

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

Dillingham, Alaska

March 1, 2009

1:31 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

Representative John Coghill
Representative Mike Chenault
Representative Bob Herron

COMMITTEE CALENDAR

Alaska Energy Authority Statewide Energy Report

PREVIOUS COMMITTEE ACTION

No previous action to report

WITNESS REGISTER

REPRESENTATIVE JOHN COGHILL
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Asked questions during the discussion of the Statewide Energy Report.

REPRESENTATIVE MIKE CHENAULT
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Welcomed local participants to the discussion of the Statewide Energy Report.

REPRESENTATIVE BOB HERRON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Asked questions during the discussion of the Statewide Energy Report.

ALICE RUBY, Mayor
City of Dillingham
Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

DONNA VUKICH, General Manager
Naknek Electric Association, Inc.
Naknek, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

JASON METROKIN, President/CEO
Bristol Bay Native Corporation (BBNC)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

THOMAS TILDEN, Tribal Chief
Curyung Tribal Council
Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

DAVE MCCLURE, Executive Director
Bristol Bay Housing Authority; Chairman
Southwest Alaska Vocational Education Center; Director
Nushagak Electric & Telephone Cooperative
Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

FRANK CORBIN, General Manager
Nushagak Electric and Telephone Cooperative; President
Dillingham Chamber of Commerce
Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

ROBIN SAMUELSEN, President/CEO
Bristol Bay Economic Development Corporation (BBEDC)

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

PETER CHRISTOPHER SR.

New Stuyahok, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

RALPH ANDERSEN, Chief Executive Officer

Bristol Bay Native Association (BBNA)

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

ROBERT CLARK, PRESIDENT/CEO

Bristol Bay Area Health Corporation (BBAHC)

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

CAROLYN SMITH, MAYOR

Aleknagik, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

JON CORBETT, Businessman

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

RUSSELL NELSON, Director of Facilities

Dillingham School District

Dillingham, Alaska

POSITION STATEMENT: Testified on behalf of the superintendent of the Dillingham School District.

HJALMAR OLSON

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

KAREN DEARLOVE

Dillingham, Alaska

POSITION STATEMENT Testified during the discussion of the Statewide Energy Report.

BOB HIMSCHOOT

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

GUSTY CHYTHLOOK

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy report.

MARILYN ROSENE, Principal

Dillingham Elementary School

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

JUNE INGRAM

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of Statewide Energy Report.

KYLE BELLEQUE

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of Statewide Energy Report.

LUCY WEEDMAN

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

MARK NEWSON

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

KIMBERLY WILLIAMS

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

JOE FAITH

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

JIMMY HURLEY

Ekwok, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

DON FORD

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

FRANK WOODS

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

WENDELL DOWNS, Pastor

Seventh-Day Adventist Church

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion of the Statewide Energy Report.

BRIAN PAULING, Businessman

Dillingham, Alaska

POSITION STATEMENT: Testified during the discussion on the Statewide Energy Report.

ACTION NARRATIVE

[1:31:42 PM](#)

CO-CHAIR BRYCE EDGMON called the House Special Committee on Energy meeting to order at 1:31 p.m. Representatives Ramras, Johansen, Petersen, Tuck, Millett, and Edgmon were present at the call to order. Also in attendance were Representatives Coghill, Chenault, and Herron.

ALASKA ENERGY AUTHORITY STATEWIDE ENERGY REPORT

CO-CHAIR EDGMON announced that the only order of business would be discussion of the Alaska Energy Authority (AEA) Statewide Energy Report. He invited the committee members to introduce themselves.

[1:33:38 PM](#)

Introductions were made by Representatives Ramras, Coghill, Petersen, Chenault, Millett, Herron, Johansen, and Tuck.

Several speakers thanked the community of Dillingham for its hospitality.

[1:38:29 PM](#)

CO-CHAIR MILLETT said the meeting in Dillingham was the second part of the energy committee's trip after travelling to Nome and Kotzebue. She expressed her interest in listening to residents as they participate in the development of the statewide energy policy for Alaska.

REPRESENTATIVE CHENAULT said he was glad to see the high local turnout for the hearing. He recalled some of the activities of the day and expressed his interest in listening to testimony.

[1:40:23 PM](#)

ALICE RUBY, Mayor, City of Dillingham, preceded her testimony by thanking the committee for visiting the region and recognizing the various groups that facilitated the activities over the week-end and at the hearing today. She related that Dillingham is a 1st class city that provides K-12 schools, police service, water and sewer services, a landfill, street maintenance, a boat harbor, a library, a museum, fire and ambulance services, senior citizens programs, and planning. These services are supported by a 13 millage rate real and personal property tax, a 6 percent sales tax, a 10 percent bed and alcohol tax, and various user fees. According to statistics by the Department of Commerce, Community, & Economic Development (DCCED), Dillingham's per capita tax rate of \$1,894 is higher than the tax rate of some larger communities in the state. Mayor Ruby said Dillingham's general fund budget for fiscal year 2009 (FY 09) is \$6.7 million and a large part of that budget is \$1.2 million for schools, with a bond obligation of \$15 million for school renovation. As the state can contribute to the bond payment through the general obligation (GO) bond program, she strongly encouraged the legislators to continue the GO bond program. Mayor Ruby stated that citizens and municipal operations are "buckling under the strain" of energy costs; in fact, the city's energy costs have increased 30 percent over the past five years.

[1:44:06 PM](#)

MAYOR RUBY further explained increased energy costs must be added to a 50 percent increase in the cost of health insurance, and increased demand for services. She encouraged the committee consider the following: continued long-term investment in ways

to reduce the cost of energy; transitional solutions to address the present crisis; continuing support of the Power Cost Equalization (PCE) program for citizens and for public entities; continued support of municipalities that are suffering from high prices for heating fuel and gas. In fact, in FY 09, Dillingham will invest \$250,000 in heating fuel, which is an increase of \$100,000 in one year. She opined consumers are concerned about an increase in sales taxes, although the city council enacted a waiver from sales tax for one-half the cost of home heating fuel from January to April. This waiver will cost the city \$116,000 in lost revenue.

