

**SB**

**116**

<target><bill>SB 116</bill><subject>SB  
116</subject><comm>SFIN26</comm></target>

**SENATE FINANCE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 2/19/09

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 3/11/09

Finance Committee considered SENATE BILL NO. 116

SB 116 APPROP: RURAL ENERGY ASSISTANCE

"An Act making a special appropriation for energy assistance for rural communities; and providing for an effective date."

and recommends:

- be replaced with  SCS or  CS SB 116 (FIN)
- adopt previous  SCS or  CS \_\_\_\_\_ ( )
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
<b>HOUSE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet	Zero	FN#

Department	Date	Fiscal	Indet	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Huggins	✓			
	Thomas	✓			
	OLSON	✓			
	ELLIS	✓			
CO-CHAIR:	Hoffman	✓			
CO-CHAIR:	SPILLMAN	✓			

# Senator Lyman Hoffman

## *Alaska State Legislature*



### **Sponsor Statement for SB 116**

SB 116 appropriates \$5,000,000 into the Rural Community Energy Assistance Program, created by SB 115 to help Alaska households afford to heat their homes.

During this winter, it has been difficult for many Alaskan families to afford to purchase heating oil. This is especially true in rural areas of the state. Reports detail the dilemma of choosing between purchasing adequate amounts of heating fuel or choosing among the other necessities of life.

Unlike past years, there is sufficient fuel in the villages. But fuel and other costs have become so expensive that people cannot afford to buy both. A recent report written by the Institute of Social and Economic Research (ISER) noted that in 1990, food costs in Bethel were 45 percent above food costs in Anchorage. By the beginning of 2007, this differential had increased to 92 per cent. It stands to reason that small villages outside of Bethel are even more expensive. This issue is exacerbated by a lack of income to accommodate these rising prices.

The ISER document said that in 2007, 100 gallons of fuel oil in Bethel costs \$459 while in Anchorage the equivalent energy costs \$120. Again this difference would be greater if comparing Anchorage with more remote villages in Alaska.

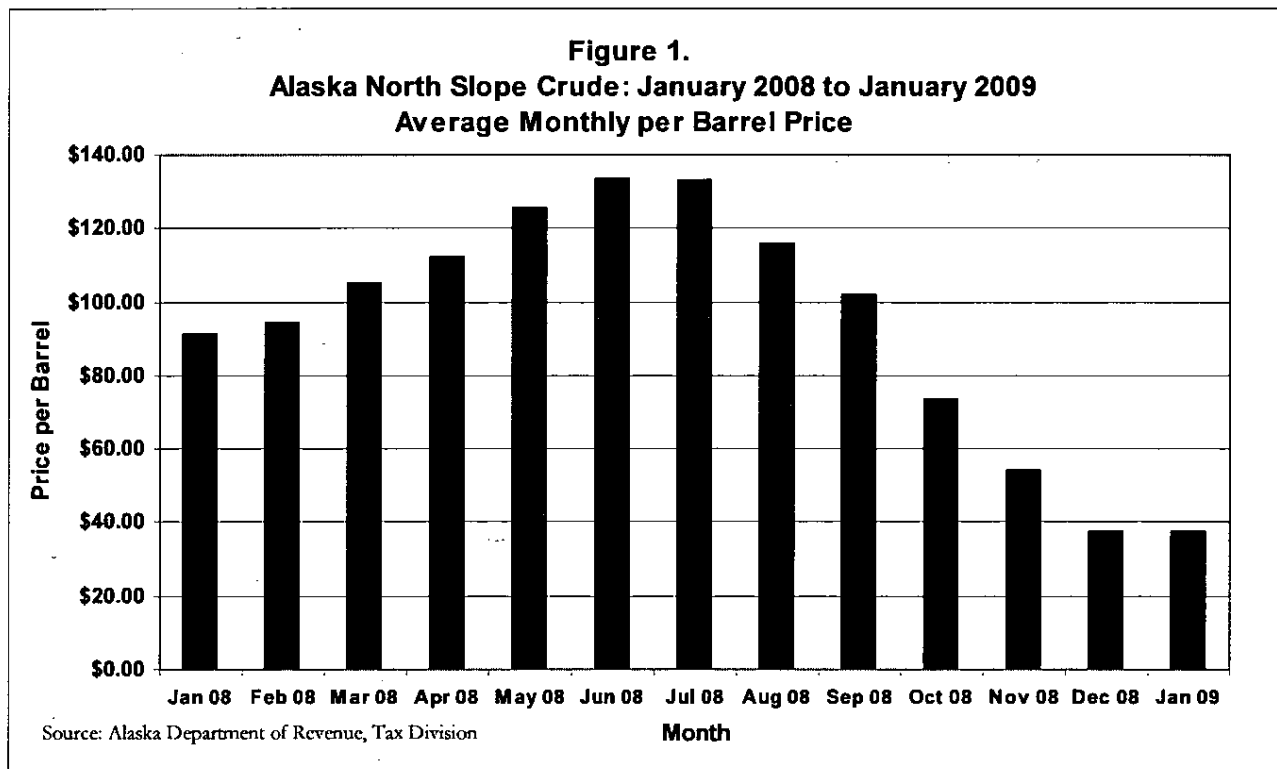
This legislation is not a permanent fix to the energy problems in rural Alaska. However, this funding for the Rural Community Energy Assistance Program will provide much needed relief to some Alaskan families during the rest of the winter.



DIVISION OF COMMUNITY & REGIONAL AFFAIRS  
REPORT TO THE DIRECTOR

CURRENT COMMUNITY CONDITIONS:  
FUEL PRICES ACROSS ALASKA  
FEBRUARY 2009 UPDATE

INTRODUCTION



In December 2008, the price of Alaskan North Slope (ANS) crude dropped to \$37.70, its lowest price since June 2004. This drop continued in January 2009, and prices fell to \$37.38. This is markedly lower than the price six months earlier in June 2008, when ANS crude oil reached a record average monthly price of \$133.78 per barrel (Figure 1). The national average price of gasoline dropped 55 percent from its peak of \$4.05 per gallon in mid-July to \$1.84 at the end of January. Similarly, national average heating fuel prices have dropped 36 percent since October

2008, from \$3.66 to \$2.36<sup>1</sup> per gallon. Alaska has not experienced the same level of decline. Due to transportation issues, many remote rural Alaska communities purchased most or all of this winter's fuel at peak prices during June and July. These communities are unlikely to see price relief until the middle of 2009.

During February 2009, the Division of Community & Regional Affairs (DCRA) repeated a statewide survey of retail heating fuel and gasoline prices in a cross-section of 100 select Alaska communities, first initiated during 2005 (*Community Conditions: Fuel Prices Across Alaska*). This report, *Current Community Conditions: Fuel Prices Across Alaska, February 2009 Update*, summarizes fuel survey findings, discusses changes in fuel prices during the recent past, and provides a current and historical perspective on fluctuating fuel prices. This report details fuel prices in each community on the date of contact.

