



DEPARTMENT OF COMMERCE, COMMUNITY, AND
ECONOMIC DEVELOPMENT

**DIVISION OF COMMUNITY ADVOCACY
REPORT TO THE COMMISSIONER**

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JANUARY 2007

**CURRENT COMMUNITY CONDITIONS:
FUEL PRICES ACROSS ALASKA,
FALL-WINTER 2006 UPDATE**



To provide an annual update to the comprehensive fuel survey conducted in 2005, (*Community Conditions: Fuel Prices Across Alaska, Fall-Winter 2005*), the Division of Community Advocacy (DCA) repeated a statewide survey of retail heating fuel and gasoline prices in a cross-section of 100 select Alaska communities during November 2006. This report, *Community Conditions: Fuel Prices Across Alaska, Fall-Winter 2006 Update*, was prepared by DCA's Research and Analysis Section. This report is a snapshot of fuel prices and the status of related programs. It is not intended to be used as a forecast. Survey results should be considered one-time measurements and representative of fuel prices on the particular day of contact. Furthermore, heating fuel and gasoline prices may have changed between the time of contact and publishing of this report.

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CURRENT COMMUNITY CONDITIONS: FUEL PRICES ACROSS ALASKA, FALL-WINTER 2006 UPDATE

INTRODUCTION

The cost of energy across Alaska has remained high over the past year. Increased energy prices have benefited the State of Alaska through increased treasury revenues while simultaneously burdening households, small businesses, and communities – especially in remote locations. While there has been a decline in the price of Alaska North Slope (ANS) crude oil per barrel on a year to year comparison, from \$66.06 per barrel on January 30, 2006 to \$54.37 per barrel in January 30, 2007, rural Alaska communities and households reliant on fuel to heat their homes and buildings, and to generate electricity are still confronted with the challenge of paying high retail fuel prices to meet basic survival needs. The remote nature and limited size of the majority of Alaska's rural communities further compounds the issue due to increased transportation costs, limited storage capacity, and financial management considerations. While market trends and oil prices may fluctuate, the dynamics that drive the purchase of fuel in rural Alaska make it so that rural communities are not always able to take advantage of the changes in the market. For example, a community may have to purchase its winter fuel during the summer months and all at once, in order to ensure that the fuel barges will be able to deliver the product. This means that even if fuel prices decrease in the later months, the community does not benefit from the change in price because the purchase has been made at a particular price point.

During 2005, nationwide statistics reported households heated primarily with heating fuel were paying approximately 32% more than in prior years (U.S. Energy Information Administration, 2005). One year later, higher than expected distillate inventories have placed nationwide household heating fuel costs estimates at \$928 this winter compared with \$947 last winter, an overall decrease of two percent. Significantly increased fuel and energy costs combined with high unemployment rates, limited local economic bases, and local governments struggling to provide basic local services continue to present rural Alaska communities and households with difficult circumstances.

In response to current rural Alaska energy challenges, the State of Alaska has implemented a variety of assistance programs to meet rising fuel costs, provide emergency assistance for municipalities, and provide a state contribution to a federal program that helps low-income households pay for energy. The State of Alaska administers a variety of specific assistance programs focused on alleviating the consequences of increased retail fuel prices including: 1) Municipal Energy Assistance Program; 2) Bulk Fuel Revolving Loan Fund; 3) Fuel Bridge Loan Program; 4) Power Cost Equalization; 5) Low

Income Home Energy Assistance Program; 6) Power Project Loan Fund; 7) Power, Fuel, and Hydro Training; and 8) Bulk Fuel Upgrades.

To provide an annual update to the comprehensive fuel survey conducted during 2005 (Community Conditions: Fuel Prices Across Alaska), the Division of Community Advocacy (DCA) repeated a statewide survey of retail heating fuel and gasoline prices in a cross-section of 100 select Alaska communities during November 2006. This report, Current Community Conditions: Fuel Prices Across Alaska, Fall-Winter 2006 Update summarizes fuel survey findings, discusses changes in fuel prices over the past year, provides a national perspective of fluctuating fuel prices, and presents case-studies of rural communities at risk of experiencing a fuel shortage during the near future. The case studies are important because they reflect the voice of rural constituents and illustrate the wide range of circumstances and issues that compound the challenges associated with fuel issues in rural Alaska. These case studies are dispersed throughout the body of the report.

