

**ALASKA STATE LEGISLATURE  
HOUSE SPECIAL COMMITTEE ON ENERGY**

February 5, 2009  
3:06 p.m.

**MEMBERS PRESENT**

Representative Bryce Edgmon, Co-Chair  
Representative Charisse Millett, Co-Chair  
Representative Nancy Dahlstrom  
Representative Kyle Johansen  
Representative Jay Ramras  
Representative Pete Petersen  
Representative Chris Tuck

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Representative Bob Buch  
Representative David Guttenberg

**COMMITTEE CALENDAR**

OVERVIEW: ALASKA HOUSING FINANCE CORPORATION PROGRAMS

**PREVIOUS COMMITTEE ACTION**

No previous action to report

**WITNESS REGISTER**

DAN FAUSKE, Chief Executive Officer/Executive Director  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, Alaska

**POSITION STATEMENT:** Participated in the presentation by Alaska Housing Finance Corporation (AHFC).

CARY BOLLING, Energy Specialist  
Research Information Center  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, Alaska

**POSITION STATEMENT:** Participated in the presentation by Alaska Housing Finance Corporation (AHFC).

JOHN ANDERSON, Weatherization Officer  
Research and Rural Development  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, Alaska

**POSITION STATEMENT:** Participated in the presentation by Alaska Housing Finance Corporation (AHFC).

BRYAN BUTCHER, Director  
Governmental Relations & Public Affairs  
Executive Office  
Alaska Housing Finance Corporation (AHFC)  
Anchorage, Alaska

**POSITION STATEMENT:** Participated in the presentation by Alaska Housing Finance Corporation (AHFC).

REPRESENTATIVE DAVID GUTTENBERG  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Asked questions during the presentation by Alaska Housing Finance Corporation (AHFC).

MARQUAM GEORGE, Associate Professor  
Construction Technology Career Education  
University of Alaska Southeast  
Juneau, Alaska

**POSITION STATEMENT:** Presented a sample Alaska Housing Finance Corporation (AHFC) Home Energy Rating Certificate.

#### **ACTION NARRATIVE**

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**CO-CHAIR BRYCE EDGMON** called the House Special Committee on Energy meeting to order at [3:06] p.m. Representatives Dahlstrom, Petersen, Tuck, Millett, and Edgmon were present at the call to order. Representatives Ramras and Johansen arrived as the meeting was in progress. Representatives Guttenberg and Buch were also in attendance.

#### OVERVIEW: ALASKA HOUSING FINANCE CORPORATION PROGRAMS

CO-CHAIR EDGMON announced that the only order of business would be a two-part presentation by Alaska Housing Finance Corporation (AHFC). The first part was an overview of the Weatherization and Home Energy Rebate programs; the second part was a presentation by an energy rater.

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DAN FAUSKE, Chief Executive Officer/Executive Director, Alaska Housing Finance Corporation (AHFC), introduced a PowerPoint presentation on the Weatherization and Home Energy Rebate programs. Although AHFC has been funding low-income weatherization programs with federal and AHFC funds for many years, during the last legislative session the corporation was asked to redesign the program using an additional allocation of \$300 million and eliminating income restrictions.

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CARY BOLLING, Energy Specialist, Research Information Center, AHFC, presented slide 1, titled Overview, that indicated the following appropriations: \$200 million for a weatherization program that is an income-based, no-cost, existing program; \$100 million for a rebate program for those not qualifying for the weatherization program; \$60 million in additional funding for the rebate program authorized during the legislative special session in 2008; and the necessary training component for both programs. Slide 2 indicated the amount of funding that was allocated to each region based on its climate, fuel costs, and population.

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MR. FAUSKE pointed out that AHFC created the graph on slide 3, titled Rebate & Weatherization Allocations, to ensure that each region is aware of the funds available only for that region.

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MR. BOLLING continued to explain that the programs were approved in April 2008, and by using emergency regulations AHFC immediately began training personnel. The programs were launched one month later and in July 2008, there were public hearings and the final regulations were adopted. Training and the "ramp-up" of operations continued through the summer of 2008.

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CO-CHAIR EDGMON recognized Representatives Buch and Guttenberg.

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MR. BOLLING presented slide 6, titled Weatherization Program Progress Report, and said that the previous income-based program weatherized 600 homes; however, the current program will weatherize 1,800 homes this year and the number is expected to grow to 7,500 homes by the third year. He continued to explain that \$30 million is currently "on the street" and approximately \$60 million is projected for next fiscal year; furthermore, 56 communities were served this year and 76 are expected to be served next year. Slide 8, titled Program Snapshot, indicated that improvements on 700 homes were completed, 500 homes are near completion, and 600 homes are being assessed or are in early construction. Slide 9 listed the statewide weatherization providers: Alaska Community Development Corporation, Interior Weatherization, Municipality of Anchorage, Rural Community Action Program, RuralCap-Juneau, and Tanana Chiefs Conference. He noted that due to the dramatic increase in funding, 15 Alaska Housing Authorities are also helping as weatherization providers.

