

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

February 7, 2009

1:04 p.m.

**MEMBERS PRESENT**

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

**MEMBERS ABSENT**

Representative Nancy Dahlstrom

**OTHER LEGISLATORS PRESENT**

Senator Donald Olson  
Representative Reggie Joule

**COMMITTEE CALENDAR**

OVERVIEW(S): AEA STATEWIDE ENERGY REPORT

**PREVIOUS COMMITTEE ACTION**

No previous action to report.

**WITNESS REGISTER**

SIIKAURAQ MARTHA WHITING, Mayor  
Northwest Arctic Borough (NWABOR)  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

WALTER SAMPSON, Assembly President  
Northwest Arctic Borough; Vice President

Lands and Natural Resources  
NANA Regional Corporation  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

ANDY BAKER, Co-Chair  
Kotzebue Community Emergency Task Force  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

CRAIG MCCONNELL, Member  
Kotzebue Community Emergency Task Force; Maintenance  
Director  
Northwest Arctic Borough School District  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

DEAN WESTLAKE, Village Economic Development Director  
NANA Regional Corporation  
Kotzebue, Alaska

**POSITION STATEMENT:** Answered questions during public  
testimony.

ROGER CLARK, City Administrator  
City of Selawik  
Selawik, Alaska

**POSITION STATEMENT:** Testified during the hearing.

CLYDE RAMOTH, Delegate  
Village of Selawik  
Selawik, Alaska

**POSITION STATEMENT:** Testified during the hearing.

HANNAH LOON  
Selawik, Alaska

**POSITION STATEMENT:** Testified during the hearing.

HENDY BALLOT, Tribal Administrator  
Noorvik Native Community  
Noorvik, Alaska

**POSITION STATEMENT:** Testified during the hearing.

GUY ADAMS, Executive Director  
Northwest Inupiat Housing Authority (NIHA)  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified and answered questions during the hearing.

CHUCK GREENE, Vice President  
NANA Development Corporation  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

TOM OKLEASIK, Planning Director  
Northwest Arctic Borough (NWABOR)  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

LINDA JOULE, Executive Director  
Native Village of Kotzebue  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

EUGENE SMITH, Chief Investment Officer  
Maniilaq Association; Mayor  
City of Kotzebue  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified on behalf of the Maniilaq Association Health Center.

MARLENE MOTO  
Deering, Alaska

**POSITION STATEMENT:** Testified during the hearing.

JADE HILL, Assistant to the Mayor  
Northwest Arctic Borough  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

DEAN WESTLAKE, Village Economic Development Director

NANA Regional Corporation  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

BRIAN YANITY, Project Engineer  
NANA Pacific Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing.

D'ANNE HAMILTON, Economic Development Director  
Northwest Arctic Borough  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

CALEB PUNGOWIYI  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified during the hearing.

CALVIN SCHAEFFER, Airport Manager  
Department of Transportation & Public Facilities  
(DOT&PF)  
Kotzebue, Alaska

**POSITION STATEMENT:** Testified on behalf of the  
Department of Transportation & Public Facilities  
(DOT&PF).

ANNMARIE O'BRIEN, Assistant Superintendent  
Northwest Arctic Borough School District  
Kotzebue, Alaska

**POSITION STATEMENT:** Answered questions on behalf of  
the Northwest Arctic Borough School District.

#### **ACTION NARRATIVE**

[1:04:40 PM](#)

**CO-CHAIR MILLETT** called the House Special Committee on  
Energy meeting to order at 1:04 p.m. Present at the  
call to order were Representatives Ramras, Johansen,

Petersen, Tuck, Edgmon, and Millett. Also in attendance were Representative Joule and Senator Olson.

^OVERVIEW(S): AEA Statewide Energy Report

1:05:40 PM

CO-CHAIR MILLETT announced that the only order of business would be public testimony on the Alaska Energy Authority (AEA) Statewide Energy Report.

1:06:00 PM

REPRESENTATIVE JOULE made opening remarks regarding the intent of the community to communicate, not only the challenges, but also to share with the committee some of the work that has been done regarding the energy needs in the area. He welcomed the witnesses and the listening gallery and thanked everyone involved in arranging the array of activities for the committee.

