

HB

308

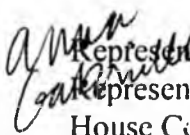
Representative Mary Sattler Nelson

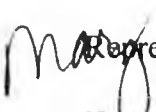
State Capitol • Juneau, Alaska 99801-1182
Phone: (907) 465-4942 • Fax: (907) 465-4589
Rep.Mary.Nelson@legis.state.ak.us

House District 38
Yukon Kuskokwim Delta

Akiachak
Akiak
Atmautluak
Bethel
Chefornak
Eek
Goodnews Bay
Kasigluk
Kipnuk
Kongiganak
Kwethluk
Kwigillingok
Lower Kalskag
Mekoryuk
Mertarvik
Napakiak
Napaskiak
Newtok
Nightmute
Nunapitchuk
Ohogamiut
Oscarville
Platinum
Quinhagak
Toksook Bay
Tuluksak
Tununak
Tuntutuliak
Umkumiute
Upper Kalskag

MEMORANDUM

TO:  Representative Anna Fairclough, Co-Chair
Representative Gabrielle LeDoux, Co-Chair
House Community and Regional Affairs Committee

FROM:  Representative Mary Nelson

RE: House Bill 308 Hearing Request

DATE: February 15, 2008

This Memo is to request a Community & Regional Affairs Committee hearing for House Bill 308 establishing an Alaska Heating Assistance Program within the Department of Health and Social Services (DHSS) to expand eligibility for Alaska residents for home heating assistance to the extent funds are appropriated by the legislature for this purpose. The program is specifically in addition to the federal Low-Income Home Energy Assistance Program (LIHEAP).

I urge quick action and support of this legislation.

Representative Mary Sattler Nelson

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Unkumute

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Sponsor Statement

HB 308

"An Act establishing a state heating assistance program in addition to the federal heating assistance program." by Rep. Mary Nelson

House Bill 308 establishes the Alaska Heating Assistance Program within the Department of Health and Social Services (DHSS) to expand eligibility for Alaska residents for home heating assistance to the extent funds are appropriated by the legislature for this purpose. The program is specifically in addition to the federal Low-Income Home Energy Assistance Program (LIHEAP).

It is a continuing irony that while high oil prices have enriched the state of Alaska's treasury, Alaskan citizens (especially those residing in rural areas) suffer from the ever-increasing burden of fuel costs.

HB 308 will help by distributing fuel assistance to those most in need. Currently, Alaskans earning under 150% of the federal poverty guideline are eligible for the federal LIHEAP assistance program. HB 308 will serve those with a gross household income between 150-175% of the federal poverty guidelines for Alaska.

DHSS will administer the program, adopt regulations to carry out the program's purpose, and coordinate payments from other heating assistance programs to avoid duplicate payments.

If you have any questions or concerns please do not hesitate to call our office.

Representative Mary Sattler Nelson

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HB 308, "An Act establishing a state heating assistance program in addition to the federal heating assistance program"

Sectional Analysis

Section 1 established the Alaska Heating Assistance Program within the Department of Health and Social Services (DHSS) to expand eligibility for Alaska residents for home heating assistance to the extent funds are appropriated by the legislature for this purpose. The program is specifically in addition to the federal Low-Income Home Energy Assistance Program (LIHEAP).

DHSS will administer the program, adopt regulations to carry out the program's purpose, and coordinate payments from other heating assistance programs to avoid duplicate payments.

State residents that are physically present in Alaska, have a gross household income between 150-175% of federal poverty guidelines, and satisfy any other eligibility requirements specified in the adopted regulations will be eligible for the program.

Anyone who is denied a home heating payment for any reason other than insufficient funding of the entire program may request an appeal.

A person is liable to the department for improperly paid assistance, if the improper payment was based upon faulty information provided by the individual.

LIHEAP

Low Income Home Energy Assistance Program

- In 2006 Alaska provided over 10,700 households with financial heating assistance. HB 308 would allow an average LIHEAP grant of \$780 per winter to be distributed to an estimated 2500 additional households.
- Families receiving LIHEAP assistance have incomes below 150% of the federal poverty level. However the majority of recipients fall well below the cap. **42% are under 75% of poverty**, 28% between 75 and 100% and 30% are in the 101-150% category.
- In FY08 the Federal contribution to Alaska LIHEAP was \$10.7 million with an additional \$7.6 million in emergency contingency funding.
- Payments are made directly to energy providers by the State or Tribal Organization program administrators.
- Alaska LIHEAP helps the most vulnerable citizens, disabled (40%), elderly (15%) and children under 5 (38%).
- LIHEAP is an established program (since 1981) so instead of creating a new program to assist it makes more sense to add money to an existing program.
- **State LIHEAP contribution in Alaska should not be looked at as welfare rather it is attempting to share the State's wealth from high oil prices with Alaskans hardest hit by those prices.** There is no reason why when crude oil prices are the highest and the state is the richest that the poorest individuals and most hard hit by subsequent high heating oil prices should be left in the cold and dark



Institute of Social and Economic Research RESEARCH SUMMARY

R.S. No. 67

University of Alaska Anchorage • October 2006

EFFECTS OF RISING UTILITY COSTS ON ALASKA HOUSEHOLDS

By Ben Saylor and Sharman Haley

Households in remote rural places face utility costs 50% higher now than in 2000. In Anchorage those costs are up 35% and in other large or road-system communities about 39%, as Figure 1 shows.

The share of household income going to utilities is also up. Utility costs in urban and rural areas are now anywhere from about 3% to 10% of income for the typical household.

Those are median figures for all households. Utilities take a much bigger share of income among low-income households. Utility costs now amount to more than a third of income among low-income households in remote places.

These are among the findings of an ISER analysis of how rising energy prices have increased utility costs for Alaska households since 2000. By "utility costs" we mean costs for heat, electricity, and water and sewer systems. We divided Alaska communities into three regions, based on their size and location. A map on the back page shows the areas in each region.

The 2000 costs we use are annual out-of-pocket costs Alaska households reported in the spring 2000 U.S. census. The spring 2006 figures are ISER estimates for the same households, based on increases in energy prices since the census.

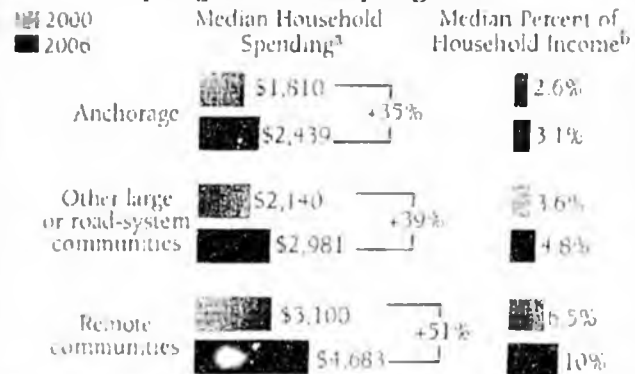
Utility costs were higher to start with and have increased more in remote places because they rely mostly on diesel for heating houses and generating power. Anchorage and a few other places have access to natural gas. (See map, page 2.) Both diesel and natural gas prices are up sharply, but diesel is still more expensive. Households paid on average four times more for diesel than for gas in 2005, measured by energy content (Figure 2).

Incomes in remote areas are also lower, which exacerbates the effect of higher utility costs. So it's not surprising that Alaskans in remote places use less household energy—roughly half as much per person as places with natural gas (Figure 3).

