



COMMUNITY AND REGIONAL AFFAIRS REPORT TO SOUTHEAST CONFERENCE

CURRENT COMMUNITY CONDITIONS: FUEL PRICES ACROSS SOUTHEAST

NOVEMBER 2005 - JUNE 2008 SUMMARY

INTRODUCTION

Retail fuel prices have continued to climb across Alaska. While increased energy prices have benefitted the State of Alaska through increased treasury revenues, households, small businesses, and communities have been under extreme duress. Similar to other Alaska regions, Southeast communities are experiencing the direct and indirect impacts of increased fuel costs including increased transportation costs, energy expenses, and cost of living expenses.

Since November 2005, the Division of Community and Regional Affairs (DCRA) has conducted a biannual statewide telephone survey of retail heating fuel and gasoline prices in a cross-section of 100 select Alaska communities. This survey is conducted during June and November¹. Communities are strategically selected to represent differing socioeconomic conditions and all Alaska regions including the Interior, North Slope, South Coastal, Southeast, and Western Regions.

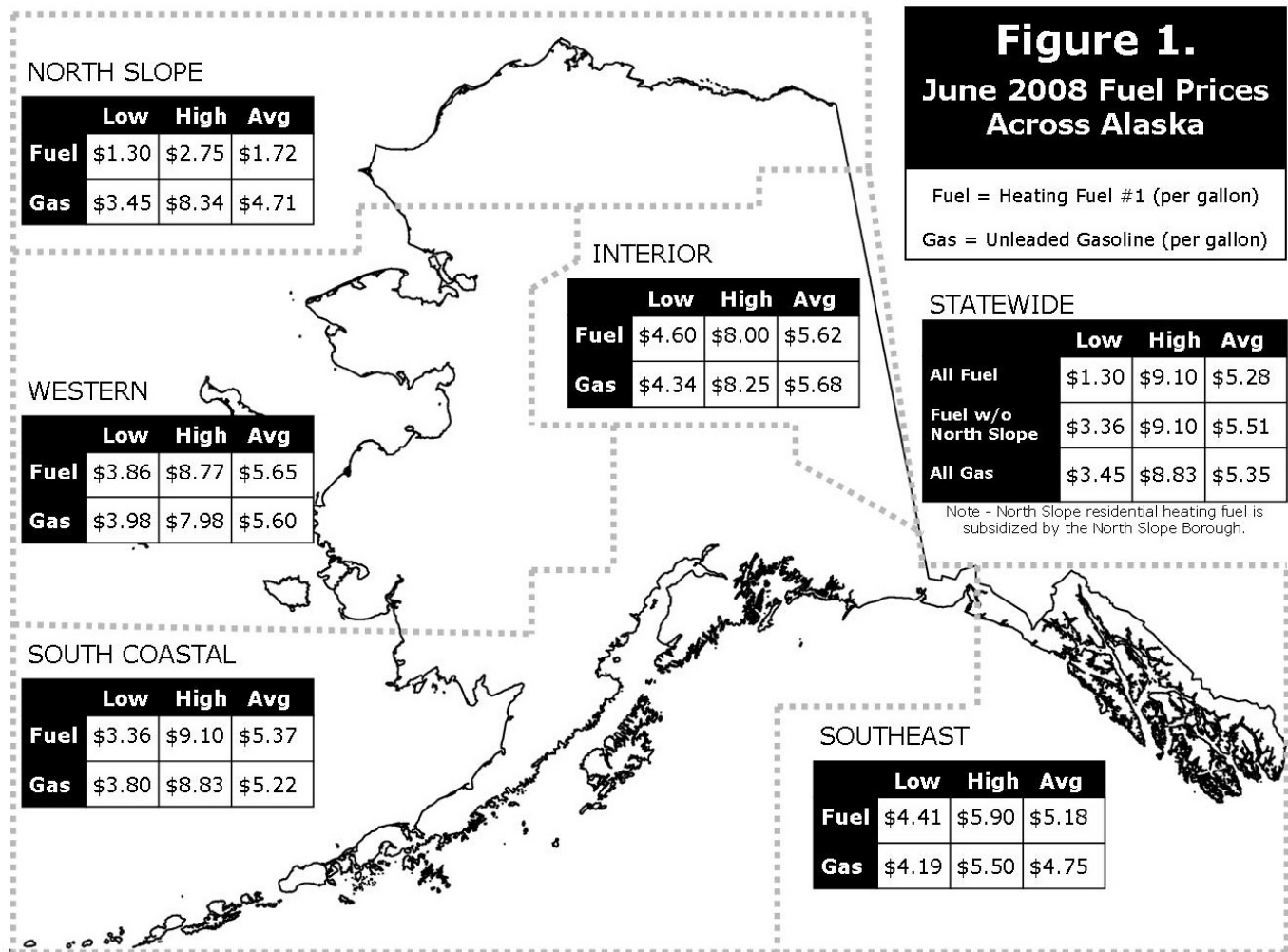
This report, *Current Community Conditions: Fuel Prices Across Southeast, November 2005 – June 2008 Summary*, examines retail heating fuel and gasoline prices across eleven Southeast Alaska communities, compares Southeast to other Alaska regions, and discusses longitudinal price changes. Survey results are one-time measurements and representative of retail fuel prices on the particular day of contact.

