your support.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Meera Kohler", is written over a faint, light blue circular background.

Meera Kohler
President and CEO