

HB

396

HFIN

FILE

adopted 3/26/08

25-LS1504\C
Cook
3/21/08

CS FOR HOUSE BILL NO. 396()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE THOMAS

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to and increasing the amount of the 2008 permanent fund dividend;**
2 **and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **INCREASE IN AMOUNT OF 2008 PERMANENT FUND DIVIDEND.** (a) In
7 recognition of the sudden increase in energy costs and to help state residents meet the
8 additional expenses, the amount of the 2008 permanent fund dividend shall be increased.
9 After calculating the amount of the 2008 dividend under AS 43.23.025, the commissioner of
10 revenue shall add \$500 to determine the total amount of the dividend.

11 (b) Subject to appropriation, the amount necessary to increase 2008 permanent fund
12 dividends under (a) of this section shall be transferred from the general fund to the dividend
13 fund (AS 43.23.045).

14 *** Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

SCV

Adopted
3/26/08 8/1

25-LS1504\C.1
Cook
3/25/08

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE THOMAS

TO: CSHB 396(), Draft Version "C"

- 1 Page 1, following line 13:
- 2 Insert a new subsection to read:
- 3 "(c) A program administered by the state or any of its instrumentalities or
- 4 municipalities, the eligibility for which is based on financial need, may not consider a
- 5 payment under this section as income or resources."

Suzanne Cunningham

From: Craig, Deborah L (HSS) [deborah.craig@alaska.gov]
Sent: Tuesday, March 25, 2008 4:05 PM
To: Kaci Schroeder; Suzanne Cunningham
Cc: Fitzjarrald, Elinor A (HSS); Laughlin, Wilda J (HSS); Hill, Sherry (HSS)
Subject: FW: HB396

Kaci and Suzanne;

Here is our formal response: If the funding source is changed to GF, we will change the PFD HH fiscal note to zero. And, if the intent is to exclude the payment as income for needs based programs (such as public assistance, senior benefits, Medicaid, etc.), then there would not be any fiscal impact on any of DPA's programs. It will be easiest to do this if we have language included as suggested or an indication of strong legislative intent with regard to disregarding this payment as income with regard to eligibility for all needs based programs (such as housing assistance).

Deborah Craig

Division of Public Assistance, DHSS

907-465-8259, cell 321-8093

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From: Kaci Schroeder [mailto:Kaci_Schroeder@legis.state.ak.us]
Sent: Tuesday, March 25, 2008 1:02 PM
To: Craig, Deborah L (HSS)
Subject: FW: HB396

Deb,

Can you respond to Suzanne's questions? We will do this as an amendment so as to not hold up the bill if the members don't like the language.

Thanks!

Kaci

From: Suzanne Cunningham
Sent: Tuesday, March 25, 2008 12:41 PM
To: Kaci Schroeder
Subject: RE: HB396

Hey Kaci,

Are you guys interested in offering this as an amendment? I think that it could draw up some questions and debate, other than the bill itself. I think that might be the best way to go. Does this mean that Public Assistance would zero out their fiscal note?

From: Kaci Schroeder
Sent: Monday, March 24, 2008 11:53 AM
To: Suzanne Cunningham
Subject: FW: HB396

3/26/2008

Suzanne,

Is there anyway that we can work this language into the CS? I believe that the change in funding source actually helps out the public assistance people and this language could help them out even more.

"A program administered by the state or any of it's instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a payment or credit under this section as income or resources."

Let me know if you think we can get this language into the CS. Thanks!

Kaci

From: Craig, Deborah L (HSS) [mailto:deborah.craig@alaska.gov]
Sent: Monday, March 24, 2008 11:23 AM
To: Kaci Schroeder
Subject: RE: HB396

Kaci,

I thought I'd provide that language that we thought would help us administratively with HB393:

A program administered by the state or any of it's instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a payment or credit under this section as income or resources.

I hope this information has been helpful.
Deb

Deborah Craig
Division of Public Assistance, DHSS
907-465-8259, cell 321-8093

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From: Craig, Deborah L (HSS)
Sent: Friday, March 21, 2008 4:16 PM
To: Schroeder Hotch, Kaci K (LAA)
Subject: HB396

Kaci,

I just left a phone message for you regarding some suggestions for HB 396 that would be of great benefit for public assistance recipients. Hope to talk to you soon.

Thanks,

Deborah Craig
Division of Public Assistance, DHSS
907-465-8259, cell 321-8093

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3/26/2008

2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 3/26/08

Amendment: #1 Thomas
HB396

MEMBER

Favor

Oppose

| | | |
|----------------------------|---|---|
| STOLTZE | X | |
| THOMAS | X | |
| CRAWFORD | X | |
| ROBERT HARRIS — | | |
| GARA | X | |
| HAWKER | X | |
| JOULE | X | |
| KELLY | | X |
| NELSON — | | |
| | | |
| MEYER | X | |
| CHENAULT | X | |

Yea 8

Nay 1

86V

Failed
3/26/08
2/7

25-LS1504A.1
Cook
3/20/08

AMENDMENT 2

OFFERED IN THE HOUSE
TO: HB 396

BY REPRESENTATIVE GARA

1 Page 1, line 1, following "dividend":

2 Insert "for certain individuals with limited incomes"

3

4 Page 1, line 6:

5 Delete "INCREASE IN AMOUNT OF 2008 PERMANENT FUND DIVIDEND"

6 Insert "2008 PERMANENT FUND DIVIDEND AMOUNT FOR CERTAIN
7 INDIVIDUALS"

8

9 Page 1, line 7, following "residents":

10 Insert "with limited incomes"

11

12 Page 1, line 8, following "increased":

13 Insert "for individuals eligible under (b) of this section"

14

15 Page 1, line 10, following "dividend":

16 Insert "for those individuals"

17

18 Page 1, following line 10:

19 Insert a new subsection to read:

20 "(b) An individual who is eligible for the 2008 permanent fund dividend, is a member
21 of a household with a gross monthly income that did not exceed 300 percent of the federal
22 poverty guidelines for this state for January through May of 2008, and who files an
23 application for the increase, is eligible for the increase in the 2008 dividend under (a) of this

1 section. Notwithstanding permanent fund dividend application procedures or deadlines, an
2 individual may apply for the increase on or before September 30, 2008. The Department of
3 Revenue shall prepare a form for applications under this section. The form must include
4 notice of the penalties provided under AS 11.56.205 and AS 43.23.035."

