



ALASKA PUBLIC INTEREST ✦ RESEARCH GROUP

May 5, 2026

To: House Finance Committee
From: June Okada, Energy Lead, AKPIRG
RE: House Bill 388, Bulk Fuel Loan Cap

Dear House Finance Co-Chairs and Members,

The Alaska Public Interest Research Group (AKPIRG) submits the following comments on HB 388, which increases the Bulk Fuel Revolving Loan cap. AKPIRG is a statewide, nonpartisan 501(c)(3) nonprofit with over 50 years of history advocating for the public interest in Alaska. We work to empower Alaskans, strengthen transparent and accountable government, and advance policies that best serve the public.

AKPIRG thanks the sponsors of HB 388, which increases the Bulk Fuel Revolving Loan cap (AS 42.45.260) from \$750,000 to \$1.5 million per community and eliminates the cap for three or more communities pooling together. This is a necessary update given the current fuel cost emergency and rapidly rising fuel prices across rural Alaska.

We sent [a letter](#) last week to legislators outlining the severity of the situation, including significant fuel price spikes, drinking water emergencies, and growing concern about fuel supply reliability heading into the coming winter. These pressures are being driven by a combination of global fuel market instability and an unusually extended cold season.

Fuel prices in several regions have already risen from under \$2 per gallon to over \$5 per gallon at the index level, with delivered prices in some communities [projected](#) to reach \$20 per gallon or more. At these levels, a single seasonal fuel purchase for a community - or especially for regional fuel providers serving multiple communities - can approach or exceed both the current cap and, in some cases, the proposed cap.

Communities are already being forced to take emergency measures. For example, during the recent extended freeze-up, several communities experienced simultaneous fuel shortages and water system failures. In at least one case, emergency drinking water had to be flown in at significant cost, with a single response exceeding \$50,000 in charter expenses, even after outside contributions and discounts - and this only met 66% of the community's drinking water needs for a 30-day period. These costs reflect a broader structural issue: fuel price volatility

combined with limited storage capacity and fixed seasonal delivery windows, which forces reliance on costly emergency transportation rather than planned bulk procurement.

At the same time, some communities are relying on electricity as a substitute for heating fuel after running out of delivered fuel. This shifts costs forward into unaffordable utility bills later in the season and often requires additional state or utility intervention.

To improve fiscal resilience and program effectiveness, we recommend consideration of the following amendments:

- Include an emergency interest rate mechanism, including 0% interest during fuel supply or energy emergencies
- Allow repayment flexibility, including extended repayment terms beyond one year during declared high-cost fuel years, to reduce significant rate impacts on consumers - particularly once households exceed Power Cost Equalization (PCE) support thresholds
- Consider tying the loan cap to fuel price indexes so it can adjust over time with market conditions

HB 388's improvements strengthen the Bulk Fuel Revolving Loan program. Pairing these improvements with the appropriate restoration of AKHAP funding in the state budget would further ensure adequate funding levels for heating and energy costs that would improve the safety for Alaskan communities during winters. Together, these additions would more fully reflect the realities of fuel cost volatility and supply challenges facing rural Alaska today.

Thank you for the opportunity to comment.

Sincerely,



June Okada
Energy Lead, AKPIRG



Indra Arriaga
Executive Director, AKPIRG