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CO-CHAIR MILLETT informed the committee that the purpose of the meeting was to listen to the witnesses and learn about the concerns of the residents in the Kotzebue region.

[Audio was lost due to technical difficulties.]

REPRESENTATIVE EDGMON introduced himself as the representative representing Southwest Alaska, Bristol Bay, and the Aleutians, and said that he was born and raised in Dillingham. He expressed his pleasure at being in Kotzebue and welcomed everyone's testimony regarding energy issues and the effectiveness of the

state's current programs. Representative Edgmon pledged to carry the witnesses' messages back to Juneau.

SENATOR OLSON introduced himself and expressed his anticipation of the challenges and the ideas presented by the local residents.

REPRESENTATIVE PETERSEN introduced himself as the representative from the Muldoon area of Anchorage. He said that he has lived in Alaska for 28 years and this was his first trip to Western Alaska. He expressed his hope that residents and the committee can create an energy plan that will make a difference in this part of the state.

REPRESENTATIVE TUCK introduced himself as the representative from Southcentral Anchorage and noted that he was proud to return to Kotzebue. He said that he understood the impact high energy costs have on families, communities, businesses, and schools.

REPRESENTATIVE JOHANSEN introduced himself as a representative from Southeast Alaska, and stated his interest in listening to [the residents of] the wonderful community of Kotzebue.

[Audio was restored.]

[1:13:46 PM](#)

REPRESENTATIVE RAMRAS introduced himself as a representative from Fairbanks, and related his search for parity in the energy fields across Alaska and how to address the issue of fairness. He said that energy is at the core of fairness, and cited the cost of diesel fuel in different areas of the state. Representative Ramras opined the purpose of the committee was to learn empathy for the challenges of other parts of the state.

CO-CHAIR MILLETT introduced herself as a representative from South Anchorage, and said that she was honored to be in Kotzebue. She announced one of the goals of the committee was to take information learned from the different regions back to the legislature and start the framework for a statewide energy plan. The statewide energy plan will be divided into regional plans and each region must have a voice. Finally, the legislature must develop policy on how to lower and stabilize energy costs statewide. Co-Chair Millett stressed that without rural Alaska, the state would be without natural resources. She then invited public testimony.

[1:18:28 PM](#)

SIIKAURAQ MARTHA WHITING, Mayor, Northwest Arctic Borough (NWABOR), welcomed the legislators and stated the importance of their visit to the community. She informed the committee that residents in the Northwest Arctic region are known to come together during a time of crisis. This strength provides a resiliency to the community and creates the reputation of working together. Although the community is self-sufficient, at this time it must ask for help. Mayor Whiting affirmed resources do come from rural Alaska, but despite this her community pays the highest prices for food and fuel; in fact, the grocery stores in Kotzebue charge from \$12 to \$18 per gallon of milk, and prices are higher in the surrounding villages. Families suffer in other ways too; toys are not purchased, trips to camp have been cancelled, hunting trips are carefully planned, and other measures have been taken in the community to conserve. She stated the need for additional revenue-sharing to bring equity to Kotzebue, especially in education funding. Also, the state needs to subsidize gas prices so that rural and urban residents pay the same for gas.

MAYOR WHITING relayed that many people moved from the region after receiving the energy rebate and Permanent

Fund Dividend (PFD) last year; she cautioned that residents can not afford to live in rural areas anymore. In fact, those who resisted the construction of roads and railroads five years ago now support them, hoping for lower transportation costs for goods and services. Mayor Whiting said the borough is creating an energy authority that will develop a regional energy plan and she is optimistic that this crisis will be met and the area will continue to flourish. "We need to make sure that, as decisions are made on our behalf in Juneau, that we are part of that policy-making body," she said.

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WALTER SAMPSON, Assembly President, Northwest Arctic Borough; Vice President, Lands and Natural Resources, NANA Regional Corporation, thanked the committee for visiting the community in order to listen to the views, needs, and concerns of the residents. He pointed out that the seal of the State of Alaska is a reminder that at the encouragement of the state, city governments were created in this region with the caveat that services would be provided by the state. Forty years hence, many of the villages are not receiving the benefit of that promise. Mr. Sampson stated that out of the eleven villages in the region, there is one Village Public Safety Officer (VPSO); thus services are not being provided. Moreover, when an Alaska State Trooper (AST) is called it may take two to three days for a response, compared with the ten minute response in Anchorage or Fairbanks. He reminded the committee that his region is part of the state and there should not be such a disparity of services, considering that the NWABOR was established by the state specifically to support education and to create opportunities for its residents.