1:46:05 PM

MAYOR RUBY further encouraged the committee to provide funds to weatherize existing buildings owned by municipalities in order to reduce energy consumption. She voiced support for researching the rural fuel pricing structure and pointed out that the price of fuel in Dillingham is more than the price for the same product in Nome or King Salmon; moreover, as the cost of delivery is an element of that fuel structure, perhaps regulation is in order. The city is also in support of a revision of the home energy rebate program to allow more participation. Furthermore, she encouraged the committee to review the Low Income Home Energy Assistance Program (LIHEAP) and the Alaska Heating Assistance Program (AKHAP) for improvements to the application processing time. Finally, she encouraged the state to target Dillingham as a resource center for technology and the distribution of energy related products to regional residents. Every citizen needs information, assistance, and a source for [energy related] products, and the city has an excellent college campus and regional organizations willing to contribute time and effort.

1:48:56 PM

DONNA VUKICH, General Manager, Naknek Electric Association Inc., welcomed the committee to the region and provided an update of the Proposed Regional Geothermal Generation Project developed by the Naknek Electric Association, Inc., (NEA). She explained NEA just completed the latest geophysical work to verify some of the previous work done by aeromagnetic studies. Ms. Vukich noted the work has been favorable; in fact, NEA has contracted with GeothermEx [Richmond, California] and Alaska Earth Sciences, Inc., [Anchorage] as project managers. In addition, a request for proposal (RFP) for a drill rig has been issued and plans are to begin drilling this summer. She stressed the work is a

regional plan that complements the state's longer visions of a regional energy facility that will "intertie" 25 communities together to reduce the cost of fuel in the smallest communities. At this time, utility rates are ranging from \$.43 per kilowatt hour to over \$1 per kilowatt hour in Egegik and Aleknagik. She opined the high costs of energy are destroying the villages; for example, the Bristol Bay Borough School District lost 45 students in one year. Ms. Vukic disputed the conclusion of the Institute of Social and Economic Research (ISER) [Fuel Costs, Migration and Community Viability May 2008] report and said if the study had gone back 20 years, the decrease in village population would have been evident. In fact, the school population in Bristol Bay has fallen from 300 to 137 students in the past 10 years. She pointed out the utilities have spent 10 years working toward the geothermal project and she spoke favorably of the renewable energy fund and the proactive work done by the legislature.

[1:52:17 PM](#)

MS. VUKICH, in response to Co-Chair Edgmon, indicated the geothermal project would produce 25 megawatts (MW) of power that could be expanded to 50 megawatts, which is the ultimate load desired. She expressed optimism about the success of the project through the processes and equipment available from GeothermEx. At this time, peak use for the region is about 18 MW and she said producing hydrogen and supplying heating for the district and several nearby villages will eliminate the need for diesel power.

REPRESENTATIVE RAMRAS observed the cost estimate from NEA for the project is \$200 million, but the estimate from GeothermEx and Alaska Earth Sciences is for \$96 million in capital costs. He asked about the difference in estimates.

MS. VUKICH explained the higher estimate includes the possible need for an enhanced geothermal system that would raise the cost of the power plant and collection facility, and that also includes [construction of] interties. Alaska Earth Sciences and GeothermEx are only looking at generation. In response to Representative Petersen, she said NEA was hopeful that it would receive a match from the state for \$5 million. The utility has \$3 million from the federal government; in addition, the co-op has spent \$2 million and has pledged to borrow the amount needed to finish drilling the test well.

[1:55:17 PM](#)

JASON METROKIN, President/CEO, Bristol Bay Native Corporation (BBNC), thanked Hjalmar Olson for his service to the Bristol Bay Native Corporation and then read from the following prepared statement [original punctuation provided]:

I am pleased to address the members of the State Legislature as well as those in attendance regarding the Energy Crisis facing the Bristol Bay region and its residents.

There should be no question that our region has faced abnormally high energy costs as compared to other geographic regions of Alaska. I appreciate the work of the Legislature and the Alaska Energy Authority to address future energy needs in Bristol Bay. The \$5million in renewable energy grants recently awarded may be helpful in ultimately lower energy costs in the region. My concern is that this is only the tip of the iceberg when it comes to the needs of our villages. What we need is support for projects that will address energy costs today, next week and next year. While I support the notion of long-term energy solutions and the need for studies and sustainable funding streams. We cannot wait 5 or 10 or 20 years for mega-project solutions to address this crisis.

I urge you as I urge all of our regional leadership and local community members to focus on the costs of energy and their impacts on the region today. Small demonstration projects, while they may only benefit the few, are affordable, sustainable and ultimately lead to long-term and large-scale solutions for the greater good.

Bristol Bay Native Corporation supports all energy solutions for the region as long as they are realistic and affordable. We will consider investing in energy projects if they bring a financial return to the corporation. To contribute monetary support of individual energy projects without a return expectation takes away from our ability to fund increasing shareholder dividends, something we have done for 30 consecutive years.

Having said that, we are open to new business opportunities in the region, especially those that

address lower cost energy. BBNC is also supportive of appropriately increasing PCE funding to keep up with high rural electricity costs. We have explored a similar program for home heating oil and would urge the Legislature to consider opening discussions on how to equalize expenses for those heating their homes who do not live on the electrical grid - many of whom are not only village residents but on the rail belt as well.

Again, BBNC is appreciative of the work that has been done thus far. We are all partners in this matter and I hope you share the same opinion that no one single solution will address this crisis. It will take a balanced approach of renewables and non-renewables. Residential and commercial. Wind, solar, hydro. Efficient and reliable transportation of fuel and a breakup of any fuel monopolies.

Local ingenuity can get us through these times but it takes resources to apply good ideas. Grant funding alone cannot pave the way. Private funding from all available sources must come to the table to address the needs of today.

I appreciate the opportunity to speak on behalf of Bristol Bay Native Corporation. Thank you.

