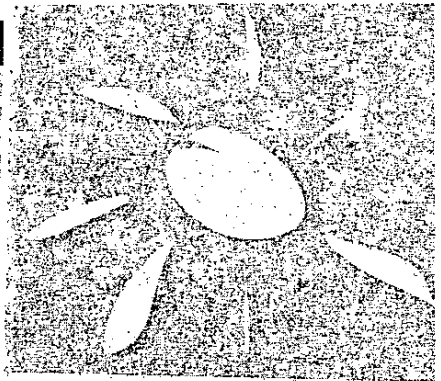


**3-01-09
Alaska Energy
Authority
Statewide
Report,
Dillingham
Testimony**

<target><bill></bill><subject>3-01-09 Alaska Energy Authority
Statewide Report, Dillingham
Testimony</subject><comm>HENE26</comm></target>

The Value of Alaska's Community Health Centers



Community Health Centers: Deliver High Quality, Cost-Effective Access for Alaska

Health Value

- Open to all regardless of insurance status or ability to pay
- High quality care by highly qualified providers
- Positive health outcomes for individuals, communities and Alaska



Societal Value

- Health care homes for those who otherwise would not have one
- Individual responsibility fostered via case management and sliding fee scale
- Promote healthy and productive communities



Economic Value

- 41% lower medical costs for CHC patients compared to patients seen elsewhere, according to national studies
- 10-33% lower Medicaid expenditures estimated for patients who use CHCs as medical homes, according to studies in other states
- Reduced ER use for non-urgent care
- Alaska's CHCs generate \$145 million annually in economic benefits

- Community board governed
 - 51% of board are patients
 - Not-for-profit organizations
 - Local governments or
 - Tribal organizations

CHCs are open to all regardless of insurance status or ability to pay

- Offer sliding fee scale to those without coverage or with inadequate coverage
- Accept Medicare
- Accept Medicaid
- Accept private insurance

The CHC network in Alaska is statewide

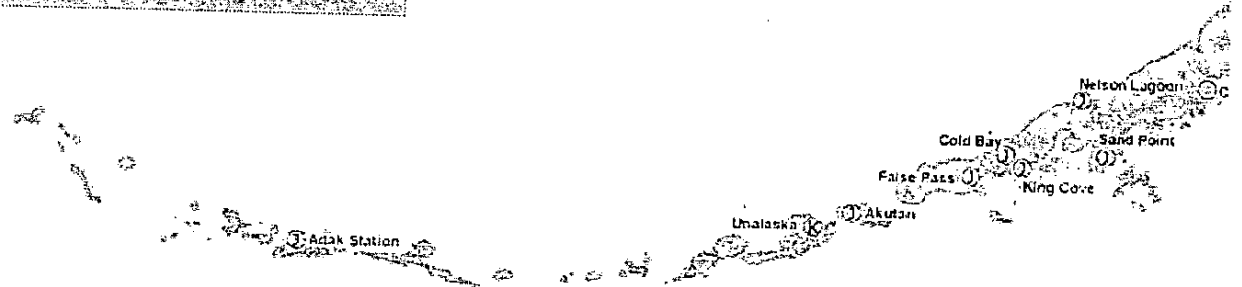
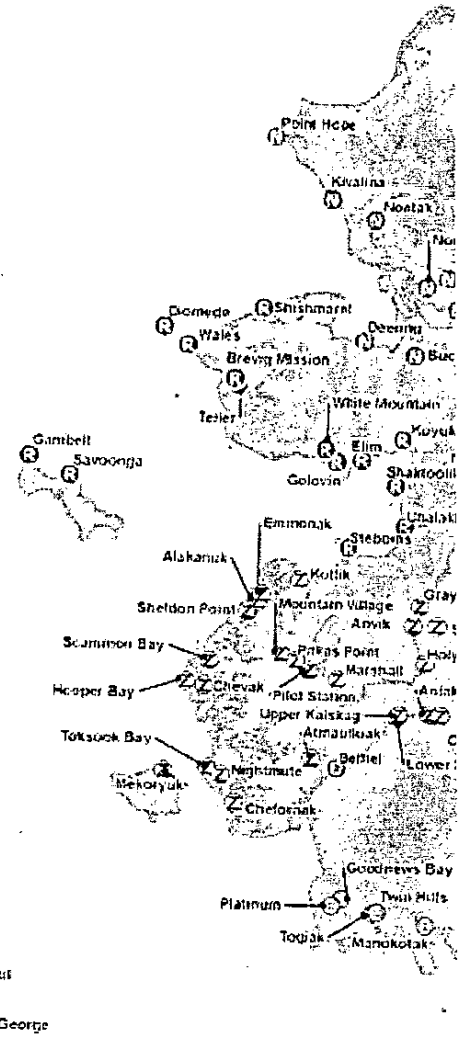
- 26 CHCs
- 141 clinic delivery sites
- 80,000+ patients
- 331,000 patient visits
- 900+ clinic employees

CHCs have received the highest rating possible for cost effectiveness, quality, and efficiency at expectmore.gov by the U.S. Office of Management and Budget.

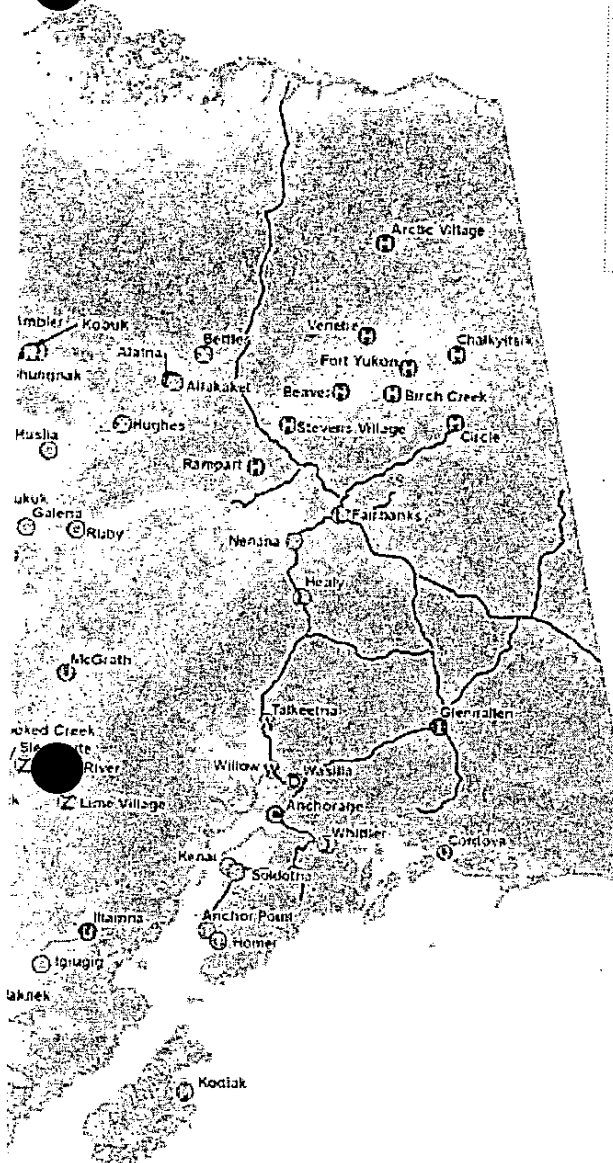
CHC in Alaska served 80,000+ patients in 2018

CHC Delivery Sites in Alaska

- Ⓐ Alaska Island Community Services
- Ⓑ Aleutian Pribilof Islands Association
- Ⓒ Anchorage Neighborhood Health Center
- Ⓓ Bethel Family Clinic
- Ⓔ Bristol Bay Area Health Corporation
- Ⓕ Bristol Bay Borough
- Ⓖ City of Galena
- Ⓗ Council of Athabascan Tribal Governments
- Ⓘ Cross Road Medical Center
- Ⓚ Eastern Aleutian Tribes
- Ⓛ Illiulik Family & Health Services
- Ⓜ Interior Community Health Center
- Ⓝ Kodiak Community Health Center
- Ⓟ Maniilaq Association
- Ⓠ Mat-Su Health Services
- Ⓡ Municipality of Skagway
- Ⓢ Native Village of Eyak
- Ⓣ Norton Sound Health Corporation
- Ⓤ Peninsula Community Health Services of Alaska
- Ⓡ Seldovia Village Tribe
- Ⓟ Southcentral Foundation
- Ⓡ SouthEast Alaska Regional Health Consortium
- Ⓡ Sunshine Community Health Center
- Ⓡ Tanana Chiefs Conference
- Ⓡ Yakutat Tlingit Tribe
- Ⓡ Yukon Kuskokwim Health Corporation



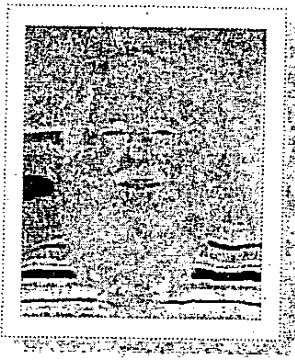
Providing Primary Care Statewide



75% of patients served statewide at CHCs are uninsured. Some CHCs report uninsured as high as 92%.



83% of the 714,000 uninsured Alaskans are from working families.



*"I wish I could urge you enough to see these Health Centers in Alaska...they can be an answer to your prayers"
Edk. Alaskan CHC patient*



Primary care is the affordable gateway to maintaining good health and achieving better health. CHCs are cost-effective, high quality primary care homes or "health care homes" offering comprehensive, patient-centered services.

The infrastructure of CHCs throughout Alaska (26 CHCs with 141 clinic sites) is positioned to improve the health outcomes of our residents to an even greater degree than has already occurred.

"Alaska should recognize the valuable resource the CHCs are to communities and commit to supporting and strengthening this excellent source of primary care."

How are CHCs Ideal "Health Care Homes"?

- **Comprehensive Services:** CHCs offer case management, prevention services, education, community outreach, and pharmacy services in addition to regular primary care services which include basic medical, dental, and behavioral health care.
- **Patient-Centered:** The patient is encouraged to play a central and responsible role working toward better health.
- **Caring Providers:** CHCs providers are mission-oriented, working to improve the lives and communities they serve. They care about their patients and treat each as a unique and whole person. The CHC providers typically earn less than their counterparts in the private sector.

Basic Medical Care
Basic Dental Care
+ Basic Behavioral Health Care

Primary Care

Cost-effective & Quality Basic Medical Care
Cost-effective & Quality Basic Dental Care
+ Cost-effective & Quality Basic Behavioral Health Care

CHCs are Ideal Health Care Homes

"Health Care Homes" Do It Right

1. Access

- CHCs surmount financial, geographic, language, and cultural barriers to increase access for medically underserved populations and areas.
- CHCs provide access to health care for low-income working families, seniors, the disabled, the non-English speaking, veterans, uninsured and others who would otherwise not have access to care.

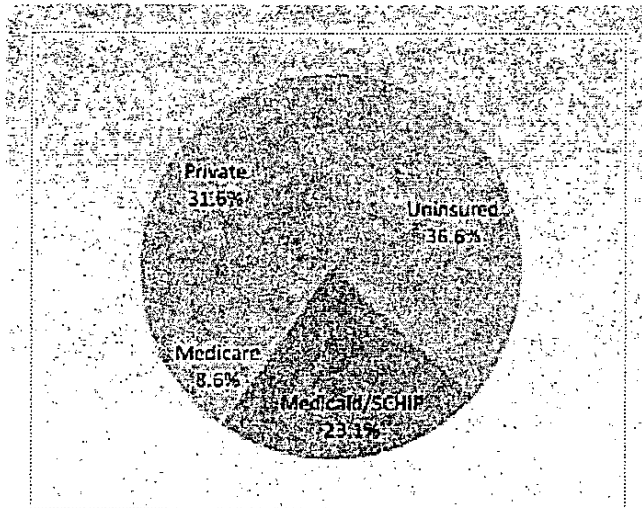
2. Cost

- Medicaid patients seen at CHCs save Medicaid, according to national data
 - Lowest total health care costs
 - Lowest cost per ambulatory visit
 - Lowest rate of hospital inpatient days
 - Lowest inpatient costs compared to Medicaid patients seen elsewhere
 - 22% less likelihood of hospitalization for avoidable conditions
- 41% lower medical costs than patients seen elsewhere, according to national data
- Reduction in unnecessary ER use saves high uncompensated care costs

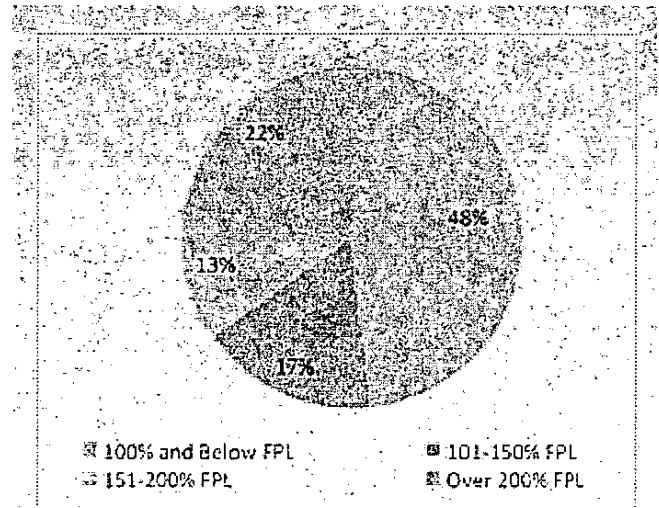
3. Quality

- Lower incidence of chronic disease and disability in communities with a CHC
- High patient satisfaction
- Improved screening rate and outcomes and reduced health disparities due to quality improvement initiatives

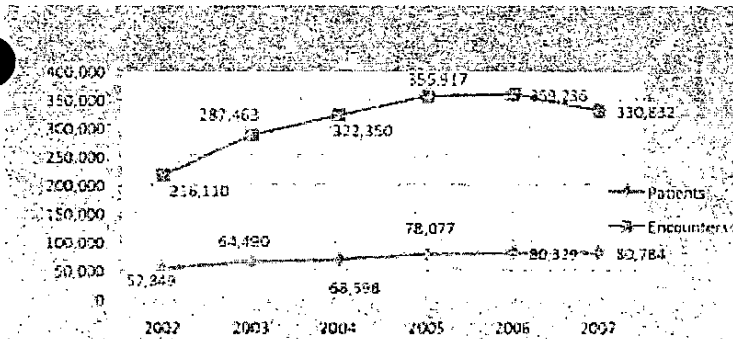
Most Alaska CHC Patients are Uninsured or Publicly Insured



Most Alaska CHC Patients are Low Income



CHC Patients & Encounters



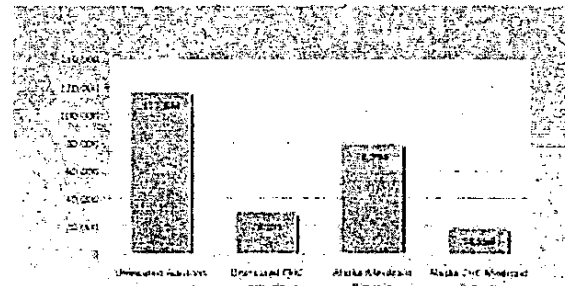
The number of CHC patients has steadily grown; 37% are uninsured and the majority have incomes less than 200% FPL.*

*Some CHCs report uninsured as high as 62%.

Potential to Help Alaska More



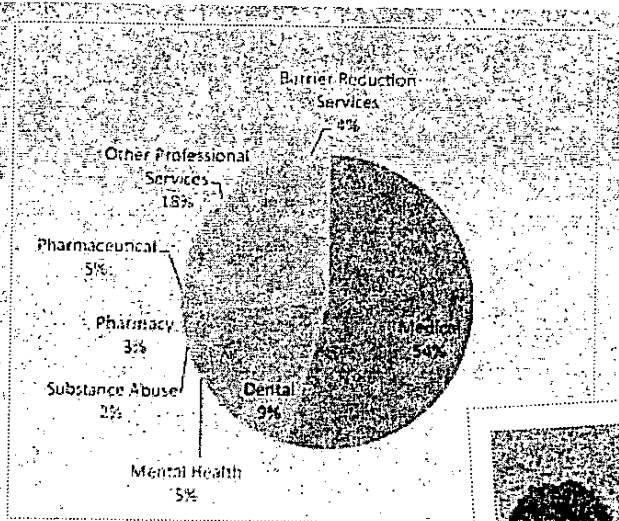
CHCs are reaching some of Alaska's uninsured and Medicaid populations but could provide access cost-effectively to more in these two groups with state support.



CHCs are reaching some of Alaska's uninsured and Medicaid populations but could do more to provide access cost-effectively to these two groups.

Changing Costs and Revenues

2007 Cost Per Encounter



Total Cost of Services

| Year | Total Cost of Services |
|------|------------------------|
| 2007 | 100,158,465 |
| 2006 | 96,351,500 |
| 2005 | 96,311,593 |
| 2004 | 86,673,573 |
| 2003 | 77,237,105 |



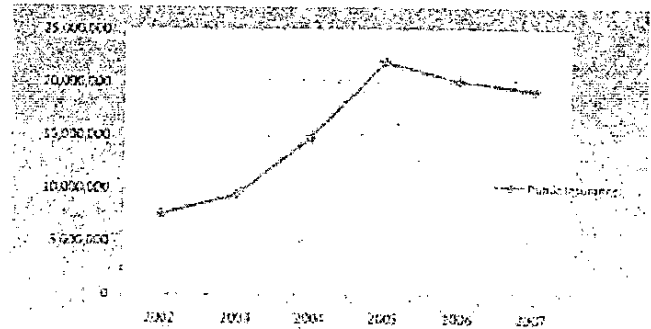
CHCs operate as efficient businesses and make every penny count.*

CHCs are adept at stretching the dollar.

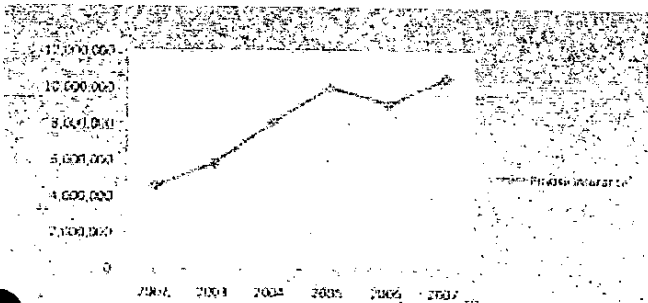
Self Pay



Public Insurance



Private Insurance



Federal HRSA Grant



Why is help necessary?

The nationwide shortage of qualified candidates, the harsh conditions of Alaska, and the "on-the-edge" financial condition of many small Alaskan clinics makes it difficult for Alaska to compete in the hiring market.

When practicing in medically underserved areas in Alaska, a unique skill set is necessary, as well as the right type of personality, to flourish and find satisfaction in the work environment and local community.

Incentives are key

Relocation, site visit, housing assistance and signing bonuses will offer needed hiring and retaining incentives. Partial reimbursement of recruitment costs (for locum tenens, advertising, new provider training, etc.) will redirect those funds currently being used back to direct patient care where they belong.



Difficulties in attracting qualified candidates:

- Geographic, personal and professional isolation
- Housing cost and availability
- Limited school options for children
- Spousal and family opinion
- Lack of amenities



Alaska can reverse the trend

The health care workforce problem for CHCs and other safety net providers is significant, ongoing, and growing, undercutting the providers' full potential to provide primary care access.

State support to strengthen recruitment and retention efforts will reverse this trend and positively impact the overall health care system in Alaska. Only an innovative and comprehensive program that focuses on developing a retention culture will be successful. The proposed solutions outlined in the charts on the following page meet these guidelines as well as takes into account the various barriers specific to recruitment and retention in Alaska.

In developing the concept for state support, Alaska's Community Health Centers were consulted and asked, "What would best help you in the recruiting effort?"

*Local Workforce Recruitment and Retention Assistance
Operating Request Summary*

Note: Each of the 26 CHCs may receive up to \$57,692 (minus administrative fees) for their choice of scholarships from the following areas:

- Signing Bonus Reimbursement (capped at \$10,000 each)
- Relocation Assistance Program (capped at \$10,000 each)
- Recruitment Cost Reimbursement Program (capped at \$10,000 each)
- Housing Assistance Program (capped at \$12,000 each)
- Site Visit Assistance for Providers and Spouses (capped at \$3000 each)

| | |
|---|--------------------|
| Local Workforce Recruitment and Retention Assistance | \$1,500,000 |
| 26 Community Health Centers (141 sites) | |

How will Alaska benefit from this local workforce investment?

