

**Prepared Statement of
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Before

Vice Chair

U.S. Senator Lisa Murkowski

Committee on Indian Affairs

At the

Bethel Cultural Center

Bethel, Alaska

August 28, 2008

Introduction

U.S. Senator Lisa Murkowski, Vice Chair of the Committee on Indian Affairs, thank you for holding this hearing in our region and thank you for the invitation to appear before the Senate Indian Affairs Committee to provide our views on high fuel prices and to explore sustainable energy solutions for rural Alaska.

I am President/CEO of Calista Corporation, an ANCSA of 1971 corporation created by U.S. Congress. I am a 33 year employee of Calista Corporation.

Overview of Fuel Prices in the Bethel Census and Wade Hampton Census Districts: Calista/AVCP Region

We randomly picked several villages of the 56 villages we represent on fuel prices for unleaded gasoline and home heating fuel that our people are purchasing at this time of the year. Bear in mind these are summer prices, fall

delivery to all of our communities expect to see increase additional costs by another 25%.

Unleaded Gasoline Costs:

Lime village: \$8.55 a gallon, Kwethluk: \$6.15 a gallon, Eek: \$6.40 a gallon, Kipnuk: \$7.85 a gallon, Toksook Bay: \$7.98 a gallon, Atmauthluak: \$5.75 a gallon, Nunapitchuk" \$5.74 a gallon, Russian Mission \$6.05 a gallon, Marshall: \$7.26 a gallon, Pitkas Point: 6:41 a gallon, St. Mary's: \$6.55 a gallon, Mr. Village: \$6.31 a gallon, Kotlik: \$7.38 a gallon, Scammon Bay: \$6.81 a gallon.

Home Heating Fuel Costs:

Lime Village: \$9.50 a gallon, Kwethluk: \$5.25 a gallon, Eek: \$7.31 a gallon, Goodnews Bay: \$6.14 a gallon, Kipnuk: \$8.10 a gallon, Nunapitchuk: \$5.69 a gallon, Atmauthluak: \$5.69 a gallon. Toksook Bay: \$8.77 a gallon, Russian Mission: \$6.15 a gallon, Marshall: \$7.54 a gallon, St. Mary's \$7.03 a gallon, Pitka's Point: \$7:13 a gallon, Mt. Village: \$7.07 a gallon, Scammon Bay: \$6.96 a gallon, Kotlik: \$8.76 a gallon.

Regional Statistics

Bethel Census

	Bethel	State
❏ Persons per household, 2000	3.73	2.74
❏ Median household income, 2004	\$36,057	\$52,141
❏ Per capita money income, 1999	\$12,603	\$22,660
❏ Persons below poverty, percent, 2004	20.7%	10.0%

Wade Hampton Census

	Wade	State
Persons per household, 2000	4.38	2.74
Median household income, 2004	\$27,077	\$52,141
Per capita money income, 1999	\$8,717	\$22,660

Persons below poverty, percent, 2004

26.0% 10.0%

Clearly the Calista/AVCP region has the highest level of poverty in America. Most of our people make ends meet through subsistence hunting and fishing.

Effects of high energy costs:

Gasoline and heating fuel are primarily used by our residents. High gasoline prices curtailed the subsistence activities of our rural people. We heard reports from many families in the villages they did not put up their summer fishcamps due to high gasoline costs. These families that did not gather subsistence foods will have extreme difficulties feeding their families this coming winter.

Home heating fuel has increased substantially as you seen in our graphs. Increase in heating fuels has increased all material products in village stores. We have not gathered information how much dry goods and materials because the fall deliveries are just starting to reach our communities.

Bypass bulk mail program is a successful rural subsidy program helping many families in all our villages. We do not want to any changes to the federal subsidies for bulk mail bypass program to rural communities.

For Calista Corporation high energy costs in our region has curtailed exploration of our mineral properties. Many mining companies do not want to explore extreme properties without affordable energy. If Donlin Creek had affordable energy it would be have been in operation by this year.

Resolution to affordable energy

Rural Alaskans are poorly understood and largely forgotten to resolve energy problems. High Oil prices may strength the State of Alaska Permanent Fund, but to our people in the villages it is causing great pain and grief to many families. Our Native Peoples want affordable energy as given to residents of urban communities. The past two weeks ago TransCanada contract was approved by the State Legislature to bring cheap energy to the lower forty eight states and rural Alaska Rural Alaska was just forgotten. At least rural Alaskans got a little something from the Energy Session, but it still is band-aid solution.

