

**Testimony to the House Energy Committee, Senate
Resources/ Energy Committees and to the Bush
Caucus**

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Good Afternoon respected members of the Panel, Thank you for allowing me the opportunity to address the panel on an issue that is important to every single household in our communities.

My Name is Ciisaaq; Myron Naneng, I grew up in Hooper Bay in South West Alaska.

I am currently the President of the Association of Village Council Presidents that represents 56 communities of the Yukon Kuskokwim Delta.

I want to address issues that my communities experienced during the dreadful winter of 2009, something I feel will be experienced again in a matter of weeks.

Life has always been hard in our remote part of the State, but the people are hardier. The winter of 2009 started out like any other winter. During the summer, the families put away meat and fish despite the restrictions and the scarcity of game and finances.

The village of Akiachak had the highest price per gallon of Heating Fuel and Gasoline at \$5.30 gallon. In a matter of weeks, the same village, had the lowest price in the YK delta at \$5.30 a gallon.

Kim Murphy from the Los Angeles Times noted in her article printed on January 25, 2009 that Bush residents:

... Nearly every one ...is performing a perilous balancing act between food and fuel -- the building blocks of survival in a frigid winter that still has months to go. Life in rural Alaska always has been treacherous. But last year's dramatic escalation in fuel prices, combined with a disastrous fishing season, plunged the ramshackle villages of America's frontier into one of the worst crises in decades, prompting calls for humanitarian aid and demands for pricing reform.

"Holy Jiminy Christmas, what we're going through," said Dora Napoka, 49, the librarian at the village school. "It's like we have to choose between six gallons of stove oil or six gallons of gas to go out and get the firewood -- or does my baby need infant milk? Which one is more important?"

At the moment, villagers ... say their greatest hope is that Venezuelan President Hugo Chavez will come through again on his pledge to deliver free fuel to Native Americans -- a promise that could mean 100 gallons for many families.

"What most people do not realize is that what our country as a whole has been seeing for the past year or so is nothing compared to the economic conditions that have been prevailing in many of our Native communities for over 100 years," Senator Lisa Murkowski (R-Alaska) told the Senate Committee on Indian Affairs on January 15.

"It is truly tragic," she said, "that Alaska Native villages must depend on Venezuela for their safety net."

Here we are, a year later, we still depend on bulk fuel purchases for essential needs and practices. From heating our homes, running our generators to light our homes, running our boats, ATVs or snowmobiles. Our infrastructure does not yet host alternatives, though we are catching up with renewable energy projects – but prices that are shaping up this year for fuel, groceries, air transportation and the like are also predicting another massive need for humanitarian aid, and demand for price reform.

The average price of heating fuel is \$6.95 a gallon, gasoline is at the average price of \$6.85. The lowest vendor prices is at the village of \$5.45 in Platnium with a population of only 41. The highest price for heating fuel is in the village of Kwethluk, population 716 at \$8.10 gallon.

The reason for the high fuel prices stem from several different reasons; among them, the Bulk Fuel Vendors would not extend credit to our local fuel vendors because of the peak fuel prices from last year.

Without the option to extend credit, local fuel vendors had to scramble to obtain grants and/or bulk fuel loans from the State of Alaska and other financial institutions. This is not an easy or simplified process despite similar hurdles and challenges for over thirty years – the State does not have a process in place to ensure its communities are equipped to deal with energy needs for its citizens.

While this process flounders in the State's archaic bureaucracy, the window for fuel deliveries via fuel barges become narrower and narrower. With a no-fault clause, villages bulk fuel purchases often end up getting iced out in the Kuskokwim and the Yukon Rivers, preventing fuel deliveries and requiring an extra costly emergency air or ice-road delivery. Airlifting or driving in the fuel at this exorbitant cost directly affects the cost of living, from the price of groceries to the price of utilities.

Even with the price of oil fluctuating to more affordable levels, the high cost of fuel is still prevalent in our region and more remote parts of the State because the fuel stock bought with last year's exorbitant prices have not been sold.

Adding insult to injury, last year's (and this year's) commercial salmon fishing season was severely restricted if not completely shut down. This source of revenue for village fishermen is conventionally used to pay for other Subsistence activities to gather more foods for winter. Native foods greatly make up the bulk of our nutrition with costly processed / commercial products only supplementing our diet; there is no way that our households can survive without Subsistence.

The poorer (than usual) economy in tandem with the high fuel costs added pressure to AVCP's social services. Food donations were up and festivities for holidays and special events were disappointing.

For the State's part, the Governor included a \$1,200 fuel subsidy to all recipients of the Permanent Fund Dividend. Not a lot of people make the PFD application deadline, which effectively ruled out a lot of needy households for this unexpected and unprecedented attempt at addressing the energy costs. Had the State gone with the Legislature's plan to apply subsidies directly to the vendor's, it would have more effectively dealt with homes having trouble keeping their homes lit and warm.

People living on the energy grid enjoyed a financial windfall, whereas the average price of stove oil in our region was around \$7.00 a gallon which equates to buying 3.1 drums of heating fuel. It is perhaps comparable to the Venezuelan program.

For our part, AVCP and its regional counterparts are proactively advocating and promoting alternative energy, with wind, solar and hydro power products; but these are costly long term projects and our area does not have the time to wait for these developments.

Senator Lyman Hoffman, a seasoned veteran of the Alaska Legislature, proposed legislation in SB 4002 that more than adequately addressed energy challenges in rural and remote areas in the State in the form of a fuel price cap on all heating fuel sales, a State subsidy, amending the bulk fuel bridge loan fund and the bulk fuel revolving loan fund; amending the power cost equalization program, repealing the exclusion from eligibility for Power Cost Equalization (PCE) for certain power projects that take their power from hydroelectric facilities, and amending the definition of 'eligible electric utility' as it applies to the PCE program and the grant program for small power projects for utility improvements; relating to establishing a gas pipeline development fund in the Department of Revenue; and establishing the Alaska resource rebate program. These measures mean to equalize or lower the cost of energy costs for Rural and Remote parts of the State of Alaska.

Alaska is an oil rich state, we have a high profile personality and continuing Administration touting energy expertise and plans to help make free this country's dependency on foreign fuel. I think that is fine, but it would be imperative that we deal with it in Alaska first before taking on the world.