- ☑ More primary care providers more evenly distributed across state
- ☑ Expected minimum recruitment outcome: 1 provider per CHC for a total of 26 hired providers
- ☑ Increased access
 - ☑ Increased access may translate as more patients receiving care
 - ☑ Increased access may also translate (particularly in small communities with limited populations) as more services, adequate number of patient visits, and improved and appropriate quality of care for existing patients.
- ☑ Improved health outcomes statewide
- ☑ Economic boost to communities (a primary care rural physician generates 23 jobs, \$889,000 in wages, salaries, and benefits, and a total revenue of \$1.5 million)

*HR Infrastructure Project for CHCs
Capital Request Summary*

Note: The one-time appropriation to the Alaska Primary Care Association would be used to develop Alaska-specific recruitment/retention tools for long-term use and technical assistance for 26 non-profit CHCs. Tools to be developed will include a recruitment/retention training curriculum for HR staff at CHCs, a recruitment toolkit, and a candidate profile assessment.

| | |
|--|------------------|
| HR Infrastructure Project for CHCs | \$120,000 |
| 26 Community Health Centers (141 sites) | |



ALASKA PRIMARY CARE ASSOCIATION

"Providing technical assistance and services to help safety net providers offer quality care to more patients for less"

Alaska Primary Care Association Contacts

Marilyn Walsh Kasmar
Executive Director
(907) 929-2725
Marilyn@alaskapca.org

Shelley Hughes
Government Affairs Director
(907) 929-2728
Shelley@alaskapca.org

Regan Mattingly
State Affairs Coordinator
(907) 929-8115
Regan@alaskapca.org

2009 Alaska Primary Care Association Board of Directors

Sonia Handforth-Kome,
Board President
Executive Director
Iliuliuk Family and Health Services
Unalaska, Alaska

André Hines, Board Vice President
CEO
Cross Road Medical Center
Glennallen, Alaska

Cheryl Kilgore, Board Secretary
Executive Director
Interior Community Health Center
Fairbanks, Alaska

Cindy Baldwin-Kitka,
Board Treasurer
HRSA Manager & Business
Specialist
SouthEast Alaska Regional Health
Consortium
Sitka, Alaska

Robert Clark
Executive Director
Bristol Bay Area Health Corporation
Dillingham, Alaska

Joe Klejka MD
Medical Director
Yukon Kuskokwim Health
Corporation
Bethel, Alaska

Tony Lazenby
Purchasing/Facilities Director
Anchorage Neighborhood Health
Center
Anchorage, Alaska

Mary Loeb, MD
Sunshine Community Health Center
Talkeetna, Alaska

Beckie Noble, MS, ANP
Health Center Director
Seldovia Village Tribe Health Center
Homer, Alaska

Matthew Rogers, PA-C
Clinical Director
Tanana Chiefs Conference
Community Health Center
Fairbanks, Alaska

The Alaska Primary Care Association (APCA) is a not-for-profit membership organization founded in 1995 working to promote, expand and optimize primary care access so that all Alaskans will have that access, including the underserved. The 50 APCA members include safety net primary care providers, such as Community Health Centers (CHCs), rural health clinics, Native health corporations, community clinics, and others with a similar mission.

The APCA, with staff and contractors and an annual budget of \$1.4 million, provides vital services and technical assistance to support members in offering quality, cost-effective care—so they can serve more patients for less. The APCA also assists communities in accessing grant funds for CHCs, providing support and technical assistance as they establish and grow.

Statistical and other data used in this brochure are from the National Association of Community Health Centers, www.nachc.com/research, the Alaska Primary Care Association, and other state and national studies. For specific references, resources or other information, contact Shelley Hughes, Government Affairs Director, 907-929-2728, Shelley@alaskapca.org, or Regan Mattingly, State Affairs Coordinator, 907-929-8115, Regan@alaskapca.org.

Detailed budget documents are available upon request at 907.929.2722 or info@alaskapca.org.

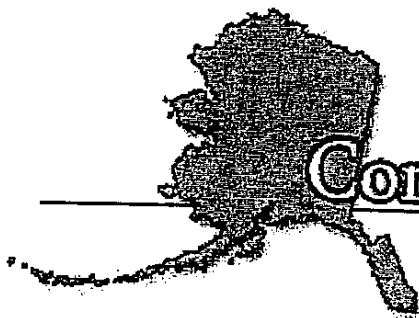
Alaska Primary Care Association, 903 West Northern Lights Blvd., Suite 200, Anchorage, Alaska 99503
Phone: 907.929.2722, Fax: 907.929.2734, info@alaskapca.org, www.alaskapca.org

Robert Clark

From: Jason Metrokin [jmetrokin@BBNC.NET]
Sent: Thursday, February 26, 2009 1:27 PM
To: Robert Clark; Ralph Andersen; sockeye1@nushtel.net; DMcClure@bbha.org
Cc: Joe Chythlook
Subject: FW: Alaska Delegation Urges Transportation Security Administration to Postpone Large Aircraft Screening Program
Attachments: 022509_-_Delegation_LASP_Letter.pdf

Jason Metrokin
President & CEO
Bristol Bay Native Corporation
111 W 16th Ave., Suite 400
Anchorage, AK 99501
(907) 278-3602
www.bbnc.net

From: Sumner, Robert (Murkowski) [mailto:Robert_Sumner@murkowski.senate.gov] **On Behalf Of** Press Office (Murkowski)
Sent: Wednesday, February 25, 2009 1:57 PM
Subject: Alaska Delegation Urges Transportation Security Administration to Postpone Large Aircraft Screening Program



Alaska Congressional Delegation

Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young

Michael Brumas
Senator Murkowski
(202) 224-9301

Julie Hasquet
Senator Begich
(907) 271-5915

Meredith M. Kenny
Congressman Young
(202) 225-5765

Alaska Delegation Urges Transportation Security Administration to Postpone Large Aircraft Screening Program

Washington, D.C. – Alaska's congressional delegation today asked the Transportation Security Administration (TSA) to postpone a proposed Large Aircraft Screening Program (LASP) that would burden many Alaskan communities with high costs and reduced or completely eliminated aviation services.

The delegation is concerned that the proposed requirements would dramatically impact many Alaskan communities that are only accessible by air. Specifically, under the proposed program, "large" aircraft would be defined as an aircraft with a maximum takeoff weight of 12,500 pounds. This would include a number of aircraft commonly used in Alaska, including some King Airs, Beachcraft 1900s and Casa 212s.

In a letter to Secretary of Homeland Security Janet Napolitano, the delegation also questioned whether the level of security threats in Alaska warranted such stringent new screening measures.

"We cannot destroy the aviation industry in Alaska with ridiculous regulations, especially without any showing of a serious threat. Further, we must remain vigilant as the TSA has made it clear they would like to impose further regulations on small aircraft," said Senator Lisa Murkowski, R-Alaska. "This program will create unnecessary and costly mandates on Alaska communities which many cannot afford."

"TSA clearly does not understand the huge economic burden this will place on rural Alaska communities and many Alaska air carriers," Sen. Mark Begich, D-Alaska, said. "I cannot support this rule until significant changes are made to address our concerns."

"While I understand the concerns of the TSA, this is not and cannot be a 'one size fits all' rule," said Rep. Don Young, R-Alaska. "Alaskans face many unique challenges including an insufficient road system that forces frequent air travel around the state. These challenges need to be considered when applying a blanket rule, and I sincerely encourage TSA to address the concerns of the State of Alaska and reconsider their stance on this issue."

The delegation also requested that the TSA convene a public hearing in Alaska before moving forward on the proposed screening measures.

"Alaska will be uniquely impacted by this plan," the delegation said. "Many of our rural communities rely on aircraft covered by the proposed rules for essential passenger, freight and emergency services. Unfortunately, the public meetings held on this rule were located in urban areas far from Alaska, preventing many of our constituents from having the opportunity to address the effects this rule would have on our way of life."

Additional provisions of the LASP plan include:

- Fingerprinting and background checks for flight crews;
- Watch-list matching of passengers before flights;
- Creation of a security program that includes checking for unauthorized persons and prohibited items;
- Creation of a security program for any airport that regularly serves large aircraft with scheduled or charter service.

"Many of these communities lack airport personnel, local law enforcement or even the ability to issue a photo ID cards," the letter said. "While the TSA suggests the public should think of the cost as \$44 per flight, the upfront costs on small communities could be enormous. The State of Alaska estimates compliance could cost \$400,000 per community."

###

Robert J. Sumner
Deputy Press Secretary
United States Senator Lisa Murkowski for Alaska
709 Hart Senate Office Building
Washington, D.C. 20510
(202) 224-8069 - Direct
(202) 821-3966 - Mobile
robert_sumner@murkowski.senate.gov

Robert Clark

From: Jason Metrokin [jmetrokin@BBNC.NET]
Sent: Thursday, February 26, 2009 8:46 AM
To: Robert Clark; Ralph Andersen; DMcClure@bbha.org; sockeye1@nushtel.net
Cc: Chythlook, Joseph L (DFG); April Ferguson
Subject: TSA Letter
Attachments: TSA Opposition Letter2.25.09.pdf

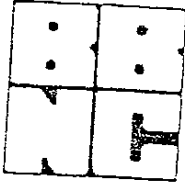
BBNC is submitting our letter of opposition to the proposed TSA regulation changes today. The deadline for submittal is tomorrow, 2/27/09.

Please feel free to use our letter as a template should you choose to follow suit. Jason

<http://www.regulations.gov/fdmspublic/component/main?main=DocketDetail&d=TSA-2008-0021>

Jason Metrokin
President & CEO
Bristol Bay Native Corporation
111 W 16th Ave., Suite 400
Anchorage, AK 99501
(907) 278-3602
www.bbnc.net

Confidentiality Notice: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient(s), please contact the sender by reply e-mail and destroy all copies of the original message.



Bristol Bay Native Corporation

Enriching Our Native Way of Life

111 West 16th Avenue, Suite 400 / Anchorage, Alaska 99501 / (907) 278-3602 / Fax (907) 276-3924
February 25, 2009

Docket Management Facility
U.S. Department of Transportation,
1200 New Jersey Avenue SE
West Building Ground Floor
Room W12-140
Washington, DC 20590-0001

Re: Comments to proposed regulation changes by Department of Homeland Security
Transportation Security Administration (TSA) to 49 CFR on Large Aircraft Security Program,
Other Aircraft Operator Security Program, and Airport Operator Security Program [Docket No.
TSA-2008-0021

Dear Sir or Madam:

Bristol Bay Native Corporation very strongly objects to the Department of Homeland Security Transportation Security's proposed Large Aircraft Security Program. The aviation industry is vital to the economic stability of Alaska. Because of the impracticability of implementation and the devastating effect the proposed regulations would have in rural Alaska, in addition to the unlikely improvement in general aviation security, we write to voice our concern and opposition to the proposed regulations.

Formed under the Alaska Native Claims Settlement Act, Bristol Bay Native Corporation (BBNC) is a diversified holding company, with approximately 8,400 shareholders of Eskimo, Indian, and Aleut descent. Located approximately 285 miles southwest of Anchorage, Bristol Bay is inaccessible by road. BBNC holds title to roughly 3 million acres of land in the 34 million acre Bristol Bay region.

Thus, aviation is the lifeline of the region and of the state of Alaska. For most residents, the main mode of transportation in and out of the villages is by airplane. Fuel, supplies, groceries, and basic necessities are flown in from larger communities such as Anchorage. One-third of the world's sockeye salmon is exported from our region, much of which is exported by plane. When aviation costs increase, as they did in the past year with rising fuel costs, overall living costs increase dramatically. The fishing industry suffers because of lower demand and jobs are lost. In a strong and direct correlation with aviation costs, the costs of general transportation, groceries, heating fuel, merchandise, and utilities rise considerably.

We are concerned that TSA's proposed regulations would create a significant and unbearable operational and economic burden on aircraft operators and local, state, and tribal governments. The estimated implementation cost of \$190 billion, broken down to roughly \$190,000 per plane, will cripple all but the largest carriers and leave many communities in our region and across

Impact of High Energy Costs to Community Health Centers

Paying for high energy costs is diverting funds from direct patient care at the 26 Community Health Centers (CHCs) across the state and the 141 clinic sites they operate, thus reducing Alaskans' access to primary care (basic medical, dental and behavioral health services).

A survey of Alaska's CHC Executive Directors conducted in October of 2008 by the Alaska Primary Care Association indicated that they have developed contingency plans as they work to keep their doors open. Some clinics have reduced or are planning to reduce provider hours or have shortened or are planning to shorten clinic hours. Not filling vacancies until the situation is alleviated is another option. Some plan to close off parts of their building if needed; all are working to conserve energy.

The following chart is provided to show how a vacancy left unfilled due to budget constraints because of high energy costs reduces the number of patient encounters for physicians, nurse practitioners, and physician assistants

| Community Type: | AvgEncountersPerMD | AvgEncountersPerNP | AvgEncountersPerPA |
|-----------------|--------------------|--------------------|--------------------|
| F | 1537 | 898 | 1444 |
| L | 2707 | 2366 | 2150 |
| R | 2655 | 1933 | 1783 |
| U | 3639 | 3554 | 2313 |

KEY:

- F = frontier small <2000 population
- L = larger than 2000 population, frontier
- R = on road system
- U = urban

U.S. Department of Health and Human Services, HRSA. Bureau of Primary Health Care Section 330 Grantees Uniform Data System (UDS) Calendar Year 2005 Data Alaska Rollup Report. Calendar Year 2005.

In frontier Alaska, one provider position not filled because of high energy costs translates into between 898 and 2707 fewer patient visits at a clinic in year. In communities on the road system, the range is between 1783 and 2655 fewer patient visits. In urban areas, the reduction in patient visits is between 2313 and 3639.

This same chart can be used to calculate the impact of reduced clinic hours. A clinic reducing hours by 25% will reduce the number of patient visits by 25% by all provider types in a particular clinic. As an example, a clinic with one physician, one nurse practitioner, and one physician assistant cutting back its hours by 25% in a frontier community of over 2000, would conduct 1807 fewer patient visits.

Reduced hours and/or unfilled positions due to high energy costs impact clinic revenues and community economies. See the information below as an example.

IMPACT OF RURAL PHYSICIAN

23 ← Jobs

\$899,000 ← Wages, Salaries & Benefits

\$1,533,000 ← Total Revenue

Source: Gerald Doeksen (Nat'l Center for Rural Health Works) "Making the Link to Economic Impact & Workforce Development" (at: Rural Health Workforce Trends Conference, Phoenix, AZ; Mar 4-6, 2008)

Robert Clark

From: Robert Clark
Sent: Saturday, February 28, 2009 3:01 PM
To: BBAHC Board DL
Cc: Robert Clark
Subject: Bristol Bay Area Health Corporation concerns

This is a supplement to my three pages of input on BBAHC energy concerns.

My board just finished up our scheduled 2/23-27 meeting by extending for another day to the 28th due to weather and items needing to be discussed.

At our meetings on behalf of our 34 member villages we give our members the opportunity to tell us how we may assist them with concerns in their villages.

A few items that came up at this meeting that you or members of the State Administration might be able to help were—

---Twin Hills--- They have a very inadequate and old water/sewer system and due there small size they have not been able to get high on any list to adequately get their system fixed.

They were able to get a new power generator to replace the old inadequate one and have it rebuilt as a standby plant. However, the electrical system was put in by lay people

And there is a concern problems are likely as a certified professional has not set up their distribution system. Same for homes. It is village owned. Any grants or help?

---Levelock---The village has a bad erosion problem. Homes and other items have had to continually be moved back from the river bank. What help can you provide?

---South Naknek---The village needs help getting their water/sewer system functioning properly. Need to get help with easements. Need the sewer outfall pipe fixed as it goes into the Naknek River

where people fish. If not completed in time the grant funding might lapse without the problems being fixed.

---Newhalen---Village needs a fire truck. There is no equipment to assist with fires. Hauling water or shoveling snow is not adequate. Both Newhalen and Iliamna need a source of funds to renovate/upgrade their

Clinics as local facilities that tie into the Sub Regional Clinic.

---Ekwok--- Does not want to be left out or their being on the list to get a new Village Built Clinic that has for the most part come through Denali Commission funding. Hopefully adequate lease funds become

Available for fuel and electricity.. See Resolution re. costs.

---This is but a small sample of needs in some of our villages.

---Assistance maybe through the AEA or...? Is needed on the most efficient heating and electrical sources for all our villages, BBAHC works with 29 village clinics and the costs are quite high these past couple years.

---Attached is a Resolution that the State's help is needed on opposing the TSA proposed regulations for Large Aircraft Security Program. Many Statewide are in opposition as well as our Congressional Delegation.

It is perhaps well intended, but not practicable for Bush Alaska. I also attach the Alaska Congressional Delegation and BBNC letter on this topic.

---Bristol Bay is the recipient of Four Community Health Centers. We work with the Alaska Primary Care Association and support their Energy cost concerns that have been shared with the Legislature and

Administration. See attachment on---Impact of High Energy Costs to Community Health Centers, and their What is a Community Health Center document.

1110
---BBAHC has submitted what we feel are SHOVEL READY projects for consideration to the congress and legislature/administration. Any help would be appreciated. We are available to answer any questions

in person, over the phone, via e-mail, or video conferencing in order to help explain our needs . We feel we can provide for the recurring operations if funded. Our project are quite basic and would assist our 34 member villages. They are—1. Prenatal Housing & Village Out Patient Boarders Quarters; 2. Out Patient Expansion to our Regional Kananak Hospital; 3. CT Scan Remodel/Addition; 4. New Dental Clinic; 5. New Water Treatment Plant w/Water Tower and Stabilization Pond; 6. Village EHR Implementation ; 7. Video Telehealth Upgrade.

If you have not toured our Hospital and our Campus/Compound, we are approximately 6 miles from downtown Dillingham and are like a village to ourselves with our own infrastructure to if need be , operate on our own with some upgrading and adjustments . We spend more on fuel and electricity than most of our villages—approximately\$3,157,000.per year, with our biggest jump happeng in the past couple years.

We are where Dillingham used to be before it moved to its present location. We have our own water and sewer system as the city largely only provides for the downtown area. If we had bulk fuel capability to get fuel cheaper than purchasing it locally, we probably could generate out own power (with an upgrade to our generators) much cheaper than purchasing it locally, particularly if we put up alternative energy options (wind—we are at a level 3 and possibly might get more capability if we moved the wind mills further south per AEA maps)which we are looking at. We could do a co- generation effort with our boiler plant and do waste heat recycling. This could save the hospital funding to stabilize and hopefully grow to serve our 34 villages. As it is now we have had to cut services to account largely for high energy costs at lest for now somewhat out of our control .We believe with an analysis on our ideas we can make it work and help our regions hospital and 29 village clinics be more viable.

Thank you for the opportunity to provide information. My staff and I are happy to discuss our needs in more dept anytime we can get together.

Sincerely,

Robert Clark
President/CEO
Bristol Bay Area Health Corporation
PO Box 130
Dillingham, Alaska 99576

Good afternoon. I'm Robert Clark, President and CEO of Bristol Bay Area Health Corporation. Thank you for coming to Dillingham and listening to our concerns about energy costs and how those energy costs are affecting our local economy.

Bristol Bay Area Health Corporation provides health care services to approximately 8,000 citizens living in thirty-four villages spread over 40,000 square miles. We provide these health care services through a network of twenty-eight village clinics and Kakanak Hospital in Dillingham. Since none of our villages are on a road system all seriously ill and injured patients must fly to Dillingham for medical intervention. And if the required treatment is beyond the capabilities of Kakanak Hospital, the patients are flown to Anchorage. Any increase in transportation costs will have an adverse effect on our patient care system. In FY 2008 BBAHC spent a little over \$1,000,000 on patient travel. We estimate this year's patient travel budget will increase by \$180,000.

Bristol Bay Area Health Corporation is the largest year-round employer in the region. I mention this to emphasize that if BBAHC is forced to reduce health care services we must also reduce our work force. The Health Corporation has employees in twenty-nine of the thirty-four Bristol Bay Region villages. In FY 2008 BBAHC paid over twenty-million dollars in wages to over four-hundred employees. BBAHC budgetary constraints will not only affect the level of health care delivered to each village but may also have a direct adverse effect on local village economies.

BBAHC has seen a drastic increase in energy costs this year. Our FY 2009 estimated electricity cost will be \$935,000, and increase of \$283,000. Our heating fuel cost is showing a more drastic change; an estimated \$454,000 increase from last year.

| <u>BUDGET ITEM</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|--------------------|----------------|----------------|
| Electricity | \$ 652,740 | \$ 935,000 |
| Heating Fuel | \$ 514,201 | \$ 968,000 |
| Patient Travel | \$1,074,000 | \$1,254,000 |

Increased energy costs also drive up the costs of most of our supplies and medications. Not only have the costs of the merchandise increased but we also have to pay higher shipping costs.

This year BBAHC is facing a deficit budget for the first time. If expenses continue at the estimated levels the Corporation will have a loss of close to \$1,000,000 for FY 2009. As noted above costs directly related to increases in energy costs represent at least \$900,000 of the deficit.