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## METHODOLOGY

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The DCRA Research and Analysis Section and Local Government Assistance Section, developed the survey and selected a community sample during 2005. Communities were strategically selected to represent differing socioeconomic conditions and all Alaska regions, including the Interior, North Slope, South Coastal, Southeast, and Western regions. Selected communities had also generally been the recipient of an Alaska Energy Authority bulk fuel project during the recent past.

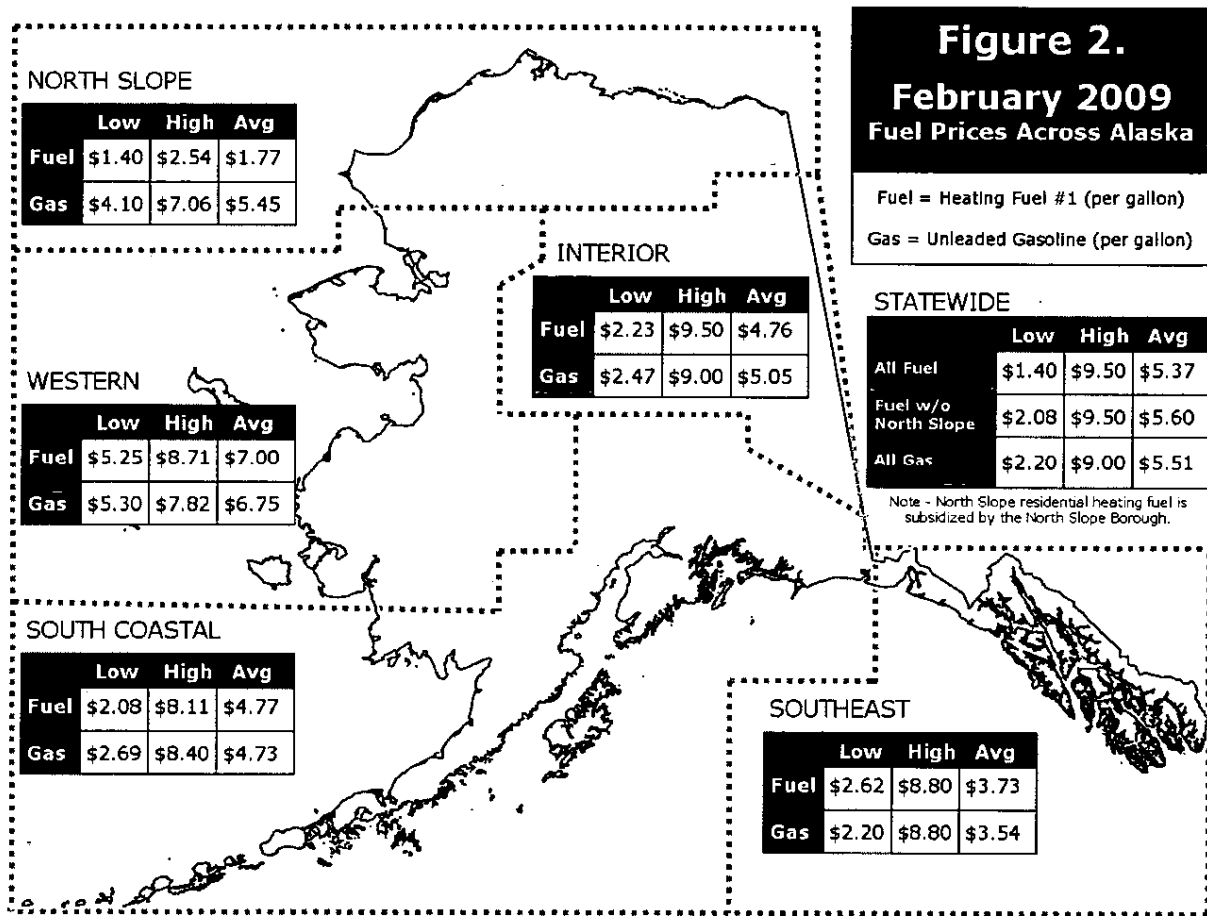
Since a non-probability sampling method was utilized, this survey is considered a non-scientific study with results not generalizable to the entire population of rural Alaska. To accurately and consistently track longitudinal changes in fuel prices, the 2005 survey and community sample were used to collect 2006, 2007, 2008, and 2009 fuel information – the communities and core questionnaire items remained the same from 2005 to 2009.

DCRA Research and Analysis staff conducted a survey between February 3 - 6, 2009. In total, local fuel retailers serving 100 communities were contacted (via telephone) and asked to provide current heating fuel (#1) and gasoline per gallon prices. Survey results are one-time measurements and representative of retail fuel prices on the particular day of contact. Heating fuel and gasoline prices may have changed between the time of contact and publishing of this report.

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<sup>1</sup> Source: United States Department of Energy, Energy Information Administration. Note: Heating fuel prices are only recorded from October to March. Gasoline prices are recorded year-round.

**CURRENT FUEL PRICES ACROSS ALASKA**



Average heating fuel prices per gallon vary across Alaska by region (Figure 2). Western Alaska communities report the highest average heating fuel retail price at \$7.00 per gallon, while North Slope communities report the lowest average retail price at \$1.77 per gallon. Of noteworthy importance, the North Slope Borough provides free heating fuel for residential use through village corporations, who distribute fuel to residents throughout the borough, charging only a delivery fee on a per gallon basis. The North Slope Borough does not subsidize heating fuel for commercial use. Consequently, the retail price of heating fuel for commercial entities is significantly higher than for residences (Table 1). Compared to other regions, excluding the North Slope, Southeast communities experience the lowest heating fuel prices, at an average price of \$3.73 per gallon.

**Table 1. North Slope Heating Fuel (#1) and Gasoline Retail Prices**

Community	Community Retailer	Heating Fuel Retail Price		Gasoline Retail Price
		Residential	Commercial	
Anaktuvuk Pass	Nunamiut Corporation	\$1.55	\$9.20	\$6.50
Atqasuk	Atqasuk Corporation	\$1.40	\$4.10	\$4.10
Barrow	BUEC, Inc.	Natural Gas	\$5.78	\$4.70
Kaktovik	Kaktovik Inupiat Corporation	\$2.00	\$6.95	\$4.90
Nuiqsut	Kuukpik Corporation	\$2.54	\$3.95	\$4.95
Point Hope	Tigara Corporation	\$1.65	\$6.35	\$5.95
Wainwright	Olgoonik Corporation	\$1.50	\$7.83	\$7.06

To accurately summarize statewide heating fuel prices, it is appropriate to exclude North Slope Region communities because of the North Slope Borough subsidy for residential use heating fuel. The Arctic Village Traditional Council in Arctic Village (Interior Region) reports the highest heating fuel retail price at \$9.50 per gallon (see Appendix). In contrast, Homer Run Oil in Homer (South Coastal Region) reports the lowest heating fuel retail price at \$2.08 per gallon. On average, excluding North Slope Region communities, heating fuel retails for \$5.60 per gallon across the 93 surveyed Alaska communities.