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MR. SAMPSON further explained that, since its creation, the NWABOR has been working hard and has constructed new schools in seven communities. He opined the borough has done its share, and has "maxed out" its bonding capacity, although four more new schools are needed. The Red Dog Mine is the only tax base in the area at this time. Mr. Sampson turned to the topic of transportation and said that transportation costs are the cause for \$14 per gallon gas in some villages. Currently, barges have limited access to parts of the region and many villages are dependent on air freight only. If the state can spend millions on projects such as the Four Dam Pool, there is no reason for the State of Alaska to ignore the rest of the communities throughout this region. For example, as a potential source of income, the NWABOR has been attempting to purchase the Delong Mountain Regional Transportation System (DMTS), that is the deep port facility owned by the Alaska Industrial Development & Export Authority (AIDEA), Department of Commerce, Community & Economic Development (DCCED), at the Red Dog Mine. The intent of AIDEA was to create employment opportunities for the region during the construction of the facility, and then to transfer that facility over to a local entity for operation. Currently, 100 percent of the profits from the operation of the DMTS continues to go to AIDEA. He encouraged the governor to direct AIDEA to begin the transfer of this source of income to the NWABOR for the benefit of the region.

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ANDY BAKER, Co-Chair, Kotzebue Community Emergency Task Force, informed the committee that the Kotzebue Community Emergency Task Force [(task force)] was formed in the fall of 2008, at the encouragement of members of the Northwest Arctic Leadership Team (NWALT) who anticipated the difficulties of the winter ahead. The task force searched for short- and long-term answers to the problem of higher energy [costs]. Its

short-term focus was on immediate solutions to help elders in the community and \$50,000 was raised from private industry sources to weatherize each elder's home. November 18th was "Elder Energy Day" and 100 volunteers weatherized nearly 100 homes in one day. Mr. Baker emphasized that although the problems are many, efforts are being made "[to] figure out how do we help ourselves." The task force also aired Public Service Announcements that encouraged residents to use their Permanent Fund Dividend for energy offsets.

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MR. BAKER stated that the task force then encouraged residents to utilize the new Alaska Housing Finance Corporation (AHFC) Home Energy Rebate program; however, it was difficult finding raters and there are about 100 homes waiting for an energy audit. Another problem with this program is that homeowners are required to pay for the approved improvements and then wait to be reimbursed. The long-term focus for the task force is to return to the community and complete large jobs; for example, replacing the furnaces at the 10 homes most in need. Although AHFC has promised a \$100,000 grant for this project, the arrangement has not been finalized. Lastly, Mr. Baker suggested that a tax credit, similar to the tax credit available to private companies that donate funds for education, would also work to support energy self-sufficiency in the Northwest Arctic region.

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CRAIG MCCONNELL, Member, Kotzebue Community Emergency Task Force; Maintenance Director, Northwest Arctic Borough School District, reiterated the residents' intent to be resourceful and self-sufficient. He heralded the success of Elder Energy Day that involved a morning training session, over 100 volunteers, and the installation of five types of insulation in homes. However, improvements at this level will not make \$14

per gallon fuel affordable. Mr. McConnell, as maintenance director for the NWABOR School District, relayed that the new Noatak school received a December electric bill for \$40,000, and is scheduled to have \$50,000 heating bills throughout the year. He opined that fuel in Kotzebue is more expensive than in Nome because there is no competition for the fuel vendor. Mr. McConnell concluded that help from the state was needed to build infrastructure "so that we can take care of ourselves."

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SENATOR OLSON acknowledged the shortage of qualified energy raters was causing a problem for the [AHFC Home Energy Rebate] program. He asked for suggestions such as waivers, to avoid further delays.

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MR. MCCONNELL said one of the problems is that raters are required to attend lengthy training sessions that are not offered locally. If they were, local workers could easily conduct the ratings.

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DEAN WESTLAKE, Village Economic Development Director, NANA Regional Corporation, responded to Senator Olson and explained that the regional housing authority builds houses but is not authorized by the state to conduct energy ratings. He recommended utilizing the local talent so that residents can get access to this fund. "The money may as well be on the moon," he said.