We also need to discuss the costs of energy in our villages. Maintenance and utilities costs of village clinics are the responsibility of the village. Increased fuel costs and electricity costs are causing hardship in the villages. We need some program for village relief other than Venezuelan President Chavez's charity program. Not only are village clinics at risk because of high energy costs, but the basic need of adequate shelter and food are threatened when the costs of heating burns up most of a family's income.

There are many possible solutions and I'm sure our legislative representatives have considered most of them.

Power Cost Equalization Program (PCE)

- Please consider expanding PCE to schools and clinics. Most schools, like our medical facilities, are on a "fixed" income. Annual budgets are based on known appropriations from governmental sources, so unexpected expense increases often lead to curtailment of services or reduction in the workforce.
- Look into why some villages are not eligible for PCE and find a way to include all power producers in the program.
- This is admittedly only offers short-term relief. It does nothing to reduce use of fossil fuels.

Renewable Energy

- Continue to fund wind, tidal, solar and geothermal projects.
- Find a way to fund individual household projects.
- Enact legislation requiring local electrical utilities to purchase excess electricity produced by individuals. The current House

bills allow exemptions and discourage large customers from investing in alternative energy projects by allowing local utilities to limit the amount of net metering.

Nuclear-powered Electrical Generation Systems

- Small nuclear reactors seem to offer an attractive cost-efficient alternative to diesel-powered electricity production. Our local utility ^{we understand} spends approximately six million dollars each year on diesel fuel. A ten megawatt nuclear reactor-powered system would provide more than enough electricity for the utility for the initial costs of about twenty-six million dollars. Diesel fuel for the same period of time would cost at least one-hundred-eighty million dollars.
- If grants were available to install these small reactors then the positive effect of cheap electricity on local economies would be enormous.
 - o Electricity could be provided for \$0.12 - \$0.15 per kilowatt hour; maybe for less
 - o Family homes could be converted to electric heat
 - o Local industry could expand
 - o Reliance on fossil fuels would diminish

In the short-term rural Alaska needs some relief from exorbitant fuel costs. Nobody has given us a reasonable explanation of why we pay over \$6.50 per gallon for gasoline in Dillingham when the urban areas pay fifty percent less. The recent state "investigation" only confused matters more.

To quote a local citizen, "We pay more because we have no choice."

Ekwok Village Council
P.O. Box 70
Ekwok, Alaska 99580
Phone: (907) 464-3336 Fax: (907) 464-3378

RESOLUTION 345-08

A RESOLUTION SUPPORTING INCREASED IHS FUNDING FOR THE
VILLAGE BUILT CLINIC LEASING PROGRAM

- WHEREAS: In 1969 the Indian Health Service (IHS) obtained authorization and funding to initiate a Village Built Clinic (VBC) leasing program to meet the need for health facilities in isolated Alaska villages, some of which are as far as 1,300 miles from the nearest regional health centers; and,
- WHEREAS: The VBC leasing program is available only to village clinics in which a Community Health Aide / Itinerate Health Aide is responsible for providing primary health care, and lease funds are dedicated to supporting the operation and maintenance expenses of the facility, such as janitorial, electricity, water, sewage disposal, fuel, loan amortization, insurance and repairs; and,
- WHEREAS: The annual operating costs to heat and maintain our Village Based Clinic continues to escalate due to the rapidly increasing costs of fuel and electricity; and,
- WHEREAS: The cost of heating fuel for our clinic has risen to \$6.25 a gallon, costing \$3,451 a year and with the increase of fuel our electricity bill has risen from \$800 to \$1,200 a year. This inflation is a severe burden on our village to maintain the clinic given the limitations funding for the Village Clinic Lease program; and,
- WHEREAS: The Village Clinic Lease Program funds have not kept pace with inflation, have never been adequate to provide for annual and preventative maintenance and are sufficient to cover only 50% of actual operating costs; and,
- WHEREAS: The energy crisis threatens the viability of our local government to continue to provide essential local services, such as water and sewer, let alone maintain facilities that the federal government has a trust duty and obligation to provide; and,
- WHEREAS: The substantial federal investment in village clinics, and the quality of primary health care in rural Alaska, is threatened by insufficient Village Clinic Lease funds to keep the village clinic open, heated and code compliant.

NOW THEREFORE BE IT RESOLVED by the Ekwok Village Council that we urge Congress and the Indian Health Service to increase the funding for village clinic leases sufficiently to pay for the actual costs of operating village clinics in 2008 dollars, in order to prevent the collapse of the village-based Alaska Native Primary Health Care system that has been the first line of defense in rural health care for the last 40 years.

Signed: *[Handwritten Signature]*
President

CERTIFICATION:

I, the undersigned Secretary of the Ekwok Village Council, hereby certify that the foregoing resolution was passed by majority vote at a duly called and noticed meeting this 9th day of December 2008, and that a quorum was present.

Signed: *[Handwritten Signature]*
Secretary

BRISTOL BAY AREA HEALTH CORPORATION
EXECUTIVE COMMITTEE
RESOLUTION NO. 2009 _____

A Resolution Opposing TSA Regulations for Proposed Large Aircraft Security Program

WHEREAS, Bristol Bay Area Health Corporation ("BBAHC") provides healthcare services to approximately 8,000 inhabitants of 35 rural villages located in the Bristol Bay Region of Southwest Alaska; and

WHEREAS, BBAHC operates Kakanak Hospital and twenty-nine (29) village clinics staffed by approximately 360 employees; and

WHEREAS, the only access to most of these rural villages is by air; and

WHEREAS, provision of healthcare services is entirely dependent upon the cost and availability of healthcare services to these rural village clinics; and

WHEREAS, these rural village clinics depend upon medevac services between those villages and Kakanak Hospital in Dillingham, Alaska and/or Anchorage, Alaska; and

WHEREAS, the TSA's proposed regulations for the Large Aircraft Security Program would create a significant and unbearable operational economic burden on aircraft operators and local, state, and tribal governments throughout Southwestern Alaska; and

WHEREAS, the estimated financial burden would be approximately \$190,000 per airplane; and

WHEREAS, the implementation of the proposed TSA regulations in the Bristol Bay Region of Southwest Alaska is unlikely to increase general aviation security; and

WHEREAS, the new proposed regulations would impose a requirement that many aviation-dependent communities would be unable to comply with due to lack of airport personnel, lack of local law enforcement, and the inability to issue photo identification cards; and

WHEREAS, the up front cost for small communities with runways of 2,500 feet or longer would be enormous and are currently estimated at \$400,000 per community, which is a significant burden for communities of only a few hundred residents;

WHEREAS, it is inappropriate to base security requirements in rural Alaska on runway length and not on passenger usage or other relevant statistic; and

WHEREAS, the current security measures in effect in rural Alaska provide for adequate and appropriate TSA security screening at appropriate locations in Alaska before passengers enter the mainstream flow of air traffic; and

Dated: February 28, 2009

Diane Strangin
By: Diane Strangin
Its: Secretary Village of Penzance

Dated: 2/28/09

Rodney Anderson by H.P.
By: Rodney Anderson
Its: Subregional Officer Chignik Lagoon

Dated: 2/28/09

Kim Williams
By: Kim Williams Village of Dillingham
Its: Subregional Officer

Dated: 2/28/09

Ida Apokedak
By: Ida Apokedak
Its: Subregional Officer Levelock

Dated: 2-28-09

Sendfont Shugak, Jr.
By: Sendfont Shugak, Jr.
Its: Subregional Officer Pedro Bay

Dated: 2/28/09

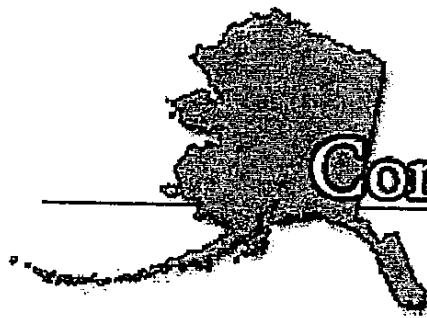
Fritz Sharp
By: Fritz Sharp
Its: Subregional Officer Twin Hills

Robert Clark

From: Jason Metrokin [jmetrokin@BBNC.NET]
Sent: Thursday, February 26, 2009 1:27 PM
To: Robert Clark; Ralph Andersen; sockeye1@nushtel.net; DMcClure@bbha.org
Cc: Joe Chythlook
Subject: FW: Alaska Delegation Urges Transportation Security Administration to Postpone Large Aircraft Screening Program
Attachments: 022509_-_Delegation_LASP_Letter.pdf

Jason Metrokin
President & CEO
Bristol Bay Native Corporation
111 W 16th Ave., Suite 400
Anchorage, AK 99501
(907) 278-3602
www.bbnc.net

From: Sumner, Robert (Murkowski) [mailto:Robert_Sumner@murkowski.senate.gov] **On Behalf Of** Press Office (Murkowski)
Sent: Wednesday, February 25, 2009 1:57 PM
Subject: Alaska Delegation Urges Transportation Security Administration to Postpone Large Aircraft Screening Program



Alaska Congressional Delegation

Senator Lisa Murkowski
Senator Mark Begich
Congressman Don Young

Michael Brumas
Senator Murkowski
(202) 224-9301

Julie Hasquet
Senator Begich
(907) 271-5915

Meredith M. Kenny
Congressman Young
(202) 225-5765

Alaska Delegation Urges Transportation Security Administration to Postpone Large Aircraft Screening Program

Washington, D.C. – Alaska's congressional delegation today asked the Transportation Security Administration (TSA) to postpone a proposed Large Aircraft Screening Program (LASP) that would burden many Alaskan communities with high costs and reduced or completely eliminated aviation services.

The delegation is concerned that the proposed requirements would dramatically impact many Alaskan communities that are only accessible by air. Specifically, under the proposed program, "large" aircraft would be defined as an aircraft with a maximum takeoff weight of 12,500 pounds. This would include a number of aircraft commonly used in Alaska, including some King Airs, Beachcraft 1900s and Casa 212s.

In a letter to Secretary of Homeland Security Janet Napolitano, the delegation also questioned whether the level of security threats in Alaska warranted such stringent new screening measures.

"We cannot destroy the aviation industry in Alaska with ridiculous regulations, especially without any showing of a serious threat. Further, we must remain vigilant as the TSA has made it clear they would like to impose further regulations on small aircraft," said Senator Lisa Murkowski, R-Alaska. "This program will create unnecessary and costly mandates on Alaska communities which many cannot afford."

"TSA clearly does not understand the huge economic burden this will place on rural Alaska communities and many Alaska air carriers," Sen. Mark Begich, D-Alaska, said. "I cannot support this rule until significant changes are made to address our concerns."

"While I understand the concerns of the TSA, this is not and cannot be a 'one size fits all' rule," said Rep. Don Young, R-Alaska. "Alaskans face many unique challenges including an insufficient road system that forces frequent air travel around the state. These challenges need to be considered when applying a blanket rule, and I sincerely encourage TSA to address the concerns of the State of Alaska and reconsider their stance on this issue."

The delegation also requested that the TSA convene a public hearing in Alaska before moving forward on the proposed screening measures.

"Alaska will be uniquely impacted by this plan," the delegation said. "Many of our rural communities rely on aircraft covered by the proposed rules for essential passenger, freight and emergency services. Unfortunately, the public meetings held on this rule were located in urban areas far from Alaska, preventing many of our constituents from having the opportunity to address the effects this rule would have on our way of life."

Additional provisions of the LASP plan include:

- Fingerprinting and background checks for flight crews;
- Watch-list matching of passengers before flights;
- Creation of a security program that includes checking for unauthorized persons and prohibited items;
- Creation of a security program for any airport that regularly serves large aircraft with scheduled or charter service.

"Many of these communities lack airport personnel, local law enforcement or even the ability to issue a photo ID cards," the letter said. "While the TSA suggests the public should think of the cost as \$44 per flight, the upfront costs on small communities could be enormous. The State of Alaska estimates compliance could cost \$400,000 per community."

###

Robert J. Sumner
Deputy Press Secretary
United States Senator Lisa Murkowski for Alaska
709 Hart Senate Office Building
Washington, D.C. 20510
(202) 224-8069 - Direct
(202) 821-3966 - Mobile
robert_sumner@murkowski.senate.gov

Robert Clark

From: Jason Metrokin [jmetrokin@BBNC.NET]
Sent: Thursday, February 26, 2009 8:46 AM
To: Robert Clark; Ralph Andersen; DMcClure@bbha.org; sockeye1@nushtel.net
Cc: Chythlook, Joseph L (DFG); April Ferguson
Subject: TSA Letter
Attachments: TSA Opposition Letter2.25.09.pdf

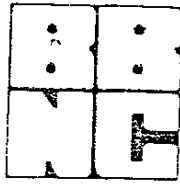
BBNC is submitting our letter of opposition to the proposed TSA regulation changes today. The deadline for submittal is tomorrow, 2/27/09.

Please feel free to use our letter as a template should you choose to follow suit. Jason

<http://www.regulations.gov/fdmspublic/component/main?main=DocketDetail&d=TSA-2008-0021>

Jason Metrokin
President & CEO
Bristol Bay Native Corporation
111 W 16th Ave., Suite 400
Anchorage, AK 99501
(907) 278-3602
www.bbnc.net

Confidentiality Notice: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient(s), please contact the sender by reply e-mail and destroy all copies of the original message.



Bristol Bay Native Corporation

Enriching Our Native Way of Life

111 West 16th Avenue, Suite 400 / Anchorage, Alaska 99501 / (907) 278-3602 / Fax (907) 276-3924

February 25, 2009

Docket Management Facility
U.S. Department of Transportation,
1200 New Jersey Avenue SE
West Building Ground Floor
Room W12-140
Washington, DC 20590-0001

Re: Comments to proposed regulation changes by Department of Homeland Security Transportation Security Administration (TSA) to 49 CFR on Large Aircraft Security Program, Other Aircraft Operator Security Program, and Airport Operator Security Program [Docket No. TSA-2008-0021]

Dear Sir or Madam:

Bristol Bay Native Corporation very strongly objects to the Department of Homeland Security Transportation Security's proposed Large Aircraft Security Program. The aviation industry is vital to the economic stability of Alaska. Because of the impracticability of implementation and the devastating effect the proposed regulations would have in rural Alaska, in addition to the unlikely improvement in general aviation security, we write to voice our concern and opposition to the proposed regulations.

Formed under the Alaska Native Claims Settlement Act, Bristol Bay Native Corporation (BBNC) is a diversified holding company, with approximately 8,400 shareholders of Eskimo, Indian, and Aleut descent. Located approximately 285 miles southwest of Anchorage, Bristol Bay is inaccessible by road. BBNC holds title to roughly 3 million acres of land in the 34 million acre Bristol Bay region.

Thus, aviation is the lifeline of the region and of the state of Alaska. For most residents, the main mode of transportation in and out of the villages is by airplane. Fuel, supplies, groceries, and basic necessities are flown in from larger communities such as Anchorage. One-third of the world's sockeye salmon is exported from our region, much of which is exported by plane. When aviation costs increase, as they did in the past year with rising fuel costs, overall living costs increase dramatically. The fishing industry suffers because of lower demand and jobs are lost. In a strong and direct correlation with aviation costs, the costs of general transportation, groceries, heating fuel, merchandise, and utilities rise considerably.

We are concerned that TSA's proposed regulations would create a significant and unbearable operational and economic burden on aircraft operators and local, state, and tribal governments. The estimated implementation cost of \$190 billion, broken down to roughly \$190,000 per plane, will cripple all but the largest carriers and leave many communities in our region and across

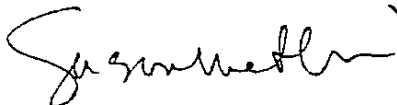
Alaska without safe and reliable service. Costs would have to be absorbed and passed on to consumers, many of whom are already facing severe financial crisis as energy costs have skyrocketed. Without considerable changes, the TSA proposal will force the majority of carriers serving rural Alaska out of business, and drastically increase the cost of living. Simply put, neither the airlines that serve our region, nor the residents of this region can afford the burdensome regulations as proposed.

In addition, many specific aspects of the proposed regulations are unnecessary and simply impractical. For example, the requirement that all passengers have valid identification would have a disparate impact on residents of rural Alaska as many villages do not have a Department of Motor Vehicles to issue identification. Travel in and out of villages would be severely curtailed. The 'prohibited items list' would ban equipment necessary to survival in rural Alaska, making local business and community operations even less accessible, as well as increasing costs.

Perhaps most importantly, as applied to Alaska, the potential for the proposed regulations to increase general aviation security is unlikely. The largest community in the Bristol Bay region is Dillingham, which has fewer than 3,000 residents. Most villages in the region have fewer than 1,000 people and many villages, even those with large runways, have fewer than 100 residents. The village of Iliamna, for example, has a population of 98 and a 4,800 foot runway. TSA staff, equipment, and procedures in communities such as these, would be unnecessary and overly burdensome. It is doubtful that such measures would do anything to increase general aviation security. Aircraft serving our region are already currently enrolled in the Twelve-Five Security Program. Regarding passenger security, those passengers flying out of a village airport without TSA security measures do not enter the mainstream flow of passengers without undergoing TSA security screening. Anyone boarding a plane in Anchorage, for example, whether or not having just arrived by plane from an outlying village, must still pass through regular, TSA security screening measures.

In short, we strongly oppose this regulation change. As proposed, the regulations would have a profoundly devastating impact on the aviation industry in Alaska, on our communities, our people, and our way of life. We urge the TSA to reconsider the proposed regulations, especially as applied to Alaska. If you have questions please feel free to contact myself or Rachael Harshbarger at 907-278-3602.

Sincerely,



Jason Metrokin
President & Chief Executive Officer
Bristol Bay Native Corporation

Impact of High Energy Costs to Community Health Centers

Paying for high energy costs is diverting funds from direct patient care at the 26 Community Health Centers (CHCs) across the state and the 141 clinic sites they operate, thus reducing Alaskans' access to primary care (basic medical, dental and behavioral health services).

A survey of Alaska's CHC Executive Directors conducted in October of 2008 by the Alaska Primary Care Association indicated that they have developed contingency plans as they work to keep their doors open. Some clinics have reduced or are planning to reduce provider hours or have shortened or are planning to shorten clinic hours. Not filling vacancies until the situation is alleviated is another option. Some plan to close off parts of their building if needed; all are working to conserve energy.

The following chart is provided to show how a vacancy left unfilled due to budget constraints because of high energy costs reduces the number of patient encounters for physicians, nurse practitioners, and physician assistants

| Community Type | AvgEncountersPerMD | AvgEncountersPerNP | AvgEncountersPerPA |
|----------------|--------------------|--------------------|--------------------|
| F | 1537 | 898 | 1444 |
| L | 2707 | 2366 | 2150 |
| R | 2655 | 1933 | 1783 |
| U | 3639 | 3554 | 2313 |

KEY:

- F = frontier small <2000 population
- L = larger than 2000 population, frontier
- R = on road system
- U = urban

U.S. Department of Health and Human Services, HRSA. Bureau of Primary Health Care Section 330 Grantees Uniform Data System (UDS) Calendar Year 2005 Data Alaska Rollup Report. Calendar Year 2005.

In frontier Alaska, one provider position not filled because of high energy costs translates into between 898 and 2707 fewer patient visits at a clinic in year. In communities on the road system, the range is between 1783 and 2655 fewer patient visits. In urban areas, the reduction in patient visits is between 2313 and 3639.

This same chart can be used to calculate the impact of reduced clinic hours. A clinic reducing hours by 25% will reduce the number of patient visits by 25% by all provider types in a particular clinic. As an example, a clinic with one physician, one nurse practitioner, and one physician assistant cutting back its hours by 25% in a frontier community of over 2000, would conduct 1807 fewer patient visits.

Reduced hours and/or unfilled positions due to high energy costs impact clinic revenues and community economies. See the information below as an example.