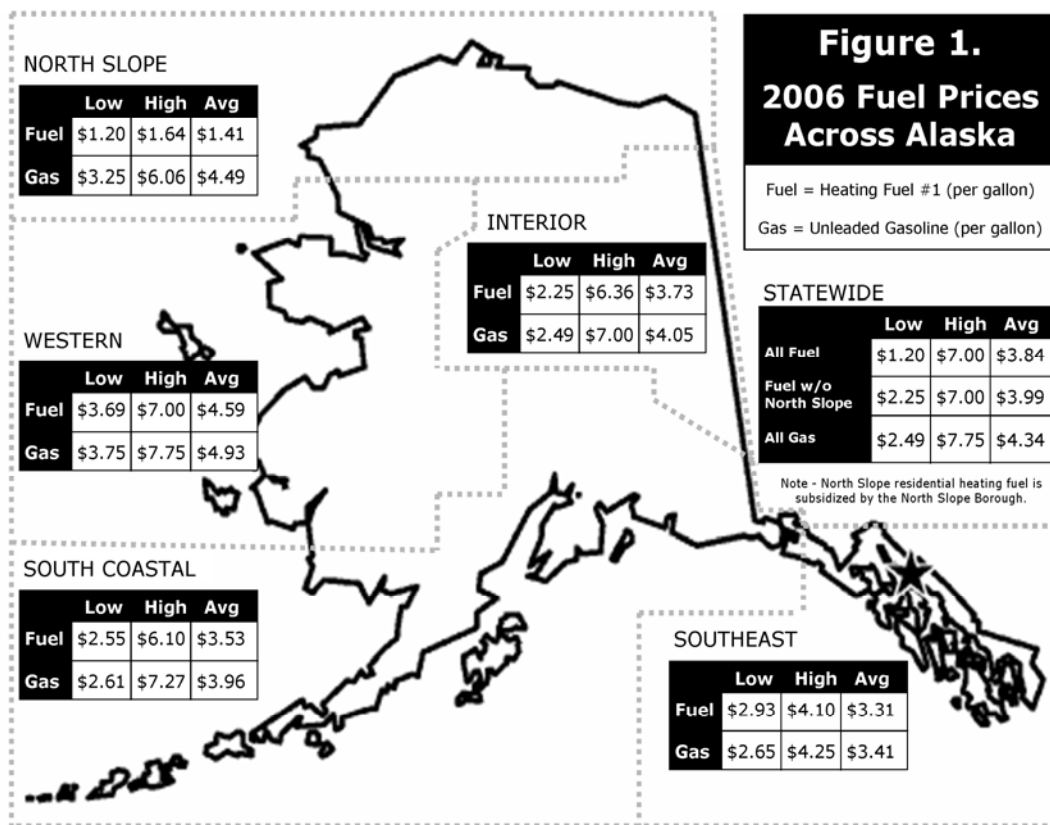
METHODOLOGY

The DCA Research and Analysis Section, in consultation with the Local Government Assistance Section, developed the survey instrument and community sample frame during 2005. In short, communities were selected to represent differing socioeconomic conditions and all Alaska regions including the Interior, North Slope, South Coastal, Southeast, and Western Regions. Selected communities had also generally been the recipient of an Alaska Energy Authority bulk fuel project during the recent past. Since a non-probability sampling method was utilized, this survey is considered a non-scientific study with results not generalizable to the entire population of rural Alaska communities. To accurately track longitudinal changes in fuel prices, the 2005 survey instrument and community sampling frame was used to collect 2006 fuel information – the communities and questionnaire items remained the same from 2005 to 2006.

DCA Research and Analysis staff implemented the survey instrument during November 20 – 24, 2006. In total, local fuel retailers from 100 communities were contacted (via telephone) and requested to provide current heating fuel and gasoline prices. Survey results should be considered one-time measurements and representative of fuel prices on the particular day of contact. Heating fuel and gasoline prices may have changed between the time of contact and publishing of this report.

CURRENT FUEL PRICES ACROSS ALASKA

As Figure 1 illustrates, average heating fuel prices per gallon vary across Alaska by region. Western Alaska communities report the highest average heating fuel retail price at \$4.59 per gallon while North Slope communities report the lowest average retail price at \$1.41 per gallon. Of noteworthy importance, the North Slope Borough provides free heating fuel for residential use through village corporations who distribute fuel to borough community residents, charging only a delivery fee on a per gallon basis. The North Slope Borough does not subsidize heating fuel for commercial use. Consequently, heating fuel retail price for commercial entities is higher than residential use heating fuel (see Table 1).



To accurately summarize statewide heating fuel prices, it is appropriate to exclude North Slope Borough communities due to the North Slope Borough subsidy for residential use heating fuel. When considering statewide heating fuel prices, Henry Hill Store in Sleetmute (Western Region) reports the highest heating fuel retail price at \$7.00 per gallon. In contrast, Petro Star – Flint Hill in Fairbanks (Interior Region) reports the lowest heating fuel retail price at \$2.25 per gallon. On average, heating fuel retail price is \$3.99 per gallon across Alaska with 93 communities reporting heating fuel prices (excluding North Slope Region communities).