The inside pages show more about energy and utility costs. But to put utility costs in perspective, remember they're only a part of total housing costs—and total housing costs are significantly higher in urban Alaska (see back page). Also, higher energy prices directly affect transportation costs and indirectly affect many other costs. We only report effects on utility costs.

And "income" here includes only cash. Public programs that help households pay medical, housing, or other costs also effectively add to household incomes. So do the wild fish and game many Alaskans harvest. But the value of such non-cash contributions doesn't show up in traditional income measures.

Figure 1. Utility Costs for Alaska Households, Spring 2000 and Spring 2006



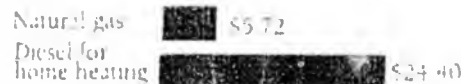
^a Spring 2000 costs are out-of-pocket costs for previous year, reported by Alaska households in the 2000 U.S. census. Spring 2006 costs are ISER estimates for previous year, based on changes in energy prices from 1999 through 2005.

^b Based on 1999 cash incomes Alaska households reported in 2000 U.S. census and estimated 2005 household cash incomes, adjusted for Permanent Fund Dividends not reported in the census.

Sources: See list of sources on page 7.

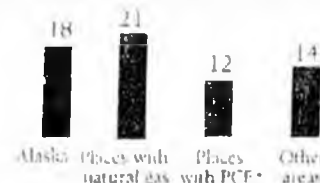
Figure 2. Prices Households Pay for Natural Gas and Diesel, 2005

(In Dollars per Million BTUs^a)



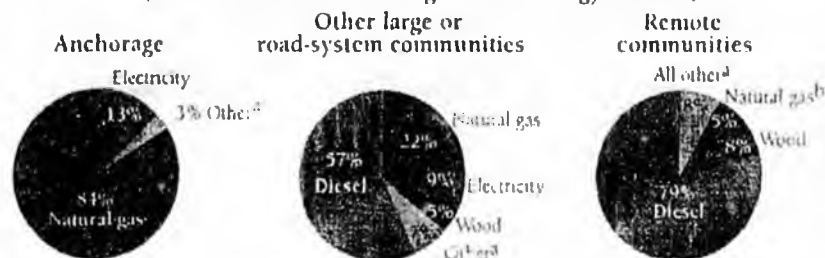
^a British thermal units, a standard measure of energy content.
Source: ISER calculations with data from Alaska Housing Finance Corporation and Regulatory Commission of Alaska.

Figure 3. Estimated Annual Energy Consumption for Household Uses, Per Person (Energy from All Sources, Converted to barrels of Oil)



^a The state Power Cost Equalization program subsidizes part of electricity costs to rural communities that generate electricity mainly with diesel.
Sources: Power Cost Equalization data base, Scott Goldsmith, *Alaska Power Statistics, 1960-2001*, L. R. 2003. Steve Cohn estimates, ISER, revised September 2006.

Figure 4. How Do Alaskans Heat Their Houses?
(Share of Households Using Various Energy Sources)



^aAny fuel type not specified. Sources of heat include natural gas, propane, electricity, diesel, coal, wood, and solar energy. ^bBarrow has access to natural gas from local wells.

Source: 2000 U.S. census

Places with Access to Natural Gas



ANALYSIS REGIONS AND DATA SOURCES

Our baseline data are from the 2000 federal census, and we defined utilities the way the U.S. Census Bureau does: electricity, heating fuels, and water and sewer systems. But analysts don't all agree about what should be considered as "utilities."

Our analysis regions are based on five Alaska regions the U.S. Census Bureau uses for reporting detailed household information—Public Use Microdata Areas, which group communities based on size and proximity to road systems. We combined the five into three: (1) Anchorage; (2) other large or road-system communities; and (3) remote communities. A map on the back page shows the regions.

We report median household utility costs—that is, the midpoint figure, with half of households spending more and half spending less. We report those medians for all households and for the wealthiest and the poorest households. Our data on energy prices come from a number of sources, cited in the figures and listed on the back page.

We used figures from the 2000 U.S. census and the 2005 American Community Survey to estimate changes in household income.

SOURCES OF ENERGY

Natural gas and diesel are the two big sources of energy Alaskans use for heating; households use gas or diesel directly. Electricity is mostly generated either with gas or diesel, depending on which is available. (For some towns, mostly in southeast Alaska, hydropower generates electricity.) Water and sewer utilities also get the power they need from gas or diesel.

Natural gas from Cook Inlet fields is available in Anchorage and some (but not all) places on the Kenai Peninsula to the south and the Mat-Su Borough to the north. Some Fairbanks households use liquefied natural gas (LNG), which is trucked in, and Barrow has access to gas from local wells.

Other Alaska communities rely mainly on diesel. Figure 4 shows how households heat their houses. Only in Anchorage do most heat with gas. In remote places about 80% of households use diesel, as do more than half the larger or road-system communities.

The majority of Alaskans—about 85%—live in Anchorage and other large or road-system communities and 15% in remote places (Figure 5).

Figure 5. Where Do Alaskans Live?



2005 Alaska population: 663,661

Source: Alaska Department of Labor

Figure 6. Increase in Natural Gas Prices For Anchorage Households, 2000-2006

	2000	2006	Increase
Price per 100 cubic feet	\$.32	\$.61	91%

Sources: Regulatory Commission of Alaska and Enstar Natural Gas

Figure 7. Increase in Prices of Diesel for Home Heating, Per Gallon, Fall 2000 - Winter 2005

Anchorage	57%
Other large or road system communities	70%
Remote communities	83%

Source: Population weighted average prices, based on Alaska Housing Finance Corporation surveys

Figure 8. Range of Diesel Prices for Home Heating, Per Gallon, Winter 2005

Average of North Slope communities	Anchorage	Remote Community Average	Highest Prices (Interior)
\$1.80	\$2.28	\$3.30	\$5.10

Source: Alaska Housing Finance Corporation

RISING ENERGY COSTS

Natural gas prices in Anchorage and diesel prices in remote places increased roughly the same percentage in recent years. Anchorage households paid nearly twice as much for natural gas in early 2006 as in 2000 (Figure 6). Diesel prices increased 83% in remote areas from fall 2000 through winter 2005 (Figure 7). Data on September 2006 diesel prices, collected by

the Alaska Division of Community Advocacy in a number of remote places, showed continuing increases in diesel prices.

And diesel prices have gone up more in remote places than in places closer to roads, because prices customers pay include the additional costs of transporting fuel and maintaining community storage tanks.

Fuel prices also vary a lot among remote places. In winter 2005, prices varied from a low of \$1.80 per gallon among North Slope communities to \$5.40 in Hughes, in the Interior (Figure 8). The average price in remote places was \$3.30.

North Slope villages are among the state's most remote communities, but they pay lower prices because the borough government subsidizes residential fuel costs. In other places considered "remote," some are much more remote than others—so the costs of getting fuel to them are higher. Also, the price households pay varies by when the fuel was purchased and how long the community supply bought at a specific time lasts.

Electricity rates have also increased, but not as much. The rate for customers of Anchorage's largest electric utility was up 28% between March 2000 and March 2006. Many remote communities receive Power Cost Equalization—a state program that subsidizes electricity costs in places that generate electricity mainly with diesel. In those places, rates went up 40% between 2000 and 2005, even taking the subsidy into account.

POOR AND WEALTHY HOUSEHOLDS

Figure 10 looks at how utility costs and shares of income going to utilities changed since 2000 among the state's wealthiest and poorest households—the 20% of households at the top of the income range and the 20% at the bottom.

