ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY
March 24, 2011
3:08 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Lance Pruitt, Co-Chair
Representative Bob Lynn
Representative Dan Saddler
Representative Pete Petersen
Representative Chris Tuck

MEMBERS ABSENT

Representative Kurt Olson

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 23
Urging the United States Congress to classify hydroelectric power as a renewable and alternative energy source.

- MOVED HJR 23 OUT OF COMMITTEE

OVERVIEW(S): DEPARTMENT OF NATURAL RESOURCES ON THE NATURAL GAS POTENTIAL IN THE NENANA RIVER BASIN, THE SUSITNA RIVER BASIN, THE COPPER RIVER VALLEY BASIN, AND THE BERING SEA REGION

- HEARD

OVERVIEW(S): RURAL CAP'S ENERGY WISE PROGRAM TO REDUCE ENERGY COSTS

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HJR 23
SHORT TITLE: HYDROELECTRIC POWER; RENEWABLE ENERGY
SPONSOR(s): ENERGY

03/16/11	(H)	READ THE FIRST TIME - REFERRALS
03/16/11	(H)	ENE
03/22/11	(H)	ENE AT 3:00 PM BARNES 124
03/22/11	(H)	Heard & Held

03/22/11	(H)	MINUTE(ENE)
03/24/11	(H)	ENE AT 3:00 PM BARNES 124

WITNESS REGISTER

BOB SWENSON, Director
Central Office
Division of Geological & Geophysical Surveys
Department of Natural Resources (DNR)
Fairbanks, Alaska
POSITION STATEMENT: Provided a PowerPoint presentation titled, "Sedimentary Basins of Alaska."

SARA SCANLAN, Deputy Director
Rural Alaska Community Action Program, Inc.
Anchorage, Alaska
POSITION STATEMENT: Introduced a PowerPoint presentation titled, "Rural Alaska Community Action Program, Inc.'s Energy Wise Program."

CATHIE CLEMENTS, Community Development Division Director
Rural Alaska Community Action Program, Inc.
Anchorage, Alaska
POSITION STATEMENT: Assisted in a PowerPoint presentation titled, "Rural Alaska Community Action Program, Inc.'s Energy Wise Program."

ELLEN KAZARY, Community Development Manager
Rural Alaska Community Action Program, Inc.
Anchorage, Alaska
POSITION STATEMENT: Assisted in a PowerPoint presentation titled, "Rural Alaska Community Action Program, Inc.'s Energy Wise Program."

DIANA RAMOTH
Selawik, Alaska
POSITION STATEMENT: Testified during the presentation on Rural Alaska Community Action Program, Inc.'s Energy Wise Program.

ACTION NARRATIVE

3:08:38 PM

CO-CHAIR NEAL FOSTER called the House Special Committee on Energy meeting to order at 3:08 p.m. Representatives Foster, Pruitt, Petersen, Saddler, Lynn, and Tuck were present at the call to order.

HJR 23-HYDROELECTRIC POWER; RENEWABLE ENERGY

3:09:33 PM

CO-CHAIR FOSTER announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 23, Urging the United States Congress to classify hydroelectric power as a renewable and alternative energy source.

CO-CHAIR FOSTER reminded the committee of the discussion during the House Special Committee on Energy meeting on 3/22/11, regarding a conceptual amendment offered by Representative Tuck.

3:10:26 PM

REPRESENTATIVE TUCK moved to adopt Amendment 1, which read:

> Page 2, line 17, following "source":
>
> Insert ", as long as there is no other economic competition for the water resource,"

REPRESENTATIVE SADDLER objected for discussion purposes.

REPRESENTATIVE TUCK urged the committee to forward a meaningful resolution to Congress. He said there is no reason that water and hydroelectric (hydro) are not a renewable energy resource, and pointed out that Alaska is unable to take full advantage of the tax credits that are available for renewable and alternative sources of energy. Representative Tuck recalled previous discussions on how to protect interests so that the resolution will pass, and opined that the addition of the aforementioned amendment will assuage the concerns of other states.

3:12:08 PM

REPRESENTATIVE PETERSEN added that the amendment makes the language in the resolution compatible with the definition that the U.S. Senate Committee on Energy and Natural Resources is considering; in addition, it would support the Alaska Congressional delegation's efforts.