5

6 Reletter the following subsection accordingly.

2008 HHS Poverty Guidelines

| Persons in Family or Household | 48 Contiguous States and D.C. | Alaska | Hawaii |
|---|--|---------------|---------------|
| 1 | \$10,400 | \$13,000 | \$11,960 |
| 2 | 14,000 | 17,500 | 16,100 |
| 3 | 17,600 | 22,000 | 20,240 |
| 4 | 21,200 | 26,500 | 24,380 |
| 5 | 24,800 | 31,000 | 28,520 |
| 6 | 28,400 | 35,500 | 32,660 |
| 7 | 32,000 | 40,000 | 36,800 |
| 8 | 35,600 | 44,500 | 40,940 |
| For each additional person, add | 3,600 | 4,500 | 4,140 |

Source: U.S. Department of Health and Human Services
<http://aspe.hhs.gov/poverty/08poverty.shtml>

2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 3/24/08

Amendment: #2 / HB 396

MEMBER

Favor

Oppose

| MEMBER | Favor | Oppose |
|----------------------------|-------|--------|
| THOMAS | | X |
| CRAWFORD | X | |
| BRISER HARRIS — | | |
| GARA | X | |
| HAWKER | | X |
| JOULE | | X |
| KELLY | | X |
| NELSON — | | |
| STOLTZE | | X |
| | | |
| CHENAULT | | X |
| MEYER | | X |

Yea 2

Nay 7



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us

webpage: www.akrepublicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

FAX 907-465-2652

Sponsor Statement for HB 396

An Act relating to and increasing the amount of the 2008 permanent fund dividend; and providing for an effective date.

The high cost of fuel is affecting everyone, and it is hitting Alaska particularly hard. Our state contributes a significant amount of natural resources to the nation, yet we still pay some of the highest prices for fuel. Soaring fuel costs translate into high prices for groceries, building materials, and all other goods. Families are being forced to choose between putting gas in their vehicles or food in their mouths. If these kinds of hardships continue without relief, it will force many families to leave the state for a lower cost of living.

While the state devises a permanent plan to address this problem, our people continue to pay outrageous prices to live in Alaska. HB 396 attempts to temporarily address this problem by increasing the amount of the 2008 permanent fund dividend check by \$500 per person.

Since everyone in Alaska is being affected by high fuel costs it is appropriate to share Alaska's wealth with everyone. The proceeds from Alaska's oil belongs to all of the people of Alaska, and as such, should be equally shared.

I urge your support of HB 396.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB396
() Publish Date: _____

Identifier (file name): HB396-DOR-PFD-3-17-08 Dept. Affected: 04 Revenue
Title: INCREASE 2008 PERM. FUND DIVIDEND RDU: Tax and Treasury
Component: Permanent Fund Dividend Division
Sponsor: Representative Thomas
Requester: House Finance Component Number: 981

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 | | | | | | | | |
| Travel | | | | | | | | |
| Contractual | | | | | | | | |
| Supplies | | | | | | | | |
| Equipment | | | | | | | | |
| Land & Structures | | | | | | | | |
| Grants & Claims | 305,000.0 | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | 305,000.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | | |
|--------------------------|------------------|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | | |
| 1003 GF Match | | | | | | | | |
| 1004 GF | | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | | |
| 1037 GF/Mental Health | | | | | | | | |
| PFD Dividend | 305,000.0 | | | | | | | |
| TOTAL | 305,000.0 | 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)

Increasing the amount of the 2008 Permanent Fund Dividend does not have a significant operational impact on the PFD division.

Estimating that 610,000 qualified Alaskans will apply for a 2008 dividend it will require a \$305 million appropriation to make the payments.

Prepared by: Debbie Richter
Division: Permanent Fund Dividend Division
Approved by: Jerry Burnett
Department of Revenue

Phone: 465-4785
Date/Time: 3/3/08 12:00 AM
Date: 3/3/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 396
(H) Publish Date: 3/11/08

Identifier (file name): HB396-REV-APFC-03-03-08 Dept. Affected: Revenue
Title: Increase 2008 Perm. Fund Dividend RDU: Alaska Permanent Fund Corp
Component: Alaska Permanent Fund Corp
Sponsor: Representative Thomas
Requester: House State Affairs Committee Component Number: 109

Expenditures/Revenues (Thousands of Dollars)

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

| | Appropriation Required | Information | | | | | |
|-------------------------------|---------------------------|-------------|------------|------------|------------|------------|------------|
| | | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
| OPERATING EXPENDITURES | | | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Contractual | | | | | | | |
| Supplies | | | | | | | |
| Equipment | | | | | | | |
| Land & Structures | | | | | | | |
| Grants & Claims | | | | | | | |
| Miscellaneous | | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|

| | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|
| CHANGE IN REVENUES () | | | | | | | |
|-------------------------------|--|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

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

HB 396 would require a transfer of approximately \$300 million to the Dividend Fund in September of 2008 in order to pay an additional \$500 to each dividend recipient. This transfer would be subsequent to the regular dividend transfer, which usually occurs in July. APFC would not expect to incur any costs for this liquidation and transfer.

Prepared by: Michael Burns, Executive Director/CEO Phone 907-796-1520
Division: Alaska Permanent Fund Corporation Date/Time 3/3/08 12:00 AM
Approved by: _____ Date _____

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 396
 (H) Publish Date: 3/11/08
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component PFD Hold Harmless

ID(File name) HB396-DHSS-PFDHH-03-03-08
 Title INCREASE 2008 PERM. FUND DIVIDEND
 Sponsor THOMAS
 Requester HOUSE (STA)

Component No. 225

Expenditures/Revenues (Thousands of Dollars)

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

| | Appropriation Required | Information | | | | | |
|-------------------------------|---------------------------|-------------|------------|------------|------------|------------|------------|
| | | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 |
| OPERATING EXPENDITURES | | | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Contractual | | | | | | | |
| Supplies | | | | | | | |
| Equipment | | | | | | | |
| Land & Structures | | | | | | | |
| Grants & Claims | 178.0 | | | | | | |
| Miscellaneous | | | | | | | |
| TOTAL OPERATING | 178.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CAPITAL EXPENDITURES | | | | | | | |
| CHANGE IN REVENUES (0) | | | | | | | |

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 | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other(PFD Hold Harmless) | 178.0 | | | | | |
| Other(Specify Type-do not abbreviate) | | | | | | |
| TOTAL | 178.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2008) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the 2008 Permanent Fund Dividend by \$500 in recognition of the recent increase in energy costs. The additional \$500 payment will be funded by transfers from the earnings reserve account to the dividend fund.

