

HB

4002

**Energy Work Group Discussion
Matrix**

Alaska Federation of Natives
Energy Work Group Discussion

First Draft, June 2, 2008

This matrix attempts to capture all the Energy Work Group Members' suggestions about how to address the energy crisis in rural Alaska.

How to use this matrix: To easily scroll through the criteria while still viewing the suggestion click on C14 then click on Window in your top navigation bar then Split; repeat same steps to undo Split frame.
To sort the suggestions according to criteria-- highlight the entire grid from A10 to K60. then click on Data/Sort; take note that you've highlighted the header row and choose criteria on which to sort.

Category	Proposed by - Suggestion	Implementation		Each Criteria is Given Equal Weight						TOTAL
		Short-term	Long-term (High Capital Outlay on Infrastructure)	Fast, Affordable & Reliable** (Consumer/Family-focused)	Investment toward self-sufficiency (Community-as-Producer-focused)	Accessible Energy & Low Transmission Cost	Uses Natural Resources in Renewable Way	Uses Revenue Sharing or Economic Incentives*	Considers Environmental Quality	
Conservation/Efficiency	Aleutian Pribilof Islands Association (APIA) - changing incandescent lights for compact florescent lights	X		1.00		1.00		1.00	1.00	4.00
Conservation/Efficiency	CEDS -- Energy conservation efforts in heat recovery, lighting upgrades, etc.	X		1.00		1.00		1.00	1.00	4.00
Conservation/Efficiency	CEDS - Where possible, utilities should work towards coupling renewable energy into their existing hydrocarbon based systems to provide a higher level of efficiency.	X	X	1.00	1.00	1.00		1.00		4.00
Policy/ Programs	AFN - Cut the pipeline to meet need of the Denali commission bulk fuel storage program (\$198m) and power generation plant upgrade (\$211m) cost savings as well as reduce environmental risk from 40 to 50 year old leaking tanks.	X		1.00		1.00		1.00	1.00	4.00
Policy/ Programs: Conservation	Energy & Infrastructure Business Liaison, Interior Regional Housing Authority - The state could invest more money into the Village End-Use Efficiency Program, which is managed by AEA and contracted out to organizations that submit the best proposals. This program brings down the immediate electrical demand by about 30-50% for community buildings by changing light fixtures and addressing major mechanical issues.	X		1.00		1.00	1.00		1.00	4.00
Policy/ Programs: Conservation	Energy & Infrastructure Business Liaison, Interior Regional Housing Authority - The state could invest more resources in the Rural Power System Upgrade (RPSU) program implemented by the Alaska Energy Authority. This program installs more energy efficient generators in the villages, and provides a dual-generation system with switchgear so when the community's electrical load decreases, they can switch to a smaller more fuel-efficient generator.	X		1.00		1.00	1.00		1.00	4.00
Co-Ops/Bulk Fuel Purchasing	IVEC wishes to propose that fuel stock purchased prospectively by electric utilities be price capped at some number and we suggest \$10.00 per million BTU. This would translate to a price of about \$1.30 - \$1.45 a gallon for various fuels, depending upon their BTU content. The fuel supplier would be the entity that would deliver the fuel, charge the utility the State mandated price and bill the State for the balance.	X		1.00		1.00		1.00		3.00
Co-Ops/Bulk Fuel Purchasing	AFN and Greta echoing REAC (06) - Develop bulk fuel rural cooperatives - cooperative buying can provide some savings and it would definitely be worth some financial experts penning it out to find out for sure - there may be other ways of using this purchasing power too, such as timing of purchases; and delivery and storage of the fuel (OPIS fuel purchasing and management trainings)	X		1.00				1.00		2.00
Co-Ops/Bulk Fuel Purchasing	CEDS - Organizing communities where possible to invest in Bulk fuel purchases to lower fuel costs where possible - Co-ops should also be encouraged and set up where possible	X		1.00				1.00		2.00
Policy/ Programs	AFN- Testimony to Senate Cmte of IA Low-Income Home Energy Assistance Program	X		1.00				1.00		2.00
Policy/ Programs	AFN - Add additional resources to the power cost equalization endowment and expand eligibility for qualifying.	X		1.00				1.00		2.00
Policy/ Programs	AFN - Buy down of existing utility debt to lower costs.	X		1.00				1.00		2.00
Policy/ Programs	AFN - Establish long term, 40 year term zero or 1percent interest energy loan programs.	X		1.00				1.00		2.00
Research & Development (R&D)	Aleutian Pribilof Islands Association (APIA) - a bulk fuel and alternative energy survey to secure bulk fuel price reductions and better delivery services to our region.	X		1.00				1.00		2.00
Exploration	CEDS/AO230 - Statewide exploration for coal-bed-methane should be encouraged to see if any communities are in close proximity to gas that could be used to displace high cost diesel	X		1.00		1.00				2.00

Policy/ Programs Conservation	benefits of energy conservation and the ability to lower the consumers' energy bills need to be developed	X			1.00					1.00	2.00
Policy/ Programs Conservation	CEDS/Alaska State Chamber of Commerce/Anchorage - Power Cost Equalization should be fully funded until it is no longer needed.	X			1.00						1.00
Conservation/Efficiency	Alaskan Prillief Islands Association (APIA) - retrofitting or replacing old inefficient heating systems with more efficient systems		X		1.00		1.00		1.00	1.00	4.00
Exploration	AFN- Testimony to Senate Cmt of IA - providing incentives, such as OCS revenue sharing for Alaska's coastal communities; leases which have generated a lack of widespread community support be revisited and discussions opened up with affected communities to address their concerns.		X		1.00	1.00	1.00		1.00		4.00
Conservation/Efficiency	CEDS/AO230 - Where realistically feasible and beneficial, communities should look into tying grid systems together				1.00		1.00		1.00		3.00
Policy/ Programs	CEDS/Alaska State Chamber of Commerce - Alaska needs to create and adequately capitalize a renewable energy fund so that Alaska can remain economically competitive through the development of its flat priced energy resources.	X				1.00		1.00	1.00	1.00	4.00
Policy/ Programs Conservation	Kawarak, Inc. - The Creation of a Renewable Energy Fund and Revolving Loan Program will respectively finance new utility scale renewable energy projects in Alaska and allow individuals and businesses to purchase solar panels, configuration kits, wind mills, etc. The Fund shall be funded by general appropriations. The fund shall be distinct from funds administered by Alaska Energy Authority. The Fund will conduct a program of energy research, development, demonstration & application	X	X			1.00		1.00	1.00	1.00	4.00
Policy/ Programs	Energy & Infrastructure Business Liaison, Interior Regional Housing Authority - The state could pressure/ encourage utility companies like AP&T to invest in renewable energy exploration and development in their communities. More cooperation from the electricity providers would help projects get moving sooner.	X					1.00			1.00	2.00
Policy/ Programs Conservation	invest in Energy Education in Alaskan Schools that involves young people in finding energy solutions. Examples include energy-related course offered for high school students, a statewide energy gathering for high school students to attend, local school projects, and statewide science fairs that are aimed at finding solutions for community energy needs. The result are increased energy savings in homes and schools, and a generation of state leaders that are proactive and informed on energy issues.	X								1.00	1.00
Policy/ Programs Conservation	CEDS, Alaska Regional Development Organizations - Develop regulatory guidance for rate-makers that will encourage energy conservation and increased efficiencies	X								1.00	1.00
Policy/ Programs Conservation	Kawarak, Inc. - Create a cabinet level position to coordinate efforts and centralize state and federal resources to solve the long term energy crisis.	X									0.00
Research & Development (R&D)	CEDS/Alaska State Chamber of Commerce/Anchorage - The propriety of a statewide propane distribution system must be evaluated such as the demonstration project suggested by Alaska Natural Gas Development Authority (ANGDA)	X									0.00
Research & Development (R&D)	CEDS - More educational resources need to be developed to go hand in hand with AEA's Renewable Energy Atlas of Alaska, a guide to biomass, geothermal, hydroelectric, ocean, solar, and wind energy	X									0.00
Research & Development (R&D)	CEDS - A study to investigate the feasibility of establishing regional energy centers at all of the university rural campuses - A study to investigate the feasibility of establishing regional energy centers at all of the university rural campuses (AO230)	X									0.00
Hydro	Energy & Infrastructure Business Liaison, Interior Regional Housing Authority - The state could invest in the application of In-Stream Turbines in the Yukon River (and other rivers). The Yukon River Inter-Tribal Watershed Council is seeking funding to purchase a piece of equipment that will determine whether or not the in-stream turbines will work in different communities on the river. The state could develop a funding program to help organizations buy these devices. The community can then apply for funding to purchase the in-stream turbine once they have established its feasibility.		X			1.00	1.00	1.00	1.00	1.00	4.00
Conservation/Efficiency	CEDS - to spend the \$ proposed in energy rebates on retrofitting all the rural utility systems for alternative energy.		X			1.00	1.00		1.00	1.00	4.00
Conservation/Efficiency	CEDS - Fund highly efficient power plant generators, switchgear, and heat recovery systems (AO230)		X			1.00	1.00	1.00	1.00		4.00
Policy/ Programs	AFN- Testimony to Senate Cmt of IA - Renewable Energy Deployment Grant Program to provide federal grants for up to 50% of the cost of building a wide variety of renewable electricity projects, including wind, geothermal, ocean, biomass, solar, landfill gas and hydroelectric projects in Alaska		X			1.00		1.00	1.00	1.00	4.00
Policy/ Programs	CEDS/SWAMC Resolution 07-05 - Renewable Energy Fund (HB 152) - creates financial incentives available to both for- and non-profit entities for renewable and alternative energy project development.		X			1.00		1.00	1.00	1.00	4.00
Biomass	AFN- Testimony to Senate Cmt of IA - Alaska has a great amount of wood, wood waste and sawdust for potential use in space heating and electrical generation, and a few villages have begun to talk of making wood pellets from plentiful willow brush. Alaska's fish processing plants produce about eight million gallons of fish oil each year. With some chemical changes, this oil can be mixed (50-50) with diesel for generation. Community waste disposal produces 650,000 tons of garbage in Alaska each year, but again, design and capital costs are expensive and need public incentives.		X			1.00	1.00	1.00		1.00	4.00

Biomass	Energy & Infrastructure Business Liaison, Interior Regional Housing Authority - The state could invest in Yukon Flats Biomass project in Fort Yukon (Council of Athabascan Tribal Governments and Alaska Village Initiatives). This project is the first large-scale biomass development project in Interior Alaska. If successful, most of the community's heating needs would be addressed through biomass boilers.	X			1.00	1.00	1.00		1.00	4.00
Solar	AFN- Testimony to Senate Cmt of IA - Summer in Alaska produces a huge amount of sunlight; but winter darkness is the time of greatest energy demand. Large-scale solar projects do not presently have a great potential; but in some places, small projects are possible. This also requires the homeowner or community to make up-front capital investments, largely without public incentives from the state or federal governments	X			1.00	1.00	1.00		1.00	4.00
Wind	AFN- Testimony to Senate Cmt of IA - Alaska has world-class wind energy resources, especially along the coastal and western regions of our State. There are 31 rural Alaskan communities that already have good opportunities for wind generation - and 17 more that are "potentially attractive." There are at least seven projects currently operational with another eight in the planning stages. The potential is obvious in locations like Kotzebue, Upper Cook Inlet, the Lake and Peninsula area. Barriers to harnessing wind power include high development costs, the need for trained maintenance, problems of land ownership and licensing, and the absence of public incentives to wind developers.	X			1.00	1.00	1.00		1.00	4.00
Wind	Aleutian Pribilof Islands Association (APIA): home-based wind turbine house heating system proposal of units that could be installed by community members on their homes to reduce their overall energy costs. This idea needs to be tested in the field and we are looking for appropriate funding opportunities to move forward.	X			1.00	1.00	1.00		1.00	4.00
Coal	AFN- Testimony to Senate Cmt of IA - Coal is abundant in Alaska, but has higher CO2 emissions than other energy sources. However, coal can be used to produce synthetic "natural" gas with and without carbon capture. The problem is that these gasification technologies are expensive and still under development. Finally, coal-bed methane has been identified in the Susitna Basin, but its economic potential has not been established. Coal-bed methane may also exist in specific locations close to some remote communities.	X			1.00	1.00		1.00		3.00
Conservation/Efficiency	AFN- Testimony to Senate Cmt of IA - Congress should work closely with the State to ensure that in development of a Natural Gas Pipeline in Alaska, our communities have access to the natural gas that will pass through that pipeline through spur connections and pipe; and that ownership, partnership, and contracting opportunities for Alaska Native tribes and corporations be part of the development.	X			1.00	1.00		1.00?		3.00
Hydro	AFN- Testimony to Senate Cmt of IA - Existing hydro generation produces nearly 25% of the state's electricity. But Alaska also has almost 45 billion watts of large and small hydro potential, more than any other state. Hydro also brings its problems, especially regarding environmental damage, but eight billion watts of the state's potential is in small projects that produce less than one million watts - and which don't require dam construction.	X			1.00	1.00	1.00			3.00
Ocean Wave Action	AFN- Testimony to Senate Cmt of IA - Alaska has over 34,000 miles of coastline, making it one of the best ocean energy resources in the world. The total wave potential, just on Alaska's southern coast, could produce almost 300 times the electricity used in the entire state each year. But the significant barrier to wave development is often the distance between the resource and the demand, requiring costly transmission infrastructure.	X			1.00		1.00		1.00	3.00
Policy/ Programs	AFN- Testimony to Senate Cmt of IA - Congress should urge the Department of Interior to publish regulations on an expedited basis to implement the programs authorized by the Indian Tribal Energy Development and Self-Determination Act, Title V of the Energy Policy Act of 2005, and Congress should fully fund their implementation. The Indian Tribal Energy Development and Self-Determination Act authorizes a variety of financial, technical, environmental and other programs that are intended to empower tribes and Alaska Native Corporations to develop energy resources. It authorizes the Department of Interior's Office of Indian Energy Policy and Programs to reduce energy costs, enhance tribal energy infrastructure and improve delivery of electricity to tribal communities. It also authorizes a multi-billion loan guarantee program, as well as other assistance to encourage development of renewable and non-renewable resources by tribes and tribal organizations.	X			1.00		1.00		1.00	3.00
Geothermal	APIA - We have many renewable energy projects completed, underway and in planning in our region using wind turbines, geothermal and hydroelectric systems.	X			1.00				1.00	2.00
Hydro	APIA - We have many renewable energy projects completed, underway and in planning in our region using wind turbines, geothermal and hydroelectric systems.	X			1.00	1.00				2.00
Policy/ Programs	AFN- Testimony to Senate Cmt of IA - Congress should increase funding to the Denali Commission for developing alternative/renewable energy projects.	X			1.00		1.00			2.00
Geothermal	AFN- Testimony to Senate Cmt of IA - A recent study points out four potential geothermal areas in Alaska: interior hot springs, southeast hot springs, the Wrangell Mountains, and a combination of the Alaska Peninsula and the Aleutian Chain. The value of geothermal power is magnified by the fact that it can produce both heat and electricity. But problems include accessibility to volcanic areas, transmission distances and possible environmental damage.	X			1.00					1.00
Policy/ Programs	AFN - New economic and energy hub zones, incentivize and expand economic growth.	X			1.00					1.00
Policy/ Programs	CEDS/Alaska State Chamber of Commerce/Anchorages: As the development of renewable energy increases and the need for educators grows, Alaska's University system must be encouraged to develop curricula to train more Alaskans in energy development, production, delivery and management.	X								0.00

* including tax credits, low interest loans, rebates and grants

**Acid test: Alleviates transportation costs to access healthcare within a year
Alaska Federation of Natives

Suzanne Cunningham

From: Kim Skipper on behalf of Rep. Anna Fairclough
Sent: Thursday, July 17, 2008 2:55 PM
To: Suzanne Cunningham
Subject: FW: *****SPAM***** The \$1200 energy assistance:

From: jerry mccutcheon [mailto:susitnahydrnow@yahoo.com]
Sent: Thursday, July 17, 2008 12:42 PM
To: Rep. Anna Fairclough
Cc: Rep. Gabrielle LeDoux; Rep. Nancy Dahlstrom; Rep. Mark Neuman; Rep. Kurt Olson; Rep. Woodie Salmon; Rep. Sharon Cissna
Subject: *****SPAM***** The \$1200 energy assistance:

Representative Fairclough,
and members of the committee

The \$1200 energy assistance:

It is probably a good idea considering there is the need to do something now but that is not a long term solution.

However, for the this time out, a better solution would be for your committee to use the existing energy assistance program not the Permanent Fund dividend program as a vehicle for dispersement . The Energy assistance program has list of all those most in need and there is no point in giving funding to those that do not need it. A person making \$80,000 and driving Hummer does need it and giving them money only funds the continued waste. Second, it will cut down the cost of the program allowing you raise the amount of the dispersement if your committee so chooses while staying within the parameters of the spending.

The dispersement should be a check to an individual not to some utility or fuel distributor. With the funds going to the individual they can shop for the best price, which can be \$0.40/gallon. The fuel oil distributors screw the recipients when get the chance. And if the distributor gets funds there is no choice.

Example, Shopping for diesel last year there was \$0.40/ gallon difference, \$3.13 vs \$3.52; But it does not end there. When the fuel was delivered the truck driver tried to bill for \$3.73 despite the company quote of \$3.13; all kinds phony baloney excused ensued. The billing was settled for only \$3.13 a gallon.

This funding should go to the individual thru the energy assistance program and the dispersment problem with the energy assistance program can wait for resolution another day.

Long term, there needs to be a way for those in the villages to get out, get training, get housing, a home eventually, in one the major cities where there are jobs. Yes, it is going to cost a lot, but maintaining the status quo costs even more and what is you are maintaining? 80% unemployment where the only jobs go to those in the 'click' where there is only a life of hopelessness and despair and the only escape is drunkenness and now drugs. Did the members of the committee ever reflect on what it is you are maintaining at State expense. Pouring millions into erosion plagued villages to maintain them or worse yet relocating the is nuts! ... what is it you are maintaining? For Whom?

Suzanne Cunningham

From: Kim Skipper on behalf of Rep. Anna Fairclough
Sent: Thursday, July 17, 2008 2:51 PM
To: Suzanne Cunningham
Subject: FW: Governor Palin's Energy Rebae \$1200

From: Chris Wintrode [mailto:chris.wintrode@gmail.com]
Sent: Wednesday, July 16, 2008 11:45 AM
To: Rep. Anna Fairclough
Subject: Governor Palin's Energy Rebae \$1200

Representative Fairclough,

I am a voter that lives in Eagle River.

Please support Governor Palin's call for giving \$1200 to all Alaskans as part of her Energy Rebate Plan.

The distribution criteria should be the same as we have for the 2008 PFD and NOT for people who have only lived in the state for 6 months.

The amount should be the same for all residents and no lower or greater depending on what area of Alaska you are from

I look forward to hearing from you and seeing how you vote on this issue,

Chris Wintrode
Voter ID# 09482429

Suzanne Cunningham

From: Kim Skipper on behalf of Rep. Anna Fairclough
Sent: Thursday, July 17, 2008 3:15 PM
To: Suzanne Cunningham
Subject: FW: Energy Relief

From: J Schneitman [mailto:jschneitman@peoplepc.com]
Sent: Wednesday, July 16, 2008 9:32 AM
To: Rep. Anna Fairclough
Subject: RE: Energy Relief

Anna,

You are correct everyone in Alaska is not suffering the same with the cost of fuel etc.... There are plenty of people in the city of Anchorage who choose not to work but benefit from those that do. There are also those that pay a fraction of the natural gas bill that working families have to pay while trying to make ends meet. People who have to drive anywhere from 10 to 100 miles per day to earn a wage, to pay taxes, property taxes etc.... There are millionaires that live in anchorage and receive the same amount of from the PFD that poor do. Life sometimes doesn't seem fair that's just the way it is.

The same amount for everyone or nothing at all. If you can't afford to live in a village then you move. When the Anchorage politicians property tax me out of my house then I will move. With the way it's going that will be less than 10 years from now.

Regards,
John Schneitman
Eagle River, AK

7/17/2008

Suzanne Cunningham

From: Kim Skipper on behalf of Rep. Anna Fairclough
Sent: Tuesday, July 15, 2008 3:14 PM
To: Suzanne Cunningham
Subject: FW: CRA Committee hearings on energy assistance
Attachments: AMC press release2.doc

Suzanne,

Not sure if you received this.

Kim

From: David M. Levy [mailto:alaskamc@gmail.com]
Sent: Monday, July 14, 2008 8:42 AM
To: Rep. Anna Fairclough
Cc: Rep. Sharon Cissna; Rep. John Harris
Subject: CRA Committee hearings on energy assistance

Dear Representative Fairclough:

I understand that your committee is having hearings on the Governor's proposal for energy assistance. I have listed below areas that we believe need to be part of a long term energy assistance plan. I would be happy to discuss it with you or your committee:

The Alaska Mobility Coalition is looking for assistance from Governor Palin and the Alaska Legislature in the following areas:

- 1) Fuel reimbursement for public transit systems statewide – I have attached a copy of the results of a survey that we conduct with transit systems statewide. Public transit systems have seen an increase in ridership of 5-7% (which is at or above the national average) and an increase in fuel prices of 35%. In some cases, our smaller systems have had to cut back service or limit operating hours. **We are therefore, asking for the legislature's support for a fuel reimbursement program for up to one million dollars to reimburse statewide public transit systems statewide for their fuel costs**
- 2) Creation of a Statewide Public Transportation Trust Fund – Alaska is one of only two states that does not current provide state funding for public transportation, Alaska has been fortunate to receive federal funds and local support for public transportation services, however, AMC believe that there is a role for the state of Alaska and we believe that the time is right for a state partnership with public transportation. **The Anchorage Assembly has passed a resolution asking the Governor and the legislature to create a Public transportation Trust Fund with \$200 million to forward fund transit operations into the future. The AMC endorses this proposal and I have listed below the resolution from the Anchorage Assembly for your review.**

<http://publicdocs.muni.org/sirepub/cache/2/aokpix45zbxw1zjz15kknizh/2252707022008042742211>

Good luck with the current special session and let me know if I can provide assistance to your committee.

Sincerely,

David

David M. Levy
Executive Director
Alaska Mobility Coalition
240-2702
3705 Arctic Blvd, #1777
Anchorage, AK 99503

7/17/2008

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Daily News - Miner

Extra state checks should be based on dividend rules, not six-month residency

By [Dermot Cole](#)

Published Wednesday, July 16, 2008

The Palin administration's one-time plan to give \$1,200 to every Alaskan contains a new definition of state residency, saying that those who are here for six months would qualify for the extra payment.

State officials say because this is a temporary program, they don't think it would mean a legal challenge to the current PFD eligibility standard of a year or longer.

I think that instead of creating a new bureaucratic process, the Legislature should simply say that anyone who qualified for the 2008 Permanent Fund Dividend should receive a separate check.

But the Palin administration wants to create a new program, one that would extend not only to dividend recipients, but also to an additional 45,000 people who have not been here long enough to qualify or don't apply for dividends.

I think it would be better to limit eligibility to dividend recipients, in part because it would reduce the level of fraud.

Under the Palin plan, the extra checks would automatically go to everyone declared eligible for a dividend in 2008. About 620,000 Alaskans are eligible this year.

But the checks would also go to those who are "voluntarily and physically present" on the day they apply and everyone who is "voluntarily and physically present in the state for the period from April 1, 2008 through October 1, 2008" and "intends to maintain a home in the state."

What does it mean to intend to maintain a home in the state? Someone who intends to maintain a home in the state for 60 days would appear to qualify unless the state puts a time limit in the law.

Does the applicant have to be here for the entire six months? Or is possible for someone to be gone for a month or two?

The applicants who did not get a PFD have to show one of seven items such as a utility bill, a rental agreement, a voter card, a paycheck stub or a letter from the state to show that they were here for six months. The document "may not be more than six months old," the bill says.

But a paycheck stub from August won't prove that someone was here in April.

The applicant would also have to get signatures from two state residents "unrelated to the applicant" who can verify that the individual has been here since April.

There is some protection in that requirement, but this program is going to be wide open to seasonal workers who show up in the summer and cobble together the paperwork needed to collect the \$1,200, signing for each other.

A rent receipt from the middle of summer and a couple of signatures from others who show up in the middle of summer would seem to be enough to do the trick, if they stay here until October to apply.

As far as the "pain of perjury" goes, my guess is that the state won't have much manpower or time to track down violators.

Better to stick with what we've got and send a second check, with eligibility based on the dividend program, which has been through a long period of definition.

Since the dividend is based on the previous year's residency, make those who arrived here in April stick around for another year before collecting any dough.

...

LOCAL HISTORY: I invite you to the Alaska Public Lands Information Center on Thursday at 7 p.m. for a Golden Days presentation on Fairbanks history.

My goal, whenever I speak to an audience, is to make sure that no one falls asleep. It's a high standard, I know, but we try to aim high.

The program will feature a slide show about what I regard as some of the most interesting incidents in the history of our community.

The information center is in the basement of the old federal building, now Courthouse Square.



Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

July 16, 2008

House of Representatives
Alaska State Legislature
Juneau, Alaska 99801

Re: Energy Cost Relief Package

Dear Representative:

Economic hardships, such as those Alaskans face today, often provide an opportunity to step back and take an honest look at the future of our state. In doing so, we should ask ourselves whether it is better to pursue long term solutions or seek short term fixes to long term problems. The Governor's proposed energy cost relief package, as it stands, is a short term fix that may have long term consequences for the state. The current energy situation has gone beyond just being a rural issue and now affects all Alaskans, no matter where they live. This letter addresses three relief elements currently in front of the Legislature.

SWAMC supports HB 4003, which appropriates \$9 million to make up the short fall in PCE. To be effective and equitable in the long run, we feel PCE should be extended to businesses, schools, and public entities - as well as larger non-rural communities - in order to alleviate some of the energy pain Alaska's residents, businesses, and communities are currently feeling. However, PCE subsidies should phase out over time as the delivered cost of electricity decreases.

The Administration's calculated savings from HB 4004, which would suspend the motor fuel tax, are negligible because eight cents per gallon does not represent significant relief for consumers. The resulting \$59 per capita savings over one year is fundamentally ineffectual [based on Alaska's 2007 population of 678,000 and the programs' expected savings of \$40 million (Administration's calculations)]. Moreover, once suspended it will be extremely difficult to "un-suspend", given the expectation of higher gas prices next year. In addition, the implications of this tax suspension for our federal transportation funding are unclear at this time and should be carefully weighed before passage of this bill.

Regarding HB 4002, we respectfully offer the following amendments which will pursue long term solutions while still providing short term relief to those who need it most:

- We recommend allocating fiscal relief to those living in communities in which the average residential cost for home energy exceeds 250 percent of the national average.

Economic development and advocacy for Southwest Alaska
Economic Development District (EDD) and Alaska Regional Development Organization (ARDOR)

- Allocate grant and loan funds for utilities to increase their power generation efficiencies and conservation efforts.
- Incentivize conservation at the residential and commercial level to help stabilize demand-driven power generation expansion, including the replacement of incandescent bulbs with more efficient lighting.
- Fund the completion of existing intertie projects which optimize power utilization over several communities.
- Finance the Renewable Energy Fund at a level necessary to expedite the completion of renewable and alternative energy projects which are construction ready.
- Incentivize the diversification of utility power generation so that renewable and alternative energy sources can be integrated into existing power generation facilities.
- Fund public education and outreach programs designed to provide resources on energy efficiency and conservation strategies in homes, businesses, and public buildings.

While all Alaskans appreciate and welcome this short term energy relief package, the long term implications should be our main focus. We respectfully request that you look to the future and make the hard decisions needed to keep Alaska viable and sustainable, not only for us and our children, but for their children as well.

Respectfully,



Michael Catsi
Executive Director



Alaska Power Association
703 West Tudor Road, Suite 200
Anchorage, Alaska 99503-6650
907-561-6103
Fax: 907-561-5547
www.alaskapower.org

July 17, 2008

The Honorable Lyda Green
State Capitol, Room 111
Juneau, AK 99801-1182

The Honorable John Harris
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Senator Green and Speaker Harris:

Alaska Power Association is the statewide trade association for the electric utilities that supply power to roughly a half-million Alaskans in communities from Barrow to Unalaska and down the Inside Passage.

The energy crisis facing Alaskans is very real. Time is short, needs are long, and no Alaska family or business is unaffected. APA appreciates the State of Alaska's recognition of the hardships and dislocations energy cost changes have had, and its initiative in addressing associated issues.

Since the proportion of energy used for power, heating, cooking, and transportation varies throughout Alaska, several concurrent approaches to energy cost mitigation are required. Solutions are complex and the state needs to consider short, intermediate and long-term investments. APA member utilities have been at the forefront of providing customer energy options and education on the demand side, and installing efficient power generation alternatives on the supply side. However, more needs to be done with respect to the immediate crisis as well as focusing on alternative and renewable energy programs and the wise use of energy.

Below, we call your attention to three critical, immediate needs that deserve particular attention. Each has an immediate and direct impact on the welfare of Alaska families.

1) Direct payments to Alaska residents:

The \$1,200 proposed resource rebate program would help all Alaska families deal with cost increases in power, heating, and transportation as their individual circumstances dictate. APA supports such a program for FY09 as it is simple to implement and administer, and it provides a degree of equity in addressing varied requirements.

2) Reduce and stabilize the cost of power throughout Alaska by capping the delivered cost of fuel to electric utilities at \$10.00 per million BTU:

A fuel price cap program would allow communities that do not benefit from access to low-cost Alaska energy resources to maintain a reasonable cost relationship to those that do while alternative energy supplies, energy audits, and demand side efficiency programs are pursued.

3) Low-cost or no-cost financing for fuel inventories:

This year's dramatic fuel cost increase has outstripped the financial capability of many electric utilities to pay for fuel deliveries at the time they are made — during the summer and fall months. In addition, in some areas of the state, inventory financing costs may prevent fuel suppliers from ensuring they have adequate emergency fuel supplies on hand unless utilities are willing to prepay to keep fuel stocks on hand. Unless this problem is addressed, having utility fuel at any price where and when we need it during an emergency may be impossible. We are **today** at a critical time in annual fuel delivery schedules and several APA members require the state's immediate help in financing fuel supplies.

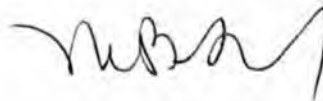
These suggestions are not intended to reflect a comprehensive or exhaustive set of recommendations from APA as energy challenges facing the state are enormous. Rather, they reflect the most pressing short-term requirements of Alaska electric utility customers.

Alaska Power Association intends to continue working with the state and other stakeholders in ensuring energy policies that make sense for all Alaska families and businesses. Thank you for considering these recommendations.

Sincerely,



Brad Reeve, APA President and
General Manager, Kotzebue Electric Association

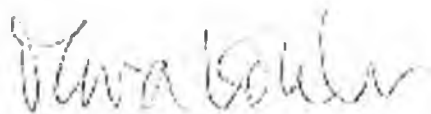


Marilyn Leland, Executive Director
Alaska Power Association

And the following members of Alaska Power Association




James M. Posey, General Manager
Anchorage Municipal Light and Power and
Secretary/Treasurer, Alaska Railbelt Energy Authority Joint Action Agency



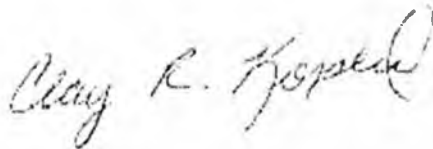
Meera Kohler, President and Chief Executive Officer
Alaska Village Electric Cooperative, Inc.



Ben Frantz, General Manager
Barrow Utilities and Electric Cooperative, Inc.



Robert A. Wilkinson, Chief Executive Officer
Copper Valley Electric Association, Inc.



Clay Koplun, Chief Executive Officer
Cordova Electric Cooperative, Inc.



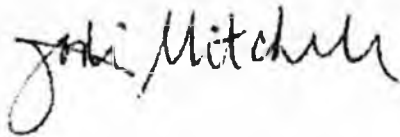
Walt Wilcox, City Manager and Utility Manager
City of Galena



Brian Newton, President and Chief Executive Officer
Golden Valley Electric Association, Inc.



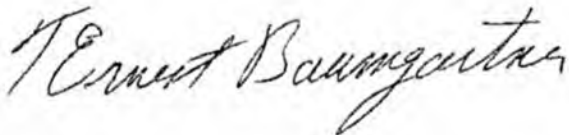
Donna Vukich, General Manager
INN Electric Cooperative, Inc. and
Naknek Electric Association, Inc.



Jodi Mitchell, General Manager
Inside Passage Electric Cooperative



Darron Scott, President and Chief Executive Officer
Kodiak Electric Association, Inc.



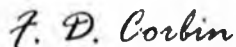
Ernie Baumgartner, General Manager
Middle Kuskokwim Electric Cooperative, Inc.



John K. Handeland, General Manager
Nome Joint Utility System



Jerry Cogdill, Power Systems Manager
North Slope Borough Power and Light



Frank Corbin, Chief Executive Officer and General Manager
Nushagak Cooperative, Inc.



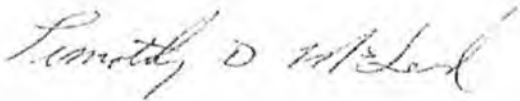
Tim Barnum, Electric Utility Manager
City of Seward



Dan Winters, Director of Public Utilities
City of Unalaska



Scott Newlun, General Manager
Yakutat Power, Inc.