Table 1. North Slope Heating Fuel (#1) and Gasoline Retail Prices

Community	Community Retailer:	Heating Fuel #1 Retail Price		Gasoline Retail Price:
		Residential	Commercial	
Anaktuvuk Pass	Nunamiut Corporation	\$1.20	\$5.76	\$6.06
Atkasuk	Atkasuk Corporation	\$1.40	\$4.90	\$4.10
Barrow	BUEC, Inc	Natural Gas	Natural Gas	\$4.55
Kaktovik	Kaktovik Inupiat Corporation	\$1.50	\$3.50	\$4.80
Nuiqsut	Kuukpik Corporation	\$1.25	\$2.50	\$3.25
Point Hope	Tigara Corporation	\$1.64	\$5.05	\$3.84
Wainwright	Olgoonik Corporation	\$1.45	\$5.06	\$4.83

As Figure 1 illustrates, average gasoline prices per gallon vary across Alaska by region. Western communities report the highest average gasoline retail price at \$4.93 per gallon while Southeast communities report the lowest retail price at \$3.41 per gallon. Statewide retail prices indicate significant variation in gasoline retail price. Specifically, Henry Hill Store in Sleetmute (Western Region) reports the highest gasoline price at \$7.75 per gallon. In contrast, Petro Star – Flint Hill in Fairbanks (Interior Region) reports the lowest gasoline retail price at \$2.49 per gallon. On average, gasoline retail price is \$4.34 per gallon across Alaska with 99 communities reporting gasoline prices.

Table 2. Fuel Transportation Method

Transportation Method	Statewide	Interior Region	North Slope Region	South Coastal Region	Southeast Region	Western Region
Barge Only	83	4	5	23*	11	40
Truck Only	9	8*	0	1	0	0
Air Only	4	3	0	1	0	0
Barge/Truck	2	0	0	2	0	0
Barge/Air	1	0	1	0	0	0
Truck/Air	1	0	1	0	0	0
Total Communities Reporting	100	15	7	27	11	40

*Heating fuel is refined in Fairbanks and Valdez; gasoline is transported by truck and barge respectively.

Method of transporting heating fuel and gasoline varies across Alaska with fuel retailers using barge, air, truck, or a combination to transport fuel into the community (Table 2). With 100 communities reporting, the wide majority (83%) report barging fuel into the community. In contrast, nine communities (9%) report trucking fuel into the community, four communities (4%) report air freighting fuel into the community, and four communities (4%) utilize multiple methods of transporting fuel into the community (i.e., barge/truck, barge/air, or truck/air). Fairbanks and Valdez do not transport heating fuel because an on-site refinery exists within the community; gasoline is transported by truck and barge respectively.

CHANGE IN FUEL PRICES ACROSS ALASKA (2005 TO 2006)

Heating fuel and gasoline prices have moderately increased from 2005 to 2006. With 93 communities reporting (excluding North Slope Region communities), the statewide average heating fuel price increased from \$3.48 to \$3.99 per gallon from 2005 to 2006 (Table 3). The \$0.51 per gallon average price increase represents a 15% increase in statewide average heating fuel per gallon price. With the exception of the North Slope Region, all Alaska regions experienced price increases ranging from 2% (Southeast Region) to 23% (Western Region). The North Slope Region experienced a decrease of 14% in heating fuel per gallon price, which is likely indicative of the North Slope Borough purchasing and transporting fuel at a lower cost for rural village residential consumers.

Clark's Point: Without Revenue, the City Isn't Going to Run

The City of Clark's Point is located on the northeastern shore of Nushagak Bay (15 miles from Dillingham) and is home to an estimated 65 residents. The City purchases fuel to run the local electric utility. Due to lack of funds, the City was unable to pay for its June 2006 fuel purchase causing the fuel supplier's barge to bypass the community on its fall run.

Lacking funds, time, and credit, the City looked to the Division of Community Advocacy (DCA) for assistance. "We've been working with [Local Government Specialist] Ralph Andrew and he's been assisting us with our problems down here." Mr. Andrew aided the City in developing a fiscal budget, making Clark's Point eligible for critical State and federal assistance. The City also secured a \$7,800 loan from the Bulk Fuel Bridge Loan Program, which paid for air freight on 5,000 gallons of fuel to run the City's electric generator. With the DCA's assistance, the fuel supplier agreed to deliver 16,000 gallons of diesel fuel. Unfortunately, the winter freeze-up prevented transport by barge and as a result, the City faces expensive air freight charges, reported to cost nearly \$70 for a 55 gallon drum of fuel. 4

According to Mayor Betty Gardiner, "The biggest part of our problem is the money owed to the City from our community," she says. "Right now, our biggest statement is we are trying to encourage people to pay their bills. The City cannot run without revenue." In addition to informing residents of the consequences of nonpayment, the City hopes to acquire a pre-paid utility metering system to improve its collection rate. "We also plan on having a public meeting," says Gardiner, "so they can hear not only from the council, but also have [DCA staff] explaining this is the problem, this is what we need to work on, and, without revenue, the City isn't going to run."