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REPRESENTATIVE RAMRAS asked whether Kotzebue residents would be willing to spend three weeks in Anchorage or Fairbanks for training.

MR. WESTLAKE agreed it would be of help to a certain portion of the population; however, the second problem is that many people can not "front" the \$10,000 that is required.

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REPRESENTATIVE RAMRAS acknowledged that the \$10,000 "up front" was a universal problem. He restated his question about training.

MR. WESTLAKE said that many people who would be qualified to become raters may not be able to leave for three weeks of training. He deferred the question to the executive director of the regional housing authority.

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REPRESENTATIVE EDGMON agreed that the Home Energy Rebate program is well intended but, he confirmed, a better mechanism is needed "to allow the state resources to get down to you ... so you can apply the weatherization techniques ...."

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ROGER CLARK, City Administrator, City of Selawik, stated that Selawik is experiencing problems similar to that of Kotzebue and Noatak. For the buildings in Selawik, most of the cost is for water and sewage and to keep the lines heated, as they must rest above the ground due to permafrost. There was an early freeze-up in October and some subsequent cold snaps that have run up the bill to keep to keep these lines open. He encouraged an increase in revenue-sharing funds as small cities are bearing the brunt of the burden for providing basic services that larger cities take for granted. Mr. Clark listed the prices for fuel in his

community and pointed out that some residents must use money from the state assistance for energy costs to buy food. He stated the need to explore alternative sources of energy, such as wind power, and to conserve. He emphasized that any state help would be appreciated.

2:00:49 PM

CLYDE RAMOTH, Delegate, Village of Selawik, informed the committee that the cost of heating fuel in Selawik is \$6.60 without tax. Fortunately, many of the people in the village qualify for state support to offset energy costs. He thanked the legislators for their continued support of the Power Cost Equalization (PCE) program that helps people pay their electric bills. Mr. Ramoth stated that Selawik is also a community that can work together to solve problems as long as there is some financial backing. He expressed his support for a bulk fuel tank for the region because that would bring cheaper fuel to the communities. In addition, he informed the committee that Selawik and five other villages are unable to receive KOTZ National Public Radio (NPR) broadcasts; reception would allow them to benefit from Public Service Announcements (PSAs) and educational programming.

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REPRESENTATIVE JOULE asked whether there was local hiring for the installation of the new boardwalk.

MR. RAMOTH said the contractor who was to build the board road hired one or two local people. There was very little money that stayed in the village from that project, although it is only 50 percent completed. He opined local hire was very minimal.

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HANNAH LOON cited the village's lack of control over the economic recession or over the climate change that is causing low water in the rivers. She agreed with the previous speaker that an increase in revenue-sharing for municipalities would be helpful, especially for schools and clinics. High fuel prices have made life difficult. Residents are making every effort to keep homes and the water and sewer systems from freezing, which causes a health hazard. Ms. Loon described winter life in Selawik. She concluded by stating her support of long-term solutions, such as a road to Anchorage or Fairbanks, and invited everyone to visit Selawik.

[2:13:12 PM](#)

HENDY BALLOT, Tribal Administrator, Noorvik Native Community, cautioned that the northern communities are all affected by the energy crisis in one way or another. In fact; many of the homes are "shifting" on the ground, causing the home to lose heat. During cold spells a homeowner must pay about \$1,600 per month for enough heat to keep children healthy. Furthermore, with the price of gas at \$7.60, traffic between the villages is at a minimum. He estimated that collecting one week's worth of firewood would cost \$165 in gas and oil for the snowmobile. Mr. Ballot cited other energy costs in the area that affect tribal members, particularly the elders, and those on fixed incomes. Noorvik village has begun a wind energy study and everyone is interested in the results. Fortunately, the Northwest Inupiat Housing Authority (NIHA) is planning to come to the village to perform weatherization work. Mr. Ballot expressed his hope that the window repairs and leveling of homes will be done by local workers to lower the high rate of unemployment, and pointed out that the housing authority is currently building five new homes using 15 local workers. Mr. Ballot concluded by saying that high transportation costs are expected to hinder the

ability for subsistence hunting, both in winter and in summer.