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MR. FAUST observed that the housing authorities have been encouraged to form partnerships with private contractors and public entities for the benefit of all.

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MR. BOLLING then introduced the Home Energy Rating Rebate Program and said that [the program] is not based on income and requires energy ratings before and after the recommended improvements are made. Slide 12, titled Ratings Processed, showed that 8,000 ratings have been completed; of those, 5,681 have been processed for a committed amount of \$53.8 million. Of the post-improvement rebates, 329 have been paid out at an average of \$5,907 each. Mr. Bolling opined that the average pay-out amount will grow as the summer construction season approaches.

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MR. FAUST reminded the committee that AHFC has made a pledge to the legislature and the administration that AHFC will require pre- and post-ratings to ensure the quality of work. Accountability will complete AHFC's oversight of the program.

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CO-CHAIR EDGMON asked whether the completed applications have been broken down by region.

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JOHN ANDERSON, Weatherization Officer, Research and Rural Development, AHFC, answered that the majority of improvements have been done in urban areas such as Anchorage and Fairbanks.

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MR. BOLLING added that 162 "5 Star Plus" rebates have been funded for new homes. Speaking on the topic of rater availability, Mr. Bolling said when the program was initiated there were 38 raters in the state; presently there are 92, and 21 more are in training status. Moreover, AHFC is committed to pay travel expenses so roving raters can serve small communities and has centralized sign-up lists from each region to create one equitable wait-list for homeowners.

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CO-CHAIR EDGMON observed raters are private entrepreneurs who are free to charge whatever price they wish and he has received complaints about inequities.

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BRYAN BUTCHER, Director, Governmental Relations & Public Affairs, Executive Office, AHFC, agreed that excess fees were charged; in fact, that was one of the reasons for the centralized sign-up sheet. The centralized list enabled AHFC to have some control and stopped raters from charging exorbitant fees.

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MR. ANDERSON, in response to Representative Petersen, said that AHFC is dispatching from 500 to 800 names per week on the centralized list, although he was unsure of the waiting time in each community.

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REPRESENTATIVE DAVID GUTTENBERG, Alaska State Legislature, opined that the average charge for a home energy rating is higher than the reimbursement of \$325.

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MR. ANDERSON said he did not know what the average charge is because the database is not yet complete. The raters have been asked for figures to see if an increase in the reimbursement amount is justified.

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REPRESENTATIVE GUTTENBERG said that he paid \$500. He noted that some of the raters prefer to advertise in their community and maintain their own wait-lists.

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MR. BUTCHER explained that the problems in Fairbanks, such as duplicate lists, have been taken care of. At this time, because the price of oil has dropped, applications in Fairbanks have slowed and the wait-list is short.

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MR. BOLLING presented slide 14 that showed 8,380 applications are on the statewide waiting list and that 6,441 applications were dispatched to raters from October [2008] to the end of January [2009].

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MR. ANDERSON, in response to Co-Chair Edgmon, responded that based on 2000 census data between 70,000 and 75,000 homes statewide would be eligible to participate in the energy rebate program and 140,000 homes would be eligible to participate in the weatherization program.

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REPRESENTATIVE DAHLSTROM assumed that the aforementioned estimate for Anchorage includes the Matanuska-Susitna Valley.

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MR. ANDERSON said no.

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MR. BUTCHER offered to provide the figures for every community in the state.

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MR. ANDERSON, in response to Representative Dahlstrom, explained that an applicant is assigned a number on the wait-list that is their true placement on the list for their community.

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MR. BUTCHER added that when an applicant's number is zero it means they are within two weeks of receiving an appointment with a rater.

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MR. ANDERSON, in response to Representative Petersen, confirmed that the wait-list is only for applicants awaiting their first rating. Also, the AHFC reimbursement is \$325 for the [first] rating and \$175 for the post-rating.

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MR. BOLLING presented slide 15 that indicated the total amount spent by homeowners to date was \$2,841,226, the average rebate was \$5,942, and the average homeowner investment was \$3,528. Slide 16 indicated that the overall energy cost savings per household was \$1,355 per year and carbon dioxide emissions reductions averaged 12,228 pounds per year per household. Total energy saved was 17.2 billion British thermal units (Btus).

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CO-CHAIR EDGMON asked whether AHFC was in the process of establishing a higher number on the energy rating system.

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MR. ANDERSON said yes. Within six months there will be a "6 Star Green Level."