Table 3. Regional Change in Heating Fuel (#1) Price (2005 to 2006)

Region	Communities Reporting	2006 HF#1 Average	Percent +/- 2006 Statewide Average (\$3.99)*	2005 HF Average	Percent +/- 2005 - 2006
Interior	15	\$3.73	-7%	\$3.34	12%
North Slope	6**	\$1.41	-65%	\$1.64	-14%
South Coastal	27	\$3.53	-12%	\$3.30	7%
Southeast	11	\$3.31	-17%	\$3.24	2%
Western	40	\$4.59	15%	\$3.73	23%
Statewide	93*	\$3.99*	n/a	\$3.48*	15%

* Statewide heating fuel average excluding North Slope Region communities

** Seven North Slope communities were surveyed; one (Barrow) does not use heating fuel and is consequently excluded

The statewide average gasoline price increased from \$3.83 to \$4.34 per gallon from 2005 to 2006 (Table 4). The \$0.51 per gallon average price increase represents a 13% increase in statewide average gasoline per gallon price. All Alaska regions experienced price increases ranging from 4% (Southeast) to 21% (Western Region).

Table 4. Regional Change in Gasoline Price (2005 to 2006)

Region	Communities Reporting	2006 Gas Average	Percent +/- 2006 Statewide Average (\$4.34)	2005 Gas Average	Percent +/- 2005 - 2006
Interior	15	\$4.05	-7%	\$3.61	12%
North Slope	7	\$4.49	3%	\$4.26	5%
South Coastal	26/22*	\$3.96	-9%	\$3.65	8%
Southeast	11	\$3.41	-21%	\$3.29	4%
Western	40	\$4.93	14%	\$4.09	21%
Statewide	99/95*	\$4.34	n/a	\$3.83	13%

* South Coastal communities reporting varied by year: 26 reported in 2006 and 22 reported in 2005.

IMPACTS OF INCREASED FUEL COSTS ON RURAL ALASKA COMMUNITIES

Rural communities largely rely on diesel fuel for heating homes, heating community facilities, generating electricity, and meeting basic survival needs. Significantly increased fuel and energy costs combined with high unemployment rates, limited local economic bases, and local governments struggling to provide basic local services have presented rural Alaska communities and households with challenging circumstances.

Households in rural and remote communities face current utility costs that are estimated to be 50% higher than in 2000 (Institute of Social and Economic Research, 2006), largely due to increased fuel costs. Consequently, the percentage of household income dedicated exclusively to utility costs (e.g., heat, electricity, water, and sewer) has also significantly increased – especially for low-income and/or rural households. Households in remote communities currently spend approximately \$4,683 or 10% of total household income on utilities (Institute of Social and Economic Research, 2006). Lower incomes and high unemployment rates typical of rural areas further compounds the fuel – utility cost crisis. In essence, the people who earn the least (median rural household income) are experiencing the highest fuel prices and subsequent utility cost increases in the entire state.

Compared with urban locations or communities on the road-system, remote communities spend a significantly larger proportion of household income on utilities because diesel fuel is the primary

means of generating electricity. Rural households also bear the burden of the remote nature of their communities and adverse winter weather conditions, which forces communities to plan ahead and purchase large quantities of fuel prior to winter freeze-up. Oftentimes, communities do not have the financial capital to purchase large quantities of fuel or are limited by storage capacity. Storage capacity, limited means of transportation, increased cost of transportation, and lack of financial capital frequently impedes a community's ability to purchase fuel at optimal times or at advantageous prices.

City of Stebbins: Storage, not Finances, Causing Shortages.

The City of Stebbins is located on the northwest coast of St. Michael Island on Norton Sound, 120 miles southeast of Nome. The community is home to about 596 residents. Fuel is transported to the island by barge. Both Tapraq Fuel Company, which retails heating fuel and gasoline, and Ferris General Store, a heating fuel supplier owned by Mayor Robert Ferris, indicate a lack of storage facilities leaves them with inadequate supplies to serve the community through the end of winter. In addition, Ferris notes, "It looks like we're about halfway through [the City's] storage, so we could be short again."

The issue in Stebbins is not a financial one. The City has received funding from SMEAP and MEAP programs and also takes advantage of a special buying program through Norton Sound Economic Development Council. The problem stems from the City and the retailers' lack of storage capacity.