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REPRESENTATIVE EDGMON offered the number for the low-income assistance program: 1-888-804-6330. This program is designed to provide low-income households with home heating fuel assistance. He noted that the legislature adjusted the guidelines so more households qualify.

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GUY ADAMS, Executive Director, Northwest Inupiat Housing Authority (NIHA), addressed Representative Ramras' question regarding [the shortage of] energy raters. He observed that three or four local individuals are in the process of becoming certified energy raters. The housing authority has been keeping in touch with AHFC regarding the wait-list and the availability of raters. He reiterated the shortcomings of the Weatherization and Home Energy Rebate programs and estimated the cost to build a 1,400 square foot home in a village is \$400,000, not including water and sewer. Two factors that help NIHA are supplemental funds for water and sewer infrastructure and the weatherization fund. He explained that the region is entitled to \$5.3 million over five years from the weatherization fund. Although insufficient, this money will provide long-term benefits. During FY 2008, NIHA spent \$1.1 million on weatherization and intends to continue work in the villages of Noorvik and Noatak. The state weatherization funds have been matched by Native American Housing Assistance & Self Determination Act of 1996 (NAHASDA) funds and Indian Community Development Block Grant (ICDBG) funds to help in this effort. Mr. Adams re-stated the current difficulties residents are having, and added that draining fuel storage tanks dry causes an array of additional

problems. He then turned to the subject of the Home Energy Rebate program and echoed the testimony of previous speakers: The program does not work well in rural Alaska due to the upfront costs that are required. He then raised the problem of villages that run out of fuel between deliveries and stressed that solutions must be found. He expressed his support for proposed legislation to cap fuel prices at \$3 per gallon; the type of legislation that is good for all of Alaska. Mr. Adams suggested that the committee search for a baseline cost for energy so that people can focus on other quality-of-life issues such as education.

[2:29:07 PM](#)

CHUCK GREENE, Vice President, NANA Development Corporation, reported that copies of NANA's energy plan are available to the committee. He warned that the residents in the NANA region "are living basically in survival mode," as a result of the cost of energy, and many other amenities such as water and sewer systems are being affected. He encouraged the committee to consider alternative sources of energy and noted that NANA has submitted a grant application to take advantage of wind energy options and is considering geothermal prospects. In addition, NANA would like to explore for natural gas. Mr. Greene discussed the large amount of money approved for [the Alaska Gasline Inducement Act (AGIA)] and asked, "Why couldn't we use some of those funds to help us alleviate the situation that we have?" He also spoke of a proposal to build a natural gas pipeline from the North Slope through Northwest Alaska to Southwest Alaska, thereby weaning consumers away from diesel to natural gas.

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REPRESENTATIVE RAMRAS recalled his earlier opinion of the AGIA pipeline contract.

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TOM OKLEASIK, Planning Director, Northwest Arctic Borough (NWABOR), informed the committee that energy has become a high priority for each of the communities in the region. He directed the committee's attention to his letter contained in the committee packet. Mr. Okleasik referred to the energy summit held by the Northwest Arctic Borough's Economic Development Department and NANA, and noted the recommendations made at the summit regarding the unique arctic environment. Also, he said that a comprehensive energy plan for the region is in the packet. Highlights of the borough energy plan prepared in March of 1993 included: continuing efforts to ensure full funding for PCE; working to establish basic levels of service of utilities for all of the villages in the borough and Kotzebue; and working to upgrade substandard utility systems. At a meeting of the Denali energy advisory committee in Kotzebue there was agreement that "panels of [the] utility systems need to be upgraded." He opined these panels are part of the substandard systems; in fact, an increase in efficiency of the panels can be as high as 10 percent. Another major reason to upgrade utilities is that some villages could not add alternative sources, such as wind, without a change to the panels.

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REPRESENTATIVE RAMRAS asked for a further explanation of the panels.