The Food Stamp, Social Security Supplemental Income (SSI), and Adult Public Assistance (APA) programs count the Permanent Fund Dividend (PFD) as income in determining whether a person or household qualifies for benefits. PFD money that is not spent and is kept after the month of receipt is also considered an available asset (cash on hand or money in the bank) for program applicants.

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

Phone 465-5847
 Date/Time 03/03/2009
 Date 03/03/2008

STATE OF ALASKA
2008 LEGISLATIVE SESSIONANALYSIS CONTINUATION

The Permanent Fund Dividend Hold Harmless program established in AS 43.32.075 requires that public assistance benefits which are lost as a result of counting the PFD as income or an asset must be replaced by issuing a PFD Hold Harmless (PFD HH) benefit. PFD-HH replacement benefits are limited to four months a year.

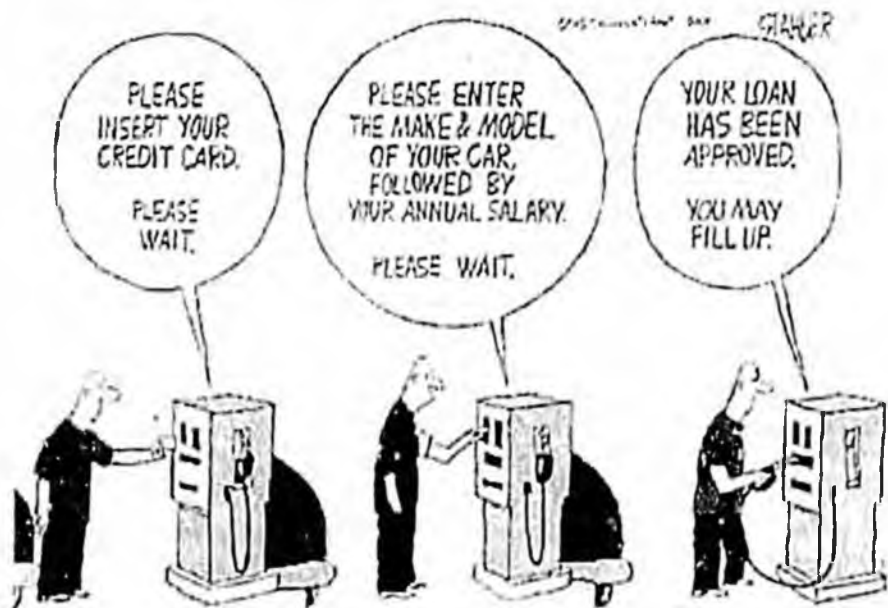
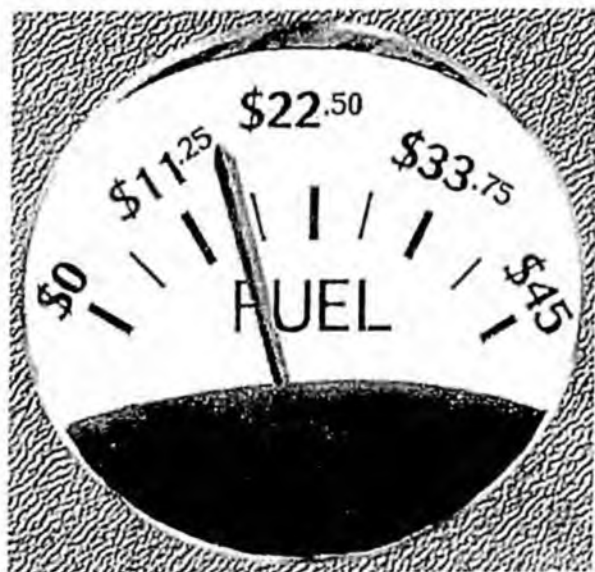
The department estimates an increment of \$178,000 in PFD HH will be needed in FY 09 to replace food stamp benefits that would otherwise be curtailed as a result of households receiving the extra \$500 in the PFD.

The department does not expect the \$500 increase in the 2008 PFD to affect the amount of PFD-Hold Harmless (PFD HH) expenditures needed to replace lost APA and SSI benefits. The amount of the PFD has been so high in recent years that benefits to these program recipients have been replaced with PFD Hold Harmless benefits, even without the additional \$500. These appropriations are accounted for in the proposed FY 09 budget. The department also expects that the extra \$500 received by program participants will be spent on additional expenses such as increased energy costs.

Assumptions:

In FY 08 approximately 400 food stamp households received an additional month of food stamp PFD HH benefits compared to FY 07. This was the result of the 2007 PFD being higher than the 2006 PFD. In FY09, the department expects that the \$500 added to the 2008 PFD could have this same affect.

The average Food Stamp Hold Harmless payment is \$445/month.
400 households x \$445 = \$178,000



Blair
ASKED FOR THE COIN
WITH APOLO GAMES
THAT'S THE ONE



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Ollie's
Cartoons.com



THEY WERE CHEAPER
THAN BUYING GAS
FOR THE MOWER.