REPRESENTATIVE SADDLER questioned the need to carve out a special exception because the resolution makes a clear statement.

CO-CHAIR PRUITT expressed his concern that the amendment creates redundancy; for example, in order to receive a license from the Federal Energy Regulatory Commission (FERC) a hydro project must prove through the environmental impact statement that it has water rights, will not affect the economics of a water resource, and will not degrade a fishery.

3:14:25 PM

REPRESENTATIVE TUCK assured the committee he was not trying to hold back the resolution, but to make the resolution more attractive for other states to support.

REPRESENTATIVE LYNN expressed his support of the amendment.

3:15:15 PM

A roll call vote was taken. Representatives Petersen, Tuck, and Lynn voted in favor of Amendment 1. Representatives Saddler, Foster, and Pruitt voted against it. Therefore, Amendment 1 failed by a vote of 3-3.

3:16:13 PM

CO-CHAIR PRUITT moved to report HJR 23, Version 27-LS0660\M, out of committee with individual recommendations and the accompanying fiscal note. There being no objection, HJR 23 was reported from the House Special Committee on Energy.

3:16:39 PM

Department of Natural Resources on the natural gas potential in the Nenana River basin, the Susitna River basin, the Copper River Valley basin, and the Bering Sea region

OVERVIEW: Department of Natural Resources on the natural gas potential in the Nenana River basin, the Susitna River basin, the Copper River Valley basin, and the Bering Sea region

3:17:16 PM

CO-CHAIR FOSTER announced that the next order of business would be a presentation by the Department of Natural Resources on the natural gas potential in the Nenana River basin, the Susitna River basin, the Copper River Valley basin, and the Bering Sea region.

3:18:46 PM

BOB SWENSON, Director, Central Office, Division of Geological & Geophysical Surveys, Department of Natural Resources (DNR), advised that activities in the Cook Inlet basin and the North Slope basin are well reported, and his presentation will focus on other sedimentary basins around the state. He displayed a slide that showed an outcropping of sandstone rock on the Kenai Peninsula which is typical of tertiary basins throughout Alaska. Slide 1 titled, "Alaska's Sedimentary Basins Oil & Gas Potential" was a digital elevation model which showed mountains, valleys, sedimentary basins, and population centers. He explained that the North Slope basin is from the Mesozoic period and contains the oil and gas presently under production; however, about 65 million years ago, the southern part of the state went through a phase of uplift and erosion that created a series of tertiary basins, which are the focus of his presentation. Slide 2, titled, "Subduction and Tectonics Drive the System," showed an oceanic crust subducting beneath a continental crust, thereby creating new crust at an oceanic spreading ridge. As the subducting plate encounters a continent, it sinks into the Earth's mantle, loses rigidity, de-waters, and creates zones of volcanoes. Slide 3 titled, "Alaska is Complex, Both Topographically & Geologically," explained that Alaska is complex because the subducting plate underneath is not smooth, and causes many active volcanoes, earthquakes, and very large crustal-scale faults, such as the Denali Fault which traveled and left behind large tertiary basins. Slide 4 titled, "South Alaska Terranes," showed the "docking" of the large Yakutat block which slid along the strike-slip system of the west coast of North America until colliding in the south Alaska region, and causing deformation in Interior Alaska and in the Cook Inlet.

3:24:26 PM

REPRESENTATIVE SADDLER asked whether the Yakutat block moved north.

MR. SWENSON explained that the Yakutat block slid along the West Coast until it encountered southern Alaska and the Aleutian Trench, then it accreted onto the continent causing deformation in Interior Alaska. Mr. Swenson displayed slide 5 titled, "Mountain Building and Depressions," and pointed out the location of the Denali Fault and the Castle Mountain Fault - active faults that currently present geo-hazard. He said there is a continuation of mountain-building as a result of the

strike-slip motion of the Yakutat block. Following the mountain-building, the topography begins to erode, leaving depressions along the fault systems. Although the depressions are different, they were filled by organic deposits from the meandering rivers and with sandstone; in fact, in parts of the Cook Inlet region, the sediment layer is almost five miles thick. Slide 7 showed a cross-section of several wells in the Beluga River Gas Field, and illustrated the material that is encountered in the wellbore, such as coals, sand bodies, and reservoir quality sands that trap the natural gas. Later in time - and as a result of deformation in the basin - the deposits are "folded" in the layers of sand, soapstones, and coals.

