

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

March 25, 2025

1:03 p.m.

**MEMBERS PRESENT**

Representative Ky Holland, Co-Chair  
Representative Donna Mears, Co-Chair  
Representative Bryce Edgmon  
Representative Cathy Tilton  
Representative George Rauscher  
Representative Mia Costello

**MEMBERS ABSENT**

Representative Chuck Kopp

**COMMITTEE CALENDAR**

PRESENTATION(S): RURAL ENERGY CONCERNS IN ALASKA

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

ANDREW GUY, President  
Calista Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Co-presented the Rural Energy Concerns in Alaska presentation.

BEN MALLOTT, President  
Alaska Federation of Natives  
Anchorage, Alaska

**POSITION STATEMENT:** Co-presented the Rural Energy Concerns in Alaska presentation.

WAYNE MORGAN, Special Projects Coordinator  
Aniak Traditional Council  
Aniak, Alaska

**POSITION STATEMENT:** Co-presented the Rural Energy Concerns in Alaska presentation.

AMANDA TOERDAL, Community Planning & Development Program  
Director  
Kawerak, Inc.  
Nome, Alaska

**POSITION STATEMENT:** Co-presented the Rural Energy Concerns in  
Alaska presentation.

**ACTION NARRATIVE**

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**CO-CHAIR KY HOLLAND** called the House Special Committee on Energy meeting to order at 1:03 p.m. Representatives Holland, Mears, Tilton, and Rauscher were present at the call to order. Representatives Edgmon and Costello arrived as the meeting was in progress.

**PRESENTATION(S): Rural Energy Concerns in Alaska**

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CO-CHAIR HOLLAND announced that the only order of business would be the Rural Energy Concerns in Alaska presentation.

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ANDREW GUY, President, Calista Corporation, directed attention to a PowerPoint presentation, titled "Yukon-Kuskokwim Region Energy" [hard copy included in the committee packet]. He began on slide 2, "Region Overview," which read as follows [original punctuation provided]:

- Spans 58,000 square miles
- Over 27,000 residents
- Kusilvak Census area growing as fast as Mat-Su Borough
- 50 permanent communities
- 6 seasonal communities
- 56 Tribes
- 45 Alaska Native village corporations

MR. GUY continued to slide 3, "Cost of Living in Y-K," which illustrated the astronomical cost of living in rural Alaska. He reported that the average effective residential rate of energy per kilowatt-hour (kWh) with Power Cost Equalization (PCE) assistance in the Yukon-Kuskokwim (Y-K) Delta is \$0.37 compared

to \$0.22/kWh in urban Alaska. He continued to slide 4, "Current Utility Systems," which read as follows [original punctuation provided]:

- 19 electric utility providers within the Region
- Communities rely on diesel generators for power
  - In many cases generators are operating past their usable/reliable lifecycle (30+ years old)
  - Dependent on fuel shipments - either by barge or aircraft
  - O&M for generators and fuel tank farms are a challenge: costly and finding skilled labor

MR. GUY turned to slide 5, "Y-K Energy Development Opportunities," which read as follows [original punctuation provided]:

- Regional energy projects, e.g.:
  - DC powerlines to Region, connecting to the Railbelt power grid
  - Inter-ties between rural communities
  - Inter-ties to anchor-tenants
- State matching funds to access federal funds to power transmission and generations
- Increased access to capital for funding and financing energy projects in rural Alaska

MR. GUY proceeded to slide 6, "Energy Future for the Y-K," which read as follows [original punctuation provided]:

- In-state natural gas pipeline from the North Slope provides a potential solution for Southcentral and Southwest Alaska
- A potential anchor-tenant in Y-K provides an opportunity to bring lower cost and reliable energy to the Y-K Region through the prospective natural gas pipeline
- The natural gas delivery infrastructure to the Y-K could be multi-modal, e.g.:
  - Small diameter pipeline as gas, or
  - Generate electricity through transmission lines

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BEN MALLOTT, President, Alaska Federation of Natives, explained that this hearing came from Resolution 24-12, which was passed at the AFN 2024 Annual Convention, pertaining to advancing energy sovereignty and security in rural Alaska. He emphasized the importance of sustainable and affordable energy to rural communities and traditional life. He shared examples and reiterated the importance of this issue with regards to outmigration in rural Alaska. He urged legislators to work with Tribal organizations and work with rural communities because they know what's best for their area and have the capacity to get things done.