[1:59:36 PM](#)

THOMAS TILDEN, Tribal Chief, Curyung Tribal Council, informed the committee the Curyung Tribe has 2,400 hundred members. He welcomed the committee to the region and said he was a fisherman who also works part-time. He observed the fuel crisis is not a surprise, but was foreseen by those who experienced a previous economic crisis years ago. He urged the state to expand its "price-fixing" investigation to include Southwestern Alaska and related the price of gas in Anchorage is \$2.37 per gallon, compared to \$6.31 in Dillingham and \$11 in Kanakanak; this difference warrants investigation. He said he is paying \$1,200 a month for fuel to heat his well-insulated home. He encouraged the state to look for short- and long-term goals and stated his support for Naknek Electric in its search for thermal energy; in fact, all renewable energy projects that serve more than one community with long-term benefits need to be funded. Mr. Tilden also encouraged the governor to accept [federal] stimulus package money because the money and the work are needed by all

Alaskans. He opined the people of the region are a proud and independent people, but they must break the silence now and say that people are suffering; as a matter of fact, Bethel is far worse off than Dillingham, because Dillingham has a fishing economy. He also encouraged legislators to consider the impact of the cost of fuel on subsistence [users], as the number of residents dependent upon subsistence is rising. The state has taken a hard stand against rural preference; however, it is time to re-examine its stand in the light of hard times like this. He said, "I don't know how many of you have ever put a sandwich into your mouth and decided ... whether to eat or whether to heat your homes." Subsistence can cure some of these problems, but there are too many regulations that are required in order for folks to subsist naturally. He also encouraged legislators to study the situation that allows millions of dollars worth of salmon to "go by" because there are not enough processors.

2:05:23 PM

MR. TILDEN then expressed his support for Senator Hoffman's proposed legislation to "cap" the price of fuel at \$3 per gallon. He said this is a necessary step in order for residents to survive. In addition, he called for an investigation into the purchase of Yukon Fuels by the Crowley Company. On another subject, he pointed out that the Board of Fish should meet in Dillingham, because the only interested parties who can afford to go to Anchorage to testify are from California, Seattle, and Oregon. He cautioned about the damaging impact to the fishery if there is insufficient testimony from the residents of Dillingham. Mr. Tilden concluded by asking legislators to look again at subsistence; to fund the Nushagak Electric & Telephone Cooperative hydroelectric project; to fund the [NEA] thermal energy project; and to strengthen the weatherization program by putting local residents to work installing efficiency improvements to state buildings. He reminded legislators that "What some of the folks here are thinking about, and that is, 'Should I eat or should I heat my home?'"

2:09:25 PM

DAVE MCCLURE read from the following written statement [original punctuation provided]:

My name is Dave McClure, and I serve as Executive Director of the Bristol Bay housing Authority, and serve as the Chairman of the Southwest Alaska Vocational Education Center In King Salmon. I also am

a director of Nushagak Cooperatives here in Dillingham, and have lived in Bristol Bay for 30 years.

I wish to thank you and the full legislature for energy legislation adopted last year, specifically the weatherization and alternative energy funding. We all appreciate the effort you folks have taken to come out and see our challenges firsthand.

Let me stress that the Alaska Housing Finance Corporation has done an excellent job of mobilizing the weatherization program in an expeditious manner, and they work well with BBHA to accomplish the efforts to weatherize homes in our region.

My main point today is to convey the extreme scope of the need in our region. Please see the spreadsheet provided which indicates that even at the 80% income level of median income, there are over 1200 homes in the thirty one villages that are eligible for Wx assistance, which drives a total of approximately \$ 42 million in need. The amount allocated to the Bristol Bay Region is less than \$ 6 million. To extend the resources, BBHA has used an average of about \$ 24,000 per home, which will allow us to stretch the funds and weatherize additional homes. At that expenditure level, payback is accomplished within 10 years, with the important benefit of reducing the necessary cash flow in the interim for the potential 40% savings in fuel consumption. At \$ 7 per gallon, this is almost \$ 3K per household in a winter.

Please know that the training dollars associated with these funds are well spent. We partner with the Denali Commission, Alaska Works Partnership, and our Voc Ed Center in King Salmon to train local individuals in becoming raters, but more importantly, workers who understand building science. We have trained over 25 individuals to date in various courses of components of building science and OSHA training in order to maximize local hire.

With the rebate program, we are talking with AHFC about folks who fall just above the income threshold for weatherization, but do not have the funds to pay for a rater. AHFC has agreed to look at coming up

with a system to have these folks rated, and take advantage of their improvement loan program to interim fund the rebate upgrades to their home. BBHA can assist with these ratings from our folks trained with weatherization funds.

BBHA also supports the efforts of Senator Hoffman to reduce the cost of fuel oil in the region. While we support the current effort to assist communities with the purchase of fuel, and to insure everyone had adequate funds in a community to provide fuel to all homes, we also support reduction at the point of sale to the cost of fuel from State funds. This could be done with a means-test methodology such as is used by the Lifeline federal telephone subsidy, that is, if you can show you have been income screened in any number of federal programs, you would be eligible for this program without further verification. As Robin Samuelson stated last night, we have several instances of people turning to electrical heat because they cannot afford oil, even though they then have a large electrical bill to pay.

BBHA and the village have used Federal HUD funds to react to the high costs of fuel by providing energy vouchers to homeowners; approximately \$300,000 per year is used in this fashion over the past two years. The Federal stimulus funding will provide by formula an additional \$ 2.4 million to our region thru HUD for construction activities such as weather-stripping, window insulation, and other rehab type work.

It is important for the committee to continue to fund the Weatherization program, as even with federal stimulus funding, the need in the region is six times the available funding.

BBHA also supports the Power Cost Equalization program. In many of our villages, electrical costs have increased dramatically, due to spreading the increased cost by fewer consumer. PCE is an absolute necessity for residential customers.

The hardest job all of us have is managing realistic expectations of our residents. However, by continued funding, with accountability of the resources expended

and effective and efficient use of the funds will allow our scarce resource to go further.

I have asked Val Angasan, our weatherization director to testify to specifics of our effort, and am happy to answer any questions. Thank you.

2:14:50 PM

FRANK CORBIN, General Manager, Nushagak Electric and Telephone Cooperative; President, Dillingham Chamber of Commerce, informed the committee that the cooperative is a consolidated utility in that it provides cable TV, internet, and telephone as well as electricity, and its resources are balanced between the different services. Last year, the cooperative borrowed about \$1 million to comply with a federal mandate to "change out" telephone equipment. In addition, it is in the process of bringing broadband bandwidth to its service area by microwave. This improvement will bring internet services to at least six more villages and, because there is no use for satellite, will lower cost. Addressing the energy crisis, he stated the cooperative has been involved in a generator upgrade to the powerhouse and has installed the newest and most efficient generators to save fuel. Additionally, with support from the Denali Commission, the state, and the federal government the upgrades have been funded with grant money to keep overhead costs down and "we don't have to charge that directly to the rate base ... our rates could be higher if we had to borrow money to put those generators in." He explained once the powerhouse upgrade is complete, the cooperative has a plan for a hydro project to move the base power source into something other than diesel generation. Then, diesel generation would only be needed for back-up and periods of maintenance. Mc Corbin opined when there is potential for hydro power, there is also a potential to lower the rates to consumers. Again, the rates to consumers are dependent on financing and grants for capital expenses mean lower debt and lower rates. Mr. Corbin concluded that hydro generation is a very good project because, as a small cooperative, Nushagak Electric and Telephone could trade some of the [revenue paid toward] debt service instead of fuel expense.