Tim McLeod, President
Alaska Electric Light and Power and
Board President, KWAAN Electric Transmission Intertie Cooperative, Inc.

cc: Governor Sarah Palin
Joe Balash, Special Assistant, Office of the Governor
Lynne Smith, Special Assistant for Energy, Office of the Governor
Steven Haagenson, Executive Director Alaska Energy Authority
Senator Con Bunde
Senator John Cowdery
Senator Bettye Davis
Senator Fred Dyson
Senator Johnny Ellis
Senator Kim Elton
Senator Hollis French
Senator Lyman Hoffman
Senator Charlie Huggins
Senator Albert Kookesh
Senator Lesil McGuire
Senator Donald Olson
Senator Bert Stedman
Senator Gary Stevens
Senator Gene Therriault
Senator Joe Thomas
Senator Thomas Wagoner
Senator Bill Wielechowski
Senator Gary Wilken

Representative Bob Buch
Representative Mike Chenault
Representative Sharon Cissna
Representative John Coghill, Jr.
Representative Harry Crawford
Representative Nancy Dahlstrom
Representative Andrea Doll
Representative Mike Doogan
Representative Bryce Edgmon
Representative Anna Fairclough
Representative Richard Foster
Representative Les Gara
Representative Berta Gardner
Representative Carl Gatto
Representative Max Gruenberg
Representative David Guttenberg
Representative Mike Hawker
Representative Lindsey Holmes
Representative Kyle Johansen
Representative Craig Johnson
Representative Reggie Joule
Representative Scott Kawasaki
Representative Wes Keller
Representative Mike Kelly
Representative Beth Kerttula
Representative Gabrielle LeDoux
Representative Bob Lynn
Representative Kevin Meyer
Representative Mary Nelson
Representative Mark Neuman
Representative Kurt Olson
Representative Jay Ramras
Representative Bob Roses
Representative Woodie Salmon
Representative Ralph Samuels
Representative Paul Seaton
Representative Bill Stoltze
Representative Bill Thomas, Jr.
Representative Peggy Wilson

Kodiak *Electric Association Inc.*

(907) 486-7701

Box 787
KODIAK, ALASKA 99615

July 18, 2008

Senator Gary Stevens
State Capitol, Room 103
Juneau, AK 99801-1182

Representative Gabrielle LeDoux
State Capitol, Room 412
Juneau, AK 99801-1182

Dear Senator Stevens and Representative LeDoux,

The Alaska Power Association recently sent a letter to various members of the State Government urging action on the high energy costs. They highlighted three critical needs areas that deserve special attention. These are the following:

- Direct payments to Alaska residents
- Reduce and stabilize the cost of power throughout Alaska by capping the delivered cost of fuel to electric utilities at \$10.00 per million BTU
- Low-cost or no-cost financing for fuel inventories

KEA supports these efforts, but KEA is in a very unique situation. These issues above reflect a short-term stop gap in high fuel prices until long-term sustainable solutions can be found. KEA is currently in the middle of implementing a major long-term solution, the Pillar Mountain Wind Project. This wind energy project is the start of something very big for Alaska: full industrial scale wind turbines.

KEA will be the first to utilize these types of machines in the state. KEA is pioneering the process and absorbing risk along the way. This is a long-term solution that can be accomplished in the near future, and more State financial support for the project is warranted. Currently, the project cost is estimated at \$23 million, and \$1 million has been awarded in State grants.

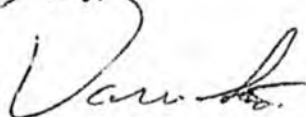
Financial support for the wind project could be accomplished in two ways. One likely way that State can provide support for the project is to increase the appropriations to HB 152. The Pillar Mountain Wind Project is an ideal project to be supported by HB 152 funding. The more funding that is available to HB 152, the more funding that would be available to our wind project. The other way the State can provide support for the project is through a direct appropriation.

Kodiak Electric Association, Inc.

KEA urges you to consider higher levels of funding for HB 152. Bills like HB 152 provide support for long-term sustainable solutions for our energy crisis, as do projects like Pillar Mountain. Fortunately for Kodiak, the Pillar Mountain Wind Project will provide long-term benefits within a short-term time frame.

Thank you for your support. Please let me know if I can be of further assistance, or if you require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Darron Scott". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Darron Scott
President/CEO
Kodiak Electric Association

cc: Robert Evans

Suzanne Hancock

From: Castillo, Anna [acastillo@city.kodiak.ak.us]
Sent: Friday, July 18, 2008 7:16 AM
To: Rep. Gabrielle LeDoux
Subject: RE: Support Governor

Thank you for responding so quickly. Yes you can include my comments. I keep hearing on the news how the high price of fuel is affecting the bush area of Alaska. I know were not paying 8.00 dollars a gallon yet but nearly \$5.00 dollars. I hope you can figure out some kind of relief for everyone and I would like to see the State take a look at what Texas is doing in regards to the largest wind energy project that they are undertaking for a long term change. It would be amazing if Alaska could become self sufficient. Thanks for your reply. Anna Castillo

-----Original Message-----

From: Rep. Gabrielle LeDoux
[mailto:Representative_Gabrielle_LeDoux@legis.state.ak.us]
Sent: Thursday, July 17, 2008 1:20 PM
To: Castillo, Anna
Subject: RE: Support Governor

Anna,

Would you like your comments included in the House C&RA Committee's packet?

Suzanne Hancock, Chief of Staff
Representative Gabrielle LeDoux
District 36
Capitol, Juneau, Alaska 99801
(907) 465-2487
(907) 465-4956 (fax)

-----Original Message-----

From: Castillo, Anna [mailto:acastillo@city.kodiak.ak.us]
Sent: Thursday, July 17, 2008 12:48 PM
To: Rep. Gabrielle LeDoux
Subject: FW: Support Governor

Dear Gabrielle,

Please support the Governor in regards the proposed stimulus money. Please read my concerns sent to Gary Stevens.

Sincerely, Anna Castillo

From: Castillo, Anna
Sent: Thursday, July 17, 2008 11:50 AM
To: 'Senator_Gary_Stevens@legis.state.ak.us'
Subject: Support Governor

Dear Gary,

I have never felt the need to express my concern regarding the effect the high price of everything is affecting the people of Kodiak. Anytime I go to the store I end up talking to people who are very concerned and worried about how they are going to feed their families. Yesterday I spoke to woman who said it was getting more difficult deciding which

would come first buying fuel oil for her home or food for the family.

If you haven't been home in awhile you would be startled at the cost of food. It will become more difficult for families to eat healthy. Fruit is out of the question and the vegetables are a sacred item. A loaf of bread is nearly \$5.00 a loaf. As you are aware we are now paying 4.85 a gallon for gas and nearly \$5.00 a gallon for fuel oil. The garbage, water and sewer bill will increase next month to I believe to 117.00 per month. Alaskan's are very resourceful and don't like to wane, we like being different and able to be diversified. I like to think we can do this without the help from the State, but I believe the State of Alaska would do a good thing to help us all with the proposed stimulus money that Governor Palin has proposed. Please support her and the people in your district. Sincerely, Anna Castillo, p.o. Box 32, Kodiak, Alaska
99615

SOLAR POWER COULD HARNESS THE MIDNIGHT SUN

By Jim Crawford

July 6, 2008

Of the solutions to the "energy cost crisis", solar power for Alaskan homes and businesses may be the best long-term. Solar power can cut Alaskans' heat and light bills in half.

Standard Renewable Energy defines how simply solar power works:

1. "Solar photovoltaic (PV) panels are mounted on your roof, where they collect energy from the sun in the form of direct current electricity.
2. The direct current electricity is then converted by an inverter into alternating current electricity for use by your home.
3. The alternating current electricity is fed directly into your home, just like it is from your electricity provider. And since the solar energy system works in tandem with your electricity provider, you'll continue to get electricity from them when you need more than the solar energy system can provide (e.g. during overcast weather and at night)."

Solar power should harness the Midnight Sun. In other states, homes are tied into the power grid, produce solar power and sell it to the utilities. Would you love to sell power to your electric company? Maybe debit them \$3.50 each time for the privilege of paying you? With solar power, each Alaskan can bring their own energy costs down. It's got to be part of any Alaska energy solution.

Power grids work when homeowners and businesses feed their excess power into the utility. The utility passes that power along to its other clients instead of producing its own. That reduces consumption of expensive oil and gas. Utilities who bill on a level pay plan give credits to their solar producers during the summer months that balance out the consumers increased cost and lower generation in winter. It can drastically reduce annual energy costs.

Hot air furnaces, boilers, hot water heaters, even refrigeration and irrigation systems run on solar power. By generating electricity and heat, these systems can provide regional self-sufficiency to Alaskans regardless of the community in which we live. Kind of like the State's Power Cost Equalization program on steroids.

One of the biggest players in solar power is, surprisingly, BP. BP's solar expert Tim Burton states, "It's inescapable that solar power will become a mainstream energy source." That's from one of Alaska's top producers of oil and soon, natural gas.

Home solar panel systems are guaranteed by manufacturers to operate for 25 years. If solar cuts electricity costs in half for each of those twenty-five years, it's quite a bargain. As the price of oil and gas go up, savings only increase.

Other states like Colorado are changing consumers' energy consumption by providing incentives. Grants provided to homeowners and businesses sufficient to bring down the capital cost of installing solar energy systems can drop our electrical generation costs in half in every region of Alaska. Such grants could solve each Alaskans' personal energy crisis.

If you have a newer watch or calculator, you're using solar power today. Solar works cost effectively when states make the investment to offset the capital cost of acquisition and installation. Currently installation credits, grants and low interest loans are not available in Alaska for solar power. The federal government, however, provides a 30% investment credit for solar power and allows accelerated depreciation for businesses that install it. It's time for Alaska to get some skin in the solar game.

The Legislature has a unique opportunity, awash as we are with petrodollars, to help Alaskans change our heating and electricity sources and reduce costs during this Special "Energy" Session. Redirecting oil riches to allow renewable energy from the sun makes incredible sense.

Cash infusions to Alaskans are important to help with short-term high-energy costs. But, let's also fund utilities to pass through grants for solar power systems that hook up to their grid. Solar power, wind generation, geothermal must have a place at the table along side oil, gas, coal and hydro generated energy. They are all part of developing a solid energy solution for Alaska. The alternatives to hydrocarbons could prove to be the best long-term solutions to Alaskans' energy cost crisis.

Jim Crawford is a life long, third generation Alaskan, a commercial real estate developer and mortgage banker. He and his wife, Terri, live in west Anchorage.

Robert L. Beans
P.O. Box 2645
Palmer, Alaska 99645
907-746-2733 Home
907-715-4984 Cell
rlbeans@gmail.com

Friday, July 04, 2008

Friends and neighbors, my name is Robert Beans. I was born and raised in Mountain Village, a fishing community on the Lower Yukon River, as have my people before me, through times that were sometimes good and sometimes not so good. Because of health issues in my family, I was forced to move closer to a better healthcare system. Though I now live on the road system, I maintain close ties with Rural Alaska and feel that I am obligated to speak on behalf of the hundreds of family members and friends I left behind to struggle with the affects of unfair inequities brought on by 'short-sighted' leaders. What happen to the Statesmanship of Legislators who looked out for the welfare of All Alaskans, regardless of which district they represented? It is time to bring that trait back to the Legislature and Administration for the benefit of all Alaskans.

Today we face "not so good" times. The cost of fuel and electricity is now a real crisis for our families. It is a crisis shared in the villages throughout rural Alaska and every place else.

Urban Alaska is beginning to share our pain, the pain we have endured throughout our statehood. I won't say welcome to the world of hurt we have long struggled with over the many years. Instead I will simply say to your struggling young families: "I am sorry."

In village Alaska we have reached the crisis point. For many, more than half of family income is spent on energy, leaving very little for all the other necessities that bring a quality of life commensurate to that of their urban family and friends. And yet they are still willing share their limited subsistence harvests with others. Today I spoke with 81 year old Don Smith of Kiana who told me he and his wife, like many in the state, are living on only the Social Security check he gets and he does not know how he is going to survive with the high cost of fuel. I hear the same plight in the voices of the many people I talk to from all over the State

For many, increasing energy cost is new. While your increases are an unwelcome new burden, believe it or not, in South-central Alaska you still have the lowest natural gas costs in the nation. As a for instance, in February 2008, residential natural gas rates in the State of Washington were 50 percent higher than in Anchorage.

In westward Alaska, our oil must be transported great distances, at costs that are more than half of those realized by urban Alaska and the communities along the road system. Villages are small markets with little or no "economies of scale", and we have to store our annual use of fuel for nine months of the year. The cold weather and fall/winter winds increase our usage. We know we must get very serious about doing our part, weatherizing our homes, and using some of the old ways, like heating rocks in evening and letting them give off this heat at night, but still all this takes energy.

Increasing oil price is good news for state revenue, but very, very bad news for family costs, whether urban or rural.

What are we to do? Today many urban communities feel some of our burden. I know there are many people in the cities that need help, but I doubt one solution is going to fit all of us. We need a common sense solution to the problem. We need to help each other in this difficult time, but we must not be foolish with an opportunity to better all of Alaska.

We should reserve some of this money for real solutions. In western Alaska we are developing wind power, and have some systems operating.

Some regions, like Anchorage, the Kenai, and the Matanuska Susitna areas still have benefit of lower cost natural gas, and Southeast Alaska communities have hydroelectric for generating electricity, although residents must still use more costly oil to heat their homes

Fairbanks has the highest costs of the big urban communities. They must use oil for home heating, and coal and oil for electricity. The extreme cold means they must burn more fuel in a day and for more days of the year.

Though I am a former rural resident, I plead my case for the rural regions. But today in urban centers many people need help to absorb increases, too.

In principle, we shouldn't just hand out money to everyone impulsively. We should focus on the needs of our Alaskan families that are below the state's median income of \$52,000 a year.

In 2006 we had an estimated 221,600 households, of which the extreme-cost rural areas are only about 10 percent. Using the median income for a threshold we get down to roughly 100,000 households. If you gave assistance of \$3,000 this requires only \$300-million. Further adjustments or a lower threshold could reduce this number.

I apologize for my doubts that village Alaska will be treated fairly. We in rural Alaska have not had a good experience in recent decades with those that have held the reins of political power. Over the decades we have lost much of our legislative representatives to the cities, and for many reasons there has grown a hostile division urban and rural Alaska. Unfortunately, urban people don't have opportunity to get to know us. We are out of sight, out of mind and impractical to visit because of the high cost of transportation. "Well, you can move," we are often told. However, we of the villages are "just here." We didn't make a choice to be here, and the choice to leave is extremely painful, because we leave behind family, friends, a way of life, a culture and a heritage. But, it has come to the point that energy costs are driving people from the villages to urban Alaska. This is putting a tremendous strain on the social structure and services of the urban cities. One just has to open a page in the Anchorage Daily News, the Juneau Empire, the Frontiersman or the Fairbanks Miner to see this happening at an alarming rate.

I am not naive about the economic realities, having served on numerous Boards and Commissions including statewide boards like Governor Knowles' Rural Sanitation Council as Co-Chair and the Power Cost Equalization task force that created the PCE Endowment Fund. In addition, I was elected by the Tribal Governments in Alaska to a two year term on the National Environmental Council/Tribal Operations Council (NEC/TOC) that reported directly to the Under Secretary of Environmental Conservation on the Presidents Cabinet. NEC/TOC forwarded recommendations of federal funding levels for the EPA grants available to the American Indians and Alaska Native Tribes for programs such as the General Assistance Program (GAP) which is used for a matrix of programs to enhance the Quality of Life in Native Communities throughout the United States. I have also served on the Board of Alaska Village Electric Cooperative for many years.

Some Alaska regions have been fortunate, and had access to cheap natural gas for many years. In the beginning gas was sold at throwaway prices. Now this gas is getting more expensive, but our natural gas prices are still well below the residential national average. Alaska and Utah have the lowest natural gas prices in the country. Southeastern Alaska is rich in hydroelectric facilities; this spares them the electrical side of oil price shock.

While our people in the Lower Yukon and elsewhere in rural Alaska urgently need help, we could deal with the problem with roughly \$700 million, while investing in longer-term solutions that are practical.

This caution may sound strange coming from someone who has long wrestled with our rural energy problems. But money is money, it is a tool and like all tools should be cared for properly. We have many things to do in this state, and there is a long road ahead for our children and grandchildren. We need to invest this money wisely while shoring up our economic bases. We must encourage the development and enhancement of businesses throughout Alaska. We must look to the future, a future that will help and protect our children and grandchildren and their children and grandchildren. Please don't throw good money after bad...we went down this path before and look where it got us...on our hands and knees begging for more peanuts from the Federal Government while our savings plan grows daily by Millions. This is not the Alaska our founding fathers envisioned while they were penning our Constitution, and it is not the Alaska I would be proud to live in...it is very degrading.

In closing, the resources belong to the residents of Alaska. Something like the Governor's current proposal needs to be implemented on a one time basis only and not make it an annual entitlement, but a temporary hand-up for Alaska Residents. At the same time, long term solutions need to be explored to sustain the delivery of State services. A suggestion is to look at making the CBR into an entity like our Permanent Dividend Fund. This concept is doable. Crude oil is at an all time high and bringing Millions into the State coffers. Put into place a 10 year moratorium where 80% of the revenue coming from crude oil continues to go into the PFD, while the remaining 20% goes into the CBR. Leaving the funds that would have normally gone into this fund from the investments to fund State programs until such time the CBR is at a sustainable interest revenue to be rolled into this for the State services. During this moratorium, it could be possible to cap the dividend at \$2,000 to allow the PFD to grow. I believe this long-term planning will sustain the state functions and continue to provide services. To ensure that the investments going into the CBR have the greatest possible chances of success, hire four of the top business persons in Alaska and one that is the caliber of Lee Iacocca or Donald Trump to act as Advisors to how the funds should be invested.

Thank you for considering all the suggestions Alaska Residents are putting forward

Suzanne Hancock

From: Rep. Gabrielle LeDoux
Sent: Friday, July 18, 2008 10:08 AM
To: Suzanne Hancock
Subject: FW: energy assistance

Sandra Unruh
Staff to Rep. Gabrielle LeDoux
sandra.unruh@legis.state.ak.us
907-486-8872

From: Jim Chumbley [mailto:jimchumbley@gmail.com]
Sent: Tuesday, July 08, 2008 4:18 PM
To: Rep. Jay Ramras
Subject: energy assistance

This is a letter I sent to the governor with some energy assistance ideas. Please consider this in your special session.

Thanks,
Jim

Dear Governor Palin,

Thank you so much for your interest in alleviating energy costs for Alaskan citizens. As I have written before, it is ironic that a state that is awash in energy tax dollars should have a population that is struggling to pay its energy bills.

I would like you to consider proposing a solution that I have not heard discussed yet. Instead of handing out cash to individuals, the state should subsidize the heat and electrical suppliers. This would actually provide the benefit to the users of the resources, whether it is families or businesses, and not put cash into the hands of those who are not responsible for their own heat or electricity. I would suggest that the state determine the average price per BTU and KWH over the entire state for January of 2007. (I propose this date as prices had started to rise by then, but had not yet exploded.) The state could then subsidize the local suppliers to bring current prices to that historic level. This way everybody in the state will be paying the same price per BTU and KWH.

Some regions of the state will benefit more, but I believe it is ultimately a fair plan and one that could be received favorably by the legislature. Because this plan also provides relief to businesses, consumers will benefit as prices of goods and services will not have to be continually increased to keep up with the escalation of energy costs.

This is also a program that could be implemented for an indefinite period until other more cost effective energy sources become available. If energy prices should happen to decrease, the state's responsibility would decrease proportionately; and if prices continue to rise, the state will have a subsequently larger treasury to assist with the offset.

This should not be seen as a conflict with conservation measures, as all Alaskans are well aware of the tenuousness of energy supply. The same logic also applies to the search for alternative energy sources.

Thank you for listening.

Sincerely,

Jim Chumbley

jimchumbley@gmail.com



Alaska State Legislature

Please enter into the record my testimony to the House CR + A
(committee name)
 committee on Energy Assistance, dated 7/17/08
(bill # / subject)

I am for Energy Relief at this time.
 But I want the state to return the
 royalty oil over to the refiners at a reduced
 cost. They then can pass this back to the
 consumers. This is the only way we will
 be able to survive.
 We have a constitutional right to enjoy
 some of the benefits of our resources

Signed: James "Hotai" Williams
Testifier

Representing (optional)

100 Hotai Way Valdez, Ak 99686
Address

835-4308
Telephone

Z J Martinez
P O Box 1113
Barrow, AK 99723

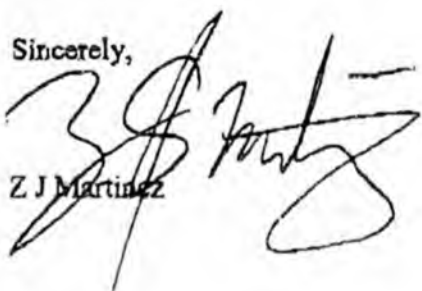
July 17, 2008

Representative Anna Fairclough
House Community & Regional Affairs Committee
Cc: Senator Donny Olson
Senate Community & Regional Affairs Committee
Via LIO Barrow, AK

Dear Representative Fairclough,

Concerning the resource rebate program for residents; I am in favor of the twelve hundred dollar rebate check proposed by Governor Palin. However, I think eligibility ought to be the same as for the PFD. In other words, anyone who is to receive a PFD this fall ought to receive the rebate if it is passed. Additionally, I think it should be a one time event. The rebate is a temporary solution and further appropriations may be better spent developing industry or acquiring resources for use in reducing the cost of energy for residents.

Sincerely,



Z J Martinez

Lydia Domingo
P O Box 631
Barrow, AK 99723

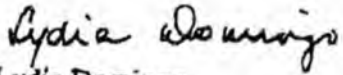
July 17, 2008

Representative Anna Fairclough
House Community & Regional Affairs Committee
Cc: Senator Donny Olson
Senate Community & Regional Affairs Committee
Via LIO Barrow, AK

Dear Representative Fairclough,

Concerning the resource rebate program for residents; I am in favor of all residents living in Alaska for the past six months or more receiving the twelve hundred dollar rebate check proposed by Governor Palin.

Sincerely,


Lydia Domingo



Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

July 16, 2008

House of Representatives
Alaska State Legislature
Juneau, Alaska 99801

Re: Energy Cost Relief Package

Dear Representative:

Economic hardships, such as those Alaskans face today, often provide an opportunity to step back and take an honest look at the future of our state. In doing so, we should ask ourselves whether it is better to pursue long term solutions or seek short term fixes to long term problems. The Governor's proposed energy cost relief package, as it stands, is a short term fix that may have long term consequences for the state. The current energy situation has gone beyond just being a rural issue and now affects all Alaskans, no matter where they live. This letter addresses three relief elements currently in front of the Legislature.

SWAMC supports HB 4003, which appropriates \$9 million to make up the short fall in PCE. To be effective and equitable in the long run, we feel PCE should be extended to businesses, schools, and public entities - as well as larger non-rural communities - in order to alleviate some of the energy pain Alaska's residents, businesses, and communities are currently facing. However, PCE subsidies should phase out over time as the delivered cost of electricity decreases.

The Administration's calculated savings from HB 4004, which would suspend the motor fuel tax, are negligible because eight cents per gallon does not represent significant relief for consumers. The resulting \$59 per capita savings over one year is fundamentally ineffectual [based on Alaska's 2007 population of 678,000 and the programs' expected savings of \$40 million (Administration's calculations)]. Moreover, once suspended it will be extremely difficult to "un-suspend", given the expectation of higher gas prices next year. In addition, the implications of this tax suspension for our federal transportation funding are unclear at this time and should be carefully weighed before passage of this bill.

Regarding HB 4002, we respectfully offer the following amendments which will pursue long term solutions while still providing short term relief to those who need it most:

- We recommend allocating fiscal relief to those living in communities in which the average residential cost for home energy exceeds 250 percent of the national average.

Economic development and advocacy for Southwest Alaska

Economic Development District (EDD) and Alaska Regional Development Organization (ARDOR)

- Allocate grant and loan funds for utilities to increase their power generation efficiencies and conservation efforts.
- Incentivize conservation at the residential and commercial level to help stabilize demand-driven power generation expansion, including the replacement of incandescent bulbs with more efficient lighting.
- Fund the completion of existing intertie projects which optimize power utilization over several communities.
- Finance the Renewable Energy Fund at a level necessary to expedite the completion of renewable and alternative energy projects which are construction ready.
- Incentivize the diversification of utility power generation so that renewable and alternative energy sources can be integrated into existing power generation facilities.
- Fund public education and outreach programs designed to provide resources on energy efficiency and conservation strategies in homes, businesses, and public buildings.

While all Alaskans appreciate and welcome this short term energy relief package, the long term implications should be our main focus. We respectfully request that you look to the future and make the hard decisions needed to keep Alaska viable and sustainable, not only for us and our children, but for their children as well.

Respectfully,



Michael Catsi
Executive Director

Suzanne Hancock

From: Nancy Barnes
Sent: Wednesday, July 16, 2008 8:14 AM
To: Jackie Baalam
Cc: Suzanne Hancock
Subject: RE: Opportunity for Public Testimony - Governor's proposed energy legislation

The public testimony is again today at 4pm---Thursday---thank you for being willing to testify---I am copying Suzanne in Rep. LeDoux's office on your note---Rep LeDoux is the co-chair for the C&RA Committee.

From: Jackie Baalam [mailto:jbaalam@hotmail.com]
Sent: Tuesday, July 15, 2008 9:35 PM
To: Nancy Barnes
Subject: RE: Opportunity for Public Testimony - Governor's proposed energy legislation

Thank you for sending me information on what's happening on important issues such as this one. I tried and tried my best to phone in my testimony this afternoon on HB 4002 and HB4003 which are directed to my community of Birch Creek also. These bills do effect us and I am in favor and support both HB 4002 and HB 4003 strongly. I wanted you to know that from Birch Creek.

Thank you again, I do believe in all information that you send me, I can act on it immediately along with other Birch Creek Tribal Council members and Birch Creek community members.

Jackie Baalam
Birch Creek

Suzanne Hancock

From: Rep. Gabrielle LeDoux
Sent: Tuesday, July 15, 2008 2:25 PM
To: Suzanne Hancock
Subject: FW: Energy Crisis

Sandra Unruh
Staff to Rep. Gabrielle LeDoux
sandra.unruh@legis.state.ak.us
907-486-8872

From: rwoods@gci.net [mailto:rwoods@gci.net]
Sent: Sunday, July 13, 2008 7:34 PM
To: Rep. Gabrielle LeDoux
Subject: Energy Crisis

Dear Representative LeDoux:

The welfare of Alaskans and our communities require the legislature to provide fair and immediate relief. The impact of extremely high oil prices on Alaskans is not the same throughout the state. The governor's proposal to issue checks for the same amount (\$1,200) and to reduce gasoline tax by 8 cents per gallon is woefully inadequate and short-sighted when it comes to addressing the Interior and rural Alaska.

As you know, the reality is that areas with long, cold winters and electric utilities highly dependent on oil to produce electrical power are in much more dire need of relief than areas with milder winters, natural gas for heating, and relatively low electricity costs. A solution based on actual need is required. Alaskans desperately need our legislators to respond in a fair, immediately and responsible manner to protect the welfare of Alaskans and our communities. We have the very good fortune of having tremendous resources in Alaska. Let's use them to benefit Alaskans and enable our great state to move forward with our people and economics healthy and proud. Not solving this problem would be a travesty and embarrassment to Alaska throughout the nation.

Ron and Mary Woods
120 Concordia Dr.
Fairbanks, 99709



**Bristol Bay Area
Health Corporation**
6000 Kanakanak Road
P.O. Box 130
Dillingham, AK 99576
(907) 842-5201
800-478-5201
FAX (907) 842-9354

*Bristol Bay Area
Health Corporation is
a tribal organization
representing 34
villages in
Southwest Alaska:*

Aleknagik
Chignik Bay
Chignik Lagoon
Chignik Lake
Clark's Point
Dillingham
Egegik
Ekuik
Ekwok
Goodnews Bay
Iglugig
Iliamna
Ivanof Bay
Kanatak
King Salmon
Knugank
Kokhanok
Koliganek
Levelock
Manokotak
Naknek
New Stuyahok
Newhalen
Nondalton
Pedro Bay
Perryville
Pilot Point
Platinum
Port Heiden
Portage Creek
South Naknek
Togalak
Twin Hills
Ugashik

*To promote health
with competence,
a caring attitude &
cultural sensitivity*

April 29, 2008

Governor Sarah Palin
State of Alaska
Juneau, Alaska 99811

Re: Energy Crisis in All of our Villages.

Dear Governor Palin,

The BB's (Bristol Bay Area Health Corporation, Bristol Bay Native Association, Bristol Bay Native Corporation, Bristol Bay Housing Authority, and the Bristol Bay Economic Development Corporation) are working on developing a "Bristol Bay Energy Policy and Energy Crisis Recovery Plan" with a corresponding "Implementation Strategies" due to our huge concern over the high costs of electricity and fuel costs in our villages.

Relief has been limited and a number of local folks have ended up moving to Anchorage to try and make "ends meet" so to speak.

We believe you should consider assembling your State Disaster Cabinet to see if there is sufficient evidence to declare all our villages "Energy Disaster Areas" and come up with appropriate relief.

With Fairbanks and now Juneau getting prompt assistance we feel as if we are not getting equitable help and attention in the bush.

It is good that the Alaska Energy Authority (AEA) is planning Town Hall meetings with one scheduled for Naknek on the 14th and another for Dillingham on the 15th of May. Perhaps a couple more sites might be scheduled for maybe Togiak, New Stuyahok, Iliamna and Port Heiden where the out-lying villages can more easily participate, or you have arranged teleconference tie-in so we hear from all those who want to listen-in and comment.

Where we are located and whether we come under a local Electrical Co-Op, or are serviced by the village/city, or an outside provider like AVEC will in part allow for some options to be more easily implemented or not. We need professional and objective advice on various implementation strategies that will benefit everyone.

The one service provider for Western Alaska fuel must be reviewed as to whether this possible monopoly should be allowed. For example, why did Perryville which ordered fuel last summer not get its fuel delivered by barge when it is on the Pacific Side of the Peninsula which does not freeze? The weather, while varied has not been so rough that fuel could not be delivered over these several months. Flying in fuel is dangerous and costly and having people ration out fuel is not good when there is no good reason to do so other than perhaps lack of competition. I

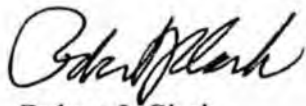
believe other Aleutian Villages and perhaps others may be in a similar situation. If we allow one provider then we must insist on multiple types of vessels to deliver fuel in our different weather conditions. Excuses should not be allowed. Perhaps fines, stopping their ability to continue service due to noncompliance/performance clauses should be considered with the license to provide such service.

Another concern is the BBAHC's Medivac Contract is up for renewal and a Request for Proposal (RFP) will be out shortly. Last year our contract went up a half million dollars. We spend roughly \$2 million and are very concerned as to whether we can afford another huge increase for the service. It is not like we can stop having Medivacs or health services, but what gets cut back or adjusted. We are all making very real serious choices.

Any help on keeping energy/fuel costs down or providing for a subsidy of some sort would be greatly appreciated by all.

Sincerely,

BRISTOL BAY AREA HEALTH CORPORATION



Robert J. Clark
President & Chief Executive Officer

c: BBAHC Executive Committee
BBNA
BBNC
BBEDC
BBHA
Representative Bryce Edgmon
Senator Lyman Hoffman
Representative Gabrielle LeDoux
Senator Gary Stevens

Alaska Whitefish Trawlers Association

July 14, 2008

P.O. Box 991
Kodiak, AK 99615


Dear Representative LeDoux,

RE: What is the legislature doing about the high cost of marine fuel?

Record-high, oil prices are choking Alaska's fishermen and many others whose livelihood is directly tied to the use of fuel. Because of the timing and limited window of opportunity, fish is sold ahead of the season it is fished. That means fishermen cannot pass these additional fuel prices on in the price of fish.

I understand from the newspapers that the legislature is considering setting aside billions to establish alternatives to oil and gas. We applaud that, but things get worse every day and Alaska's fishermen cannot wait for complex, long-term solutions. We need immediate relief.

Many of our fishermen are paying up to 60 percent of the total value of fish landed in fuel. I encourage you to imagine running a business when 60 percent of your total gross income goes to fuel.

The Alaska Whitefish Trawlers Association is a group of approximately 40 small trawl vessels that fish out of Kodiak. Each vessel carries 3-5 crewmembers. Each delivery of a full load means enough work for three full days of processing capacity. Kodiak's local processing work force includes thousands of people whose workweek is cut short whenever a trawler or other fishing vessel is unable to deliver fish.

We offer you this suggestion on a way to immediately help:

- In the short-term, fishermen should be given fuel subsidies of a minimum of 3 cents per pound for delivered and paid for poundage documented by fish tickets. This ensures that only those fishermen who are actually working and producing will get the subsidy. Since fuel costs are not directly connected to ex-vessel price, the subsidy should be the same regardless of which species is delivered.

The state faces a double-edge sword in oil prices. The state gets huge amounts into its coffers from the windfall profits, yet Alaska's coast businesses, including fishermen, are getting slammed and may not be able to continue to operate. We cannot afford to lose these vital members of Alaska's business and economic communities.

Please step up to the plate and support Alaska's coastal communities and Alaska's 2nd largest industry.

Thank you,


Alvin R. Burch
Executive Director
Alaska Whitefish Trawlers Association

Suzanne Hancock

From: UFA Mark Vinsel [ufa1@ufa-fish.org]
Sent: Monday, July 21, 2008 3:40 PM
To: Sen. Bert Stedman; Sen. Kim Elton; Sen. Albert Kookesh; Sen. Joe Thomas; Sen. Gary Wilken; Sen. Gene Therriault; 'Senator_Lyda'; Sen. Charlie Huggins; Sen. Fred Dyson; Sen. Bill Wielechowski; 'Senator_Bettye'; 'Senator_Johnny'; Sen. Hollis French; Sen. Lesil McGuire; Sen. John Cowdery; Sen. Con Bunde; Sen. Tom Wagoner; Sen. Gary Stevens; Sen. Lyman Hoffman; Sen. Donny Olson; Rep. Kyle Johansen; Rep. Peggy Wilson; Rep. Beth Kerttula; Rep. Andrea Doll; Representative_William_Thomas@legis.state.ak.us; Rep. Woodie Salmon; Rep. Mike Kelly; Rep. David Guttenberg; Rep. Scott Kawasaki; Rep. Jay Ramras; Rep. John Coghil; Rep. John Harris; Rep. Carl Gatto; Rep. Wes Keller; Rep. Mark Neuman; Rep. Bill Stoltze; Rep. Anna Fairclough; Rep. Nancy Dahlstrom; Rep. Bob Roses; Rep. Max Gruenberg; Rep. Harry Crawford; Rep. Sharon Cissna; Rep. Les Gara; Rep. Berta Gardner; Rep. Mike Doogan; Rep. Lindsey Holmes; Rep. Bob Buch; Rep. Craig Johnson; Rep. Ralph Samuels; Rep. Kevin Meyer; Rep. Bob Lynn; Rep. Mike Hawker; Rep. Kurt Olson; Rep. Mike Chenault; Rep. Paul Seaton; Rep. Gabrielle LeDoux; Rep. Bryce Edgmon; Rep. Mary Nelson; Rep. Richard Foster; Rep. Reggie Joule
Cc: 'Crome, Cora J (GOV)'
Subject: Fishermen's Fuel Cost Petition

Dear Alaska Legislators,

Earlier this summer, Petersburg fisherman Sara Stoner initiated a grass-roots petition seeking relief from high fuel prices, which quickly grew into a statewide effort. United Fishermen of Alaska and our 37 member groups offered to help circulate the petitions, collect signed petitions and deliver to those who may be in a position to help address the high fuel prices that are affecting fishermen and virtually all of Alaska's small businesses.