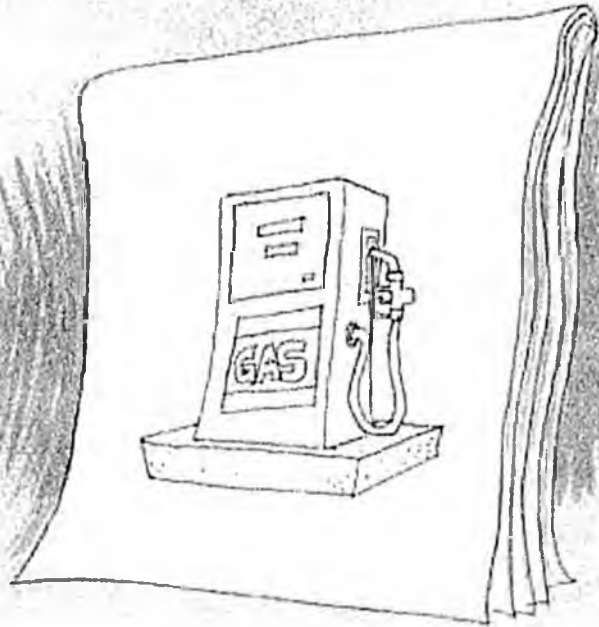
DAVE
© 1984



I HAD IT ALL...
NICE WIFE, A HOUSE
IN THE BURBS, A
LUXURY CAR...
THEN I WENT TO THE
GAS STATION
FOR A FILL-UP...

TRAVEL SERVICES
DAVE

POLICE ARTIST SKETCH OF ROBBERY SUSPECT



VICHARILLE
DISTRICT ATTORNEY GENERAL



"SO YOU WANT TO BUY A TANK OF GAS?!"

art@art.com

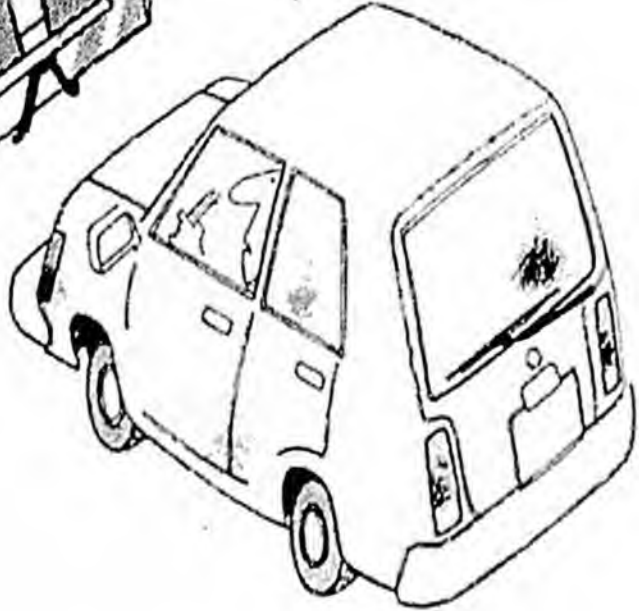


The Clarion-Zeller
Copyright 1989
MAREK SIKORA





OH, I'M NOT
BROKEN DOWN.
I JUST THOUGHT
YOU'D BE CHEAPER
THAN BUYING
GAS...





DAUGHEN

FROM NEW YORK



"No, THEY LEFT THE MONEY, BUT, THEY SIPHONED ALL OUR GAS..."



Error! Filename not specified.

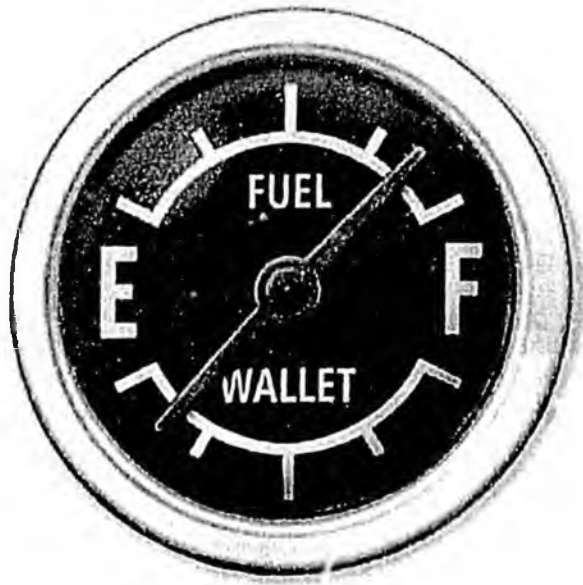


The next item
in our catalog
is a can of
premium
unleaded...

GAS



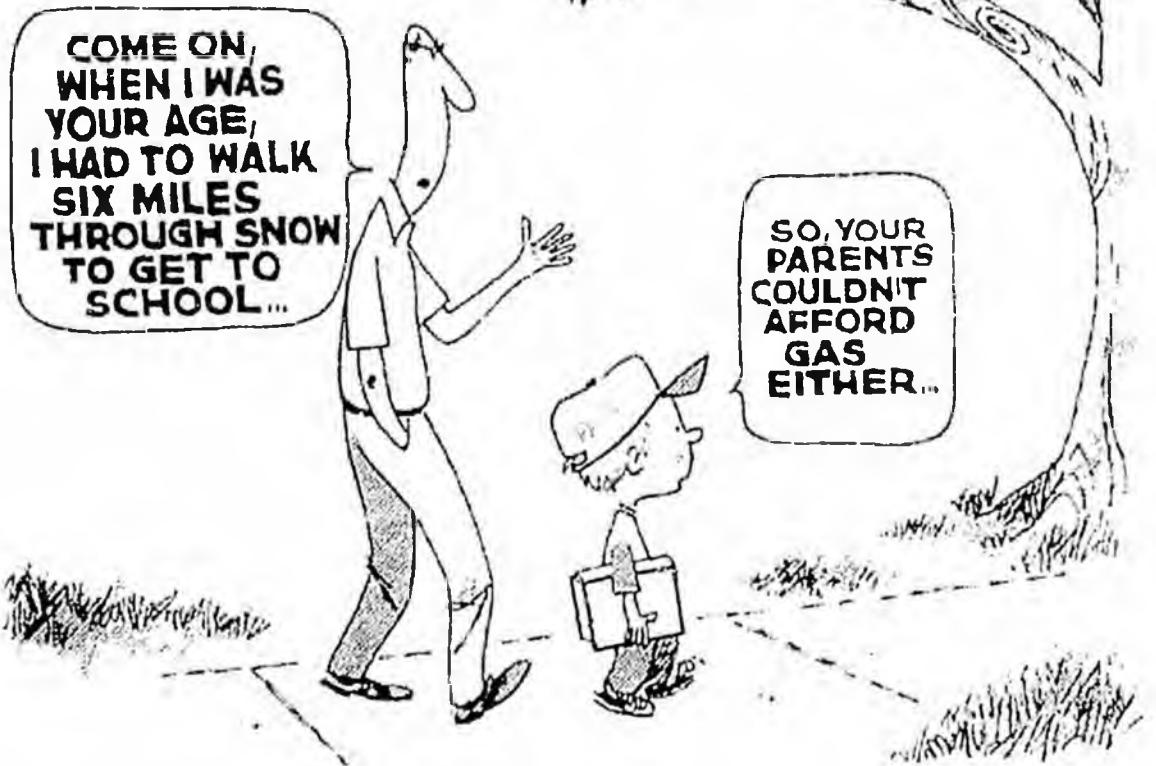




THE CHRISTIAN SCIENCE MONITOR *Bennett*



< /FONT >



January 2 2008

This was an in the Anchorage Daily News Dec. 18th 2007 found [here](#)