3:29:31 PM

MR. SWENSON, in response to Representative Saddler, indicated that on slide 8, the colored lines represent geologic formations in the subsurface of Cook Inlet. He emphasized that in tertiary basins, petroleum systems are created by the temperature of the rock as layers of organic carbon left by marine animals or terrestrial plants are changed by heat and depth. If the basin does not get hot enough to create oil, there are biogenetic systems that are pure natural gas, as is 90 percent of the Cook Inlet. The gas sits in place until folding and uplifting occurs, which reduces the pressure and allows the gas to migrate into the structure of the rock.

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REPRESENTATIVE SADDLER surmised the accumulation material that creates the sandstone comes from the erosion of the mountains into lower areas.

MR. SWENSON said correct; in fact, all of the material is generated in the mountain ranges and is carried by streams into the basins, as long as the basin continues to subside. In further response to Representative Saddler, he explained that the temperature of the rock depends on the geothermal gradient, which is the amount of heat and depth. A normal geothermal gradient in Alaska is about 25 degrees per kilometer, thus at 10,000 feet, one would expect to measure 200 degrees Fahrenheit. A depth of 18,000-20,000 feet is required to create enough heat to generate hydrocarbons. Slide 9 was a map which displayed the location of all of the exploration wells in the state. Slide 10 was a map that showed technically recoverable natural gas resources estimated by the U.S. Geological Survey (USGS); the

analysis ranged wildly from basin to basin. Slide 11 was a map which indicated the geology of the Yukon-Koyukuk/Upper Tanana Energy Region, including Yukon, Nenana, Copper River, and Susitna basins. Slide 12 indicated the thickness of the Nenana sedimentary tertiary basin and its two sub-basins that have been explored for the last 20 years. Slide 13 was a cross-section of well-logs associated with different areas in the Nenana basin, which illustrated the stratigraphy of the basin.

3:38:38 PM

MR. SWENSON displayed a picture of an uplifted rock outcrop located in the Usibelli Group, south of the Nenana Exploration License Area, with thick layers of coals between thick layers of coarse sandstones; gas is generated by the coals, and the sandstones reservoir the gas. He noted that portions of the Nenana basin are up to 18,000 feet thick, the oil potential is low, and there is little seismic data available from the '80s. Two exploratory wells have been drilled, but only in a shallower part of the basin.

3:40:14 PM

REPRESENTATIVE SADDLER asked for the meaning of a "basement high."

3:40:18 PM

MR. SWENSON explained that the "basement" is what the tertiary basin sits on, and a "basement high" is the portion that has been elevated by a fault, thus it becomes the high point in the basement of the basin. Returning to statistics on the Nenana basin, he noted that there is significant deformation along the southern margin, including large folds and uplift stratigraphy, which are an indication for further exploration. Slide 16 was a diagram of the Yukon Flats basin, indicating a large and deep basin approximately 23,000 feet thick, and associated with the Tintina Fault. The Yukon Flats basin has the same tertiary stratigraphy with coals, sandstones, organic material, and fair potential for the presence of natural gas. In the Railbelt region, the Sustitna basin has two sub-basins with an uplifted area - a basement high - in between. Mr. Swenson said there has been little exploration in this region; however, an upcoming two-year study will soon begin. Slide 18 provided a generalized geologic map of the Susitna lowlands and a Bouguer gravity map of the Susitna lowlands, for analysis. The stratigraphy of the Susitna basin is similar to the Cook Inlet basin in that it is

separated by the active Castle Mountain Fault, and with a tertiary section 15,000 feet deep, limited oil-generative capabilities are indicated. Two wells drilled in the '60s revealed the basin is gas-prone - but no oil-source rocks have been identified to date - and further mapping is scheduled. The Copper River basin is also similar to the Cook Inlet basin, but with only 3,000 feet of tertiary rock. Its western portion has Mesozoic rock; however, the rest of the basin is surrounded by metamorphic and volcanic rock. Eleven wells have been drilled, and there is limited gravity and magnetic data. Although the area is gas-prone, no commercial discoveries have been announced.