IMPACT OF RURAL PHYSICIAN

23 ← Jobs

\$899,000 ← Wages, Salaries & Benefits

\$1,533,000 ← Total Revenue

Source: Gerald Doeksen (Nat'l Center for Rural Health Works) "Making the Link to Economic Impact & Workforce Development" (at: Rural Health Workforce Trends Conference, Phoenix, AZ, Mar 4-6, 2008)

Ekwok Village Council
P.O. Box 70
Ekwok, Alaska 99580
Phone: (907) 464-3336 Fax: (907) 464-3378

RESOLUTION 345-08

A RESOLUTION SUPPORTING INCREASED IHS FUNDING FOR THE
VILLAGE BUILT CLINIC LEASING PROGRAM

- WHEREAS: In 1969 the Indian Health Service (IHS) obtained authorization and funding to initiate a Village Built Clinic (VBC) leasing program to meet the need for health facilities in isolated Alaska villages, some of which are as far as 1,300 miles from the nearest regional health centers; and,
- WHEREAS: The VBC leasing program is available only to village clinics in which a Community Health Aide / Itinerate Health Aide is responsible for providing primary health care, and lease funds are dedicated to supporting the operation and maintenance expenses of the facility, such as janitorial, electricity, water, sewage disposal, fuel, loan amortization, insurance and repairs; and,
- WHEREAS: The annual operating costs to heat and maintain our Village Based Clinic continues to escalate due to the rapidly increasing costs of fuel and electricity; and,
- WHEREAS: The cost of heating fuel for our clinic has risen to \$6.25 a gallon, costing \$3,451 a year and with the increase of fuel our electricity bill has risen from \$800 to \$1,200 a year. This inflation is a severe burden on our village to maintain the clinic given the limitations funding for the Village Clinic Lease program; and,
- WHEREAS: The Village Clinic Lease Program funds have not kept pace with inflation, have never been adequate to provide for annual and preventative maintenance and are sufficient to cover only 50% of actual operating costs; and,
- WHEREAS: The energy crisis threatens the viability of our local government to continue to provide essential local services, such as water and sewer, let alone maintain facilities that the federal government has a trust duty and obligation to provide; and,
- WHEREAS: The substantial federal investment in village clinics, and the quality of primary health care in rural Alaska, is threatened by insufficient Village Clinic Lease funds to keep the village clinic open, heated and code compliant.

NOW THEREFORE BE IT RESOLVED by the Ekwok Village Council that we urge Congress and the Indian Health Service to increase the funding for village clinic leases sufficiently to pay for the actual costs of operating village clinics in 2008 dollars, in order to prevent the collapse of the village-based Alaska Native Primary Health Care system that has been the first line of defense in rural health care for the last 40 years.

Signed: [Signature]
President

CERTIFICATION:

I, the undersigned Secretary of the Ekwok Village Council, hereby certify that the foregoing resolution was passed by majority vote at a duly called and noticed meeting this 9th day of December 2008, and that a quorum was present.

Signed: [Signature]
Secretary

BRISTOL BAY AREA HEALTH CORPORATION
EXECUTIVE COMMITTEE
RESOLUTION NO. 2009 _____

A Resolution Opposing TSA Regulations for Proposed Large Aircraft Security Program

WHEREAS, Bristol Bay Area Health Corporation ("BBAHC") provides healthcare services to approximately 8,000 inhabitants of 35 rural villages located in the Bristol Bay Region of Southwest Alaska; and

WHEREAS, BBAHC operates Kakanak Hospital and twenty-nine (29) village clinics staffed by approximately 360 employees; and

WHEREAS, the only access to most of these rural villages is by air; and

WHEREAS, provision of healthcare services is entirely dependent upon the cost and availability of healthcare services to these rural village clinics; and

WHEREAS, these rural village clinics depend upon medevac services between those villages and Kakanak Hospital in Dillingham, Alaska and/or Anchorage, Alaska; and

WHEREAS, the TSA's proposed regulations for the Large Aircraft Security Program would create a significant and unbearable operational economic burden on aircraft operators and local, state, and tribal governments throughout Southwestern Alaska; and

WHEREAS, the estimated financial burden would be approximately \$190,000 per airplane; and

WHEREAS, the implementation of the proposed TSA regulations in the Bristol Bay Region of Southwest Alaska is unlikely to increase general aviation security; and

WHEREAS, the new proposed regulations would impose a requirement that many aviation-dependent communities would be unable to comply with due to lack of airport personnel, lack of local law enforcement, and the inability to issue photo identification cards; and

WHEREAS, the up front cost for small communities with runways of 2,500 feet or longer would be enormous and are currently estimated at \$400,000 per community, which is a significant burden for communities of only a few hundred residents;

WHEREAS, it is inappropriate to base security requirements in rural Alaska on runway length and not on passenger usage or other relevant statistic; and

WHEREAS, the current security measures in effect in rural Alaska provide for adequate and appropriate TSA security screening at appropriate locations in Alaska before passengers enter the mainstream flow of air traffic; and

WHEREAS, the TSA has not fully considered the impact these regulations would have on aviation-dependent communities in rural Alaska;

NOW THEREFORE BE IT RESOLVED that the Executive Committee of the Bristol Bay Area Health Corporation Board of Directors hereby strongly objects to the implementation of the Department of Homeland Security Transportation Security Agency's proposed Large Aircraft Security Program in villages located in the Bristol Bay region of Alaska;

BE IT FURTHER RESOLVED that if the TSA's proposed regulations are implemented in rural Alaska notwithstanding the objections mentioned herein, then BBAHC management is hereby instructed to seek clarification from Alaska's congressional delegation regarding operational steps BBAHC must take to comply;

AND BE IT FURTHER RESOLVED that the Executive Committee unanimously adopts this resolution as indicated by the signatures below.

Dated: February 28, 2009.

H. Sally Smith
By: H. Sally Smith
Its: Chair
Village of Ekuk

Dated: 2/28/09

Agnes Rychnovsky by H. P.D.
By: Agnes Rychnovsky
Its: First Vice Chair
Nawaken

Dated: Feb. 28, 2009

Mark E. Angasan
By: Mark E. Angasan
Its: Second Vice Chair
Village of King Salmon

Dated: 2/28/09

Anecia Kritz
By: Anecia Kritz
Its: Third Vice Chair
Village of Igloolik, Alaska

Dated: Feb. 28, 2009

Donald J. Nielsen
By: Donald Nielsen
Its: Treasurer
Village of South Naknek, Alaska

Dated: February 28, 2009

Diane Shargin
By: Diane Shargin
Its: Secretary Village of Penville

Dated: 2/28/09

Rodney Anderson by H.P.P.
By: Rodney Anderson
Its: Subregional Officer Chignik Lagoon

Dated: 2/28/09

Kim Williams
By: Kim Williams Village of Dillingham
Its: Subregional Officer

Dated: 2/28/09

Ida Apokedak
By: Ida Apokedak
Its: Subregional Officer Levelock

Dated: 2-28-09

Senafont Shugak, Jr.
By: Senafont Shugak, Jr.
Its: Subregional Officer Pedro Bay

Dated: 2/28/09

Fritz Sharp
By: Fritz Sharp
Its: Subregional Officer Twin Hills

Good afternoon. I'm Robert Clark, President and CEO of Bristol Bay Area Health Corporation. Thank you for coming to Dillingham and listening to our concerns about energy costs and how those energy costs are affecting our local economy.

Bristol Bay Area Health Corporation provides health care services to approximately 8,000 citizens living in thirty-four villages spread over 40,000 square miles. We provide these health care services through a network of twenty-eight village clinics and Kanakanak Hospital in Dillingham. Since none of our villages are on a road system all seriously ill and injured patients must fly to Dillingham for medical intervention. And if the required treatment is beyond the capabilities of Kanakanak Hospital, the patients are flown to Anchorage. Any increase in transportation costs will have an adverse effect on our patient care system. In FY 2008 BBAHC spent a little over \$1,000,000 on patient travel. We estimate this year's patient travel budget will increase by \$180,000.

Bristol Bay Area Health Corporation is the largest year-round employer in the region. I mention this to emphasize that if BBAHC is forced to reduce health care services we must also reduce our work force. The Health Corporation has employees in twenty-nine of the thirty-four Bristol Bay Region villages. In FY 2008 BBAHC paid over twenty-million dollars in wages to over four-hundred employees. BBAHC budgetary constraints will not only affect the level of health care delivered to each village but may also have a direct adverse effect on local village economies.

BBAHC has seen a drastic increase in energy costs this year. Our FY 2009 estimated electricity cost will be \$935,000, and increase of \$283,000. Our heating fuel cost is showing a more drastic change; an estimated \$454,000 increase from last year.

| <u>BUDGET ITEM</u> | <u>FY 2008</u> | <u>FY 2009</u> |
|--------------------|----------------|----------------|
| Electricity | \$ 652,740 | \$ 935,000 |
| Heating Fuel | \$ 514,201 | \$ 968,000 |
| Patient Travel | \$1,074,000 | \$1,254,000 |

Increased energy costs also drive up the costs of most of our supplies and medications. Not only have the costs of the merchandise increased but we also have to pay higher shipping costs.

This year BBAHC is facing a deficit budget for the first time. If expenses continue at the estimated levels the Corporation will have a loss of close to \$1,000,000 for FY 2009. As noted above costs directly related to increases in energy costs represent at least \$900,000 of the deficit.

We also need to discuss the costs of energy in our villages. Maintenance and utilities costs of village clinics are the responsibility of the village. Increased fuel costs and electricity costs are causing hardship in the villages. We need some program for village relief other than Venezuelan President Chavez's charity program. Not only are village clinics at risk because of high energy costs, but the basic need of adequate shelter and food are threatened when the costs of heating burns up most of a family's income.

There are many possible solutions and I'm sure our legislative representatives have considered most of them.

Power Cost Equalization Program (PCE)

- Please consider expanding PCE to schools and clinics. Most schools, like our medical facilities, are on a "fixed" income. Annual budgets are based on known appropriations from governmental sources, so unexpected expense increases often lead to curtailment of services or reduction in the workforce.
- Look into why some villages are not eligible for PCE and find a way to include all power producers in the program.
- This is admittedly only offers short-term relief. It does nothing to reduce use of fossil fuels.

Renewable Energy

- Continue to fund wind, tidal, solar and geothermal projects.
- Find a way to fund individual household projects.
- Enact legislation requiring local electrical utilities to purchase excess electricity produced by individuals. The current House

bills allow exemptions and discourage large customers from investing in alternative energy projects by allowing local utilities to limit the amount of net metering.

Nuclear-powered Electrical Generation Systems

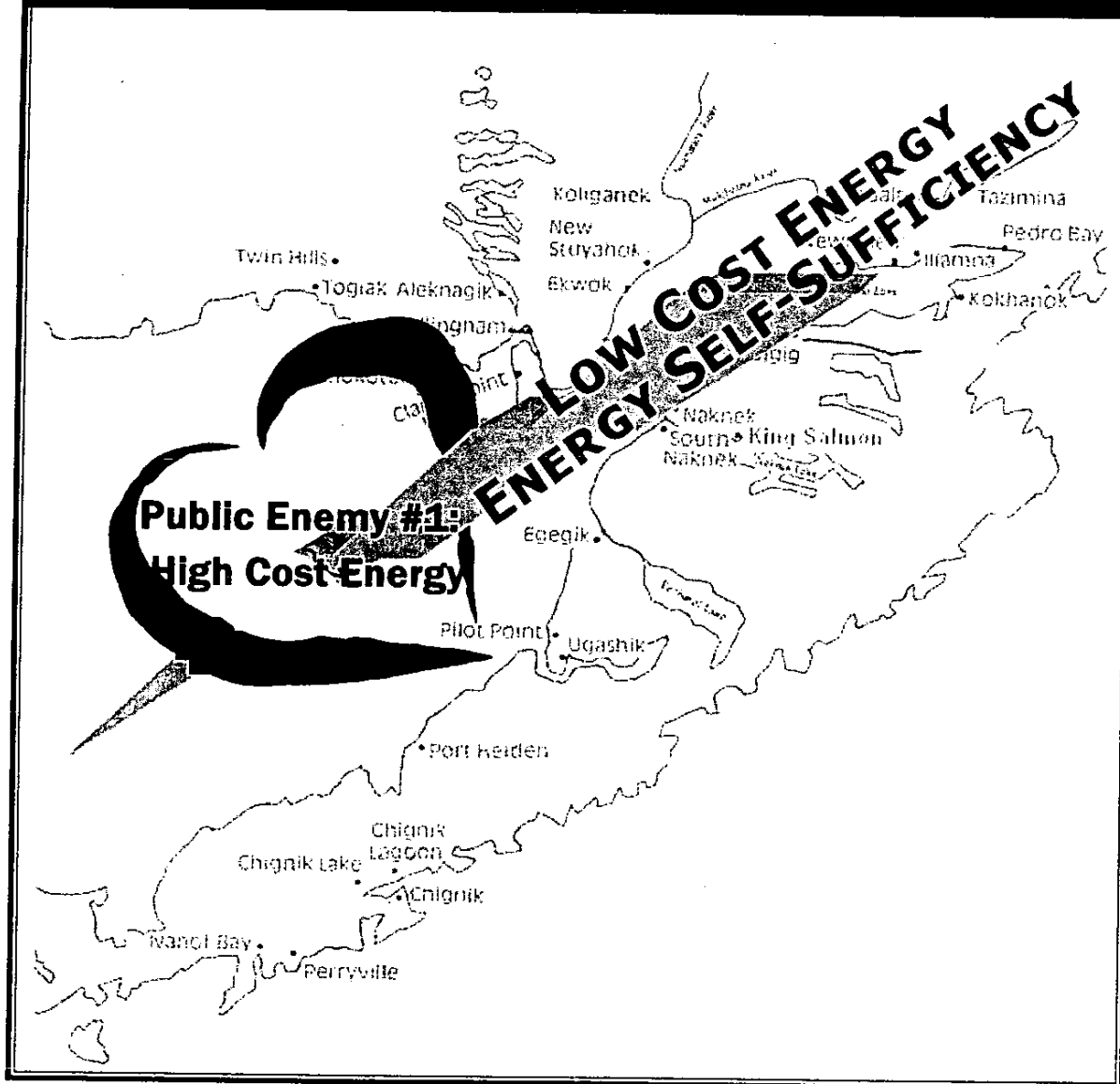
- Small nuclear reactors seem to offer an attractive cost-efficient alternative to diesel-powered electricity production. Our local utility ^{we understand} spends approximately six million dollars each year on diesel fuel. A ten megawatt nuclear reactor-powered system would provide more than enough electricity for the utility for the initial costs of about twenty-six million dollars. Diesel fuel for the same period of time would cost at least one-hundred-eighty million dollars.
- If grants were available to install these small reactors then the positive effect of cheap electricity on local economies would be enormous.
 - o Electricity could be provided for \$0.12 - \$0.15 per kilowatt hour; maybe for less
 - o Family homes could be converted to electric heat
 - o Local industry could expand
 - o Reliance on fossil fuels would diminish

In the short-term rural Alaska needs some relief from exorbitant fuel costs. Nobody has given us a reasonable explanation of why we pay over \$6.50 per gallon for gasoline in Dillingham when the urban areas pay fifty percent less. The recent state "investigation" only confused matters more.

To quote a local citizen, "We pay more because we have no choice."

Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One

April 15, 2008



Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One

April 15, 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
Bristol Bay Native Corporation

Prepared By:

Nels Anderson, Jr.
and Associate, Greta Goto
dba Co-Man Services
P.O. Box 234
Dillingham, Alaska 99576
(907) 842-2366
andora@nushtel.net

This document, "Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One," is dedicated to our good friend Andy Golia. In his many years of contributing to regional economic development, he saw the need for lowering the cost of electricity, gasoline, diesel, heating fuel, aviation fuel, and propane for Bristol Bay. For eleven years, Andy pushed for and organized Bristol Bay Alternative Energy meetings which form the foundation of this energy report. He carried the energy mission to the various boards and committees on which he served. He was an inspiration to us and continued to support and help us when we needed to get energy policy and planning further down the road. Through this Bristol Bay Energy Policy and Energy Crisis Recovery Plan, Andy's work continues.



Andrew Golia
(photo courtesy of the Bristol Bay Native Corporation)

Respectfully,

The Bristol Bay Partnership

Energy Vision as described by Participants at the Bristol Bay Economic Action Summit of 2006

Background: At the 2006 "Bristol Bay Economic Action Summit," four key topics affecting the region were discussed:

- *Jobs and Training Opportunities*
- *Current High Fuel Costs*
- *Resource Development*
- *Transportation Infrastructure Needs*

Summit participants were encouraged to identify specific actions to be addressed for each of the four topics. The Energy Group reached consensus that high cost energy is Public Enemy Number 1. The Energy Group reported a goal for diesel independence by 2025 and electricity to be at 5 cents per KWH. The group also reached consensus that:

- *Everyone needs to be working together to defeat **Public Enemy #1 – the high cost of energy***
- *We need to support fully funding the PCE program AND fully funding the PCE Endowment*
- *We need to support augmenting the LIHEAP (Low Income Home Energy Assistance) program*
- *We need to establish Fuel Coops and finding Storage for Bulk Fuel Purchases*
- *To achieve non-reliance on diesel, we need to create a Regional Energy Plan that supports the diversification of energy supplies by developing our regional alternative energy sources*
- *We need to maintain current generation systems by making sure that power plant operators have the best training available because use of diesel will continue until we can convert to a next generation of low-cost, reliable, and long-term energy source.*

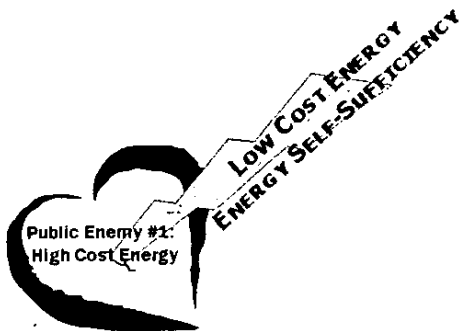


Table of Contents

| | |
|---|-------------------|
| Executive Summary | page 1 |
| Introduction | page 4 |
| Bristol Bay Energy Policy | page 10 |
| Bristol Bay Energy Crisis Recovery Plan | page 11 |
| Appendices | |
| Appendix 1: Bristol Bay Energy Policy and Plan: Phase One, Interim Status Report and Recommended Immediate Actions to Address the High Cost of Energy, February 28, 2008; attachments, draft letter to Governor and Legislators and Draft Resolution for Bristol Bay Partners, Villages and Tribal consideration | Appendix: page 2 |
| Appendix 2: Energy Vision as described by Participants at the Bristol Bay Economic Action Summit of 2006 | Appendix: page 12 |
| Appendix 3: Bristol Bay Native Association, Resolution 2003-01: Bristol Bay Regional Energy Needs Assessment | Appendix: page 16 |
| Appendix 4: Review of Energy Policy and Energy Resource Studies for Bristol Bay and Alaska | Appendix: page 18 |
| Appendix 5: Energy Projects: Naknek Geothermal Project and Polar Consults' Energy Transmission Project | Appendix: page 32 |
| Appendix 6: Maps of Proposed Regional or Statewide Energy Grid Systems | Appendix: page 40 |
| Appendix 7: Bristol Bay Energy and Population Data from Public Sources <ul style="list-style-type: none">• Bristol Bay region energy information from Department of Commerce, Alaska Economic Information System• Average fuel prices 2004-2007, Alaska Housing Finance Corporation Data• Bristol Bay Communities and Number of Electric Utilities• Population changes 2000-2007 | Appendix: page 43 |
| Appendix 8: Preliminary Research on State and Federal Grants/Loans Related to Energy Projects | Appendix: page 59 |

* Appendices can be found in the electronic version of this report.

Executive Summary

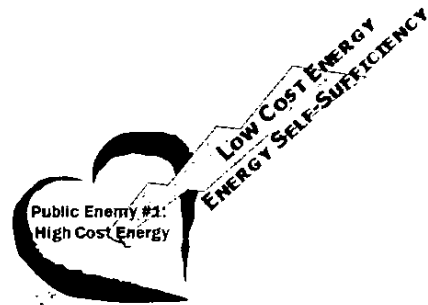
The Bristol Bay Partners – made up of the Bristol Bay Area Health Corporation, Bristol Bay Economic Development Corporation, Bristol Bay Housing Authority, Bristol Bay Native Association, and the Bristol Bay Native Corporation – met on January 18, 2008, and decided on a process to address the high cost of energy in Bristol Bay.

Background:

At the January 18 meeting, Mr. Ralph Andersen, CEO of the Bristol Bay Native Association, and Chair of the Bristol Bay Partners, made a presentation that summarized the energy situation in Bristol Bay. Although much good work and many reports have made the case for lowering the cost of energy, it was noted that no statewide or regional energy policy exists. The Bristol Bay Partners have taken on this responsibility. The Partners have undertaken the task of developing a regional energy policy and will work collaboratively with Bristol Bay villages and their respective organizations, Tribes, utilities, regional organizations, municipalities, the private sector, state, and federal agencies. The Bristol Bay Partners decided to adopt Phase One of its own energy policy and plan, which will lead to detailed implementation strategies in Phase Two. Bristol Bay will address its energy crisis in phases to solve its short-term, median and long-term energy needs. Partners further noted that Bristol Bay communities are in critical need of action.