Petitions are still coming in, and at this time we have received 105 pages totaling 1853 signatures, from the following communities:

Petersburg - 602

Kodiak - 284

Juneau - 48

Nikiski - 150

Cordova - 171

Sitka - 260

Wrangell - 291

Other locations 47

Total signatures as of July 20 - 1853.

Although the petition was originally written towards federal tax credits, we do not wish to limit the consideration of measures to federal government help.

We think it appropriate that the Alaska Legislature and Governor's office be aware of the

petitions during your deliberations in the current special session on energy policy. It is not our intention that fishermen receive special treatment or government handouts - we understand that high fuel prices are a problem facing all of Alaska and ask you to seek remedies for all Alaskans and especially coastal and rural communities where this problem is most severe.

In the interests of conservation of paper, we have delivered photocopies of the 105 pages of signed petitions to the Office of the Governor, House and Senate Finance Committees, House Special Committee on Fisheries chairman Paul Seaton, Senate President Lyda Green, and House Speaker John Harris.

Thank you for your continued work on Alaska's energy needs.

Mark Vinsel

Executive Director

United Fishermen of Alaska

211 Fourth St Se 110

Juneau AK 99801

Ufal@ufa-fish.org

Inez Webb
8306 Loganberry St
Anch, AK 99502
830 7872

I would like to testify in support of HB 4002 and HB 4003.

We are all aware of the devastation of increased oil prices to our economy. We hear about it daily and feel it in our pocket books regardless of where we reside. I was born and raised in the same community as both of my parents and both of my grandmothers – Dillingham.

I am fortunate. I have a decent job and live in the largest village in Alaska (Anchorage) where energy costs are still, at least for the moment, within reason. That is not the case for my family and friends in rural Alaska. My adult children and my Mother live in Dillingham where the cost of living is astronomical.

As you know, there are many factors involved with these higher costs but transportation is the key. Consumer products have to be barged or flown in. Today a gallon of milk is almost \$8, a small box of cereal \$7.50, ½ gallon of ice cream is \$9 and a small package of diapers \$30. And then there is the cost of fuel! Last week gas was \$6.23 per gallon; I don't know what it is today. Note that Dillingham is a hub community; surrounding villages have prices that are much higher.

On a personal note and in an effort to help my family, I use every means possible to assist with these soaring costs. I buy products in Anchorage and transport them to Dillingham utilizing every form of shipping possible from snail mail, which isn't always affordable, to coercing colleagues into hauling extra pieces of luggage when they travel. Although all effort helps, it is not enough. My family and friends in rural Alaska are at risk.

While HB 4002 and HB 4003 are a short term fix for a nation wide problem, they will help Alaskan families with the highest cost for home energy survive the long winter.

Alaska is one community. In order to survive we need to pull together and create a long term strategy for all Alaskans. Please provide significant funding for these bills. Thank you for your consideration.

I would like to also thank you for your dedication and service. Your job is not easy but your effort is appreciated.

April Ferguson
111 West 10th Ave
Suite 400
ANC, AK

99501

HB 4002 and HB 4003 Testimony

My name is April Ferguson, I serve as the acting COO for Bristol Bay Native Corporation. I want to thank Representative Fairclough, Representative La Doux and members of the committee for hearing testimony today. I believe there is no other issue before the state as important, as critical as energy. I commend your foresight in proactively and aggressively addressing this issue before the coming winter.

All the communities in our state have been seriously affected by the increased cost of fuel. Those communities off the road system, which in Alaska means the majority of communities in the state; are seriously challenged with the problem of how they will maintain their infrastructure and their community members over the coming winter.

We are facing a state of emergency in Alaska. I sincerely appreciate the efforts of this committee to bring this issue to the attention of the legislature at large and to the general public. If immediate solutions for home heating fuel are not addressed right now we will be airlifting emergency shipments into small communities at great cost to the state in the spring. HB 4002 and HB 4003 are pieces of legislation that recognize there is a economic train wreck coming and these proposed measures will certainly help to get us off of the track before we get financially hit.

Everyone in our state agrees that there will be no one simple solution to Alaska's energy problem. We are the largest and also the most geographically diverse state in the union. As a result our transportation corridors and infrastructure are unique and underdeveloped. Delivering fuel in a timely and economical fashion requires a massive and cumbersome distribution network.

The fact is our state has become diesel dependant. I spoke to a resident of South Naknek yesterday and he told me that 40 years ago every household had a wind charger and a set of battery banks; then diesel came along and everything changed." So change is coming. We are willing to change. All the communities in Bristol Bay are preparing for a lean winter. The magnitude and the speed of this

change, however, is unprecedented. I am asking the legislature to come together on this issue and reach out and grab their neighbors by the hand. We have to help each other this year and quickly. The dramatic increases in oil prices over the past two years could not have been predicted.

Recent studies by the University of Alaska in 2007 showed that some households are paying as much as 47% of their income for home energy costs. That was last year. What do we expect them to do this winter? And where do we think the prices will go? The dramatic increases in oil prices over the last two years have had a devastating economic effect on all Alaskans. Meanwhile the price of oil has been very generous to the state budget. Let us use our natural resource wealth to address the immediate energy needs of our citizens and to establish long term plans to reduce our dependence on fossil fuels.

I would like to add that the dramatic fuel increases that every area of our state is experiencing are not just adversely impacting individuals. This has had a severe and debilitating effect on small business, schools, water and waste facilities, airports, ports, ferry systems, processors and fisherman. We need to invest in maintaining the infrastructure that we have built across our great state at such great expense. It takes communities. Let's take care of our own.

The Bristol Bay Native Corporation (BBNC) strongly supports both HB 4002 and HB 4003. The \$1200 rebate and the provisions that would protect low income individuals from losing other federal or state benefits as a result of receiving the energy rebate contained in HB 4002 is good policy in a time of severe economic conditions and State revenue surplus. The supplemental appropriation to cover shortfalls in the funding of the PCE contained in HB 4003 is essential to dampen the effect of higher fuel costs on electricity costs in all off road areas of the State.

BBNC also supports consideration of a "lifeline" family fuel payment to ensure that adequate supplies of heating fuel are affordable for all households perhaps along the lines of the power cost equalization program.

BBNC also respectfully asks that the legislature consider a change to the PCE that would recognize the dramatic effect that higher oil prices have on the cost of

electricity in areas dependent on diesel fuel. We suggest that the \$0.52 per kwh cap in the payment calculation be indexed to changes in the average ANS West Coast oil price from the average FY 2007 price of \$61.63 per barrel as reported by the Alaska Department of Revenue.

A long term energy strategy is also needed, and the BBNC strongly supports the AFN's recently passed resolution laying out the basics of a long term energy policy. This policy would continue the long standing goal of providing for the equalization of energy costs for all Alaskans while at the same time providing significant funding for long-term development of alternative energy resources and conservation measures.

Thank you for your attention to this matter. I want to emphasize that action taken now will save money, embarrassment and heartache later. Imagine if you will, headlines that advertise communities fragmenting, infrastructure failing, in a state with a multibillion dollar surplus.

Bonnie

related issues

Mary Ann Pease ... energy ~~committee~~ working with BANC

As winter approaches, Alaskans statewide are facing the economically uncomfortable prospect of a winter with unprecedented costs for energy, particularly for heating their homes and businesses. Nowhere is that impact greater than in western Alaska, where all communities are dependent on local electric and fuel sources that are burdened not only by high cost of product, but also by enormous added transportation costs. On behalf of those communities, I want to urge you to pass HB 4002 and HB 4003 ^{expeditious manner} to provide a small measure of assistance to rural residents faced with the economic dilemma of buying energy or other necessities, but not both.

We all know that Alaska has the highest gasoline prices in the nation. It isn't the cost of a gallon of gas in Anchorage or Fairbanks or even Juneau that creates that distinction. Gasoline prices are high in those cities, but not as high as many cities in California or other major urban areas. It is only when the cost of a gallon of gas outside the large Alaskan cities and particularly off the road system is added in that the ^{*not so noble distinction} ~~nomenclature~~ of the **highest cost per gallon goes to Alaska**. The communities in western Alaska pay per gallon prices that give Alaska the top per gallon price. That same ^{distinction} ~~one~~ applies to diesel prices, home heating oil, and electricity. Energy is very expensive in western Alaska, and assistance to its residents and businesses is desperately needed in a timely manner. Barges to many of the communities in the Bristol Bay Region end mid-September...so relief NOW is important. Passage of HB 4002 and 4003 will provide some assistance in that regard and will be greatly appreciated by rural residents.

What we have here is at best a short term band aid on a large wound that needs much more serious attention. As part of energy relief, I would urge you to try to come up with a more comprehensive and long term solution to rural energy costs. Obviously there are economies of scale associated with energy production and distribution, but Alaska's energy costs, especially in rural areas are disproportionate to the rest of the country. We have energy reserves and potential in state, developed and undeveloped, yet economic activity in the state

is hamstrung by high energy costs. Our state has a lot of money thanks to record high oil prices, but ^{many of her} ~~her~~ citizens are bleeding economically for the same reason.

We need a concerted effort to promote small scale, self sustaining energy options in rural areas that decrease dependence on petroleum products, the base price and transportation cost for which will only continue to rise.

While energy options are a function of economics and scale, it is not just small villages that are in dire straits as a result of enormous energy costs. Regional centers such as Dillingham, Bethel, and Nome are facing the same crises as their outlying villages. Without viable alternatives to the present situation, whole regions of the state will cease to function economically.

Renewable Energy Solutions will need to play a strategic ^{part} ~~part~~ of the energy solution, but many of these projects will take years to implement and we already have communities that are greatly impacted.

The short term solution is definitely improved by HB4002 and HB4003---but we need to invest in infrastructure and mandate a renewable mix with fossil fuel for our electric utilities...a strategy that should be part of the overall energy plan for our State. Alternatives may take the form of Wind, hydro, Propane, etc—but the key message is that the current reliance on Fuel oil must be diversified!

Your assistance and leadership is needed now on this issue that is critical to the economic survival of much of rural Alaska.

Honda FCX Clarity

Sponsored links:

n/a MPG n/a L/100km

Sedan

Hydrogen

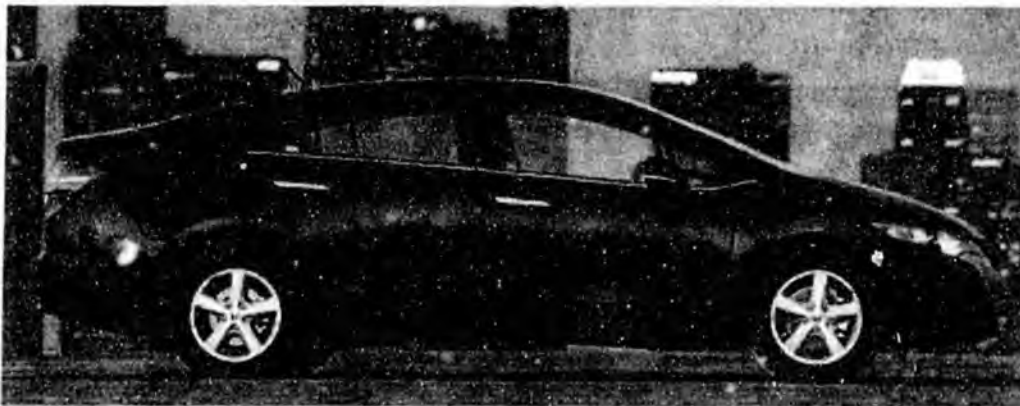
n/a

- FUEL ECONOMY

- BODY TYPE

- TECHNOLOGY

- BASE MSRP



Honda unveiled the FCX Clarity fuel cell vehicle at the 2007 Los Angeles Auto Show, and announced that a limited number of southern Californians will have the opportunity to lease one next summer. This is the first time a customer can obtain a fuel cell car directly from a retail dealer. The company is also showing progress with the creation of a hydrogen home fueling station.

A lease on the Honda FCX Clarity will cost \$600 per month, including service, maintenance, and collision insurance. The term on the lease will be three-years.

In terms of appearances, the futuristic four-door Clarity will closely resemble the FCX concept, aside from some minor front-end design modifications. The Clarity will be powered by a hydrogen fuel cell stack—running along the car's center tunnel between the front seats—that generates electricity but produces zero exhaust emissions at the tailpipe. Functional improvements in the FCX Clarity over the previous concept model include a 20 percent increase in fuel economy, a 30 percent increase in vehicle range to 270 miles, and an advanced new lithium-ion battery pack that is 40 percent lighter and 50 percent smaller.

Okay, But Where Do You Get the Hydrogen?

Honda has not yet disclosed the production volume for this vehicle, but some industry observers expect Honda to produce about 1,000 units. Customers will be able to drop off their vehicles at a Honda dealership for service, and Honda will then transport the vehicles to a dedicated service facility. The company will need to carefully select customers, based on their proximity to the limited number of hydrogen refueling stations. The lack of infrastructure to produce, distribute and sell hydrogen fuel is among the major obstacles to the adoption of fuel cell vehicles.

This week, Honda also announced progress with a home-based hydrogen production system—called the HES IV—that would remove a consumer's need to find hydrogen fuel or visit a gas station. The company installed such a system at its headquarters in Torrance, Calif. The system was created by Honda and Plug Power Inc., a provider of on-site energy solutions. "Before fuel cell vehicles can have any significant market penetration, there will need to be a viable solution to the inevitable refueling question," said Mark Sperry, chief marketing officer at Plug Power. "The Home Energy Station provides the means for vehicle owners to produce onsite hydrogen, as well as heat and power, in an efficient and environmentally friendly way."

Seventy percent smaller than the first generation version, the HES IV makes use of a home's existing natural gas supply in order to produce hydrogen for vehicles, as well as providing heat and electricity for the residence. Honda claims that using the HES IV to heat a home and fuel an FCX Clarity would reduce CO2 emissions by as much as 30 percent, compared to the conventional usage of grid-supplied electricity and gas-powered automobiles. Energy costs would also be lowered by an estimated 50 percent.

Availability of the in-home system is not expected for another seven to ten years.

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Nikki says:
35 weeks ago

This is the best car ever

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Steven B says:
35 weeks ago

I would love to see this as a range-extending electric car. Or just a battery electric instead. I'd be interested in leasing one, but the closest hydrogen fueling station to me, that I know of, is well over a thousand miles away, literally. Hydrogen cars are senseless.

• [reply](#)
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Andy says:
35 weeks ago

I can picture the US Auto leaders talking to the press now about how long we'll have to wait for this. It brings back images of Tarik Aziz making statements to the press in Bagdad that the US was no where near Bagdad, while behind him, US Abrams tanks were driving all over the place.

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Megan says:
35 weeks ago

This is fantastic innovation. The incorporation of home into the home fuel station is excellent. But a seven to ten year wait for this to be available makes me wonder if Honda really knows the value of the energy efficiency market.

• [reply](#)
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Max Reid says:
35 weeks ago

This vehicle is half way between Hatch & Sedan, that may give extra space for the Hydrogen Cylinder, but where is the Hydrogen going to come from.

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Roy Hannon says:
35 weeks ago

I think the people need to WAKE UP!!!! This technology has been around for many years. What you don't see, is how the big oil company's and yes our good old government paying to keep it out. If you don't believe it Get on the web and start looking and asking questions. You need to start getting involved and STOP the big company's from deciding what happens here.

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Eduardo Maio says:
35 weeks ago

It's about time that the FCX gets in the market, also it's nice that they didn't abandon the idea of a home refueling station.

Steven B electric cars are better for people who have a low daily mileage and have a garage and time to recharge their cars. How will someone without a garage or that lives in an apartment at a 11th floor for example will recharge their car? It's not viable to create parking lots with charging stations for everyone. Also, if your daily driving includes big distances your're screwed, you will run out of juice and then you have to stop for two hours to recharge the car. With hydrogen it

takes about 3 minutes to fill it up at a hydrogen station and this FCX still has a "hybrid" system, maybe someone will develop a plug-in system for this one like they did for the Prius and make everyone happy *hint hint*

• •
• •
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Jared says:
35 weeks ago

This is a fascinating development, though the story is very light on the details of locally produced hydrogen. Still, I think this is a winning concept if the hydrogen can be produced with great efficiency in a scalable way, or with many small installations.

One recently detailed method uses bacteria metabolizing organic matter and excreting hydrogen with a small amount of electrical current as catalyst:

I used to think hydrogen was the fuel of the future and would always remain so, but the landscape is changing.

• •
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Jared says:
35 weeks ago

<http://www.npr.org/templates/story/story.php?storyId=16343702>

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• •
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ex-EV1 driver says:
35 weeks ago

This is great. Now there's something I can do with all that extra hydrogen I have lying around my house!

Eduardo, it actually isn't tough to provide electric charging at a parking space. The cost is about the same as providing lighting. In northern states and provinces, most public parking lots already have electrical outlets for plugging in engine block heaters.

The deeper you dig into Hydrogen vehicles, the worse they look. The deeper you dig into battery electric vehicles, the better they look.

• •
• •
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Cori says:
35 weeks ago

As for the whole electric vs. hydrogen thing, where do you think the electricity is coming from? Power plants, of course, but these places mostly use coal to produce the electricity. Unless the power plants all have massive conversions to alternative ways of production then the reason behind these electric vehicles becomes halved and less appealing.

It doesn't help much that it is extremely costly to change ways of production for most power plants. Using a river to rotate turbines in a dam is simply impossible in most areas; wind is more likely but then there's all that land needed for the large amount of wind turbines.

With hydrogen if companies start really coming out with the hydrogen fuel cell cars and perhaps if a company even steps up

and strikes a deal with a major fueling station other stations will start getting pumps with hydrogen. To be short, all I am saying is that conversion to hydrogen will make all parts of the vehicle industry happy and would be so much easier than handling the problems that would come up later with electric.

I do agree with Roy to the extent of the fact that the technology has been around quite awhile and has just been kept from hitting the market because of the economics thoughts that the gov. and fueling companies have. But, even though the technology has been around for awhile I believe it has just recently not been excessively expensive to produce. Don't quote me on that though, as I might be wrong.

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Arturo Perez says:
35 weeks ago

why only california, the need of those vehicles is nation wide Texas for example. let any one that wants one get one nation wide not only California.

• [reply](#)
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Gabriel says:
35 weeks ago

Companies should try these cars in a bigger scale. Here in Portugal DIESEL cost 1.20€ and GAS about 1.60€. The cost is simply HUGE for a people who ave an average income of 500 - 600€ per month.. I would love to see these technologies tested in the all country. We are about 12 Millions and the country is quite small.. I think it would be perfect for the industry to see the effects in a economic, environmental and social way in a whole nation instead of a single region.. I really think that Europe will be the real testing ground because prices of fuel are unbelievably high and keeping rising. In 1 or 2 years it will be almost unpossible for the average citizen to go on a ride with is own vehicle... And, wen it will be more expensive to buy oil fuel than investing in new techs, you will see that all multinationals are going to kill to have the right to implant alternatives in the market.. In an other way, i do think that in order to have diferents options in the market GAS prices MUST go up very quickly.. Ironically this is what can save the planet future.. Hope that credits of that wont fall on G.W.BUSH..

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Mateo says:
35 weeks ago

If you think this will happen in America... you've been asleep and dreaming, so wake up. With that said, buy a hybrid and vote.

The availability of hydrogen poses ZERO PROBLEMS. Hydrogen is one of the most common elements on the entire planet. And a common source? Water. What happens when you force a chemical reaction between water molecules? You get three products; 1) Energy. Breaking chemical bonds produces energy in the form of heat, 2) Oxygen - that stuff you like to breathe, and some very pure oxygen at that, 3) Hydrogen, the fuel needed to power your vehicle. common science. Basic. Yet the majority of you are unaware.

• •
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Old Man Crowder says:
35 weeks ago

Mateo, you're right in that hydrogen is the most common element on the planet. The problem is that it is not found in its elemental state. It's always attached to something.

To free it, you have to provide an energy source -- usually through burning natural gas.

So we're really no further ahead with hydrogen than with natural gas vehicles. Other than the fact that they are hugely more expensive.

• •
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John says:
35 weeks ago

This is awesome, it wouldn't come from the US auto/oil consortium. Plug Power will supply home fuel cells that convert natural gas (got that at home?) to hydrogen to heat your house plus provide some electricity (oops, plus CO2). The H2 can be syphoned off, compressed, and pumped into your car, or the electricity can charge it. Either way, the big corporations won't like the idea of de-centralized power generation or H2 delivery.

The US government ought to subsidize this rather than the coal- and nuclear power industry. A lot of Dept. of Energy money has gone to Plug Power/GE for this, why did the Japanese come out with it?! President Bush's Freedom Car/Big 3 corporate welfare package has just been trumped by the Japanese.

• •
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Jared says:
35 weeks ago

In response to Old Man Crowder:

I used to have the same outlook about hydrogen and enjoyed pointing out that the only place I knew where hydrogen was easily found in its elemental state was inside of a star, and that the current (it's a pun, wait for it) ways of producing hydrogen through electrolysis or steam separation required either too much energy input to make it worthwhile, or relied on hydrogen rich sources such as coal, which emit copious CO2.

Electrohydrogenesis addresses these issues. Please review this story, it may alter your view:

<http://www.npr.org/templates/story/story.php?storyId=16343702>

To those folks arguing electric plug-in over hydrogen fuel cell over something else, go ahead and advocate for your preferred solution (in an informed way, I hope). The fact is that we need all the viable, sustainable solutions that can be devised.

reply
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phil says:
35 weeks ago

how do you know where they are? you should be able to just pour water in your car, it is a hydrogen car

reply
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jerk says:
35 weeks ago

how do we know they are reliable?

reply
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Eduardo Maio says:
35 weeks ago

You have to think out of the box about filling your car up. Ok, you have parking spaces that have electrical plug's that can be adapted, so? How about the rest? Let's say that you want to go from California to NY, with a electric car it's not viable because i have to stop for 2 hours to charge it up. But if I stop in the middle to fill my car up in 5 minutes with hidrogen I can. ;)

And, about digging up, you know that instead of electricity in a battery you have hydrogen in a tank, that's the only diference. You know that, right? Just in case, because both engines use electric power, they're not just directly plugged in.

The only real problem is the electricity prouction, but those are beeing replaced by renewable energy, at least in Portugal they are and I'm sure in the US the same is happening because we are selling you lots of eolic power plants. Also it's beiter if the polution is located near the power stations, we can plant trees to capture CO2 and the emissions will be constant, not like on our combustion cars where we have enthusiasts removing catalytic converters and changing their exhaust systems thus generating more polution that can't be controled in a global way.

reply
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Shonsu says:
35 weeks ago

I wonder how much hydrogen is being produced in my sewer treatment plant in my back yard. Those could probably be modified to produce more and collect it. Then I'd have my own hydrogen production in my back yard.

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joey martin 11-20-2007 says:
35 weeks ago

Theses cars are awesome. Becuase of the car i get to spend more time with my family. we get to do more stuff like amusment parks and buy our son an xbox 360. before the hybrid, i could not afford anything. but now i can. since the engine is powered by less gas i can afford more things now. HYBRID CARS ARE THE BEST!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

• •
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Preytor says:
34 weeks ago

The interesting thing about the whole "new" buzz surrounding this is that I read an article about this subject like a year ago. Any Japanese readers of this must be thinking, "wow, you guys just got the memo huh?" The information I read stated that Toyota is even further ahead than Honda with this technology and is already testing the fuel cell concept in some Japanese homes. And we can expect another 7-10 years for this?

Indeed the "big three" US auto makers (I guess you can call them that again since Mercedes dumped Chrysler) would have had us believe that the current level of hybrid technology in Toyota and Honda vehicles was impossible right now and years off into the future. Guess what, it's not.

Unfortunately, as stated by another poster earlier. The big oil companies along with a whole bunch of other "special interest" groups don't want to see these technologies really take root and grow because they stand to loose alot of money.(when in actuality if they were smart they embrace these technologies and use their huge wealth to invest in and profit off them just like oil.) And their are plenty of "prostitute" polititions just waiting to make and vote on policy in your favor if your "contributions" are high enough. Screw the environment, they could care less. I truely believe in capitalism, but I also believe in America. At what point do you say hey, we've already made untold billions, lets do what's best for our fellow Americans who aren't rich, but are still working their butts off everyday pursuing the American dream?

All I can say is thanks foreign auto makers for continuing to invest in R&D and pushing the envelope on hybrid and alternative fuels technology. And showing us that alot of the rhetoric we hear here is just crap to pacify the masses.

• •
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Pedro says:
34 weeks ago

Gabriel has a vision. Test in Portugal! Portugal is the perfect country for that.

• •
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Maguire says:
34 weeks ago

I love these blogs with conspiracy theorist and Big Three bashing. Feel free to check out the list of Hybrid Cars and SUV's on this site there are plenty of Big Three options. They may be a year or two behind but this is a long term change. As far as Fuel Cells go, GM's has an identical program. See <http://www.chevrolet.com/fuelcell/>

• •
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Ian Page says:
33 weeks ago

Why don't they just setup hydrogen filling stations at their dealerships, and have them provide services to the customer. Of course this would be in addition to the home filling station. This would allow car owners to travel long distances and worry about running out of fuel.

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eric says:
24 weeks ago

The rapture will happen way before we ever get to drive a hydrogen car.

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Grant says:
24 weeks ago

Hoinda needs to pull on it's big-boy undies and mass-produce this vehicle and put some sort of this drivetrain in some other vehicles. If you build it they will come.

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Art says:
23 weeks ago

Mateo,

You may want to shelf your glib attitude. The last time I checked "simple science", water molecules don't just break into hydrogen and oxygen on their own (otherwise, every time you lit a match, there would be an explosion as the free hydrogen combined with the free oxygen in the air, BOOM!). You need energy to break the molecular bonds in the first place, either electrically or chemically. Even the description of the home system says it relies on the natural gas supply to the house. Didn't natural gas prices jump recently and it is classified as a renewable resource? Plus, the law of the conservation of energy and matter would predict that it would consume as much energy to break the bonds as the energy that is released.

The ideal is use solar power to break the bonds in water to free hydrogen and oxygen. Then, use the free hydrogen to "burn" and produce the heat or electricity. We still have conservation of energy and matter in the universe. Maybe they can develop large production centers that use solar power to create the hydrogen cells and then ship them to your local "gas" station. Now that's clean!

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Art says:
23 weeks ago

Oh, and by the way. Has anyone thought about what will happen when two hydrogen cars run into each other at 70 MPH? Gas explodes, but hydrogen explodes more efficiently.

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stations to be allowed on any scale within the USA anytime soon. Corporate america has shown us over and over its not about the public welfare as much as it is about the corporate profits. And short term profits is the name of the game in the corporate world.

personally I am for this 100%. Professionally I am just weary of the existing oil and energy powers placing as many roadblocks as possible in the way.

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Ryan says:
19 weeks ago

I don't think the big oil companies are too ecstatic about hydrogen technology, for obvious reasons. However, you may find the list of members of the CA Fuel Cell Partnership a bit surprising...:

Chrysler

Daimler

Ford

General Motors

Honda

Hyundai

Nissan

Toyota

Volkswagen

British Petroleum <---

Chevron <---

Shell <---

United Technologies Company

National Automotive Center

California Air Resources Board

South Coast Air Quality Management District

California Energy Commission

U.S. Department of Energy

U.S. Environmental Protection Agency

U.S. Department of Transportation

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Norm says:
19 weeks ago

Hey guys,

You're right on. However, hydrogen fuel cell technology has already been tested and put to use. There are major cities in America currently using TOTAL hydrogen fuel by the transit authorities. The Germans have perfected the technology. We all (the world) have the it, but like you said, Big Oil, Big 3 Auto, and, don't forget, Big Government doesn't want us to have it.

I read today that the auto manufacturers are reinvesting in to electric-hybrids, again. Why? Because it still requires fossil fuels to make electricity. Here's some good reading.

<http://switch2hydrogen.com/>

<http://www.intergalactichydrogen.com/>

<http://hydrogengarage.com/home.html>

<http://www.teslamotors.com/index.php>

And there are many websites.

• •
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Greg says:
18 weeks ago

The hydrogen molecule has the greatest energy potential of all elements when isolated (because of its instability). The problem is the energy required to isolate it (realize its 'potential') is cost prohibitive.

Plain and simple from a purely economic perspective, fossil fuels are cheaper even at 3+ dollars a gallon than any alternative right now.

Does that mean we should just throw in the towel, destroy our planet, and give up on alternatives such as hydrogen simply because of economics - and let the oil companies reap the rewards in the meantime? Certainly not!

As someone else mentioned, we need viable and sustainable alternatives. Viable meaning practical and feasible (cheap); sustainable meaning something we can depend on and will be widely available to the masses over the long haul.

There are many great ideas floating around, hydrogen being one of them (as hydrogen is the most abundant element on the face of the earth), but we have to consider the cost of conversion - things like distribution, storage, mass production, etc. of whatever the alternative becomes. When I say storage I'm not referring to the safety aspect, but there are inherent problems in trying to contain hydrogen without it 'evaporating' for one.

Also, don't be fooled into thinking that the oil companies are sitting around waiting for fossil fuels to run out. Quite the contrary. They own many patents for and are investing heavily in alternative energies. There is too much money at stake not to. If oil ran out tomorrow, the oil companies would be in the best position to implement an alternative, and certainly have the means, and the technology to do it right now if they wanted to.

Necessity is the mother of invention, and we as a society have become complacent, content to rest on our laurels, lazy if you will.

We tend to sit around and wait for someone else to come up with a better way, but in the meantime as long as we can still afford to keep using 130 year old combustion engine fossil fuel technology we will. We don't even have a commercial passenger jet that will break the sound barrier anymore! Sad. We haven't had a real breakthrough in technology for quite some time now (that we know of), but that's not to say that someone couldn't come up with one if they really wanted to.

Ok, off the soapbox, for now.

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Mark Babineaux says:
16 weeks ago

Im surprised now one has talked about the possibilities about the very easy process of getting hydrogen from water.

That is something the oil companies do not want you to become familiar with!

Imagine having a hydrogen producing electrolizer/cell in you back yard, that is the way to go.

Hey then, when the world becomes one big consolidated international govt, we could pay road/federal/state/county/city taxes on water.

Then when you flush the toilet, you could really say you pay a tax to take a [!@%]!!

Think about this, why is this information not readily available?

The technology is there and proven. I heard about cars that can break water into hydrogen in the 90s. I think possibly its because we have a 9 trillion dollar national debt that has to get paid and you know what pays the debt===== if you guessed haliburtons brother in law illegal contracts or GM's net worth, you are wrong.

ITS YOUR TAXES THAT ARE PAYING OFF THE DEBT

They don't get taxes if we are not buying overpriced propane/natural gas/ethonal/batteries/gas/diesel/ and oil!!!

To sum that up I think hydrogen cars are a great step towards clean energy efficient cars!!!!!!!!!!!!!!

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Bob Christner says:
15 weeks ago

I am ready to see the hydrogen revolution come to market. We are all tired of high fuel prices and the big auto makers make empty promises on alternate fuel vehicles. Bring it on!! thanks Honda for taking the first steps. I will be glad to help to make fossil fuels the dinosaurs they came from :-)

•
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Roger says:
15 weeks ago

You say "This is the best car ever"

I say "So is George Jetsons flying car but that does little for you and I and the people who dream of such a car"

I will believe it when I can actually buy it off the showroom floor and it does all they say it can.

They always say "Will be available to the Public soon...within the next 5 to 10 years.

We were supposed to have flying cars in every garage by the year 2000 as well and I'm still driving a gasoline burner and being gouged at the pumps.

Keep dreaming because that is all they are offering.

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Anonymous says:
15 weeks ago

Read the article again, people.

The home fueling station will burn natural gas from the home's existing supply line in order to generate Hydrogen. It will also produce waste heat which will be used to heat your home, which is critical in California...NOT!

So...why don't they just build a car that runs on Natural Gas? Zero emissions at the tailpipe hardly seems like a laudable goal when you blow just as much...or more...Carbon Dioxide out the chimney of your house to achieve it.

The point of a fuel-cell vehicle is not the zero-emissions garbage. It's in having an ail-electric powertrain so you can get the efficiencies of regenerative braking that gas-electric hybrids enjoy without the moving parts and the inefficiencies imposed by a Carnot-Cycle engine.

Ignore the marketing garbage about the pure water vapor coming from the tailpipe. You'll notice that the sales flack is not offering to suck on the emissions pipe from the hydrogen generator in your basement. Instead, look at the total cost in BTU's and dollars to drive the car a mile.

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Shane Adcox says:
13 weeks ago

Just sounds like a great idea, How do you get one? I have contacted two dealers and they had no clue.

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john e says:
12 weeks ago

sure for the rich but the middle class always get it in the END.

• •
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aeson says:
12 weeks ago

It takes a lot of gas to make hydrogen, it's not what you think it is.

• •
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Mandy says:
12 weeks ago

Yes but California is the state with the most pollution. Does Texas even have pollution?

•
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Mandy says:
12 weeks ago

Mm, I don't know, Mark. I think the oil companies would probably take a hit initially but that they would eventually readjust and try to take over this market as well. Even the home refilling stations wouldn't be available right away (if ever and they just might be too expensive for the non-rich to afford). It's possible that the new fuel sources could come to be just as expensive as the current source we have now. I don't believe our government and big businesses would allow anything to be made in this country unless money could be made for them. If not for the huge distances of places we need to get to and the disabilities many people have, I would say that our good ol' feet are the most reliable and least expensive (as in free) transportation out there. Seems silly, I know. I guess I just have a hard time getting too excited about the new technology out there since most if not all of it will eventually hit you hard in the pockets, whether from the beginning and/or over time.

•
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Joe says:
8 weeks ago

This approach is NOT the answer to getting us away from dependence on oil and fossil fuels. Why in the world would Honda be pursuing the extraction of Hydrogen from natural gas, when natural gas prices are going the same route as gasoline prices? Does this make sense to anyone? Hydrogen fuel cell cars are the right answer to our current plight but why in the world is Honda not pursuing extracting the hydrogen from water, when that technology is already available and viable? I urge all of you to not purchase the Honda fuel cell car or any other company's fuel cell vehicle until they do what is right and provide a fuel cell car that pulls the hydrogen from water. You all can force these car companies to do the right thing by voting with your wallets. It's the only thing that will bring them all back down to reality.