2:18:48 PM

REPRESENTATIVE COGHILL asked for an estimate of the completion date of the hydro project.

MR. CORBIN said the project is viable with current technology. The course of the project depends on the point at which the utility has enough funds promised that it can "put ourselves up as collateral for the balance." He predicted the cooperative would need to be beginning work at the site within two years and construction completed three years after that. In further response to Representative Coghill, he explained that the cooperative applied for funds from the Alaska Energy Authority (AEA) renewable energy grants program and has been awarded \$4 million for the project, thus the project has been investigated and vetted by AEA and is going forward.

[2:21:10 PM](#)

REPRESENTATIVE PETERSEN asked for a comparison of rates between last year and this year.

MR. CORBIN estimated the residential rate was around 33 cents per kilowatt last year and was 46.3 cents beginning last fall and continuing through the next delivery. Of the 46.3 cents, about 17.5 cents is overhead and the rest is fuel cost. He pointed out that the overhead cost has not increased because of the grant funds available during the generator upgrade. Wholesale diesel in Seattle is \$1.25 per gallon and the utility paid \$4.25 per gallon last summer. Also, transportation costs are increasing; in fact, transportation cost estimates for next summer indicate that 25 percent of fuel cost will be for transportation.

[2:23:02 PM](#)

REPRESENTATIVE MILLETT asked for details on the grant money received from the Denali Commission.

MR. CORBIN explained the upgrade project received a \$1 million grant from the federal government, a \$1.3 million grant from the Denali Commission, a \$1 million grant from the state, and \$1.6 million from the Rural Utilities Service of the U.S. Department of Agriculture (RUS/USDA). He clarified that the upgrade was a separate project from the \$4 million renewable energy grant for the [Elva Lake] hydro project.

[2:23:35 PM](#)

REPRESENTATIVE RAMRAS requested the committee hear further discussion on this project at the conclusion of public testimony.

[2:24:18 PM](#)

ROBIN SAMUELSEN, President/CEO, Bristol Bay Economic Development Corporation (BBEDC), opined the cost of energy is the number one issue facing the Bristol Bay region today. The elderly and disabled are most vulnerable, but no one can keep up with the problems that the cost of energy is creating such as expensive electricity, groceries, and services. The situation demands a radical change from the present dependence on oil that makes everyone vulnerable to [shortages] from the Middle East. Mr. Samuelsen said he was born and raised in Dillingham and has no desire to live anywhere else, although a lot of folks in rural Alaska have been forced to move out. The BBEDC represents 17 villages and is very aware of the problems there. Residents are looking for answers and for short-, medium-, and long-term goals of an energy plan for Alaska, regardless of the price of a barrel of oil. He stated the BBEDC is very involved in education and the fishing industry; in fact, scholarships are provided for kids to go outside for school, but there is very little reason for them to come back. His organization has included a "forgiveness" clause in the scholarships in an effort to prevent "brain drain in the region."

[2:29:39 PM](#)

MR. SAMUELSEN encouraged the committee to consider various power sources including wind, solar, tidal, and geothermal, and described several advantages to nuclear reactors. He also mentioned consideration must be taken for the new carbon footprint of products. Mr. Samuelsen recalled the fishing industry in the region supported the commercial fisherman for 125 years and subsistence users for time immemorial; however, as fish prices began to rise, the community is faced with \$5 a gallon diesel fuel. "It basically wiped out our shoulder seasons," he said. One solution suggested by the BBEDC is to put in processing plants in villages to provide employment and extend opportunities for fishermen, but there needs to be a source of cheap power for ice, refrigeration, and longer [airport runways.] With the help of the state and the federal government and with long-term plans, he said the region "will get over this impasse that we're in."

[2:33:59 PM](#)

MR. SAMUELSON opined Alaskans must change their mindset and encouraged the committee to quit funding entitlement programs.

He gave a personal story of his work ethic and said the \$1,200 given last year was helpful but was soon forgotten; moreover, that money would have been better invested in local, long-term solutions to rural energy problem. Rural areas do not have the expertise or financial backing to solve the energy crisis on their own and need the state's help. He called attention to the Foregone Harvest Survey and pointed out that between 2003 and 2008, fishermen lost \$131 million in foregone harvest in Bristol Bay; with the wholesale value added, the total is \$360 million. He listed losses for other communities and emphasized those dollars are needed in order to keep communities alive. Mr. Samuelsen concluded the solutions may start with the windmills and solar installations that can minimize the state's dependence on fossil fuels and keep residents in their rural homes.

[2:37:58 PM](#)

REPRESENTATIVE RAMRAS described the costs of possible solutions to the energy crisis for several different parts of the state. Referring to the state's limited resources, he asked, "How would you allocate the money, where do you see sending it first, to the little villages that are hurting the worst, the regional hubs like your community that are as you say, relatively healthy, the urban centers where the ... largest amount of people in the state live. What do you think?"

[2:39:35 PM](#)

MR. SAMUELSEN disagreed that most of his community is healthy. For example, the village of Emmonak is just "hanging on." The solution is not how much money is thrown at a problem, but the criteria used to find a solution such as long-range goals, energy audits of each community, and collaboration with the tribes - that are a major economic force - and city government. Working together, the state, the tribes, and the city government can change the dynamics of the region. He said, "As policy setters, you guys got to set the goals and objectives that you ... want to achieve, and then go out with an RFP to all of the communities, all the regions, all the city governments, all the tribes, and force everybody to the table ... to come up with a comprehensive plan for Bristol Bay." He also suggested the "due diligence" use of federal stimulus money that may come available.

[2:42:39 PM](#)

REPRESENTATIVE HERRON related a personal story of his warm relationship with Mr. Samuelsen and his father.

[2:44:18 PM](#)

CO-CHAIR EDGMON noted that the committee will honor its commitment to travel to Bethel.

[2:44:30 PM](#)

REPRESENTATIVE TUCK referred to the handout presented by Mr. Samuelsen and remarked:

Take a look at Aleknagik; 34 cents and then 19 cents with the Power Cost Equalization. Does that 34 cents include the 19 cents, or is that already deducted?