JUNE 2008: FUEL PRICES ACROSS ALASKA

June 2008 heating fuel per gallon prices vary across Alaska by region. Western Alaska communities report the highest average heating fuel retail price at \$5.65 per gallon while North Slope communities report the lowest average retail price at \$1.72 per gallon (Figure 1). Of noteworthy importance, the North Slope Borough provides free heating fuel for residential use through village corporations who distribute fuel to residents throughout the Borough, charging only a delivery fee on a per gallon basis. Compared to other regions and

¹ With the exception of June 2006, when no survey was conducted.

excluding the North Slope, Southeast communities experience relatively lower heating fuel prices indicated by an average price of \$5.18 per gallon.

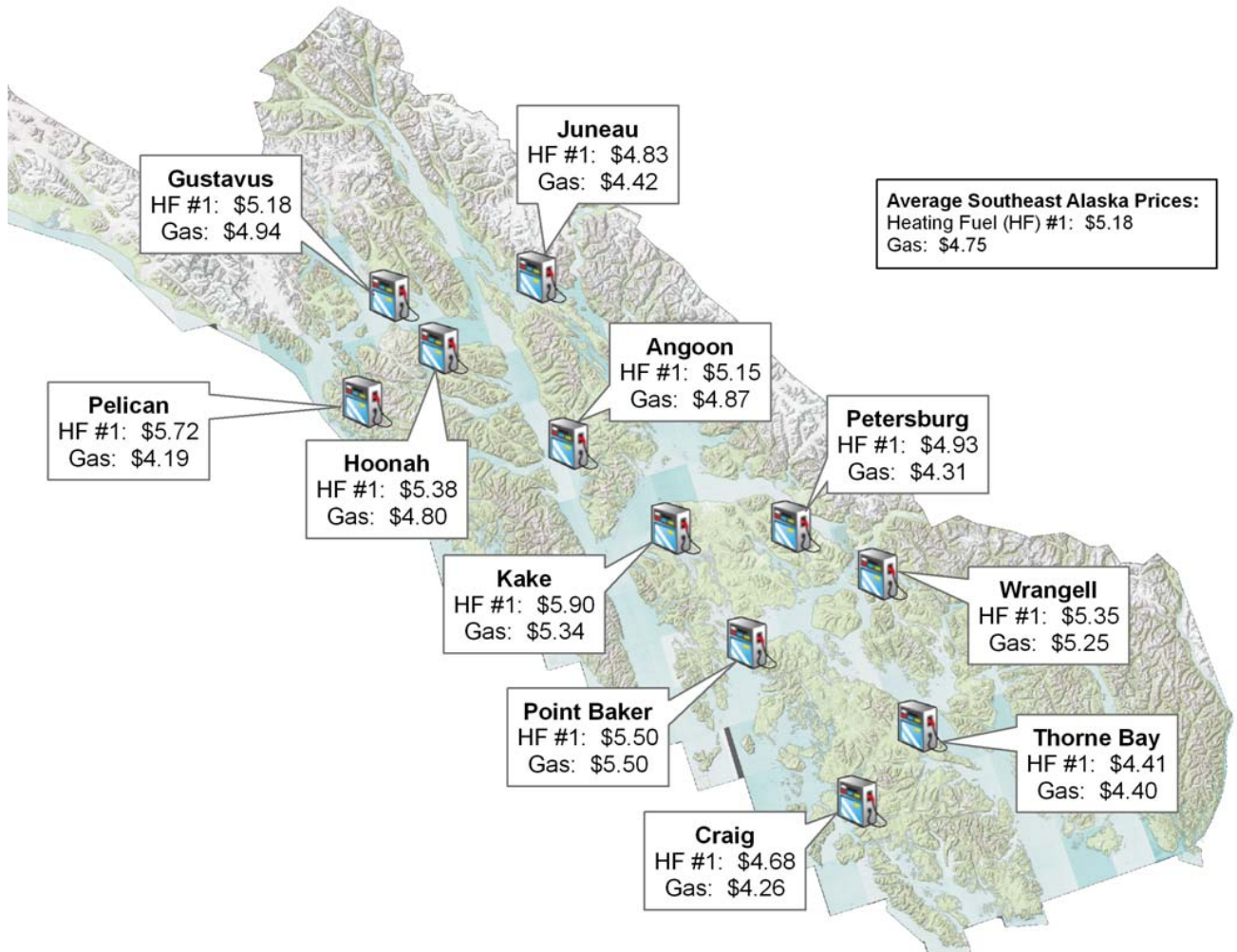


The Kokhanok Tribal Council (South Coastal Region) reports the highest heating fuel retail price at \$9.10 per gallon. In contrast, and excluding the North Slope Region, the City of Akutan (South Coastal Region) reports the lowest heating fuel retail price at \$3.36 per gallon. Within Southeast, Kake Tribal Fuel reports the highest heating fuel retail price at \$5.90 per gallon (Figure 2). In contrast, Petro Alaska in Thorne Bay reports the lowest heating fuel retail price at \$4.41 per gallon. On average, heating fuel retails for \$5.51 per gallon across Alaska with 93 communities reporting heating fuel prices (excluding North Slope Region). In Southeast, the average per gallon retail price of heating fuel is \$5.18, six percent less than the statewide average.