Alaskans with lower incomes spend less for utilities than wealthier residents, because they live in smaller houses or apartments with fewer amenities.

In Anchorage and other urban places, many poor households rent and are more likely to heat with electricity. That's an expensive way to heat—but since prices for electricity didn't increase as much as prices of natural gas, utility costs for poor households in urban areas didn't increase as much as for wealthy households.

In remote areas, people with lower incomes are often homeowners who heat with diesel. In those places, poor households saw their annual utility costs increase 60%.

Costs for wealthier households statewide were higher to start with and went up more—because Alaskans with more money generally live in bigger houses that require more heat and electricity. Dollar costs for the wealthier households in urban areas went up 34% to 45% and in remote areas 54%.

But even though dollar costs for utilities are higher among wealthy households, utility costs take a much bigger share of

Figure 9. Increase in Electricity Prices, Rural Communities and Anchorage

Effective Rate for PCE residential customers
(Median price per kWh for first 500 kWh^a)

2000	2006	Increase
17¢	24¢	41%

Rate for Anchorage Households^b
(Per 1,000 kWh)

March 2000	March 2006	Increase
\$94.79	\$121.00	28%

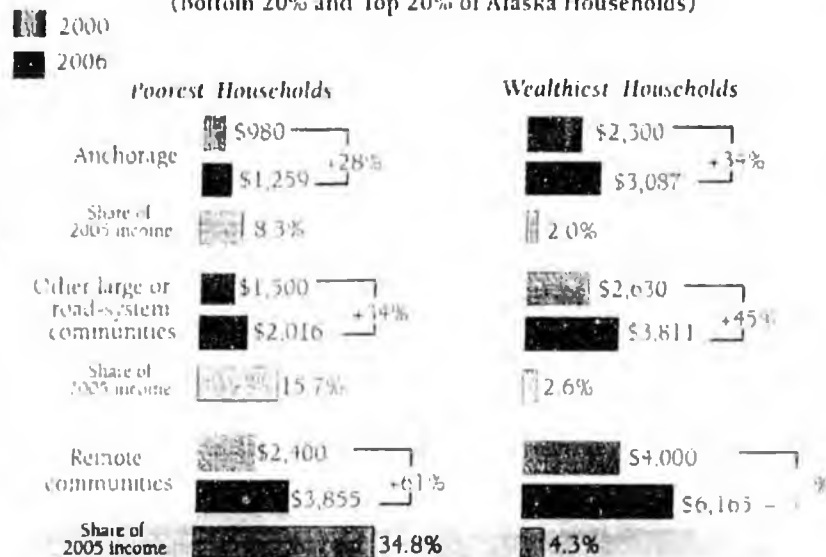
^aWeighted by number of Power Cost Equalization customers per community

^bFor customers of Chugach Electric Association

Sources: Alaska Energy Authority and LA Cooperative Extension Service

Figure 10. Median Utility Costs for Poorest and Wealthiest Households, 2000 and 2006

(Bottom 20% and Top 20% of Alaska Households)



Source: See list of sources, page 4.

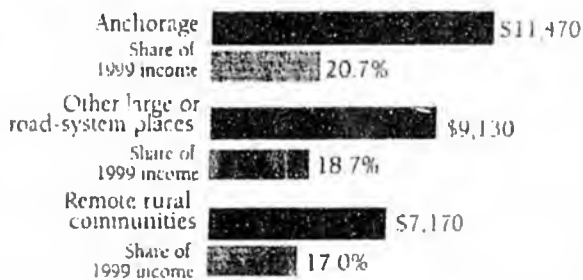
the smaller incomes of poor households. That's especially true in remote places, where incomes are lowest. Utility costs take from 8% to 35% of the income of poor households but about 2% to 4% among wealthy households.

TOTAL HOUSING COSTS

This analysis looks just at changing utility costs, but there are of course other housing costs—mortgages and rent payments being the biggest. Utility costs are higher in remote areas, but total housing costs are higher in urban areas. Most urban homeowners have mortgages, while many homeowners in remote places don't. Land values are higher in larger towns, and houses tend to be bigger and have more amenities.

Figure 11 shows that as of 2000, total housing costs were 60% higher in Anchorage than in remote places. We didn't estimate how total housing costs have changed since 2000, but we know they've gone up—since house prices, property taxes, and other costs are also up.

Figure 11. Total Household Housing Costs, 2000
(Median of Utility and All Other Housing Costs*)



*Housing costs reported in the 2000 U.S. census.

WHAT'S AHEAD?

It's not news to Alaskans that they're paying more to heat their houses and run their freezers than they did a few years ago. Many have probably done things like lowering their thermostats and increasing the insulation in their houses. We weren't able to estimate how household energy use may have changed as energy prices rose.

But economic studies tell us that Americans' energy use is relatively inelastic—that means they typically don't cut their energy use much, even when prices are rising. So to pay their energy bills, some may try to reduce what they spend on other things, or work longer hours.

Some just aren't paying their utility bills—which has a cascading effect on utilities and businesses they owe money. The largest utility in rural Alaska said in late 2006 that it was considering cutting off electricity for hundreds of customers who hadn't paid their bills.

Higher energy prices have also directly increased transportation costs (and increased many other costs indirectly)—which

we haven't talked about in this summary. Higher utility and transportation costs affect budgets not only of households but of businesses, local governments, and schools too.

There are state, federal, and private programs that provide municipal grants, community loans, and other energy assistance to households and communities. But such aid programs come and go and funding changes from year to year—and in any case they can't resolve the persistent issue for small communities where cash incomes are low and costs are high. A few rural communities are investigating the use of wind power to generate electricity.

Where energy prices will go from here is unpredictable. By fall 2006, worldwide prices of oil and natural gas had dropped considerably from their recent highs. But energy prices are notoriously volatile—as Alaskans have seen many times—and the link between world energy prices and consumer prices for products like diesel are neither direct nor instantaneous. It seems unlikely that utility costs are going to drop much any time soon.

This summary is part of an ongoing ISER study of the effects of higher utility costs on Alaska households. The work is being funded by the Rural Development section of the U.S. Department of Agriculture, Palmer office.

Editor: Linda Leask

Graphics: Clemencia Amaya-Merrill

For more information about energy and many other issues of interest to Alaskans, visit ISER's Web site at:

www.iser.uaa.alaska.edu

Data Sources

- U.S. Census Bureau
- 2000 U.S. census
- 2005 American Community Survey
- Alaska Housing Finance Corporation
- Regulatory Commission of Alaska
- Cooperative Extension Service, UAA
- Enstar Natural Gas Company
- Fairbanks Natural Gas Company
- Barrow Utilities and Electric
- Chugiach Electric Association
- Municipal Light and Power
- Alaska Energy Authority
- Anchorage Water and Wastewater Utility
- Alaska Permanent Fund Division

Analysis Regions*

- Remote areas
- Large or road-system areas
- Anchorage



*Analysis regions based on U.S. Census Bureau's Public Use Microdata Areas



Distributed by:

January 31, 2008



Representative Mary Nelson
State Capitol • Juneau, Alaska 99801
Phone: 465-4942 • FAX: 465-4589
1-800-323-4942

Alaska Legislature

Dear Senators and Representatives:

Our people are facing an energy crisis of monumental proportions. Fuel prices are high and electric rates keep increasing due to high diesel costs. A few of our utilities are faced with shutting down during this winter due to these high prices in order to conserve fuel. Families are faced with choosing to stay warm, hunting for food or paying bills. Delinquency rates in some many of our HUD housing projects are at an all time high as well as fuel and store credit accounts in many of our village stores due to the energy crisis. We need a solution!