3:46:10 PM

MR. SWENSON turned to the offshore area of the Bering Shelf basins, which is an area of very large wrench tectonics and big strike-slip systems that create accommodation space for deposits of sand, coal, and shale. It is important to note these are primarily gas plays in the Hope, Norton, Navarin, St. George, and North Aleutian basins, containing mainly non-marine coals and continental-type deposits. In order to explain why there are non-marine coals and terrestrial deposits in the Bering Sea, he provided slides of the changes in the shoreline of the Bering land bridge over the last 20,000 years.

3:47:49 PM

MR. SWENSON, in response to Representative Saddler, said the darker colors on the slides indicate higher elevations. Twenty thousand years ago the Bering land bridge was completely exposed, explaining why coals and non-marine stratigraphy is found in basins out on the Bering Shelf. Slide 24 was a map of the North and Hope basins on the Seward Peninsula, which are tertiary basins that were created along the Kaltag Fault. Slide 26 was a cross-section of the Norton Basin structure that showed many faults and areas of significant deposits, and reveals trapping configurations for accumulations of natural gas or oil. Mr. Swenson reviewed the exploration history of Norton basin beginning in 1982, and noted that all of the exploration wells had indications of natural gas, or weak "oil shows." He explained that a "gas show" means there is an indication of the presence of gas in the mud column pulled up from the ground; "oil shows" are found by looking at the mud samples under a black light. Slide 28 was a geology summary of Norton basin and he pointed out the mid-tertiary west sub-basin play has the best potential for reservoir quality; in fact, the Minerals

Management Service (MMS) estimated the basin contains 1.6 trillion cubic feet (tcf) of gas.

3:54:06 PM

MR. SWENSON described the Navarin basin as the largest and most remote of the Bering Shelf basins. It is 32,000 square miles in size, and is up to 36,000 feet thick. Between 1983 and 1987, nine wells were drilled and all indicated gas shows or limited oil-prone source rocks, and he concluded there is very good exploration potential for this area. At this time, there is not a federal lease sale scheduled, although MMS estimated there are 500 million barrels of technically recoverable oil (mmbo) and 6 tcf of gas in the Navarin basin. Mr. Swenson's final slide was titled, "Alaska Energy Data Inventory," and he explained his division is assembling an inventory of its work around the state in order to better understand each area, and geographic information on all of the basins and their stratigraphy is distributed on DNR's website.

3:55:31 PM

CO-CHAIR FOSTER asked why the potential of the North Aleutian basin was not presented.

MR. SWENSON explained the North Aleutian basin was not included in his presentation because there is a lot of information available on it, and on the Bristol Bay basin; in fact, state onshore lease sales have been held, seismic work has been done, and there is tremendous potential there with thick sequences of tertiary rock.

3:56:55 PM

CO-CHAIR FOSTER observed the Navarin basin appears to be located in Russia.

MR. SWENSON agreed that some of the basin is in Russian territory, but American waters have been explored by Atlantic Richfield Oil Company (ARCO).

REPRESENTATIVE TUCK asked for the meaning of "unfiltered gas."

3:57:47 PM

MR. SWENSON clarified he meant to say "pure methane gas" with a single molecule. This gas is unlike gas in a thermogenic system

that has lots of associated liquids, but it is like Cook Inlet gas, which does not have to be processed at the surface.

REPRESENTATIVE SADDLER asked Mr. Swenson to rank the basins on their prospects for exploration.

3:58:43 PM

MR. SWENSON acknowledged ranking at this time is difficult due to the lack of information. Generally, basins can be ranked by thickness; for example, the Copper River basin only has 3,000 feet, and its tertiary section would be limited, whereas a basin with a layer 23,000 feet thick has more generative capacity. Also, deformation, uplifting, and unfolding to release the gas - as found in the Nenana, Yukon, and Susitna basins - is key. The final challenge is the distance from the well site to existing infrastructure compared to the size of the prize; these basins are relatively small and exploration is expensive.