Nuvista Light and Electric Cooperative, Inc. fostered by AVCP, Inc. AVCP Housing, YKHC to address energy solutions. Our working group is developing short term and long term solutions we will forward to the state and of our federal government by this fall, however we want to share the preliminary draft statements developed by our working group in our region headed by Nicholas Robert Charles, head of Nuvista Light and Electrical Cooperative, Inc.

Short Term Energy Policy Statements:

Indicated by Public records since statehood the State of Alaska has spent \$25 million on energy alternatives in our region. State has not followed through on any study. 1994 we created Nuvista to address energy studies funded with state funds. Nuvista engineer Frank Bettine led the studies to provide all alternative energy studies to the state. In the study wind power was rated high on the list for 26 villages in our region-we want these villages listed for funding for wind power.

Resource Exploration:

Last year Tribes in our region rescinded their long standing resolution banning oil and gas exploration of the Norton Sound, lead by the Lower Yukon Village Leadership.

Calista Corporation is the primary holder of 6.5 million acres of subsurface lands surrounding 56 villages. It is Calista Corporations intent to continue its course to offer its subsurface holdings to exploration.

Calista Corporation has numerous mineral agreements in the region, one of which is Donlin Creek. Donlin Creek has the best potential to become a world class mine, however there are two major impediments: energy and transportation, both issues are very costly to the operations of the exploration project. If we had cheap energy Donlin Creek would be in operation today.

Native regional corporations became key industries in their regions that provide jobs and income, and have enabled energy sustainability assisted in achieving energy security.

Recommendations to Senate Indian Affairs

We would like for the Indian Affairs Committee to develop policies to address:

- Tax incentives for wind power, hydro, tidal energy, and for development of synthetic gas from coal and bio-mass for electric power generation.
 - The Calista/AVCP region holds world class winds as indicated by the studies by the state.

- We have multiple rivers that do not sustain any type of fisheries that can sustain hydro energy
 - We have two major rivers with great tidal energy that we need to expand further studies.
 - Development of synthetic gas from coal for electric power generation should be included for research funding to Native Regional corporations that own these properties.
- Incentives to address expansion of the Railbelt energies to western Alaska. Development of a Public/Private partnership with the Native Regional Subsurface owners with the Federal Government to address energy solutions. U.S. Congress approved formation of Office of Indian Energy under the U.S. Department of Energy. The Office of Indian Energy should develop partnership with subsurface ownership/village corporations to address energy solutions. Office of Indian Energy should fund Alaska Native corporations and Alaska Tribes in development of their energy plans.
 - U.S. Congress should expand variety of alternatives such as tax incentives, bond financing for delivery of energy solutions to rural Alaska.
 - Should Tribal Energy Resource Agreements be expanded to regional corporations and village corporations? In Alaska holder to subsurface lands are owned by regional corporations while the surface lands are owned by village corporations. ANCSA organizations should be eligible for under TERA. Many village corporations operate energy utility companies in rural Alaska. They should be eligible for funds under TERA.
 - U.S. Senate has the power to remove the barriers and provide funds, bonding, tax incentives to resolve energy problems to rural Alaska. Resolving energy problems to rural Alaska will bring economic development, and create new jobs needed in the bush.

Rural Alaska has provided cheap energy to urban Alaska, it is time our villages are afforded same opportunity as urban Alaska is afforded on energy solutions. Resolution to rural energy issues will bring new opportunities to rural Alaskans and of our state.

Thank you for this opportunity to listen to our views. We hope we can work together to bring a new change, new attitude toward rural Alaskans, that we can be afforded fair and just cause for development of energy solutions. Rural Alaska energy solutions have been studied to death. Let's look to solutions that

will change the statistics we just shared with you that resolving energy will resolve poverty statistics in rural Alaska.

In summary Alaska Native Corporations, Tribes, Village Corporations want for the U.S. Senate to implement policies that will resolve rural energy problems. Resolving energy problems to our people will bring new opportunities to our people and spur economic development in Rural Alaska.