

Testimony of Mr. Ralph Andersen
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United States Senate Committee on Indian Affairs

Indian Energy Promotion and Parity Act of 2010

April 22, 2010

Mr. Chairman and Members of the Committee, Ladies and Gentlemen.

Thank you for the invitation to provide testimony today on the Discussion Draft of the Indian Energy Promotion and Parity Act of 2010. I am honored to be here today.

My name is Ralph Andersen. I am the Chief Executive Officer of the Bristol Bay Native Association (BBNA); and co-chair of AFN's Human Resources Committee composed of the Chief Executives of the 12 regional non-profit consortiums in Alaska.

I also serve as chairman of the Alaska Federation of Natives' Energy Working Group, and as chairman of the Bristol Bay Partnership, our leadership organization composed of the chief executives of the 5 regional organizations in the Bristol Bay region of Alaska.

BBNA is a non-profit tribal consortium of 31 Federally-recognized Tribes located in Southwest Alaska. Our region covers about 40,000 square miles and is about the size as the State of Ohio. BBNA provides a wide range of social, economic, cultural, and educational services to benefit of the Tribes and the Native people of Bristol Bay.

A common goal of all these organizations that I chair or I am involved with is to help find answers to lowering the high cost of energy in Rural Alaska.

Alaska Natives – as a result of the Alaska Native Claims Settlement Act -- are the largest private landowners in our State. We have resources that can be developed – both renewable and nonrenewable – and we are committed to working with state and federal governments and the private sector to help meet the energy needs of our people.

Our federally recognized Tribes, our regional housing authorities and our regional Tribal consortia all have a strong interest in being part of finding affordable energy and finding solutions to the high cost of energy.

Rural Alaska faces unique energy challenges that are hard for most to imagine. We pay the highest per capita for power and fuel in the United States.

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 University of Alaska's Institute of Social and Economic Research showed that rural Alaskans pay 41 percent of our monthly incomes on energy, while urban residents pay only 4 percent.

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

Some could not afford gas for their boats or snow machines for subsistence hunting – hunting wild game -- to feed their families. We saw emergency food drops by humanitarian groups 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 regions because of the high cost of living. The high price of fuel is the biggest factor raising our cost of living, discouraging economic and business investments, and affects every part of our lives.