•
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Joe says:
8 weeks ago

This approach is NOT the answer to getting us away from dependence on oil and fossil fuels. Why in the world would Honda be pursuing the extraction of Hydrogen from natural gas, when natural gas prices are going the same route as gasoline prices? Does this make sense to anyone? Hydrogen fuel cell cars are the right answer to our current plight but why in the world is Honda not pursuing extracting the hydrogen from water, when that technology is already available and viable? I urge all of you to not purchase the Honda fuel cell car or any other company's fuel cell vehicle until they do what is right and provide a fuel cell car that pulls the hydrogen from water. You all can force these car companies to do the right thing by voting with your wallets. It's the only thing that will bring them all back down to reality.

•
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Anonymous says:
8 weeks ago

Get over it r-tard, Your point would come across better if you stopped talking down to people.

• •
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pramod says:
6 weeks ago

2

• •
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xxxrockindude says:
4 weeks ago

this is the best car ever hydrogen is an awesome energy!!!!

• •
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Barry says:
4 weeks ago

Fuel cell Cars will NEVER work for the majority of the people in the U.S. They freeze up if the temperature is below 32 degrees. For where I live that is 8 months out of the year.

• •
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jeremy Wolfe says:
4 weeks ago

yeah, I cant imagine using solar or electric power to run a small heater to warm the tank... that's just crazy! Quit being a defeatist and get onboard with ANY tech that will release us from our oil prison... If you were a little more informed you would realize that energy independence makes our lifestyles much more secure and puts us as Americans light years ahead of 'developing' countries. How great it would be to rid ourselves of the mideast quagmire and watch China and India fight over the remaining oil fields long after we no longer have a need for them

• •
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Norm says:
4 weeks ago

Wow, Barry you must live in a pretty cold place. Hydrogen freezes at -434.5 F. Anyone who does a google search would know that. However, here on planet earth, hydrogen is already being uses in Germany in cars, buses, and even submarines, on a large scale. As far as making hydrogen fuel, it can be made using solar energy and stored safely. A company called United Nuclear (don't let the name fool you) has already created the equipment. <http://switch2hydrogen.com/>

• •
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Timothy Perri says:
3 weeks ago

Rather than use compressed hydrogen gas as fuel, why couldn't a liquid fuel like Hydrazine N_2H_4 be used as a source of hydrogen atoms for the fuel cell. Presumably, the unused nitrogen atoms would be released into the atmosphere as harmless N_2 gas.

Tim

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Pops says:
3 weeks ago

Gabriel-

It was George W. Bush who touted the need for government subsidies to develop this technology shortly after he took office in 2001. The Democrats quickly shot him down and went instead to heavily promote and invest in ethanol, which is an abject environmental and economic failure. You sound like a lot of Europeans whose knee-jerk reaction to any bad news is "It's George Bush's fault". All of you should check your facts better before letting that knee jerk out of joint.

• [reply](#)
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Norm says:
3 weeks ago

Hi Timothy,

Hydrazine is a toxic, flammable caustic liquid and a strong reducing agent. Its odor is similar that of ammonia, though less strong. Raw materials include caustic, ammonia, and chlorine, and it is an environmentally regulated material. It would be a step in the wrong direction. Hydrogen is still our best viable alternative. Cheap to make (if you use solar panels,, easily stored, and if a storage tank is ruptured, the gas dissapates quickly because the hydrogen atom is lighter than the atmosphere.

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David says:
3 days ago

It is very interesting to read...but as one exec from Tesla noted, since there are no natural resources of hydrogen and it must be made from what we have, why would anyone use electricity to make hydrogen, and then carry that hydrogen all over to use it to make electricity again? Seems more sensible to use electric cars with batteries....more advances need to be done for better batteries still, but is it not more in tune with common sense?

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Jamie Lynn Spears says:
3 days ago

It looks pretty slick, but somehow I'm missing something about it. It doesn't captivate me, it's just like any other Honda. But I've read production of hydrogen for Honda FCX Clarity is more damaging for the environment than production of conventional gasoline. Can anyone debunk or confirm that statement?

• •
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Post a new comment



Energy Special Session Testimony

Date: July 23, 2008
Juneau, Alaska

From: Ahtna, Incorporated
Brenda Rebne, VP of Corporate Affairs BK

Introduction:

Thank you for allowing me to testify before you on behalf of Ahtna and its shareholders on these most important issues. My name is Brenda Rebne and I am the VP of Corporate Affairs for Ahtna, Incorporated.

Ahtna is one of the 13 Alaska Native Regional Corporations established under ANCSA. Most of our villages already meet the definition of "distressed communities" and the escalating energy crisis being experienced in rural Alaska has compounded an already dire situation among those communities on the road system within our region. On behalf of our President, Ken Johns and the Ahtna shareholders, I offer the following Ahtna comments:

HB 4002 - Alaska Resource Rebate Program

- Ahtna fully supports the Governor's efforts to offer immediate relief to the residents of Alaska. Alaskan residents are struggling, particularly those residing outside of the urban centers and who are experiencing a loss of quality of life due to the pressures of choosing between heating their homes and other necessary staples such as housing, food, transportation and clothing.
- The vast majority of the homes in our region are not heated by electricity but rather utilize wood, oil stoves and furnaces. As fuel and gas prices have almost doubled – incomes have not. Today, in Copper Center heating fuel is \$4.86 a gallon if you buy 300 gallons at once. With an energy efficient Toyo stove, this will last approximately 2 months at a cost of a little over \$700.00 a month on top of a mortgage or rent expense.
- With the median income in Copper Center of around 31K and other factors such as the cost of electricity, it is clear that a significant portion of a person's income is slated for basis energy needs.

HB 4002 - Alaska Resource Rebate Program Cont'd

- While we recognize that the rebate program is likely a temporary fix, its immediate need by residents of Alaska cannot be minimized or stressed enough. With that said, it is our hope that this legislature will support this program while continuing to pursue long-term solutions to the existing energy crisis in the form of enhancing proactive pursuits of alternative and renewable energy programs both within and between the public and private sectors.

HB 4003 - Power Cost Equalization (PCE)

- While Ahtna recognizes the value and importance of the current PCE program to many Alaskans and does support increasing the budget, we would be remiss in not asking the legislature to address the needs of those communities on the road system that currently do not benefit from this program. All eight of the Ahtna villages are on the road system and our people are suffering increasingly higher energy costs simply to heat their homes.
- Alaskans are right now making the difficult choice between food, transportation and heating their homes. These residents currently not eligible for the benefits provided by the PCE program, often living on the road system, are several hundred miles from the urban hub zones of Anchorage, Fairbanks and the Matanuska Valley communities and all fuel must be trucked at great expense into those communities. The high cost of energy in communities on the road system is creating a downward spiral as people are forced to move to urban areas, simply to maintain the most minimalistic way of life.
- As people move away, businesses already suffering from high-energy costs to do business also lose their economic base. Health care is also negatively impacted as clinics in general are non-profit and when forced to choose between keeping their doors open or providing full services must often make difficult decisions that may result in cutting programs. In this rich State and its current financial position, this is unacceptable. We support reinstating the eligibility of businesses and clinics while increasing the household limit from 500kwh to 750kwh to at least meet the national average. We also urge this legislature to address the energy needs of those individuals and those communities that are currently under utilities not eligible for the PCE program.
- In light of the timeline and mandates of this special session we would support the proposal submitted by Bristol Bay Native Association re: AS 47.25: Article 3C, Alaska Heating Cost Equalization Program, which specifically addresses the costs of diesel fuel for Alaskans paying higher home heating costs than the average heating costs in Anchorage, Fairbanks and Juneau. While the PCE program only addresses the electrical portion of energy costs in rural Alaska for those under eligible utilities, this would be a first step and would go a long way towards recognizing the energy needs of all Alaskans and creating a truly equal program from which all Alaskans benefit.

Natural Gas Development

- Ahtna supports the development of our State's natural gas resources. Pursuing development of natural gas resources can only enhance proactive measures to reduce energy costs statewide in rural, urban and those communities on the road system that do not currently benefit from the PCE program but continue to experience increasingly and above average electricity, transportation and heating fuel costs. Additionally, the development of in-state production facilities and spur-lines, including the proposed Glennallen/Palmer route will be critical to the provision of natural gas utilization for Alaskans.
- Alaska must continue to pursue the development of its own resources in order to achieve some level of energy relief for its residents, now, in the immediate future and for its continued long-term and energy wise sustainability.

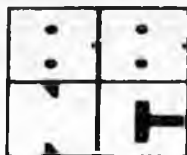
Renewable and Alternative Energy Fund

- Ahtna urges this legislature to seriously consider firmly establishing a renewable and alternative energy fund to pursue all opportunities in an amount that will ensure that all statewide parties both public and private can truly benefit from the ability such a fund will afford to pursue the latest technological advances in renewable and alternative energy projects aimed at reducing Alaska's dependence on outside sources of oil and gas resources and pricing outside of our State, which we have no ability to control. Now is not the time to save for a rainy day. Alaska must address and commit to its energy needs now and for the future.

Alaska is in a position right now to make a true financial commitment to its residents to look to the future of our energy needs and begin the process of utilizing the resources this great State has to offer in all forms of energy production.

We urge you to also consider, when defining the structure of this fund, the diversity of the States 12 regions and the different renewable and alternative opportunities that are unique to each region. This is not a one size fits all State and our energy plan must match the diversity of the landscape and opportunities of the State itself.

I thank you for taking my comments under consideration and on behalf of our President, Ken Johns; our Board of Directors and our Shareholders welcome and invite you to visit our region. Such a visit can only aid you in gaining a better understanding of the energy challenges road based communities face and how we, along with the rest of Alaskan communities, are also struggling to meet the demands of the high cost of energy in rural Alaska.



Bristol Bay Native Corporation

Bristol Bay Energy Summit

July 7, 2008

The meeting in Dillingham convened with participants from around the Bristol Bay region. Key participants included:

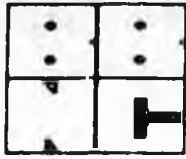
City Of Dillingham, Curyung Tribal, BBNA; Nushagak Cooperative, Bristol Bay Housing Authority, Bristol Bay Economic Development Corp., Alaska Energy Authority, Representative Bryce Edgmon, BBNC Chairman; Bristol Bay Borough, Dillingham City Schools, Naknek Electric Association, Bristol Bay Area Health Cooperative and Concerned citizens

BBNC Chairman, Hjalmar Olson, opened the meeting urging participants to focus on "One Collective Voice" for the upcoming Legislative session. He gave an overview of the issues surrounding the energy crisis facing the Bristol Bay Region and all of Alaska. Hjalmar continued and urged that "special focus needs to be paid to the upcoming Legislative Session on Energy- slated to begin on July 22nd in Juneau and we need to show strong support for the energy needs of our region and all of Alaska." Hjalmar stressed the importance of energy related solutions to the continued sustainability of our communities.

The meeting agenda proceeded as follows:

- ▶ Introduction
- ▶ Summary of Issues
- ▶ Policy Considerations
- ▶ Renewable Energy Alternatives
- ▶ Legislative Issues

Ralph Anderson, CEO BBNA, also spoke and outlined the AFN priorities for the upcoming legislative session. He reaffirmed Hjalmar's "Collective Voice" approach and the impending crisis for rural Alaska if we do not reach consensus on solutions in Juneau.



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A summary of the Governor's Plan was presented and discussion on the plan followed with active participation with all members.

Governor Palin's Short Term Energy Relief Package

The following is taken from the Gov's Press Release back on May 15th in which she outlined her proposed plan for energy relief. The proposal encompassed an electricity rebate to utilities that would be passed through to their consumers, and a \$1,200 debit card to each qualified resident of the state. Subsequently, the debit card proposal became a \$1,200 cash outlay and was announced as proposed legislation, June 20th.

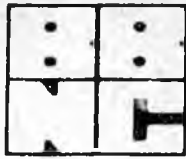
Alaska Resource Rebate Program and temporary suspension of the Motor Fuel Tax Proposed Legislation

Basically \$1,200 cash to every Alaskan in Fiscal Year 2009 (based on PFD participation) as well as a suspension of the Motor Fuel tax.

The entire group spent time on the AFN priorities and reaffirmed the message these priorities should carry from the region. Here is a summary of the AFN priorities:

AFN's Priorities for the Special Session on the Energy Crisis

- ▶ Strengthen the Power Cost Equalization Program by fine-tuning its mission, adding more resources and expanding the eligibility requirements;
- ▶ Buy down debt of rural utilities in order to reduce costs passed on to consumers and include a price cap on fuel stock purchased prospectively.
 - ▶ The Bristol Bay Region wanted to add language specifically requiring a 20% Alternative Energy target, such as wind, in exchange for this debt buy-down.
- ▶ Expand and support bulk fuel purchasing, transportation and cooperative purchase agreements.
- ▶ Provide a family fuel subsidy to help meet the immediate crisis.
- ▶ Make a sizeable investment in projects that promote renewable/alternative energy and conservation. The high cost of fossil fuel is not going to go away, so we need to start investing in alternative/renewable energy now.



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*Based on need
- Sustainability*

Shaping the Message

- Conservation
 - Champions of our own destiny
 - Sustainable
 - Pro-active approach
 - Deciding for ourselves
 - Trickle-down impacts to economy and Community
 - Global economy Impact
-

Governor's Proposal

- \$1,200/year on PFD Base
-

Bristol Bay Discussion points on \$1,200 Payment

- Research the possibility of an Index mechanism
- Include an Area Cost differential in the proposal
- Examine the Tax impact of the payment, i.e. on other assistance programs such as HUD and for Federal income tax purposes.



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PCE Message and Discussion for Juneau

- Return to original intent of the program:
 - *The goal of Alaska Energy Authority's (AEA) Power Cost Equalization program is to provide economic assistance to customers in rural areas of Alaska where the kilowatt-hour charge for electricity can be three to five times higher than the charge in more urban areas of the state. PCE only pays a portion of approximately 30% of all kWh's sold by the participating utilities.*
 - *PCE fundamentally improves Alaska's standard of living by helping small rural areas maintain the availability of communications and the operation of basic infrastructure and systems, including water and sewer, incinerators, heat and light. PCE is a core element underlying the financial viability of centralized power generation in rural communities.*
 - *The Legislature established different functions for AEA and the Regulatory Commission of Alaska (RCA) under Alaska Statutes 42.45.100-170, which govern PCE program responsibilities.*
 - *AEA determines eligibility of community facilities and residential customers and authorizes payment to the electric utility. Commercial customers are not eligible to receive PCE credit. Participating utilities are required to reduce each eligible customer's bill by the amount that the State pays for PCE.*

- Explore expansion to the Villages, schools, municipalities, cities, seniors, small commercial operations....open to expansion in order to promote economic sustainability
- Increase the threshold level from 500 kwh consumption to 750 kwh and consider carry over credits
- Refine the Mission of the Program
- Include an Income Disregard provision (an action which may cause a Federal Action). For instance, if the Federal Government decides to take this action, then the State of



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Alaska (SOA) could step in and cover the cost differential.

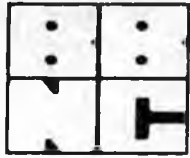
- Fully fund the PCE endowment

Heating Oil – Currently PCE is limited to offset electrical cost increases ONLY. There is a critical need for Home Heating Oil Equalization (HHE – Home Heating Equalization) – interest in companion legislation to the PCE program

- Establish a base of 500 gallons of fuel oil (This can also be done on a Btu equivalent)
- Set the base cost of fuel oil at \$4/gallon
- Calculate by Location/Region specific
- Indexing

Renewable Alternatives:

- Capital Investment
- Geothermal
- Wind
- Wood/BioMass
- Hydro
- Tidal/Wave
- Peat
- Sub regional identification of priorities



Bristol Bay Native Corporation

REGIONAL AUTHORITY DISCUSSION

At the State level, there has been a great deal of discussion centered on the creation of REGIONAL AUTHORITIES to address the "region specific" concerns as they relate to energy. Recent examples of regional energy authorities that are being considered are the following:

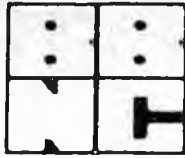
- Anchorage Power Authority to address the aggregate energy needs of both Chugach Electric and ML&P.
- Alaska Energy Authority(AEA) recently conducted an extensive study on Railbelt electrical needs going forward and the final recommendation centered on the creation of a Regional Authority for the Railbelt Utilities

Here are some discussion points for review as they relate to Regional Authorities.

What is involved in the creation of a REGIONAL AUTHORITY?

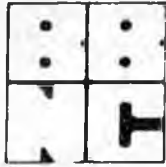
Implementation Steps:

- Make decision whether to form REGIONAL ENTITY and finalize functional responsibilities
- State Legislation
- Reserves and Preserves every regions "State Share"
- Regional entity could take action without going back to the State for additional appropriations
- Regional Authority would receive funding on a "regionally established" index NOT per-capita
- Formation of a region specific Board of Directors
 - Develops a local alliance
 - Long term in nature



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- Focused on regional needs
- Benefits of a Regional Entity
 - Increased ability to develop and DELIVER Renewable projects and Energy Efficiency Programs
 - Better Coordination rather than on a piecemeal(village or community level) approach
 - Reduced regional legal and consulting fees
 - Reduced staffing in certain area
 - Coordinated and economic dispatch of operations and maintenance for energy related projects in the region
 - Better access to lower cost financing if applicable due to overall financial strength of the BBNC corporation
- Benefits that go beyond the economics of a business case:
 - Ability to conduct more integrated and sophisticated analysis on energy needs of the region
 - Ability to better manage regional risks rather than on a community basis
 - Puts the STATE of Alaska in a better position to Evaluate, Award, and Monitor Funding of Energy related projects
- Make conclusive determination on funding structure on new REGIONAL AUTHORITY (tax-exempt??) and Develop Strategy
- Finalize legal form for REGIONAL ENTITY
 - Does 63-20 IRS rule apply?
 - Ability to secure state and federal grants
 - PABs?
- Adopt required Legislative/Regulatory? Actions
 - Powers, legal form, governance structure, ability to purchase property, and selective bylaws requirement
- Adopt required Legislative/regulatory actions
 - Secure state financial assistance (e.g. grants, loans)
- Complete formation of new entity



Bristol Bay Native Corporation

Enriching Our Native Way of Life

111 W. 16th Avenue, Suite 400 / Anchorage, Alaska 99501-5109 / (907) 278-3602 / fax (907) 276-3924

Bristol Bay Native Corporation (BBNC) incorporated in 1971 through the Alaska Native Claims Settlement Act. The Bristol Bay region of Alaska is located approximately 150 miles southwest of Anchorage, encompasses 30 remote communities and has a total population of 7,485 (2005 census) of which approximately 73 % are Native. The region is comparable in size to the State of Ohio. Currently has 7,900 shareholders of mainly Yup'ik Eskimo, Aleut and Dena'ina Athabaskan descent living mainly in the Bristol Bay region and other parts of Alaska. Commercial fishing is the region's main industry where tourism and the government sector are also part of the local economy. The average cost of fuel is over \$6.00 per gallon and during shortage can peak to over \$8.50 per gallon. No community is accessible by road from major cities. In 1999, the percentage of Bristol Bay Native population below poverty level was 24% (U.S. Census).

HB 4002 and SB 4002 – Establishing the Alaska Resource Rebate Program

HB 4003 and SB 4003 – Supplemental Appropriation to the Alaska Energy Authority for Power Cost Equalization

Review of Existing Power Cost Equalization language AS 42.45.110. Entitlement to Power Cost Equalization.

(a) The costs used to calculate the amount of power cost equalization for all electric utilities eligible under AS 42.45.100 - 42.45.150 include all allowable costs, except return on equity, used by the Regulatory Commission of Alaska to determine the revenue requirement for electric utilities subject to rate regulation under AS 42.05...

(1) for sales of power to local community facilities, calculated in the aggregate for each community served by the electric utility, for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community; the number of community residents shall be determined under AS 29.60.020; and

(2) for actual consumption of not more than 500 kilowatt-hours per month sold to each residential customer.

(c) The amount of power cost equalization provided per kilowatt-hour under subsection (b) of this section may not exceed 95 percent of the power costs, or the average rate per eligible kilowatt-hour sold, whichever is less, as determined by the commission. However,

(1) during the state fiscal year that began July 1, 1999, the power costs for which power cost equalization were paid to an electric utility were limited to minimum power costs of more than 12 cents per kilowatt-hour and less than 52.5 cents per kilowatt-hour;

(2) during each following state fiscal year, the commission shall adjust the power costs for which power cost equalization may be paid to an electric utility based on the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau, however, the commission may not adjust the power costs under this paragraph to reduce the amount below the lower limit set out in (1) of this subsection;...

PROPOSED LEGISLATION AMENDING SECTION 42.45.110 (b) (2)

(2) for actual annual consumption [of] averaging not more than 500 kilowatt-hours per month sold to each residential customer.

PROPOSED LEGISLATION AMENDING SECTION 42.45.110 (c) (1)

(1) during the state fiscal year that began July 1, 1999, the power costs for which power cost equalization were paid to an electric utility were limited to minimum power costs of more than 12 cents per kilowatt-hour and less than 52.5 cents per kilowatt-hour. The 52.5 cents per kilowatt hour is adjusted during the fiscal year each month, for monthly fiscal year to date changes in the monthly average Alaska North Slope West Coast Spot crude oil price from a benchmark of \$61.63 per barrel.

AS 47.25 IS AMENDED BY ADDING NEW SECTIONS TO READ

Article 3C. Alaska Heating Cost Equalization Program

Sec. 47.25.xxx The Alaska heating cost equalization program is established in the Department of Health and Social Services to provide for an annual home heating cost equalization for Alaska residents with heating costs higher than the average heating oil costs of residents of Anchorage, Fairbanks, and Juneau to the extent funds are appropriated by the legislature of that purpose

Sec 47.25.xxx An individual is eligible for home heating cost equalization under the Alaska home heating assistance program if the individual

1. is a resident of an area of the state with home heating costs higher than the average cost in Anchorage, Fairbanks and Juneau.
2. is physically present and resides in a home in the state when home heating costs are incurred.
3. meets other eligibility requirements specified in regulation adopted under AS 47.25.62

Sec 47 xxx Annual home heating cost equalization

- (a) The annual home heating cost equalization payment is calculated as the difference between the cost of 500 gallons of diesel heating fuel paid by a qualified household as measured in british thermal units (Btu's) and the average cost of the same quantity of btu's in the communities of Anchorage, Fairbanks, and Juneau averaged over the months of July, August and September of the year in which the heating fuel is purchased.
- (b) The Department shall establish the requirements for applying for and receiving the home heating cost equalization payment

For Additional information contact:

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COO & General Counsel

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Director Shareholder and Corporate Relations

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(907) 278-3602

Beth Hertulla

Technical Testimony for hb 4002 amendments to the Power Cost Equalization program, and an amendment to current Alaska heating assistance.

My name is Mary Ann Pease and I am here today to testify on behalf of Bristol Bay Native Corporation, as well as the concerns I have for the entire economy of Alaska if we do not ACT JUDICIOUSLY in response to the energy crisis we are facing in Alaska.

① PCE
② Home heating Equalization

HB 4002 and HB 4003 Testimony

As winter approaches, Alaskans statewide are facing the economically uncomfortable prospect of a winter with unprecedented costs for energy, particularly for heating their homes and businesses. Nowhere is that impact greater than in western Alaska, where all communities are dependent on local electric and fuel sources that are burdened not only by high cost of product, but also by enormous added transportation costs. **On behalf of those communities, I want to urge you to pass HB 4002 and HB 4003 to provide a small measure of assistance to rural residents faced with the economic dilemma of buying energy or other necessities, but not both.**

Moving into the technical aspects of the most advantageous economic solutions to this energy crisis for our state I respectfully submit the following for consideration:

Proposed PCE amendments:

- ✓ *1. Seasonally adjusting the 500 kilowatt-hours per month allowed to an eligible electric utility for sales of power for actual consumption to each residential consumer.*

Proposed Legislation Amending Section 42.45.110 (b) (2)

- ✓ (2) for actual annual consumption [of] averaging not more than 500 kilowatt-hours per month sold to each residential customer.

Analysis of Amendment

- ✓ Because of the seasonal variation in energy usage, a more equitable approach to the 500 kilowatt-hour per month limit would be based on a 500 kilowatt-hour average over the entire year. A carry forward adjustment would be made at the start of each fiscal year.

~~Detail~~

Fiscal Impact to Program

According to FY 2007 data, most utilities had eligible per capita monthly residential sales that averaged 240 kwh per month per consumer on an unweighted basis. Clearly this average includes those sales where the purchases exceeded 500 kwh in some months. However, given that the average is less than one-half the 500 kwh per household per month cap this change in the program should not be that costly — perhaps as low as \$50,000.

Second part

* Changing the Power Cost Equalization (PCE) payment calculation to adjust the 52.5 cents per kilowatt-hour cap to recognize the effect of dramatically changing oil prices on the fuel costs.

Describe correlation

Proposed Legislation Amending Section 42.45.110 (c) (1)

(1) during the state fiscal year that began July 1, 1999, the power costs for which power cost equalization were paid to an electric utility were limited to minimum power costs of more than 12 cents per kilowatt-hour and less than 52.5 cents per kilowatt-hour. The 52.5 cents per kilowatt hour is adjusted during the fiscal year each month by adding an amount equal to .213 multiplied (basically 1/2 of the cost of generating, using fuel) by the monthly fiscal year to date average year to date price of Alaska North Slope West Coast Spot crude oil price. Regardless of the calculated value, the adjusted value cannot be less than 52.5 cents per kilowatt-hour

Analysis of Amendment

The Power Cost Equalization (PCE) entitlement is currently limited to payments for power costs of above a minimum of 12 cents per kilowatt-hour (kwh) and less than 52.5 cents per kwh (AS42.45.110(c)(1)). By statute the minimum cost basis for the power cost payment calculation is adjusted annually by the Regulatory Commission of Alaska (RCA) to equal the weighted average retail residential rate in Anchorage, Fairbanks, and Juneau however, **it cannot fall below the 12 cents per kwh established by statute.**

- Most rural utilities generate their power with diesel fuel.
- According to data from the Alaska Energy Authority, the cost of diesel fuel for most of these utilities at 2007 prices amounted to close to 50% or more of the cost of providing power. The data shows that even in FY 2007, many rural utilities were over the 52.5 cent per kwh cap.
- The effect of higher fuel prices in FY 2008 resulted in ^{yet} another round of significant increases in diesel fuel prices.
- The supplemental appropriation in HB 4003 to fund higher costs to the PCE program is very closely related to the higher costs of diesel fuel. Roughly 95 million kwh were

eligible for payment in FY 2007. Since a \$30 per barrel increase in oil price in 2008 translates into a roughly 10 per kwh increase in power cost—no wonder the shortfall in the PCE was \$9 million. ^(cents)

- If the average cost for PCE eligible utilities was just over 41 cents per kwh in FY 2007, the doubling or more of diesel prices will result in power costs for many qualifying utilities that will significantly exceed the 52.5 cents cap now in the statute. This dramatically increases power rates to rural consumers relative to urban regions of the state. This will be particularly economically devastating in many areas since many of these rural consumers there are low income residents.

The governor has proposed a short term solution to take care of the fuel price escalation this year in the form of direct electricity cost relief in the form of a grant to each electric utility equal to their 2007 energy usage for each rate class time 8.29 cents per kilowatt hour at a projected cost of \$475 million. One medium term solution to this problem would be to index half of the 52.5 cents per kwh PCE payment formula cap to changes in oil prices. In FY 2007, just over half of the cost of power generation in FY 2007 was accounted for by fuel cost. This approach relies on two basic relationships.

1. Changes in oil prices directly affect changes in the price of fuels made from that oil. When oil prices go up so do gasoline and diesel prices. Although exact, this relationship is highly correlated.
2. When oil prices go up, as long as they go up faster than oil production in Alaska goes down, State revenues go up.

The index could take the form of the following:

Monthly Max PCE Eligible Cost Basis = 52.5 cents per kwh plus an amount equal to .213 multiplied by the Fiscal Year-to-Date Average Alaska North Slope Price as reported by the Alaska Department of Revenue.

.213 is a fraction equal to one half of 52.5 cents per kwh or 26.25 cents per kwh divided by \$61.63 per barrel, the price of oil in FY 2007 according to the Alaska Department of Revenue.

ANS Price = West Coast ANS Spot Price as tracked by the Alaska Department of Revenue

Fiscal Year-to Date Monthly Average Oil Price = sum of monthly oil prices to date divided by number of months to date.

Using the fiscal year to date average monthly price is a way to smooth out monthly changes in oil prices and will by year's end automatically result in a formula adjustment that will reflect the annual change in oil prices from the base year of FY 2007.

The following is an example of calculation of the monthly average price to date over the first 3 months of the fiscal year and the resulting PCE Cap/kwh for October:

July Price = 145
August Price = 130
September Price = 80

Sum of Prices Year to Date = 145+130+80
Sum of Prices Year to Date/3 months = 355/3
Year to Date Average Price = 118.33

Change in PCE Max/kwh for October = 52.5 + .213 * 118.33
= 77.07 cents per kwh

Advantages of this approach:

1. It is administratively simple
2. It is directly correlated with the predominate variable cost in generating power
3. The information on oil prices used to make the adjustment are transparent and readily available.
4. When oil prices are high State revenues will be high in an environment where critical energy costs to state residents are also high so that increased funding for the PCE is not only an appropriate policy it is one that is affordable.

Clearly in the long run, with ANS Oil production falling, programs to increase use of alternative sources of energy as well as conservation and development of new sources of oil and gas will be needed to ensure affordable power to the citizens of the State.

Fiscal Impact on Program

A precise estimate would need to be calculated at the utility level. A simpler big picture measure would be to calculate an estimate by aggregating the costs for all the PCE eligible utilities as if they were a single entity. In this case the added costs to the program of indexing the cap would be as follows.

Estimate of Cap Index proposal effect on program cost as if all costs aggregated into a single entity

ANS West Coast Oil Price	Added Program Cost
--------------------------	--------------------

\$140 per barrel	\$13,500,000
\$130 per barrel	\$10,600,000
\$120 per barrel	\$ 7,700,000
\$110 per barrel	\$ 4,700,000
\$100 per barrel	\$ 1,800,000
\$ 90 per barrel	\$ 0.0

Obviously this is a conservative estimate since aggregating averages out utilities with costs significantly above the cap. This is why at prices below \$90 there is no estimated program cost.

Technical Testimony for an HB 4002 amendment to establish a home heating fuel equalization program.

heating fuel

An amendment that would provide for 500 gallons of heating fuel to eligible Alaskan residents at a price equal to the british thermal unit equivalent price of heating fuel available to Alaskan urban residents. - Anch Fairbanks, Juneau

AS 47.25 is amended by adding new sections to read

Article 3C. Alaska Heating Cost Equalization Program

Sec. 47.25.xxx The Alaska heating cost equalization program is established in the Department of Health and Social Services to provide for an annual home heating cost equalization for Alaska residents with heating costs higher than the average heating oil costs of residents of the railbelt communities to the extent funds are appropriated by the legislature for that purpose.

Sec 47.25.xxx An individual is eligible for home heating cost equalization under the Alaska home heating assistance program if the individual

1. is a resident of an area of the state with home heating costs higher than the average cost in urban Alaska;
2. is physically present and resides in a home in the state when home heating costs are incurred;
3. meets other eligibility requirements specified in regulation adopted under AS 47.25.62

Sec.47.xxx Annual home heating cost equalization

1) The annual home heating cost equalization payment is calculated as the difference between the cost of the heating equivalent of 500 gallons of diesel heating fuel paid by a qualified household as measured in british thermal units (btu's) and the average cost of the same quantity of btu's in the Anchorage, Fairbanks, and Juneau averaged over the months of July, August, and September of the year in which the heating fuel is purchased.

(b) The Department shall establish the requirements for applying for and receiving the home heating cost equalization payment

Analysis of the Amendment

* Home heating equalization

This amendment is intended to provide a minimum "lifeline" amount of heating fuel to Alaskans who do not live in urban Alaska. The program would require a general fund appropriation every year and would not be supported by an endowment or other state fund established for this expenditure.

The calculation of the eligible payment would require collection of heating fuel information on fuel type and price from various sources in Anchorage, Fairbanks, and Juneau including gas and electrical utilities as well as fuel oil dealers. For simplifying purposes, propane dealers as well as wood lots and coal yards in these cities would be ignored. In most parts of the state the program would be run through the fuel oil distributors, much like the Low Income Home Energy Assistance program but would bill their customers the urban average and the state for the difference between the market price and the average.

AFN's Priorities for the Special Session on the Energy Crisis

Alaskans, especially in our rural communities, are experiencing an energy crisis unlike anything that we have seen in the past, and it is not likely to improve in the short-term. Oil prices are at an all-time high – in some villages the cost of fuel oil has gone as high as \$10 per gallon. A village home can use four or five 55-gallon drums of oil for heating each month during the winter months (a total of \$2,000 per month in Arctic Village, for example). With gasoline prices reaching above \$7.50 per gallon, many families and individuals are having difficulty getting to fish camp this summer in order to harvest next winter's food; and this will be true of hunting in the fall and winter months. In short, the current energy crisis threatens the very survival of our rural villages.

AFN at its May Board meeting passed a resolution urging Governor Palin and the State Legislature to adopt a long-term energy policy for the State, covering all regions of Alaska. Such a plan should have as its overall goal the equalization of energy costs for all Alaskans. It must also provide additional funding for long-term development of alternative energy resources and conservation measures and provide immediate relief through measures that will help individuals deal with the rising cost of energy.

With those goals in mind, AFN has developed a matrix that sets forth a number of ideas for addressing the current crisis and for developing long-term programs/projects that will lessen our dependence on fossil fuel. Our top five recommendations for the Governor and the Legislature are as follows:

1. Strengthen the Power Cost Equalization Program by fine-tuning its mission, adding more resources and expanding the eligibility requirements;
2. Buy down debt of rural utilities in order to reduce costs passed on to consumers and include a price cap on fuel stock purchased prospectively.
3. Expand and support bulk fuel purchasing, transportation and cooperative purchase agreements.
4. Provide a family fuel subsidy to help meet the immediate crisis.
5. Make a sizeable investment in projects that promote renewable/alternative energy and conservation. The high cost of fossil fuel is not going to go away, so we need to start investing in alternative/renewable energy now.

Written testimony for 2008 Special Session on Energy

Prepared and given by Jason Metrokin, Director of Shareholder & Corporate Relations, Bristol Bay Native Corporation

July 23, 2008

Chair/Co-Chair, Members of the committee,

Thank you for the opportunity to address the committee on behalf of Bristol Bay Native Corporation.

My name is Jason Metrokin, I live in Anchorage and am a BBNC shareholder. As Director of Shareholder & Corporate Relations for BBNC, I am testifying on behalf of the Corporation.