Fuel costs strap the Bush

Bright side? Those high prices drive search for alternatives

Published: December 18th, 2007 12:57 AM

Last Modified: December 18th, 2007 01:11 AM

For Alaskans in our part of the state, paying more than \$3 a gallon for gasoline really puts a noticeable hole in the wallet when it's time to fill up the tank. A similar price shock showed up this year in local natural gas bills, which jumped by about 30 percent.

Painful as those energy prices are, they pale in comparison with what Alaskans living in remote communities must pay.

In a survey this summer of 100 Alaska communities, the state found that the average price of gasoline was \$4.49 a gallon. Heating oil was only slightly cheaper, at \$4.14 a gallon. Prices like that take a heavy toll, especially with the harsher weather and drafty homes common in many Bush communities. And most Bush residents must get by on much lower incomes than their urban counterparts.

State Rep. Mary Nelson, D-Bethel, told a rural energy conference in Fairbanks earlier this year that energy bills for a typical family in her region eat up about 10 percent of their income, compared with about 2 percent in urban areas. High energy costs are one of many factors leading a noticeable number of rural residents to desert their homes for larger communities. One prominent Bush leader says the migrants are "energy refugees."

It's probably inevitable that energy bills will be higher in rural Alaska. The weather is more extreme, and shipping supplies to remote areas is always going to be expensive. But the high energy costs are a painful irony, since Alaska is a storehouse of energy and has grown rich from the same high energy prices.

Some modest efforts do help lighten the burden of high Bush energy prices. Short-term financial aid includes the state's Power Cost Equalization program, which underwrites part of home electricity bills, and the federal low-income energy assistance program, which helps poor residents pay energy bills. Neither source comes close to meeting the need, however.

Chronically short of funds, Power Cost Equalization has not been able to pay the full benefits set in state statutes since 2000. In communities where electricity costs 50 cents a kilowatt hour -- about five times

the price in Anchorage -- the modest aid still leaves customers paying about 34 cents per kilowatt hour.

Funding for the federal energy aid payments is considerably less than half the \$5.1 billion level authorized in federal law. President Bush just vetoed a funding bill that included a modest increase, about \$250 million, in low-income energy aid.

Today's higher energy prices require an offsetting increase in aid to ease the burden on the poor, especially in high cost areas like Alaska's Bush.

Looking ahead to the long term, energy prospects in the Bush are a little brighter. Those high prices are stimulating the search for cheaper alternatives.

In some communities, recovering the heat thrown off by burning diesel in electrical generators is a money-saving option. In other places, such as Kotzebue, wind generators are already making a dent in local electricity bills. If rural communities are reasonably close together, they might save money by connecting onto one large electricity grid.

Extremely high rural energy costs can make even seemingly exotic technologies look attractive. One Nome business just spent \$175,000 to install 92 solar panels. A company is looking at using river current on the Yukon to produce electricity; another is looking at using ocean waves to make electricity for Yakutat.

The Denali Commission and the Alaska Energy Authority are helping stimulate the search for energy alternatives in rural Alaska. They're offering \$5 million in matching funds for alternative energy projects, all but \$1 million of it exclusively for projects in rural Alaska. Another \$4.4 million is available for energy conservation projects in the Bush.

These investments can pay rich, long-term dividends -- as long as they provide for sustainable programs with ongoing local maintenance.

Offering modest amounts of seed money is a good way to stimulate projects that will help ease the Bush energy crisis. If the competition turns up more good projects than the agencies can fund, they should be sure to let the Legislature know. Alaska's impressive wealth comes from natural resources extracted in rural parts of the state. It's only fair to use some of that wealth to offset the pain of high energy prices in rural Alaska.

BOTTOM LINE: Rural Alaska pays dearly for energy. The state can afford to help find better ways to power the Bush.

MEETING TUESDAY DECEMBER 18th 7pm @ THE DOUGLAS LIBRARY

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What Can We Do

It is our hope to meet, disseminate information and educate ourselves, our community, and our elected

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Tuesday, February 26, 2008 9:50:06 AM

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Local Price Snapshot

| | |
|---------------|-------|
| Today | 3.651 |
| Yesterday | 3.377 |
| One Week Ago | 3.310 |
| One Month Ago | 3.371 |
| One Year Ago | 2.571 |

Trend 

Prices Rising (Points Leaders)

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Unleaded Gasoline Average Prices

| | Alaska | USA | Trend |
|---------------|--------|-------|---|
| Today | 3.651 | 3.137 |  |
| Yesterday | 3.377 | 3.139 | |
| One Week Ago | 3.310 | 3.059 | |
| One Month Ago | 3.371 | 2.986 | |
| One Year Ago | 2.571 | 2.373 | |

