

**Testimony to:**

**Alaska State House of Representatives**  
**Special Committee on Energy**

**By Robert Nick**  
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**Introduction**

Good morning, my name is Robert Nick, from Nunapitchuk. I am chair of AVCP Regional Housing Authority and a member of the Nunapitchuk IRA Council.

Please allow me to express my thanks to Rep. Bob Herron of Bethel for this opportunity for myself and others to testify before this committee and allowing us provide input on rural Alaska energy issues, which are dramatically affecting us today and our State in many ways. Because of that, I'm very encouraged that members of the Alaska State Legislature are willing to come this far and listen to our concerns. I and others appreciate that very much.

**Rural Challenges**

As you know we have certain unique challenges especially in rural Alaska. As of today, regular gas prices in Anchorage and the road system range under \$3. But in the rural areas, such as Bethel, gas prices are about \$5.65 to \$5.75. Further out in the villages, gas costs \$6 to \$8, while heating oil is just above the price of gas. Gas and heating oil costs more the further you get from hub communities.

These new energy prices of the last two years were very distressing, to say the least, on the state of the people in rural Alaska and the local economies in which they live. For many people, it is causing them to use all their personal resources, namely cash, to stay warm or fed. A person can buy 15 gallons of gas in Anchorage at \$2.39 a gallon for their car and pay just \$37.85. A person in Toksook Bay has to pay \$116.90 for the same quantity of gas, at the cost of \$7.74. That's just about 300 percent of the cost of paying for gas in Anchorage. Say that same person in Anchorage buys car gas every two weeks: In one year he buys \$1,059.80 for his gas; the guy in Toksook will pay \$3,273.20.

You have heard in some of our villages, people with few cash resources were being forced this past winter to buy food or fuel. Many chose fuel over food so their children could sleep in a warm house. As for food, children were told by their parents to eat breakfast and/or lunch at school. As for the parents, they say "they make do" with whatever they can. Many homes experienced empty cupboards and refrigerators over the winter, getting by on 100 percent subsistence foods, which in late winter gets harder to get. It had gotten so bad that the now famous "Emmonak" case was borne out of it.

This past winter was very cold and dumped some of the deepest snows. People living in poorly insulated homes, we are told, were trying to keep their homes warm using electric stoves, radiant heaters, or other electric burners. The red, hot glow of those electrical appliances as we all know has a financial bite to it in the end. To heat their homes this way, some households paid up to \$1,000 or more when their electricity bills arrived.

Electricity in bush Alaska is very expensive for most communities. AVEC is one such electric company in the bush. I hope you read in the Anchorage Daily News in June 2008, that AVEC's fuel bill went from \$14 million in 2007 to \$26 million in 2008. Five years ago, that same bill was only \$6 million. At nearly \$30 million this year, being passed down to consumers. Needless to say, we heard that families fell behind in paying their monthly electric bills.

Marshall-area folks stated that despite their village being located in a wooded area, there was so much snow this winter that was hard to go look for logs along the river and collect firewood.

### **Lack of Jobs in Rural Alaska**

Many Alaska village residents that really need help during this energy crisis don't have jobs or have low-paying jobs because of the depressed local economies of rural communities. Even during times when the economy of the United States is healthy, Alaska communities usually suffer depressed economies. But due to the recent high energy prices, grocery items are now very expensive because most have to be flown in. So for each grocery item, we have to pay the airline's freight cost, fuel and surcharges along with the cost of running the store and their employees. The lack of jobs is tough for people relying on store bought foods to supplement subsistence foods.

Like I said, rural Alaska doesn't consist of a strong economy. This region consists of Bethel Census and Wade Hampton Census Districts, whose April 2009 unemployment rates are 16.8% and 24.5 % respectively. (24.5% is the highest in the State.) Overall, the Alaska unemployment rate is 8.4%, while the U.S. unemployment rate is 8.9% (U.S.D.O.L., April 2009). In Alaska, the poverty rate is 7.8% or 52,264 Alaska residents out of 670,053. The Bethel Census poverty rate is 20.7% (U.S. Census, 2004 est.) or a fifth of the people out of the 17,147 population (U.S. Census, 2006 est.), while in Wade Hampton, the poverty rate is 26% (U.S. Census 2004) or a *quarter* of the population of 7,580 (2006 est.). When you think about it, these people living at or under the poverty levels already live a very tough life even before the energy crisis hit.