BBNC supports House Bills 4002 and 4003 relating to the \$1,200 energy rebate and Power Cost Equalization. We understand the steep cost in fuel prices and home heating costs are a matter of rising oil prices worldwide. When we notice the painful price of gas at the pump in Anchorage, you can bet that village residents in rural Alaska are being impacted far greater. And so are their communities as a whole.

Alaska has entered into an energy crisis. Some of you have heard from Bristol Bay residents for several years that the cost of energy is public enemy #1. I urge you to recall that statement and take action now, on legislation that has been an underlying problem for many years already.

From a remote village perspective, residents in South Naknek - in Bristol Bay, are anticipating annual home heating, fuel and utility costs at \$18,000 - \$20,000 in the coming year. A recent white paper from ISER supports this notion and adds that Alaska households overall in 2008 are paying 70% more for home energy and fuel than in 2006 and 180% more than in 2000.

The proposed \$1,200 energy rebate is a helpful policy decision but one that only helps keep many residents afloat. While this may be a short term solution to get people through the winter, Anchorage and other urban centers are not prepared for the migration of rural residents should they be forced out due to the high costs of village life.

Last year in Manokotak - another Bristol Bay village, residents were forced to fly fuel in by airplane, springing prices up beyond \$7/gallon. Should airlifts be needed again this fall, that price could climb to near \$12/gallon.

BBNC shareholders and Bristol Bay residents are beneficiaries of the Power Cost Equalization program. We ask that you consider an amendment to PCE that allows for indexing the current \$.52 ½ per kwh cap, to meet fluctuations in North Slope/West Coast oil prices on a monthly basis. This would allow for appropriate equalization of power costs that keep in line with the dramatic rise in oil prices.

This medium term solution recognizes that when the cost of fuel increases due to the price of oil, so do State revenues that provide for increased funding of PCE.

Bristol Bay Native Corporation has supported energy solutions for our region over the years. We participated in wind studies in several communities with the help of the U.S. Department of Energy. While there is hope for wind energy in our region, it is not happening over night.

We've engaged in conversations with Naknek Electric on their geothermal project and have toured Bristol Bay gaining an understanding of the alternative energy options that are realistically on the horizon. Our biggest problem is just that, it will take some years to get these projects beyond feasibility and into development for lowering energy costs.

As an ANCSA for-profit corporation, we have joined forces with our regional non-profit, regional health corporation, housing authority, CDQ group and the Lake and Peninsula and Bristol Bay Boroughs to form a regional Bristol Bay Partnership. This group has come to the table to address these and other energy solutions for our region in conjunction with the statewide leadership of the Alaska Federation of Natives. We again have addressed energy as the #1 problem.

I urge you to support HBs 4002 and 4003 and to consider an amendment to HB 4003 as it pertains to indexing the current \$52.5 per kwh cap to meet fluctuations in oil prices.

(hard copy amendment language)

Thank you for your time.

First Alaskans • Institute

**HB 4002:
Testimony
and
Supporting Research Note**

Janie Leask
President & CEO

July 2008

First Alaskans Institute

Testimony on House Bill 4002
Janie Leask, President & CEO
July 2008

Thank you for the opportunity to testify regarding House Bill NO. 4002 - The Alaska Resource Rebate Program.

My name is Janie Leask. I'm President/CEO of First Alaskans Institute, a statewide Alaska Native 501(c)(3) non-profit organization whose mission is to *advance Alaska Natives through community engagement, information and research, collaboration, and leadership development.* First Alaskans has three major focus areas – leadership development, community investments and public policy research for, and on behalf of, Alaska Native Peoples through the Alaska Native Policy Center. I'm here today in support of this legislation which provides eligible Alaskans the opportunity to receive a payment of \$1,200 to help offset energy costs.

In light of the energy crisis in rural Alaska and its detrimental effect on the well-being of rural residents, Native and Non-Native alike, households, and key infrastructure, FAI fully supports HB 4002 and believes it will be of great assistance to Alaskans by the "First Frost" (winter freeze up).

When I refer to "rural" in this testimony, it's important to recognize the term "rural Alaska" encompasses both Native and non-Native people with non-Natives making up the majority (60%) of the population.

It's imperative that we as a state make the investment in short-term aid while looking for long-term solutions to our current situation because our communities will be facing immediate problems once the first frost occurs. I'd like to take some time to speak to this crisis, and the information First Alaskans has put together. We've collected and analyzed data and information from seven villages across the state. This data describes the state of economic conditions in rural Alaska and provides a comparison to urban Alaska, using Anchorage as a baseline.

Through our snapshot we have verified the obvious for those familiar with rural Alaska – economic conditions in rural Alaska are under-developed while the cost of living is high.

Economic conditions in rural Alaska are under-developed

Rural Alaska is largely remote, disconnected from the road system, and faces extreme and changing environmental conditions. Villages in rural Alaska have an underdeveloped cash economy and a high unemployment rate - May 2008 Department of Labor data shows that 17 out of 27 Boroughs and Census Areas have unemployment above the state average of 6.7 percent, and with some like the Wade Hampton Census Area, it's as high as 22.6 percent.

The Median Household Income for these seven communities surveyed is well below that of Anchorage and the state average. Conditions are compounded by the high cost of energy, transportation, and the high cost of living.

The Cost of Living in rural Alaska is high.

The staff of our Policy Center researched the cost of fuel, gas, energy consumption, and cost of goods, in villages of Emmonak, Elim, Grayling, Kiana, Old Harbor, Stebbins, and Togiak. These communities were randomly selected and are located in various regions of the state. Although each community is different in its traditions, culture, and environment, they all share the same issue of the current energy crisis, which is creating a real sense of uncertainty for the coming winter.

According to the data we collected, rural Alaska consumes less energy while paying more for that energy. Over a three-year period from 2005-2007 on an average monthly usage, the seven villages surveyed consumed less energy than Anchorage. Anchorage households used more than 500 kWh, while rural household usage ranged from about 280 to 430 kWh during that same time period.

Rural residents also pay more per kWh than Anchorage residents. Even with the current rate of PCE, rural households in the sample communities pay from 0.19 to 0.30 cents per kWh, well above the 0.09 to 0.10 cents that Anchorage households pay. In some cases the average monthly bill for electricity in rural Alaska is twice that of Anchorage. Without PCE, the villages sampled would pay in the range of 0.50 per kWh.

According to the Division of Community and Regional Affairs, Director's report - the average statewide price for heating fuel (#1) - the heating fuel that's used to heat homes - in June of this year is \$5.51 per gallon with prices for heating oil ranging from \$1.30 to \$9.10 per gallon (\$3.36 without the North Slope subsidy to residents). According to our recent survey, all the seven communities are paying more than the average price. The average statewide price for a gallon of gas is \$5.35, and again all seven communities are above the average with prices ranging from \$3.45 to \$8.35 per gallon.

First Alaskans Institute looked at the USDA and UAF basket of goods and compiled an abbreviated list using goods (food and non-food items) that are commonly consumed in rural Alaska and asked the seven communities to price the abbreviated basket of goods. Four of the seven villages responded with prices and quantities for goods. We then compared the cost of food and non-food items to the average cost of the same items in Anchorage and adjusted the basket of goods for missing items. We found that it cost between \$69 and \$120 dollars more to buy the same basket of goods in the four responding communities than it does in Anchorage. Results recently published by the Department of Labor and the University of Alaska Fairbanks parallels these findings.

Having noted these price differentials, it's important to acknowledge that the purchasing power of \$1,200 in rural Alaska is not the same as \$1,200 in urban communities.

The Policy Center also looked at the cost of getting to and from the seven villages surveyed. Staff looked at a 'snapshot' of airfare prices at the beginning of July 2008. We found that roundtrips from Anchorage to the seven communities ranged between \$709 (Stebbins) to \$1220 (Elim).

The increasing cost of flying in and out of rural Alaska hinders rural residents' ability to come to urban areas for services, makes the cost of doing business in rural Alaska more expensive and could potentially impact the long-term economy of urban Alaska.

The human and cultural importance of Rural Alaska.

Rural Alaskans add rich diversity to the fabric of the state of Alaska. In 2000, the US Census reported that the population of the rural areas was comprised of about 60 percent White alone and in combination with other races. The Census showed about 38 percent Alaska Native alone and in combination with other races, and about two percent was made up of other racial combinations.

We have learned that migration to and from rural areas is not a one-time event. Rather, migration is a process in which people move at different times and for different reasons, and it is often a reoccurring event in the life of Alaskans. Alaska Natives living in rural areas live on lands defined as theirs by their ancestors, histories and deep cultural roots. In rural Alaska, residents use both ancient traditions and the more modern ways of living in their daily lives. This is true for Alaska Native and non-Native alike. Each community has seasonal subsistence gathering, and for this, residents use tools and motorized vehicles as well as traditional means of hunting and gathering.

As the energy crisis continues to escalate, rural residents are increasingly unable to sustain themselves by subsistence activities alone. For some families, the price of gas is cost-prohibitive and precludes the gathering of food. Rural families depend on subsistence. Under normal circumstances, a family can store fish, birds, berries, caribou, moose, reindeer, and much more for their livelihood. Every seasonal activity and food gathering is tied to the fact that people need to live and survive. As store-bought food becomes unaffordable and subsistence becomes more expensive and out of the reach of local people – what is left?

Items such as freezers, four wheelers, out-board motors, and store-bought goods, purchased in urban areas for a fairly decent price, can be shipped to rural Alaska. But these items are flown and barged in at an extraordinarily high price because the cost of fuel it takes to ship them.

We've heard over the years how rural and urban Alaska remain dependent on each other. Commonwealth North – a statewide public policy 'think tank' - published the "Urban Rural Unity Study" in 2000. As part of that study, they described an "ideal" Alaska and cited a number of characteristics of that society which would honor and respect the diversity of its people and recognize the many areas where urban and rural interests coincide.

The report stated:

"A basic element of the envisioned social and economic partnership between urban and rural Alaska is the recognition of people's right to support their families in the manner they choose and in the location of their choice. For this reason, one of the goals is to encourage the economic viability of the smaller 'rural' locations in Alaska and to maintain the diversity of cultures and lifestyles in the state. Likewise, an equally important goal is to foster understanding of the economic, political, and social inter-dependence of rural and urban Alaska, so that all Alaskans truly understand that Alaska's future depends on cooperation between urban and rural Alaska."

Anchorage is Alaska's largest port and is the gateway to shipping goods to rural communities. Anchorage, Fairbanks and other major hub communities are also the headquarters of a number of businesses and corporations which provide goods and/or services to rural Alaska. The healthy economies of urban and rural Alaska are inter-dependent.

I've heard such statements as "why don't rural residents just leave their villages . . . they have a choice of where they want to live." Yes, we have a choice – we choose to remain in the lands of our ancestors which doesn't mean we're not interested in living smarter through alternative forms of fuel, winterizing and/or upgrading housing which is better suited for the conditions found in our communities, and making better use of the resources we have. But this will take time - which is why we support a short-term "fix" offered through House Bill 4002, while also supporting an accelerated look for sound, practical and affordable energy alternatives for all communities of our state

In the short term, I don't think any rural hub – whether it's Bethel, Anchorage, Fairbanks or the Valley – is prepared for a mass influx of rural residents and the subsequent impact on their community's infrastructure. And rural residents don't want to leave their homelands. So we need to work together – across party lines and with all Alaskans at the table.

First Alaskans Institute is among several Native organizations that are in support of the Alaska Resource Rebate Program.

In addition to the testimony I've offered today, I also want to voice our support of the Alaska Federation of Natives' top 5 priorities:

1. Strengthen the Power Cost Equalization Program by fine-tuning its mission, adding more resources and expanding the eligibility requirements;
2. Buy down debt of rural utilities in order to reduce costs passed on to consumers and include a price cap on fuel stock purchased prospectively;
3. Expand and support bulk fuel purchasing, transportation and cooperative purchase agreements.
4. Provide a family fuel subsidy to help meet the immediate crisis.

5. Make a sizeable investment in projects that promote renewable/alternative energy and conservation. The high cost of fossil fuel is not going to go away. We need to start investing in alternative/renewable energy now.

Based on the evidence we found, we believe there is compelling evidence that families in rural Alaska need the additional monetary income to offset the increasingly high cost of energy and its subsequent impact felt at the local level.

We also believe by working together to make this a better state, we will improve our collective future. Again, I thank you for the opportunity for this testimony and urge you to pass House Bill 4002 or a similar piece of legislation which will provide a much-needed short-term solution to the energy crisis facing our state.

First Alaskans  Institute

**Rural Alaska: Current Conditions in
Selected Villages**

Emmonak

Elim

Grayling

Kiana

Old Harbor

Stebbins

Togiak

ALASKA NATIVE POLICY CENTER

Research Note

July 2008

Introduction

This report, *Rural Alaska: Current Conditions in Selected Villages*, prepared by First Alaskans Institute's Alaska Native Policy Center depicts what most public policy makers already know— it costs more to live in rural Alaska and the rising costs of fuel makes for an increasing hardship for rural residents.

In order to better understand the current conditions in rural Alaska and help decision-makers put in place short-term solutions to the energy crisis now being addressed by the State Legislature, First Alaskans' Alaska Native Policy Center produced this report to provide a perspective on the complex economic conditions across the state, with an emphasis on rural communities.

The report examines conditions in seven randomly selected villages—Emmonak, Elim, Grayling, Kiana, Old Harbor, Stebbins, and Togiak and compares them to Anchorage. The high price of energy has put financial pressure on all Alaska households. However, the pressure felt by rural Alaska households is very different from that felt by other places in Alaska and the nation, and creates grim conditions and a crisis that threatens the very survival of entire communities. Rural Alaska is an essential part of the state. Not only does it house the majority of natural resources, which fuel the state economy, but it is also the birthplace and ancestral home of Alaska Native cultures.

Rural Alaska is a complex place—it is remote, disconnected from the road system, has extreme and changing environmental conditions, and an underdeveloped cash economy. The effects of these characteristics are compounded by the high cost of energy, increasing costs of transportation, and high cost of living.

We hope that through this report, public policy makers and the general public will gain a better insights of the impact the rising costs of fuel is having on their fellow citizens.

Methodology

First Alaskans Institute's Alaska Native Policy Center developed a data collection strategy designed to gauge the current economic conditions in rural Alaska. The Center randomly selected seven communities in rural Alaska and gathered current information on the level of energy consumption by rural households, the cost of energy (heating fuel #1 and gasoline at the pump), the cost of key food and non-food items and air fare. Center staff collected the data via telephone and fax from key informants within each community. The data was collected within a short period of time in the first half of July 2008 to ensure comparative integrity between the responses. However, the information collected is meant to represent conditions at a certain point in time for the communities surveyed only; because

time and resources were not available to conduct a comprehensive survey of all communities across Alaska, or even a big enough number to constitute a representative pool of responses, this survey is considered a non-scientific study with results non-representative of the entire population of rural Alaska communities. Other studies and resources are referenced throughout this report for purposes of illustrating the economic dynamics of rural Alaska. It is important to note that regionalization of data may vary from source to source.

Executive Summary

First Alaskans Institute's Alaska Native Policy Center, through this report found that current economic conditions in rural villages are grave. The data collected demonstrate the following key points: that rural Alaska households consume less energy and pay more for that energy than households in Anchorage; the villages sampled pay above the state average for heating fuel and gas; a basic basket of goods costs between \$69 - \$120 more in respondent villages than in Anchorage, and, at the beginning of July 2008, roundtrips from Anchorage to the seven communities ranged between \$709 (Stebbins) to \$1220 (Elim).

As the State of Alaska reaps the benefits of the high price of oil, it is imperative that it looks towards short-term solutions to help households cope with the fast-approaching winter, and long-term solutions to ensure the survival of rural households.

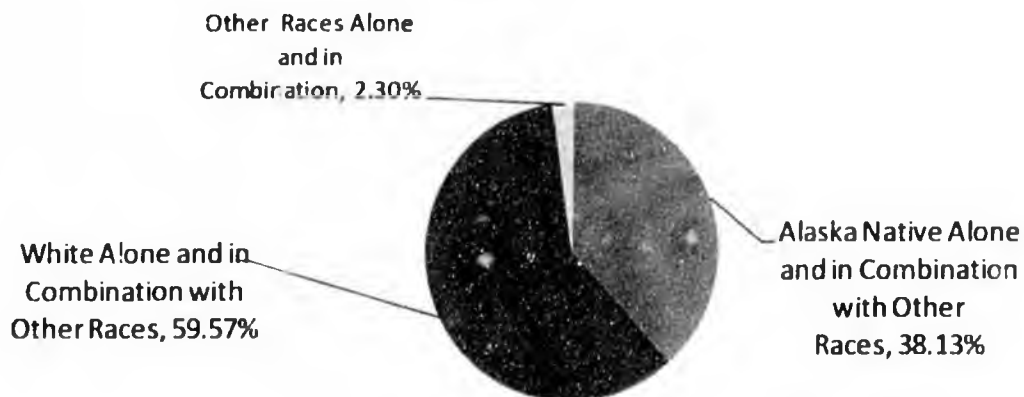
SELECTED CHARACTERISTICS OF RURAL ALASKA

Rural Alaska cannot be explained in simple terms, and often, standard economic measures and indicators do not apply. The remote nature of the villages in rural Alaska, the climate, the cost and logistics of obtaining goods, the rich and varying traditions, cultures, and values of Alaska Natives and Non-Natives alike make rural Alaska unique and unlike any other place in the globe.

Population

Rural Alaska's population is complex and dynamic. According to Census 2000 (Figure 1), and as configured by the ANPC, almost 60 percent of rural Alaska residents are White, alone and in combination with other races, while approximately 38 percent are Alaska Native, alone and in combination with other races, and the remaining approximate two percent are made up of other races in various combinations. Recent Alaska Department of Labor and Workforce Investment (DOL) shows that Alaska Natives tend to live in smaller places, while Non-Natives are concentrated in the regional centers.

Figure 1 Population by Race in Non Metropolitan Areas: Rural Alaska



Note: Metropolitan areas include: Anchorage, Fairbanks North Star Borough, City and Borough of Juneau and Mat-Su Borough.

Source: Census 2000

Dr. Scott Goldsmith of the Institute of Social and Economic Research (ISER), using data from DOL, in *Understanding Alaska's Remote Rural economy* (January 2008), wrote that one in 11 Alaskans lives in rural Alaska (about 60,500 people). Of these, about a third live in hubs or regional centers and rest live in almost 150 small communities. From 2000 to 2006, DOL reports that the Northwest Arctic Borough, Nome Census Area, Bethel Census Area and Wade Hampton Census Area all increased in population; while, the Dillingham Census Area, North Slope Borough, Yukon-Koyukuk and Lake and Peninsula Borough declined in population.

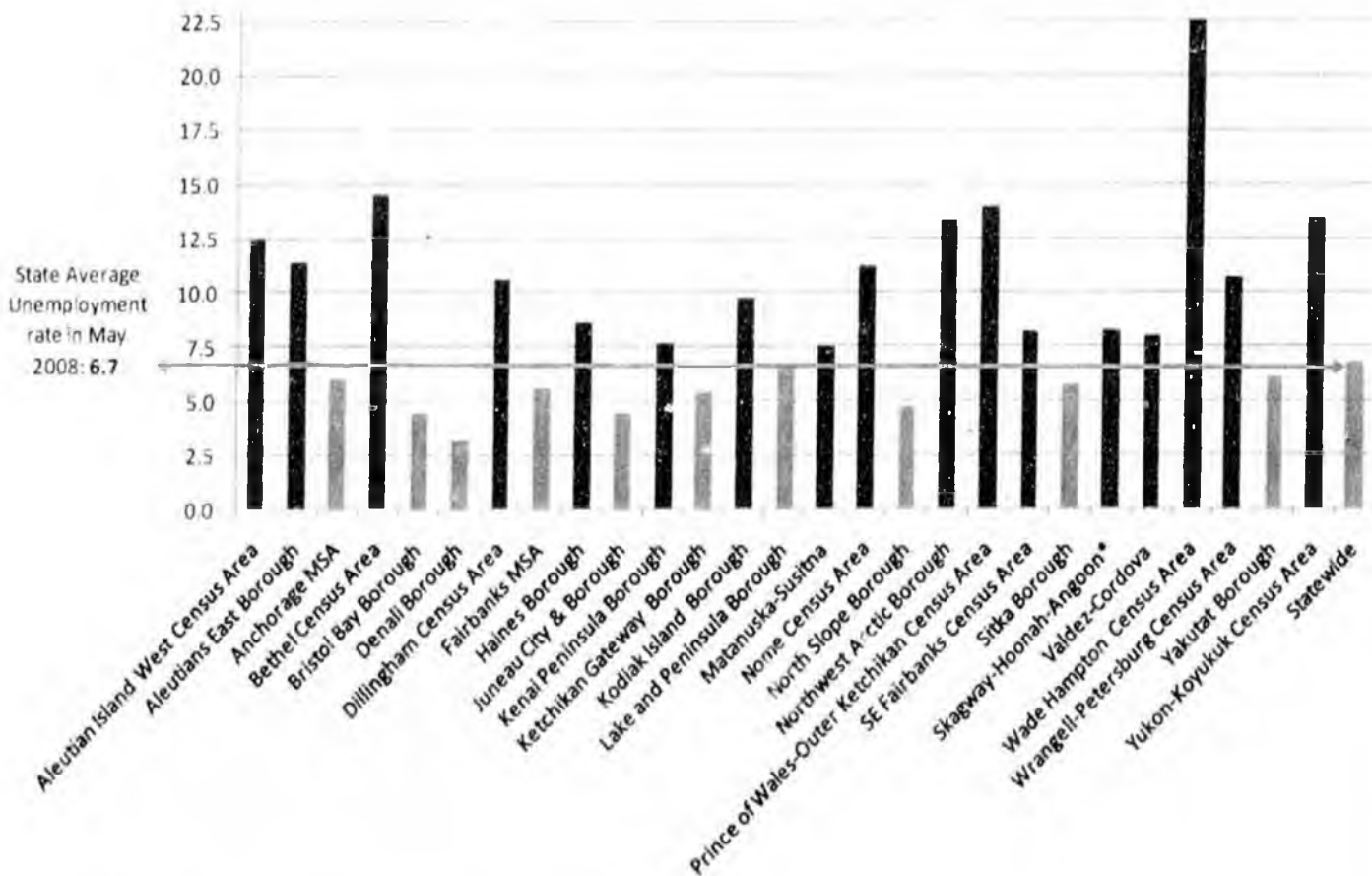
During the time period between 2000-2006, remote rural population increased only one percent despite thousands of births. Natural births continue to outnumber natural deaths but migration out of the rural areas accounts for the small change in population figures. In other words, while there were 6,500 more births in the region than deaths for 2000-2006, 6,100 people also moved out. Dr. Goldsmith cites lack of jobs in smaller places as one of the primary reasons for this migration.

There have been a number of research studies on the subject of the high cost of fuel and the effects on rural Alaska. One such study done by ISER in collaboration with First Alaskans Institute, *Fuel Costs, Migration, and Community Viability*, looks at the effects of fuel on migration and sheds light on the idea that, "Migration is not a one-time event. It tends to be a self-perpetuating process as people move back and forth several times over a lifetime. People move to places where they have friends and family. In turn, their move creates more social ties and job contacts connecting people in the sending community with people in urban areas...It is important to remember that in some communities people are leaving to pursue educational goals and then returning, adding to the human capital of the original community." The study found that despite the high burden of fuel costs, respondents do not cite high fuel cost alone as the reason for leaving rural Alaska. However, it is very possible that the high cost of energy, in combination with other economic pressures such as high unemployment, increasing cost of goods, transportation and services may be compelling reasons to look for opportunities outside of the rural areas.

Rural Alaska: High Unemployment

Measuring unemployment in rural Alaska is difficult because conventional methods of measuring unemployment do not account for traditional subsistence activities. Seasonality also adds another layer of complexity to defining unemployment in rural Alaska. Unemployment rates at the community level are only available for Census years. However, DOL data is able to track unemployment at higher geographies such as Census Areas and Boroughs. The chart below shows the most recent unemployment rates published for May 2008. The data show that 17 out of 27 boroughs/census areas have higher unemployment than the state average of 6.7; the majority of these areas are in Rural Alaska.

Figure 2 May 2008: Unemployment Rate



*Note: Skagway-Hoonah-Angoon includes the Municipality of Skagway and the Hoonah-Angoon Census Area. Separate data for the two areas will be published starting in January 2009. The graph shows seasonally unadjusted data; the data will likely be revised.

Source: Alaska Department of Labor and Workforce Investment
<http://alms.labor.state.ak.us/?PAGEID=67&SUBID=188>

Lots of cash but no jobs...

Rural Alaska sees billions of dollars flow or generated within its regions annually but only a fraction influences local economies. According to Dr. Goldsmith's 2006 calculations, in the report mentioned earlier, nearly \$18.5 billion was either generated in or flowed into remote areas, but out of that only \$2.35 billion (less than 12.5 percent) entered the local economy. However, out of the \$2.35 billion, approximately \$1 billion leaked out again because many non-rural residents take their paychecks home when they leave rural Alaska and many resident households and businesses cannot buy or will not buy goods locally. This means that in 2006, the purchasing power of rural Alaska households and businesses was only \$1.35 billion. Because the economic multiplier in rural Alaska is be-

lieved to be small, the \$1.35 billion only generated an additional \$250 million in economic activity, bringing total personal income in the region to \$1.6 billion in 2006.

Figure 3 Trade jobs generated by \$1 million in Household Income

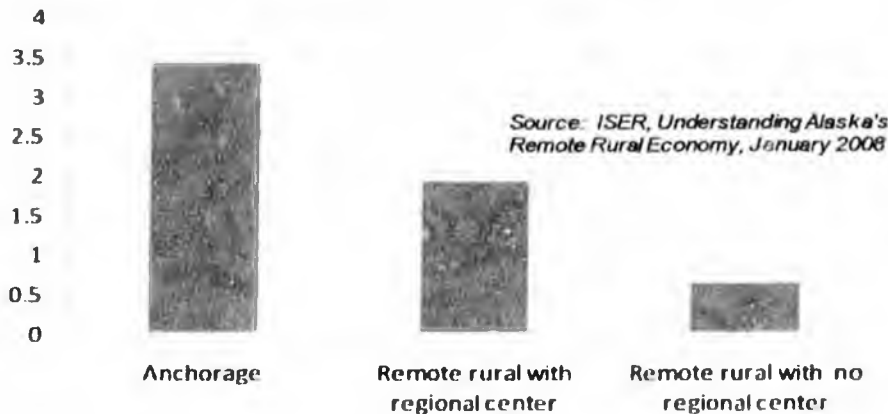


Figure 3 depicts the estimated number of trade jobs generated by \$1 million in household income. Dr. Goldsmith calculates that in Anchorage, \$1 million of household income generates 3.4

trade jobs. With 270,000 people, Anchorage can support a range of businesses. By contrast, remote areas with regional centers can generate only about half as many jobs—1.9 jobs per \$1 million in household income. In remote areas without regional centers, like the Wade Hampton Census Area, the number of jobs generated is much smaller: only 0.6 trade jobs for every \$1 million of household income. Wade Hampton Census Areas also reported the highest unemployment rate in the state at 22.6 percent in the month of May 2008 (see **Figure 2**).

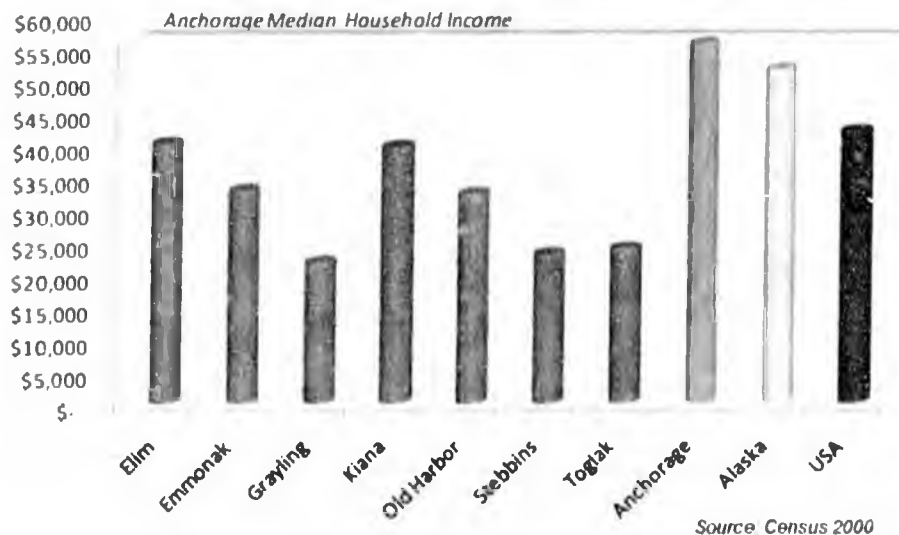
Seven Villages

The report examines conditions in seven randomly selected villages, Emmonak, Elim, Grayling, Kiana, Old Harbor, Stebbins, and Togiak and compares them to Anchorage and statewide measures in an effort to provide perspective on the complex economic conditions across the state. The Alaska Native Policy Center researched the cost of fuel, gas, energy consumption, cost of goods and air fare. Although each community is different in its traditions, culture, and environment, they all share the same issue of the current Energy Crisis, thus creating a sense of uncertainty for the coming winter. They are also located in various regions of the state.

Comparing Median Household Income of the Seven Villages to Municipal, State and National Levels

As seen in previous sections, billions of dollars are generated within or flow into rural Alaska but only a small percentage of that cash influences the local economy. The data collected in **Figure 4** illustrates that for the seven communities sampled, Median Household Income is well below that of Anchorage, the state average and even the national average.

Figure 4 Median Household Income



ENERGY IN RURAL ALASKA

First Alaskans Institute's Alaska Native Policy Center surveyed (via telephone) key informants in seven randomly selected communities about the current levels of energy consumption and costs. The ANPC found that:

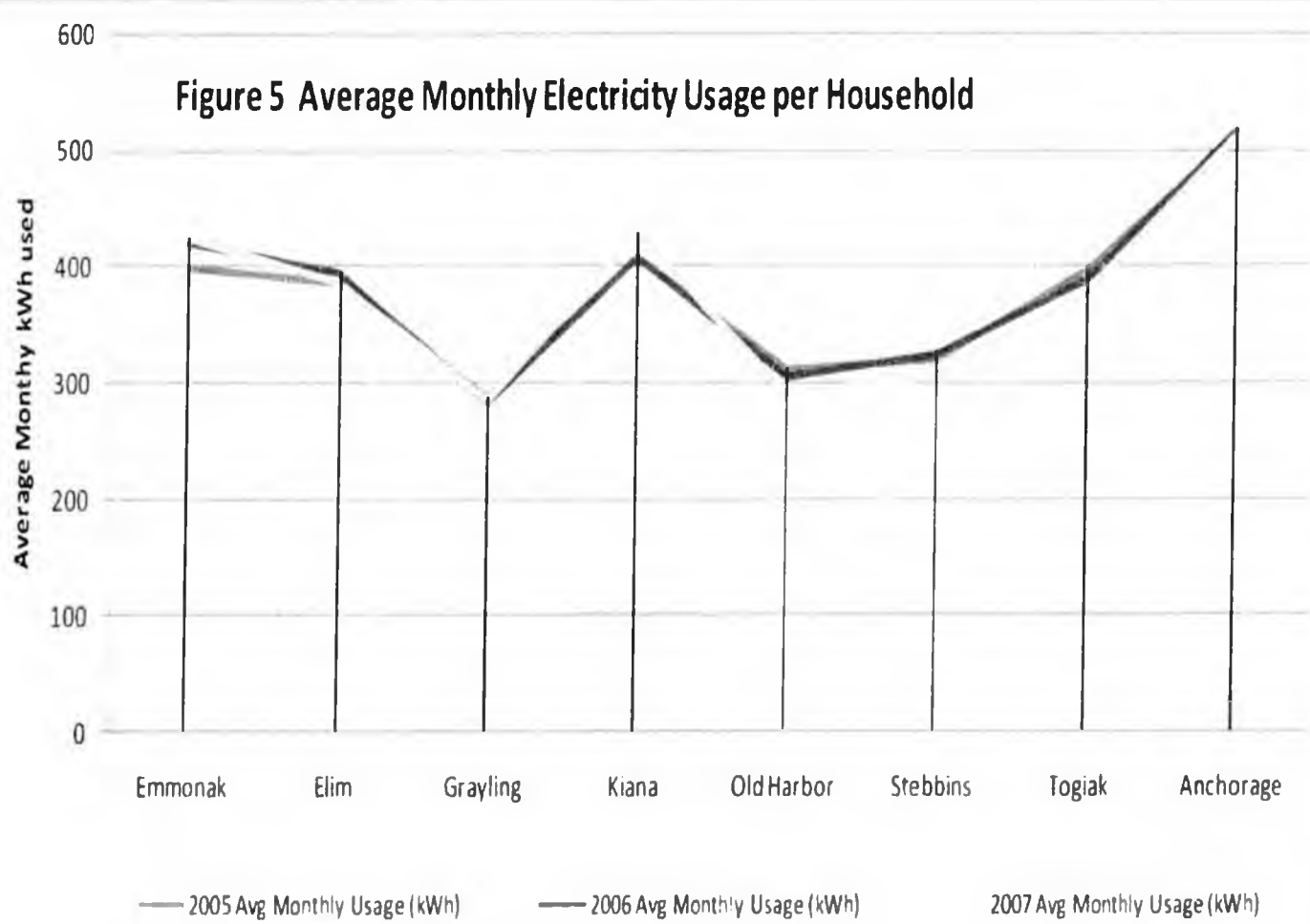
1. **Rural Alaska households consume less energy than households in Anchorage.**
2. **Even with Power Cost Equalization subsidies, rural households still pay more per kilowatt hour (kWh) than households in Anchorage.**
3. **Estimated monthly electricity bills for rural households are far higher than electricity bills in Anchorage, in some cases twice as high.**

Methodology for this section:

ANPC staff randomly selected seven villages that are eligible for Power Cost Equalization (PCE) and compared the respective average household electricity consumption (per kilowatt hour [kWh]) to the average household consumption in the Municipality of Anchorage (Anchorage). In order to do this, ANPC staff contacted key informants at utility companies and asked for the average monthly consumption for 2005, 2006, and 2007. ANPC staff also collected average rates for Anchorage per kWh. ANPC staff then applied PCE data, residential and effective rates, in order to estimate the average cost of consumption for households in each community. The Residential rate is the actual cost per kWh, or what electricity actually costs per kWh; the Effective rate is what the households in rural Alaska pay out of their own pockets for electricity per kWh and reflects the contribution of PCE to their monthly bill.