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Now site visitors and members can easily plot pump prices. Easy compare cities, identify trends and look for indications of price volatility. Try it Out!
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Regular Gas Midgrade Premium Diesel Fuel
Lowest Regular Gas Prices in the Last 72 Hours

| Price | Station | Area | Time | Thanks |
|-------|---|-----------|-------------|------------|
| 2.99 | Sam's Club College Rd. | Fairbanks | Mon 6:09 PM | face4radio |
| 3.04 | Splash & Dash University Ave. & Airport Way | Fairbanks | Sun 2:37 PM | face4radio |
| 3.05 | Fred Meyer Old Steese (Save 10 cents) | Fairbanks | Mon 6:09 PM | face4radio |
| 3.05 | Holiday 3rd & Old Steese | Fairbanks | Mon 6:09 PM | face4radio |
| 3.05 | Safeway Gas College Rd. & Old Steese Hwy. (Save 10 cents) | Fairbanks | Mon 6:09 PM | face4radio |
| 3.05 | Holiday S. Cushman | Fairbanks | Sun 2:37 PM | face4radio |
| 3.05 | Holiday Geist Rd. & Fairbanks St | Fairbanks | Sun 2:37 PM | face4radio |
| 3.07 | Gasline II Steese Hwy. & College Rd. | Fairbanks | Mon 6:09 PM | face4radio |
| 3.07 | Tesoro College Rd. & Illinois St | Fairbanks | Mon 6:09 PM | face4radio |
| 3.07 | Tesoro University Ave. & College Rd | Fairbanks | Sun 2:37 PM | face4radio |
| 3.07 | Tesoro S. Cushman (Truck Stop) | Fairbanks | Sun 2:37 PM | face4radio |
| 3.07 | Tesoro Pegor Rd & Davis Rd | Fairbanks | Sun 2:37 PM | face4radio |
| 3.07 | Gasline Airport Way | Fairbanks | Sun 2:37 PM | face4radio |
| 3.09 | Chevron 439 W Evergreen Ave & Glenn Hwy | Palmer | Mon 7:50 PM | AKmailman |
| 3.09 | Curry's Corner 680 Old Steese Hwy | Fairbanks | Mon 6:09 PM | face4radio |

Highest Regular Gas Prices in the Last 72 Hours

| Price | Station | Area | Time | Thanks |
|-------|--|---------|-------------|---------------|
| 4.98 | Nicholson's Auto Inc 630 3rd Ave | Bethel | Tue 8:07 AM | uafnanook2001 |
| 4.94 | Northstar Gas 1170 Bridge Way near Bridge (Near Swanson's) | Bethel | Tue 8:07 AM | uafnanook2001 |
| 4.86 | Quick Food Center 1510 Chief Eddie Hoffman Hwy near Near Trailer Par | Bethel | Tue 8:07 AM | uafnanook2001 |
| 4.64 | Crowley 1120 Standard Oil Rd | Bethel | Tue 8:07 AM | uafnanook2001 |
| 4.32 | Hoover's Movers Inc 835 1st St & Adams Ave | Cordova | Sun 7:44 PM | viciouscirc |
| 3.89 | Rightfoot Auto Services Inc 987 Haines Hwy near Haines Hwy | Haines | Sat 2:21 PM | chj167 |
| 3.54 | Tesoro 139 E Pioneer (CAPT N JOE'S TESORO) | Valdez | Mon 9:12 PM | AKHubba |

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- 5-9¢/gallon or 3-4¢/litre
- 10-14¢/gallon or 5-7¢/litre
- 15¢ or more/gal or 8¢ or more/litre
- I wouldn't pay extra!
- N/A or I don't buy gas

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| | | | | | |
|-------------|---|---|----------------|--------------|--------------|
| 3.53 | Shell Seward Hwy | Find Map | Seward | Tue 7:38 AM | sewardsfolly |
| 3.49 | Tesoro River Side of Hyway | Find Map | Cooper Landing | Sun 5:48 PM | KasilofDave |
| 3.40 | Tesoro 23255 Sterling Hwy near Kalifornsky Beach Rd | Find Map | Kasilof | Sun 5:29 PM | KasilofDave |
| 3.39 | Holiday Kenal | Find Map | Kenal | Mon 12:51 PM | virginia52 |
| 3.39 | Chevron At the Y in Soldotna | Find Map | Soldotna | Mon 12:51 PM | virginia52 |
| 3.39 | Holiday By Fred Mayer in Soldotna | Find Map | Soldotna | Mon 12:51 PM | virginia52 |
| 3.29 | Tesoro Spur Hwy Soldotna | Find Map | Soldotna | Mon 12:51 PM | virginia52 |
| 3.29 | Chevron 44024 Sterling Hwy & Kenal Spur Hwy | Find Map | Soldotna | Sun 5:29 PM | KasilofDave |

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January 2 2008

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Running on Empty On a Road to Nowhere

**An Alaskan village asks a scary question:
What happens when oil is too expensive to use?**

RUSSELL GOLD / Wall Street Journal 9jun2007

Shungnak, Alaska — When Genevieve Norris was born 59 years ago in this remote Eskimo village, hunters used dog sleds to pursue caribou and moose. Wood stoves kept out the cold during the long, dark winters.

Then Shungnak entered the petroleum age, and fuel was barged up the Kobuk River every summer. Noisy electrical generators arrived, which allowed lights and indoor plumbing to be installed. Soon, nearly every home had snowmobiles, four-wheelers and heaters.

Now as crude-oil prices have doubled in the past couple of years, Ms. Norris and the rest of the village are being priced back out of the petroleum age. She heats her home with wood as much as possible and only occasionally buys gasoline for an outboard engine to go fishing. "Fuel right now, I'm only purchasing if I have to," says Ms. Norris.

Even though Shungnak is in energy-rich Alaska, home to the largest U.S. oilfield discovered in the past half century, it is at the very end of the oil-distribution system. By the time gasoline makes it here from where it is refined, it costs \$8.11 a gallon, more than twice the current U.S. average.

The U.S. has long enjoyed among the lowest oil prices in the industrialized world — and until recently, even in remote Alaska, fossil fuel was affordable to the majority of people. Decades of cheap energy prompted Americans to use more and more petroleum, lengthening their commutes in the lower 48 states and trading in dog sleds for snowmobiles in Alaskan villages.

Today, the price of oil and all the products made from it has surged and seem likely to remain high for

some time. This has raised the unsettling question: What happens to a community accustomed to cheap energy when the energy is no longer cheap?

Remote villages like Shungnak have long been fragile economies with little to offer residents by way of jobs and opportunity. High fuel prices have made a bad situation worse, threatening the survival of Shungnak as well as more than a hundred other remote villages. Some of the estimated 101,000 people living in these villages have left for Alaska's large cities, creating what one former state elected official has called "energy refugees."