MR. SAMUELSON surmised the 19 cents was already deducted.

REPRESENTATIVE TUCK then asked:

We see ... Portage Creek and Clark's Point that have flat rates. How did those come about?

MR. SAMUELSEN explained most of the residents have moved from Portage Creek and the school is closed. He was unsure about the situation at Clark's Point.

[2:45:41 PM](#)

PETER CHRISTOPHER SR. informed the committee New Stuyahok is located 52 northeast miles from Dillingham on the Nushagak River. It is a rural village in Bristol Bay where the cost of fuel was unbelievable last fall. The village corporate entity was forced to pay almost half a million dollars to purchase heating fuel and gas to service the community. The only profit made went to employees; for example, the fuel cost \$6.64 per gallon if picked up at the tank farm and \$7.14 per gallon delivered. He stressed that the village must pay whatever the fuel company charges as there are no other choices. Mr. Christopher related a conversation he had in Anchorage with a representative from NorthStar Gas Company who was planning a meeting in Dillingham to discuss the possibility of reducing the cost of fuel. He encouraged the [officials of] Dillingham to welcome the NorthStar company to the region in order to have competition and reduce the cost.

2:49:43 PM

MR. CHRISTOPHER turned the subject to the Alaska Village Electrical Cooperative (AVEC) and its plan to put in a new electrical plant with service to New Stuyahok and Ekwok, which is the next village down. He suggested Koliganek should also be included so that there would be one plant for three villages to save fuel and energy. The AVEC has also put in wind turbines for a test, although reductions in the cost of kilowatts due to wind generation would not be seen for two to three years. He pointed out that many people are using wood for heat.

2:52:18 PM

MR. CHRISTOPHER expressed his hope that AEA and the federal stimulus money will be available to fund the plan to provide power to three villages from one new plant. The corporation has been waiting for "Denali" to approve the plan and state assistance from the legislature would also be appreciated. Mr. Christopher pointed out that New Stuyahok is not part of the DCCED Community Development Quota (CDQ) program; however, the corporate entity in the village has established a scholarship in the name of Chief Ivan Blunka for shareholders and their descendents. He said the major concerns of the residents in the region are about the future for the younger generation and [the cost of] fuel and electricity. Mr. Christopher thanked the committee for "hearing my words ... that are coming from my heart." He mentioned his service to his country and said, "We are all citizens of Alaska." He asked the legislature to let the communities know "when that funding becomes available."

MR. CHRISTOPHER, in response to Representative Petersen, explained each of the three villages has its own electrical generation plant and supplies electricity, thus there are no existing transmission lines between them. The distance from Ekwok to Stuyahok is about 12 miles, and on from Stuyahok to Koliganek is about 24 miles.

2:58:44 PM

RALPH ANDERSEN, Chief Executive Officer, Bristol Bay Native Association (BBNA), informed the committee BBNA is a nonprofit corporation of 31 tribes, organized under state law, and encompasses a region of about 40,000 square miles. The BBNA provides a wide range of public assistance, education, social, economic, community, natural resource, and land management services to tribes through funding agreements with the state and

federal agencies. Mr. Andersen said he is also chairman of the Bristol Bay Partnership, composed of the chief executives of the regional organizations, and co-chair of the Alaska Federation of Natives (AFN) Human Resources Committee and chairman of its Energy Working Group. He pointed out that the common goal of these organizations is to help find answers to lowering energy costs in the region and in rural Alaska. Residents are dealing with high costs in innovative ways, but there is still evidence of hardship and it is clear that residents need help now. He expressed his hope that fuel prices will drop; however, it is important to take action to prevent this situation in the future. He opined every part of the economy is affected by the cost of fuel; in fact, the employment rate in some villages is at 80 percent or more. Furthermore, high fuel costs have reduced the profits for commercial fishermen and limited the activities of subsistence hunters and fishers. The final result of the special session last summer fell short of meeting the needs and expectations of rural areas. Mr. Andersen acknowledged expanding PCE funding, the suspension of municipal fuel taxes, and the \$1,200 energy assistance payment was helpful; however, these actions did not lower the [long-term] cost of energy. These hearings are also helpful and he encouraged the state to adopt an energy policy that covers every region of the state with the goal of lowering or equalizing energy costs for all Alaskans. The energy policy should contain a specific plan with milestones, and should be more than an index listing potential energy sources. He said, "We need a policy directive, and more importantly a commitment of funds, to help develop those potential energy sources," and encouraged state help as rural areas transition to renewable energy sources. Bristol Bay has many sources of renewable energy such as geothermal, solar, wood, wind, tidal, and hydro, as many residents have demonstrated.

[3:03:24 PM](#)

MR. ANDERSEN related economies of scale indicate that power grids between villages will reduce the cost of power production; in fact, the governor is proposing a Railbelt power grid. He asked, "Why is rural Alaska being left out?" Rural areas do not have natural gas fields or a pipeline planned to power their generators. His organization supports buying down the debt of rural utilities to reduce the cost to consumers, and he pointed out some village members are still paying the costs of improvements to power plants and systems even though improvements were supposed to reduce their rates. He also expressed support for strengthening the PEC program by "raising

the ceiling" and expanding coverage for schools, health facilities, businesses, and community buildings, and continued funding of LIHEAP and AKHAP. Senator Lisa Murkowski added \$30 million to the federal share of LIHEAP and he said [BBNA] hopes the state will do the same. His organization also supports the AHFC weatherization and home energy rebate program, and Senator Lyman Hoffman's efforts to cap fuel costs and to deliver 100 gallons of fuel to rural households. Finally, he expressed support for fully funding the bulk fuel revolving loan fund and encouraged the governor and legislature to accept all federal economic stimulus funds, especially for energy projects.

[3:06:25 PM](#)

MR. ANDERSEN continued to describe BBNA's work related to energy such as plans to operate the LIHEAP program, to educate residents through the Temporary Assistance for Needy Families (TANF) program, and to coordinate delivery of the free fuel from the "CITGO offer." Furthermore, BBNA established a new program to assist tribes with energy projects, initiatives, and opportunities; this program will be funded by the Bureau of Indian Affairs Compact. The BBNA is united with other regional institutions to address the crisis in a coordinated way; for example, the Bristol Bay Partnership adopted a Bristol Bay recovery plan that describes short-, medium-, and long-term goals to wean the region from fossil fuels as the only source of energy. He advised copies of the plan have been provided to the committee. Finally, he recommended the committee hold hearings to explain the pricing of fuel delivery in Western Alaska, and to explore regulation by the RCA of fuel transportation and delivery to rural Alaska, similar to the regulation of natural gas in Anchorage.