As Figure 2 illustrates, average gasoline prices per gallon also vary across Alaska by region. Western Region communities report the highest average gasoline retail price at \$6.75 per gallon while Southeast communities report the lowest average retail price at \$3.73 per gallon. Statewide retail prices indicate significant variation in gasoline retail price. Specifically, the Arctic Village Traditional Council in Arctic Village (Interior Region) reports the highest gasoline prices at \$9.00 per gallon. In contrast, Fred Meyer Gas in Juneau (Southeast Region) reports the lowest gasoline retail price at \$2.20 per gallon. On average, gasoline retails for \$5.51 per gallon across 99 Alaska communities.

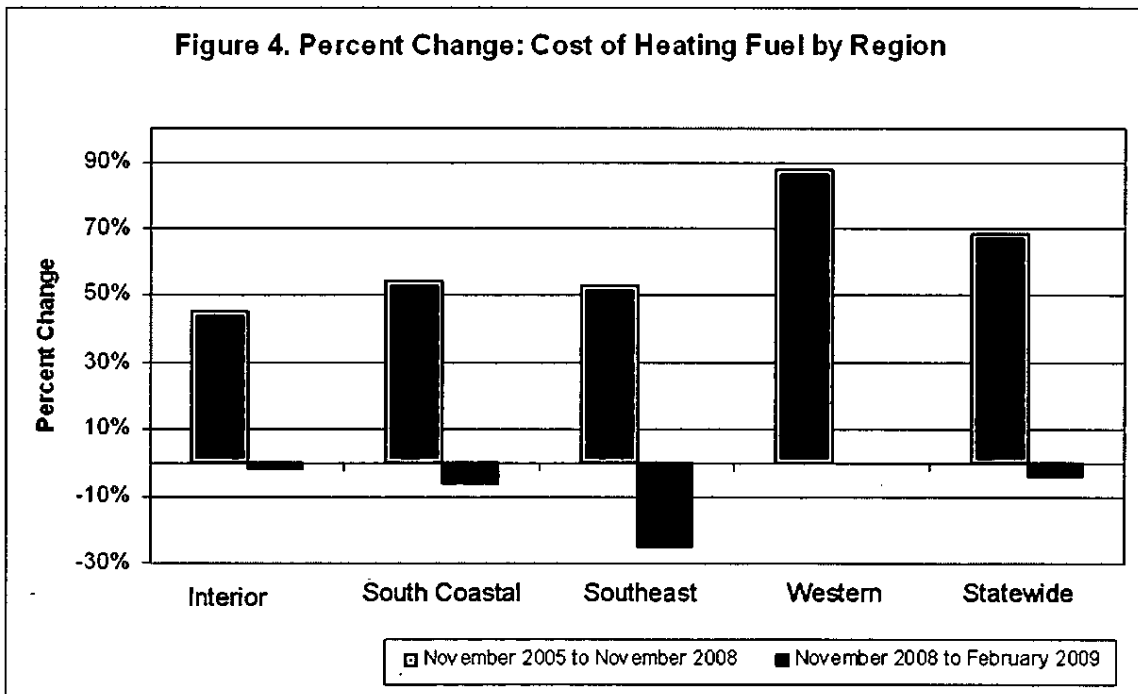
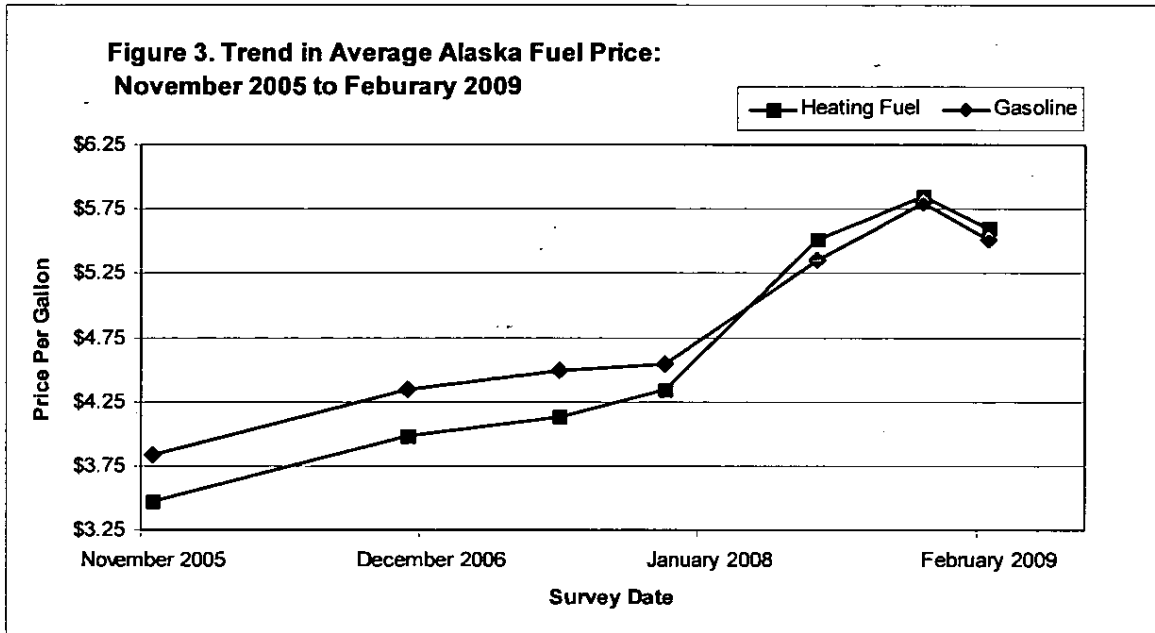
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### CHANGE IN FUEL PRICES ACROSS ALASKA