4:00:23 PM

REPRESENTATIVE PETERSEN asked whether the wells are searching for "traditional" gas, coalbed methane, shale gas, or a combination thereof.

MR. SWENSON advised that there is a lot of unconventional potential for these basins; as a matter of fact, the basins under discussion have a lot of coal and some potential for coalbed methane. He described the process necessary to have a viable coalbed methane play. He said marine shales - like what are being delineated in the Lower 48 - are not likely to be found in Interior basins.

4:02:08 PM

CO-CHAIR PRUITT called attention to the Susitna basin and its possibilities for gas. He asked about the potential for finding gas there, and the feasibility of getting it to the market in Southcentral.

4:03:19 PM

MR. SWENSON affirmed that his division is continuing to gather geological information in this region. He pointed out there are two depocenters in the basin, and areas of deformation along the Castle Mountain Fault; in addition, there is tertiary stratigraphy similar to that of Cook Inlet. He explained that

the previous exploration of this area was limited because there is no oil, and this basin does not have the generative potential of Cook Inlet. However, although the Susitna basin may not have the highest generative potential, it is attractive to industry because of its proximity to infrastructure and market.

4:05:18 PM

CO-CHAIR FOSTER asked for the impact of future government regulations possibly "clamping down on coal," and encouraging the use of cleaner-burning fuels.

MR. SWENSON advised that the geology of any of the basins under discussion is good enough for exploration in the Lower 48, but their location in Alaska limits exploration. Another limiting factor is that because of the cost of exploration, the industry must look for a very large accumulation, which probably will not be found in a smaller basin. In the long-term, providing the industry with more data will allow explorers to focus on a given area.

4:07:40 PM

REPRESENTATIVE SADDLER asked for the source and the sufficiency of the division's data.

MR. SWENSON said the division does not have sufficient data to totally classify the basins. One source of data is airborne gravity, airborne geophysics, and magnetics. Also, there is seismic data from the '60s through the '80s, gathered during exploration drilling in the Bering Sea and the Interior basins. Other data available is ground mapping; however, in the basins proper, there are limited rock outcroppings. In further response to Representative Saddler, Mr. Swenson indicated that the prospects for more data include continuous mapping around the state for more surface information. Some data is confidential, and can be used for interpretation by the state, but cannot be published.

4:10:19 PM

CO-CHAIR PRUITT referred to the potential of the Navarin basin, and asked whether newer technologies will allow access to its resources.

MR. SWENSON said yes, and added that technology is advancing in surface and subsurface drilling techniques. However, problems

with the Navarin basin are its remote location, distance from infrastructure, and the cost of exploration. He opined a large company would need to expect 6 tcf of gas from a single field, rather than the entire basin, in order to justify an exploration program there.

4:12:30 PM

CO-CHAIR PRUITT surmised some resources will be trapped by location and other limiting factors.

MR. SWENSON acknowledged that 15 years ago he did not believe there would be the production of oil and gas out of shale; however, although "things change," gas in the basins is a stranded resource right now.

4:13:33 PM

The committee took an at-ease from 4:13 p.m. to 4:19 p.m.

4:19:04 PM

RURAL CAP'S ENERGY WISE PROGRAM TO REDUCE ENERGY COSTS
OVERVIEW(S): RURAL CAP'S ENERGY WISE PROGRAM TO REDUCE ENERGY COSTS

4:19:11 PM

CO-CHAIR FOSTER announced that the final order of business would be a presentation on RurAL CAP's Energy Wise Program to Reduce Energy Costs.

4:19:22 PM

SARA SCANLAN, Deputy Director, Rural Alaska Community Action Program, Inc. (RurAL CAP), informed the committee RurAL CAP assists over 90 communities around the state with proven programs such as early childhood education, housing programs, construction, weatherization, community development, supportive housing, and energy programs. She expressed support for the committee's work on alternative and traditional energy sources to reduce the energy burden of Alaskans. Ms. Scanlan observed that at this time of year rural communities are getting ready to order their annual supplies of fuel oil and gas, and there is concern about the effect of rising prices on elders, senior citizens, and others who live on fixed incomes. The following presentation illustrated how state investment can produce jobs,

create disposable income, and return a quick pay-off of the state's investment, and also provided data supporting the benefits of the Energy Wise program. Ms. Scanlan concluded that the Energy Wise Program provides another alternative to reduce the energy burden on residents, and to fill the gap in affordable energy until large renewable energy projects are done.