We depend on commercial salmon fishing in summer in both the Kuskokwim and Yukon Rivers for much of our cash resources for the summer and fall, and to take care of our needs for the coming winter. But that is no more. Fishing used to contribute a lot to the region's economy, but now the money that we make from fishing barely pays for expenses. As you might know, Fish and Game canceled the Yukon River's commercial king salmon fishery this spring, due to the expected low numbers of Chinook this year. That means Yukon River fishermen who depended on this fishing income for an economic boost won't make or have any money like they used to, to help them get over

the winter's slump. That means bills can't be paid, loan payments can't be paid (those tied to commercial fishing), and there won't not be much cash reserves to spend on summer and fall food gathering activities, which is the number #1 expense for rural Alaskan families.

AVCP Housing in Bethel reports that some families from the villages are falling behind in making their monthly house payments. In this era, when you have to choose between buying food or fuel, other bills not in these two categories become a lot less of a priority. That means many businesses will lose money. Coupled with no fishing income, the AVCP Region may soon suffer the severe economic crisis that recently hit the rest of the nation and undermine the entire economic system under which we operate. That is why some of our non-profits have been calling for an economic disaster declaration in the Y-K Delta by the Governor of Alaska.

### **Conclusion - Request and Support for Assistance to Rural Residents with Energy Issues**

In conclusion, I fully and wholeheartedly support the House Special Committee on Energy's activities and fact-finding missions to Bethel and other Alaska communities regarding energy issues.

By way of combating high energy costs in Alaska, there are many options we should consider for combating the high cost of energy. First of all, efforts to drill for more oil in Alaska, with environmental safety in mind, should be pursued and supported by the Alaska State Legislature. Alternative energy options should also be pursued and funded; for example, harnessing wind energy appears to be the first of the new technological advances easily available to Alaska villages, and wind turbines have stabilized energy costs wherever they have been deployed. In some villages, households are reportedly paying electricity costs at what an average Anchorage home might pay. But though energy costs have not come down in the vast majority of those villages that have wind turbines, they have kept them from rising as they have in other communities without wind turbines. These wind projects are expensive to maintain, therefore, I urge the Alaska State Legislature to support and fund wind generation projects in rural Alaska.

In addition, the State of Alaska should support and provide funding other green projects, namely geothermal, hydro, tidal, gasification, inter-ties, and/or biomass projects – even nuclear if possible – to address the energy crisis one way or another, once and for all. If the military can safely harness and utilize nuclear energy in their submarines, then there ought to be a way to apply that energy option into bush Alaska. We should also support the Governor's idea to merge rail-belt utilities into one entity, but go one farther: include rural Alaska into that merger of utilities. We'd welcome the opportunity to share our expenses with the rest of the state and pay the lower costs that other areas of the state seem to be paying.

We also ask the Alaska State Legislature to request all of the Economic Stimulus funding from the American Recovery and Reinvestment Act that is slated for Alaska, including that for weatherization and renewable energy projects. We are deeply disheartened by the Governor of Alaska for turning money away slated for weatherization and renewable

energy projects. Why turn money away that other states are willing to grab? We also need to support and expand improvement of weatherization programs by non-profits, tribes and local organizations, for the sake of those folks in villages who have to use electric stoves, radiant heaters, hot plates and other heaters that cause their monthly heating bills to spike to \$1,000 or more this past winter.

AVCP Housing weatherized 114 homes this past year and is slated to weatherize another 121 this year. They are only required to do 90 homes a year but they want to do more. Weatherization dollars really do help the residents of the State of Alaska, and it is ALREADY helping families to tighten their homes and reduce their energy costs. We've heard their fuel bills have gone down substantially but we have not yet done a study to see what kinds of savings are happening. We have around 6,500 to 7,000 homes in the Y-K Delta. That means we only weatherized just fewer than 2 percent of the homes in the said area. With the \$28 million that the Governor is turning away, we could have weatherized many more homes than just 2% of the homes in the Y-K Delta.

The Governor's turning away money for weatherization and renewable energy projects was unneeded. AVCP Regional Housing and all other (14) housing authorities in the State are already mandated to comply with Alaska Building Energy Efficiency Standards of the State of Alaska. This went into effect on January 1, 1992. This also applies to schools, public buildings and commercial property.

In any case, we encourage the State of Alaska to develop a statewide energy policy. The energy policy would be a good way to have an energy plan for the state of Alaska, one with strategies on development of sustainable energy in all areas of Alaska, along with funding strategies. It would also help to make it easier for communities with little expertise to implement energy saving activities or options that are best suited for their area or situation.

Thank you very much for listening to me and hearing me out. I don't speak only for myself, but many of the residents in the Y-K Delta who are facing many hardships this winter because of high energy costs. Again, I welcome you to Bethel and the Y-K Delta, and thank you very much for coming.

Tua-i!