[3:09:16 PM](#)

ROBERT CLARK, PRESIDENT/CEO, Bristol Bay Area Health Corporation, said the Bristol Bay Area Health Corporation (BBAHC) operates the hospital compound in Dillingham and serves thirty-four villages including two from neighboring regions. The service population is about 6,000 today, which is down from 8,000 residents who once lived in the area. He noted that one-third of BBAHC's consumers live in villages and 300 live in Dillingham. Except for Dillingham, King Salmon, and Naknek, all transportation is by air; in fact, BBAHC spent \$1 million on patient travel and about \$1 million on Medivac costs last year. Mr. Clark explained each village of 20 or more residents has a clinic of health aides that provide services, and there are four

regional health centers at Togiak, Chignik, Naknek, and Iliamna. Service to patients has been impacted by operating costs during the last year that increased by 43 percent for electricity and by 88 percent for heating fuel for a total estimated increase of \$1 million. This increase will not be made up by increased funding from the federal government or by \$3 million in grants from the state as many of the grants do not pay overhead costs. He stressed that BBAHC operates as a community hospital even though the facility is an Indian Health Service facility and a critical access hospital.

[3:13:52 PM](#)

MR. CLARK continued to explain, like most small hospitals in Alaska, BBAHC relies on Medicare and Medicaid payments. He remarked:

My understanding is with the stimulus increase of the federal share, the governor is going to be trimming some \$47 million from the state share of Medicaid cost, but we'll be able to re-invest and build up the tribal health providers which would then allow you 100 percent federal Medicaid dollars. Again, [it is] very, very, much needed. Unfortunately, our facilities in town don't accept the Medicare Medicaid, so we're having to, on a limited basis, account for that at the hospital. In the stimulus package which ... we provide input on, we're hoping to receive ... an expansion of our out-patient program.

MR. CLARK expressed his hope the hospital can obtain a "CT scanner" as this program is "shovel ready." He listed additional needs such as prenatal quarters, a water treatment plant, a new dental clinic, a system for the transfer of electronic records, and video imaging that is critical when there are transportation problems. He re-stated fuel costs are beyond his organization's control, although there may be a possibility of assistance through the PCE program.

[3:17:43 PM](#)

MR. CLARK expressed BBAHC's support of all renewable programs and nuclear power that can provide electricity for 12 cents to 15 cents per kilowatt hour. He said his organization has been forced to downsize some clinics; in fact, the BBAHC is almost \$1 million dollars in the hole for the first time in 36 years. Furthermore, several new health clinics can not follow their

business plans and local governments can not continue to subsidize those programs. He stressed the BBAHC is searching for "any and all" private and state grants and funds from the federal stimulus package to try to cover its costs. It is also beneficial to provide health care locally, so that patients do not have to travel to Anchorage. The BBAHC is also exploring the possibility of [obtaining] bulk fuel either through the cooperative in town or independently. In fact, the possibility of obtaining its own fuel, storing it, and adding wind generation may stabilize the cost. He assured the committee his organization was pursuing every possibility because it has no choice. Further needs of the villages include water, sewer, erosion control, fire trucks, the meeting of codes, and building clinics.

[3:22:01 PM](#)

MR. CLARK called attention to the written information submitted from the Alaska Primary Care Association and other regional organizations. He stated his appreciation of the committee's visit to the region and said that his frustration is with "too much reliance on ... federal when the state needs to step up a little more to help, because we serve everybody and we're the first citizens of the state." He said, "All this stuff is a no-brainer to get, except for unemployment insurance, and you guys are too darn cheap." For example, many fishermen do not have work over the winter months and have to rely on "some of these things." Mr. Clark concluded the resources come from rural areas; however, it appears that urban areas get more than their just desserts and some equity is needed. He then asked for the committee to review the information he provided on the proposed Transportation Security Administration (TSA) regulations that would hamper the fishing season for all of Bristol Bay and rural Alaska.

[3:23:33 PM](#)

CO-CHAIR EDGMON noted that the House passed a resolution opposing the TSA recommendations.

[3:24:23 PM](#)

CAROLYN SMITH, Mayor of the City of Aleknagik, stated Aleknagik was lucky because of its connection by road to Dillingham; however, beginning next year, only the residents on the south shore will have fuel delivery. She noted that the road to Aleknagik [from Dillingham] was started in 1959 so that Lake

Elva could be developed for hydroelectric power and today the utility is again looking at the feasibility of this project. Mayor Smith informed the committee the city operating budget is \$150,000 and fuel costs total \$36,000 so far, making fuel costs more than twice what they were last year. For income, the city collects a 5 percent sales tax and a 5 percent bed tax. She said the city collaborates with the Aleknagik Tribal Council and "ANL" to work together as a community to get projects done. She supported the investigation by a regulatory body into standardizing fuel costs and opined there is no "true capitalism" in this market. In addition, Mayor Smith supported expanding the PCE program to public entities.

[3:27:18 PM](#)

JON CORBETT thanked the committee for its visit to Dillingham. He said it is difficult to understand why Alaska, as a energy state, is becoming a slave to the needs of other states; instead, residents in Western Alaska should benefit from the use of Alaska's resources. Mr. Corbett opined small-scale nuclear energy is an excellent option because it can be funded through public education money, perhaps through a University of Alaska arctic research center. He said funding for infrastructure is neither cheap nor easy, however, the Department of Energy (DOE) has \$40 billion in the new stimulus package that has to be spent in the next two to three years for capital projects. Unless something is done soon, the municipalities and government entities in rural Alaska will decay due to the loss of private business. Mr. Corbett agreed with Representative Ramras that the state must control the amount of money spent for large projects; in fact, \$10 million to \$15 million worth of wind turbines would be more effective than a multi-billion dollar project and would provide jobs right away.