Findings – Bristol Bay Energy Costs and Trends:

- More and more people in the region can barely afford to keep their homes heated and lighted.
- Increasingly high-energy prices continue to guzzle what little discretionary income our people have. This affects the ability to buy goods and services further eroding Bristol Bay's tenuous economy. Strong evidence indicates that people are moving from the region to urban centers and becoming energy refugees because of the high cost of energy.
- High-energy prices negatively impact businesses and industry that operate in Bristol Bay.
- As of April 15, the spot price for a barrel of oil was trading over \$113 per barrel. Experts in the oil trading business say crude oil will be \$120 a barrel by June and possibly \$145 per barrel by fall based on expert testimony before Congress. The prices of fuel are exceptionally high because of a lack of competition. For example, if fall barge prices are high when the fuel is delivered and prices drop after the fuel is delivered, most people in rural communities are stuck with that high price (regardless of market price fluctuations).
- World supply and demand for oil is about par. Any disruptions to the country's oil sources will cause huge problems for our national economy, hinder Bristol Bay's ability to develop its economy, and cause more of the region's people to exit the region.
- In addition to pressures of the world markets for oil, diesel prices are subject to environmental regulatory costs in the form of Ultra-Low-Sulfur diesel. It is estimated that this regulation will raise the cost of diesel by 25 to 50 cents a gallon. Efforts are underway to acquire short-term waivers, but eventually this regulation will need to be complied with.
- Threats to the Power Cost Equalization (PCE) fund still exist. While a cut to the PCE fund has been restored, PCE is a critical health and safety lifeline that rural Alaska depends upon and



it cannot be under funded. The Anchorage Chamber of Commerce and the State Chamber of Commerce support the PCE funding until a better long-term solution is found to supply power to Rural Alaska. (State Chamber, 2008; Anchorage Chamber, 2007)

- The state of Alaska is responsible for ensuring all Alaskans with energy security. The Bristol Bay region – and the balance of rural Alaska – is, at this point, very insecure and it needs help.
- The Alaska Municipal League supports the recommendations of the Rural Energy Action Council to advance immediate solutions to the energy crisis, which includes full funding for Power Cost Equalization (REAC Recommendations, April 2005; AML, 2008 Policy Statement).
- The State Chamber of Commerce and Anchorage Chamber of Commerce, Alaska Power Association and Southwest Alaska Municipal Conference support developing and implementing an energy plan to provide secure, reliable and affordable energy for Alaska. (<http://www.alaskachamber.com/artman/publish/prior08/EnergyPolicy.pdf>; Hope is Not a Strategy 2007; Alaska Power Association Resolution 08-03; SWAMC Resolution 08-10)
- Subsidies are needed and can be used as a tool to bridge today's energy needs to a long-term solution. Once low cost energy is being produced, then these subsidies will no longer be needed.

Immediate Action:

While the Bristol Bay Partners agreed that a Bristol Bay Energy Policy is critical for comprehensive, affordable, reliable and long-term solutions to the high cost energy in our region, the Partners also recognize that the Bristol Bay energy situation is at crisis levels. The Legislature and Governor and the Congressional delegation must understand the severity of the problem facing Bristol Bay and other rural communities.

Bristol Bay Partners need to continue to request that state and federal agencies take immediate action to help the villages of the Bristol Bay region stabilize the cost of energy. Further, if necessary, representatives of the Bristol Bay Partners should be ready to testify to state and federal agencies and to push for a sustainable energy plan for the Bristol Bay region.

Next Steps:

Once Phase One - Bristol Bay Energy Policy and Energy Crisis Recovery Plan – is adopted, then the Partners will be able to move to Phase Two to authorize the development of specific implementation strategies. In Phase Three: Implementation, the proposed implementation strategies should be filtered through the following process and provide the Bristol Bay Partners with answers to these questions:

Do-ability: Which alternatives are pie in the sky and which of the alternatives are doable?

Timeframe: When will multiple acceptable alternative energy sources deliver low cost fuel and electricity in the shortest possible time? When will the region see results?

Affordability: Which of the multiple alternatives is affordable? Costs for each alternative will be looked at to see what can be financed by identifying sources of funding to install, operate, maintain the alternative, and amortize the debt.

Reliability: Will the alternatives be as reliable as diesel has been?

Length of service: How long will the alternatives produce low-cost fuel and electricity?

Regional: Which alternatives will be regional in application?

Looking Ahead to Phase Three: Implementation

As the Partners move past Phase Two, thought needs to be given to what organization will implement the strategies adopted by the Bristol Bay Partners. The Partners need to select an organization that will be working full time to achieve the goals and objectives identified in the "Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One." Organizations for consideration follow:

Partners could decide which of their respective organizations will implement the Bristol Bay Energy Policy and Energy Crisis Recovery Plan strategies.

If one of the Partners is designated to implement the Policy and Plan, a Department of Energy Development will need to be created.

The Partners may decide that a quasi-governmental entity such as a Bristol Bay Energy Development Authority be created by the state to implement the strategies adopted by the Bristol Bay Partners. This will require drafting legislation, state legislative action, and approval by the governor. Start up would be subject to legislative action.

The Partners may decide that a Bristol Bay Regional Fuel Coop should be developed to deal exclusively with acquiring fuel at a lower cost than communities are capable of purchasing individually.

The Partners may decide that a Bristol Bay Regional Energy Development Coop be developed to deal exclusively with a regional approach to lower the cost of fuel AND electricity.

In the document that Andy Golia developed in 1980, "Energy and Bristol Bay", he suggested that a Regional Energy Authority carry out any polices and plans adopted by Bristol Bay. In addition to that suggestion, it was recommended that a Bristol Bay Development Authority be considered to address energy, transportation, and communications needs of the Bristol Bay region. Since that time in 1980, prices of fuel dropped such that the economics of new energy projects were not as feasible. However, now that the region is again experiencing increasingly high energy prices, there is a need to revisit these proposals.

In summary, the next step is for the Bristol Bay Partners to review the "Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One." Once that review is completed and the Partners have decided which of the policies and plans will move ahead, then Phase Two: Implementation Strategies can begin.

Introduction

Increasingly high energy prices around the state of Alaska are driving regional and statewide efforts to do something to lower the cost of energy. In Bristol Bay, communities have seen prices for fuel and electricity continuously rise year after year. It is at crisis proportions.

Sources of information on statewide and regional energy costs are scattered and inconsistent. The Alaska Energy Authority, Alaska State Division of Community Advocacy, University of Alaska's Cooperative Extension Service and the Alaska Housing Finance Corporation are the main sources of

Table 1:
**Fuel Prices in Bristol Bay Communities
as of January 2008**

| Community | 28-Jan-08 |
|----------------|-----------|
| Aleknagik* | \$ 4.56 |
| Aleknagik* | \$ 4.31 |
| Aleknagik | \$ 4.95 |
| Chignik Lagoon | \$ 2.96 |
| Chignik Lake | \$ 2.96 |
| Clark's Point | \$ 4.70 |
| Egegik | \$ 3.42 |
| Ekwok | \$ 4.20 |
| Igiugig | \$ 5.05 |
| Kokhanok | \$ 7.75 |
| Koliganek | \$ 4.75 |
| Levelock | \$ 4.70 |
| Manokotak | \$ 4.60 |
| Newhalen | \$ 6.38 |
| New Stuyahok | \$ 4.70 |
| Nondalton | \$ 6.10 |
| Perryville | \$ 4.97 |
| Pilot Point | \$ 5.68 |
| Portage Creek | \$ 4.50 |
| Port Heiden | \$ 4.51 |
| South Naknek | \$ 3.95 |
| Togiak | \$ 3.68 |
| Twin Hills | \$ 3.68 |
| Ugashik | \$ 5.68 |
| Chignik Bay | \$ 2.96 |
| Dillingham* | \$ 4.49 |
| Dillingham* | \$ 4.16 |
| Ekuk* | \$ 4.49 |
| Ekuk* | \$ 4.16 |
| Iliamna | \$ 6.38 |
| Naknek* | \$ 4.12 |
| Naknek* | |
| Naknek* | \$ 4.02 |
| Naknek* | \$ 4.23 |
| Pedro Bay | \$ 5.57 |

Source: Bristol Bay Native Association, January 2008
Note: The table lists more than one fuel price because there is more than one vendor.

primary and published information on energy costs (electric, heating fuel, gas). The Institute of Social and Economic Research at the University of Alaska Anchorage, various research and consulting firms as well as community and regional organizations will sporadically collect energy costs data for ad hoc reports.

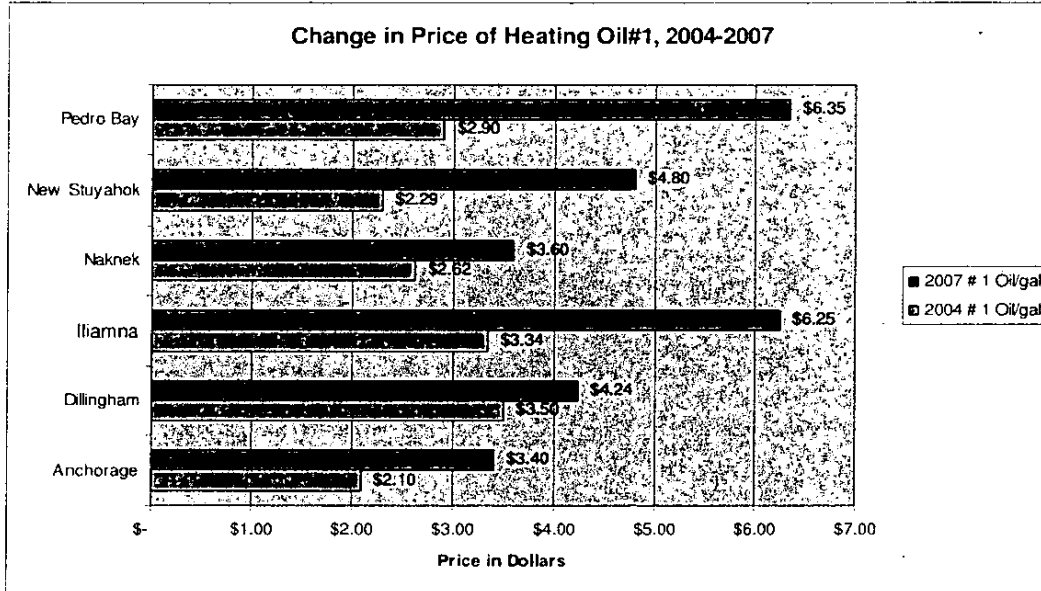
The fuel cost information presented in this report is derived from data gathered by the Bristol Bay Native Association, the Alaska Housing Finance Corporation, the University of Alaska Cooperative Extension Service, the Power Cost Equalization Program and the Alaska Industrial and Export Authority.

The table and graphs illustrate prices that communities in Bristol Bay are paying for heating fuel, motor gas and electricity. *Table 1: Fuel Prices in Bristol Bay Communities* show the prices for heating fuel in 28 of the villages in Bristol Bay. The highest price for heating fuel as of January 2008 is in Kokhanok where they are paying \$7.75 dollars per gallon. The lowest is in Chignik Bay where residents were paying 2.96 per gallon.

The graphs on the following page illustrate the changes in prices for heating fuel, motor gas and electricity over time. Again, the reader should note that due to lack of publicly available data that are consistently gathered over time, the information presented is the best that is available.

On the next page in figure 1, *Change in Price of Heating Oil #1, 2004-2007*, we see a dramatic increase in prices in less than five years for the selected communities of Pedro Bay, New Stuyahok, Naknek, Iliamna and Dillingham. Anchorage is provided as a baseline comparison. If data for all the communities in the Bristol Bay region over this time period were available, one would likely see the same type of results – seriously increasing prices that residents pay for heating oil.

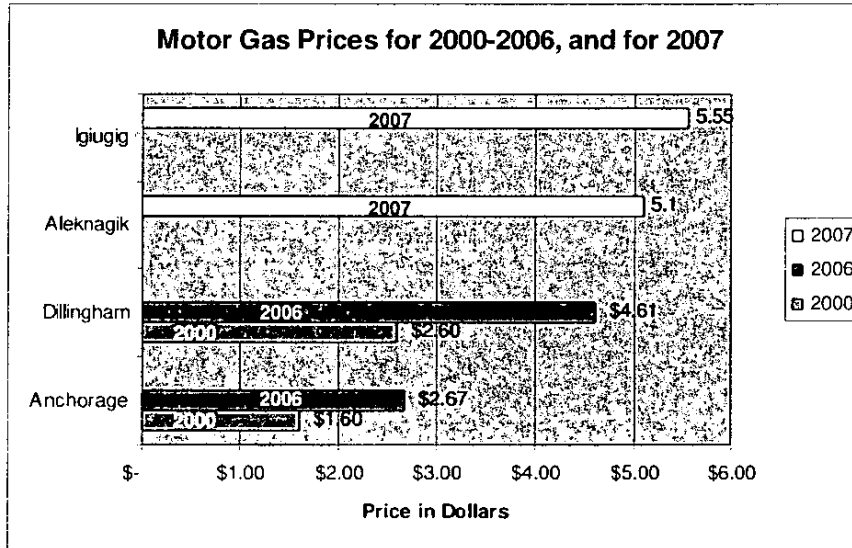
Figure 1



Source: Alaska Building Science Network for the Alaska Housing Finance Corporation and Department of Health and Social Services, 2000 and 2007.

Likewise, in figure 2, *Motor Gas Prices for 2000-2006, and for 2007*, within a 5-year period, the University Cooperative Extension Service documented increasing prices for motor gas in Dillingham through its food cost survey. The villages of Igiugig and Aleknagik responded to the Alaska Industrial and Export Authority's fuel survey, reporting prices of \$5.55/gal and \$5.10/gal of gas, respectively.

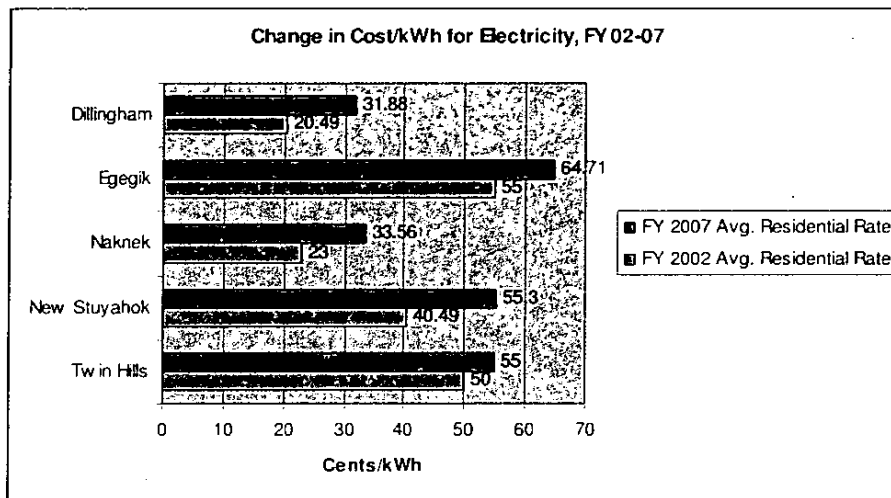
Figure 2



Source: University of Alaska, Cooperative Extension Service, "Food Cost Survey" September 2000 and 2006; AIDEA Fuel Survey, 2007. Note: 2007 University of Alaska, Cooperative Extension Service online, published data were not available for Dillingham.

Finally, in figure 3, *Change in Cost/kWh for Electricity, FY 02-07*, data is taken from the Alaska Energy Authority's Statistical Report of the Power Cost Equalization (PCE) Program for the villages shown below. The change in prices (cents per kWh) illustrates an increase in the cost to the consumer before the PCE subsidy is applied.

Figure 3



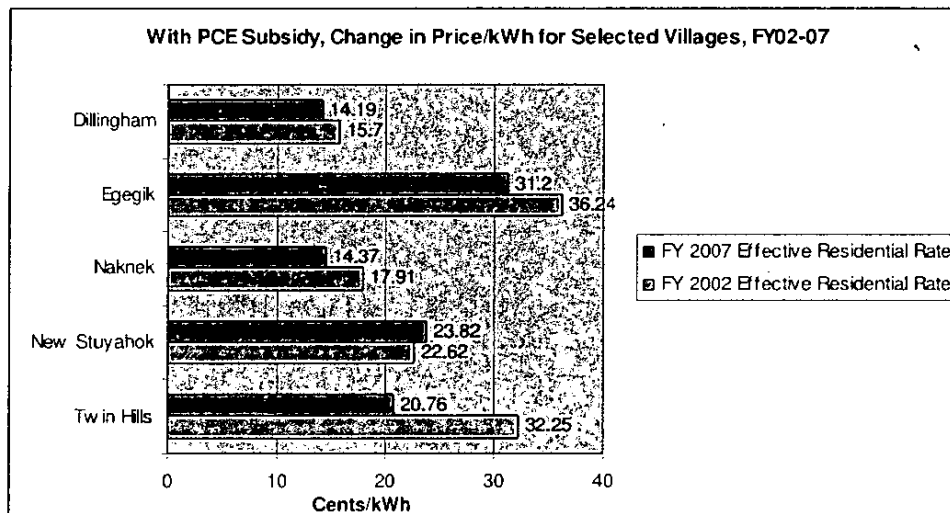
Source: Statistical Report of the Power Cost Equalization Program, FY 2007 and FY 2002

<http://www.akenergyauthority.org/publications.html>

Note: The cost per kWh shown is the total cost per kWh based on monthly usage of 500 kWh and before PCE is applied to the cost.

It should be noted that, when the PCE subsidy is applied, the consumer is paying a bit less for electricity per kWh. In figure 4 below, we can see that with the PCE subsidy applied, the effective residential rate that the consumer pays is less than what it would be without the PCE subsidy. The decrease over time is also due to the fact that the PCE endowment has been fully funded and the PCE program has received supplemental funding since 2005 to keep up with the rising cost of fuel.

Figure 4



Source: Statistical Report of the Power Cost Equalization Program, FY 2007 and FY 2002

<http://www.akenergyauthority.org/publications.html>

As one examines these and other energy data, one sees that:

- There are price equity issues within the region and compared to the rest of the state.
- Increasing costs of heating fuel, motor gas, propane, electricity are becoming unsustainable and action is needed to stabilize the costs.
- Power Cost Equalization is helping to decrease the cost of electricity; however, the cost for most villages in Bristol Bay is still two to five times higher than in Anchorage.

The challenge of finding a way to deliver reliable, low-cost, and long-term energy – heating fuel, motor and aviation gas, diesel, propane – to all of Bristol Bay presents interesting opportunities for innovative strategies that will put the region on the path of energy self-sufficiency by 2010. The best, and fastest, way to realize low-cost, reliable, energy self-sufficiency is through a process beginning with an energy policy and an energy plan.

Energy policy can be likened to a four-legged energy stool.

- **Leg one:** increasing supply;
- **Leg two:** diligently searching for acceptable, affordable, reliable, and long-term energy alternatives;
- **Leg three:** vigorously promoting conservation practices to lower our cost of energy; and finally
- **Leg four:** the WILL to do all of the above.

Figure 5.

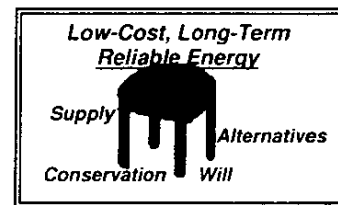
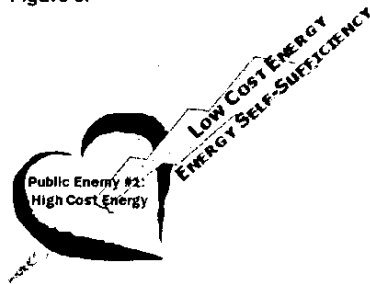


Figure 6.



In the 2006 Bristol Bay Economic Action Summit, participants from all around the region agreed that:

- "High cost energy is Public Enemy Number 1
- We need to have everyone working together to defeat the high cost of energy
- The goal is to:
 - Become non-reliant on diesel and be energy self-sufficient by 2025
 - Have electricity at 5 cents/kWh to all Bristol Bay villages.²

The recommended Bristol Bay Energy Policy is based upon the consensus reached at the 2006 Bristol Bay Economic Action Summit. The recommended policy provides guideposts that, if adopted, can help focus the efforts of Bristol Bay communities and organizations to realize the goals adopted at the Summit and lower the cost of energy. The Bristol Bay Energy Policy also guides the development of an Energy

² In the meeting minutes submitted to the full summit, the Energy Group reported the following:

"Diesel Independence by 2025/Electricity 5 cents a KWH

Consensus was reached on the following:

High cost energy is **Public Enemy Number 1**. We have to have EVERYONE working together to defeat **Public Enemy Number 1**

- We need to support fully funding the PCE program AND fully funding the PCE Endowment
- We need to support augmenting the LIHEAP program
- We need to establish **Fuel Coops** and finding **Storage for Bulk Fuel** Purchases
- To achieve Non-Reliance on Diesel, we need to create a **Regional Energy Plan** that supports the diversification of energy supplies by developing our regional alternative energy sources

Although our goal is to become Non-Reliant on diesel by 2025 and have our electricity delivered at no less than 5 cents a KWH to all of our villages, we still need to maintain our current generation systems by making sure that all of our power plant operators have the best training available. Use of diesel will continue until we can convert to our next generation of low-cost, reliable, and long-term energy source. Respectfully submitted, Nels Anderson, Energy Group for the BB Economic Action Summit, March 22-23, 2006"

Crisis Recovery Plan. The plan provides suggestions for short, median and long-term plans to the energy crisis facing the Bristol Bay region.