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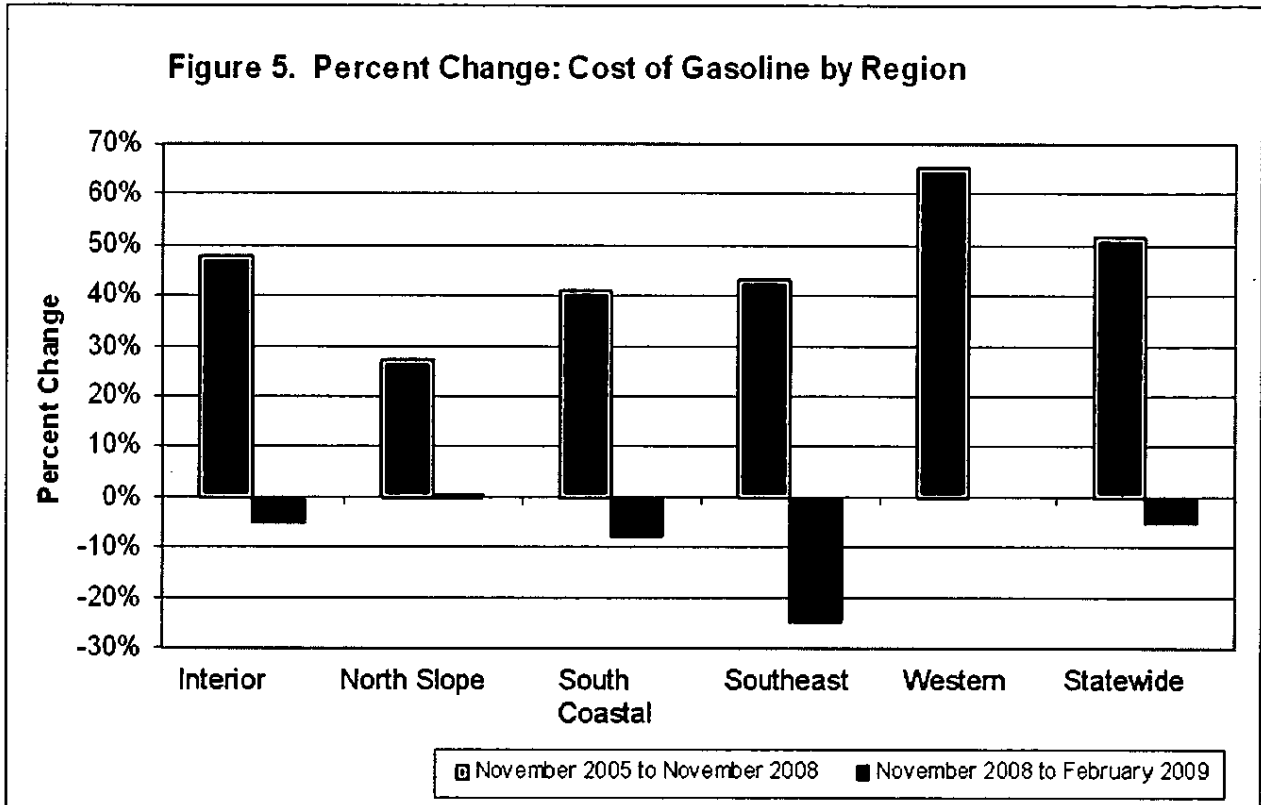
Portions of Alaska have begun to realize fuel price relief (Figure 3). Excluding North Slope Region communities, the statewide average per gallon heating fuel price decreased from \$5.85 to \$5.60 from November 2008 to February 2009. This \$0.25 per gallon average price change represents a four percent decrease in the statewide average heating fuel price per gallon. Prices in the Southeast (-25%), South Coastal (-6%), Interior (-2%), and North Slope (-2%) regions

decreased from November 2008 to February 2009 (Figure 4). The Western Region experienced a \$.01 increase, less than one percent.



The statewide average gasoline price also decreased from November 2008 to February 2009, from \$5.80 to \$5.51 per gallon (Figure 5). This \$0.29 per gallon average price decrease

represents a five percent decrease in the statewide average price per gallon of gasoline. Prices in the Southeast (-25%), South Coastal (-8%), and Interior (-5%) regions declined during the past three months. Western Region prices decreased by \$.01, less than one percent. Prices in the North Slope Region increased one percent.



From November 2005, when this survey began, to November 2008, the statewide average price for heating fuel increased \$2.37 per gallon. From June 2008 to November 2008, it increased \$0.34 per gallon; from November 2008 to February 2009, it decreased by \$0.25 per gallon. Similarly, from November 2005 to November 2008, the statewide average price for gasoline increased \$1.97 per gallon. From June 2008 to November 2008, it increased \$0.45 per gallon; from November 2008 to February 2009, it decreased by \$0.29 per gallon.

### ADDITIONAL DISCOUNTS ON HEATING FUEL

Due to the high price of fuel in Rural Alaska, vendors were asked if any discounts were being offered to residents. Of the one hundred surveyed, nine vendors were offering discounts. The discounts were not consistent. For example, Point Hope offers a 10% discount for elders, the

City of Akutan is selling their fuel at cost, and Dillingham dropped its gas tax from six to three percent (see Appendix). Twenty-one respondents were unsure whether the business offered discounts or not. Fuel vendors operated by a tribe, such as in Quinhagak, often give discounts to local tribal shareholders.

In the previous fuel survey, one of the questions posed to fuel vendors was whether they offered volume discounts. Volume discounts are more prevalent in larger and/or more accessible communities. In the Southeast Region, where most communities have regular barge service, two-thirds (64%) of fuel vendors offer volume discounts. Only five Western Region vendors (13%) offer volume discounts, two of them located in the regional hubs of Kotzebue and McGrath. Generally speaking, residents of remote rural Alaska communities have the least opportunity to benefit from volume purchases of residential heating fuel.

Other fuel cost relief came during the 2008 legislative special session, in which the final outcome was a \$1200 energy rebate to every Permanent Fund eligible individual. From September 1, 2008, through August 31, 2009, there was also a one-year suspension of both the state motor fuel tax of \$0.08 and the state tax on resident heating fuel. Despite these measures, the cost of fuel remains an issue for Alaska.

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## SUMMARY

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While Alaska North Slope crude oil prices have dropped significantly during the past few months, Alaskans have continued to pay high prices for heating fuel and gasoline. As the price of crude oil continues to drop, communities along the road system and in temperate coastal regions have seen their cost of fuel decline; however, many remote rural Alaska communities are still plagued with high fuel prices.

From November 2008 to February 2009, the statewide average per gallon price of heating fuel decreased four percent from \$5.85 to \$5.60. Concurrently, the statewide average per gallon price of gasoline decreased five percent from \$5.80 to \$5.51. Since DCRA began keeping track of fuel prices in November 2005, this period is the first time the average price of fuel has decreased. From November 2005 to November 2008, the statewide average cost of fuel increased 68%; from November 2008 to February 2009, prices declined 4%. Although the average cost of fuel is still several dollars higher in 2009 than it was in 2005, this decline in the price of fuel has offered some relief to residents of Southeast and communities on the road system. Unfortunately, many of the communities off the road system are not experiencing the same relief, continue to pay high fuel costs, and are unlikely to see a decline in fuel prices any time in the near future....