These native-Alaskan villages are among countless poorer communities across the world that have been hammered by the new century's energy-price boom. Over all, strong economies such as China and most of the U.S. have held up well despite the sting of higher fuel prices. But in poor regions, the price shock has hit hard. Thousands of Nepalese took to the streets of Katmandu last year, resulting in bloody clashes with police, to protest a 25% rise in gasoline prices. In July 2005, under pressure from the International Monetary Fund, the Yemeni government lifted gasoline subsidies and the resulting riots left 22 people dead. The government buckled and restored subsidies. In Africa, Guinea's decision to reduce gasoline subsidies over the past two years helped spark general strikes and riots that claimed at least 11 lives.

The village of Shungnak was officially founded in 1899, but Eskimos have lived in the region for thousands of years traveling between summer camps and winter camps. Today, the village is a collection of 75 homes, a store, a school, a community health clinic and a city office building along a half dozen dirt streets. The foothills of the Brooks Range rise in the distance over the tundra.

Petroleum didn't arrive here until the middle of the 1960s. As the crow flies, Shungnak is only 310 miles northwest from the Flint Hills Resources refinery outside of Fairbanks, Alaska. But since there are no roads to Shungnak, the journey is a complex route that stretches more than 2,000 miles, passing mountain meadows where grizzly bears graze, caribou herds sipping from glacier-fed streams and mile after mile of rugged, unpopulated coastline.

Tanker Cars

First, fuel from the Fairbanks refinery is loaded onto rolling tanker cars and taken south through Denali National Park, past Mount McKinley and into the Port of Anchorage. Then it's loaded onto a barge and towed through the Unimak Pass, a navigable break in the Aleutian Islands, before it heads north for Kotzebue on the coast.

From there, the fuel is loaded once a year on a shallow-draft barge and pushed up the Kobuk River during a brief period when the snow melt engorges the river and makes it navigable. By the time it gets to Shungnak, it has traveled a distance equivalent to the drive from New York to Las Vegas.

Last year, one of the barge companies made it up the river and delivered distillate — a blend of heating oil and diesel that powers nearly everything from generators to furnaces — to the school and electric company. The other barge company, less experienced in the region's serpentine rivers, couldn't make it up to Shungnak during the brief window of time that the river thawed. Fuel had to be flown in from Fairbanks on propeller cargo planes, raising the cost to \$8.11 for a gallon of gasoline and \$6.50 for a gallon of heating oil. In February, heat in the town's only two-story building, which holds the city offices, post office and tribal-council office, went out for three days because the tank ran out and no one was willing to pay to fill it up again. The temperature inside dropped to 30 degrees below zero.

Many Jobless

Half of Shungnak village is jobless, according to the state. Commerce Department data suggest that Alaskans living in remote villages like Shungnak already receive about 50% of their income from government programs, two and half times the average in the U.S. Now the situation is exacerbated because it is difficult to attract economic activity because of the high energy costs. Village leaders say their only choice is even more government aid.

"Half the village doesn't know how to go out and do a subsistence way of life...their lifestyle is living off the store, even though you hear them say 'We're natives, we can survive,'" says Raymond Woods, a member of the Shungnak tribal government.

Some residents are leaving town. Ms. Norris's daughter moved to South Dakota and her high-school-aged son talks about leaving after he graduates.

Those that remain behind are scraping along. Henry Douglas, 48, says he eats less meat and fish than he used to. Like most people here, he receives state energy assistance — credit at the tribal store. He got \$1,500 in January to pay for heating oil. It lasted him through March. Afterward, he used a wood stove in the main room of the log cabin where he lives with his sister and his nephew.

His younger brother, George Douglas, 39, says he's fortunate to have a job as a school-maintenance worker. The paycheck gives him the \$100 required to fuel up his Polaris snowmobile. He uses it to hunt caribou and distributes the meat to three households of relatives, including his brothers. Few of his relatives can afford to hunt much anymore because of the high cost of fuel.

Signs of the cost are everywhere in Shungnak. On a recent visit, there were photocopied fliers posted throughout the village with a stark reminder: May 29 is the day the Alaska Village Electric Cooperative bill collector was scheduled to be in Shungnak. The co-op, known as Avec, has seen past-due accounts soar in the past couple of years. Last year, it took out ads in local papers threatening to cut off paying customers if they allow delinquent customers to move in with them.

Researchers at the University of Alaska Anchorage estimated that one-quarter of household income in remote villages last year went to paying utility bills, double the percentage in 2000. The poorest residents in remote villages spent 61% of their income on utility bills, also double the level a few years ago.

Fuel bills are also swallowing the city's budget. Last November, the village's fuel and electrical bill accounted for 61% of total expenditures, according to town administrator Helen Mitchell. In response, it has cut costs. The hours for city workers were cut to six hours from eight hours a day last year. The part-time patrolman position was eliminated a couple of years ago.

The result of these crushing bills is that remote villages face a slow decline. Four schools in the last two years have shut their doors when they fell below 10 students and lost most state funding. In Shungnak, school enrollment is off 7% in the past decade. A few miles down the Kobuk River, the village of Ambler has lost 29% of its school-aged population.

Despite shrinking enrollment, the regional school district has been on a building boom in recent years, largely supported by state grants. That, in turn, has only increased its need for fuel. The new schools, despite better insulation, require more petroleum to operate.

New School

In nearby Noatak, an 18,000-square-foot school was torn down and replaced with one more than twice as large with a new air-circulating system and more lights.

"We have a very fragile economy in most of these villages already and then you add the jolt of high fuel-oil prices. It's my guess that many of these communities will not find themselves viable if fuel prices stay here," says Mike Black, director of community advocacy at Alaska's Department of Commerce, Community and Economic Development. The villages, he says, "are begging, borrowing and stealing to get enough fuel."

The extreme costs of fuel in rural Alaska have led to numerous energy experiments. But various efforts to reduce rural Alaska's dependence on petroleum-based energy have struggled. Petroleum is easy to store, handle and transport, says Brent Sheets, head of the federal government's Arctic Energy Office in Fairbanks. "It is hard to beat diesel fuel," he says.