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MR. MALLOTT, in response to a committee questions, said the Tribal Sovereignty Taskforce is critical to ensure that those in rural Alaska have a voice. Furthermore, a Tribal task force could identify efficiencies and pursue federal funding in ways that the state may not be able to. He said PCE is a lifeline for rural Alaska that "keeps things even" despite its flaws. He explained that the intent is to level the playing field until rural Alaska can catch up with urban Alaska in terms of a modern, affordable, stable power grid.

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The committee took a brief at-ease at 1:30 p.m.

[Co-Chair Holland passed the gavel to Co-Chair Mears.]

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MR. GUY, in response to committee questions, discussed the Alaska Native Claims Settlement Act (ANCSA) and said it took away Native Alaskans' way of life with the intention that they would start working in the Western way without the proper infrastructure development. He said the state and the federal government have broken their agreements, and it's time to find a solution to make strides in business development. He said the task force is a learning experience, but Native Alaskans have been "studied to death." He urged the legislature and the federal government to break out of their systems [reliant on studies] and start coming up with real solutions. He pointed out that when generators fail, freezers and refrigerators are another added cost because they break down faster.

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WAYNE MORGAN, Special Projects Coordinator, Aniak Traditional Council, directed attention to a PowerPoint presentation, titled "Aniak Energy Crisis" [hard copy included in the committee packet]. He began on slide 2, explaining that Aniak is a HUB to 15 villages with a population of 500. He continued to slide 3, which stated that Aniak Light and Power provides electricity to the community of Aniak and is a private/family-owned utility on restricted land. Slides 4-7 showed various utility bills to demonstrate the cost of energy in Aniak. He proceeded to slide 8, which showed a notice from Aniak Light & Power apologizing for the month's abnormally high fuel surcharge again. The fix, he said, was to amortize the amount owed by the utility company, between \$450,000 and \$500,000, over two years, which essentially put the burden on ratepayers. He said there were four months left of these increased payments. Slide 9 showed the current electric bill with the increased at \$0.42 with the cost of power adjustment (COPA). He said these added costs resulted in programs being taken away from kids, as the schools are not covered by PCE. He concluded on slide 10 with a notice that was posted on Facebook by Aniak Light & Power asking customers to take a picture of their meter otherwise the March 1<sup>st</sup> bill would be estimated. He emphasized that rural representation is needed to prevent these things from happening to communities like Aniak. He added that the RCA is supposed to have protections that were not followed.

[Co-Chair Mears passed the gavel back to co-chair Holland.]

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MR. MORGAN, in response to committee questions, emphasized the necessity of energy sovereignty and security. He explained that the Tribe is looking towards renewable energy and attempting to secure grant funding for a large-scale solar project with better backup. He added that the community would still need to be work with a local utility to create a power purchase agreement (PPA). He said Aniak is also looking at creating their own utility, a diesel generator, which would create a path that other communities could pursue. He referenced the Rural Energy Taskforce, which could help provide oversight and ensure that these issues don't happen in rural Alaska. He commented on the current utility and how it's operated, noting that the RCA has the authority to audit any utility within the state of Alaska. He suggested that the committee could request regular reporting from the RCA to ensure that it's following its laws and regulations. He disclosed that he had applied to be an RCA

commissioner until the qualifications were amended by the legislature last year.

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AMANDA TOERDAL, Community Planning & Development Program Director, Kawerak, Inc., gave a PowerPoint presentation on energy concerns in the Bering Strait Region [hard copy included in the committee packet]. She began on slide 1, which read as follows [original punctuation provided]:

- The Bering Strait Region is home to 9,836 people, of which 75% are Alaska Native.
- Kawerak serves 20 Tribes in this region, who live in 16 communities.
- Our 16 communities are powered by 15 islanded microgrids (diesel power plants).
- There are only two communities with an intertie: Stebbins & St. Michael.
- We have some wind and battery integration, and plans for solar & geothermal installations.