Average gasoline per gallon prices also vary across Alaska by region. Interior communities report the highest average gasoline retail price at \$5.68 per gallon while North Slope communities report the lowest average retail price at \$4.71 per gallon (Figure 1). Of noteworthy importance, at the time of contact the majority of North Slope communities had not received a fuel shipment in 2008. Compared to other regions, Southeast

Alaska communities experience relatively lower gasoline prices indicated by an average price of \$4.75 per gallon.

Figure 2. June 2008: Fuel Prices Across Southeast Alaska



Kokhanok Tribal Council (South Central Region) reports the highest gasoline price at \$8.83 per gallon. In contrast, the Kaktovik Inupiat Corporation (North Slope Region) reports the lowest gasoline retail price at \$3.45 per gallon. Within Southeast, the Point Baker Trading Post reports the highest gasoline retail price at \$5.50 per gallon (Figure 2). In contrast, the Pelican Fuel Dock reports the lowest gasoline retail price at \$4.19 per gallon. On average, gasoline retails for \$5.35 per gallon across Alaska with 97 communities reporting. In Southeast, the average per gallon retail price of gasoline is \$4.75, eleven percent less than the statewide average.

NOVEMBER 2005 – JUNE 2008: FUEL PRICES ACROSS SOUTHEAST

Since November 2005, heating fuel retail prices have significantly increased across the Southeast Region. In the eleven surveyed communities, the average heating fuel retail per gallon price increased from \$3.24 in November 2005 to \$5.18 in June 2008 (Table 1). This \$1.94 per gallon increase represents a 60% increase in the average heating fuel per gallon price in the Southeast Region (Figure 3). Much of this increase has occurred recently: the average heating fuel per gallon price in the Southeast Region increased by more than one-third (36%) from November 2007 (\$3.82) to June 2008 (\$5.18).