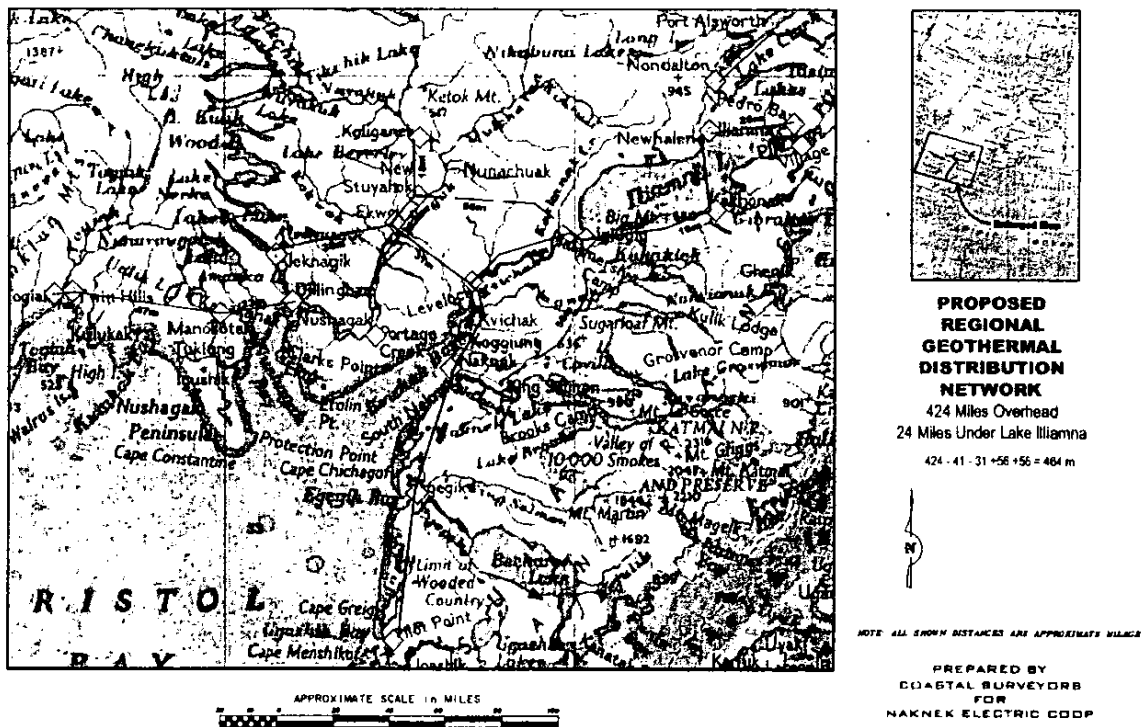
The recommended energy policy statements are also derived from the authority granted by the Alaska State Constitution. The language found in Alaska's Constitution is broad and clear regarding how its natural resources should provide "for the maximum benefit of its people." Specifically:

*"Article 8, Section 2. General Authority -
The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people."*

The Bristol Bay region and communities can use this authority to demand that the State provide the necessary resources and programs to allow the region to develop its energy resources to be energy self-sufficient and ensure the well-being of its people.

Since many Bristol Bay communities are located close to hydro, geothermal, wind, tidal, coal-bed-methane, and bio-mass resources, it may be possible to move the region's communities away from diesel toward renewable energy more quickly than anticipated³. Regardless, it is imperative to devise strategies that will bring the most benefits in the shortest time possible.

Figure 7: Naknek Electric Proposed Geothermal Project



Source: Naknek Electric Association, Inc.

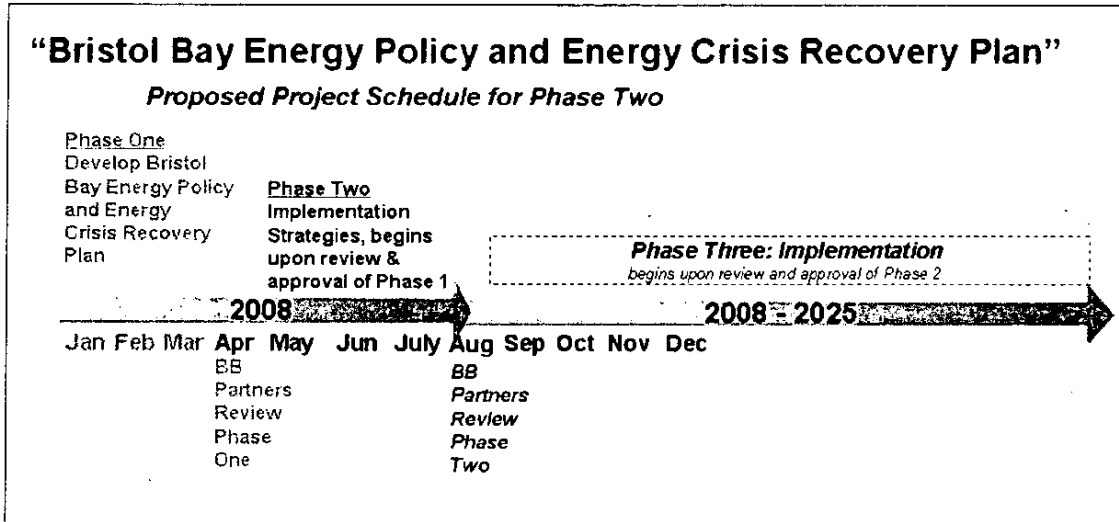
Note: This map and additional information on the Naknek Geothermal project can be obtained at <http://www.nea.coop/about/geothermal.shtml>, or <http://www.alaskapower.org/docs/DonnaVukich.pdf> or <http://www.swamc.org/images/stories/brsitobaygeothermal.pdf>

³ For more information on studies quantifying these resources, see Appendix 4.

That is what this document does. It recommends the policy and plans needed to get from the current high-cost energy situation to acquiring low-cost, reliable and long-term energy security for Bristol Bay through increased supplies, conservation, and acceptable alternatives. The Bristol Bay Energy Policy and Energy Crisis Recovery Plan can also be used to inform federal, state, Tribal and local governments, as well as private capital investors, how they can assist the Bristol Bay region achieve its low cost energy goals.

The Bristol Bay Partners have reviewed Phase One, and are moving toward authorization of Phase Two which would develop strategies to implement the Bristol Bay Energy Policy and Energy Crisis Recovery Plan.

Figure 8.



Bristol Bay Energy Policy and Energy Crisis Recovery Plan: Phase One

Bristol Bay Energy Policy

The intent of the Bristol Bay Energy Policy is to reach the goal of affordable, reliable, safe and long-term energy and to realize energy self-sufficiency and security that supports and sustains the well-being of Bristol Bay people and communities and that promotes economic development opportunities.

- **Bristol Bay will sustain its support for fully funding the Power Cost Equalization program and other energy assistance programs until they are no longer needed.**
- **Bristol Bay and its villages will:**
 - **Have adequate and affordable fuel sources to keep its communities heated and lighted year-round**
 - **Maintain current diesel generation systems by making sure that all of its power plant operators have the best training available and learn fuel purchasing strategies**
 - **Wean itself from use of diesel as its primary source of electrical energy**
 - **Enjoy energy equity and access to energy sources the same as all other citizens of Alaska.**
- **Bristol Bay will promote energy conservation to reduce waste and lower heating and lighting costs for homeowners and public buildings.**
- **Bristol Bay will support and encourage exploration of all on-shore, private, state, and federal lands in the Bristol Bay region to find new sources of energy.**
- **Bristol Bay will support and encourage:**
 - **Energy interties that connect Bristol Bay villages into a common Bristol Bay Energy Grid and to the Railbelt Energy Grid**
 - **A State-Wide Energy Grid to achieve the goal of low cost energy**
 - **Transportation corridor planning that will parallel energy grid development in Bristol Bay.**
- **Bristol Bay will search diligently for and promote acceptable energy alternatives that will reduce the carbon imprint in the Bristol Bay region.**
- **Bristol Bay will encourage Energy providers and producers to plan collectively for energy infrastructure development.**

Bristol Bay Energy Crisis Recovery Plan

The purpose of an energy policy is to ensure Bristol Bay's energy security by establishing an energy plan that will assist in developing energy strategies to lower the cost of fuel and electricity in Bristol Bay. The following presents the energy policy and the recommended energy plans needed to carry out the policy:

1. **Bristol Bay will sustain its support for fully funding the Power Cost Equalization (PCE) program and other energy assistance programs until they are no longer needed.**

Rationale: Until the Bristol Bay region fully realizes its goal of low-cost, diesel free energy, communities and residents will need the Power Cost Equalization program and other subsidies that provide immediate relief to high cost motor fuel, heating fuel, propane and aviation gas. Even organizations such as the Alaska Municipal League (AML) and the Anchorage Chamber of Commerce recognize the importance and need for Power Cost Equalization (Hope is not a strategy, 2007; AML 2008 Policy Statement⁴).

Plan recommendation: The Bristol Bay region and villages should continue advocacy for support of these programs through resolutions, face-to-face communications with legislators and the Governor and public relations campaigns that educate and communicate what these programs are and how they help bridge the gap between the current crisis and future solutions.

Bristol Bay should also develop a strategy that the state can adopt that will transform the PCE Endowment Fund into an Energy Development Fund to finance Rural and Remote Energy initiatives to achieve low cost energy for our villages once our villages no longer need the PCE program.

- 2a. **Bristol Bay villages will have adequate and affordable fuel sources to keep its communities heated and lighted year-round.**

Rationale: Strategies to ensure that Bristol Bay villages do not run out of fuel should be a very high priority for the region. There have been instances where some villages have been unable to acquire their fuel because of low-water conditions; high cost of fuel making it impossible to fill up the bulk fuel tanks; state and federal loan programs failing to work; lack of a regional fuel monitoring program for our villages; and, the lack of strategic plans for other unforeseen circumstances beyond the control of the villages.

For instance, New Stuyahok, Manokotak, South Naknek have all had problems getting fuel delivered. This is not a circumstance happening only in the Bristol Bay region. As an example, the village of Nikolski was without fuel for most of 2007 because of weather conditions. The Bristol Bay region must have contingency plans for its villages to make sure that it can meet any energy challenge that may arise.

Plan Recommendation: A regional fuel contingency strategic plan needs to be created and implemented to make sure that each Bristol Bay village has the fuel it needs to keep heated and lighted year-round.

A regional fuel monitoring program is needed to determine which villages are unable to fill their fuel tanks for the entire winter.

Strategies must be developed that will enable Bristol Bay villages to fill their fuel tanks to keep them going year-round.

⁴ For more information on these policy statements, see Appendix 4, Review of Energy Policy and Energy Resource Studies for Bristol Bay and Alaska.

2.b. Bristol Bay and its villages will maintain current diesel generation systems by making sure that all of its power plant operators have the best training available and learn fuel purchasing strategies.

Rationale: It will take several years for the region to realize its goal of becoming diesel free. In the meantime, the region must ensure that its villages can operate diesel gensets at the highest rates of efficiency, and that village fuel purchases are conducted using the latest cost-saving techniques that result in the lowest cost to the communities.

Plan Recommendation: Plans should be devised to allow utility operators and others to get training in fuel buying and management techniques. Organizations such as Oil Price Information Service (OPIS) operate training programs like the "Fuel Management University" and "Winning Fuel Buying Strategies" to help fuel operators realize cost savings⁵. Strategies should also be developed to continue to ensure that the Bristol Bay region's power plant operators have the best training available to maintain current diesel generation systems.

2.c. Bristol Bay will wean itself from use of diesel as its primary source of electrical energy.

Rationale: With oil over \$100 a barrel it is imperative that Bristol Bay villages do everything possible to move away from being totally dependent on diesel as soon as practicable. Diesel oil continues to increase in cost and there is nothing that indicates that high crude oil costs are going to go away. In addition, Ultra-Low Sulfur Diesel is being mandated to be used by all village utilities in the near future. Even if we are successful in getting a reprieve, it will only be temporary and the cost of diesel will be more expensive as a result. Other problems arise with ULSD such as fuel storage and transportation difficulties that have not yet been resolved.

Therefore, strategies that will move Bristol Bay villages away from diesel must be a high priority in order to prevent unscheduled downtime in village utilities. If diesel prices continue to rise, villages may not be able to pay for their electricity.

Plan Recommendation: Near-term strategies should be planned and adopted to move Bristol Bay villages away from diesel generation as soon as possible. Careful consideration must be given to connecting villages that are close to each other to subregional grids. This would allow more villages to share the cost of power generation if villages decide to build a sub-regional electrical intertie. Furthermore, a regional intertie electrical grid should be in the planning stages to be ready for large scale energy projects like the Naknek Electric Geothermal Project. The region also needs to push to connect itself to the Railbelt Energy Grid, and eventually be connected to a State-Wide Energy Grid.

In addition, strategies are needed for a regional fuel cooperative to be developed very quickly. Bulk fuel purchases for all of the region's villages would help bring down the cost of fuel as a stop gap measure. Acceptable alternatives to diesel need to be evaluated and adopted as each is measured by do-ability, timeframe, reliability and affordability.

2.d Villages of Bristol Bay will enjoy energy access and costs equal to all other citizens of Alaska.

Rationale: The State of Alaska's Constitution, under Article 8, Section 2. General Authority, states that, "The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people."

⁵ OPIS, Oil Price Information Service, conducts a Fuel Management University every year. The next course is in April 2008. Topics such as futures, price caps, risk, trends hedging and cash flow are taught. For more information see <http://www.opisnet.com/fmu/>. Another training program is the Fuel Buying Strategies which provides an introduction to the fuel buying world. For more information see <http://www.opisnet.com/wfbs/>.

We know that communities in Bristol Bay are paying far higher prices than counterparts in the Railbelt. Bristol Bay fuel and electricity costs are up to 5 and 10 times more expensive than what people pay in Anchorage, Fairbanks, Mat-Su, and Kenai. The Alaska Constitution states clearly that we can demand that state Royalty Oil be used for in-state use at a discount to help get through the energy crisis we are experiencing.

It makes little economic sense to send tankers of Alaska's oil down south, have Alaska's crude oil refined in Seattle, and then barge the fuel back to Alaska. Alaska should be able to make a call on its Royalty Oil for its citizen's use.

Plan Recommendation: Bristol Bay villages and region need to make a call on Alaska's State Royalty Oil to have it refined at Flint Hills or Tesoro. The gasoline, diesel, heating fuel, aviation fuel, jet fuel, and propane should be sold at a discount to all Alaskans across the state of Alaska. A cap of \$3.50 a gallon for all fuel should be set and the difference that Alaskans pay should be provided by the state.

The Bristol Bay region should make immediate plans to connect to the Railbelt Energy Grid as it works on tying all of the region's villages together with a common energy grid. The State of Alaska should be encouraged to begin planning a State-Wide Energy Grid to tie all of Alaska's communities together.

3. Bristol Bay will promote energy conservation to reduce waste and lower heating and lighting costs for homeowners and public buildings.

Rationale: The cheapest energy we can get is the energy we don't use. Although we cannot conserve our way out of this energy crisis in Bristol Bay, we can encourage conservation strategies that will lower the end user's cost of energy. There are many programs that have addressed conservation; the region should continue to support any and all conservation efforts to reduce the cost of energy.

Plan Recommendation: Strategies should be developed to provide incentives to conserve energy. Local energy providers, regional and community organizations, state and federal agencies should work together to devise and implement a menu of acceptable conservation strategies. The strategies could include tax credits, low interest loans, rebates, and grants to weatherize homes or to purchase more efficient heating systems, purchase solar panels, wind generators, and or other technologies that will result in lower cost energy for residents.

The same agencies should develop public service announcements, energy conservation brochures, conservation forums, and finally, bring the idea of energy conservation into our schools.

4. Bristol Bay will support and encourage exploration of all on-shore, private, state, and federal lands in the Bristol Bay region to find new sources of energy.

Rationale: If Bristol Bay is going to lower its cost of energy, the region needs to increase its supply. The world demand for oil is pushing oil prices over \$100 a barrel. More supply will help meet the demand for oil and help to stabilize the region's cost of heating fuel, diesel, aviation fuel, gasoline, and propane for use in the region. If natural gas is found, it could be used for electrical generation.

Plan Recommendation: The region should support and encourage exploration and development of all private, state, and federal uplands on-shore in the Bristol Bay region and all other regions across the state of Alaska.

5. **Bristol Bay will support and encourage the development of energy interties that connect Bristol Bay villages into a common Bristol Bay Energy Grid and to the Railbelt Energy Grid, and connect to a statewide energy grid and will encourage transportation corridors that will parallel energy grid development in Bristol Bay.**

Rationale: Bristol Bay energy studies have recommended connecting villages in sub-regional and regional grids in order to realize energy cost savings and to make development of alternative energy sources more feasible⁶. The State of Alaska has recommended interties for rural Alaska in its Rural Energy plan⁷. A regional transmission energy grid will need to be maintained and it would be practical to promote policies that call for jointly planning electrical transmission and transportation corridors. Environmental and other regulatory considerations are important to consider at the same time regional transmission lines and transportation corridors are being created. Many of the transmission lines and transportation corridors will parallel or cross many of our fish-producing streams and rivers in the Bristol Bay region; care must be taken to protect our fish and other natural resources.

Plan recommendation: An RFP calling for proposals to energize the Bristol Bay Region may be advisable. The RFP would ask for plans and the feasibility of connecting all villages to a common energy grid as well as to identify acceptable alternative energy power sources to meet the region's needs. Because there is no guarantee that the Naknek Geothermal Energy Project will be successful, there is a need to plan for other alternative energy sources. It makes sense to be ready for any major energy project that could provide for the region's energy needs with a grid that ties all the villages into whatever the source of alternative energy may be.

Bristol Bay should begin to plan for:

- Tying the villages into sub-regional energy grids
- Developing a transportation corridor to coincide with a regional energy grid
- Tying into the Railbelt Energy Grid, and
- Advocating and supporting efforts to develop a State-Wide Energy Grid

6. **Bristol Bay will search diligently for and promote acceptable energy alternatives that will reduce the carbon imprint in the Bristol Bay region.**

Rationale: Clean energy initiatives are supported by a vast number of Alaskans and people in the Bristol Bay Region. In order to reach that goal, it may be necessary for the Bristol Bay region to build a bridge between now and the future of renewables. Use of clean coal technology as an energy bridge from diesel power to green power sources may be an acceptable alternative as we watch crude oil prices move over a \$100 a barrel. Diesel use is going to become cost prohibitive if crude oil continues to rise and the federal government continues to push use of Ultra-Low Sulfur diesel.

⁶ See Appendix 4 for Review of Energy Policy and Energy Resource Studies for Bristol Bay and Alaska.

⁷ In the "NonRailbelt Report-Findings and Recommendations of the Alaska Energy Policy Task Force, 2004, page 11, the report states, "b. Long-term energy needs NonRailbelt findings: A long-term plan is needed for coordinated generation and transmission of power, to maximize the use of public funds, and to minimize the cost of power to the consumers. The Task Force adopted the definition of long-term as 20 years or more. Within the next 20 years, it was determined that NonRailbelt Alaska needs to:

- Create secure and reliable transmission between load centers
- Provide energy infrastructure for economic development
- Identify and evaluate long-term fuel sources
- Establish regional system operations where feasible
- Connect new areas to the Railbelt grid
- Replace aging generation
- Replace an aging workforce lessen dependence on fossil fuel generation where renewable options are available." <http://www.akenergyauthority.org/EnergyPolicyTaskForce/FinalNonRailbeltReport.pdf> .

There is an urgent need to prove several green energy sources such as the Naknek Electric Geothermal project, Togiak Tuya, wind, solar, tidal, peat, biomass, and other acceptable regional energy alternatives as soon as possible. This effort must take on the urgency of the construction of the AlCan Highway and getting a man to the moon. Anything short of a concentrated effort will leave Bristol Bay villages in a crisis.