### Community Heating Fuel and Gasoline Survey – February 2009

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 02/2009 Retail: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Heating Fuel Average (\$5.38*):	Percent +/- 11/2008 Retail: (selling price per gallon)	Gasoline 02/2009 Retail Price: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Gasoline Average (\$5.51):	Percent +/- 6/2008 Retail: (selling price per gallon)	Reduced price?	Amount Price Reduced?
Alatna	Interior	Alatna Traditional Council	\$5.50	2%	0%	\$7.00	27%	0%	No	
Anderson	Interior	Nenana Heating	\$2.53	-53%	-10%	\$2.76	-50%	-21%	No	
Arctic Village	Interior	Arctic Village Traditional Council	\$9.50	77%	6%	\$9.00	63%	0%	No	
Circle	Interior	Steese (HF) HC Company Store (Gas)	\$2.46	-54%	-18%	\$3.60	-35%	-23%	No	
Delta Junction	Interior	Crowley Fuel (HF) Buffalo Service (Gas)	\$2.36	-56%	-14%	\$2.70	-51%	-7%	No	
Eagle	Interior	Telegraph Hill Services	\$4.95	-8%	0%	\$5.50	0%	0%	No	
Fairbanks	Interior	Alaska Petroleum	\$2.23	-59%	-15%	\$2.47	-55%	-10%	No	
Galena	Interior	Crowley Marine Services	\$6.27	17%	0%	\$6.00	9%	0%	No	

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 CURRENT COMMUNITY CONDITIONS: FUEL PRICES ACROSS ALASKA, FEBRUARY 2009 UPDATE  
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Healy	Interior	Fisher Fuel (HF) Keith's Healy Service (Gas)	\$2.77	-49%	-16%	\$2.79	-49%	-20%	No	
Hughes	Interior	Hughes City Council	\$8.55	59%	0%	\$8.50	54%	0%	No	
Huslia	Interior	Huslia Gas & Oil	\$7.00	30%	0%	\$7.00	27%	0%	No	
Minto	Interior	North Fork Store	\$2.85	-47%	-14%	\$3.40	-38%	-16%	Don't know	
Nenana	Interior	Nenana Heating	\$2.44	-55%	-13%	\$2.87	-48%	-18%	No	
Ruby	Interior	Dinega Fuel Corporation	\$6.15	14%	0%	\$5.70	3%	0%	No	
Tanana	Interior	Tanacon Fuel	\$5.80	8%	26%	\$6.39	16%	0%	Don't know	
Anaktuvuk Pass	North Slope	Nunamiut Corporation	\$1.55	-71%	0%	\$6.50	18%	-24%	No	
Atkasuk	North Slope	Atkasuk Corporation	\$1.40	-74%	0%	\$4.10	-26%	0%	No	

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FEBRUARY 2009

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Barrow	North Slope	Eskimo Inc.	Natural Gas	N/A	N/A	\$4.70	-15%	0%	No	
Kaktovik	North Slope	Kaktovik Inupiat Corporation	\$2.00	-63%	0%	\$4.90	-11%	0%	No	
Nuiqsut	North Slope	Kuukpak Corporation	\$2.54	-53%	-8%	\$4.95	-10%	0%	No	
Point Hope	North Slope	Tigara Corporation	\$1.65	-69%	0%	\$5.95	8%	0%	Yes - for elders	10%
Wainwright	North Slope	Olgoonik Corporation	\$1.50	-72%	3%	\$7.06	28%	48%	No	
Akutan	South Coastal	City of Akutan	\$3.65	-32%	-24%	\$4.40	-20%	0%	Yes	Selling at cost, no profit
Atka	South Coastal	Atka Native Store	\$7.99	49%	10%	\$5.09	-8%	0%	No	
Chenege Bay	South Coastal	Chenege Bay Utility	\$5.60	4%	0%	\$5.70	3%	0%	No	Costs them \$4000 to transport fuel
Chignik	South Coastal	City of Chignik (HF) Trident (Gas)	\$3.85	-28%	-1%	\$3.31	-40%	0%	No	

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Chitina	South Coastal	Chitina Services (HF) Kenny Lake Mercantile (Gas)	\$2.87	-47%	-10%	\$2.91	-47%	-17%	No	
Clark's Point	South Coastal	City of Clark's Point	\$6.00	12%	0%	\$6.00	9%	0%	No	
Cordova	South Coastal	Hovers Mover	\$3.30	-39%	-24%	\$3.50	-36%	-29%	No	
Dillingham	South Coastal	Delta Western	\$6.12	14%	0%	\$5.76	5%	-9%	Yes	From Jan to Apr, city tax on gas drops from 6% to 3%
Glennallen	South Coastal	Crowley (HF) The Hub (Gas)	\$2.77	-49%	-13%	\$2.80	-49%	-19%	Don't know	
Goodnews Bay	South Coastal	Mumtram Pikkai Village Corporation	\$6.14	14%	0%	\$6.71	22%	-3%	Don't know	
Homer	South Coastal	Homer Run Oil	\$2.08	-61%	-22%	\$2.69	-51%	-15%	No	
King Cove	South Coastal	Peter Pan Seafood	\$4.64	-14%	0%	\$4.61	-16%	3%	No	
Kodiak	South Coastal	Petro Marine	\$3.10	-42%	-19%	\$2.85	-48%	-20%	Don't know	

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Kokhanok	South Coastal	Kokhanok Tribal Council	\$8.11	51%	1%	\$8.40	52%	-5%	Don't know	
Larsen Bay	South Coastal	City of Larsen Bay	\$5.53	3%	-3%	\$5.75	4%	-3%	Don't know	
Nelson Lagoon	South Coastal	Nelson Lagoon Enterprises	\$5.96	11%	0%	\$5.71	4%	0%	No	
New Stuyahok	South Coastal	New Stuyahok Village Corporation	\$6.64	23%	5%	\$6.34	15%	0%	No	
Nondalton	South Coastal	City of Nondalton	\$5.35	-1%	-11%	\$5.95	8%	-11%	No	
Old Harbor	South Coastal	City of Old Harbor	\$3.47	-36%	-22%	\$3.86	-30%	-35%	Don't know	
Ouzinkie	South Coastal	Ouzinkie Native Corporation	\$3.47	-36%	-3%	N/A	N/A	N/A	No	
Port Lions	South Coastal	Kizhuyak Oil Sales (open M, W, F)	\$5.65	5%	-13%	\$5.60	2%	0%	No	
Saint George	South Coastal	Delta Fuel Company	\$6.50	21%	0%	\$6.63	20%	0%	Don't know	

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Sand Point	South Coastal	TDX Svcs (HF) Trident (Gas)	\$3.62	-33%	-26%	\$3.09	-44%	-22%	No	
Seldovia	South Coastal	Seldovia Fuel and Lube	\$4.29	-20%	5%	\$3.81	-31%	-2%	No	
Togiak	South Coastal	Togiak Village Corporation	\$5.87	9%	0%	\$5.53	0%	-2%	No	
Unalaska	South Coastal	Delta Western	\$3.44	-36%	-23%	\$3.00	-46%	-34%	Don't know	
Valdez	South Coastal	North Pacific (HF) Captain Joe's (Gas)	\$2.65	-51%	-15%	\$2.86	-48%	-8%	Don't know	
Angoon	Southeast	Angoon Oil and Gas	\$3.69	-31%	-26%	\$3.53	-36%	-29%	No	
Craig	Southeast	Petro Marine	\$2.75	-49%	-29%	\$2.71	-51%	-27%	Don't know	
Gustavus	Southeast	Gustavus Dray - Gustavus Propane	\$2.84	-47%	-39%	\$2.74	-50%	-37%	Don't know	
Hoonah	Southeast	Hoonah Trading	\$3.50	-35%	-23%	\$2.89	-48%	-30%	Don't know	