Table 1. November 2005 to June 2008: Fuel Prices Across Southeast Alaska

Community	November 2005		November 2006		June 2007		November 2007		June 2008	
	HF #1	Gas	HF #1	Gas	HF #1	Gas	HF #1	Gas	HF #1	Gas
Angoon	\$3.30	\$3.20	\$3.58	\$3.70	\$3.66	\$3.87	\$3.91	\$4.08	\$5.15	\$4.87
Craig	\$3.10	\$2.76	\$3.00	\$3.40	\$3.06	\$3.20	\$3.61	\$3.42	\$4.68	\$4.26
Gustavus	\$2.80	\$3.30	\$3.08	\$3.27	\$3.24	\$3.91	\$3.61	\$3.63	\$5.18	\$4.94
Hoonah	\$3.41	\$3.08	\$3.28	\$3.23	\$3.40	\$3.78	\$4.18	\$3.80	\$5.38	\$4.80
Juneau	\$2.94	\$2.91	\$3.07	\$2.75	\$3.28	\$3.29	\$3.48	\$3.31	\$4.83	\$4.42
Kake	\$3.38	\$3.49	\$3.78	\$3.84	\$3.94	\$4.32	\$4.09	\$3.90	\$5.90	\$5.34
Pelican	\$3.47	\$3.69	\$3.55	\$4.20	\$3.75	\$4.19	\$4.21	\$4.08	\$5.72	\$4.19
Petersburg	\$2.96	\$3.06	\$2.93	\$2.65	\$3.06	\$3.10	\$3.67	\$3.41	\$4.93	\$4.31
Point Baker	\$4.10	\$4.15	\$4.10	\$4.25	\$4.15	\$4.25	\$4.00	\$3.90	\$5.50	\$5.50
Thorne Bay	\$2.85	\$2.99	\$2.95	\$3.25	\$3.01	\$3.78	\$3.48	\$3.52	\$4.41	\$4.40
Wrangell	\$3.28	\$3.55	\$3.07	\$3.02	\$3.50	\$3.55	\$3.78	\$3.78	\$5.35	\$5.25
Average	\$3.24	\$3.29	\$3.31	\$3.41	\$3.46	\$3.75	\$3.82	\$3.71	\$5.18	\$4.75

Gasoline retail prices have likewise increased across the Southeast Region. In the eleven surveyed communities, the average gasoline retail price per gallon increased from \$3.29 per gallon in November 2005 to \$4.75 per gallon in June 2008 (Table 1). This \$1.46 per gallon increase represents a 44% increase in the average gasoline price per gallon in the Southeast Region (Figure 4). As with heating fuel, much of this increase has occurred recently: the average gasoline per gallon price in the Southeast Region increased by 28% from November 2007 (\$3.71) to June 2008 (\$4.75).

Retailers were queried regarding whether market demand for heating fuel or gasoline has generally increased, decreased, or remained the same during the past 12 months. Five of the eleven retailers in the Southeast Region (45%) report a decrease in demand for heating fuel and gasoline. Retailers who report a decrease in heating fuel demand generally indicate customers are now more likely to heat with wood or electric, depending on local availability of hydroelectric power. Retailers who report a decrease in gasoline demand generally indicate customers are reducing recreational trips, both on land and water.