A proposal to build a small nuclear power plant for one small town was shelved when a study concluded that the federal security requirements made the project uneconomic. Solar isn't a good fit for Alaska, because fuel demand goes up in the winter when the state gets little sunlight. The Energy Department office even looked at turbines designed to harness river energy, dodging logs and car-sized icebergs, but plans never made it past the theoretical stage.

One alternative-energy success stories is in Kotzebue, the hub community to the west of Shungnak on the Chukchi Sea. On the tundra outside of Kotzebue, where the only sign of life is paw prints from an Arctic fox, are 17 windmills capable of generating one megawatt of electricity. The windmills "are a hedge against rising fuel costs," says Brad Reeve, a Minnesotan who came to the town 30 years ago to run the public-radio station and now heads up the electric cooperative.

As the cost of bringing in diesel has grown, electricity from the windmills has looked better and better. But the windmills have a high upfront cost — they sit on special pilings with chemicals that ensure the tundra remains frozen to hold the windmills steady. And on a recent morning, as a computer in the coop's offices showed 2.8 megawatts of demand, the wind wasn't blowing. All of the electricity came from distillate-burning generators, a reminder that Kotzebue needs to keep a steady supply of oil.

In Shungnak, Mr. Woods, the tribal-government official, says he expects the oil will keep on flowing. Eskimos are accustomed to adapting to extreme conditions, he says. But there is little effort being made to teach children how to hunt the old way. "Their lifestyle now is so convenient," he says.

Hanging out on the steps of the village store after school with friends, 11th-grader Dion Tickett says he didn't grow up learning how to hunt or take care of a team of Alaskan huskies. He grew up watching television and riding snowmobiles, something he and his friends do to pass the time. "There's nothing to do around here," he says.

After school let out on a recent afternoon, Mr. Woods spent \$90 to fill up his Arctic Cat snowmobile to take his son out hunting. But he doesn't expect his son to need these skills. In a couple of years, when his son enters high school, Mr. Woods plans to move his family to east Texas, where he was stationed in the military. Gasoline there costs just under \$3.00 a gallon.

City of Kake

"HOME OF THE WORLD'S LARGEST TOTEM POLE"

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PHONE: (907) 785-3804
FAX: (907) 785-4815

February 27, 2008

Representative Bill Thomas
State Capitol, Room 434
Juneau, Alaska 99801

Dear Representative Thomas:

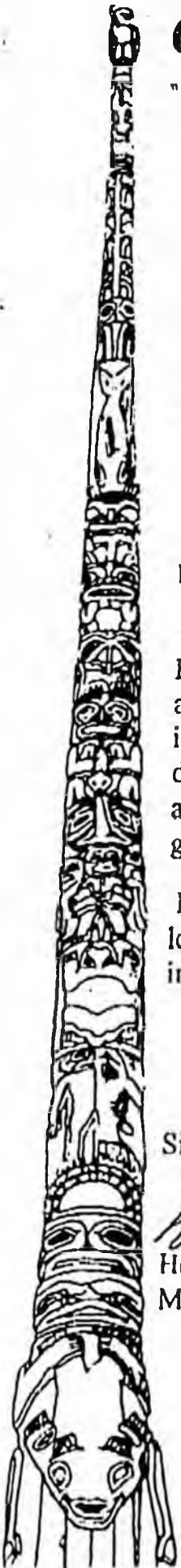
The City of Kake, Mayor and Council Members are in full support of the HB 396 PFD Disbursement. Job wise, our community has definitely suffered an impact with the loss of the timber industry, and the decline in the fishing industry and the cold storage not functioning for at least three years. This disbursement would be a huge benefit to our people as well as the people all around the State of Alaska with the high cost of electricity, fuel and groceries.

In closing, the City of Kake would like to express their gratitude with the level of support we've received from your office, and all the effort you make in assisting rural areas.

Sincerely,



Henrich Kadake, Sr.
Mayor





HAINES BOROUGH, ALASKA

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February 12, 2008

The Honorable Representative Bill Thomas
Alaska State Capitol Building
Room 434
Juneau, Alaska 99801-1182

Re. HB 396

Dear Representative Thomas:

The Haines Borough would like to extend its support of House Bill 396. Along with all Alaskans, Haines Borough residents are being greatly affected by the high fuel prices we are experiencing. This bill, which offers a one time disbursement of \$500 to all Alaskans to offset the hardship of the current high fuel prices, would be a welcome relief while the legislature works out a more permanent plan. Thank you for your work to better the lives of all Alaskans.

Respectfully,

A handwritten signature in black ink, appearing to read "Fred Shields", is written over a light-colored background.

Fred Shields
Haines Borough Mayor

Karen M. Hess
P.O. Box 556
Haines, Ak. 99827

2/29/08

I support HB396 which will increase the amount of the PFD in 2008 by \$500.00. As an Alaska resident, the PFD is something that we count on each year to help offset the rising cost of living. The most steady increase is fuel costs that affect almost every aspect of our lives.

I believe that the HB396 would help Alaskan residents with the rapidly increasing fuel costs.

Karen M. Hess

CITY OF CORDOVA



March 5, 2008

Representative Bill Thomas
State Capitol, Room 434
Juneau, AK 99801-1182

Re: HB 296

Dear Representative Thomas:

On behalf of the City of Cordova, I would like to lend our support to HB 296, which would increase each Alaskan resident's Permanent Fund Dividend by \$500 to help pay for increasing energy costs.

Cordova is lucky to have hydro-electric facilities providing our energy supply for most of the year. But during the coldest winter months, when the water supply is frozen, we join many other communities across Alaska who depend on fuel oil for their energy needs. As the cost of heating oil increases, it becomes a financial burden on the City budget because of the buildings for which we pay utilities. But more importantly, these expenses impact every household in Cordova.

As you know, most Cordovans work seasonally. The unanticipated increases this winter in fuel costs are putting some residents in a financially unstable position. Your idea for using a portion of the income of the Permanent Fund in the future to help all Alaskans with these energy expenses is a great step in the right direction. We have the money available, and what better way to help all Alaskans equally.

Thank you for sponsoring this legislation. Please let me know if the City of Cordova can help in any way as this legislation goes through the committee process.

Sincerely,

Timothy L. Joyce, Mayor
City of Cordova

TLJ:lk