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MR. OKLEASIK explained that the control panels are set up for delivering power and metering the consumption of power per home. The panels are designed only for diesel; in fact, in Selawik, plugging in an alternative energy source would shut down the generator. This is a

basic infrastructure issue that creates a barrier for bringing alternative energy on-line for the communities. Other parts of the borough energy plan included coordination with all community and regional utilities to ensure adequate funding and training systems for operations and maintenance; and working with village utilities to strive to find innovative and cost-effective alternatives and technologies to fund and administer public utilities. A very basic energy component in this plan is how to utilize waste heat from diesel powered generators. Mr. Okleasik observed that the City of Selawik was anticipating a \$250,000 utility bill for simply heating the water and sewer system with heat tape; this amount compares with that of Anchorage, and he suggested using waste heat to keep the city utilities ice free. He stressed that an investment made by the state to upgrade the basic systems already in place can realize solutions that can be saving energy in one or two years. Mr. Okleasik encouraged legislators to ensure that funding for programs actually reaches villages. His frustration is with programs that are tied up in red tape and can not reach those in need. He pointed out that the bulk fuel storage grant process funded by the Denali Commission is accessible to the communities in need. The Denali Commission uses a formula to adjust for variables such as poverty rates and the costs of goods and services. Also, he pointed out the serious equity issue in that oil and gas from mostly Inupiat land funds 85 percent of the state's revenue; however, Inupiat villages are not receiving the equitable benefit.

[2:43:52 PM](#)

MR. OKLEASIK, in response to a question from the committee, repeated the factors taken into account by the Denali Commission: the poverty rates of communities; the cost of utilities and fuel; and the cost of construction.

2:44:22 PM

LINDA JOULE, Executive Director, Native Village of Kotzebue, informed the committee that this year is the 70th anniversary of the village's recognition as a federal Tribe. She said the Tribe consists of 2,800 members, many of whom are low-income, elderly, or families in need. Her organization is a resource for and an avenue to assistance for the community; in fact, tribal members are often the first to know when a villager is in need. The Kotzebue Tribe compacts directly with the federal government for program funding; therefore the village is not supported by AHFC or any of the state regional housing authorities and "falls through the cracks." Although efforts were made through AHFC, the appropriation from the legislature for weatherization and home energy rebates has been withheld from the village. Ms. Joule opined this situation may be the same for other communities in the region. The Tribe hopes to receive [funding] for the weatherization of at least 10 homes, although 20 more are in need. She assured the committee that the Tribe's housing authority personnel are capable of performing the energy ratings and completing the improvements. Ms. Joule requested that the committee find a way for her community to receive its share of the funds that are available.

2:48:33 PM

EUGENE SMITH, Chief Investment Office, Maniilaq Association; Mayor, City of Kotzebue, directed the committee's attention to a proposal first submitted to the legislature and [federal agencies] five years ago. This proposal is sponsored by NWALT and its goal is to create a way for the region to become sustainable without subsidies. Mr. Smith stated that generating energy for heating and electricity by diesel fuel is a "nightmare" for the villages, and explained that the proposal is an ambitious effort to create a new

infrastructure that uses a centralized energy source. The cost comparisons in the proposal have been updated since it was first developed in 2002; however, updated numbers provided through the Regulatory Commission of Alaska (RCA) and AEA are still one year behind. He opined opportunities exist to create a sustainable source of energy for the villages, but it will take a commitment of funding support from state and federal governments to implement these alternatives. He stressed that the proposal is a "very ambitious, proactive plan that can help sustain our region." For example, combining a road from Noatak to the Red Dog Mine haul road would give access to the fuel at the mine 20 miles away, thus providing sustainability to the village. This type of initiative would help communities thrive, he said. Mr. Smith then pointed out that the cost of living in the area is inflated to the point that a person considered middle income is actually at poverty level. In fact, a person employed full time is unable to pay for his or her fuel, yet makes too much money to qualify for assistance through state programs; this process is not equitable between urban and rural residents. He urged the committee to review the proposal and focus on intertie and alternative energy solutions.

[2:57:12 PM](#)

MARLENE MOTO emphasized that an audit of fuel consumption in the village is needed. Furthermore, U.S. Coast Guard regulations need to be fixed at the tank farm. She said she would like to see a regional report made to the board, as she suspects price fixing is occurring.