Using the method and resources described in the previous page FAI ANPC found that:

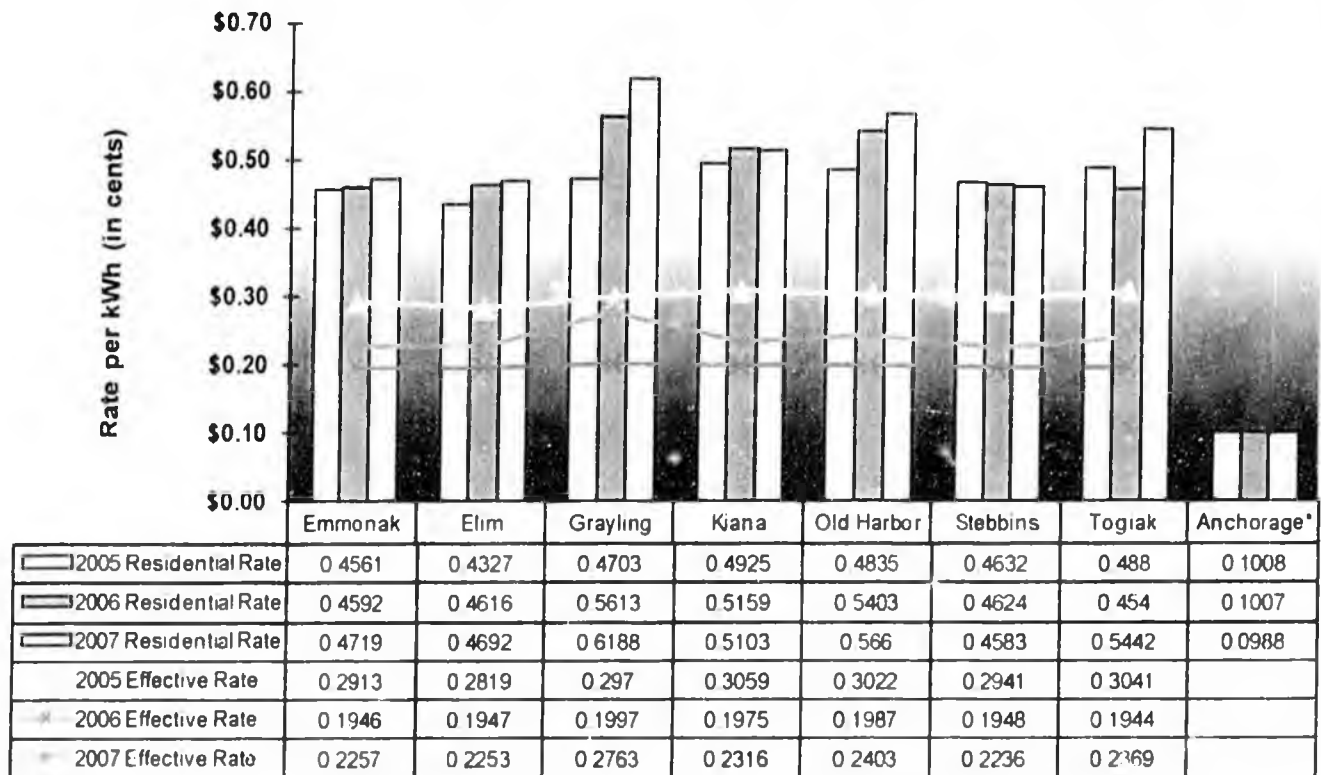
1. According to the data illustrated in **Figure 5**, rural Alaska consumes less energy while paying more for that energy. Over a three-year period from 2005-2007, the seven villages sampled consumed less energy than Anchorage on an average monthly usage. Anchorage households used more than 500 kWh per month, while rural household usage ranged from about 280 to 430 kWh during that same time period.



Source: Alaska Energy Authority, Alaska Village Electric Cooperative, Anchorage Municipal Light & Power

2. **Figure 6** below shows rural residents pay more per kWh than Anchorage residents. Even with the current rate of PCE, rural households in the sampled villages pay from 0.19 to 0.30 cents per kWh, well above the 0.09 to 0.10 cents that Anchorage households pay. In some cases the average monthly bill for electricity in rural Alaska is twice that of Anchorage. Without PCE, the villages sampled would pay in the range of 0.50 per kWh.

Figure 6 Residential and Effective Rates per kWh

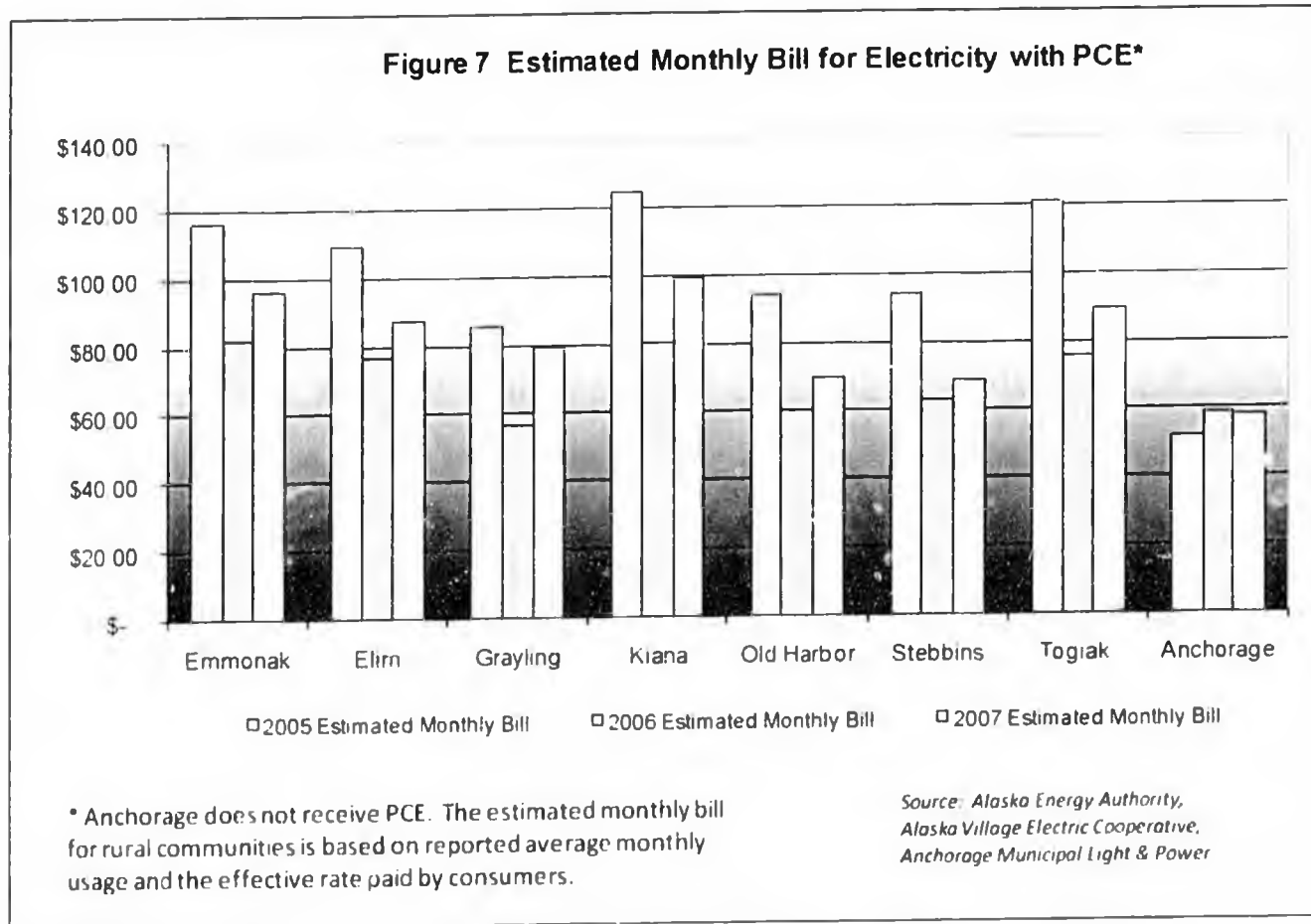


The chart and table above show the residential and effective rate per kWh that consumers pay in each community. Residential rates are the actual cost of electricity by kWh. Effective rates are what the consumer pays out of his/her own pocket. The Effective rate reflects the PCE subsidy.

*Anchorage does not receive a PCE subsidy, therefore it does not have an effective rate.

Source: Alaska Energy Authority, Alaska Village Electric Cooperative, Anchorage Municipal Light & Power

3. **Figure 7** shows the estimated monthly bills for households in Anchorage and the seven participating communities. In most cases, rural households are paying significantly more in electricity bills per month than their Anchorage counterparts, and in some cases even twice as much.



Heating Fuel #1 and Gas at the Pump

The average price for heating fuel (#1) statewide as of June 2008 according to the Division of Community and Regional Affairs, Director's Report is \$5.51 per gallon with prices for heating oil ranging from \$1.30 (\$3.36 without the North Slope subsidy) to \$9.10 per gallon. According to our recent survey, all seven communities are above the average. The average for a gallon of gas for the entire state is \$5.35, and again all seven communities are above the average with prices ranging from \$5.59 to \$8.35 per gallon. **See Table 1 and Figure 8.**

Table 1 Cost of Gas and Heating Fuel per gallon as of July 21, 2008***

Communities	Gas	Heating fuel
Emmonak*	\$5.91	\$4.85
Elim	\$7.25	\$8.09
Grayling	\$6.00	\$7.00
Kiana	\$7.21	\$6.64
Old Harbor	\$6.13	\$6.57
Stebbins	\$7.82	\$8.02
Togiak*	\$5.59	\$6.02
State Average**	\$5.35	\$5.51

* Emmonak has not seen a barge delivery yet, and Togiak will increase prices awaiting board meeting

**Source: DCCED, DCRA: *Current Community Conditions: Fuel Prices Across Alaska, June 2008 Update*

*** Source: First Alaskans Institute, except for state-wide data

State Average Below the state average Above the state Average

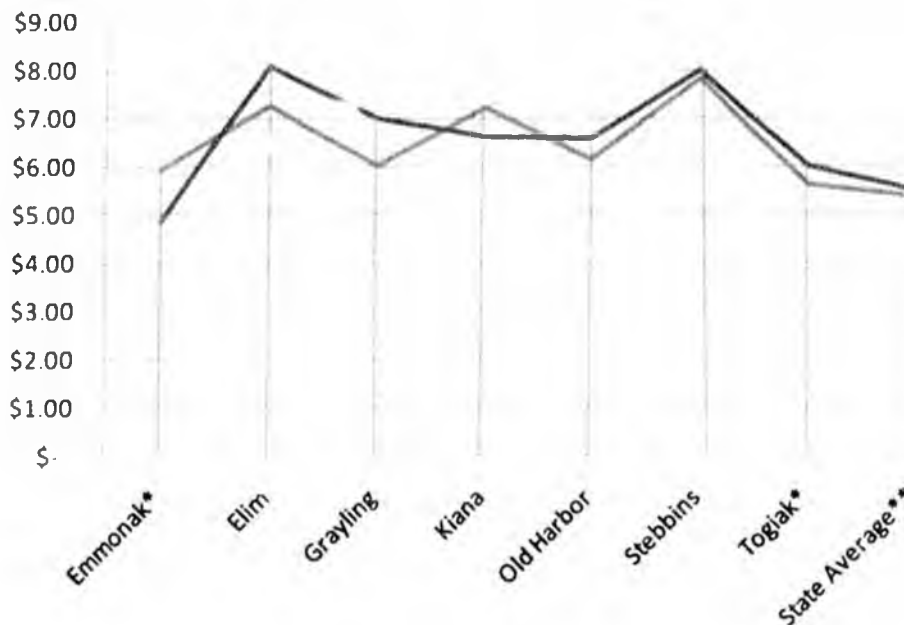


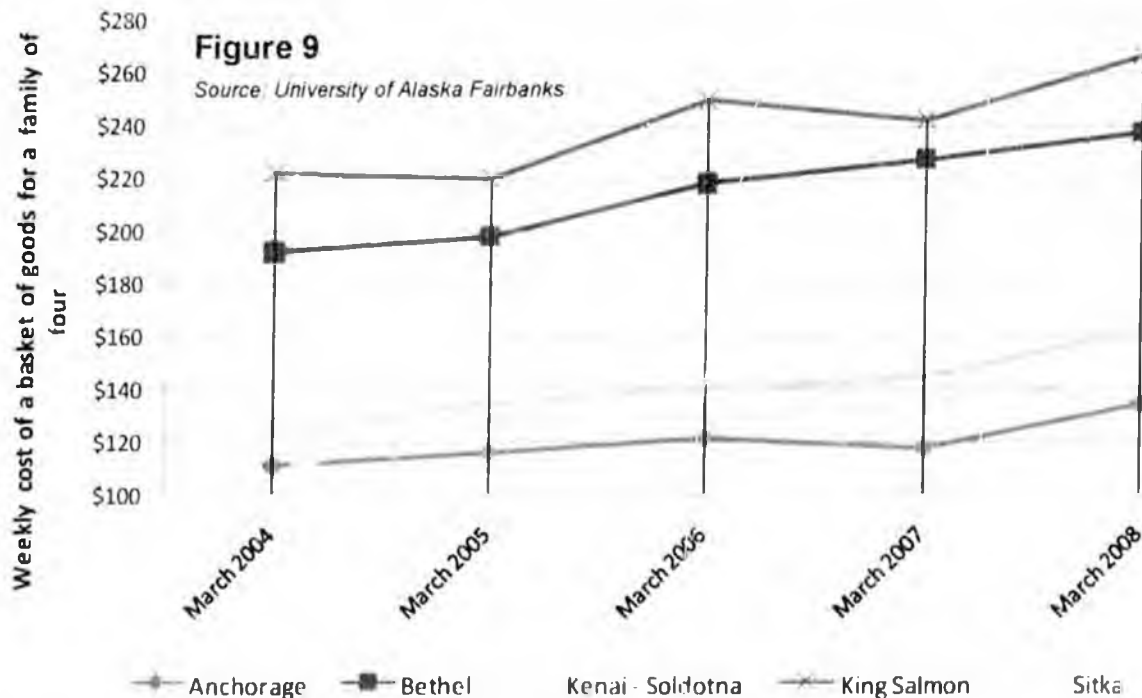
Figure 8 Prices of heating Fuel and Gasoline in Rural Alaska in early July 2008 ***

— Gas — Heating Fuel

COST OF LIVING IN RURAL ALASKA

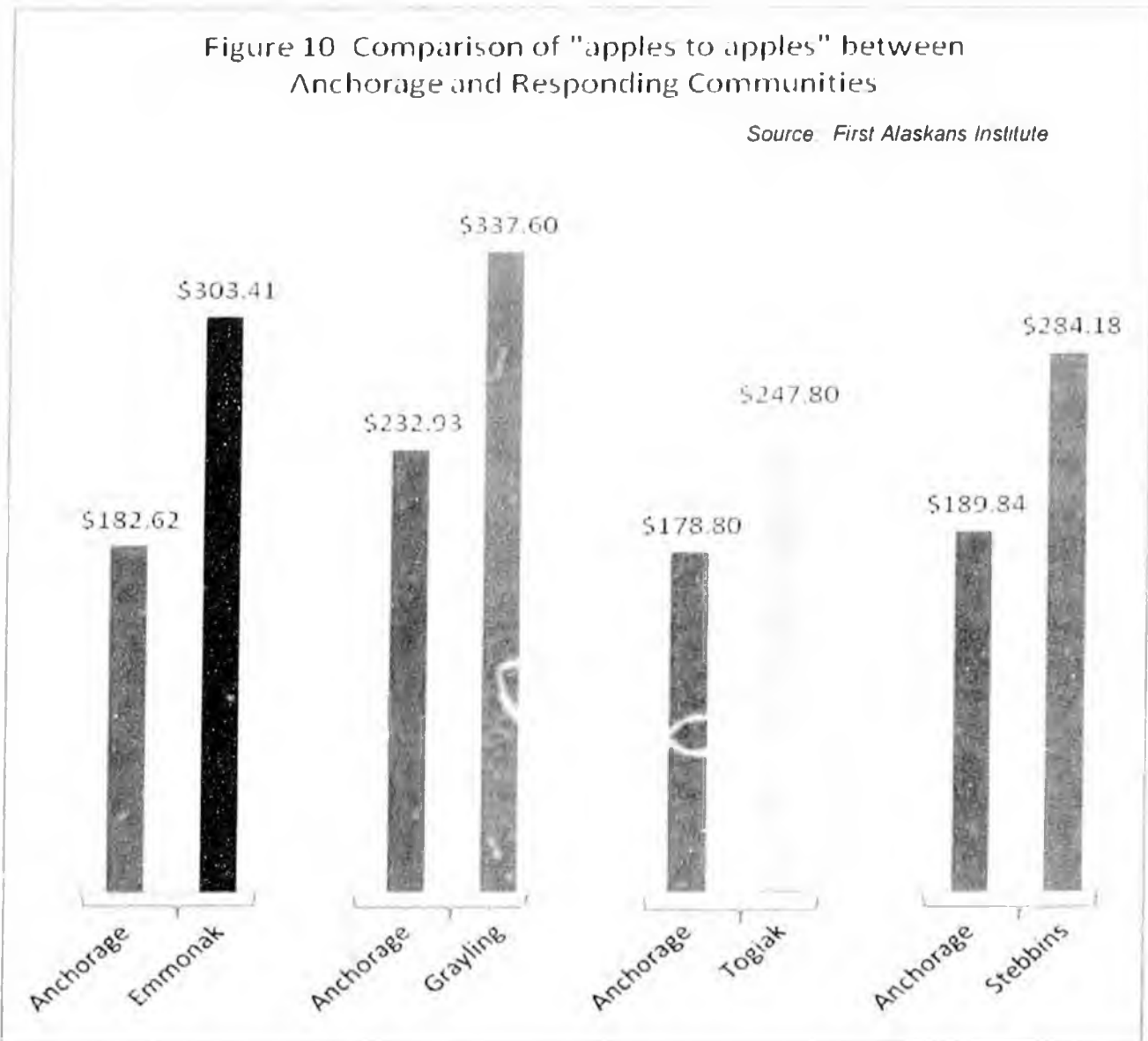
First Alaskans Institute, the Alaska Department of Labor, ISER researchers, Department of Commerce, Community, and Economic Development and others agree, and rural residents *know*— it's expensive to live in rural Alaska; often, more expensive than the urban areas. The high costs are not limited to fuel and its subsequent effects. It costs more to buy food and non-food items, get around, and receive services.

First Alaskans Institute's Alaska Native Policy Center took two approaches to looking at the cost of living in Alaska. The first was to look at existing data from the University of Alaska Fairbanks (UAF) on its survey of goods across approximately 20 communities.



Data from the UAF survey was selected minimizing the number of missing items. The data in **Figure 9** compares the weekly cost of a basket of goods for a family of four from 2004 to 2008.

The second approach was to compile an abbreviated list using goods (food and non-food items) that are commonly consumed in rural Alaska and asked the seven communities to price the abbreviated basket of goods. Four of the seven villages responded with prices and quantities for goods. We then compared the cost of food and non-food items to the average cost of the same items in Anchorage and adjusted the basket of goods for missing items. We found that it cost between \$69 and \$120 dollars more to buy the respective basket of goods in the four responding communities than it does in Anchorage as reflected in **Figure 10**. Results recently published by the Department of Labor and the University of Anchorage in Fairbanks parallels these findings.



The Policy Center also looked at the cost of getting to and from the seven villages sampled. Staff looked at a 'snapshot' of airfare prices at the beginning of July 2008. We found that roundtrips from Anchorage to the seven communities ranged between \$709 (Stebbins) to \$1220 (Elim). **Table 2** shows the high cost of flying in and out of rural Alaska. High cost of air fare hinders rural residents' ability to come to urban areas for services, makes the cost of doing business in rural Alaska more expensive, which over time, could potentially impact the economy of urban Alaska if rural residents are unable to come in to conduct business in general.

Table 2 Sample Flights at the beginning of July 2008

Community	Airline	Total RT Fare from ANC	RT Fare ANC to Hub	RT Fare Hub to Village
Emmonak	Frontier	\$781.50 via St. Mary's	\$501.49 ANC/St. Mary's	\$280.01 St. Mary's/Emmonak
Elim	Frontier	\$1220 via Nome	\$940 ANC/Nome	\$280 RT Nome/Elim
Grayling	Frontier	\$739.39 via Aniak	\$419.39 ANC/Aniak	\$320 RT Aniak/Grayling
Kiana	Frontier	\$906.98 via Kotzebue	\$646.98 ANC/Kotzebue	\$260 RT Kotzebue/Kiana
Old Harbor	Servant	\$778 via Kodiak	\$608 ANC/Kodiak	\$170 RT Kodiak/Old Harbor
Stebbins	Frontier	\$709 via Unalakleet	\$510 ANC/Unalakleet	\$199 RT Unalakleet/Stebbins
Togiak	PenAir	\$770 via Dillingham	\$546 ANC/Dillingham	\$224 RT Dillingham/Togiak
Seattle	Alaska Air	\$973.40		
San Francisco	Alaska Air	\$1,172.40		
Chicago	Alaska Air	\$1,393.40		

Source: First Alaskans Institute

FIRST ALASKANS INSTITUTE
ALASKA NATIVE POLICY CENTER

606 E Street, Suite 200
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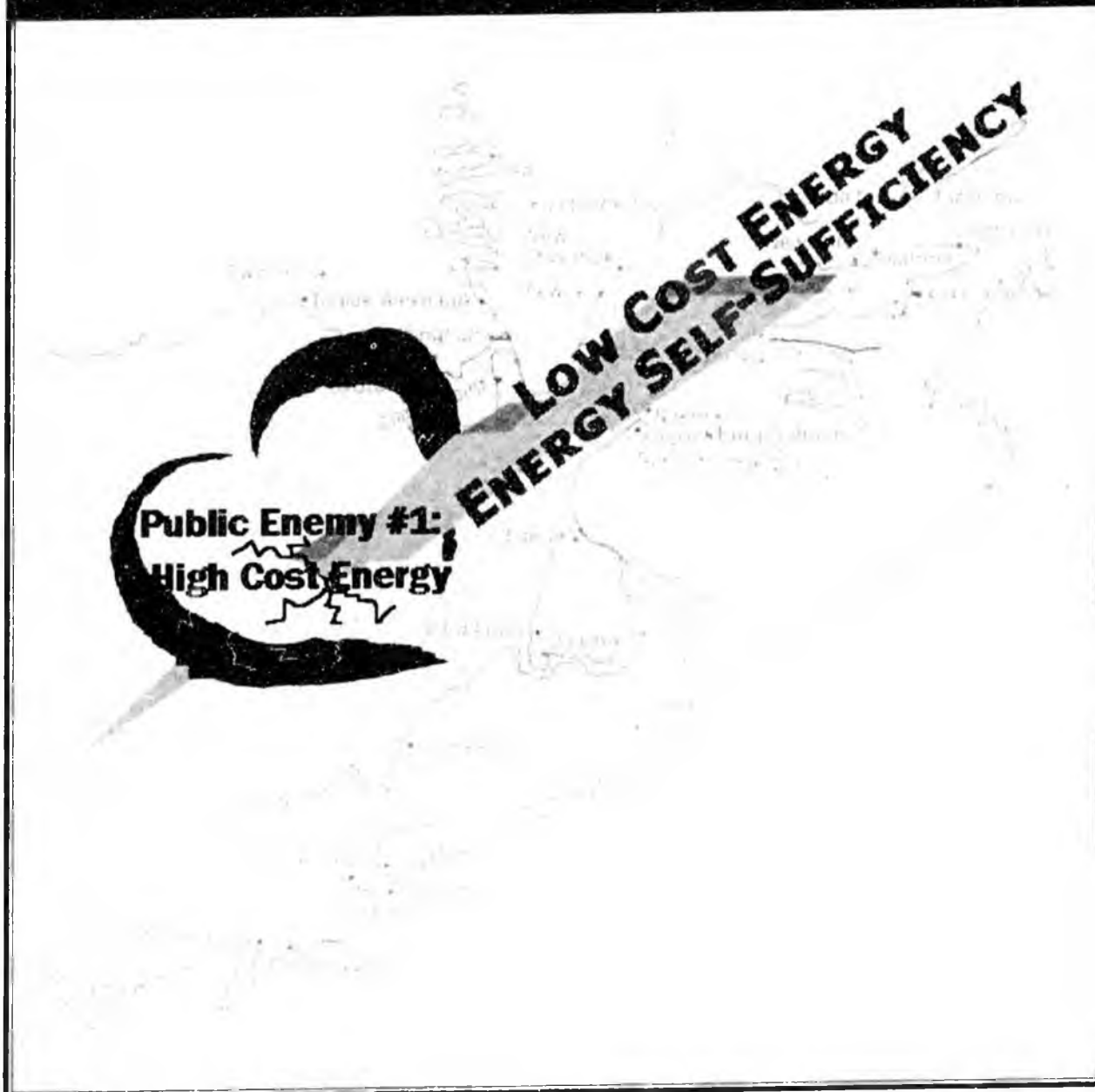
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www.firstalaskans.org

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Implementation Strategies for the Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase Two

May 6, 2008



Implementation Strategies for the Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase Two

May 6, 2008

Prepared for the Bristol Bay Partners, an association of:



Bristol Bay Area Health Corporation



Bristol Bay Economic Development Corporation



Bristol Bay Housing Corporation

**Bristol Bay
native
association**

Bristol Bay Native Association



Bristol Bay Native Corporation

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Implementation Strategies for the Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase Two

While Bristol Bay villages and other regions of the state have enjoyed reliable diesel generated electricity for over 40 years, diesel use is becoming unsustainable. To reach a long-term source of energy that is as reliable as diesel has been, Bristol Bay communities need immediate relief from rising costs of gas, heating fuel and electricity. Additionally, short-term and median initiatives are needed to assure a smooth transition to a long-term diesel-free energy regime.

No Planning Done to Stabilize the Cost of Energy – No Energy Bridge –

Short-term

2008.....2009.....2010.....

Median term

(2010.....to....2018).....

Long-term

(2018...to....2025)



Short Term

- Continuously increasing fuel and electricity prices
- Prices for goods and services continue to increase
- People move away from the region
- Villages continue to undertake projects on their own
- Uncoordinated efforts to lower the cost of energy
- No regional entity charged with lowering the cost of energy

Median Term

- Schools close
- Continued out migration
- Deterioration of village, city, transportation, city and business infrastructures

Long- Term

- Some Villages may disappear
- No keepers of the land and sea and air

Phase One of the "Bristol Bay Energy Policy and Energy Crisis Recovery Plan" has been adopted by the Bristol Bay Partners.

"Phase Two: Implementation Strategies" is a multiple planning approach that takes into consideration all the possible short-term, median and long-term alternatives listed on the following pages. Regardless of what alternatives are finally decided upon, emphasis needs to be placed upon subsidies that are the bridge to median and long-term solutions to lowering the cost of energy in Bristol Bay. Implementation components of Phase Three will include plans to employ, timelines, personnel and estimated budgets.

If Planning Occurs, We Reach the Goal of - Low-cost Energy Self-sufficiency -

Short-term

2008.....2009.....2010.....

Median term

(2010.....to... 2018).....

Long-term

(2018...to...2025)



ENERGY BRIDGE TO PREVENT FURTHER DESTABILIZATION OF BRISTOL BAY VILLAGES

Short Term

- Continued Advocacy for subsidies until no longer needed
- Energy needs assessment
- Village and Region fuel contingency plans, fuel order program, fuel buying and management training
- Energy summit
- Planning for simultaneous solutions, e.g. Fuel Coop or other energy or development entities, Interties, alternative energy assessments, Energy Resource Center
- Support for ongoing energy projects such as Naknek Geothermal, wind, wind-hybrid
- Conservation
- Encourage ON SHORE exploration for oil and gas on all Bristol Bay lands

Median Term

- Planning and implementation for interties
- Operation and Maintenance training programs for new energy systems
- Targeted alternatives

Long-Term

- Bristol Bay Villages on common energy grid
- Bristol Bay on path to accessing lowest cost energy

Phase Two: Implementation Strategies

The following section provides the Bristol Bay Partners with recommended short-term, median and long-term implementation strategies¹.

Short-term (2008-2013) Strategies:

- Continue support and advocate for Power Cost Equalization, Low Income Home Energy Assistance Program (LIHEAP) and other energy assistance programs such as energy tax waivers, fuel subsidies, Ultra Low Sulphur diesel regulation waivers
- Conduct a Bristol Bay Regional Energy Needs Assessment for every community in the region to determine current and future electrical power and fuel needs. Coordinate with Bristol Bay regional organizations to avoid duplication of effort (reference BBNA Resolution 2003-01²)
- Develop fuel contingency plans for Bristol Bay villages
- Convene a Bristol Bay Energy summit for the single purpose of reviewing and adopting a Bristol Bay Energy Policy and Energy Recovery Crisis plan (Energy and Bristol Bay, 1980)
- Organize a Bristol Bay Regional Fuel Cooperative
- Develop a Bristol Bay Regional Energy Development Cooperative and/or a Regional Development Authority when the Partners decide what organization will implement energy policies in the region
- Develop plans for sub-regional, regional, railbelt and statewide energy interties: a regional power grid that ultimately connects to a statewide energy grid³
- Develop a plan for possible use of clean coal technology as a bridge energy source as the region moves toward renewable energy usage
- Assess geothermal, hydro and hydro-diesel hybrid and small hydro systems including run-of-the-river, wind and wind-hybrid systems, natural gas, coalbed methane, nuclear, peat, coal, nuclear, hydro, tidal, and other alternatives
- Support ongoing alternative energy development projects such as Naknek Geothermal, Kakanak wind energy, Togiak/Tuya, Lake Elva/Grant Lake and other energy projects in the region
- Advocate for conservation, energy efficiency and cost reduction initiatives
- Develop plans for a Bristol Bay village fuel order program, bill collection strategies and fuel buying and management training for utilities

¹Note: On Feb 28, 2008 an Interim Status Report was delivered to the Bristol Bay Partners, recommending immediate initiatives to stabilize the cost of fuel and electricity. The purpose of these recommendations was to provide a bridging mechanism so that short term, median and long term planning could move forward without further destabilization of Bristol Bay communities.

² See Appendix 3 of the "Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One" for a copy of this resolution.

³ See Appendix 5 of the "Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One" for information on new energy transmission technology.

- Push for establishing an Energy Resource Center at the Bristol Bay Campus or at SAVEC
- Assess workforce development programs to ensure that the region's workforce programs include energy development related training
- Convert the PCE Endowment Fund into a Rural Energy Development Fund to finance Rural and Remote Energy initiatives to achieve low cost energy for Bristol Bay villages once Bristol Bay villages no longer need the PCE program
- Create an education budget line item for school districts' heating and electricity; take energy costs out of the School Foundation Formula.

Median Term (2013 to 2018) Strategies:

- Support and extend interties that already exist and support development of additional interties to connect villages on a sub-regional, then regional grid
- Maintain a Bristol Bay operation and maintenance training program for energy systems in place
- Update environmental studies and complete any other government/regulatory studies for a Bristol Bay Regional Electrical Intertie System and transportation corridor
- Identify and aggressively move targeted energy alternatives ahead to achieve long-term energy goals
- Monitor regional intertie plans

Long-term (2018 to 2025) Strategies:

In the long term, Bristol Bay will need to determine if it has reached the goal of energy self-sufficiency and a diesel-free energy system.

- Bristol Bay communities are on a common energy grid and are ready to be tied to a state-wide energy grid
- On path to accessing the lowest cost energy measured by 5 cents/kWh goal set by 2006 Bristol Bay Economic Summit

Very long-term – lowest cost, energy security (2025-2100)

- Statewide energy grid
- Susitna project
- Naknek Geothermal on line
- Hydro projects on line and producing green
- Mt. Spur
- Natural Gas Generating Plant on the North Slope

Figure 3: Susitna Renewable Hydro Power System and Potential Rural Power Systems



Source: Peratrovich, Nottingham & Drage, 2008

Project Overview

Alaska Energy Plan
Alaska Energy Authority

Audience Participation

What is your estimate of the total yearly energy costs per household, for electric, space heating and transportation, in each of the following regions?

- Anchorage
- Fairbanks

- Southeast
- Rural

Project Goals

- Reduce the cost of energy to Alaska
 - Rapidly identify and deploy solutions
 - Complete analysis by December 2008
- Deploy solutions as soon as identified.