On behalf of the 56 tribes of the Association of Village Council Presidents of southwestern Alaska and the local village utilities in the region, we are writing to request you to provide for a **rural Alaska village fuel subsidy; a waiver on taxes, surcharges and excise taxes on fuel**. We also request that current and planned capital projects be placed on a fast track for 2008 and a priority for local village hire be placed on all state funded capital projects in rural Alaska villages. Projects to improve the efficiency of diesel generators or other electrical generation related projects should also be made a priority in the capital budget. In addition there needs to be consideration for renewable energy legislation for policy and planning development and capital project implementation on a regional and local level, including incentives for private investment and partnerships in renewable energy resource and project development.

A recent study by the State of Alaska Division of Community Advocacy (DCA) Analysis staff of retail heating fuel and gasoline prices titled "*Community Conditions: Fuel Prices across Alaska*" (DCA 2005) demonstrated the prices in the region were well beyond the national average. In some villages approaching \$8.00 a gallon for heating fuel in the winter of 2007. The report stated that significantly increased fuel and energy costs combined with high unemployment rates, limited local economic bases, and local governments struggling to provide basic local services present comprehensive challenges for communities and households.

The 2005 DCA report states, "While a variety of funding programs exist to address the short-term fuel challenge, long-term strategies remain elusive when considering the prognosis of predictable and sustainable energy costs. Seeking long-term solutions to the current fuel challenge will likely include a combination of greater fuel supply and examining the most cost effective strategies for transportation and storage in order to develop appropriate local bulk fuel infrastructure, reduce transportation costs, and increase local human capital. Another long-term solution may be *alternative energy development* that can displace fossil fuel consumption." (Emphasis added)

Letter to Alaska Legislature

Page 2

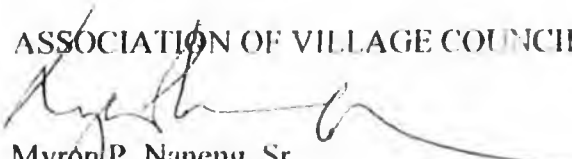
High costs of living impact on regional income, poor salmon runs and competition from international markets on local fisheries, high dependency on government grants, high energy costs, fuel shortages combined with high fuel costs, inadequate transportation and energy infrastructure, high unemployment; all of which are symptomatic of basic economic and community problems the region is faced with today. These present very comprehensive challenges requiring initiatives that involve the kind of support we are asking of you today.

Local residents in our largest community of Bethel remark that it is becoming more important to have more than one job in the household to help with raising a family. Costs of basic necessities are constantly increasing. Recently the City of Bethel has been considering raising rates for water and sewer to the point where a family of four would have to pay upwards of \$1,000 a month for these services. Currently a 300 gallon heating fuel tank is over \$1,000 to fill at current prices. Fuel in many villages is approximately \$8.00 gal. and electricity is near 45¢ per kwh compared to 6¢ per kwh in the Anchorage area. Air travel from a lower Yukon village may cost \$456 round trip to Bethel and \$754 to Anchorage.

We respectfully ask for your consideration of our request to find solutions to the energy crisis our villages are facing.

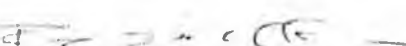
Sincerely,

ASSOCIATION OF VILLAGE COUNCIL PRESIDENTS



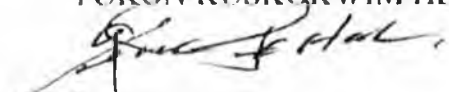
Myron P. Naneng, Sr.
President/CEO

AVCP REGIONAL HOUSING AUTHORITY




Ronald B. Hoffman
President/CEO

YUKON KUSKOKWIM HEALTH CORPORATION



Gene Peltola
President/CEO

CALISTA CORPORATION



Matthew Nicolai
President/CEO

Enclosure (Tundra Drums rural village fuel price survey)

Despite hardships, village remains best life for many

DUSTIN SOLBERG
 dustin@tundradrums.com

Evan Chunak and Glenda Francis lived in Anchorage once. Chunak worked for a time at an alcohol addiction counselor, and Francis had a job at a Head Start preschool.

Then their son, Bruce, was born, and they began to rethink their life in the city. They had their son's education to think about, for one, and his safety.

The decision was an easy one: they moved back to Francis' home, in Pilot Station, where they live in a one-room home they rent for \$100 a month, where they chat with a reporter over coffee and freshly baked bread. Francis carefully slices the bread with a sharp uluq and serves it with wedges of smoked king salmon.

Chunak has brought his family home on his Ski-Doo snowmachine. Bruce is just out of school, and Francis, 50, had just stopped by the village store after leaving her job at the Head Start preschool, where she cooks for 20 students.

Eleven-year-old Bruce plops down on an easy chair in front of the television to watch a Discovery Channel show about high-tech factories. His parents sit at a kitchen table where they pass hot coffee from a full thermos.

Today, Chunak, 57, who grew up in New Stuyahok, is again a traditional subsistence hunter and fisherman.

"It was tougher in Anchorage, even though it's easier," Chunak said.

"We are happier here," Francis said. "We are much happier here. In the city, our roles reversed. For our generation, that's not comfortable. I became the main provider and (Evan) became the babysitter. We moved out here, and our roles were back to normal."

Moving from their two-bedroom apartment in Anchorage's Sand Lake district was a 450-mile journey, but the trip transported them into more than a new geography. It was a new life altogether.

In the city, Chunak, who's worked as a

commercial fisherman, mechanic and welder, didn't find the work that seemed so promising in the city. He didn't feel so well and struggled with addictions to alcohol and bingo. He watched a lot of television.

"A lot of channels in Anchorage, you know," he said.

He soon tipped the scales at 328 pounds and wore 4X shirts. Today, he's back down to about 180.

"When we moved to the village, we got healthy again," she said.

They do miss the city at times. On the coldest days, Francis thinks back to the warm, welcoming confines of Dimond Center shopping mall. "We could be in the mall all day and not be cold," she said.

And moving back to the village hasn't solved their problems. Money is tight, and Chunak said his struggles to overcome his addictions in this day village.

"The alcoholism is still there," he said.

Francis said she goes without what was considered a basic when she lived in the city. Her son, Bruce, has settled into village life.

"I feel fortunate my son will drink canned and powdered milk. Since we've moved out here, we've not been able to buy fresh milk," she said.

In the store, where a half gallon of milk costs \$7.81, "We'll stare at the fresh milk, but we can't. It's just too expensive," she said.

The family often does without vegetables and fruit, but it squawks away \$15 a month for cable television.

"That's our only entertainment if we don't go out for entertainment," Francis said.

Francis said she has saved enough to ensure Bruce gets a visit from Santa at Christmas.

"He's a total believer," she said, but not everyone in Pilot Station will be as fortunate.

Towards the end of the month, when families run short on cash, Francis said their phone sometimes rings with requests for help.

"I know there will be a lot of families where Santa will not visit," she said.

Dustin Solberg can be reached at (907) 348-7480 or toll free at (800) 770-9838, ext. 406.



Dustin Solberg/The Tundra Drums
 Evan Chunak, who grew up in the Bristol Bay village of New Stuyahok, said life dependent on traditional subsistence hunting and fishing provides a better life for his family. Here, Chunak chips through ice in Driftwood Slough to check a beaver snare.