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MR. ANDERSON, in further response, stated that the proposed [standards] re-write will include appliances and electrical appliance components.

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REPRESENTATIVE GUTTENBERG asked what can be done at the national level to require manufacturers to save energy by designing appliances that shut off.

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MR. BOLLING advised that there are national standards; in fact, the "Energy Star Label" is a successful program that has driven the market toward more efficient appliances.

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MR. BUTCHER, Representative Guttenberg, and Representative Petersen related their personal experiences with water heaters.

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MR. BOLLING presented slide 17 that displayed on a bar graph allocations versus encumbrances by region.

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MR. BUTCHER, in response to Co-Chair Edgmon, explained AHFC used an equation whereby population, heating degree days, and cost of heat are factors; thus a disproportionate share was allocated to Fairbanks and rural areas. Although some regions are not ready to utilize the funds, they still received their allocation. Furthermore, the additional \$60 million allocation is a contingency fund for areas such as Fairbanks, Haines, and Wrangell.

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CO-CHAIR EDGMON asked for the status of the total appropriation for these programs.

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MR. BUTCHER said that approximately \$90 million is encumbered or will be shortly; AHFC does not anticipate the need for more funding for FY 2010. At the end of 2009 there will be data that will reveal the percentage of residents completing improvements and the total participation in the programs.

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MR. BOLLING spoke of the training component illustrated on slides 20-22. Classes were increased to accommodate for weatherization service providers, housing authorities, energy raters, contractors, and the general public. From April to December 2008, approximately 121 professional classes were offered to 2,615 students and 13 consumer classes were held for 464 students. These classes were held in 14 areas of the state. Training Partners include: Alaska Building Science Network, Alaska Works, Alaska Craftsman Home Program, Northern Building Science Group, University of Alaska Fairbanks Cooperative Extension, University Alaska Southeast Building Science Program, Wisdom & Associates, Cold Climate Housing Research Center, Opportunity Council, and Building Performance Institute.

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MR. BOLLING, in response to Representative Dahlstrom, stated that the consumer classes are on AHFC's website and are offered at no charge.

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MR. FAUSKE informed the committee that there is national interest in Alaska's energy and weatherization programs. In fact, information on the programs will be presented to the secretary of the [U. S. Department of Energy]. He related his past experience with the Federal National Mortgage Association (FNMA) and efforts to provide similar programs on a national level. Mr. Fauske predicted that these programs will become a national standard due to their success saving energy and creating thousands of jobs. He concluded that AHFC was not asking for more money at this time and the program was in great shape.

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REPRESENTATIVE PETERSEN asked how long before the program runs out of money.

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MR. BUTCHER expects the Weatherization program to go to the end of 2010. The Home Energy Rebate program should have sufficient funds until FY 2010, although the total volume is unknown at this time.

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REPRESENTATIVE DAHLSTROM asked whether raters are bonded and subject to security checks.

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MR. ANDERSON stated that raters are required to provide criminal background checks and insurance, and to hold a current business license; however, bonding is not required.

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REPRESENTATIVE RAMRAS opined that AHFC was the most successful program ever innovated in the state and he listed its benefits to Alaskans. Turning to the subject of the allocation of program funds by region, he pointed out that the lowest allocations and encumbrances are in Northern, Western, and Southwest Alaska. These regions have the most expensive energy costs - \$7.79 per gallon for home heating oil - but have the least allocation. He asked for a program snapshot to show energy savings by region and thereby take degree days and the cost of fuel into consideration. Also, he pointed out that money goes farther in urban areas, and asked whether the program factors in geographic sensitivity to the cost of labor and materials. Representative Ramras surmised that although this program was not affected by affluence, but only by the efforts of an individual to make improvements, when looking at [slide 17], it was evident that implementation of the program was not as successful in the areas of Alaska that are most in need.

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REPRESENTATIVE RAMRAS continued to compare the costs of utilities, materials, transportation, and labor throughout the Pacific Northwest. He stressed that a comparison of these costs would be very useful information to AHFC and the legislature, especially for future funding requests.

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MR. FAUST pointed out that AHFC expected the majority of money for the rural areas would be under the Weatherization program, not the Rebate program. The Weatherization program goes up to 100 percent of [poverty level] income and has a limit of \$30,000 per home. This data is being tracked closely and agreed that rebates are at a lower percentage in rural areas. He predicted

there will be a great deal of Weatherization money spent in urban areas also.

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MR. BUTCHER assured the committee everything asked for will be provided as the databank increases. The information presented is but a snapshot of 200 homes; as the post-rating data is collected it will be broken down by region, community, and fuel type. Later this year, or certainly by next legislation session, AHFC will be able to provide a detailed view on what is happening all over the state. Regarding the discrepancies in costs for different areas, he said that for the last 20 years the Weatherization program has broken out the distribution of funds to communities on the road system from those that only have summer supplies of fuel. Furthermore, the available funds averaged \$2,000 per home as compared with \$11,000 per home that is now available. The final data from the first season will show whether funding levels are appropriate; in fact, there may be the need for a third category of communities that are not urban but get fuel delivery year around.