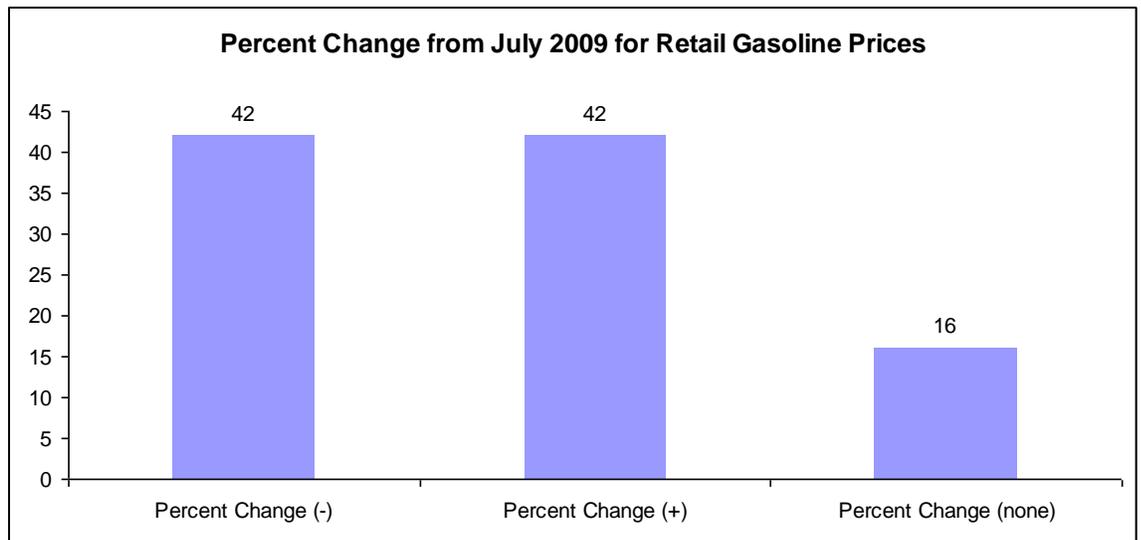
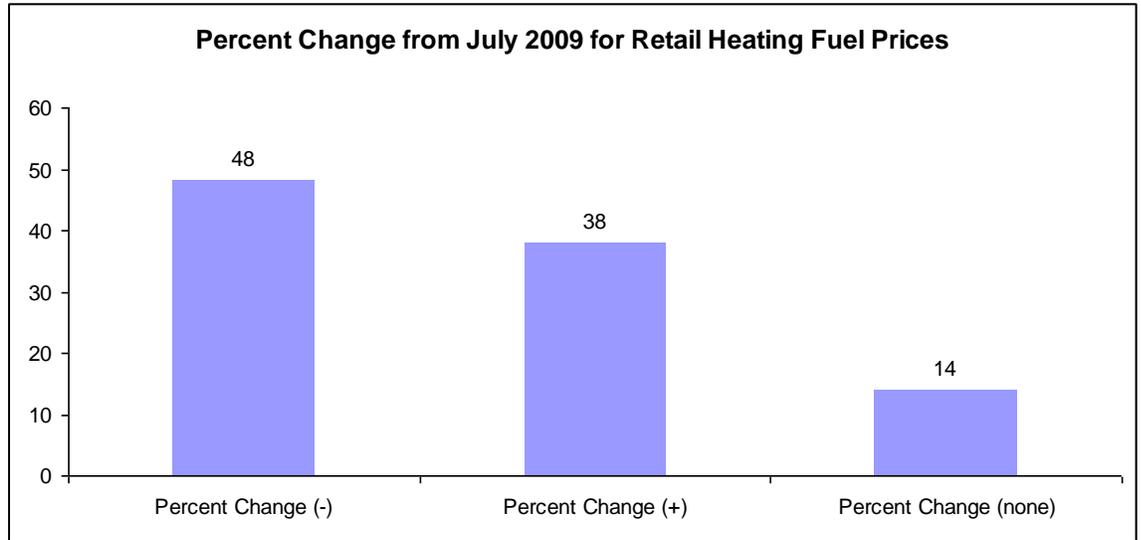
We are completely dependent on air and sea transportation for supplies, groceries and fuels - the fuels we use and need for transportation, heating and electricity needs. The rising cost and dependence on fossil fuels threatens our way of life and economies as we know them. It threatens the economic survival of Rural Alaska and the well-being of our people.

Increases in gasoline and aviation fuel prices caused rippling consequences on all aspects of our life. While Rural Alaskans may own fewer cars and trucks per capita than other Americans, we have to travel by air within and outside of our regions and we are heavily reliant on ATVs, snow machines, and boats for transportation, subsistence hunting and fishing, commercial fishing, and other activities.

Costs for groceries, fresh milk, a dozen eggs, airline tickets, toothpaste, medicine, baby diapers, clothes, lumber and building materials, car and truck parts – **EVERYTHING** – have all gone up.

Rural Alaskans are experiencing an energy crisis and we continue to feel its impacts. Despite the drop in the price of crude oil we continue to pay high prices. Retail prices for heating fuel range from \$2.88 to \$10.00 a gallon. Retail prices for gasoline range from \$2.96 to \$10.00 a gallon.

Prices have gone down a few dollars in some communities as the price of crude dropped, but this is not true for all of Rural Alaska. A survey of 100 communities last summer by the Alaska Department of Commerce, Community and Economic Development, shows that 48 communities have experienced a decrease in retail price for heating fuel; 38 have experienced an increase and 14 have experienced no change at all. The same survey indicates that 42 communities have experienced both a decrease and increase in retail prices for gasoline, while 16 communities have experienced no change at all.