MS. TOERDAL continued to slide 2, which read as follows [original punctuation provided]:

- Power costs range from \$0.46 / kWh to \$0.72 / kWh\*Average cost after Power Cost Equalization subsidy is \$0.25 / kWh
- Fuel costs for diesel (heating fuel) range from \$4.45 - \$8.09 / gallonGasoline costs range from \$4.75 - \$7.02 / gallon\*\*
- Fuel purchasing programs in the region help keep costs down for communities, such as the bulk fuel program run by the Norton Sound Economic Development Corporation, who also offers a residential energy subsidy program for all residents within the Norton Sound Region, which can be applied to utility bills.
- The Low-Income Home Energy Assistance Program, or LIHEAP, is used widely in the region and is necessary for keeping heating bills affordable for residents.
- The Power Cost Equalization subsidy, or PCE, is essential to keeping electricity costs affordable for residents and community facilities. Without the PCE endowment fund, electricity bills would more than double in rural Alaska.

MS. TOERDAL turned to slide 3, which read as follows [original punctuation provided]:

What are our challenges?

- Bulk fuel facilities need improvements, rebuilds or relocations - must meet regulations
- Aging grid infrastructure is prevalent - need new power poles, transformers, communications equipment
- Renewable integration requires energy storage systems for maximum use
- Erosion, flooding, extreme weather, and permafrost thaw threaten energy infrastructure
- Staff turnover & limited workforce = biggest challenges to keeping up with operations & maintenance
- Utility management and financial literacy are essential to keeping the lights on

MS. TOERDAL advanced to slide 4, which read as follows [original punctuation provided]:

What are the priorities?

- Bering Strait Regional Energy Plan June 2015 - Alaska Energy Authority funded this statewide effort.
- The newest regional CEDS, or Comprehensive Economic Development Strategy, highlights "lowering the cost of energy" as a top 4 regional goal.
- Many communities, organizations, and utilities in the region have developed their own energy planning documents specific to their goals.

MS. TOERDAL continued to slide 5, which read as follows [original punctuation provided]:

What are the solutions?

- Continue the Arctic Energy Ambassador Program
- Fund Regional Strategic Energy Planning
- Fund Alaska Regional Development Organizations
- Alaska Administrative Code (3 AAC 57.090)
- Create an Alaska Rural Energy Task Force
- Sustain & enhance energy assistance programs
- Promote energy efficiency education (youth-adult)
- Support utility grid resilience projects that prevent outages
- Protect the Power Cost Equalization Endowment Fund

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MS. TOERDAL, in response to a series of committee questions, said the Alaska Energy Authority (AEA) is involved in community projects related to bulk fuel and the Renewable Energy Funding (REF) effort; however, many of its projects are focused on the more populated areas in Alaska, so there's more room for additional interaction with rural communities. She opined that AEA doesn't need to organize and run the entire planning effort, but they need to offer a funding mechanism for Tribes and communities to take the effort on themselves with assistance from the state.

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MR. GUY, in response to committee question, explained that the purpose of AEA is to plan, develop, and maintain the Railbelt intertie system, but there's not a corresponding initiative for Rural Alaska. He suggested that AEA needs to be redirected to rural Alaska.

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MS. TOERDAL, in response to the committee discussion, stated that energy is the backbone of rural Alaska and without reliable and affordable power, it's impossible for new businesses to get off the ground and become operational. There is some interesting overlap with PCE and economic overlap, she said, explaining that a lot of Tribes are doing new projects with the independent power producer model that utilize the PCE structure and creates an economic development mechanism through the Tribe and community. She urged the committee to consider that opportunity and be cautious about PCE work that might affect those models in the Northwest arctic borough. With regard to natural resource development and how it might benefit energy infrastructure, she acknowledged that mining and critical minerals production is a large discussion in the region, and there are people on both sides of the spectrum. She said there is potential for collaboration depending on the project's location and whether the infrastructure could be developed to support a natural resource development project, thereby improving transmission and reliability, and increasing job opportunities.

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## **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 2:36 p.m.