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Juneau	Southeast	Delta Western - Fred Meyer Gas	\$3.02	-44%	-26%	\$2.20	-60%	-24%	No	
Kake	Southeast	Kake Tribal Fuel	\$3.61	-33%	-26%	\$3.33	-40%	-29%	Don't know	
Pelican	Southeast	Pelican Fuel Dock	\$4.27	-21%	-28%	\$3.96	-28%	-38%	No	
Petersburg	Southeast	Petro Marine	\$2.62	-51%	-33%	\$2.63	-52%	-25%	Don't know	
Point Baker	Southeast	Point Baker Trading Post	\$8.80	64%	0%	\$8.80	60%	0%	Don't know	
Thorne Bay	Southeast	Petro (Craig - HF) Bayview (Gas)	\$2.75	-49%	-31%	\$2.91	-47%	-26%	Don't know	
Wrangell	Southeast	Wrangell Oil - Fennemore's Service	\$3.18	-41%	-35%	\$3.21	-42%	-28%	Don't know	
Akiak	Western	Kokarmiut Corporation	\$6.45	20%	0%	\$6.25	13%	0%	No	
Anvik	Western	Deloyges, Inc.	\$5.25	-2%	0%	\$5.50	0%	0%	No	

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Atmautluak	Western	Atmautluak Limited	\$5.86	9%	0%	\$5.92	7%	0%	No	
Bethel	Western	Crowley	\$5.58	4%	-3%	\$5.48	-1%	-2%	Quantity discount	\$.07/gallon if more than 100 gallon
Brevig Mission	Western	Brevig Mission Native Store	\$7.00	30%	-3%	\$6.80	23%	-3%	No	
Deering	Western	Deering IRA	\$7.88	46%	-1%	\$7.82	42%	0%	No	
Emmonak	Western	Emmonak Corp. Tank Farm	\$8.71	62%	11%	\$7.25	32%	0%	No	Lowest possible mark-up, barely making profit
Gambell	Western	ANICA (Gambell Native Store)	\$7.88	46%	0%	\$7.26	32%	0%	No	
Golovin	Western	Golovin Public Utilities	\$5.32	-1%	0%	\$5.30	-4%	0%	No	
Grayling	Western	AYL Grayling Fuel Company	\$7.00	30%	0%	\$6.00	9%	0%	No	
Holy Cross	Western	Holy Cross O.L. Company	\$7.66	42%	0%	\$7.28	32%	0%	No	

REPORT TO THE DIRECTOR  
 CURRENT COMMUNITY CONDITIONS: FUEL PRICES ACROSS ALASKA, FEBRUARY 2009 UPDATE  
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Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 02/2009 Retail: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Heating Fuel Average (\$5.38*):	Percent +/- 11/2008 Retail: (selling price per gallon)	Gasoline 02/2009 Retail Price: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Gasoline Average (\$5.51):	Percent +/- 8/2008 Retail: (selling price per gallon)	Reduced price?	Amount Price Reduced?
Hooper Bay	Western	Crowley Marine	\$7.37	37%	0%	\$7.16	30%	0%	No	
Katag	Western	Katag Cooperative	\$5.50	2%	0%	\$5.75	4%	0%	Yes	\$.25/gallon rebate
Kiana	Western	Kiana Traditional Council	\$6.64	23%	0%	\$7.21	31%	0%	No	
Kotlik	Western	Kotlik Yupik Enterprises	\$7.79	45%	0%	\$7.55	37%	0%	No	
Kotzebue	Western	Crowley (HF) EZ Market (Gas)	\$6.35	18%	0%	\$7.25	32%	0%	No	
Koyuk	Western	Koyuk Native Corporation	\$8.06	50%	0%	\$7.71	40%	0%	No	
Kwigillingok	Western	KWIK Marina Inc.	\$6.70	25%	0%	\$5.75	4%	0%	No	
Marshall	Western	Masercuiq Inc.	\$7.21	34%	-4%	\$6.21	13%	-14%	No	
McGrath	Western	Crowley	\$6.85	27%	-1%	\$6.35	15%	0%	No	

PREPARED BY ANN MARBOURG AND ROBERT SYLVESTER  
 DIVISION OF COMMUNITY & REGIONAL AFFAIRS (DCRA), RESEARCH AND ANALYSIS SECTION  
 ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

FEBRUARY 2009

Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 02/2009 Retail: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Heating Fuel Average (\$5.38*):	Percent +/- 11/2008 Retail: (selling price per gallon)	Gasoline 02/2009 Retail Price: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Gasoline Average (\$5.51):	Percent +/- 6/2008 Retail: (selling price per gallon)	Reduced price?	Amount Price Reduced?
Mountain Village	Western	Azachorak Fuel	\$7.02	30%	0%	\$6.50	18%	0%	No	
Noorvik	Western	Morris Trading Post	\$7.50	39%	0%	\$7.22	31%	0%	Yes	5%
Nulato	Western	City of Nulato	\$5.40	0%	0%	\$5.75	4%	0%	No	
Nunapitchuk	Western	Nunapitchuk LTD.	\$6.59	22%	12%	\$6.54	19%	11%	Don't know	
Pilot Station	Western	Pilot Station Native Corporation	\$7.42	38%	0%	\$6.66	21%	-1%	Don't know	
Quinhagak	Western	Qanirtuuq Corporation	\$7.02	30%	-4%	\$6.22	13%	-3%	No	Shareholders get for \$5.24 and \$5.26/gallon
Russian Mission	Western	Russian Mission Corporation	\$6.15	14%	0%	\$6.05	10%	0%	Yes	Markup lower this year (DK how much)
Saint Michael	Western	Saint Michael Fuel Company	\$8.06	50%	0%	\$7.80	42%	0%	No	
Savoonga	Western	ANICA (Savoonga Native Store)	\$7.88	46%	0%	\$7.26	32%	3%	No	