Fuel costs by village

The price for gasoline and heating oil in the Yukon-Aleutian District sometimes varies that depends on the location and the trucking company used by the vendor. Prices are from the village to the city.

Village	Vendor	Gasoline	Heating oil
Pilot Station	Pilot Station Inc. Native Store	\$6.08	\$5.98
Unalaska Creek	Thomas Trading Post	\$5.98	\$5.85
Aksyahak	Aksyahak Fuel Sales Inc.	\$5.55	\$5.44
Kasvukuk	Kasvukuk Inc.	\$5.45	\$5.40
Nunapitchook	Nunapitchook Ltd. general store	\$5.40	\$5.35
Tusavook Hay	Nunapitchook Yuruk Corp.	\$5.39	\$5.24
Chetuk	Chetuk Co. Store	\$5.35	\$5.15
Chuanbatalak	City of Chuanbatalak	\$5.10	\$5.10
Fek	Iqigunak Co. Inc.	\$5.11	\$5.15
Nanavak	Nanavak Tribal Center	\$5.08	\$5.15
Tamnatlak	Chuanbatalak Corp. Store	\$5.00	\$5.15
Kudik	South Yukon Enterprises	\$5.00	\$5.10
Hoopers Hay	Crowley Maritime Corp.	\$5.02	\$5.05
Atahook	Yukon Native Store	\$5.00	\$5.00
Upper Kalsvik	City of Upper Kalsvik	\$5.00	\$5.00
Kwethlak	Kwethlak Sports Store	\$5.00	\$5.00
McEldak	Crowley Maritime Corp.	\$5.00	\$5.00
Newak	Newak Traditional Council	\$4.99	\$4.90
Gambell	Gambell Native Store	\$6.02	\$4.89
Marshall	Marshall Enterprises	\$4.81	\$4.88
Qunilagak	Qunilagak Inc.	\$5.40	\$4.87
St. Marys	Crowley Maritime Corp.	\$4.85	\$4.80
Imunook	Imunook Corp.	\$5.91	\$4.85
Kwethlak	Kwethlak Inc.	\$5.05	\$4.85
Savoyaga	Savoyaga Native Store	\$5.00	\$4.85
Mckenak	SIMA Store	\$5.42	\$4.80
Amunook	Amunook Ltd. Store	\$4.91	\$4.81
Mountain Village	Akavook Fuel Co.	\$5.00	\$4.81
Russian Mission	Russian Mission Native Corp.	\$5.92	\$4.75
Alvak	Needles Fuel and Sales Store	\$5.80	\$4.60
Kipmak	Kugukatik Ltd.	\$5.51	\$4.60
Tunimook	Tunimook Retail Corp.	\$4.74	\$4.50
Beibel	Southstar Gas	\$4.84	\$4.55
Hob Creek	Hob Creek Oil Co.	\$5.10	\$4.55
Grayling	HVT Fuel	\$5.50	\$4.50
Konvook	Demotak Store	\$4.48	\$4.45
Chetumak	Chetumak Inc. Yuruk Store	\$5.46	\$4.44
Tulvook	Tulvook Native Store	\$4.91	\$4.42
Antak	Crowley Maritime Corp.	\$4.62	\$4.28
Granders Hay	Mountain Peak Inc.	\$5.25	\$4.12
Togak	Togak Fuel Distribution LLC	\$4.21	\$3.68
For comparison			
Anchorage	Various	\$3.90	\$3.20
Fairbanks	Various	\$3.82	\$3.18



Dustin Solberg/The Tundra Drums
 For Evan Chunak subsistence fishing for species such as blackfish remains an important food source.

PHOTO: Telephone survey by The Tundra Drums

Alaska Commission on Aging
POSITION PAPER ON:
Energy and Fuel Assistance

Issue and Background:

With the price of oil approaching \$100 per barrel, Alaskans are faced with escalating costs of fuel for their homes and vehicles. The West Coast average spot price for a barrel of Alaska North Slope (ANS) crude oil climbed to a new record in November 2007, reaching \$92.98, a 71% increase over November 2006 spot prices. According to the Alaska Department of Commerce, Community and Economic Development (DCCED) Division of Community and Regional Affairs (DCRA), "Increased energy prices have benefited the State of Alaska through increased treasury revenues while simultaneously burdening households, small businesses, and communities – especially in remote locations."

According to a January 2007 DCCED/DCRA report on fuel prices across Alaska, the average cost of heating fuel statewide in November 2006 was \$3.99, and the average cost of a gallon of gasoline was \$4.34, with substantial regional price differences. This represented a 15% increase in the cost of heating fuel over the previous year, and a 13% increase in the cost of gasoline during the same period. By November 2007, heating fuel averaged \$4.35 per gallon, and gasoline \$4.54. In spite of the increased cost of crude oil, DCRA noted that heating fuel and gasoline retail prices remained relatively stable from June 2007 to November 2007. However, over the previous two-year period, heating fuel costs increased by 25% and gasoline costs by 19% per gallon.

The percentage of household income which must be spent on energy costs is growing, particularly for seniors and others with modest incomes. In 2006, according to the Institute for Social and Economic Research, households in remote communities spent an average of \$4,683 or ten percent of their household income on utility costs (heat, electricity, water, and sewer). For many senior households, such costs would comprise far more than ten percent of their income.

Alaska's Heating Assistance Program (HAP) provides some financial assistance with home heating fuel costs to households with incomes up to 150% of the Alaska poverty level (for example, \$1,596 for a single-person household or \$2,140 for a two-person household). This program distributes funds from the federal Low-Income Heating and Energy Assistance Program (LIHEAP). A number of tribes also distribute LIHEAP funds to Alaskans.

Over the five-year period from FY 2003 through FY 2007, senior households have grown as a percentage of households served by the Heating Assistance Program, from 21.7% to 25.1%. The total number of senior households served increased by 24 percent during this period, more than three times as fast as the total households served. The average household grant through the program varies from year to year; in FY 2007, it was \$742.69.

According to an Alaska AARP member survey in November 2006, 83 percent of respondents reported that their utility bills had increased during the previous year, and 47 percent stated that they had lowered their home heating due to these increased costs. This is especially alarming because seniors' health may be compromised in an underheated environment.

Recommendation:

The Alaska Commission on Aging supports legislation or budget increments designed to increase HAP or IEAP funding and to otherwise provide energy and fuel cost subsidies to Alaskans.

CROWLEY[®]

State Capitol, Room 415
Juneau, AK 99801-1182

February 28, 2008

Dear Rep. Nelson,

This is to offer Crowley Petroleum Distributions wholehearted support for HB 308.

Crowley Marine supplies fuel to approximately 200 communities in Western Alaska and the Yukon/Kuskokwim River systems. Crowley also provides heating fuel along Alaska's highways from Anchorage to Valdez and as far north as Fairbanks.

While high oil prices have brought prosperity to the State of Alaska, they are causing extreme hardship in many of the communities Crowley serves. Remote Alaska has been hit with a higher base fuel costs and higher transportation costs. The rate of increases rises with distance to the customer.

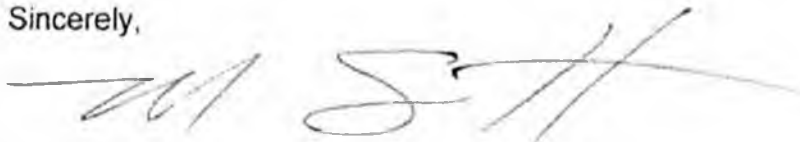
Energy costs in remote areas consume up to 30 % of household incomes as opposed to 8 % of income in households near Alaskan refineries. While higher crude prices have been a boon to the State of Alaska and select industries, the typical heating fuel customer has endured a rapid rise in home heating expense.

