

May 29, 2009

To the Legislative Energy Committee

I would like to express my thoughts for the problem of energy costs in rural Alaska.

First, we need to stop the artificial high prices and monopoly of fuel here. To my understanding, all the fuel we get in Bethel comes from the Kenai oil fields. It does not come from the Middle East. It is also my understanding the oil in the ground belongs to the people of Alaska. So instead of getting a discount price, we are paying an outrageous price for fuel. The fuel companies buy the fuel in Kenai at world price, and then tack on extra shipping and handling charges. Instead, the state should renegotiate contracts with the oil producers. As citizens of an owner state, we should be paying a lower price for our fuel.

There is a fuel monopoly here in Bethel. Crowley sets its own price, and controls the entire market. By definition, this is a monopoly and should be investigated under federal anti-trust laws. There is supposed to be an alternative, Delta Fuel. Two years ago I went there to buy fuel. They stated their price was "2 cents less than Crowley". The attendant did not know the price, only that it was 2 cents less. They also refused to sell me fuel because of Crowley's policies on size of containers. It seemed to me Crowley still controlled the price and the delivery of fuel. As a solution, I suggest the City of Bethel, the state, and the Feds enforce anti-trust laws. An independent arbitrator should set the price of fuel we pay here.

Last year, the State gave us \$1200 each on dividend checks to help with the high cost of fuel. We also get a PCE credit on electric rates. These programs help people a lot. However, they do not help solve the problems; they just subsidize high fuel and energy prices. Instead, the State should use its resources to push permanent solutions to energy problems in rural Alaska. The State could spend money to develop alternative energies, such as wind power, which has great and realistic potential in rural Alaska. This could provide permanent solutions, instead of just subsidizing the existing system.

In conclusion, I am advocating for a change in fuel pricing based not upon world price plus but upon internal Alaska oil policy, an end to Crowley's monopoly here, and finally putting resources into permanent solutions including alternative energy development.

Richard Robb
Bethel, Alaska

