

Henry Hunter, Chairperson
Myron P. Naneng Sr., President
Phone: (907) 543-7300
Fax: (907) 543-3369

AVCP

Association of Village Council Presidents
Administration
Pouch 219, Bethel, AK 99559



Michael J. Hoffman
Executive Vice President
Association of Village Council Presidents
February 15, 2016

United State Senate Committee on Energy and Natural Resources
Field Hearing Testimony
Yup'it Piciryarait Cultural Center
Bethel, Alaska

Mr. Chairman, members of the committee:

My name is Michael J. Hoffman, Executive Vice President for the Association of Village Council Presidents (AVCP) in Bethel, Alaska. My Yup'ik name is Assivigan. I was born and raised in Bethel. AVCP is the regional Tribal non-profit organization that represents 10% of Tribes in the United States. There are fifty-six Tribes in the AVCP region located along the Yukon River and Kuskokwim River and Bering Sea Coast in Western Alaska. The AVCP region suffers from persistent unemployment amongst its working age adults. We face the lowest per capita income, highest rate of unemployment and the highest rate of suicide.

Thank you for inviting AVCP to address you regarding the Tribal issues we face related to energy in our region.

The cost to live in Rural Alaska is extreme. The cost of living in the most rural communities are usually the highest where fresh foods, if available, cost five times higher when delivered by air and often arrive in poor condition.

It is perplexing that the costs of energy and transportation have risen so exponentially when the price of fuel has decreased across the nation. Who is responsible for regulating these costs?

In a region the size of Oregon that has no roads connecting its 48 villages, and the price of oil today is less than \$30 per barrel, it costs \$321 to fly to Hooper bay which is only 154 miles away versus in 2005, when the cost of oil was 50% more at \$58 per barrel. Back then, the cost was \$145 one way to Hooper Bay. In 10 years, the cost of transportation has increased while the cost of oil has decreased. We would like to know as first people of our region, who is regulating the energy that comes to rural Alaska? Can you please tell me how we can justify this?

This is money that can be used to feed families that depend largely on public assistance and subsistence for their well-being. Families often spend half of their disposable income on energy.

This leaves families to make the tough decision, food or fuel.

Akiachak
Akiak
Alakanuk
Andreafsky
Aniak
Atmaultluak
Bethel
Bill Moore's Sl.
Cheformak
Chevak
Chuathbaluk
Chuloonawick
Crooked Creek
Eek
Emmonak
Georgetown
Goodnews Bay
Hamilton
Hooper Bay
Lower Kalskag
Upper Kalskag
Kasigluk
Kipnuk
Kongiganak
Kotlik
Kwethluk
Kwigillingok
Lime Village
Marshall
Mekoryuk
Mtn. Village
Napaimiut
Napakiak
Napaskiak
Newtok
Nightmute
Nunakauyak
Nunam Iqua
Nunapitchuk
Ohogamiut
Oscarville
Paimiut
Pilot Station
Pitka's Point
Platinum
Quinhagak
Red Devil
Russian Mission
Scammon Bay
Sleetmute
St. Mary's
Stony River
Tuluksak
Tuntutuliak
Tununak
Umkumiut

The only hospital in the region is in Bethel. With the tremendous transportation cost, entire paychecks can be used to obtain medical care.

Allowing families to save money that would go to groceries, mortgage and improving the quality of life is essential.

We cannot improve the quality of life without allowing access to basic needs at an affordable cost. Water, Health and Safety are basic things all villages should have.

There are many villages in our region that do not have running water, or access to basic needs. As you have seen in Oscarville, which is only 6 miles downriver from Bethel, they lack safe drinking water, access to a clinic, and a Village Public Safety Officer. They are not the only village in the region that lacks these basic needs.

AVCP submitted a grant proposal on behalf of Oscarville for home weatherization. If this proposal is funded, the energy audit completed by Alaska Housing Finance Corporation (AHFC) will be utilized to weatherize homes decreasing energy costs by 42%.