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 CURRENT COMMUNITY CONDITIONS: FUEL PRICES ACROSS ALASKA, FEBRUARY 2009 UPDATE  
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Community	Region	Community Retailer: (entity selling fuel)	Heating Fuel #1 02/2009 Retail: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Heating Fuel Average (\$5.38*):	Percent +/- 11/2008 Retail: (selling price per gallon)	Gasoline 02/2009 Retail Price: (selling price per gallon - \$\$)	Percent (%) +/- Statewide Gasoline Average (\$5.51):	Percent +/- 6/2008 Retail: (selling price per gallon)	Reduced price?	Amount Price Reduced?
Scammon Bay	Western	Askinuk Corporation	\$7.04	31%	0%	\$6.93	26%	0%	No	
Shishmaref	Western	Shishmaref Native Store	\$7.91	47%	2%	\$7.54	37%	2%	No	
Sleetmute	Western	Henry Hill Store	\$7.75	44%	0%	\$7.70	40%	0%	No	Discount by volume
Stebbins	Western	Tapraq Fuel Company	\$7.99	49%	0%	\$7.71	40%	0%	No	Ration community members to 5 gal/day
Teller	Western	Teller Native Fuel Business	\$6.95	29%	0%	\$6.64	21%	0%	First year in business	As low as possible
Toksook Bay	Western	Nunakauiak Yupik Corporation	\$7.86	46%	0%	\$7.74	40%	0%	No	
Tuntutuliak	Western	Qinarmiut Corporation	\$6.86	28%	0%	\$6.60	20%	0%	Yes	Don't know (6%?)
Unalakleet	Western	Unalakleet Native Corporation	\$6.81	27%	0%	\$6.97	26%	0%	Yes	By less than a dollar
Upper Kalskag	Western	City of Upper Kalskag	\$6.50	21%	0%	\$6.50	18%	0%	No	

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Wales	Western	Wales Native Store	\$7.98	48%	0%	\$7.73	40%	0%	No	Tried to make as low as possible
White Mountain	Western	White Mountain Native Store	\$6.31	17%	1%	\$6.05	10%	0%	No	

\* Heating fuel average does not include North Slope Region communities, whose residential fuel is subsidized by the North Slope Borough.

\*\* Petro Alaska closed its Thorne Bay location in 2008. Heating fuel deliveries for Thorne Bay residents are now being provided by Petro Alaska in Craig.

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DIVISION OF COMMUNITY & REGIONAL AFFAIRS (DCRA), RESEARCH AND ANALYSIS SECTION  
ALASKA DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

FEBRUARY 2009



## Division of Community & Regional Affairs

Department of Commerce, Community, and Economic Development

Sarah Palin, Governor • Emil Notti, Commissioner • Tara Jollie, Director

**The Community Fuel Survey was conducted by the Alaska Department of Commerce, Community, and Economic Development, Division of Community & Regional Affairs (DCRA). If you have any questions or comments regarding the survey or this report, please contact:**

Brigitta Windisch-Cole, Research Analyst (907) 269-4521, [brigitta.windisch-cole@alaska.gov](mailto:brigitta.windisch-cole@alaska.gov)  
Ann Marbourg, Research Analyst (907) 465-4752, [ann.marbourg@alaska.gov](mailto:ann.marbourg@alaska.gov)

**Previous editions of *Current Community Conditions: Fuel Prices Across Alaska* may be found on DCRA's website:  
<http://commerce.alaska.gov/dcra/researchanalysis/RApublications.htm>**

**AVERAGE MONTHLY TEMPERATURES FOR BETHEL ALASKA**

**MARCH AND APRIL (1997 – 2008)**

**SOURCE: NATIONAL WEATHER SERVICE (2-24-09)**

<b>Year</b>	<b>March</b>	<b>April</b>
1997	8.3	33.9
1998	27.6	31.4
1999	19.5	25.3
2000	20.5	26.8
2001	13.5	29.1
2002	21.9	27.5
2003	15.5	33.2
2004	11.9	33.2
2005	18.5	20.9
2006	10.6	18.8
2007	2.3	35.7
2008	12.0	22.1

Submitted by the Office of Senator Lyman Hoffman  
Source: National Weather Service, Bethel Alaska  
Phone conversation – 2/24/09

Adopted  
3-11-09

26-LS0600\R  
Kane  
3/3/09

**CS FOR SENATE BILL NO. 116(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SIXTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**

**Referred:**

<b>Funding Information:</b>	<b>General Fund</b>	<b>\$</b>	<b>9,000,000</b>
	<b>Other Funds</b>		<b>-0-</b>
	<b>Total</b>	<b>\$</b>	<b>9,000,000</b>

**Sponsor(s): SENATE FINANCE COMMITTEE**

**A BILL**

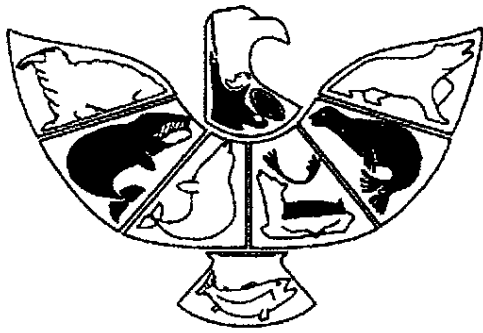
**FOR AN ACT ENTITLED**

1 **"An Act making a special appropriation for energy assistance for Alaska residents; and**  
 2 **providing for an effective date."**

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

4 **\* Section 1.** The sum of \$9,000,000 is appropriated from the general fund to the Department  
 5 of Health and Social Services, division of public assistance, for the heating assistance  
 6 program that administers federal assistance under 42 U.S.C. 8621 - 8629 (Low-Income Home  
 7 Energy Assistance Act of 1981) and the Alaska heating assistance program (AS 47.25.621)  
 8 for the fiscal year ending June 30, 2009.

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



# Alaska Native Health Board

1840 South Bragaw Street, Suite 220  
Anchorage, Alaska 99508

Phone: (907) 562-6006  
Fax: (907) 563-2001

Honorable Lyman Hoffman, Senate Finance Co-Chair  
Honorable Bert Stedman, Senate Finance Co-Chair  
Senate Finance Committee  
Alaska State Legislature  
Juneau, Alaska 99801

RE: Energy Assistance Need

Dear Co-Chairs Hoffman and Stedman and Members of the Senate Finance Committee:

The Alaska Native Health Board (ANHB) thanks the Senate Finance Committee for introducing and expresses support for SB 115 and SB 116.

ANHB represents 24 regional and village tribal health organizations that provide direct care services and programs to approximately 130,000 Alaska Natives and American Indians and to non-Native residents in most of the rural/remote villages in Alaska.

Village clinics and regional health organizations are experiencing extreme energy-related hardships with as a second year of high energy costs set in. As they struggling to balance budgets, many have had to cut direct patient services, reduce spending on medical supplies, and, in the worst instances, close clinics. I'll give you a few examples of these struggles.