Plan Recommendation: Multiple strategies that will accelerate the region's efforts to gain low cost, clean energy sources for its villages should be a high priority. Strategies should include:

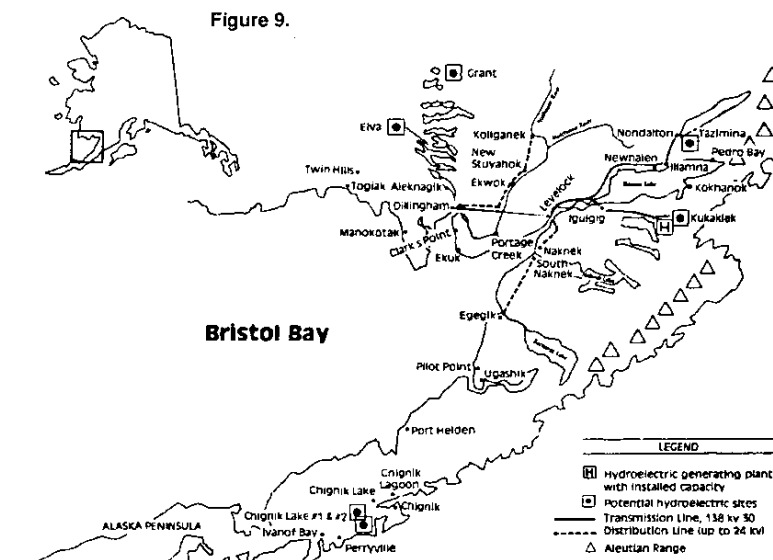
- Continued support for the Naknek Electric Geothermal Energy Project, and
- Support for all village, regional, municipal, private, state, and federal clean, alternative energy initiatives that are currently in progress.

7. Bristol Bay will encourage Energy providers and producers to plan collectively for energy infrastructure development.

Rationale: Bristol Bay needs to establish strategic alliances to create a regional integrated energy development plan. This will require the leadership from all stakeholders in the Bristol Bay region. This would include all Bristol Bay villages and their respective organizations, utilities, regional organizations, municipalities, the private sector, state, and federal agencies that have an interest in the future development of the villages and the Bristol Bay region.

Plan Recommendation: Bristol Bay needs to consider the formulation of a regional entity(s) to address the many questions that arise when considering major energy projects in the region.

In June, 1980, the "Bristol Bay Energy Report" prepared by Andy Golia recommended that a Regional Energy Authority be established that would "provide a better chance for the residents of Bristol Bay to actively seek and secure major energy development projects within the region. Unity provides strength, and such an organization would provide more political clout for local residents to work through its current energy dilemma."



Source: "Energy and Bristol Bay", Page 9. Report prepared by Andrew Golia, June 1980

The Bristol Bay Partners should consider a Regional Development authority that would be established to solve its energy crisis and to address transportation and communication needs as well. Transmission rights of way are going to have to be established in order to tie all of our villages into a regional energy grid. Those lines are going to have to be maintained and it makes economic sense to plan a transportation corridor that would parallel the regional electrical intertie to the extent practicable.

March 1, 2009
House Energy Committee - Dillingham Public Hearing

From: Tom & Karen Dearlove Tom.Dearlove@gmail.com karen.s.dearlove@gmail.com
PO Box 761
Dillingham, AK 99576
907-842-4884

AHFC Weatherization Rebate Program

Background - Web-based Queue & Energy Raters From October to the end of January, the web-based queue was referring names to energy raters without the raters knowing it/without the raters contacting AHFC for a list of referrals. This resulted in months of delay of homeowners getting their energy ratings completed and may have resulted with folks unknowingly dropping off of the queue by being assigned to inactive energy raters. At this time out of a list of 24 names provided by Gordon Isaacs, 13 Dillingham households have committed the \$500 and will have their initial energy ratings done in mid March. These ratings are finally being done through AHFC receiving information about the status of active energy raters in Dillingham, and by AHFC assigning an energy rater from Homer to do these ratings.

Action: Make sure this referral of names to energy raters without the energy raters actually requesting names is not occurring in other regions of off-road Alaska.

Action: AHFC should do targeted outreach to regions of Alaska that are underutilizing the weatherization rebate program's web-based queue. PSAs through the Alaska Public Radio Network is one method to advise folks in communities without energy raters how to queue up and how to secure a Roving Rater for their community's energy ratings.

Action: AHFC needs to purge their referral listing of energy raters to reflect those with certifications that are actively doing energy ratings. Set a standard of no less than 1 energy rating report submitted to AHFC every 3 months for certified energy raters to maintain their active status on the energy rater database .

Proposed Next Phases for the State's Homeowner Energy Conservation Programs

Background - Heating Systems Many rural homeowners are considering lower-cost biomass/ wood energy systems rather than the most efficient systems that would maximize on the conversion of fuel to energy. In some cases, these less efficient systems are not only terribly inefficient, but can also create air quality problems due to incomplete combustion. Some vendors may even be heavily promoting (dumping) non-EPA certified wood burners in remote Alaska. In addition, for the energy ratings of a home, AHFC makes no differentiation



ALASKA EARTH SCIENCES, INC.
11401 Olive Lane
Anchorage, AK 99515
Telephone: (907) 522-4664

GeothermEx

3260 BLUME DRIVE, SUITE 220
RICHMOND, CA 94806
TELEPHONE: (510) 527-9876

MEMORANDUM

DATE: February 26, 2009
TO: Those Considering Requests for Support from Naknek Electric Association (NEA)
FROM: Ann Robertson-Tait, *Senior Geologist, GeothermEx*
Robert M. Retherford, *Certified Professional Geologist, Alaska Earth Sciences*
RE: Exploration and Development of Geothermal Energy in the Naknek/King Salmon Region

To reduce reliance on oil for electrical generation and for home and business heating, NEA has researched not only geothermal, but also tidal, wind, natural gas (including coal-bed methane) hydro, coal and solar energy alternatives. In the search for geothermal energy alone, NEA has funded over \$2 million dollars of scientific work over the last 8 years – including deep-looking magnetotelluric geophysical surveys which are currently helping to locate the target for a deep geothermal test well. This concerted effort by a small rural utility is almost without precedent.

NEA has recognized from the outset that the amount of geothermal energy available locally is not certain and will not be known until a deep test well is completed. Why pursue a geothermal resource?

- A. **Global warming and climbing oil prices** have accelerated geothermal exploration and development on every continent -- attaining a critical mass economically and technologically.
- B. **Advances in Enhanced Geothermal Systems (EGS) and binary power plant technology** now allow development of geothermal resources at greater depths and from reservoirs with lower heat values. At Naknek, EGS development is both economically viable and environmentally preferable to the existing diesel power scheme.
- C. **Encouraging geological indications, including:** 1) aeromagnetic anomalies that suggest a strand of the Lake Clark Fault system cuts the target area, possibly providing conduits for recent intrusive magmatic or hydrothermal activity; 2) geothermometer temperatures of about 190°F from shallow borehole samples; 3) indications of hydrothermal activity from soil geochemistry; and 4) regional temperature gradients that imply temperatures of 300°F at 13,000 feet.
- D. **Excellent return on investment** in geothermal exploration and development (see table below).

NEA Geothermal Q & A

1. **Q:** *Are EGS resources technologically and commercially viable? Shouldn't they be tested and developed closer to rail belt or lower 48 infrastructure (where costs are lower)?*

A: Worldwide, geothermal power developments have been advancing into subsurface environments at great depth and with modest reservoir temperatures. Supported by a high price for geothermal power, \$28 million was spent at Landau, Germany, to develop an EGS resource at 11,000 feet and 300°F. This project now generates 2.5 MW of electricity and heats hundreds of homes in the winter. With both government and shareholder support, Australian companies are investing hundreds of millions of dollars in developing EGS resources at depths of 15,000 feet or more. As shown in the table below, geothermal energy is especially attractive in Naknek because: 1) NEA is off the rail belt intertie; and 2) imported energy costs are very high.

2. **Q:** *Even if sufficient heat exists at depth, will the rocks have sufficient porosity and permeability for sustainable rates of water flow between the injection and production wells?*

A: Complex faulting and fracturing are indicated by deep-looking magnetic and electromagnetic surveys and by extensional graben structures that are projected to underlie the project area. These may provide natural permeable pathways for hot water. In the absence of sufficient natural permeability, EGS hydraulic stimulation techniques will be applied to enhance well productivity.

3. **Q:** Is it technologically feasible to achieve flow rates of 2,000 gpm (gallons per minute?) High flow rates are required for substantial electrical generation at temperatures of less than 350°F.

A: Because of the relatively low energy content of hot water (compared to, for example, oil or gas), commercial production of geothermal fluids requires high flow rates. Geothermal wells have been pumped routinely at rates of 2,000 gpm or more for the last 20 years using conventional line-shaft pumps. Newer submersible pump technology enables flow rates up to 4,000 gpm. With today's technology, both types of pumps can be used at temperatures up to 390°F.

4. **Q:** Given the State's limited capital to invest in rural energy programs, isn't NEA's project too expensive and risky?

A: There is always a risk in drilling a deep well, but NEA has progressed toward reducing the risk as much as possible by using the best geophysical and geochemical techniques. Further, considering that the project site is about 50 miles from the Katmai Volcanic Cluster, the assumed temperature gradient of 2°F/100 feet may be conservative. While the capital costs are high, the cost of the current generation at Naknek is also high, and the return on investment for rural areas without interties to larger electricity distribution systems is compelling.

Although geothermal energy has provided commercial base-load electricity around the world for more than a century, geothermal development to date has been mostly limited to high-grade hydrothermal resources (with surface features like hot springs or geysers). However, since these obvious high-grade resources are limited, the U.S. Department of Energy's Geothermal Program is focused almost exclusively on technologies for developing EGS and finding hidden geothermal systems.

An impediment to the more widespread development of geothermal resources in Alaska is the up-front cost of exploratory drilling. In many countries, government funding has played a proactive role in the development of the geothermal resources by supporting initial exploratory drilling to discover and confirm the resource. This is exactly what the US Department of Energy seeks to achieve through its EGS R&D initiatives: the reduction of risk for EGS projects, thus spurring their commercialization.

NEA Geothermal Cost Matrix

| Geothermal Temperature | Net MW Per Production Well | Drilling costs for 9MW capacity @ \$12 million per well couplet | Cost of Production Facilities & Infrastructure, Including District Heating Plant | Total Capital Costs | Cost/gal of diesel & heating fuel | Annual Avoided Fuel Costs | Yrs to Payback |
|------------------------|----------------------------|---|--|---------------------|-----------------------------------|---------------------------|----------------|
| 300°F ¹ | 3.0 ² | \$36,000,000 ³ | \$60,000,000 ⁴ | \$96,000,000 | \$4.00 ⁵ | \$21,600,000 ⁶ | 4.4 |

Sources of Data

¹ Based on 2°F/100' geothermal gradient, averaged from 19 oil and gas wells drilled on the Alaska Peninsula

² Flow rates from Ormat Nevada, Inc., February 2009; electrical load of downhole pumps from Centrilift, February 2009

^{3,4} Dille, 2008, *Geothermal Cost Matrix* for the Alaska Energy Authority; and research conducted by Alaska Earth Sciences in 2009

⁵ Projected average price of oil, delivered to Naknek, at an average crude oil price of \$100/barrel, 2010 through 2015

⁶ 3,500,000 gallons of diesel fuel for electrical generation + 1,900,000 gallons of heating oil for home and business heating = 5,400,000 gallons per year @ average cost in Naknek of \$4.00/gallon



Naknek Electric Association, Inc. Proposed Regional Geothermal Generation Project

March 2009

Naknek Electric Association, Inc. (NEA) is exploring geothermal power production in an effort to improve its ability to provide reliable and affordable electricity. The cooperative faces an urgent need to identify sound alternatives to diesel generation due to the increasing and unpredictable costs of fossil fuels. These costs threaten the economic health and sustainability of the Bristol Bay and Lake Regions of western Alaska. Within the last few years the diesel fuel surcharge, which is reflected in the electric rate charged to NEA consumers, has increased by about 120% or more than \$130.00 per month for a typical residential customer. Geothermal power production could stabilize and lower electric rates in Naknek and throughout the region where approximately 6,500 people live in 25+ isolated rural communities.

Bristol Bay is considered the Sockeye Salmon capital of the world. In recent times, the harvest of Sockeye Salmon in a single summer topped 45 million fish. Since the area has a natural economic base, lowering the cost of electricity is expected to significantly improve the local economy. If energy costs can be reduced several seafood processors have indicated they would be interested in extending their seasons in the Bay to include secondary processing of salmon.

NEA's interest in geothermal power took root over a decade ago when research completed within Katmai National Park indicated that a substantial geothermal resource could lie not far from NEA's electric lines. With new drilling technology that supports the development of geothermal resources at depths of 10,000 feet or more, NEA is assessing local geothermal resources just outside the national park and close to existing road and electric distribution infrastructure.

NEA has reviewed previous research in the form of thermal imagery map overlays, oil well production and log data, aeromagnetic interpretations indicating regional faults; and research conducted by scientists from SMU and the University of Alaska. NEA has also completed geological and geochemical surveys, drilled three shallow test wells, thermal probe testing, and a 3D seismic survey. In February 2009 a ground magnetic study, controlled source audio-frequency magnetotellurics (CSAMT) study, and natural source magnetotellurics (MT) study were performed by Zonge Engineering & Research Organization and Alaska Earth Sciences (AES) to map subsurface structures and define aeromagnetic anomalies identified by Centennial Geoscience. Ultimately, the results of the testing will assist NEA in determining an optimal location from which to drill a well of up to 13,000 feet.

In December 2008, NEA formed a partnership with Alaska Earth Sciences, an Anchorage-based geologic consulting firm specializing in mineral and energy exploration and resource evaluation to accelerate progress on this project. AES is providing permitting, project management, geological and geophysical services, and assisting with funding efforts. NEA recently signed a contract with California-based GeothermEx, one of the most respected geothermal consulting firms in North America, to develop drilling specifications and well design documents, assist in the selection of a driller, provide technical assistance during drilling, and coordinate testing and evaluation of the well, which will be drilled over the summer of 2009.

This project is the first utility-grade geothermal development in Alaska. The initial cost estimate for the plant and approximately 450 miles of transmission line interconnecting regional villages is \$200 million. Over the past decade NEA has invested \$2 million in research and exploration of renewable alternative energy and is committed to being a financial partner as the project proceeds. NEA is approaching both state and federal governments for matching assistance. To date, NEA has collected over \$10,000 in voluntary contributions from members and friends within the Bristol Bay Region, in addition to letters of support from numerous local agencies and individuals.

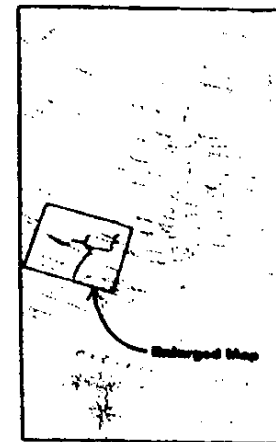
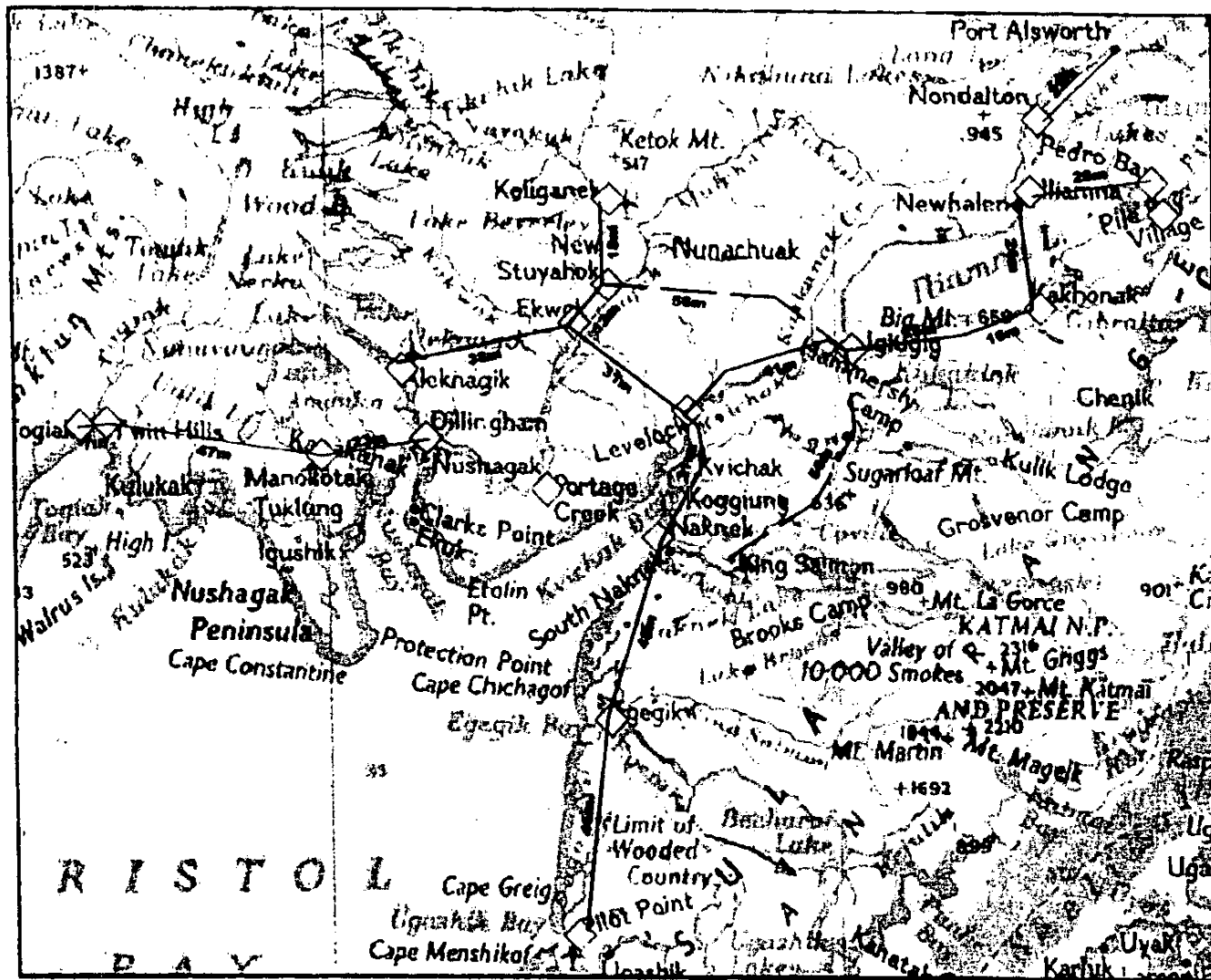
Proposed Project:

- 25 MW Geothermal Generation Facility
- 450 miles of transmission lines to bring electric energy to 25+ villages. Lines would extend from Naknek/King Salmon to Pilot Point; to Iliamna/Port Alsworth; and to Dillingham/New Stuyahok/Togiak and beyond
- Initial Load: 18 MW with full potential to use 25 MW within two years

Benefits:

- Dramatic drop in the cost of power production, estimated to decrease 70%
- Cleaner environment with elimination of 3.5 million gallons of diesel fuel now used to generate electricity
- An energy base for long-term economic development sustaining local communities

While NEA's interest in the project focuses on production of electricity, identification of a geothermal resource could bring many other benefits, including hydrogen production, hot water heating to nearby communities, and the development of spas, greenhouse projects, and other related businesses. This spring NEA will begin gathering updated statistics for the region and the statistics needed for district heating for King Salmon and Naknek.



**PROPOSED
REGIONAL
GEOTHERMAL
DISTRIBUTION
NETWORK**

424 Miles Overhead
24 Miles Under Lake Iliamna
424 - 41 - 31 + 56 + 56 = 464 m



NOTE: ALL SHOWN DISTANCES ARE APPROXIMATE MILEAGE

PREPARED BY
COASTAL SURVEYORS
FOR
NAKNEK ELECTRIC COOP

House Energy Committee Testimony
Dave McClure, Bristol Bay Housing Authority 
March 1, 2009

Members of the Committee:

My name is Dave McClure, and I serve as Executive Director of the Bristol Bay Housing Authority, and serve as the Chairman of the Southwest Alaska Vocational Education Center in King Salmon. I also am a director of Nushagak Cooperatives here in Dillingham, and have lived in Bristol Bay for 30 years

I wish to thank you and the full legislature for energy legislation adopted last year, specifically the weatherization and alternative energy funding. We all appreciate the effort you folks have taken to come out and see our challenges firsthand.

Let me stress that the Alaska Housing Finance Corporation has done an excellent job of mobilizing the weatherization program in an expeditious manner, and they work well with BBHA to accomplish the efforts to weatherize homes in our region.

My main point today is to convey the extreme scope of the need in our region. Please see the spreadsheet provided which indicates that even at the 80% income level of median income, there are over 1200 homes in the thirty one villages that are eligible for Wx assistance, which drives a total of approximately \$ 42 million in need. The amount allocated to the Bristol Bay Region is less than \$ 6 million. To extend the resources, BBHA has used an average of about \$ 24,000 per home, which will allow us to stretch the funds and weatherize additional homes. At that expenditure level, payback is accomplished within 10 years, with the important benefit of reducing the necessary cash flow in the interim for the potential 40% savings in fuel consumption. At \$ 7 per gallon, this is almost \$ 3K per household in a winter.