Truss Plant/Partnership with CCHRC

AVCP currently has a partnership through MOU with the Cold Climate Housing Research Center (CCHRC) working towards a truss plant that can provide lumber with a limited transportation cost. This integrated truss plant is an opportunity; an investment that is innovative to create 6 star homes that burn 80% less fuel than a conventional home. Shipping would be as low as 3% of the total cost to build a home vs. 60%.

60% of the cost of lumber is the shipping cost from Seattle. This number drops substantially to 3% if it was manufactured at the integrated truss plant.

The project will produce \$212 million in economic output or additional sales to the region during eleven years of operation and at least \$26.8 million per year thereafter.

Ask: Utilize the opportunity to create a tribal economic development model in the Arctic addressing the high cost of transportation and energy. This would include taking the AVCP Truss Plant proposal for economic development worth 212 Million over a 10 year period and incorporating it into the proposed Energy legislation.

Yukon Kuskokwim Freight Energy Corridor

AVCP is developing a freight energy corridor between the Yukon River and Kuskokwim Rivers. The goal is to improve commerce; reduce fuel and freight costs; and position the region for an Alaska natural gas economy.

Ask: AVCP has completed 1/3 of the design of the Yukon Kuskokwim Freight Energy Corridor with funds from the State of Alaska, Denali Commission and our Tribes. We request the remaining 2/3 funding to complete the design and study phase of this project. This is a request for 10 Million dollars.

State of Alaska PCE/Indian Energy

Communities without Power Cost Equalization (PCE) would pay from .56 to .86 per/kWh. The State of Alaska subsidizes approximately .32/per kWh per month per resident.

More funding is needed in rural Alaska to mitigate the crisis that may affect PCE.

The average annual energy cost is \$6,240 which is approximately 2.9 times the national average according to a 2014 CCHRC study.

Alaska Energy Authority is with the State of Alaska who is currently facing a budget crisis. This is an opportunity for the federal government to shine through the Department of Indian Energy. Currently there are \$15 million dollars to work with and seven staff working with the 567 Tribes in the nation.

We support the growth of the Office of Indian Energy. We also want to see more inter-tribal technical assistance agencies. AVCP is currently partnering with DOE to provide technical assistance outreach through a cooperative agreement. We are currently assisting three tribes facilitating community energy plans. We need actual funding to outreach for, and help Tribes apply for grants and loans related to energy.

Ask: AVCP requests supporting the growth of the Office of Indian Energy to serve the 567 Tribes in the Nation, and specifically the 56 Tribes in the Yukon Kuskokwim Delta by adequately staffing the Office of Indian Energy with full funding.

Ask: Utilize and fund the AVCP Resource Center as a Tribal Model to address community energy development with the 56 Tribes to confront the high cost of energy. AVCP requests a ten year demonstration project at 2.5 Million per year, to work with Yukon Kuskokwim Delta Tribes to plan, implement and manage energy projects for our Tribes.

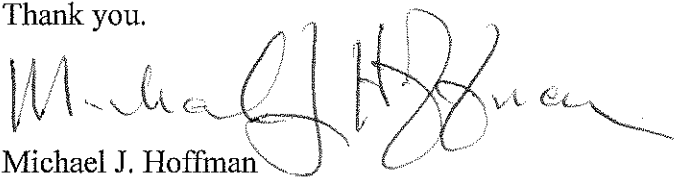
Tribal Energy Revenue Sharing

We live in a region where we don't have tourism, oil, gas, and forestry. We have a very rich cultural way of life where 61% of the population still speaks our native language and practices our subsistence way of life. But, our region continues to have needs.

We applaud Alaska Senate Bill 138 to ensure the gasoline helps lower energy costs for all Alaskans. Our region should continue to be considered in the revenue sharing formula for all energy-related projects. For instance, the Northwest Passage where ships from other nations sail along Alaska's 6,640 miles of coast line.

Ask: Our final ask is that all Tribes should receive revenue sharing from all major energy-related projects.

Thank you.



Michael J. Hoffman
Executive Vice President