[3:31:25 PM](#)

RUSSELL NELSON, Director of Facilities, Dillingham City School District, testified on behalf of the superintendent of schools. He said the school district in Dillingham is aware of the energy crisis; in fact, school facilities encompass 130,000 square feet of space to heat, and the district has purchased supplemental heat from Nushagak Cooperative for 50 percent of the cost of heating with oil. He pointed out the need for innovative ways to produce energy. Referring to the bond passed for renovation of the Dillingham schools, he said that portions of the bond will be used to improve the energy efficiency of the school buildings. Additionally, the school board passed a

resolution requesting energy relief through the Power Cost Equalization program for electrical costs incurred by the Dillingham School District during the school year. Mr. Nelson stressed the need for short-term help and long-term solutions for the energy crisis in rural Alaska so that school districts can put more money into classrooms.

[3:33:29 PM](#)

HJALMAR OLSON expressed his pride that state government agencies and the legislature are coming out to listen to rural communities. He re-stated the high energy costs are the number one priority for the residents in rural Alaska. He talked about helping the fishery support the Bristol Bay area and allowing the fishermen to "harvest what we're supposed to harvest," by easing the red tape on foreign processors.

[3:35:36 PM](#)

KAREN DEARLOVE thanked the committee members for their service to Alaska. She stated the recent visit of a representative from AHFC had been enlightening and she anticipated working closely with AHFC staff. Ms. Dearlove, an Alaskan resident since 2005, encouraged the legislature, when prioritizing funds for energy programs, to consider the tax burden paid by 1st class cities and the promises made at incorporation that are no longer kept by the state. She referred the committee to her written comments about improvements to the weatherization program and agreed with Mr. Corbett that small businesses in rural Alaska are not benefitting from Power Cost Equalization, yet they pay the full tax burden. She further emphasized that the state should partner with small business and the University of Alaska, Bristol Bay Campus, to implement pilot projects in renewable energy systems. She acknowledged that the Cold Climate Energy Center in Fairbanks is excellent for those on the road system, better suited to residents living in remote areas.

[3:38:32 PM](#)

REPRESENTATIVE HERRON remarked:

... people need PCE help for schools, and small businesses. But, my question to you is that, USDA, in my experience, is not very nimble. Are you optimistic with the new state director?

MS. DEARLOVE said she was not speaking on behalf of the agency for which she works; however, she said her implementation of federal programming is appreciated. In fact, she is working with statewide non-profits and the University of Alaska campus on two USDA Rural Development planning programs that can be brought to bear for a small business benefit to the region of Bristol Bay, the Pribilof Islands, and the Aleutian Chain.

[3:39:50 PM](#)

REPRESENTATIVE HERRON expressed his wish that the USDA were "more nimble."

[3:40:23 PM](#)

BOB HIMSCHOOT addressed the [AHFC] weatherization and energy rebate program. Mr. Himschoot said the program does not work well in rural Alaska because most of the remodel and energy efficiency work on residents' homes is done by the homeowner. He suggested that the program should accept a proof of performance that does not require a pre-audit. For rural Alaska, a post-audit and before and after photographs of the project should suffice. This would get the money out to Alaskans who do not qualify for the [low-income] weatherization program but went ahead with projects. Although more energy auditors are on the way, rural Alaskans could effectively use that money now. Regarding how the money should be distributed, Mr. Himschoot pointed out that the money is an investment by the state and said, "The largest return on that money is going to be the place it does the most good, and mitigates the most cost, and I believe that is rural Alaska. I think that should be considered when you're looking at funding for things like the rebate program and for the alternative energy fund."

[3:44:14 PM](#)

REPRESENTATIVE HERRON expressed his appreciation for Mr. Himschoot's community service.

[3:45:12 PM](#)

REPRESENTATIVE TUCK asked for the amount of power generation of each of the turbines.

MR. HIMSCHOOT said they were 2.4 maxed, and .4 kilowatts maxed, for a total of 4.8 [kw].

3:45:26 PM

GUSTY CHYTHLOOK said he was a lifetime resident of Bristol Bay and stated his concern with the ever-rising cost of energy. Many years ago, when gas was \$.50 per gallon, he could not imagine paying up to \$6.31 per gallon for fuel. He asked whether there were alternative sources of energy. The Bristol Bay area is not privileged with natural gas like the Cook Inlet; however, it would be good to be connected to the [proposed] natural gas pipeline.

3:47:50 PM

MARILYN ROSENE, principal, Dillingham Elementary School, said she has been a resident of Dillingham since 1982. Speaking as a parent and a resident, she noted that the school will get a new roof in 2009, and new windows and doors in 2010. She opined there should be discussions about PCE and the cost of fuel; however, she recommended an emergency team come to Dillingham and go through all of the buildings, schools, apartments, and homes to find leaks and to caulk and insulate homes. Using the energy money this way would help residents stay in the community by saving them money and creating jobs.

3:49:59 PM

JUNE INGRAM said she was speaking on behalf of her family and her husband. They are both fishers and it is their way of life. To supplement their fishing income they both work winter jobs and during the cold spell they used 164 gallons of fuel in one month, not including gas. She related a personal story of better days in the past and the financial difficulties of the present. From her work experience, Ms. Ingram related that from October 2007, to October 2008, 1,000 people left Bristol Bay. She said, "I am asking you, our representatives that we voted for, please help the rural area, and I thank you for your time, and you'll be in my prayers."

3:52:23 PM

KYLE BELLEQUE expressed his belief that every crisis is an opportunity for change and that the energy crisis is basically a housing crisis. This is because houses throughout the state were built when oil was cheap and are not designed to conserve heating oil. He proposed the state design a program similar to the federal Housing and Urban Development (HUD) Indian Home Loan Guarantee Program (Section 184), that specifically allows for

owner construction. He opined the state should use some of its money to guarantee loans for young families so they may build their own homes. Mr. Belleque acknowledged a problem may be that the state may require inspectors, but the state should design a program so that residents can take care of themselves.

[3:56:00 PM](#)

LUCY WEEDMAN informed the committee that she has been a resident of Dillingham for five months. Her family moved here to find employment, although she has worked for the BBNA for 27 years and has never applied for assistance. However, the high cost of oil forced her into applying for assistance and she expressed her worry about the well-being of her nine year old son. She said she has been forced to rely on family and friends to pay for oil because her income is just \$100 over the limit for energy assistance. Ms. Weedman talked about the choice of heating the house to keep her son warm or to buy food. Two weeks ago she said she thought about giving up, packing up, and going home and living off welfare, but she has always been able to provide for her family. She presented the committee with letters from her co-workers describing the hard life in the villages. Ms. Weedman said, "The middle class, who have never had to apply for assistance before, I think are taking it harder than most of the people that are already getting assistance. But thank you for listening."