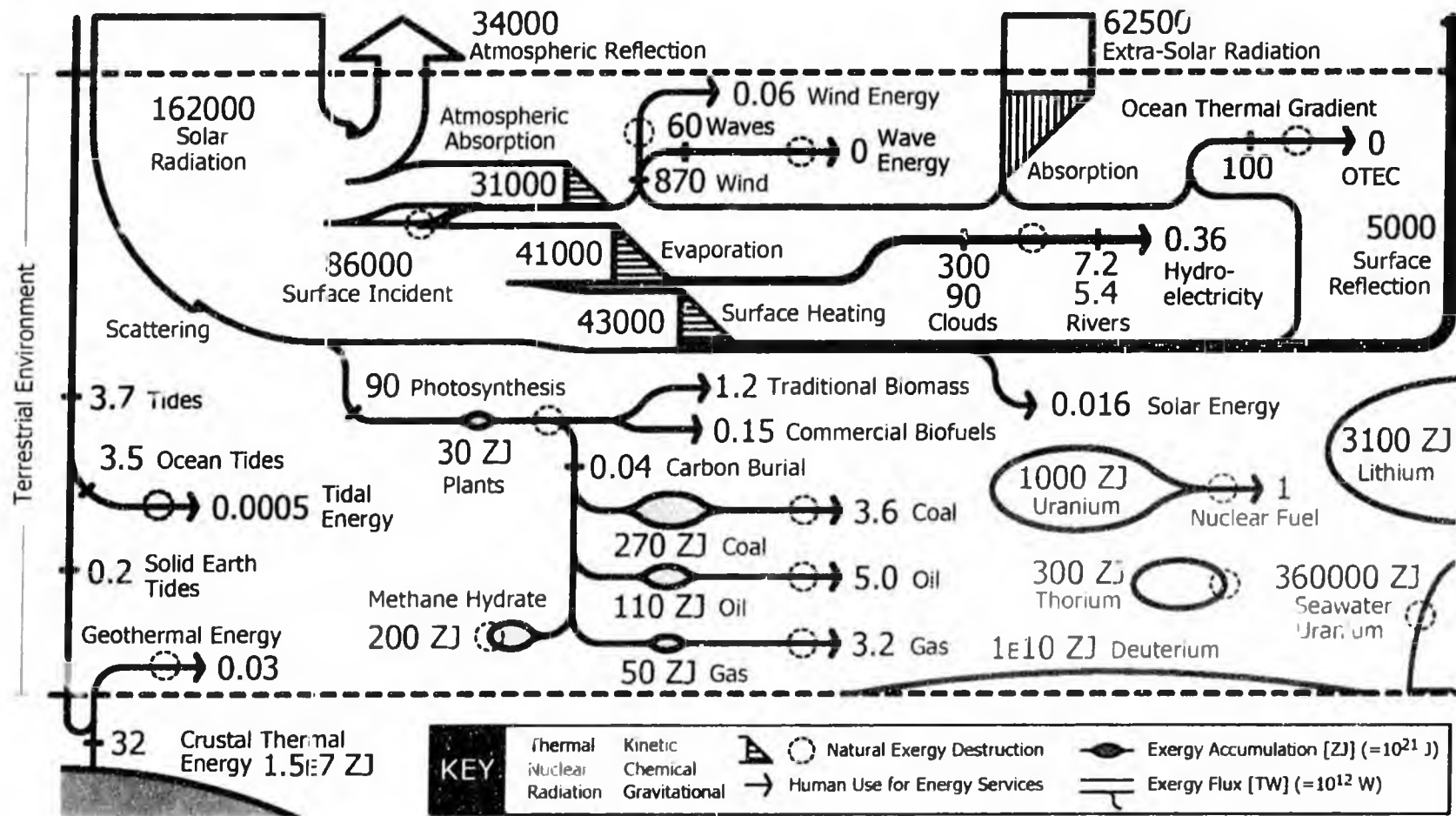
Project Results

- **Identify and deploy energy sources that are vertically integrated, economic, long-term stable priced, and sustainable.**

Guiding Principals

- **Provide energy in a form that can be used in existing infrastructure.**
- **Evaluate costs on a delivered basis.**
- **Use low-profit business structure.**
- **Minimize risk of technology failure.**
- **Engage Alaskans in the solution.**
- **Seek the lowest cost energy to each community.**

Global Exergy Flux, Reservoirs, and Destruction

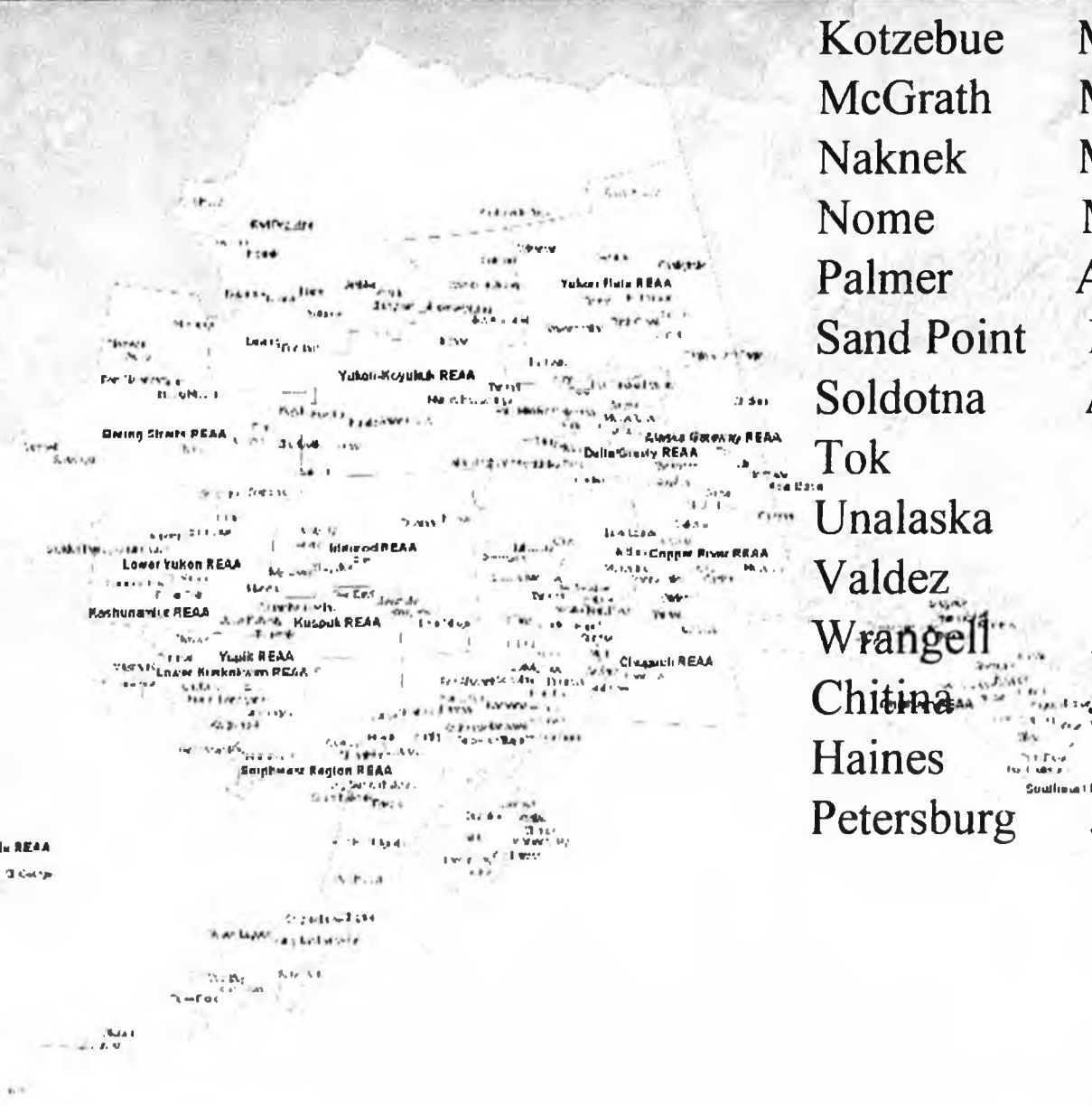


Exergy is the useful portion of energy that allows us to do work and perform energy services. We gather exergy from energy-carrying substances in the natural world we call energy resources. While energy is conserved, the exergetic portion can be destroyed when it undergoes an energy conversion. This diagram summarizes the exergy reservoirs and flows in our sphere of influence including their interconnections, conversions, and eventual natural or anthropogenic destruction. Because the choice of energy resource and the method of resource utilization have environmental consequences, knowing the full range of energy options available to our growing world population and economy may assist in efforts to decouple energy use from environmental damage.

Regions- Regional Educational Attendance Areas

Anchorage: June 4
 Aniak: May 7
 Barrow June 2
 Bethel May 6
 Craig May 29
 Dillingham May 15
 Fairbanks April 30
 Ft Yukon May 1
 Galena May 1
 Glenallen June 3
 Juneau May 27
 Kake May 29
 Ketchikan May 28
 Kodiak May 22

Kotzebue May 8
 McGrath May 14
 Naknek May 14
 Nome May 8
 Palmer April 28
 Sand Point May 20
 Soldotna April 29
 Tok May 1
 Unalaska May 20
 Valdez May 12
 Wrangell May 28
 Chitina June 3
 Haines June 16
 Petersburg June 24



Identify the current fuel usage and costs

- **Initial Usage estimates**
 - Bulk Fuel Loan data
 - Tank Sizing estimate: 1,000 gallons per year per person.
 - PCE participation
 - Crowley and Yukon Western deliveries
 - Enstar
- **Determine the current cost of fuel**

Selawik- Energy Flow Model

FUEL ONLY

240,831 gallons Petroleum

109,157 kWh Wind

327,000 gallons Petroleum

???? Petroleum

Electric

Space Heating

Transportation

Residential
Base per household

\$ 2,500

\$ 6,500

\$??

\$ 9,000 Yearly Total

Community Facilities

Commercial

Selawik Yearly Energy Total: \$2,400,000.

Annual Income per Household \$27,000:

33% of Household Income for fuel

Regional Energy Cost Comparison

● Anchorage (gas)

Electric	\$ 1,371
Heating	\$ 1,086
<u>Transport</u>	<u>\$ 3,474</u>
Total Energy	\$ 5,931
% of Income	8.9 %

● Southeast (hydro)

Electric	\$ 1,374
Heating	\$ 1,704
<u>Transport</u>	<u>\$ 1,832</u>
Total Energy	\$ 4,909
% of Income	7.8 %

● Fairbanks (Diesel)

Electric	\$ 1,912
Heating	\$ 4,027
<u>Transport</u>	<u>\$ 3,521</u>
Total Energy	\$ 9,461
% of Income	15.3 %

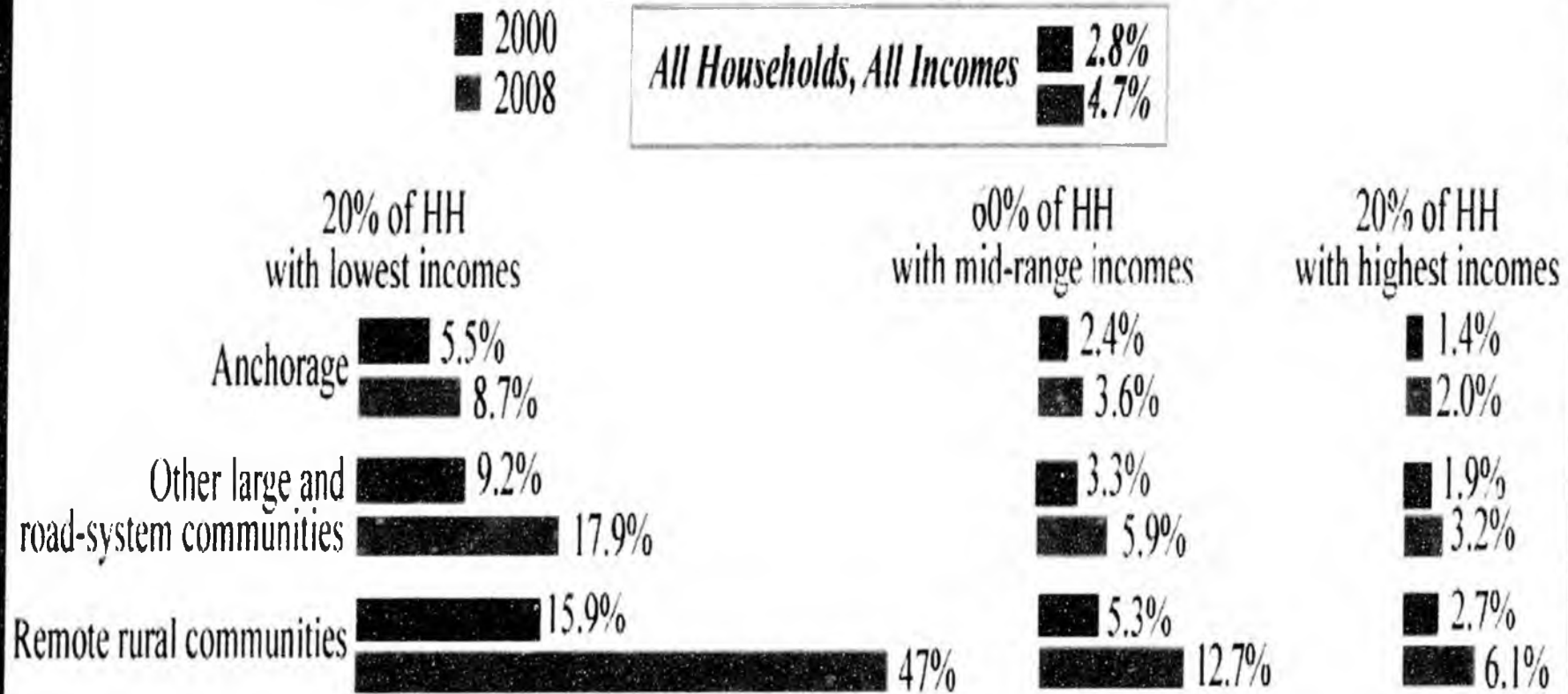
● Rural (Diesel)

Electric	\$ 1,843
Heating	\$ 7,715
<u>Transport</u>	<u>\$ 1,202</u>
Total Energy	\$ 10,145
% of Income	18.3 %

Source: AEA Staff- Initial Analysis using best available data.

Estimated Household Costs for Home Energy Use

Figure 1. Estimated Median Share of Income Alaska Households Spend for Home Energy Use, 2000 and 2008



Source: ISER, May 2008

Potential Technologies and Fuels

- **Hydroelectric**
- **Wind**
- **Solar**
- **Tidal**
- **Wave**
- **Biomass**
- **Geothermal**
- **Municipal Waste**
- **Conservation**
- **Natural Gas**
- **Propane**
- **Coal**
- **Diesel**
- **Coal Bed Methane**
- **Nuclear**
- **Gasification**
- **Fischer-Tropsch**

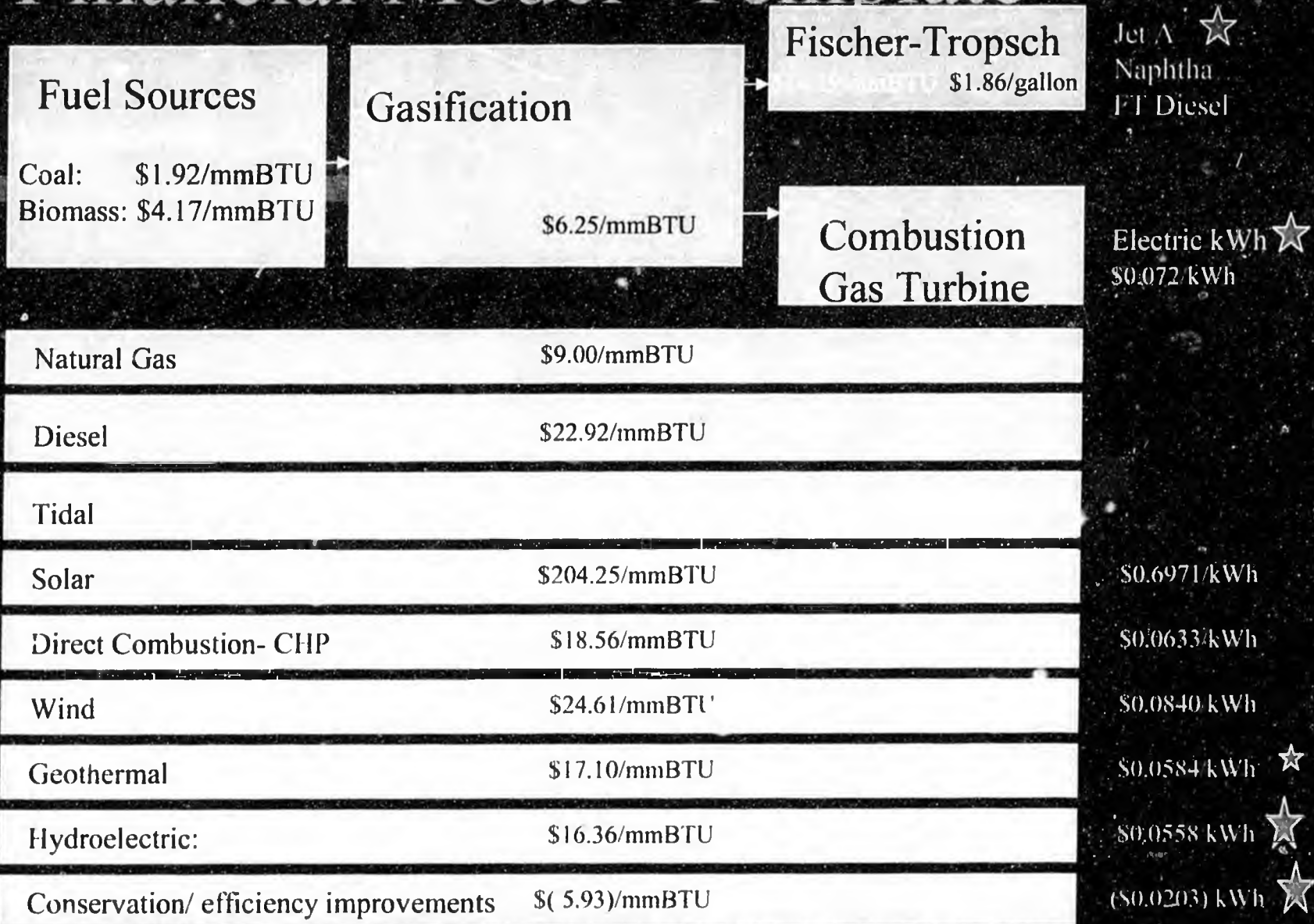
Technology Evaluation

- **Technology Assessment**
- **General Cost Estimates**
 - **Capital Costs**
 - **Operations and Maintenance Costs**
 - **Delivery Costs**

Locally Available Fuel Supplies

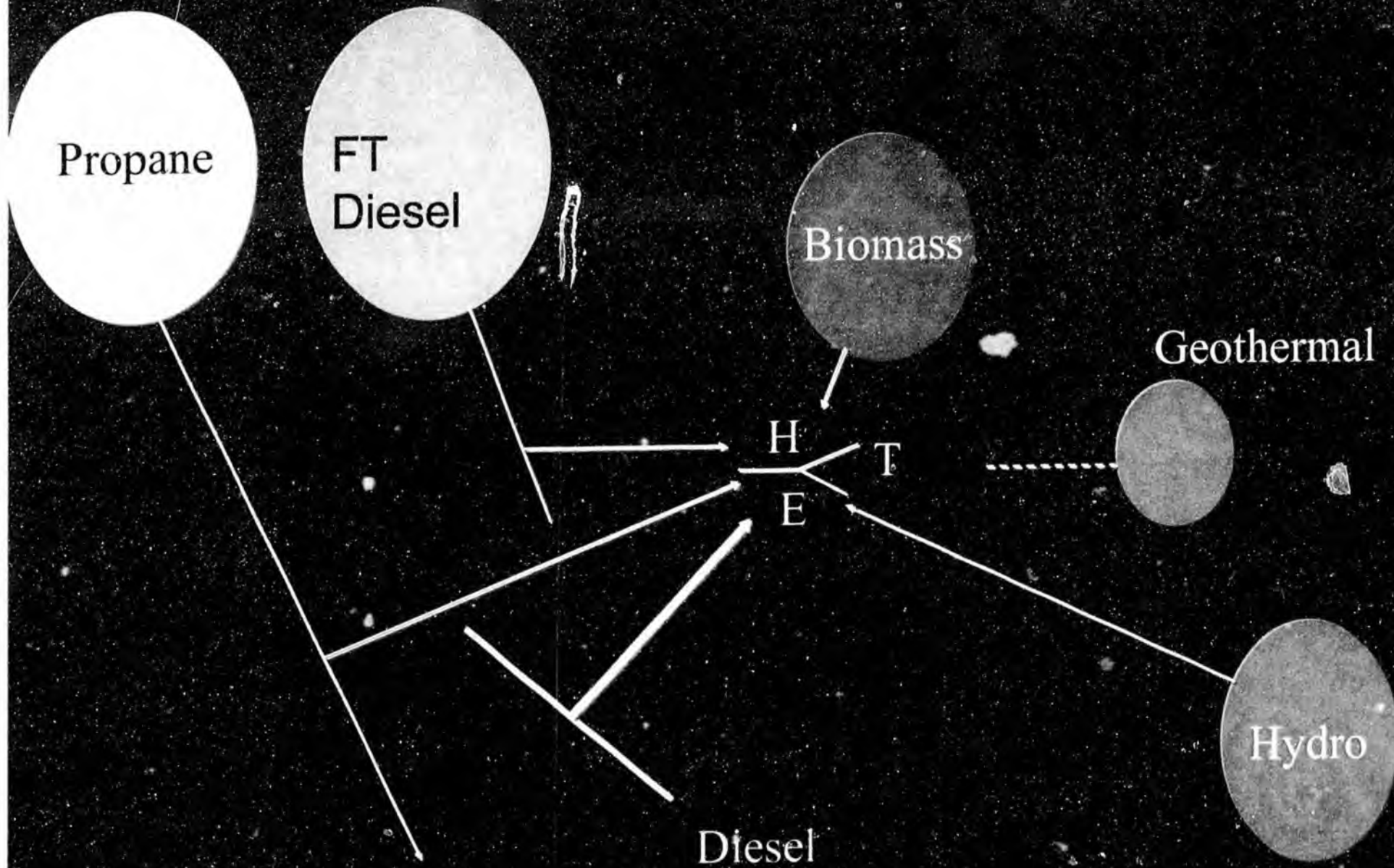
- **Visits to 28 communities to listen to locals on available energy sources.**
- **Size for the local need**
- **Determine energy delivery method.**
- **Develop energy production and delivery method and costs.**
- **Local Control using Local Fuels to make Local Energy.**

Financial Model- Template



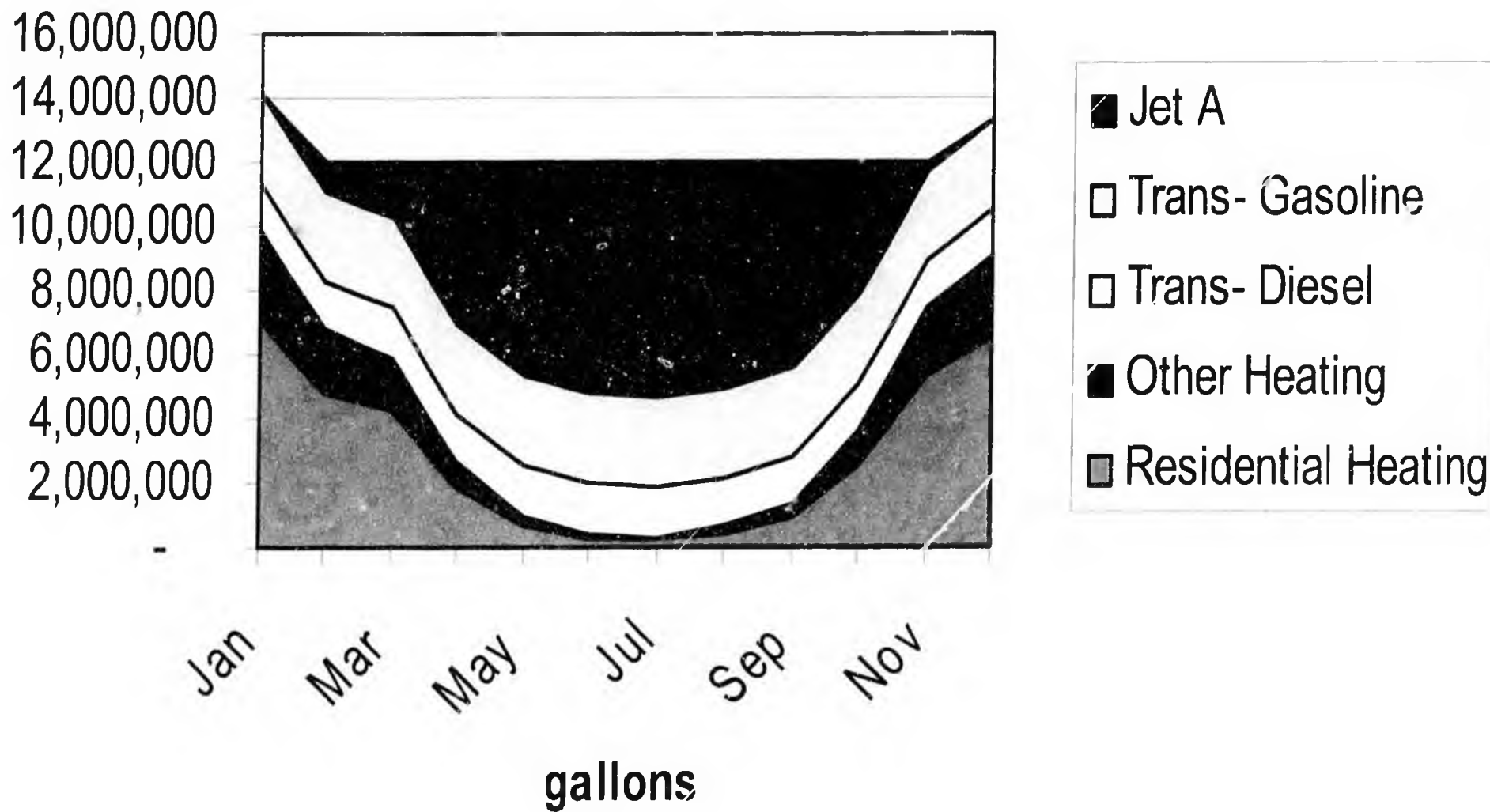
Excerpt from the Fairbanks Energy Plan, FEDC Website www.investfairbanks.com

Community - Regional Evaluation



Estimated Seasonal Use

FT Capacity by Market Sector



Rapid Option Selection

- **Determine the technology option which will deliver a usable fuel that meets the local needs at the lowest cost.**
- **Local Feedback**

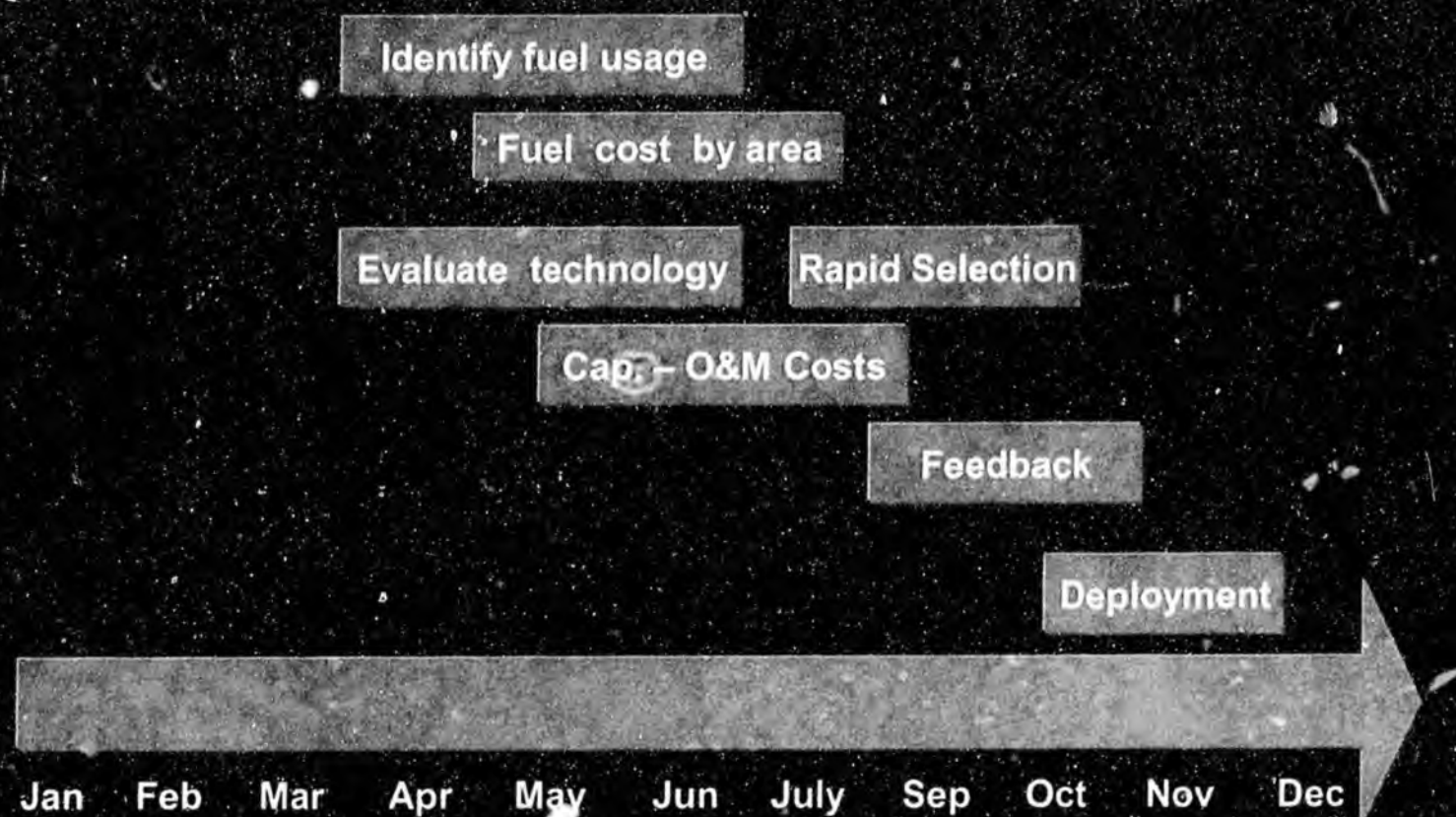
Rapid Deployment for Economic Development

- **Identify new or existing local companies that can provide deployment or support.**
- **Support Power Sales agreements where appropriate**
- **Identify and develop financial institution relationships**
 - **State**
 - **Private**
 - **Public**

Resources

- **Engage both public and private sectors in identifying a solution**
 - **AEA Team and passionate Alaskans**
 - **Local Businesses**
 - **Entrepreneurial Business training**
 - **Financial Institutions**
 - **State of Alaska financial support**

Schedule: Alaska Energy Plan



Current Status

- **Identifying local fuel needs and resources with ISER.**
- **Evaluating technology with ACEP.**
- **Regional trips to 29 communities completed.**
- **Developing the technology matrix.**
- **Developing evaluation tools**

Questions ???

Contact Information:

Alaska Energy Authority

813 W Northern Lights Blvd.

Anchorage, Alaska 99503

(907) 771-3073

www.akenergyauthority.org

Comment e-mails to:

energycoordinator@aidea.org

Wolfgang Falke
918 Seventh Avenue
Fairbanks, Ak. 99701
Tel.: (907) 452-4275

July 9, 2008

To:
Alaska State Legislature,
Every member of the House and the Senate

Re.: Reduce Cost of Refinery Products the most sensible
and cost-effective way.

Dear Legislator:

Because the "Alaska Energy Crisis" is caused by the high cost per barrel of Alaska crude oil, the only answer to fairly alleviate the "Alaska Energy Crisis" is by substantially reducing the barrel price of State royalty crude oil that is sold to Alaska refineries to a pre-crisis level, that is to about \$30.00 per barrel and to price-fix the f.o.b. cost the refinery must sell its refined products.

Should the Federal Government not like the State price-fixing, let them sue us Alaskans! Their arguments are not going to fly, because there is no discrimination for the reason that everyone who comes to Alaska will be served at the same f.o.b. price of the Alaska oil refinery products. Alaska oil refined products may not be exported at the Alaska substituted price; an export tax will be imposed for such Alaska substituted out of State sales.

Please read the hereto attached letter of Douglas Dimbat of North Pole regarding the reduction of Alaska refinery products.

Sincerely,



Wolfgang Falke

Attachment

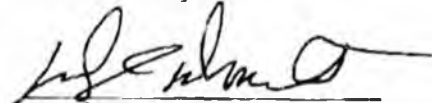
REDUSE COST OF REFINERY PRODUCTS

The State of Alaska could reduce the cost of Fuel Diesel and Heating fuel in the North Star Borough with in a day if:

1. The state sold our oil to the refinery at \$25.00 per barrel with the stipulation that the refinery could price it at \$50.00 per barrel , getting us off the world price of oil.
 - a. Only 5% of what goes through the pipeline goes to the refinery, the other 95% goes to Valdez which could stay on the world market price.
2. This would immediately cut our cost in half not only to us but to the rest of the state where the fuel is sold.
3. If our price of gas and oil were half of the lower 48 it would double our tourism industry, and allow those of us who live here to continue living here.
4. The Airlines could reduce their ticket price and advertise as such, hotels could reduce their price and those driving up could afford the trip.

This kind of a program would not hurt the State, Refinery or its customers. It can only help.

Sincerely



Douglas Dimbat, North Pole, Alaska
4563630

Suzanne Cunningham

From: Rep. Anna Fairclough
Sent: Friday, July 11, 2008 1:44 PM
To: Suzanne Cunningham
Subject: FW: Need to Stabilize Fuel Costs for Alaskans

For committee/bill file.

Representative Anna Fairclough

State Capitol: 907.465.3777
Eagle River: 907.694.8944
Representative_Anna_Fairclough@legis.state.ak.us

From: Nels and Dorothy [mailto:andora@nushtel.net]
Sent: Friday, July 11, 2008 12:07 PM
To: Rep. Anna Fairclough
Subject: RE: Need to Stabilize Fuel Costs for Alaskans

July 11, 2008

Dear Representative Fairclough:

Need to Stabilize Fuel Costs for Alaskans:

Please keep in mind that our heating fuel in Dillingham is \$6.23 a gallon at this time.

At that price, if my wife, Dorothy, and I buy heating fuel now, we will pay:

800 gallons x \$6.23 + 6% sales tax = \$5,283.04 for heating fuel for this winter.

We can't buy heating fuel now, so we will be paying more because heating fuel will rise to \$8.00 a gallon when the next fuel barge comes in:

800 gallons x \$8.00 + 6% sales tax = \$6784.00 for heating our house this winter.

This is very difficult for us since we are on fixed incomes as retirees. Heating fuel cost alone is forcing us to go into our savings.

Electricity costs are now 34 cents a kwh. That will go up this fall with higher diesel prices that Nushagak Electric will have to pay for their fuel. That will raise our prices too.

Food costs in Dillingham are almost twice as much or more for a comparable food basket in Anchorage.

Freight costs have increases plus a fuel surcharge is added.

7/11/2008

Postage rates have increases to mailing food from Anchorage is more expensive.

Gasoline is now \$6.45 a gallon and will go to \$8.50 a gallon when the next fuel barge comes in.

Our house is about as energy efficient as we can get it.

Our average annual use of electricity is 400 kwh per month.

We burn about 2.19 gallons of fuel a day to heat our home and heat our water. Thus the 800 gallons of fuel per year.

I am sure we can improve our efficiencies but it takes money to do that. Some examples:

\$1,500.00 would buy an on-demand water heater.

\$3,000+ would pay for a wood stove.

\$2,500 would buy 3 energy efficient windows including installation.

Weatherization would help but we need an energy rater to come out here to do that. We understand that the energy raters are backlogged to October in Anchorage.

Many of the energy programs require energy ratings to become eligible for rebates. One also has to have the cash to make the energy improvements that I listed above.

There is no question those energy improvements would help us lower our cost of fuel but it is difficult to pay for those improvements and also budget for the upcoming heating fuel costs for the winter. It is a balancing act now so our options are limited.

This is a summary of what we are facing with high fuel costs in Dillingham.

I know you are aware of the fact that most of our villages are paying much more than we in Dillingham pay for fuel, food, and electricity.