HB 308 would help alleviate these costs through a mechanism that supplements the established federal LIHEAP program. 29 states across the country have adopted similar programs as a way of addressing the most distressed customers.

The relative cost of this approach is far less than other energy dividend or subsidy proposals. It also has appeal in that it applies to low income families across all regions of the state.

Thank you for taking the initiative on this important issue.

Sincerely,



Mark Smith

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: HB 308

ANALYSIS CONTINUATION
Benefit Cost Assumptions:

- The department estimates an additional 2,500 households will qualify under the higher income limits for the new state-funded Heating Assistance Program. Note: Information about the number of qualifying households with income between 150% and 175% of the federal poverty guidelines for Alaska is limited and difficult to project. Costs associated with this new program would need to be reevaluated as we gain experience in administering it.
- The average annual heating assistance grant will be \$780 per household.

Total Annual Benefit Costs: are estimated to be \$1,950.0 (2500 households x \$780/year)

Administrative Cost Assumptions:

- Two Eligibility Technicians (Range 13) and one Administrative Clerk II (Range 8) will be needed to manage the increased applications and workload resulting from more households applying for heating assistance. These positions are responsible for providing customer service, communicating with applicants and vendors, verifying applicant information, and making the eligibility decision. The positions are seasonal and work up to eight months each year (Sept. - April)
- Modifications to DPA's Heating Assistance management information system (HAS) are needed to facilitate the implementation of the higher income limits, and to track eligibility and benefit issuance for the new state-funded program separately from the federally-funded LIHEAP program.
- Information about the availability of the new program, revisions to the application, community education and outreach will begin in August 2008.

Total Annual Administrative Costs: \$153.8

- * Personal Services: \$117.3 (salary and benefits for 3 seasonal positions)
- * Contractual: \$24.0 (annual cost for information technology, telecommunication, office space, phones)
- * Supplies: \$12.5 (program materials and office supplies)

Additional One-Time Start-Up Costs for FY 09: \$224.8

- * Equipment Supply: \$21.0 (one-time cost of \$ for desktop computers, printers and work stations for three new positions)
- * Contractual: \$50.0 (one-time cost of \$50.0 for modifications to the Heating Assistance management information system)

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 308

1 Page 1, line 14:

2 Delete "**Duties.**"

3 Insert "**Powers and Duties. (a)**"

4

5 Page 2, following line 6:

6 Insert new subsections to read:

7 "(b) The department may develop a regional Alaska heating assistance
8 program for the administration of AS 47.25.621 - 47.25.625 to provide home heating
9 assistance in a uniform and cost-effective manner in a region of this state if an Alaska
10 Native organization is authorized to implement a federally approved tribal family
11 assistance plan that includes that region and has been awarded an Alaska Native
12 family assistance grant for a program that includes that region for the applicable fiscal
13 year under AS 47.27.200.

14 (c) The department may award contracts to implement a program developed
15 under (b) of this section. A contract authorized for delivery of home heating assistance
16 under a regional Alaska heating assistance program under (b) - (g) of this section is
17 exempt from the competitive bid requirements of AS 36.30 (State Procurement Code).
18 Subject to appropriation, a contract under this section must be in an amount that
19 represents a fair and equitable share of the money appropriated for the Alaska heating
20 assistance program under AS 47.25.621 - 47.25.625 to serve the state residents
21 specified in (b) of this section. The authority provided under (b) - (g) of this section to
22 contract is in addition to the authority to contract in AS 47.05.015 or other law.

23 (d) The department may award a contract under this section only to an

1 organization that

2 (1) has been awarded an Alaska Native family assistance grant under
3 AS 47.27.200 for a program that includes that region;

4 (2) agrees to administer home heating assistance under AS 47.25.621 -
5 47.25.625 to state residents in the region; and

6 (3) agrees to implement an appeals process as described in (f) of this
7 section.

8 (e) Records pertaining to recipients of home heating assistance under a
9 contract awarded under (b) - (g) of this section have the same confidential protections
10 as are provided to recipients of assistance from Alaska Native family assistance grants
11 under AS 47.27.200.

12 (f) Notwithstanding AS 47.25.624, an organization that receives a contract
13 under this section shall provide an appeals process to applicants for or recipients of
14 home heating assistance covered by the contract awarded under (b) - (g) of this
15 section. The appeals process must be the same as the method available under
16 AS 47.25.624, except that the decision reached shall be considered a recommended
17 decision to the department. Within 30 days after receiving a recommended decision,
18 the department shall review the recommended decision and issue a decision accepting
19 or rejecting the recommended decision. If the department rejects the recommended
20 decision, the department shall independently review the record and issue its final
21 decision. The final decision of the department on the matter is appealable to the courts
22 of this state.

23 (g) If the department establishes a regional Alaska heating assistance program
24 and awards a contract to provide home heating assistance under (b) - (g) of this
25 section, a person applying for home heating assistance under AS 47.25.621 -
26 47.25.625 in the region of the state covered by the regional home heating assistance
27 program may obtain home heating assistance from the department only through the
28 organization designated by the department to serve the region."
29

30 Page 2, line 18:

31 Delete "An"

1

Insert "Except as provided in AS 47.25.623(f), an"

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

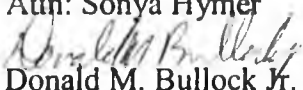
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 11, 2008

SUBJECT: Cross-reference correction in amendment A.2 as incorporated into CSHB 308(CRA) (Work Order No. 25-LS1294C)

TO: Representative Gabrielle LeDoux
Attn: Sonya Hymer

FROM: 
Donald M. Bullock Jr.
Legislative Counsel

Enclosed is CSHB 308(CRA) that includes the incorporation of amendment A.2 to HB 308.

When inserting the amendment into the committee substitute, I corrected an erroneous cross-reference in the last line of the amendment. The correct cross-reference is to AS 47.25.622(f), which provides for the appeals process to be conducted by the entity that provides home heating assistance under a regional Alaska heating assistance program.

I also corrected an internal reference in AS 47.25.622(f) to refer to the subsections added by the amendment, i.e. "(b) - (g) of this section."

If I may be of further assistance, please advise.

DMB:ljw
08-144.ljw

Enclosure



March 10, 2008

The Honorable Anna Fairclough, Co-Chair
House Community and Regional Affairs Committee
Alaska State Capitol, Room 411
Juneau, AK 99801-1182

The Honorable Gabrielle LeDoux, Co-Chair
House Community and Regional Affairs Committee
Alaska State Capitol, Room 412
Juneau, AK 99801-1182

HB 308 (Nelson)—Support

Dear Co-Chairs Fairclough and LeDoux:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the House Community and Regional Affairs Committee to support HB 308, authored by Representative Mary Nelson and co-sponsored by your Committee colleague Representative Woodie Salmon and Representatives Bob Buch and Beth Kerttula.

Several states supplement the federal funding for the Low Income Home Energy Assistance Program (LIHEAP). Alaska does not.

HB 308 would raise eligibility for financial assistance with heating bills from 150% of the federal poverty level to 175%. For a single person, the eligibility level would go from \$19,500 to \$22,750. For a couple, eligibility would rise from \$26,250 to \$30,625. This is the same eligibility standards that the Legislature recently adopted for the Alaska Senior Benefits Program.