(Source: "Current Community Conditions: Fuel Prices across Alaska, January 2010 Update.")

Delivering fuel to Rural Alaska is complicated and expensive. There is no comparable delivery model anywhere else in the world. Fuel is transported thousands of miles from either Anchorage or Seattle. Delivery windows are narrow and often complicated by inclement weather or inhospitable conditions such as low water levels needed for barges to reach Tribal communities along rivers and deltas. Fuel delivery arrangements are often made several months in advance requiring significant financial commitments, and the inability to participate in the market fluctuations fully and to appreciate lower prices when available.

One way to reduce these costs and spur economic development is to develop our power resources locally, become more energy efficient, and practice conservation. We are strong supporters of the development of alternative energy resources, and many Rural Alaska communities are actively working towards that goal.

Rural Alaska is rich in geothermal, wind, biomass, tidal and hydro but help is needed to develop them. Our state is so large and diverse that one alternative resource may not be available elsewhere. There is no “one-size-fits-all” answer making solutions more specific and expensive. We could serve as a proving ground to show how Alaska Native people and their institutions have the experience, capacity, and relationships necessary to implement workable solutions for the future.

I offer the following comments and recommendations on sections of the discussion draft now before you. The draft has been available to us for only a short period of time. We would like to provide the committee with additional comments and suggestions as the legislation is developed. My remarks today are focused on sections in Title I and Title II.

Title I – Energy Planning

We are encouraged by the provisions in this section but believe it can be improved and strengthened by requiring tribes be consulted in the appointment of directors to head the Indian Energy Development Offices. This section should also include provisions for tribes or tribal consortia to provide the IEDO services under self-determination compact or contract agreements. Our experiences with existing BIA or DOI Indian Energy Programs have not been as beneficial as we would like. We are not sure how the energy funds they are appropriated are being spent because we do not see any solicitations or notices in the Federal Register or any other publication.

We are also encouraged by the language in this section supporting the Tribal Energy Resource Development Organizations. BBNA and other regional tribal consortia in Alaska have established Tribal Energy Programs, but we lack funding to get them into full operation or develop their full potential. BBNA’s Tribal Energy Program is charged assisting and providing information to tribes on energy projects, initiatives and opportunities. The scope of our program is limited by limitations of our BIA compact, and funding my administration is able to dedicate each year. We desperately need additional funds for full program operation on a regional basis. Full funding for BBNA’s Tribal Energy Program is about \$750,000 per year.

Soon after this Committee’s energy oversight hearing in Bethel 2 years ago led by Senator Murkowski, we sent a funding proposal at least twice to DOI’s Tribal Energy Program. We finally

received a response about a month ago that was not very encouraging. Funding to establish and maintain Tribal Energy Programs should be provided for in this section. Establishing 3 to 5 year pilot projects will help to prove their effectiveness.

Title II, Section 203, Distributed Energy and Community Transmission Demonstration Projects

We have offered in the past to be a part of a national demonstration project to help reduce energy costs. We are encouraged by language in Title II, Section 203 calling for at least 5 distributed energy demonstration projects for Indian Tribes and Alaska Natives. We suggest the number of demonstrations should be at least doubled to 10 with a specific dollar amount of allocated over the pilot period based upon the accomplishment of certain milestones, and the funds be distributed through P.L. 93-638 compact or contract agreements.

Rural Alaska is comprised of small, isolated transmission grids within each community. Many of our villages are not connected to each other or to a larger “energy grid” where economies of scale can help keep prices down. There are a few communities closely situated that are connected by an electric intertie, and others close enough together where interties would be natural.

In 2006 – before the energy crisis hit us -- the Bristol Bay Partnership sponsored an Economic Action Summit. The intent was to bring people together to find ways to create more jobs and business opportunities in our villages and in our region. The summit participants unanimously declared high energy costs as Public Enemy #1 and the single largest inhibitor to job and business development.