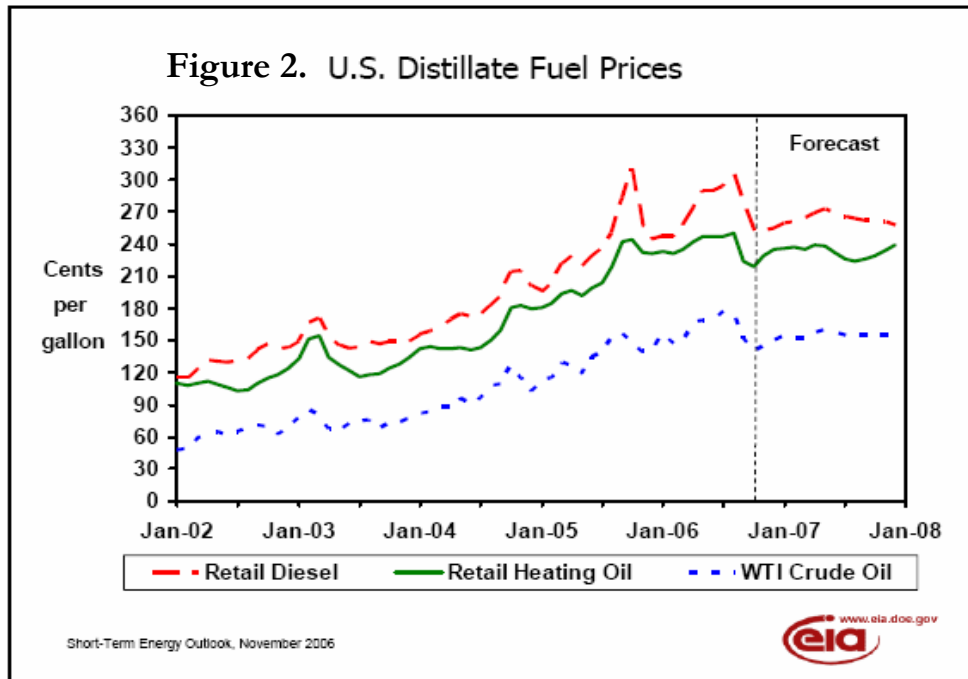
Fortunately, life in Stebbins has not seen major disruptions. "We kept everything running," says Mayor Ferris. "We had to borrow 5,000 gallons from the school to get us through the barge season... The last three out of four years, we've been able to borrow from the school district, and they've always had it." Ferris also indicates retail supplies have gone largely uninterrupted, as trucks have been able to deliver fuel from Saint Michael, which has excess capacity at its bulk fuel farm. This has kept prices, currently \$4.38 for heating fuel and \$4.64 for gasoline, in line with other Norton Sound communities.

The lack of available fuel storage in Stebbins is a problem that is being addressed. Mayor Ferris indicates the Denali Commission "is in the works to redo the whole bulk fuel storage system." Kathy Prentki, Program Manager at Denali Commission, confirms the funding for the final design stage of the facility is in place. Brent Petrie, Key Accounts Manager for Alaska Village Electric Cooperative indicates that new bulk fuel storage could be in place in Stebbins as early as 2008.

THE NATIONAL CONTEXT

A modest buildup in inventories of crude oil coupled with weaker seasonal demand for home heating and gasoline fuels suggests most consumers are paying less in 2006 to heat homes and drive cars (Figure 2) at a national level. In August 2006, crude oil stocks available to West Coast markets increased 2.2 million barrels over the same period last year. Currently, U.S. distillates (including home heating fuels) are 10 million barrels above last year, and September 30 figures from the U.S. Energy Information Administration report total distillate fuel inventories at 151 million barrels – nearly 24 million barrels above the average over the last five years. Despite the recent record setting October drawdown of nine-million barrels of heating fuel, analysts project distillate fuel inventories

at the end of March 2007 will be 118 million barrels, slightly less than last year during the same period, but eight million barrels over the previous five-year average. In 2004, Alaska ranked 38th among all States in distillate fuel consumption with 1.6 million gallons used daily statewide.



Higher than expected inventories have projected nationwide household heating fuel costs at \$928 this winter compared to \$947 last winter. This means in addition to lower total heating fuel costs for the average household, the percent of household income spent on home heating fuel will decline in 2005-06, the first time this has occurred since the winter of 2001-02 (U.S. Energy Information Administration). While this is good news for consumers in the “lower 48”, at a statewide level, Alaska has seen a 15% increase in the cost of Heating Fuel #1 according to the survey results.

Nationwide, gasoline inventories should remain slightly above the most recent five-year average throughout the winter. Energy analysts report very little change in gasoline consumption patterns from the previous year and by October 31 inventories were at 204 million barrels, up three million barrels over last year at this time. Consequently, gasoline prices are expected to decline slightly this winter while demand is lower (Table 5). Gasoline prices at a statewide level, however, indicate that gasoline prices in Alaska have increased by 13% from 2005 to 2006. This may be partly due to the dynamics that drive the purchase of fuel in rural Alaska, which make it so that rural communities are not always able to take advantage of the changes in the market. For example, a community may have to purchase its winter fuel during the summer months and all at once, in order to ensure that the fuel barges will be able to deliver the product. This means that even if fuel prices decrease in the later months, the community does not benefit from the change in price because the purchase has been made at a particular price point.

Energy	Year				Percent Change		
	2004	2005	2006	2007	2004-005	2005-2006	2006-2007 ^(e)
WTI Crude^a (\$/barrel)	41.44	56.49	66.26	65.17	36.3	17.3	-1.7
Gasoline^b (\$/gal)	1.85	2.27	2.57	2.48	22.7	13.1	-3.4
Diesel^c (\$/gal)	1.81	2.41	2.7	2.63	33	12.2	-2.6
Heating Oil^d (\$/gal)	1.54	2.04	2.34	2.35	32.7	14.5	0.4

Source: Energy Information Administration. **(a)** West Texas Intermediate. **(b)** Average regular pump price. **(c)** On-highway retail. **(d)** Residential average. **(e)** Projected

ADDRESSING THE FUEL CHALLENGE: SHORT- AND LONG-TERM STRATEGIES

Effective short-term strategies for alleviating high fuel costs and corresponding impacts for rural energy primarily include implementing energy assistance funding programs, which can only occur through the continued cooperation between federal agencies, state agencies, local governments, and tribal governments.