The current Alaska Heating Assistance Program considers eligibility on a variety of factors. Income is only one consideration. Household size, the source of heat, the community one lives in, type of residence, etc., are all factors that are used to determine eligibility. The stipend, in most cases, goes to the utility provider, not the individual. HB 308 would only raise the income eligibility level. The other factors in determining whether a household will receive assistance would still apply.

You know from your own heating bills what has happened over the past few years. More and more Alaskans are having trouble with their heating costs.

From October to December, 2007, we surveyed our members in Alaska. The results on our questions on energy costs reinforce our interest in supporting HB 308.

ACTION TAKEN	<20k	20k-50k	50k-75k	75k+
Lowered home heat substantially	58%	47%	38%	31%
Cut down on use of appliances	49%	32%	23%	22%
Cut back on necessities (defined as food and medicine)	46%	28%	18%	8%
Closed off part of home	30%	17%	10%	13%
Turned off heat in home	16%	10%	5%	7%
Used kitchen range as heater	12%	8%	3%	1%
Stopped using appliances	10%	7%	3%	2%

This survey was conducted of AARP members. Our members tend to have higher educational levels and higher incomes than the overall Alaska population over age 50. It is logical to expect that the general population over age 50 are having even more problems with utility bills.


On average, older people spend 90% of their time in their homes. They can't (and shouldn't) turn down their thermostat during the day. AARP believes that HB 308 will enable more lower income Alaskans to get at least some minimum assistance with their heating bills. We hope it will also result in less dangerous and less healthy behaviors by citizens trying to cut their utility costs.

AARP recommends an "AYE" vote on HB 308.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator
 AARP Capital City Task Force
 415 Willoughby Avenue, Apt. 506
 Juneau, AK 99801
 586-3637 (voice)
 463-3580 (fax)

CC: Representative Nancy Dahlstrom
 Representative Sharon Cissna
 Representative Mark Neuman
 Representative Kurt Olson

Representative Woodie Salmon
 Representative Mary Nelson

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 308 (CRA)
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: Energy Assistance Program

ID(File name) HB308CS(CRA)-DHSS-EAP-03-13-08
 Title: HEATING ASSISTANCE PROGRAM

Sponsor: NELSON
 Requester: HOUSE FIN

Component No. 226

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	117.3		117.3	117.3	117.3	117.3	117.3	117.3
Travel								
Contractual	74.0		24.0	24.0	24.0	24.0	24.0	24.0
Supplies	12.5		12.5	12.5	12.5	12.5	12.5	12.5
Equipment	21.0							
Land & Structures								
Grants & Claims	1,950.0		1,950.0	1,950.0	1,950.0	1,950.0	1,950.0	1,950.0
Miscellaneous								
TOTAL OPERATING	2,174.8	0.0	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES (0)								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	2,174.8		2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8
1037 GF/Mental Health								
Other(Specify Type-do not abbreviate)								
Other(Specify Type-do not abbreviate)								
TOTAL	2,174.8	0.0	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	3		3	3	3	3	3
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

House Bill 308 establishes a state-funded Heating Assistance Program for households with incomes between 150% and 175% of the federal poverty guidelines for Alaska. The proposed state-funded program is intended to serve households that do not qualify for the federally-funded Low-Income Home Energy Assistance Program (LIHEAP), which limits household income to 150% of the federal poverty guidelines for Alaska.

(Continued on Page 2)

Prepared by: Ellie Fitzjarrald, Division Director
 Division: Public Assistance
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-5847
 Date/Time: 03/11/2008
 Date: 03/13/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: CS HB 308 (CRA)

ANALYSIS CONTINUATION

Administration and funding for the federally-funded LIHEAP is shared by the State and Alaska Native organizations that operate Tribal Energy Assistance Programs. Last heating season, over 13,000 households in Alaska received help from the state and Tribal programs.

CS HB 308 includes the program flexibility afforded in the federal LIHEAP program that allows Tribal entities to operate energy assistance programs. The bill gives the department the option to contract with Alaska Native organizations running Tribal energy assistance programs, and to provide a fair and equitable share of the appropriations for the state-funded program to serve households in the Tribal program's service areas.

General Assumptions:

- We assume the new state-funded program will operate the same as the existing Heating Assistance Program, which has a fixed annual appropriation such as the LIHEAP block grant, and accepts applications from September 1 through April 30 each year.
- A minimum of four months will be needed to allow for program start-up. While the eligibility rules, policies, and general administrative practices for the federally funded LIHEAP program will be used to support the new state funded program, changes in the Administrative Code and enhancements to the state's Heating Assistance Program's automated computer system (HAS) will be needed. Emergency regulations may be needed if the new program is expected to accept applications effective September 1, 2008. Additional staff support will also be needed to manage the increased application volume and workload.

The table below shows the 2008 federal poverty guidelines for Alaska, up to a household size of four, which is the average size of households receiving heating assistance grants.

2008 Federal Poverty Levels for Alaska			
Household Size	100% ^a	150% ^a	175% ^a
1	\$17,000	\$19,500	\$22,750
2	\$17,500	\$26,250	\$30,625
3	\$22,000	\$33,000	\$38,500
4	\$26,500	\$39,750	\$46,375

(Continued on Page 3)

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: CS HB 308 (CRA)

ANALYSIS CONTINUATION

Benefit Cost Assumptions:

- The department estimates an additional 2,500 households will qualify under the higher income limits for the new state-funded Heating Assistance Program. Note: Information about the number of qualifying households with income between 150% and 175% of the federal poverty guidelines for Alaska is limited and difficult to project. Costs associated with this new program would need to be re-evaluated as we gain experience in administering it.
- The average annual heating assistance grant will be \$780 per household.

Total Annual Benefit Costs: are estimated to be \$1,950.0 (2500 households x \$780/year)

Administrative Cost Assumptions:

- Two Eligibility Technicians (Range 13) and one Administrative Clerk II (Range 8) will be needed to manage the increased applications and workload resulting from more households applying for heating assistance. These positions are responsible for providing customer service, communicating with applicants and vendors, verifying applicant information, and making the eligibility decision. The positions are seasonal and work up to eight months each year (Sept. - April)
- Modifications to DPA's Heating Assistance management information system (HAS) are needed to facilitate the implementation of the higher income limits, and to track eligibility and benefit issuance for the new state-funded program separately from the federally-funded LIHEAP program.
- Information about the availability of the new program, revisions to the application, community education and outreach will begin in August 2008.

Total Annual Administrative Costs: \$153.8

* Personal Services: \$117.3 (salary and benefits for 3 seasonal positions)

* Contractual: \$24.0 (annual cost for information technology, telecommunication, office space, phones)

* Supplies: \$12.5 (program materials and office supplies)

Additional One-Time Start-Up Costs for FY 09: \$224.8

* Equipment/Supply: \$21.0 (one-time cost for desktop computers, printers and work stations for three new positions)

* Contractual: \$50.0 (one-time cost of \$50.0 for modifications to the Heating Assistance management information system)

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 308
 () Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: Energy Assistance Program

ID (File name) HB308-DHSS-EAP-02-23-08
 Title: HEATING ASSISTANCE PROGRAM
 Sponsor: NELSON
 Requester: HOUSE (CRA)

Component No. 226

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	117.3		117.3	117.3	117.3	117.3	117.3	117.3
Travel								
Contractual	74.0		24.0	24.0	24.0	24.0	24.0	24.0
Supplies	12.5		12.5	12.5	12.5	12.5	12.5	12.5
Equipment	21.0							
Land & Structures								
Grants & Claims	1,950.0		1,950.0	1,950.0	1,950.0	1,950.0	1,950.0	1,950.0
Miscellaneous								
TOTAL OPERATING	2,174.8	0.0	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8

CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	2,174.8		2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8
1037 GF/Mental Health								
Other (Specify Type-do not abbreviate)								
Other (Specify Type-do not abbreviate)								
TOTAL	2,174.8	0.0	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	3		3	3	3	3	3
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

House Bill 308 establishes a state-funded Heating Assistance Program for households with incomes between 150% and 175% of the federal poverty guidelines for Alaska. The proposed state-funded program is intended to serve households who do not qualify for the federally-funded Low-Income Home Energy Assistance Program (LIHEAP), which limits household income to 150% of the federal poverty guidelines for Alaska. (Continued on Page 2)

Prepared by: Ellie Fitzjarrald, Director
 Division: Public Assistance
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-5847
 Date/Time: 02/12/2008
 Date: 02/25/2008

STATE OF ALASKA
2008 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

Administration and funding for the federally-funded LIHEAP is shared by the State and Alaska Native organizations that operate Tribal Energy Assistance Programs. Last heating season, over 13,000 households in Alaska received help from the state and Tribal programs.

General Assumptions:

- The department assumes the intent of this legislation is to mirror the program flexibility given in the federal LIHEAP program that allows Tribal entities to operate energy assistance programs. To ensure heating assistance is provided in an effective manner and operates in tandem with the federally-funded program, we recommend House Bill 308 be amended to allow the Department to contract with Alaska Native organizations running Tribal energy assistance programs, and to allow the department to provide a prorated share of the appropriations for the state-funded program to serve households in the Tribal program's service areas.
- We assume the new state-funded program will operate like the existing Heating Assistance Program, which has a fixed annual appropriation like the LIHEAP block grant, and accepts applications from September 1 through April 30 each year.
- A minimum of four months will be needed to allow for program start-up. While the eligibility rules, policies, and general administrative practices for the federally funded LIHEAP program will be used to support the new state funded program, changes in the Administrative Code and enhancements to the state's Heating Assistance Program's automated computer system (HAS) will be needed. Emergency regulations may be needed if the new program is expected to accept applications effective September 1, 2008. Additional staff support will also be needed to manage the increased application volume and workload.

The table below shows the 2008 federal poverty guidelines for Alaska, up to a household size of four, which is the average size of households receiving heating assistance grants.

2008 Federal Poverty Levels for Alaska			
Household Size	100%	150%	175%
1	\$13,000	\$19,500	\$22,750
2	\$17,500	\$26,250	\$30,625
3	\$22,000	\$33,000	\$38,500
4	\$26,500	\$39,750	\$46,375

(Continued on Page 3)

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO: HB 308

ANALYSIS CONTINUATION
Benefit Cost Assumptions:

- The department estimates an additional 2,500 households will qualify under the higher income limits for the new state-funded Heating Assistance Program. Note: Information about the number of qualifying households with income between 150% and 175% of the federal poverty guidelines for Alaska is limited and difficult to project. Costs associated with this new program would need to be reevaluated as we gain experience in administering it.
- The average annual heating assistance grant will be \$780 per household.

Total Annual Benefit Costs: are estimated to be \$1,950.0 (2500 households x \$780/year)

Administrative Cost Assumptions:

- Two Eligibility Technicians (Range 13) and one Administrative Clerk II (Range 8) will be needed to manage the increased applications and workload resulting from more households applying for heating assistance. These positions are responsible for providing customer service, communicating with applicants and vendors, verifying applicant information, and making the eligibility decision. The positions are seasonal and work up to eight months each year (Sept. - April)
- Modifications to DPA's Heating Assistance management information system (HAS) are needed to facilitate the implementation of the higher income limits, and to track eligibility and benefit issuance for the new state-funded program separately from the federally-funded LIHEAP program.
- Information about the availability of the new program, revisions to the application, community education and outreach will begin in August 2008.

Total Annual Administrative Costs: \$153.8

- * Personal Services: \$117.3 (salary and benefits for 3 seasonal positions)
- * Contractual: \$24.0 (annual cost for information technology, telecommunication, office space, phones)
- * Supplies: \$12.5 (program materials and office supplies)

Additional One-Time Start-Up Costs for FY 09: \$224.8

- * Equipment/Supply: \$21.0 (one-time cost of \$ for desktop computers, printers and work stations for three new positions)
- * Contractual: \$50.0 (one-time cost of \$50.0 for modifications to the Heating Assistance management information system)

AARP Alaska

March 10, 2008

The Honorable Anna Fairclough, Co-Chair
House Community and Regional Affairs Committee
Alaska State Capitol, Room 411
Juneau, AK 99801-1182

The Honorable Gabrielle LeDoux, Co-Chair
House Community and Regional Affairs Committee
Alaska State Capitol, Room 412
Juneau, AK 99801-1182

HB 308 (Nelson) - Support

Dear Co-Chairs Fairclough and LeDoux:

On behalf of the members of AARP in Alaska, we urge you and your colleagues on the House Community and Regional Affairs Committee to support HB 308, authored by Representative Mary Nelson and co-sponsored by your Committee colleague Representative Woodie Salmon and Representatives Bob Buch and Beth Kerttula.

Several states supplement the federal funding for the Low Income Home Energy Assistance Program (LIHEAP). Alaska does not.

HB 308 would raise eligibility for financial assistance with heating bills from 150% of the federal poverty level to 175%. For a single person, the eligibility level would go from \$19,500 to \$22,750. For a couple, eligibility would rise from \$26,250 to \$30,625. This is the same eligibility standards that the Legislature recently adopted for the Alaska Senior Benefits Program.

The current Alaska Heating Assistance Program considers eligibility on a variety of factors. Income is only one consideration. Household size, the source of heat, the community one lives in, type of residence, etc., are all factors that are used to determine eligibility. The stipend, in most cases, goes to the utility provider, not the individual. HB 308 would only raise the income eligibility level. The other factors in determining whether a household will receive assistance would still apply.

You know from your own heating bills what has happened over the past few years. More and more Alaskans are having trouble with their heating costs.

From October to December, 2007, we surveyed our members in Alaska. The results on our questions on energy costs reinforce our interest in supporting HB 308.

ACTION TAKEN	<20k	20k-50k	50k-75k	75k+
Lowered home heat substantially	58%	47%	38%	31%
Cut down on use of appliances	49%	32%	23%	22%
Cut back on necessities (defined as food and medicine)	46%	28%	18%	8%
Closed off part of home	30%	17%	10%	13%
Turned off heat in home	16%	10%	5%	7%
Used kitchen range as heater	12%	8%	3%	1%
Stopped using appliances	10%	7%	3%	2%

This survey was conducted of AARP members. Our members tend to have higher educational levels and higher incomes than the overall Alaska population over age 50. It is logical to expect that the general population over age 50 are having even more problems with utility bills.

On average, older people spend 90% of their time in their homes. They can't (and shouldn't) turn down their thermostat during the day. AARP believes that HB 308 will enable more lower income Alaskans to get at least some minimum assistance with their heating bills. We hope it will also result in less dangerous and less healthy behaviors by citizens trying to cut their utility costs.

AARP recommends an "AYE" vote on HB 308.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator
AARP Capital City Task Force
411 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Representative Nancy Dahlstrom
Representative Sharon Cissna
Representative Mark Neuman
Representative Kurt Olson

Representative Woodie Salmon
Representative Mary Nelson