[2:59:32 PM](#)

JADE HILL, Assistant to the Mayor, Northwest Arctic Borough, concurred with previous testimony and underscored the efforts toward, and intent for, self

sufficiency. She reiterated Mayor Whiting's testimony regarding the community spirit that exists. Ms. Hill stressed that solutions, ideas, and suggestions have been provided to this and other committees and she highlighted the need for the legislators to act on what has been suggested. She reminded the committee of the energy resolution in Kotzebue that recommended increased support for PCE, and the energy summit that resulted in immediate action by the community task force. However, the residents have reached their capacity. Access to fuel and urban areas requires help on the state level for increased transportation and road infrastructure, such as the road to Cape Blossom and its deep water port. Finally, Ms. Hill noted the need to provide money for the Alaska Technical Center and Chukchi College so a work force is trained to build and sustain the new energy infrastructure, whether it is wind, solar, or geothermal energy.

[3:07:11 PM](#)

DEAN WESTLAKE, Village Economic Development Director, NANA Regional Corporation, informed the committee that Kotzebue is not included in the state's average gas prices; moreover, this has been an ongoing issue with state cost-of-living indices. He referred to the intertie proposal between Noorvik, Kiana, and Selawik, and described other possible "efficiencies." In addition, he said, the NANA strategic energy plan is just starting up and is inclusive of the other agencies in the region.

[3:09:37 PM](#)

BRIAN YANITY, Project Engineer, NANA Pacific Corporation, reported on the five proposals for wind farms in the NWABOR and urged the legislators to fund the Renewable Energy Grant Recommendation Program.

[3:10:09 PM](#)

REPRESENTATIVE EDGMON, in response to Mr. Westlake, noted that the Alaska Gas Line Pricing Report gives an explanation of gas pricing in Alaska; furthermore, the committee will be hearing from fuel suppliers and distributors at a later date.

MR. WESTLAKE added that Fairbanks is a logical choice as it is 300 miles closer.

[3:11:14 PM](#)

D'ANNE HAMILTON, Economic Development Director, Northwest Arctic Borough, referred to the technological innovations that are occurring at the Northwest Arctic Borough. She pointed out that for every dollar spent on technology there is a cost in energy consumption; for example, her work required that she download a multi-media piece and it took 16 hours on the equipment she has available. She encouraged the committee to keep in mind the cost of productivity and the slowdown of business when considering the infrastructure that is needed for viable sustainability. She also urged that the committee take the opportunity to unite and integrate the state and communities so they may work together. Ms. Hamilton observed that funds from the federal stimulus package will be available for true innovation and new ideas.

[3:13:41 PM](#)

CALEB PUNGOWIYI stressed that the immediate need for energy is an issue that can not wait until the end of the legislative session. He opined eliminating bureaucracy is the best way to provide assistance to residents.

[3:15:02 PM](#)

CALVIN SCHAEFFER, Kotzebue Airport Manager, Department of Transportation & Public Facilities (DOT&PF), shared some examples of the effects high energy costs have had on residents. Some airports have not been able to buy enough fuel to keep the runways open, although it is a priority. From his past experience, he related that most of the vehicles used for hunting have two-cycle engines and a gallon of the proper oil costs \$80.00. Finally, Mr. Schaeffer said that the fuel crisis has led to the theft of wood from an elderly resident.

[3:19:14 PM](#)

ANNMARIE O'BRIEN, Assistant Superintendent, Northwest Arctic Borough School District, in response to Representative Joule, said that the overall cost for maintaining schools has increased significantly, which impacts not only running the school system, but also who they are able to hire and retain as teachers. She opined basic services such as rent and utilities are beyond the means of a teacher's wages.

[3:20:54 PM](#)

CO-CHAIR MILLETT thanked all of the participants and pledged to take their comments into consideration in the framework and policy of the energy plan.

[3:21:25 PM](#)

REPRESENTATIVE JOULE said that "good, actual information" can bridge some of the distance between urban and rural Alaska. He praised those who testified, and the committee for coming to hear from rural residents in their communities. Secondly, it is important to make sure that young people take advantage of the educational systems available. Representative Joule spoke about the many specialized jobs that could be filled by local residents with the proper training. He remarked:

... and holding [our young people] accountable to get the training that's necessary, to get the education, at our universities and [at technical] schools, and expecting them to do well, like we all know they can, we can build a healthier future for ourselves. And I think that is the biggest opportunity in some of these hard times.

CO-CHAIR MILLETT encouraged witnesses to take home the information available from AEA.

[3:23:32 PM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 3:23 p.m.