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MR. FAUST added that the Rebate program encourages homeowners to make additional [energy-saving and weatherization] improvements by offering loans of up to \$30,000 to finish the job.

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REPRESENTATIVE GUTTENBERG asked how the program adjusts for the regional differences in the cost of materials.

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MR. BUTCHER explained that the post rating will include receipts with all of the actual costs of materials. An applicant can not go over the limit, but a house in Bethel gets a higher rebate than a house in Anchorage because of the actual cost.

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REPRESENTATIVE PETERSEN, relating the comments of energy experts, said that the most cost effective way to help in the field of energy is conservation.

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MR. BUTCHER agreed. He said that AHFC is hoping that a reduction of energy use will not only help the homeowner, but also reduce pollution [by reducing carbon dioxide emissions], help the community, and even the utility companies, especially in rural Alaska.

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The committee took an at-ease from 4:09 p.m. to 4:15 p.m.

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CO-CHAIR EDGMON called the meeting back to order at 4:15 p.m.

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MARQUAM GEORGE, Associate Professor, Construction Technology Career Education, University of Alaska Southeast, demonstrated the AkWarm software program that is available for any individual to download from AHFC's website. The homeowner can then enter statistics from their home and find details on the effects and costs of energy improvements to the dwelling. This document - AkWarm Energy Efficiency Improvement Options - is also the program used by an official energy rater when rating a home.

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MR. GEORGE displayed a sample rating on a home in Juneau. The database allows the homeowner, or energy rater, to customize the report for the location of the dwelling and then collects information specific to the home such as the ventilation rate, number of occupants, type of building, age, number of bedrooms, square footage, type of garage, and outside walls that are exposed to weather. During a home energy audit, a rater will ask the owner for permission to share previous energy costs so this information can be added to the AkWarm database. The rater will also note the type of appliances and equipment in the house and will look for safety issues. Mr. George said that raters want a member of the household on site to point out problems and complete the picture on how the house "operates." The rating takes three to five hours, but the [heat loss] testing is quick and he encourages the homeowner to observe the fan and "feel the air leakage and the defects that are occurring in their home." After the energy rating report is received homeowners often make several calls with questions.

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MR. GEORGE continued to explain the details on the sample report such as type and quality of the foundation, type of walls, and whether the basement is below or above grade. He noted that the sample house has no insulation in the walls so it is given a rating of R-1, which is almost equal to "dead air." A rater may need to make an educated assumption to complete the rating of unseen materials.

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MR. GEORGE, responding to Representative Guttenberg, explained how to use the database. He then continued to describe further details of the sample home and demonstrated how the computer program, as he chose improvement options, changed the rating for the home. It is very important for the rater to communicate with the homeowner on what can be accomplished for the home, he said.

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CO-CHAIR EDGMON surmised this information encourages homeowners to decide to make improvements beyond the amount of the rebate.

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MR. GEORGE then described the air leakage test for the sample house with and without the garage.

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MR. BOLLING clarified that the fan used for the test is a device called a blower door and it measures the air leakage of the house.

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MR. GEORGE noted that the air leakage test will tell the rater what amount of the house can never be closed - this is referred to as "the hole in the house" - and determines the pressure differential between inside and outside measured in pascals.

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REPRESENTATIVE TUCK asked how the space was sealed off to measure the pressure from the inside to the outside.

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MR. GEORGE explained that the fan fits to the door with an adjustable frame and tubing system. He noted that a rater can determine the efficiency of the home's appliances by contacting the Gas Appliance Manufacturers Association (GAMA). Mr. George continued to point out the computer program's ability to allow the rater to select various heating systems, thermostats, water heaters, and appliances.

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MR. GEORGE, in response to Representative Tuck, described various water heating systems. He continued his presentation and said that the improvements recommended for the sample house are estimated to cost \$22,000 and would result in first-year savings of \$9,800. The next display was the Retro-fit Reporter that gives the homeowner detailed information on the recommended improvements. Mr. George concluded his presentation with slides that described the recommended improvements for a median house in Juneau.

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CO-CHAIR EDGMON thanked the presenter for his enlightening presentation of a beneficial and educational tool.

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MR. BOLLING reminded the committee that the computer program is available to all and is accompanied by a home energy rebate consumer guide to help citizens understand the applications.

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CO-CHAIR MILLETT announced that there will be a joint meeting with the Senate Special Committee on Energy on 2/10/09.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 4:45 p.m.