[4:00:08 PM](#)

MARK NEWSON said the nature of his job includes a great deal of research in the area of development. He has found that the high cost of energy has greatly impacted the community in three areas: transportation; the ability to gain independence from non-renewable energy; and industry. Although residents do not complain, his research indicates families are moving in with one another and people are unable to afford travel to Anchorage for health care; in fact, Bristol Bay has a high rate of fatalities from cancer. Mr. Newson urged the committee to find a solution to help Bristol Bay residents gain access to health care. In response to what should be done with the state money for energy, he said the money should be invested into infrastructure such as the \$200 million Bristol Bay intertie.

[4:03:18 PM](#)

KIMBERLY WILLIAMS said she was born and raised in Dillingham and returned after obtaining her education. She listed several

positions she holds, her community service on various boards, and said she was speaking as a community member. She stated the BBEDC provided money through her tribe for assistance to families to pay electric bills. During the first three and one-half days of the application period, the tribe received ninety applications for a \$700 rebate. The applications were based on "poverty guidelines." In fact, 69.7 percent of the school children in the Dillingham School District qualify for free breakfast and lunch. Ms. Williams described how support from the community made a middle school basketball tournament in Dillingham possible. The FY 10 school budget set aside \$500,000 for heating and electricity, which is money taken away from kids for their education. She opined whatever the legislature does, there needs to be short-term solutions for the immediate crisis. Ms. Williams related the steps her family has taken to stop spending money and pointed out that where she stops spending to save, the loss of revenue hurts community businesses. She strongly urged immediate action by the legislative.

4:08:00 PM

JOE FAITH opined hydro power has potential in Bristol Bay, because the bay has the third largest tide in the world. He suggested the small barge power generators working on the Yukon River could also work in Dillingham. Wind power generation also has potential in this area as wind levels are similar to those in Kotzebue and Pilot Point; in fact, the Bristol Bay Area Health Corporation is working on a wind project. Mr. Faith said he would also like to see North Slope oil, natural gas, and by-products brought to a fuel station on the Yukon River and barged down to Western Alaska. He said, "It makes little sense that the oil is being shipped 3,000 miles down to the Lower 48 and then shipped back to Western Alaska." He gave his support for onshore oil development, but not offshore oil development because all of the fisheries of the Bering Sea are worth over \$1 billion per year, and it is not worth the risk of the loss of a \$1 billion sustainable industry. Mr. Faith concluded that President Obama has made renewable energy an important part of his plan to help restore the economy and Alaska should support this effort as well.

4:10:28 PM

JIMMY HURLEY stated residents had to "team up" to save gas so they could participate in the fall moose hunt; this has meant that some have no moose. In his work for BBEDC he learned that the number one thing in Bristol Bay is fish and they have to be

utilized. In the long term, he asked whether the salmon that go to China could go to the villages. Mr. Hurley said he was happy to see a movement supporting the construction of [energy generation] plants in communities. The villages need jobs or residents will have to move to Anchorage whether they want to or not.

[4:13:06 PM](#)

DON FORD stated he has lived in Dillingham for 20 years and hopes to stay but "right now that's debatable." He opined short-term help would be to have PEC available to businesses, schools, the hospital, and other entities necessary for existence in the region. For long-term solutions, he suggested [hydroelectric power from] Lake Elba, wind generation, and a combination of all of the other sources discussed. Although he said he considers himself middle income, he noted 80 percent of residents are at the poverty level and both lower- and middle-income people are really hurting now. He re-stated many of his friends and acquaintances are leaving, but not by choice. On the subject of weatherization, he said his home is 15 years old and is considered to be of good construction, but while he is paying the equivalent of his mortgage just to keep the home heated, he can't pay the up-front money to replace windows or add insulation. Mr. Faith stressed weatherization would save his family money in the long term if he could participate in this program.

[4:17:48 PM](#)

REPRESENTATIVE HERRON agreed with Mr. Ford's point about home energy building standards that were based on \$1 per gallon oil. He said this point is also applicable to income guidelines for assistance to people in need.

[4:18:25 PM](#)

FRANK WOODS pointed out Alaska is an urban state, and the majority of the population lives in urban Alaska. However, the rural areas are the bread winners of the state through tourism, fisheries, oil and gas development, and mineral development. He stated there is a shortage of manpower, infrastructure, and resources to manage the existing lands and the use of lands. Decisions made for rural Alaska are made in the urban centers of Juneau, Anchorage, Fairbanks, and the Railbelt, without representation from rural areas. He said, "During these hard times, it's time to engage ... and its time for us to start

acting and getting involved in all that's happening in Bristol Bay." Mr. Woods cautioned that, with a population of 6,000, there was not enough manpower and resources in the region to manage existing resources, let alone any more development. He urged legislators to consider that every dollar spent now is going to be worth one thousand dollars twenty years from now.

[4:20:40 PM](#)

WENDELL DOWNS, Pastor, Seventh-Day Adventist Church, told of his experience serving all over the state. He said he thinks the pain is felt in many places, such as the [Mat-Su] valley and Wasilla, but in different ways. He suggested a short-term solution is to create legislation to subsidize the cost of gas at the pump. This would place the state in the position of "negotiator" with the different suppliers. Contrary to this, if the state caps the price, that may limit the supply and cause problems in rural areas. However, if the gas is subsidized and the state is negotiating the prices, this would help the Railbelt communities, as well as the residents of Bristol Bay and Kotzebue. This would also place the state in the position to work on other issues, such as supply and demand, and would stimulate the economy across the state by stabilizing prices. Pastor Downs stated his preference that the state just send the oil to the rural communities.

[4:23:26 PM](#)

BRIAN PAULING informed the committee he spent \$12,000 since the first of November on fuel. Instead of sending this money out of the community, residents need to invest in renewable energy, and have training about renewable energy available at the local college. He listed his personal plans for installing renewable energy generators. Mr. Pauling stressed that local investment is critical to keeping businesses in the community. Further, there is no point in bringing in outside technologies unless there is a trained work force to maintain them, thus the "key" is expanding the courses available at the college.

[4:25:54 PM](#)

CO-CHAIR EDGMON thanked everyone for his/her testimony and acknowledged the members in attendance, and his staff, for their work.

[4:26:54 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at [4:27] p.m.