The State of Alaska has implemented several programs to assist with the high cost of energy. During Fiscal Year 2005, the Small Municipality Energy Assistance Program (SMEAP) offered grants to municipalities with populations less than 2,500 ranging from \$22,396 to \$67,188 for fuel purchase. During Fiscal Year 2007, the 24th Alaska State Legislature appropriated over \$48 million to municipalities under the Municipal Energy Assistance Program (MEAP). The MEAP

City of Unalakleet: Fuel Loans from City Avert Disruption of Residential Service

Unalakleet is located on Norton Sound, 148 miles southeast of Nome, and is home to approximately 710 residents. Residential fuel (\$4.63/gallon) and gasoline (\$4.86/gallon) is supplied by Unalakleet Native Corporation. Like all Norton Sound communities, fuel must be barged in before the winter freeze to avoid high air cargo charges. Due to the limited capacity of its storage tanks and recent growth in the community, Unalakleet Native Corporation has consistently run short on supplies for local residential sale.

"They've [Unalakleet Native Corporation] been running out for the last several years and we, as a City, have extra fuel, as does West Coast Aviation," says Dave Soulak, City Administrator for the City of Unalakleet. "They borrowed last year about 15,000 gallons." These fuel loans have allowed Unalakleet Native Corporation to continue residential fuel sales without disruption. The City topped off its fuel tanks this fall and a source at Unalakleet Native Corporation states that, with another fuel loan from the City, residents of Unalakleet should experience no interruption in service this winter.

The Corporation is expected to have a new bulk fuel farm online by September 2007. With the construction of this facility, Unalakleet Native Corporation will be able to serve the needs of the community without borrowing from the City or from other sources. In the meantime, the cooperative arrangement between the City and the Corporation has assured Unalakleet will have a sufficient supply of fuel all winter long.

financial assistance program provided funds for the purpose of defraying increased energy and other related costs at the discretion of local governing bodies. As Governor Sarah Palin's administration takes the helm of state of Alaska, it does so fully aware of the high cost of energy and as a result has committed \$48 million dollars supporting communities, which includes the need to balance the high cost of fuel.

Alaska Energy Authority's (AEA) Bulk Fuel Revolving Loan Fund (BFRLF) provides loans to communities, utilities, or fuel retailers in rural communities to purchase emergency, semi-annual, or annual bulk fuel supplies. The Fuel Bridge Loan Program (FBLP) provides loan assistance to communities that are ineligible for AEA's Bulk Fuel Revolving Loan Fund. Managed by Rural Alaska Fuel Services (RAFS), the intent of the FBLP is to provide "at risk" communities an opportunity to repair credit deficiencies and become eligible for more traditional fuel funding sources. Bulk fuel loan programs provide the finances for purchasing fuel for the following purposes: municipal electrical power generators, municipal heavy equipment, heating fuel for municipality, residents, and businesses, business and residential motor vehicles, and subsistence purposes.

The Power Cost Equalization Program (PCE), as administered by AEA, helps reduce the cost of electricity for residential consumers and community facilities in rural Alaska where the kilowatt-hour charge for electricity can be three to five times higher than average urban rates. While the program is invaluable for residential consumers and shared community facilities, it excludes state and federal buildings, commercial customers, and public schools. On average, the PCE program pays approximately 30% of all kilowatt hours sold by participating utilities. In the fall of 2006, \$183 million was transferred into the State's PCE endowment in an effort to help combat the rising cost of energy in rural Alaska. The funding essentially doubled the size of the Power Cost Equalization endowment to approximately \$365 million after the transfer and should provide about \$25 million a year for subsidies.

Other well-known energy assistance programs include the federal Low Income Home Energy Assistance Program (LIHEAP) and the Power Project Loan Fund. For the first time ever, Governor Murkowski requested the addition of State matching funds for LIHEAP (2005), which provides fuel purchase assistance to low-income households. The Power Project Loan Fund provides loans to local utilities, local governments, or independent power producers for the development or upgrade of electric power facilities, which includes bulk fuel storage facilities, waste energy conservation, or potable water supply projects.

While a variety of funding programs exist to address the short-term fuel challenge, long-term strategies remain elusive considering the prognosis of predictable and sustainable energy costs. Long-term solutions will likely include a combination of greater fuel supply, developing appropriate local bulk fuel infrastructure, reducing transportation costs, and increasing local human capital. Specifically, AEA in collaboration with the Denali Training Fund, provides training opportunities to local residents regarding energy projects and infrastructure. The purpose of the training is to ensure community personnel have the appropriate skills to maintain bulk fuel infrastructure in a consistent

and sustainable manner. Addressing the adequacy of bulk fuel farms is also a critical component of a long-term strategy to addressing fuel prices. Specifically, many bulk fuel farms were constructed more than 20 years ago and are currently in poor condition. With substantial contributions from the Denali Commission, the Bulk Fuel Upgrades Program provides funding for the design/engineering, business planning, and construction management services to build bulk fuel farms in rural communities.