House Energy Committee Testimony
Dave McClure, Bristol Bay Housing Authority
March 1, 2009
Page 2

Please know that the training dollars associated with these funds are well spent. We partner with the Denali Commission, Alaska Works Partnership and our Voc Ed Center in King Salmon to train local individuals in becoming raters, but more importantly, workers who understand building science. We have trained over 25 individuals to date in various courses of components of building science and OSHA training in order to maximize local hire.

With the rebate program, we are talking with AHFC about folks who fall just above the income threshold for weatherization, but do not have the funds to pay for a rater. AHFC has agreed to look at coming up with a system to have these folks rated, and take advantage of their improvement loan program to interim fund the rebate upgrades to their home. BBHA can assist with these rating from our folks trained with weatherization funds.

BBHA also supports the efforts of Senator Hoffman to reduce the cost of fuel oil in the region. While we support the current effort to assist communities with the purchase of fuel, and to insure everyone had adequate funds in a community to provide fuel to all homes, we also support reduction at the point of sale to the cost of fuel from State funds. This could be done with a means-test methodology such as is used by the Lifeline federal telephone subsidy, that is, if you can show you have been income screened in any number of federal programs, you would be eligible for this program without further verification. As Robin Samuelson stated last night, we have several instances of people turning to electrical heat because they cannot afford oil, even though they then have a large electrical bill to pay.

House Energy Committee Testimony
Dave McClure, Bristol Bay Housing Authority
March 1, 2009
Page 3

BBHA and the villages have used Federal HUD funds to react to the high costs of fuel by providing energy vouchers to homeowners; approximately \$ 300,000 per year is used in this fashion over the past two years. The Federal stimulus funding will provide by formula an additional \$ 2.4 million to our region thru HUD for construction activities such as weather-stripping, window insulation, and other rehab type work.

It is important for the committee to continue to fund the Weatherization program, as even with federal stimulus funding, the need in the region is six times the available funding.

BBHA also supports the Power Cost Equalization program. In many of our villages, electrical costs have increased dramatically, due to spreading the increased cost by fewer consumers. PCE is an absolute necessity for residential customers.

The hardest job all of us have is managing realistic expectations of our residents. However, by continued funding, with accountability of the resources expended and effective and efficient use of the funds will allow our scarce resources to go further.

I have asked Val Angasan, our weatherization director to testify to specifics of our efforts, and am happy to answer any questions.

Thank you.

Dillingham Census Area
2000 Census Data

(Note - Red signifies unknown fuel cost, est. at \$ 6/gallon)

Ave

| Village/City Name | Occupied Housing | | Total Housing | | Poverty: Individual | | Heating Degree Days | Persons per Household | Fuel Costs | 10% OHU | 10% # ppl in HS | 40% Income | 20% fcx#ppl x HDD | 20% HDDxunitsxcfc | Score | LMI at 80% | Est. LMI Hshds | Budget Need | CAS/NAH units | # other units | Total units |
|-------------------|------------------|--------------|---------------|--------------|---------------------|----------------|---------------------|-----------------------|---------------|---------------|-----------------|---------------|-------------------|-------------------|---------------|------------|-------------------|-------------|---------------|---------------|-------------|
| | Population | Units | Units | Units | Individual | % | Days | Hold | ##### | | | | | | | | | | | | |
| Dillingham | 2,466 | 884 | 1,000 | 287 | 11.6% | 11,460 | 2.75 | 6.23 | 59.77 | 7.56 | 4.36 | 7.45 | 59.24 | 21.81 | 0.37 | 327 | 10,793,640 | 31 | 853 | 884 | |
| Manokotak | 399 | 93 | 106 | 141 | 35.3% | 11,460 | 4.29 | 7.60 | 6.29 | 11.80 | 13.23 | 14.18 | 7.60 | 11.46 | 0.70 | 65 | 2,148,300 | 14 | 79 | 93 | |
| New Stuyahok | 471 | 105 | 107 | 152 | 32.3% | 10,968 | 4.49 | 7.84 | 7.10 | 12.35 | 12.08 | 14.65 | 8.47 | 11.40 | 0.80 | 84 | 2,772,000 | 24 | 81 | 105 | |
| Togiak | 809 | 202 | 221 | 247 | 30.5% | 11,460 | 4.00 | 5.48 | 13.66 | 11.00 | 11.43 | 9.53 | 11.91 | 11.33 | 0.70 | 141 | 4,666,200 | 22 | 180 | 202 | |
| Clark's Point | 75 | 24 | 51 | 37 | 49.3% | 11,460 | 3.13 | 6.00 | 1.62 | 8.61 | 18.47 | 8.17 | 1.55 | 10.36 | 0.67 | 16 | 530,640 | 5 | 19 | 24 | |
| Aleknagik | 221 | 45 | 107 | 95 | 43.0% | 10,968 | 3.16 | 7.35 | 3.04 | 8.69 | 16.10 | 9.67 | 3.40 | 10.23 | 0.74 | 33 | 1,098,900 | 20 | 25 | 45 | |
| Ekwok | 130 | 42 | 56 | 34 | 26.2% | 10,968 | 3.10 | 6.25 | 2.84 | 8.52 | 9.79 | 8.07 | 2.70 | 7.21 | 0.64 | 27 | 887,040 | 14 | 28 | 42 | |
| Koliganek | 182 | 53 | 77 | 39 | 21.4% | 10,968 | 3.43 | 6.00 | 3.58 | 9.43 | 8.02 | 8.57 | 3.27 | 6.88 | 0.45 | 24 | 787,050 | 12 | 41 | 53 | |
| Twin Hills | 69 | 24 | 33 | 12 | 17.4% | 11,460 | 2.88 | 5.48 | 1.62 | 7.92 | 6.51 | 6.87 | 1.41 | 5.21 | 0.79 | 19 | 625,680 | 7 | 17 | 24 | |
| Portage Creek | 36 | 7 | 22 | 0 | 0.0% | 10,968 | 5.14 | 6.00 | 0.47 | 14.13 | 0.00 | 12.84 | 0.43 | 4.11 | 1.00 | 7 | 231,000 | 4 | 3 | 7 | |
| Totals | 4,858 | 1,479 | 1,780 | 1,044 | 267.1% | 112,140 | 36.37 | 64.23 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 744 | 24,540,450 | 153 | 1,326 | 1,479 | |

Lake & Peninsula Borough Census Area

| | | | | | | | | | | | | | | | | | | | | | |
|-------------------|--------------|------------|--------------|------------|---------------|----------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|----------------------|---------------------|------------|------------|------------|
| Nondalton | 221 | 68 | 120 | 104 | 47.1% | 10,968 | 3.25 | 7.95 | 11.81 | 6.14 | 15.19 | 15.10 | 14.65 | 13.82 | 0.85 | 58 | 1,907,400 | 5 | 63 | 68 | |
| Kokhanok | 174 | 52 | 59 | 75 | 43.1% | 10,968 | 3.35 | 9.25 | 9.03 | 6.33 | 13.91 | 13.84 | 13.04 | 12.47 | 0.81 | 42 | 1,389,960 | 9 | 43 | 52 | |
| Pope-Vannoy | 8 | 5 | 19 | 6 | 75.0% | 10,968 | 1.60 | 6.00 | 0.87 | 3.02 | 24.20 | 0.41 | 0.81 | 10.32 | 1.00 | 5 | 165,000 | 0 | 5 | 5 | |
| Newhalen | 160 | 39 | 51 | 24 | 15.0% | 10,968 | 4.10 | 7.71 | 6.77 | 7.74 | 4.84 | 10.60 | 8.15 | 7.14 | 0.69 | 27 | 888,030 | 6 | 33 | 39 | |
| Levelock | 122 | 45 | 50 | 27 | 22.1% | 11,104 | 2.71 | 6.30 | 7.81 | 5.12 | 7.14 | 6.69 | 7.78 | 7.04 | 0.66 | 30 | 980,100 | 9 | 36 | 45 | |
| Chignik Lake | 145 | 40 | 50 | 29 | 20.0% | 9,674 | 3.63 | 6.00 | 6.94 | 6.86 | 6.45 | 6.60 | 5.74 | 6.43 | 0.56 | 22 | 739,200 | 9 | 31 | 40 | |
| Pilot Point | 100 | 29 | 69 | 25 | 25.0% | 10,241 | 3.45 | 5.81 | 5.03 | 6.52 | 8.07 | 4.66 | 4.26 | 6.17 | 0.66 | 19 | 631,620 | 6 | 23 | 29 | |
| Perryville | 107 | 33 | 45 | 16 | 15.0% | 9,674 | 3.24 | 5.10 | 5.73 | 6.12 | 4.83 | 4.14 | 4.02 | 4.75 | 0.28 | 9 | 304,920 | 12 | 21 | 33 | |
| Port Heiden | 119 | 41 | 56 | 5 | 4.2% | 10,241 | 2.90 | 7.32 | 7.12 | 5.48 | 1.36 | 6.99 | 7.60 | 4.72 | 0.47 | 19 | 635,910 | 11 | 30 | 41 | |
| Williamna | 102 | 35 | 58 | 4 | 3.9% | 10,968 | 2.91 | 7.71 | 6.08 | 5.50 | 1.27 | 6.76 | 7.31 | 4.48 | 0.26 | 9 | 300,300 | 0 | 35 | 35 | |
| Port Alsworth | 104 | 34 | 70 | 7 | 6.7% | 10,968 | 3.06 | 6.00 | 5.90 | 5.78 | 2.17 | 5.36 | 5.53 | 4.22 | 0.37 | 13 | 415,140 | 0 | 34 | 34 | |
| Egegik | 116 | 44 | 286 | 8 | 6.9% | 10,241 | 2.64 | 5.00 | 7.64 | 4.99 | 2.23 | 4.66 | 5.57 | 4.20 | 0.88 | 39 | 1,270,500 | 0 | 44 | 44 | |
| Chignik Lagoon | 103 | 33 | 68 | 2 | 1.9% | 9,674 | 3.12 | 5.21 | 5.73 | 5.89 | 0.63 | 4.07 | 4.11 | 3.05 | 0.23 | 8 | 250,470 | 0 | 33 | 33 | |
| Pedro Bay | 50 | 17 | 43 | 3 | 6.0% | 10,968 | 2.94 | 7.35 | 2.95 | 5.55 | 1.94 | 3.16 | 3.39 | 2.93 | 0.64 | 11 | 359,040 | 0 | 17 | 17 | |
| Chignik | 79 | 29 | 80 | 4 | 5.1% | 9,674 | 2.72 | 4.29 | 5.03 | 5.14 | 1.63 | 2.57 | 2.97 | 2.78 | 0.53 | 15 | 507,210 | 4 | 25 | 29 | |
| Igiugig | 53 | 16 | 20 | 2 | 3.8% | 10,968 | 3.31 | 6.31 | 2.78 | 6.25 | 1.22 | 2.87 | 2.74 | 2.51 | 0.79 | 13 | 417,120 | 1 | 15 | 16 | |
| Ugashik | 11 | 7 | 35 | 1 | 9.1% | 10,241 | 1.57 | 5.81 | 1.22 | 2.97 | 2.93 | 0.51 | 1.03 | 1.90 | 0.50 | 4 | 115,500 | 4 | 3 | 7 | |
| Ivanof Bay | 22 | 9 | 12 | 0 | 0.0% | 9,674 | 2.44 | 6.00 | 1.56 | 4.61 | 0.00 | 1.00 | 1.29 | 1.08 | 0.23 | 2 | 68,310 | 5 | 4 | 9 | |
| Totals | 1,796 | 576 | 1,191 | 342 | 309.9% | 188,182 | 53 | 115.12 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 344 | \$ 11,345,730 | 81 | 495 | 576 | |
| Total BBHA | 643 | 210 | 328 | 254 | | 63,923 | | | | | | | | | | | | | | | |
| Total ACDC | 1,153 | 366 | 863 | 88 | | 124,259 | | | | | | | | | | | 119 | \$ 3,939,870 | 34 | 177 | 211 |
| | | | | | | | | | | | | | | | | | 224 | \$ 7,405,860 | 47 | 318 | 365 |

Bristol Bay Borough

| | | | | | | | | | | | | | | | | | | | | | |
|--------------------|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------|---------------------|----------------------|------------|--------------|--------------|
| South Naknek | 137 | 46 | 137 | 39 | 28.5% | 11,460 | 2.98 | 6.50 | 9.41 | 37.34 | 63.83 | 39.06 | 10.04 | 40.03 | 0.65 | 30 | 986,700 | 5 | 41 | 46 | |
| King Salmon | 442 | 196 | 343 | 55 | 12.4% | 11,104 | 2.26 | 6.13 | 40.08 | 28.32 | 27.90 | 27.07 | 39.10 | 31.24 | 0.30 | 59 | \$ 1,940,400 | 7 | 189 | 196 | |
| Naknek | 678 | 247 | 455 | 25 | 3.7% | 11,460 | 2.74 | 6.13 | 50.51 | 34.34 | 8.27 | 33.87 | 50.86 | 28.74 | 0.36 | 89 | 2,934,360 | 9 | 238 | 247 | |
| Totals | 1,257 | 489 | 935 | 119 | 44.6% | 34,024 | 7.98 | 18.76 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 178 | \$ 5,861,460 | 21 | 468 | 489 | |
| Total BBHA | 6,758 | 2,178 | 3,043 | 1,417 | | | | | | | | | | | | | 1041 | \$ 34,341,780 | 208 | 1,971 | 2,179 |
| Total ACDC | 1,153 | 366 | 863 | 88 | | | | | | | | | | | | | 224 | \$ 7,405,860 | 47 | 318 | 365 |
| Grand Total | 7,911 | 2,544 | 3,906 | 1,505 | | | | | | | | | | | | | 1265 | \$ 41,747,640 | 255 | 2,289 | 2,544 |

Good afternoon. My name is Ralph Andersen. I'm the Chief Executive Officer at the Bristol Bay Native Association.

Welcome to all of you and thank you to the co-chairs for bringing the Committee to the people Dillingham and Bristol Bay. I hope you are finding your stay educational and enjoyable.

BBNA is a non-profit corporation of 31 tribes organized under State law. Our region is about 40,000 square miles or about the size of the State of Ohio. We provide a wide range of public assistance, education, social, economic, community, natural resources, and land management services to tribes through funding agreements with State and Federal agencies.

I'm also the Chairman of the Bristol Bay Partnership, composed of the chief executives of our regional organizations, Co-chair of AFN's Human Resources Committee – a committee of the AFN Board composed of the chief executives of the 12 regional Native non-profits -- and the Chairman of AFN's Energy Working Group.

All of these organizations share one goal in common -- we want to help find answers to lowering energy costs in our region and in rural Alaska.

During your visits around the State, to Aleknagik and here to Dillingham, you've seen first hand some of the innovative ways residents are dealing with high energy costs. You've also heard some the negative impacts we face because of high costs of energy. There are not many differences in our experiences. I hope it's clear to you that we need help now.

While fuel prices may drop, as we hope they will, when the spring barges arrive, we need to be prepared to make sure our suffering does not happen again. We need actions from the lessons of this experience to safeguard us in the future.

At BBNA we do our best to improve conditions but are consistently faced with shrinking or limited budgets and rising costs. We also realize that the challenges of finding answers to problems caused by high energy costs are too big for one organization to handle. So our regional organizations are working together to find answers.

Rural economies are in dire straits, with unemployment rates in some villages at 80% or more. Our economies and cost of living are tied directly to the price of fuel. The price of electricity, groceries, fresh milk, a dozen eggs, airline tickets, medicine, diapers, clothes, building materials, car and truck parts – **everything** – have all gone up with the price of fuel. Last summer our commercial fishermen took home less money than they would have if the price of fuel had been lower, and it costs a lot more for us to subsistence hunt and fish to put food on the table.

The Special Session last summer gave us hope, but the final results fell short of meeting our needs and expectations. Funding for PCE was very helpful. Waiving municipal taxes on fuel products resulted in some savings at the pump. The \$1,200 dollars was good but it didn't go very far. It bought about 200 gallons of heating fuel here in Dillingham and didn't do anything to lower fuel costs. We have hope and expectations that your travels and your hearings will result in meaningful actions that will help us.

We encourage the State to adopt an energy policy—one that covers every region of the State with the goal of lowering or equalizing energy costs for all Alaskans. It should contain a plan with specific milestones to measure progress and provide accountability.

We need more than an index listing potential renewable or alternative energy sources close to our villages. We need a policy directive and, more importantly, a commitment of funds to develop those potential energy sources. We encourage the State to also help us as we transition to alternative or renewable energy sources by supporting the costs for that transition period.

In Bristol Bay, we have geo-thermal, solar, wood, wind, tidal, and hydro resources that can be developed. Some of our residents and villages have taken the initiative to develop some of them to reduce costs, and our utility companies are trying to secure funds to develop others on a larger scale.

Economies of scale tell us that power grids between our villages will reduce the costs of power production. Lately we've heard about the Governor's proposal for a Railbelt power grid. Why is rural Alaska being left out? We're hit the hardest by high energy costs. We don't have the luxury of natural gas fields or a natural gas pipeline planned nearby to power any of our generators.

We support buying down the debt of rural utilities to reduce the costs passed on to consumers. Some of our village members are still paying high electric costs for improvements to their power plants and systems even when the improvements were supposed to reduce their costs.

We support strengthening the PCE program by raising the ceiling, and adding more money to allow for expanded coverage for schools, health facilities, stores and businesses, and community buildings.

We support continuing to fully fund the State's portion of the LIHEAP program and continued funding of the Alaska heating assistance program. After a U.S. Senate Indian Affairs Committee hearing in Bethel last fall, Senator Lisa Murkowski added \$30 million to the federal share of the LIHEAP program. We hope the State would do the same.

We support continuing the weatherization and home energy rebate programs under AHFC. There is an increasing demand to make our homes, schools, and buildings more energy efficient and, therefore, lower our fuel bills. It may be costly to bring them up to code and increased efficiency, but the investment pays dividends in the long run.

We support Senator Hoffman's efforts to cap fuel costs for rural Alaskans and to deliver 100 gallons of fuel to rural households. In Senator Lisa Murkowski's address to the joint session recently, I recall her saying how disappointing it is that rural Alaskans have to rely on a foreign government – Venezuela – for help. We agree that our leaders should do way better than that, especially as an oil producing State.

Finally, we support full funding for the bulk fuel revolving loan fund and encourage the Governor and legislature to accept all Federal economic stimulus funds for Alaska, especially for energy projects and the LIHEAP program.

I would like to briefly describe some of BBNA's work relating to energy.

We plan to operate the LIHEAP program under contract during next State fiscal year. We want to make sure that every eligible resident in Bristol Bay gets the help they need and qualify for under the program.

Our tribal TANF Program educates, assists and encourages clients to incorporate energy efficiency measures into their homes, such as installing CFL light bulbs, as a way to help clients meet their household budgets.

We also work with the Alaska Inter-Tribal Council and coordinate delivery of 100 gallons of free heating fuel to those in Bristol Bay who want to participate in the CITGO program. We are waiting for the final go-ahead to begin fuel deliveries which we hope will be very soon.

Last Fall, BBNA established a new Tribal Energy Program. Generally, the program is charged assisting and providing information to tribes on energy projects, initiatives and opportunities. The program funds are limited by our BIA compact but we are now seeking additional funds for full program operation on a regional basis.

BBNA is united in partnership with other Bristol Bay organizations to address the energy issue in a coordinated way. Last spring, the Bristol Bay Partnership adopted an energy policy and energy crisis recovery plan that we are now working to implement. The plan describes short, median and long term goals that we hope to achieve to wean us off fossil fuels as our only source of energy. We need your help and funding to reach those goals. I have copies of the policy and plan for the Committee.

Finally, I have 2 recommendations that I hope you will consider:

1. I encourage the Committee to hold a hearing about the pricing of the transportation and delivery of fuel to western Alaska. Why do fuel prices fluctuate so widely between coastal communities? Why, for example, are fuel costs higher in Dillingham than they are in Togiak, Bethel and Nome?
2. I encourage the Committee to explore possible regulation of fuel transportation and delivery to rural Alaska. The RCA regulates the price of transportation and delivery of natural gas to homes and businesses in Anchorage. As I understand it, Enstar buys natural gas from producers then transports and delivers it to Anchorage consumers at a cost regulated by the RCA. How or why is that any different than Delta Western and Crowley buying gasoline, diesel, propane, and heating fuel from producers and transporting and delivering them to rural consumers?

Thank you again for coming to Dillingham and Bristol Bay and for the opportunity to testify today. I will be happy to answer any questions you have.

Thank you.