



## **Comments to the Honorable Secretary of Energy – Steven Chu**

Alaska is unique in the United States as pertains to its electric infrastructure.

A population of 680,000 is spread across 586,000 miles of largely inaccessible terrain, with vast distances separating small pockets of inhabitants. Local tribes have occupied their homelands for thousands of years, relying on the bounty of the land to sustain themselves.

Other than the larger communities of Anchorage, Juneau, Sitka and a handful of others, rural Alaskans relied on seal oil, kerosene lamps and small gasoline generators until just a few decades ago. Rural electrification began in the late 60s, some 30 years after the rest of rural America.

Village electrification did not entail the relatively simple task of building electric lines to connect to the cities that were already electrified. Rather, it required building a generation system for every community, along with storage tanks to hold the diesel fuel for the eight months during which fuel could not be shipped by barge.

The investment to provide basic electric service to our communities is enormous. A comparison issued by a national cooperative bank last month shows that AVEC's plant investment is more than \$15,000 per consumer – compared with less than \$4,500 in the US. This, coupled with the prohibitive cost of diesel fuel, results in electricity that costs more than 60 cents a kilowatt-hour.

Alaska lacks economies of scale. To compare, the Sacramento municipal utility covers a service area of 900 square miles, and sells twice as much electricity as is sold in the entire state of Alaska. AVEC, a non-profit electric cooperative, serves 40% of village Alaskans. We maintain a fleet of 166 diesel generators and 25+ wind turbines; 550 fuel tanks with attendant issues of 47 tank farms and can access only one of our 53 villages by road.

In the last ten years, half the task of upgrading village energy systems has been accomplished – primarily with funding from the Denali Commission. Half remains undone. We have begun to interconnect villages to capture economies of scale and to make renewables viable. An enormous task lies ahead. Continued funding through the Denali Commission, the Rural Utilities Service High Energy Cost Grant Program and other vital federal programs is imperative if Alaskans are to achieve affordable and reliable energy as has been available in the rest of the country for many decades.