During 2005, the Rural Energy Action Council (REAC) closely reviewed the Power Cost Equalization (PCE) Program, energy conservation measures, alternatives to diesel-generated power, the development of fuel cooperatives, and the cost of energy for schools. As a result, REAC recommended short- and long-term strategies to lower the cost of energy in rural Alaska. Short-term strategies included the following: 1) fully fund the PCE Program; 2) front-load the PCE endowment; 3) develop a bulk fuel operator technical assistance program; 4) incorporate downstream tanks and pipes into bulk fuel infrastructure upgrades; 5) support the development of regional bulk fuel cooperatives; 6) recommend higher loan limits for Bulk Fuel Revolving Loan Program single and cooperative applicants; 7) improve power plant operational efficiencies and remote capabilities; 8) increase support for development of alternative energy sources including coal, instream, wind, and gas projects; 9) accelerate renewable energy programs and implement energy conservation measures; 10) continue low-income home energy assistance program funding; and 11) create a new line-item for school district energy funding.

REAC also identified the following as elements of a long-term approach to improving the affordability of rural energy: 1) study the direct impacts of high fuel cost in rural Alaska; 2) develop regional energy centers on rural campuses; 3) support a feasibility study to examine links with the Railbelt Energy Grid; 4) develop a fuel price reporting system for “non-PCE” communities; 5) divest the State of rural energy infrastructure; and 6) improve transportation and distribution systems.

Appendix: Community Heating Fuel and Gasoline Survey - 2006 Update

Community	Region	Community Retailer: (entity selling fuel)	Community Retailer Telephone Number:	Heating Fuel #1 11/2006 Retail: (selling price per gallon)	Percent +/- Statewide HF Average (\$3.99*):	Percent +/- 11/2005 Retail: (selling price per gallon)	Gasoline Retail Price: (selling price per gallon)	Percent +/- Statewide Gas Average (\$4.34):	Percent +/- 11/2005 Retail: (selling price per gallon)	Transport Method:		
Alatna	Interior	Alatna Traditional Council	(907) 968-2304	\$4.50	13%	13%	\$5.00	15%	11%		Air	
Anderson	Interior	Nenana Heating	(907) 832-5445	\$2.46	-38%	6%	\$2.72	-37%	29%			Truck
Arctic Village	Interior	Arctic Village Traditional Council	(907) 587-5523	\$6.36	59%	66%	\$7.00	61%	72%		Air	
Circle	Interior	(HF#1) Steve's (Gas) HC Company Store	Steve's (907) 520-5800 HC Co. (907) 773-1222	\$2.65	-34%	-7%	\$3.65	-16%	11%			Truck
Delta Junction	Interior	Delta Fuel Company	(907) 895-4515	\$2.35	-41%	2%	\$2.58	-41%	-5%			Truck
Eagle	Interior	Telegraph Hill Services	(907) 547-2261	\$3.25	-19%	0%	\$3.75	-14%	7%			Truck
Fairbanks	Interior	Petro Star - Flint Hill	(907) 488-2575	\$2.25	-44%	-8%	\$2.49	-43%	-4%	Refinery (Oil)		Truck (Gas)
Galena	Interior	Crowley Marine Services	907-656-1852	\$4.27	7%	22%	\$4.78	10%	36%	Barge		

* Statewide heating fuel average excluding North Slope Region communities

Appendix: Community Heating Fuel and Gasoline Survey - 2006 Update

Community	Region	Community Retailer: (entity selling fuel)	Community Retailer Telephone Number:	Heating Fuel #1 11/2006 Retail: (selling price per gallon)	Percent +/- Statewide HF Average (\$3.99*):	Percent +/- 11/2005 Retail: (selling price per gallon)	Gasoline Retail Price: (selling price per gallon)	Percent +/- Statewide Gas Average (\$4.34):	Percent +/- 11/2005 Retail: (selling price per gallon)	Transport Method:		
Healy	Interior	Keith's Healy Service	(907) 683-2408	\$2.59	-35%	2%	\$2.79	-36%	-6%			Truck
Hughes	Interior	Hughes City Council	(907) 889-2206	\$6.00	50%	11%	\$5.50	27%	16%		Air	
Huslia	Interior	Huslia Gas & Oil	(907) 829-2271	\$4.50	13%	0%	\$5.00	15%	0%	Barge		
Minto	Interior	North Fork Store	(907) 798-7512	\$3.30	-17%	8%	\$3.50	-19%	-7%			Truck
Nenana	Interior	Nenana Heating	(907) 832-5445	\$2.46	-38%	0%	\$2.72	-37%	-8%			Truck
Ruby	Interior	Dinega Fuel Corporation	(907) 468-4436	\$4.54	14%	9%	\$4.65	7%	6%	Barge		
Tanana	Interior	Tanacon Fuel	(907) 366-7188	\$4.49	13%	26%	\$4.69	8%	18%	Barge		
Anaktuvuk Pass	North Slope	Nunamiut Corporation	(907) 661-3026	\$1.20	-70%	0%	\$6.06	40%	2%	Barge		

