

Good afternoon. My name is Ralph Andersen. I'm the CEO of the Bristol Bay Native Association. I'm also the Chairman of the Bristol Bay Partnership; our leadership group composed of the chief executives of our regional organizations.

The summer of 2008 was painful for us in rural Alaska. That's when we first felt the pinch of high fuel costs. The price of crude oil went to nearly 200 dollars a barrel and the prices we pay for gas, diesel and heating fuel doubled. The high crude prices added millions to the state's revenues, but emptied the bank accounts of us living in rural Alaska.

In the summer of 2008, a study by the Institute of Social and Economic Research showed that rural Alaskans pay 41 percent of our monthly incomes on energy, and Anchorage residents pay only 4 percent.

Last winter our hearts went out to our village people who were having to choose between paying the oil or electricity bill or buying food for their families.

Some could not afford the gas for their ^{BOATS OR} snow machines for subsistence hunting. We saw emergency food deliveries made in villages across the State to keep families and children from going hungry.

During the past 2 years, we've seen more friends, more families and more neighbors move out of our villages and out of our region because of the high cost of living. The high price of fuel is the biggest factor raising our cost of living and affects every part of our lives.

The price of groceries, fresh milk, a dozen eggs, airline tickets, toothpaste, medicine, diapers, clothing, lumber and building materials, car and truck parts – *everything* – have gone up.

When the price of crude was cut in half this past summer to about \$70 a barrel, we expected to see at least an equal cut in fuel prices. Our hopes were dashed when we saw prices drop just a few dollars.

Not only do we continue to pay high prices, but the prices are all over the board, up and down the west coast, and even between villages in our region.

Why are prices in South Naknek, for example, a dollar more than the prices at Naknek only 300 yards away?

And why ~~can't~~ ^{is it that} fish processors ~~offer~~ ^{can sell} diesel for \$2 a gallon ^{to their fleet} from a barge like they did this past summer, when we were paying more than \$6.00 a gallon at the fuel pump?

We know that we will depend on oil for many years to come. Our commercial fishing boats, fish tenders and processors, outboard motors, chainsaws, snow-machines, cars, and trucks all run on diesel or gas.

The airlines, cargo planes, air taxi's, and tugs and barges that deliver our supplies all run on diesel or gas. And our village generators still run on diesel.

We all want cheaper fuel to heat our homes and generate electricity, and we need it now. The problem is there is no control over how fuel prices are set.

Unless a new state law is made or price controls are put in place, the prices we rural residents pay for fuel will continue to be at the mercy of Delta Western and Crowley.

Some of our residents have installed wood-fired stoves, heating systems and hot water heaters. Some of our villages have installed or are planning to install wind generators to lower energy costs and reduce consumption of diesel fuel.

But until the transition to another power source is total or complete, diesel will continue to power our village generators and we will need fuel to heat our homes.

It takes years and millions of dollars to develop renewable or alternative power sources, and we need electricity now for our homes, schools, clinics, fire stations, stores, and community buildings.

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.

The policy should address energy needed for electricity, heating and transportation. It should require or be supplemented with an energy plan for every region in Alaska with specific milestones to measure progress and for accountability.

We support establishing an Energy Department and a commitment of sufficient funds for the department to carry out the policy. We also support funding to develop the potential alternative and renewable energy sources that were identified last year by the Alaska ~~Power~~^{ENERGY} Authority.

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 their energy costs, and our utility companies are trying to secure funds to develop other energy sources on a larger scale.

At BBNA, we will operate the LIHEAP program under contract with the State this year. We want to make sure that every eligible resident in Bristol Bay gets the help they need and qualify for under the program.

It was disturbing to learn that only 15 percent of eligible families in our region were served last year. We can do better than that.

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 coordinate delivery of 100 gallons of free heating fuel to those in Bristol Bay who want to participate in the CITGO program. While some may choose not to participate, the free fuel program offers relief to the majority of our elders and village residents and we hope CITGO continues its fuel program again this year.

Last Fall, our Board established a new Tribal Energy Program. Generally, the program is charged assisting

and providing information to tribes on energy projects, initiatives and opportunities. The funds to operate the program 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.

In April 2008, a few months before the fuel crisis hit us, the Bristol Bay Partners adopted our first Energy Policy and Crisis Recovery Plan. The Recovery Plan is focused on ways of reducing the costs of electricity.

Our Plan recommends building interties between our villages. Economies of scale tell us that it's cheaper to have one power plant generating enough electricity for 2 or 3 villages than it is to have smaller power plants in each of those villages.

Finally, I have ~~2~~⁴ recommendations that I hope you will consider:

1. Adopt a State Energy Policy and establish an Energy Department to carry it out.
2. Hold a hearing about the pricing of the transportation and delivery of fuel products to western Alaska. ~~As to understand it, Enstar buys natural gas from producers then transports and delivers it to Anchorage consumers at a cost regulated by the RCA. How is that any different than Delta Western and Crowley buying gasoline, diesel, and heating fuel from producers and transporting and delivering them to rural consumers?~~

3. TAKE ACTION ON SENATOR HOFFMAN'S BILL TO CAP Fuel Prices FOR RURAL ALASKANS.
I appreciate this opportunity to testify. Thank you.

4. TAKE ACTION ON THE 4 REMAINING AFN ENERGY PRIORITIES.