4:22:43 PM

CATHIE CLEMENTS, Community Development Division Director, Rural Alaska Community Action Program, Inc. (RurAL CAP), explained RurAL CAP's Energy Wise Program is targeted to address the high cost of energy in rural Alaska that can amount to 30-40 percent of a rural resident's disposable income. At this time, programs available to combat this high cost, such as the state's energy efficiency weatherization and home rebate programs, are hard for rural residents to access because of the requirements for energy audits and the payment of up-front costs. Therefore, RurAL CAP designed the Energy Wise Program to meet the immediate needs of rural residents through energy efficiency education and behavior change. The program was piloted in 2010 with Community Service Block Grant - American Recovery and Reinvestment Act of 2009 (CSBG-ARRA) funding, and its goals are: save money on home energy bills through behavior change and low-cost home upgrades that can be completed by the resident; create local jobs to provide training and education in energy efficiency. Ms. Clements relayed the immediate benefits of the program are: cost savings for both the resident and the state in that one dollar saved by a rural resident saves the state two dollars in support of the Power Cost Equalization (PCE) program; employment and training of local crews.

4:27:27 PM

MS. CLEMENTS continued, noting that the long-term and sustainable benefit of the program is that it teaches behaviors that will benefit communities and families for years to come. An effective model of behavior change requires several meaningful contacts, thus the program is designed for interaction with residents at many levels; for example, the first contact is with local crews. Next, residents are invited to an energy fair that involves the entire community and provides an opportunity for residents to sign up for home assessments. During the home assessments, local crews of two to three members spend eight hours in the home, reviewing energy bills and advising on the use of energy. Residents are also

provided with about $300 worth of installed energy supplies, such as compact fluorescent lamp (CFL) bulbs. Three to six months after the home assessment, there is a follow-up visit by one or two members of the crew to provide additional education and to conduct a survey of savings. Ms. Clements pointed out that the Energy Wise Program complements - but does not replace - the weatherization program, which focuses on physical energy improvements to a home, and instead "Energy Wise looks at that people part, the behavior change." Targeted communities for the pilot program were those that were not receiving weatherization; however, RurAL CAP is interested in partnering with existing programs and providing education in all communities. In fact, implementation of the Energy Wise pilot program was possible in collaboration with other organizations including: Alaska Housing Finance Corporation, Department of Revenue; Alaska Energy Authority, Department of Commerce, Community & Economic Development; Denali Commission; U.S. Department of Energy; regional and local organizations; Renewable Energy Alaska Project; University of Alaska-Anchorage, Institute of Social and Economic Research, which provided the evaluation component; Alaska Village Electric Cooperative, which provided "one-year before and one-year after" electricity bills. Ms. Clements concluded by calling attention to the letters of support provided in the committee packets from NANA Regional Corporation, Tanana Chiefs Conference, Central Council Tlingit Haida Indian Tribes of Alaska, Tlingit-Haida Regional Housing Authority, Northwest Arctic Borough, Denali Commission, Alaska Native Tribal Health Consortium, U.S. Department of Energy, National Renewable Energy Lab, rural tribal councils, and residents.

4:32:52 PM

ELLEN KAZARY, Community Development Manager, Rural Alaska Community Action Program, Inc. (RurAL CAP), emphasized RurAL CAP's pilot Energy Wise Program was very successful: 160 rural Alaskans were trained and employed; 2,000 homes were served within a 12-month period; 90 percent of the crew members completed training and the project; education was provided to 7,500 residents; energy and money were saved. The training of local crew members included certifications in weatherization, Occupational Safety and Health Administration (OSHA), and first aid, with the idea that certification in these areas would ensure crew members' future employment in the fields of construction and maintenance. Ms. Kazary provided a slide that showed the energy-saving supplies that were installed in homes, and said the items were all low-cost, low-tech, easy to

install, and easy to replace. She acknowledged that energy efficiency and conservation is often taught with "passive education;" however, this program - through home visits and personal contact - provides personal incentives for change. She presented slides and further details on crew training, home assessments, and energy fairs, and stressed that the final survey is conducted in person during an additional home visit to answer questions and discuss results. Energy fairs were described as exciting community events involving members of the community of all ages.