Figure 3. Heating Fuel: Percent Change November 2005 to June 2008

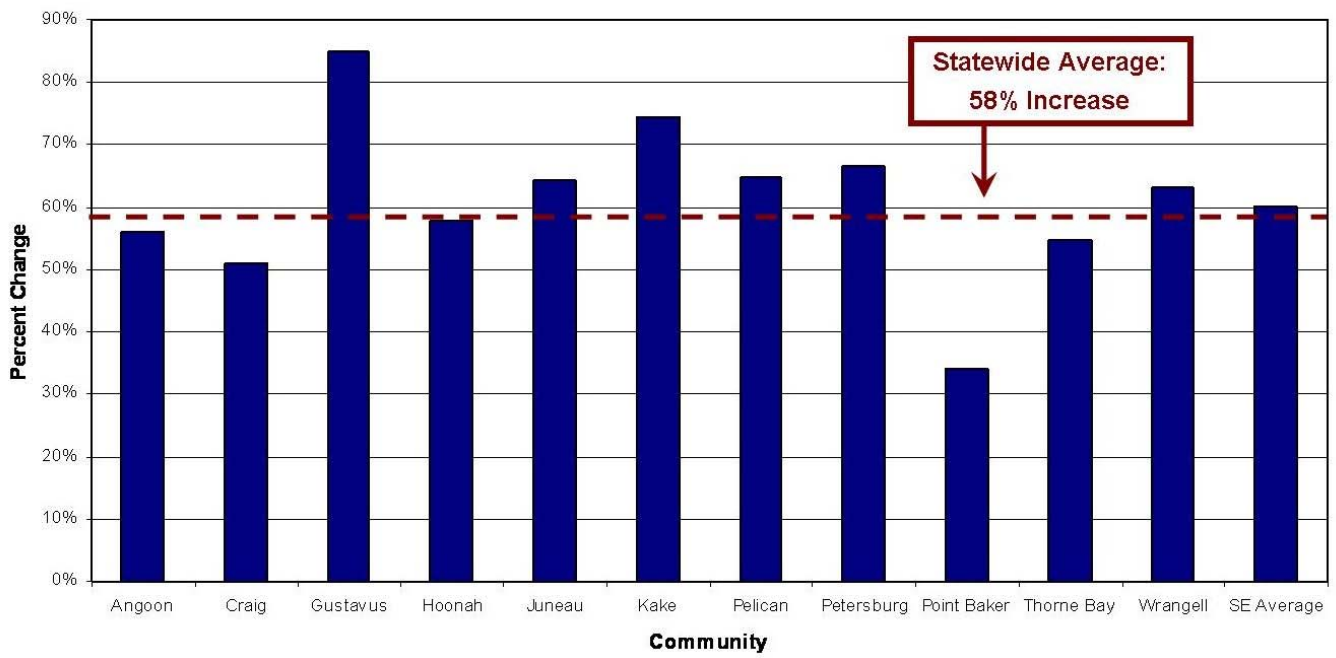
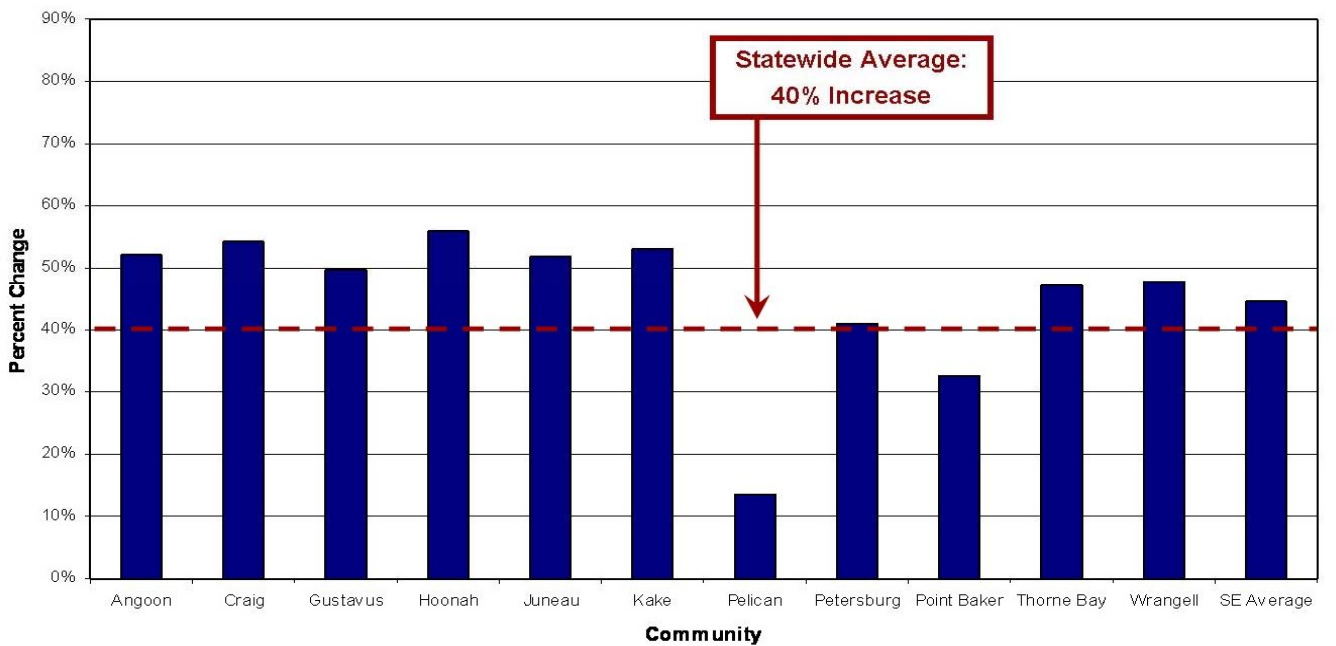