- Maniilaq Association, which represents the hub village of Kotzebue and 11 surrounding villages, has seen fuel prices increase by 45%. The cost of electricity has increased 28%, along with office space rent. Maniilaq is estimating the increased cost in energy from last year to this year at \$2.1 million.
- Eastern Aleutian Tribes, Inc. represents eight remote villages along the Aleutian Chain and Whittier. Transportation fuel costs have risen more than 35%. As a result, many of their grants have spent 75% of their total budget in just the first eight months of the year. The Adak clinic has been open on an intermittent basis. It is one example of the impact high fuel and utility costs are having on direct patient services. The ability of the clinic to pay staff salaries has created retention and recruitment problems.
- Tyonek employs one Community Health Aide. Their energy costs have increased substantially, but they have been able to maintain clinic hours. However, they are experiencing rising supply costs due to freight charges causing changes to supplies orders.
- Bristol Bay Area Health Corporation (BBAHC) serves Dillingham and 34 villages in the area. BBAHC's village cost of living increases directly related to energy and fuel costs range from 206% to 376% above the Anchorage cost of living index. Facing their very first unbalanced budget, BBAHC recently laid off 18 employees and reduced hours for six employees. To

ALASKA NATIVE TRIBAL HEALTH CONSORTIUM  
ALEUTIAN/PRIIBILOF ISLANDS ASSOCIATION  
ARCTIC SLOPE NATIVE ASSOCIATION  
BRISTOL BAY AREA HEALTH CORPORATION  
CHUGACHMIUT  
COPPER RIVER NATIVE ASSOCIATION  
COUNCIL OF ATHABASCAN TRIBAL GOVERNMENTS  
EASTERN ALEUTIAN TRIBES

KARLUK IRA TRIBAL COUNCIL  
KENAITZE INDIAN TRIBE  
KETCHIKAN INDIAN COMMUNITY  
KODIAK AREA NATIVE ASSOCIATION  
METLAKATLA INDIAN COMMUNITY  
MT. SANFORD TRIBAL CONSORTIUM  
NATIVE VILLAGE OF EKLUKNA  
NATIVE VILLAGE OF TYONEK

NINILCHIK TRADITIONAL COUNCIL  
NORTON SOUND HEALTH CORPORATION  
SELDOVIA VILLAGE TRIBE  
SOUTHCENTRAL FOUNDATION  
SOUTHEAST ALASKA REGIONAL HEALTH CONSORTIUM  
TANANA CHIEFS CONFERENCE  
YUKON-KUSKOKWIM HEALTH CORPORATION  
VALDEZ NATIVE TRIBE

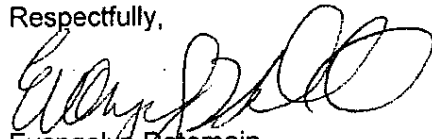
offset increased fuel and electricity costs experienced by village clinics, BBAHC increased Indian Health Service village lease payments by ten percent. Patient travel, medevac services, fuel oil and electricity combined are \$1 million above BBAHC's FY 2008 budget.

ANHB is also concerned about the toll high energy costs are taking on individual families. As households struggle with home heating and other energy costs, some families are deciding to close their homes and move in with relatives. Combining households means more people are living together in close quarters, raising public health issues. In these circumstances, the risk of spreading communicable diseases, including respiratory disease and skin infections, increases dramatically. Another concern is persons who are dependent on durable medical equipment (such as respirators) for chronic conditions are choosing to limit their hours of use because of high electric rates, which risks their health and, in the long run, puts the patient at risk for more invasive treatment.

Alaskans who live in rural/remote areas of the state count on the health systems in their communities for a complex array of health services. For most of rural Alaska, that is the tribal health system. As you consider energy assistance to the part of Alaska most challenged during high energy costs, we respectfully request you craft a solution that includes energy assistance for rural health facilities.

If we can provide any additional information or assistance please feel free to contact me at 907-562-6006 or via e-mail at edotomain@anhb.org.

Respectfully,



Evangelyn Dotomain  
President/CEO

Estimated Impact of \$9M Appropriation for Heating Assistance Programs<sup>1</sup>

Community	Avg. CHP <sup>2</sup>	Fuel Oil \$/Gal. <sup>3</sup>	Est. Avg. HH Award <sup>4</sup>	Est. # Gal.
Anchorage	5	2.68	\$285	106.3
Fairbanks	7	2.63	\$399	151.7
Juneau	5	4.07	\$285	70.0
Noorvik	26	7.50	\$1,482	197.6
Chitina	11	4.12	\$627	152.2
Togiak	14	5.87	\$798	135.9
Shismaref	29	7.75	\$1,653	213.3
New Stuyahok	16	6.34	\$912	143.8
Est. \$ per CHP <sup>5</sup>	\$57			

<sup>1</sup> Estimates show the impact on households participating in the state-operated heating assistance programs

<sup>2</sup> Avg. CHP - Average Community Heating Points based on 2009 ytd approved Heating Assistance Applications

<sup>3</sup> Fuel Oil Prices from DCRA "Current Community Conditions: Fuel Prices Across Alaska November 2008 Update"

<sup>4</sup> Est. Avg. HH Award - Estimated award for average household based on the average total number of Community Heating Points for the community multiplied by calculated dollar value per CHP

<sup>5</sup> \$57 is the estimated dollar per CHP based on the statewide average of CHP (8.5), the projected number of eligible households (13,000), and the amount of the appropriation available for the State heating assistance programs (\$6.3M)

Provided by the Department of Health and Social Services  
Submitted by the Office of Sen. Lyman Hoffman

# Alaska Heating Assistance Programs

From the Office of Sen. Lyman Hoffman  
March 9, 2009

- **Low Income Home Energy Assistance Program (LIHEAP)**
- **Alaska Heating Assistance Program (AKHAP)**

# Program Participants

- Program is statewide
- Directly serves 162 communities
- Through contracts with Native organizations serves 114 more communities
- Outside of tribal areas, 47% of households using the program live in 6 communities – Anchorage, Wasilla, Fairbanks, Palmer, North Pole, Homer

# Eligibility

- Resident of the State
- Living in the home in which the heating costs occur
- For LIHEAP have income (family of four) less than \$39,750
- For AkHAP have income (family of four) less than \$59,750
- For heating costs incurred from November 1<sup>st</sup> through April 30

# Program Mechanics

- Individual must apply on behalf of a household
- Household is assigned points based on application information
- Number of applications is estimated
- Based on state and federal appropriations and estimate of the number of applications, a dollar amount is assigned to each point
- Initial grant is made on behalf of household to vendor in community
- Supplemental assistance is provided if available

# Amount of Assistance

- Based on household points
- Fuel cost and climatic conditions
- Size and type of housing
- Household size and income
- If elderly, disabled or young children are in the household
- Federal and state appropriations

# Sample Calculation

- Based on application, household has 15 points.
- Based on available funds and estimate of total number of applications – each point is worth \$220.
- Applicant would receive \$3300
- Based on heating oil prices of \$6.50 per gallon user could purchase 507 gallons or 84 gallons per month
- Assuming each household uses 150 gallons per month, only 56 per cent of household's fuel needs are recognized by the program