4:39:28 PM

REPRESENTATIVE PETERSEN asked for information on the shipping costs and the source of the energy-saving supplies.

MS. KAZARY responded that the $300 cost of goods included an average of shipping costs, and that any supplies available were purchased in-state. She continued to provide slides that showed crew training, the delivery of supplies, safety equipment, and tools, and of crew members in homes installing materials, teaching maintenance on appliances, and reading energy bills. The program makes extensive use of a "Kill-a-Watt meter," which indicates the power used by an appliance or an electronic device. Many slides portrayed crews working with residents in their homes. Ms. Kazary turned to the results of the pilot program and relayed that residents immediately reported $20-$30 per month saved in the cost of electricity, and that their homes were warmer. The following additional information was gleaned from 700 surveys: 86 percent reported they were following energy efficiency and conservation measures; 80 percent reported decreased electric bills; 82 percent reported decreased home heating costs. To determine the Energy Wise Project payback, she said the total cost of the program including crews, management, training, travel, supplies, and shipping, averaged about $2,000 per home and savings in energy bills averaged $50 per month per home; therefore, residents are saving about $600 per year and PCE is reduced by $468 per year, per home. These figures indicate that the project payback is less than three years. Furthermore, before the program was available, the average residential electric bill was $186 for 287.5 kilowatt hours (kWhs) per month, and of that $63 was paid by the resident and $123 was paid by PCE. After Energy Wise, the average bill was $127 for 195.7 kWhs per month, and of that $43 was paid by the resident and $84 paid by PCE, for an average savings of $20 to the resident and $39 to PCE per month.

MS. KAZARY advised RurAL CAP's 2011 budget request to the state is $1.96 million, which will be leveraged with $1 million in matching funds from NANA Regional Corporation and other partners. RurAL CAP's goal for 2011 is to provide Energy Wise services to 1,500 homes in 10-15 communities, and to hire, train, and certify 150 local residents. A breakdown of the Energy Wise budget indicated approximately one-half was dedicated for employment, approximately one-quarter was dedicated for supplies, and approximately one-quarter was dedicated for logistics and management.

4:49:11 PM

MS. KAZARY observed that as a result of the Energy Wise Program, projected annual savings to residents is approximately $765,000, and projected annual savings to PCE is $596,700, for a total of $1.3 million. As the cost of the Energy Wise Program is estimated at $3 million per year, she restated that the project payback in savings to the state will be two to three years.

4:49:59 PM

DIANA RAMOTH informed the committee her village was selected for the Energy Wise program because of the high cost of electricity and fuel there. She said two of her sons were hired to work for the program and trained at her house. After training, her sons helped other villagers learn how to save electricity. She has benefitted from the program and is now able to pay her bill on time. Ms. Ramoth stated her energy costs have been reduced by about 50 percent, and she appreciated how the program benefits elders, and trains young people for work.

4:54:35 PM

REPRESENTATIVE PETERSEN commended the program. He asked whether the jobs are permanent.

MS. KAZARY explained that the jobs last 8-14 weeks. Some of the crew leaders train crews in nearby communities, and RurAL CAP is establishing a network so weatherization programs and housing authorities know of the local residents who have received training.

4:56:21 PM

CO-CHAIR FOSTER observed that even a few jobs have a big effect on small communities.

CO-CHAIR PRUITT, after receiving confirmation that 2,000 homes were served last year, expressed his concern that federal money may not be available in the future.

4:59:39 PM

MS. KAZARY affirmed that RurAL CAP has a contract with NANA Regional Corporation for $860,000 and it is optimistic about its applications to other partners.

REPRESENTATIVE SADDLER asked in what region the homes targeted for next year are located.

5:00:24 PM

MS. CLEMENTS stated RurAL CAP's intent is to have a fair and open application process for communities and regions, and that the applications will be evaluated with regard to each community's needs and resources. Funding from the state and other partners will ensure that communities across the state benefit from the program.

5:01:32 PM

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 5:01 p.m.