Recommended solution: Stabilize Fuel Costs Using Alaska State Royalty Oil

For the reasons stated above, the core problem for those of us that live in Rural and Remote Alaska is high cost fuel.

That is why we need to have our fuel costs stabilized by using our Alaska State Royalty Oil. I know, Senator Hoffman, that you said that all of our State Royalty Oil is committed.

We need to unravel those commitments and take our State Royalty Oil and have it refined in Alaska, and distributed from Flint Hills in Fairbanks or Nikiski. We need to have our fuel at no more than \$2.00 gallon to stabilize our cost of living or our communities all across Alaska, including the Railbelt, will suffer severe economic

consequences.

If you did that, we could have low cost fuel flowing to all of our communities before winter. Our electric coops would be able to deliver lower cost electricity, freight costs would drop, food costs would be less expensive, heating fuel would be affordable, gasoline for Subsistence hunting and fishing would become feasible again, and the overall cost of living for All Alaskans would drop.

How long should we do this? We should subsidize our fuel costs as long as crude oil is above \$100 a barrel.

I have not done a financial analysis of how this compares to an energy rebate, dropping the fuel tax, or other energy relief proposals being considered, but this suggestion deserves consideration. It attacks the core problem, not the symptoms of high cost energy.

Thank you for listening.

Nels Anderson, Jr.
Box 234
Dillingham, Alaska 99576
07-842-2366
andora@nushtel.net

Robert L. Beans
P.O. Box 2645
Palmer, Alaska 99645
907-746-2733 Home
907-715-4984 Cell
rlbeans@gmail.com

Friday, July 04, 2008

Friends and neighbors, my name is Robert Beans. I was born and raised in Mountain Village, a fishing community on the Lower Yukon River, as have my people before me, through times that were sometimes good and sometimes not so good. Because of health issues in my family, I was forced to move closer to a better healthcare system. Though I now live on the road system, I maintain close ties with Rural Alaska and feel that I am obligated to speak on behalf of the hundreds of family members and friends I left behind to struggle with the affects of unfair inequities brought on by 'short-sighted' leaders. What happen to the Statesmanship of Legislators who looked out for the welfare of All Alaskans, regardless of which district they represented? It is time to bring that trait back to the Legislature and Administration for the benefit of all Alaskans.

Today we face "not so good" times. The cost of fuel and electricity is now a real crisis for our families. It is a crisis shared in the villages throughout rural Alaska and every place else.

Urban Alaska is beginning to share our pain, the pain we have endured throughout our statehood. I won't say welcome to the world of hurt we have long struggled with over the many years. Instead I will simply say to your struggling young families: "I am sorry."

In village Alaska we have reached the crisis point. For many, more than half of family income is spent on energy, leaving very little for all the other necessities that bring a quality of life commensurate to that of their urban family and friends. And yet they are still willing share their limited subsistence harvests with others. Today I spoke with 81 year old Don Smith of Kiana who told me he and his wife, like many in the state, are living on only the Social Security check he gets and he does not know how he is going to survive with the high cost of fuel. I hear the same plight in the voices of the many people I talk to from all over the State.

For many, increasing energy cost is new. While your increases are an unwelcome new burden, believe it or not, in South-central Alaska you still have the lowest natural gas costs in the nation. As a for instance, in February 2008, residential natural gas rates in the State of Washington were 50 percent higher than in Anchorage.

In westward Alaska, our oil must be transported great distances, at costs that are more than half of those realized by urban Alaska and the communities along the road system. Villages are small markets with little or no "economies of scale", and we have to store our annual use of fuel for nine months of the year. The cold weather and fall/winter winds increase our usage. We know we must get very serious about doing our part, weatherizing our homes, and using some of the old ways, like heating rocks in evening and letting them give off this heat at night, but still all this takes energy.

Increasing oil price is good news for state revenue, but very, very bad news for family costs, whether urban or rural.

What are we to do? Today many urban communities feel some of our burden. I know there are many people in the cities that need help, but I doubt one solution is going to fit all of us. We need a common sense solution to the problem. We need to help each other in this difficult time, but we must not be foolish with an opportunity to better all of Alaska.

We should reserve some of this money for real solutions. In western Alaska we are developing wind power, and have some systems operating.

Some regions, like Anchorage, the Kenai, and the Matanuska Susitna areas still have benefit of lower cost natural gas, and Southeast Alaska communities have hydroelectric for generating electricity, although residents must still use more costly oil to heat their homes

Fairbanks has the highest costs of the big urban communities. They must use oil for home heating, and coal and oil for electricity. The extreme cold means they must burn more fuel in a day and for more days of the year.

Though I am a former rural resident. I plead my case for the rural regions. But today in urban centers many people need help to absorb increases, too.

In principle, we shouldn't just hand out money to everyone impulsively. We should focus on the needs of our Alaskan families that are below the state's median income of \$52,000 a year

In 2006 we had an estimated 221,600 households, of which the extreme-cost rural areas are only about 10 percent. Using the median income for a threshold we get down to roughly 100,000 households. If you gave assistance of \$3,000 this requires only \$300-million. Further adjustments or a lower threshold could reduce this number.

I apologize for my doubts that village Alaska will be treated fairly. We in rural Alaska have not had a good experience in recent decades with those that have held the reins of political power. Over the decades we have lost much of our legislative representatives to the cities, and for many reasons there has grown a hostile division urban and rural Alaska. Unfortunately, urban people don't have opportunity to get to know us. We are out of sight, out of mind and impractical to visit because of the high cost of transportation. "Well, you can move," we are often told. However, we of the villages are "just here." We didn't make a choice to be here, and the choice to leave is extremely painful, because we leave behind family, friends, a way of life, a culture and a heritage. But, it has come to the point that energy costs are driving people from the villages to urban Alaska. This is putting a tremendous strain on the social structure and services of the urban cities. One just has to open a page in the Anchorage Daily News, the Juneau Empire, the Frontiersman or the Fairbanks Miner to see this happening at an alarming rate.

I am not naive about the economic realities, having served on numerous Boards and Commissions including statewide boards like Governor Knowles' Rural Sanitation Council as Co-Chair and the Power Cost Equalization task force that created the PCE Endowment Fund. In addition, I was elected by the Tribal Governments in Alaska to a two year term on the National Environmental Council/Tribal Operations Council (NEC/TOC) that reported directly to the Under Secretary of Environmental Conservation on the Presidents Cabinet. NEC/TOC forwarded recommendations of federal funding levels for the EPA grants available to the American Indians and Alaska Native Tribes for programs such as the General Assistance Program (GAP) which is used for a matrix of programs to enhance the Quality of Life in Native Communities throughout the United States. I have also served on the Board of Alaska Village Electric Cooperative for many years.

Some Alaska regions have been fortunate, and had access to cheap natural gas for many years. In the beginning gas was sold at throwaway prices. Now this gas is getting more expensive, but our natural gas prices are still well below the residential national average. Alaska and Utah have the lowest natural gas prices in the country. Southeastern Alaska is rich in hydroelectric facilities, this spares them the electrical side of oil price shock.

While our people in the Lower Yukon and elsewhere in rural Alaska urgently need help, we could deal with the problem with roughly \$700 million, while investing in longer-term solutions that are practical.

This caution may sound strange coming from someone who has long wrestled with our rural energy problems. But money is money, it is a tool and like all tools should be cared for properly. We have many things to do in this state, and there is a long road ahead for our children and grandchildren. We need to invest this money wisely while shoring up our economic bases. We must encourage the development and enhancement of businesses throughout Alaska. We must look to the future, a future that will help and protect our children and grandchildren and their children and grandchildren. Please don't throw good money after bad...we went down this path before and look where it got us...on our hands and knees begging for more peanuts from the Federal Government while our savings plan grows daily by Millions. This is not the Alaska our founding fathers envisioned while they were penning our Constitution, and it is not the Alaska I would be proud to live in...it is very degrading.

In closing, the resources belong to the residents of Alaska. Something like the Governor's current proposal needs to be implemented on a one time basis only and not make it an annual entitlement, but a temporary hand-up for Alaska Residents. At the same time, long term solutions need to be explored to sustain the delivery of State services. A suggestion is to look at making the CBR into an entity like our Permanent Dividend Fund. This concept is doable. Crude oil is at an all time high and bringing Millions into the State coffers. Put into place a 10 year moratorium where 80% of the revenue coming from crude oil continues to go into the PFD, while the remaining 20% goes into the CBR. Leaving the funds that would have normally gone into this fund from the investments to fund State programs until such time the CBR is at a sustainable interest revenue to be rolled into this for the State services. During this moratorium, it could be possible to cap the dividend at \$2,000 to allow the PFD to grow. I believe this long-term planning will sustain the state functions and continue to provide services. To ensure that the investments going into the CBR have the greatest possible chances of success, hire four of the top business persons in Alaska and one that is the caliber of Lee Iacocca or Donald Trump to act as Advisors to how the funds should be invested.

Thank you for considering all the suggestions Alaska Residents are putting forward

SOLAR POWER COULD HARNESS THE MIDNIGHT SUN

By Jim Crawford

July 6, 2008

Of the solutions to the "energy cost crisis", solar power for Alaskan homes and businesses may be the best long-term. Solar power can cut Alaskans' heat and light bills in half.

Standard Renewable Energy defines how simply solar power works:

1. "Solar photovoltaic (PV) panels are mounted on your roof, where they collect energy from the sun in the form of direct current electricity.
2. The direct current electricity is then converted by an inverter into alternating current electricity for use by your home.
3. The alternating current electricity is fed directly into your home, just like it is from your electricity provider. And since the solar energy system works in tandem with your electricity provider, you'll continue to get electricity from them when you need more than the solar energy system can provide (e.g. during overcast weather and at night)."

Solar power should harness the Midnight Sun. In other states, homes are tied into the power grid, produce solar power and sell it to the utilities. Would you love to sell power to your electric company? Maybe debit them \$3.50 each time for the privilege of paying you? With solar power, each Alaskan can bring their own energy costs down. It's got to be part of any Alaska energy solution.

Power grids work when homeowners and businesses feed their excess power into the utility. The utility passes that power along to its other clients instead of producing its own. That reduces consumption of expensive oil and gas. Utilities who bill on a level pay plan give credits to their solar producers during the summer months that balance out the consumers increased cost and lower generation in winter. It can drastically reduce annual energy costs.

Hot air furnaces, boilers, hot water heaters, even refrigeration and irrigation systems run on solar power. By generating electricity and heat, these systems can provide regional self-sufficiency to Alaskans regardless of the community in which we live. Kind of like the State's Power Cost Equalization program on steroids.

One of the biggest players in solar power is, surprisingly, BP. BP's solar expert Tim Burton states, "It's inescapable that solar power will become a mainstream energy source." That's from one of Alaska's top producers of oil and soon, natural gas.

Home solar panel systems are guaranteed by manufacturers to operate for 25 years. If solar cuts electricity costs in half for each of those twenty-five years, it's quite a bargain. As the price of oil and gas go up, savings only increase.

Other states like Colorado are changing consumers' energy consumption by providing incentives. Grants provided to homeowners and businesses sufficient to bring down the capital cost of installing solar energy systems can drop our electrical generation costs in half in every region of Alaska. Such grants could solve each Alaskans' personal energy crisis.

If you have a newer watch or calculator, you're using solar power today. Solar works cost effectively when states make the investment to offset the capital cost of acquisition and installation. Currently, installation credits, grants and low interest loans are not available in Alaska for solar power. The federal government, however, provides a 30% investment credit for solar power and allows accelerated depreciation for businesses that install it. It's time for Alaska to get some skin in the solar game.

The Legislature has a unique opportunity, awash as we are with petrodollars, to help Alaskans change our heating and electricity sources and reduce costs during this Special "Energy" Session. Redirecting oil riches to allow renewable energy from the sun makes incredible sense.

Cash infusions to Alaskans are important to help with short-term high-energy costs. But, let's also fund utilities to pass through grants for solar power systems that hook up to their grid. Solar power, wind generation, geothermal must have a place at the table along side oil, gas, coal and hydro generated energy. They are all part of developing a solid energy solution for Alaska. The alternatives to hydrocarbons could prove to be the best long-term solutions to Alaskans' energy cost crisis.

Jim Crawford is a life long, third generation Alaskan, a commercial real estate developer and mortgage banker. He and his wife, Terri, live in west Anchorage.

Suzanne Cunningham

From: Rep. Anna Fairclough
Sent: Monday, July 14, 2008 10:53 AM
To: Suzanne Cunningham
Subject: Fw: Energy Crisis

Fyi

----- Original Message -----

From: rwoods@gci.net <rwoods@gci.net>
To: Rep. Anna Fairclough
Sent: Sun Jul 13 19:44:52 2008
Subject: Energy Crisis

Dear Representative Fairclough:

The welfare of Alaskans and our communities require the legislature to provide fair and immediate relief. The impact of extremely high oil prices on Alaskans is not the same throughout the state. The governor's proposal to issue checks for the same amount (\$1,200) and to reduce gasoline tax by 8 cents per gallon is woefully inadequate and short-sighted when it comes to addressing the Interior and rural Alaska.

As you know, the reality is that areas with long, cold winters and electric utilities highly dependent on oil to produce electrical power are in much more dire need of relief than areas with milder winters, natural gas for heating, and relatively low electricity costs. A solution based on actual need is required. Alaskans desperately need our legislators to respond in a fair, immediately and responsible manner to protect the welfare of Alaskans and our communities. We have the very good fortune of having tremendous resources in Alaska. Let's use them to benefit Alaskans and enable our great state to move forward with our people and economics healthy and proud. Not solving this problem would be a travesty and embarrassment to Alaska throughout the nation.

Ron and Mary Woods
120 Concordia Dr.
Fairbanks, 99709

Submitted by: Patrick Flynn, Chair-Legislative
Committee, and Members
Gray-Jackson, and Johnston
Prepared by: Legislative Committee
For reading: June 10, 2008

ANCHORAGE, ALASKA
AR NO. 2008-113

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING GOVERNOR
PALIN'S PROPOSAL TO AMELIORATE THE EFFECTS OF HIGH ENERGY COSTS ON
ALASKANS AND RECOMMENDING AND ENCOURAGING SUPPORT FOR LONG-TERM
COMMITMENTS FROM THE GOVERNOR AND THE LEGISLATURE BY APPROPRIATING
FUNDS TO ENCOURAGE THE USE OF PUBLIC TRANSPORTATION**

WHEREAS, the Alaska State Legislature will soon hold a special session to address the effects of high energy costs; and

WHEREAS, Governor Palin has proposed using \$1.2 billion in surplus revenue to ameliorate the effects of high energy costs on Alaskans; and

WHEREAS, the Anchorage Assembly recognizes encouraging and enhancing public transit can reduce the amount of energy used for transportation, thus reducing costs to residents; and

WHEREAS, there are unmet capital and operating needs in Southcentral Alaska's public transit network.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That the Anchorage Assembly recommends and encourages the Legislature to appropriate \$7 million for the People Mover fleet replacement and expansion.

Section 2: That the Anchorage Assembly recommends and encourages the Legislature to appropriate \$850,000 for the Share-a-Ride Vanpool fleet replacement and expansion.

Section 3: That the Anchorage Assembly recommends and encourages the Legislature to appropriate \$1.5 million to complete the final phase of a Paratransit Operations & Maintenance Center at the Municipality of Anchorage's Public Transportation Campus which will reduce dead-head costs.

Section 4: That the Anchorage Assembly recommends and encourages the Legislature to appropriate \$200 million to establish a transit trust fund, the proceeds of which would provide ongoing operating dollars to public transit operations throughout Alaska.

Section 5: That the Anchorage Assembly recommends and encourages the Legislature to explore changes to the pupil transportation funding requirements that would allow blending of public and pupil transit systems to achieve economies of scale.

Section 6: That copies of this resolution be forwarded to the Governor and the Legislature immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2008.

Chair

ATTEST:

Municipal Clerk

Qagan Tayagungin Tribe
P.O. Box 447
Sand Point, AK 99661
(907) 383-5616 telephone
(907) 383-5814 fax
qadmin@arctic.net email

Honorable Sarah Palin
Alaska State Capitol Building
P. O. Box 110001
Juneau, Alaska 99811-001

July 8, 2008

Re: State Funding for Pre-Pay Electric Meters

Dear Governor Palin:

We are writing in support of state funding for pre-pay electric meters. Our electric utility owner, Sand Point TDX Power, is currently planning to install a pre-pay metering system in Sand Point.

Several other communities that have been using the meters - some for many years have found that the pre-pay meters contribute to energy conservation and to the sustainability of electric utilities.

Residents of other communities with pre-pay meters report that the devices help them to conserve power and save money. Watching your own money run backwards on the pre-pay system is a valuable incentive to actively manage power usage. Homes that have the regular meters often passed the 500 kWh limit paid by PCE before we know it. For people with such meters, it is hard to know when you have passed the 500 kWh until it is too late. With a pre-pay meter, you can gauge your use and eliminate the unknown. Many of the customers like the pre-pay system because they can save energy and are now in control. There are no longer large bills to pay at the end of the month.

It is also stated that the pre-pay meters help utilities use less fuel because their customers all use less power. This lowers the overall load on the generators which saves fuel costs. When our utility saves money, then we all save money on electric costs. The pre-pay electric meters do exactly this. You will save money on electric costs funding these meters.

We hope you will put money into the energy program for pre-pay meters as an energy conservation measure and a way to help us with high electric bills.

Sincerely,



David O. Osterback
President, Qagan Tayagungin Tribe

Cc:

Senator Lyman Hoffman

Representative Bryce Edgemon



Association of Alaska Housing Authorities

Tlingit-Haida Regional Housing Authority
PO Box 32237
Juneau, Ak 99803-2234
907-780-6868

Interior Regional Housing Authority
828 27th Avenue
Fairbanks, Ak 99701-6918
907-452-8315

North Pacific Rim Housing Authority
8300 King Street
Anchorage, Ak 99518
907-562-1444

Cook Inlet Housing Authority
3510 Spcnard Rd, Suite 201
Anchorage, Ak 99503-2745
907-276-8822

Aleutian Housing Authority
4000 Old Seward Hwy, Suite 202
Anchorage, Ak 99503
907-563-2146

Tagiugmiullu Nunamiullu Housing Authority
PO Box 409
Barrow, Ak 99723
907-852-7150

Bristol Bay Housing Authority
PO Box 50
Dillingham, Ak 99576-0050
907-842-5956

Copper River Basin Regional Housing Authority
PO Box 89
Glenallen, Ak 99588
907-822-3633

AVCP Regional Housing Authority
PO Box 767
Bethel, Ak 99559-0767
907-543-3121

Baranof Island Housing Authority
PO Box 517
Sitka, Ak 99835-0517
907-747-5088

Bering Straits Regional Housing Authority
PO Box 995
Nome, Ak 99762-0995
907-443-5256

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Ak 99504
907-338-6100

Kodiak Island Housing Authority
3137 Mill Bay Rd
Kodiak, AK 99615-7032
907-486-8111

Northwest Inupiat Housing Authority
PO Box 331
Kotzebue, Ak 99752-0331
907-442-3450

Ketchikan Indian Community
2940 Tongass Avenue
Ketchikan, Alaska 99901

July 7, 2008

Representative Anna Fairclough

Dear Rep. Fairclough:

The Association of Alaska Housing Authorities (AAHA) represents fourteen regional housing authorities and the Alaska Housing Finance Corporation. Our members work to increase the supply of safe, affordable housing in every part of Alaska, both urban and rural.

At AAHA's June, 2008, board meeting, the organization passed a resolution supporting Governor Palin's legislation, which would establish the Alaska Resource Rebate Program and would suspend the motor fuel tax for one year. That resolution is attached.

We ask for your support of this legislation, as we believe it will provide short-term relief to Alaskans in need.

For further information, please contact our Administrator, Heather Arnett, at 338-3970 or aaha@alaska.net.

Sincerely,

Ron Hoffman
President
Association of Alaska Housing Authorities



Association of Alaska Housing Authorities

Tlingit-Haida Regional Housing Authority
PO Box 32237
Juneau, Ak 99803-2234
907-780-6868

Interior Regional Housing Authority
828 27th Avenue
Fairbanks, Ak 99701-6918
907-452-8315

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Barrow, Ak 99723
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907-822-3633

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907-543-3121

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907-747-5088

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PO Box 995
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4300 Boniface Parkway
Anchorage, Ak 99504
907-338-6100

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3137 Mill Bay Rd
Kodiak, AK 99615-7032
907-436-8111

Northwest Inupiat Housing Authority
PO Box 231
Kotzebue, Ak 99752-0331
907-442-3450

Ketchikan Indian Community
2960 Tongass Avenue
Ketchikan, Alaska 99901

ASSOCIATION OF ALASKA HOUSING AUTHORITIES 4300 Boniface Parkway Anchorage, AK 99504

RESOLUTION #08-02

A RESOLUTION IN SUPPORT OF GOVERNOR SARAH PALIN'S SHORT-TERM ENERGY PLAN.

WHEREAS, the Association of Alaska Housing Authorities (AAHA) represents fourteen regional housing authorities and the Alaska Housing Finance Corporation; and

WHEREAS, with the ongoing increase in crude oil prices, Alaskans are facing unprecedented energy costs, many experiencing extreme financial hardship; and

WHEREAS, Governor Palin has proposed providing short-term, 1-year relief in the form of resource rebates in the amount of \$1,200 to Alaskans; and suspending the Alaska Motor Fuel Tax for one year; and

WHEREAS, Governor Palin and the administration will continue reviewing a proposal to make grants to utilities and introduce bills for the legislature to consider next month; and

WHEREAS, Governor Palin is developing a statewide plan to reduce costs, promote conservation and secure long-term supply solutions for all of Alaska, with the plan scheduled to be released by year-end 2008;

NOW, THEREFORE BE IT RESOLVED, that AAHA supports the Governor's short-term energy plan; and

BE IT FURTHER RESOLVED that AAHA reiterates its support for the timely development of a comprehensive Statewide Energy Policy for the state of Alaska.

AAHA Resolution 2008-02

Approved this 24th day of June, 2008 at a duly called meeting of the Association of Alaska Housing Authorities.

Certification:

 _____
AAHA Board Secretary

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

July 11, 2008

SUBJECT: Alaska resource rebate program (HB 4002)

TO: Representative John Coghill
Chair of the House Rules Committee
Attn: Rynniva Moss

FROM: Tamara Brandt Cook
Director

(1) Would the enactment of HB 4002 have an affect on the federal tax status of the permanent fund?

It does not appear that the Alaska resource rebate program has any financial connection with the permanent fund and, therefore, will not effect the tax status of that fund. The issue of the tax treatment of the permanent fund has come up in the context of converting the dividend program from a statutory program to a constitutional program. Essentially, the issue has been whether the Internal Revenue Service would find that enough of a private interest in the permanent fund is created when residents have a constitutional right to income from that fund so that some or all of the assets of the fund itself would no longer be viewed as tax-exempt public property. It is my understanding that at one point the Alaska Permanent Fund Corporation obtained advice from a tax expert concluding that there would be a substantial risk of adverse federal tax consequences if a dividend program is mandated in the constitution and no longer subject to an independent legislative evaluation each year, through the appropriation process, that the income should be used for that program rather than for another purpose. In 2004, the Attorney General obtained another review of that question by Steptoe and Johnson, LLP. That firm concluded that placing a requirement for payment of permanent fund dividends in the state constitution would result in no adverse federal tax consequences. The issue has not been addressed by the IRS.

The Alaska resource rebate program established under HB 4002 does not involve any constitutionally created right of individuals to receive money. Money for that program simply comes from appropriations, which may be from any source. In fact, the appropriation to carry out the program suggested by the Governor under sec. 3 of HB 4003 will come from the general fund rather than from the earnings reserve of the permanent fund. The only connection between the proposed Alaska resource rebate program and the permanent fund dividend program is that receipt of a dividend for 2008

Representative John Coghill
July 11, 2008
Page 2

is one of the methods for establishing eligibility for a payment under the Alaska resource rebate program.

(2) Are legal problems created by basing eligibility on criteria other than eligibility for permanent fund dividends?

Basing eligibility on criteria other than eligibility for Permanent Fund dividends does not, in itself, create legal problems. The particular eligibility requirements that apply under the proposed Alaska resource rebate program do not appear to pose significant problems either.

Individuals who have been determined eligible to receive a permanent fund dividend for 2008 do not have to apply for a payment under the Alaska resource rebate program. Other people will also be eligible for payments if they apply within the application period, are physically present in the state on the application dates, are physically present in the state for the period from April 1, 2008, through October 1, 2008, and intend to maintain a home in the state. An individual's interest in receiving a permanent fund dividend is accorded a low level of protection under the state equal protection clause, because only an economic interest is implicated and that interest is not based on the need of the applicant. (Underwood v. State, 881 P.2d 322 (Alaska 1994)) The same is true of the proposed Alaska resource rebate program. The durational residency requirement under the proposed program is much shorter than the one year durational residency requirement that has been upheld for permanent fund dividend eligibility. (Lindley v. Malone, civil Action No. 3AN-90-2586, Superior Court, Third Judicial District, June 1990; see also Church v. State, Department of Revenue, 973 P.2d 1125 (Alaska 1999), and Schikora v. State, Department of Revenue, 7 P.3d 938 (Alaska 2000)). The physical presence requirements and proof of identification requirement are reasonably related to establishing objective evidence of residency.

I do note one wrinkle. There is a requirement in HB 4002 of proof of physical residence address. While this can be defended on the basis that the administrative value in using proof of a physical residence address to verify residency justifies the requirement, it is possible that under the right set of facts a homeless state resident or a resident who lives in a remote cabin with no address would be able to challenge this requirement as applied to him or her. If such a challenge were to succeed, the provision would be severable under AS 01.10.030 as applied to that person, so the program itself would remain valid. I note in this regard that the general test of residency set out in AS 01.10.055 includes a requirement that the person claiming residency demonstrate the intent to remain in the state indefinitely and make a home in the state "by maintaining a principal place of abode in the state for at least 30 days or for a longer period if a longer period is required by law or regulation. . . ." There is no explicit requirement that the place of abode have an address.

IBC/ljw
08-291 ljw

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 4002
 (H) Publish Date: 7/9/08

Identifier (file name): 773080057-DOA-OAH-07-03-08 Dept. Affected: Administration
 Title: An act establishing the Alaska resource rebate program RDU: Centralized Administrative Services
 Component: Office of Administrative Hearings
 Sponsor: Rules Committee by Request
 Requester: Governor Component Number: 2771

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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill provides for individuals denied a resource rebate payment to have an administrative hearing before the office of administrative hearings (OAH) to determine eligibility for the rebate program. Based on Department of Revenue estimates, OAH anticipates that this would add to the caseload, on a one-time basis, only a small number of cases, if any. Some such cases might be consolidated with related PFD eligibility appeals. OAH presently has the capacity to handle these cases without increasing personnel. The cost of doing so would be recovered from the Department of Revenue through interagency receipts under OAH's cost allocation plan, based on the time commitment required for hearings. OAH does not anticipate increased expenditures for its operation due to the one-time addition of this case category.

Prepared by: Terry L. Thurbon, Chief Administrative Law Judge Phone: 465-1886
 Division: Office of Administrative Hearings Date/Time: 07/03/08 2 26 p m
 Approved by: Kevin Brooks, Deputy Commissioner Date: _____
Department of Administration

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 4002
 (H) Publish Date: 7/9/08
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: General Relief Assistance

ID (File name) LL057-DHSS-GRA-07-08-08
 Title ALASKA RESOURCE REBATE PROGRAM

Sponsor RULES BY REQUEST OF THE GOVERNOR
 Requester _____

Component No. 221

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			546.1					
Travel			10.0					
Contractual			108.0					
Supplies			108.0					
Equipment								
Land & Structures								
Grants & Claims			9,896.2					
Miscellaneous								
TOTAL OPERATING			0.0	10,668.3	0.0	0.0	0.0	0.0

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

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts						
1003 GF Match						
1004 GF		10,668.3				
1037 GF/Mental Health						
Other (Specify Type-do not abbreviate)						
Other (Specify Type-do not abbreviate)						
TOTAL	0.0	10,668.3	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time							
Part-time							
Temporary		9					

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes the Alaska Resource Rebate Program, which shares the state's resource wealth by providing a special one-time \$1,200 payment to eligible Alaskans.

This legislation prohibits counting the rebate as income or resources for veterans' benefits and public assistance programs, unless required to do so by federal law. Section 1 (l), (m), (n), and (p) require that benefits which would be lost as a result of counting the rebate as income or as an asset be replaced with Hold Harmless (HH) benefits. Replacements of public assistance benefits are limited to four months. Veterans' benefits are not subject to the 4-month limitation.

Prepared by: Ellie Fitzjarrald
 Division: Public Assistance
 Approved by: William H. Hogan, Acting Commissioner
 Agency: Department of Health and Social Services

Phone: 465-5847
 Date/Time: 07/03/2008
 Date: 07/08/2008

**STATE OF ALASKA
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

In some circumstances, the \$1,200 rebate will count in determining if a person or household qualifies for public assistance, and reduce their benefits. The primary programs affected by this legislation are: Food Stamps; Supplemental Security Income (SSI); income-tested veterans' benefits; and Medicaid.

The department estimates a total increment of \$10,668.7 will be needed in FY 09 to implement the hold harmless provisions in the new Alaska Resource Rebate Program. These costs include: \$9,896.2 to replace the loss of benefits, and \$772.5 in administrative costs, which includes funding for 9 temporary staff needed to manage the additional workload. This funding is included in a separate appropriation bill.

Benefit Cost Assumptions:

Persons who apply for public assistance in the same month they receive the resource rebate, or who do not spend the money right away, could be affected.

For most public assistance programs, the department will not be able to anticipate when ongoing recipients will receive the rebate check, or in time to take action to count it as income. The department also expects most individuals will spend the money immediately on basic needs and continue to have assets below the various program limits.

Food Stamp Program: Federal rules allow the resource rebate to be excluded as income; however, any portion of the payment that is not spent must be counted as an asset. The department estimates 7,000 households (30% of nearly 24,000 households currently eligible for the Food Stamp Program) will need hold harmless benefits to replace federal food stamp benefits for one month. These households will not spend their resource rebate payments right away, causing them to exceed the \$2,000 asset limit set in federal rules. The average allotment is \$400. Estimated food stamp hold harmless cost is \$2,800.0.

SSI: The department expects that the Social Security Administration will count the resource rebate as income, and any money not spent will be counted as an asset, under the federal SSI rules. SSA will likely make this determination after the fact and establish an overpayment retrospectively. About 11,500 individuals receive SSI in Alaska. The average monthly SSI payment is \$400. Estimated SSI hold harmless cost is \$4,600.0.

**STATE OF ALASKA
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Veterans Disability and Survivor Benefits: For veterans' benefits that are means tested, the Veterans Administration will treat the resource rebate as income. Benefits will be reduced dollar for dollar and prorated over the calendar year. VA estimates 376 beneficiaries (312 vets and 64 widows and dependents) will be impacted. The department estimates the VA hold harmless cost is \$451.2 (376 x \$1,200).

Medicaid: The rebate can be excluded for most Medicaid coverage groups, including Family Medicaid & Denali KidCare. Federal law, however, requires the state to count the resource rebate as income for seniors and people with disabilities if it brings their total income to more than \$1911/month (300% of the SSI standard).

The department estimates 715 seniors and individuals with disabilities will receive the rebate in the same month they apply for Medicaid and will need hold harmless benefits to help pay for medical care that would otherwise be covered by federal Medicaid funds. The average monthly medical cost for these individuals is \$2,818.00. The department estimates Medicaid hold harmless cost of approximately \$2 million.

Savings to the benefit programs are primarily outside of the DISS budget (SSI and veterans' benefits), or 100% federally funded (food stamps) and will not result in any GF savings. Medicaid savings would be reflected in the department's budget. However, due to the \$23 million reduction already absorbed by the Medicaid program in FY 2009, and the uncertainty of the new program's impact, the department is not proposing an additional \$2 million reduction in Medicaid.

It is anticipated that all Resource Rebate Hold Harmless payments will be made in FY 09. It may be necessary to make some payments in FY 10; if so, the Department will include the necessary adjustments in its FY 10 budget.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: HB 4002
 (H) Publish Date: 7/9/08

Identifier (file name): 08-0057-DOR-RRP-08 Dept. Affected: 04 Revenue
 Title: Alaska Resource Rebate Program RDU: Taxation and Treasury
 Component: Resource Rebate
 Sponsor: Rules
 Requester: Governor Component Number: 2930

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		170.0						
Travel								
Contractual		591.2						
Supplies		58.8						
Equipment		30.0						
Land & Structures								
Grants & Claims		799,150.0						
TOTAL OPERATING		0.0	800,000.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts							
1003 GF Match							
1004 GF		800,000.0					
1005 GF/Program Receipts							
1037 GF/Mental Health							
TOTAL		800,000.0					

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill creates a new program and budget component to be administered by the Department of Revenue that provides for a one time resource rebate payment of \$1,200 for each eligible Alaskan. Eligible Alaskans under this program will include those Alaskans who applied for and have been deemed eligible for the 2008 permanent fund dividend, and those persons who apply for the program under a supplemental application, are physically present in Alaska, have resided in the state for the 180 days preceding the application period and meet the other eligibility criteria in the bill. Funding for this program is in a separate appropriations bill.

(See page two)

Prepared by: Loretta Withington
 Division: Admin Services
 Approved by: Jerry Burnett
Department of Revenue

Phone 465-2312
 Date/Time 7/3/08 12:00 AM
 Date 7/3/2008

FISCAL NOTE #3

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HB 4002

ANALYSIS CONTINUATION

The actual number of persons eligible for the 2008 PFD will not be known until September but for the purposes of projecting the costs of administering this program we are assuming that 620,000 persons will be eligible for the 2008 PFD, and that 45,000 additional persons will qualify for the energy assistance program under the supplemental application process, for an estimated total of 665,000 persons.

Based on PFD program costs the direct cost of printing and mailing the checks will be approximately \$525,000 for issuing the payments and 1099 advices. We will not use the PFD payment system for this purpose but instead will contract with either the Division of Finance or a financial institution.

The cost of administering the supplemental application process is estimated at \$325,000. This includes printing and distribution of applications, programming costs for a new database to collect applicant information and personal services costs related to receiving applications, scanning and filing applications and related documents, determining eligibility, etc. Since this is a one time program we will use existing equipment and bring in seasonal employees, non-permanent employees and contractors to accomplish this work.

Note that while we are using information from the PFD eligibility system, this project will be done outside of the PFD Division and every attempt will be made to minimize impacts on PFD processing.