Figure 4. Gasoline: Percent Change November 2005 to June 2008



SUMMARY

Since November 2005, fuel prices in the Southeast Region have significantly increased with much of that increase occurring from November 2007 to June 2008. Heating fuel prices increased 60% from November 2005 to June 2008 and 36% from November 2007 to June 2008. Gasoline prices increased 44% from November 2005 to June 2008 and 28% from November 2007 to June 2008.

While fuel prices remain lower in Southeast than in other regions of Alaska, it is clear Southeast prices have increased to the point where consumer behavior and lifestyles are being directly impacted. With the higher cost of fuel, residents in the Southeast Region have increased use of non-petroleum based means of home heating (e.g., wood and electric) and reduced recreational use of land and water vehicles. Southeast residents are also affected by the indirect impacts of high fuel costs, as the cost of shipping goods has increased with the price of fuel.

While a sustainable and permanent solution to high fuel costs has yet to be determined, the State of Alaska has taken short- and long-term steps toward alleviating impacts and assisting all Alaskans. Some of these measures include reinstating Community Revenue Sharing, distributing resource rebate checks to individual Alaskans, increasing loan amounts available through the Bulk Fuel Revolving Loan and Bulk Fuel Revolving Bridge Loan Programs, providing funds to supplement the federal LIHEAP program, funding home weatherization and energy efficiency upgrades, and co-sponsoring the Rural Power System Upgrade Program. The State will likely continue to pursue programs and projects to address the long-term energy of communities across Alaska.

Division of Community & Regional Affairs

Promoting strong communities and healthy economies by providing information, technical and financial assistance, and other capacity building resources.

Community Profiles

http://commerce.alaska.gov/dcra/commdb/CF_COMDB.htm

Economic Development Resource Guide

<http://commerce.alaska.gov/dcra/edrg/EDRG.htm>

Capital Projects Database

http://commerce.alaska.gov/dcra/commdb/CF_RAPIDS.htm

Community Funding Database

http://commerce.alaska.gov/dcra/commdb/CF_Grants.htm

Plans Library

http://commerce.alaska.gov/dcra/commdb/CF_Plans.cfm

Community Maps

<http://commerce.alaska.gov/dcra/profiles/profile-maps.htm>

Community Directory

(formerly Municipal Officials Directory)

<http://commerce.alaska.gov/dcra/MuniDirPublic/MODP.htm>

Financial Documents Library

http://commerce.alaska.gov/dcra/commfin/CF_FinRec.cfm

RUBA Quarterly Reports

http://commerce.alaska.gov/dcra/ruba/report/Ruba_Report.cfm

Publications

<http://commerce.alaska.gov/dcra/StaffDir/GetPubl.cfm>

Local Government Online (LOGON)

<http://commerce.alaska.gov/dcra/LOGON/home.cfm>

Office of the State Assessor

<http://commerce.alaska.gov/dcra/osa/assessor.cfm>

Funding Resources

http://commerce.alaska.gov/dcra/funding_resources.htm

Community Photo Library

http://commerce.alaska.gov/dcra/photos/comm_list.cfm

Calendar of Events

<http://commerce.alaska.gov/dcra/sched/PublicEvents.cfm>

Alaska Economic Information System (AEIS)

http://commerce.alaska.gov/dcra/AEIS/AEIS_Home.htm



Division of Community & Regional Affairs

The Community Fuel Survey was conducted by the Alaska Department of Commerce, Community, and Economic Development, Division of Community & Regional Affairs (DCRA). If you have any questions or comments regarding the survey or this report, please contact:

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