In April 2009, 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, with recommendations to create interties between our villages.

Economies of scale tells 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.

Studies by the Denali Commission, an independent federal agency, have shown that interties promote efficiency by sharing available capacity, increase the reliability of electrical power, and help reduce the cost of electricity through the use of more efficient fuels or renewable resources. Specific to Rural Alaska, interties improve the quality of life by reducing utility bills and providing for greater discretionary income to spend locally.

There are no existing federal programs to provide Alaska Native tribes the direct assistance needed to help us develop alternative forms of energy generation and transmission. We have often in the past few years called for the establishment of an *Alaska Native Energy Program* in the Department of Interior or Department of Energy to provide the necessary financial and technical assistance tailored to meet the needs of Rural Alaska.

We know and live with the problems. Because of our motivation and desire for self-determination, we want to be directly involved in developing solutions that fit our needs. We are encouraged by the language in this section, but ask that the number of demonstrations be expanded, a fair and equitable dollar amount be identified and appropriated, and a priority be established for projects that also includes the “current price of energy.” Otherwise, Alaska Natives will again be disadvantaged and may not be able to participate in such a demonstration project.

We successfully demonstrated our abilities and the effectiveness of operating BIA programs under P.L. 93-638 compact agreements. We successfully demonstrated our abilities and the effectiveness of operating programs under P.L. 102-477 through our 638 compacts. I am very confident that we can successfully demonstrate operating programs under the legislation now before you.

Title II, Section 206, Inclusion of Indian Tribes in State Energy Conservation Plan Program

In general, there are no programs funded that support Tribal energy efficiency and conservation efforts. The Energy Efficiency and Conservation Block Grant established in the Energy Independence and Security Act of 2007 was left unfunded until the American Recovery and Reinvestment Act of 2009. This block grant calls for direct funding to local, state and *Tribal* governments to develop and implement projects to improve energy efficiency, reduce energy use and fossil fuel emissions. This same Act authorized \$2 billion in annual appropriations over a five-year period, and was not intended to supplant other federal funding dedicated to efficiency, conservation and weatherization.

Regardless of the future prospects and funding of the EECBG, we support the inclusion of a 5 percent Tribal set-aside of the State Energy Conservation Plan Program, and a more established funding opportunity within the Department of Energy.

In accordance with a Tribal set-aside, we request Tribal representation on the State Energy Advisory Board. This board develops recommendations for the Department of Energy and the Congress regarding initiation, design, implementation, and evaluation of federal energy efficiency and renewable energy programs. We request being involved in these processes and be directly involved in decisions affecting our lives.

I believe strongly that in these modern times of the 21st century, the days of decisions being made out of our view, in far away places, by people we don't know and never see, and without our involvement, are long passed.

Title II, Section 207, Home Weatherization Assistance

The Department of Energy's Home Weatherization Assistance Program is minimally funded compared to the vast need in our nation. Alaska is fortunate in that the DOE funds have historically been used by the five recognized contractors for the State for housing in our villages. In addition, the Alaska Legislature has funded a program mirrored on the Federal Program, with funds allocated to the five recognized contractors receiving Federal DOE funds, but also to 14 Native Tribal Housing Authorities in the State.

Even with these new resources reaching our tribes, the need far exceeds available resources. In Bristol Bay, approximately 1300 of 2500 homes in the region are classified as low income according to the income guidelines. The need for weatherization on low-income homes exceeds \$50 million. Of the 1300 homes, with a mix of state and federal funding – we are able to weatherize 100 homes per year. If we relied strictly federal funds, we would be able to weatherize and repair only 20 homes per year.

Current available resources will fund 10% of the \$50 million needed, leaving a 90% gap. It is this gap that must be filled.

That concludes my formal testimony. Because the bill before you is a discussion draft at this point, I respectfully request that Alaska Native tribes and tribal consortia are allowed to submit written comments and recommendations. We request to be involved in the process as this important legislation moves forward.

I will be happy to answer any questions you may have.

Thank you.