* Statewide heating fuel average excluding North Slope Region communities

Appendix: Community Heating Fuel and Gasoline Survey - 2006 Update

Community	Region	Community Retailer: (entity selling fuel)	Community Retailer Telephone Number:	Heating Fuel #1 11/2006 Retail: (selling price per gallon)	Percent +/- Statewide HF Average (\$3.99*):	Percent +/- 11/2005 Retail: (selling price per gallon)	Gasoline Retail Price: (selling price per gallon)	Percent +/- Statewide Gas Average (\$4.34):	Percent +/- 11/2005 Retail: (selling price per gallon)	Transport Method:		
Atkasuk	North Slope	Atkasuk Corporation	(907) 633-6414	\$1.40	-65%	-3%	\$4.10	-6%	0%	Barge	Air	
Barrow	North Slope	BUEC, Inc	(907) 852-6166	nat gas	n/a	n/a	\$4.55	5%	15%	Barge		
Kaktovik	North Slope	Kaktovik Inupiat Corporation	(907) 640-6120	\$1.50	-62%	-6%	\$4.80	11%	81%	Barge		
Nuiqsut	North Slope	Kuukpik Corporation	(907) 480-2700	\$1.25	-69%	-50%	\$3.25	-25%	-48%		Air	Truck
Point Hope	North Slope	Tigara Corporation	(907) 368-2235 or (907) 368-2126	\$1.64	-59%	0%	\$3.84	-12%	8%	Barge		
Wainwright	North Slope	Olgoonik Corporation	(907) 763-2614	\$1.45	-64%	0%	\$4.83	11%	44%	Barge		
Akutan	South Coastal	City of Akutan	(907) 698-2228	\$2.60	-35%	13%	\$3.10	-29%	12%	Barge		
Atka	South Coastal	Atka Native Store	(907) 839-2230	\$5.19	30%	19%	\$5.34	23%	9%	Barge		

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										Barge		Truck
Chenega Bay	South Coastal	Chengega Bay Utility	(907) 573-5132	\$3.00	-25%	0%	\$3.60	-17%	0%	Barge		
Chignik	South Coastal	City of Chignik	(907)749-2280	\$2.90	-27%	2%	\$3.60	-17%	n/a	Barge		
Chitina	South Coastal	Chitina Services Oil and Gas	(907) 822-3375	\$2.69	-33%	0%	\$2.73	-37%	-4%	Barge		Truck
Clark's Point	South Coastal	City of Clark's Point	(907) 236-1221	\$4.45	12%	16%	\$4.45	3%	16%	Barge		
Cordova	South Coastal	Hovers Mover	(907) 424-3221	\$3.44	-14%	1%	\$3.52	-19%	5%	Barge		
Dillingham	South Coastal	Delta Western	(907) 842-5441	\$3.77	-6%	-6%	\$4.61	6%	-2%	Barge		
Glennallen	South Coastal	Service Oil and Gas	(907) 822-3375	\$2.69	-33%	-10%	\$2.75	-37%	-4%			Truck
Goodnews Bay	South Coastal	Mumtram Pikkai Village Corporation	(907) 967-8520	\$4.08	2%	32%	\$4.99	15%	81%	Barge		

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										Barge		Truck
Homer	South Coastal	Homer Run Oil	(907) 235-1393	\$2.55	-36%	0%	\$2.61	-40%	-10%	Barge		Truck
King Cove	South Coastal	Peter Pan Seafood	(907) 497-2234	\$2.64	-34%	2%	\$3.17	-27%	7%	Barge		
Kodiak	South Coastal	Thompson Transfer	(907) 486-5774	\$2.76	-31%	-8%	\$3.04	-30%	n/a	Barge		
Kokhanok	South Coastal	Kokhanok Tribal Council	(907) 282-2202	\$6.10	53%	53%	\$6.50	50%	30%	Barge		
Larsen Bay	South Coastal	City of Larsen Bay	(907) 847-2211	\$3.33	-17%	7%	\$3.64	-16%	12%	Barge		
Nelson Lagoon	South Coastal	Crowley	(907) 989-2204	\$3.98	0%	21%	\$4.26	-2%	18%	Barge		
New Stuyahok	South Coastal	New Stuyahok Village Corporation	(907) 693-3122	\$4.80	20%	26%	\$5.10	18%	10%	Barge		
Nondalton	South Coastal	City of Nondalton	(907) 294-2235	\$4.77	20%	0%	\$5.09	17%	-3%		Air	

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Old Harbor	South Coastal	City of Old Harbor	(907) 286-2203	\$3.40	-15%	8%	\$3.93	-9%	n/a	Barge		
Ouzinkie	South Coastal	Ouzinkie Native Corporation	(907) 680-2208	\$2.94	-26%	1%	n/a	n/a	n/a	Barge		
Port Lions	South Coastal	Kizhuyak Oil Sales	(907) 454-2422	\$3.39	-15%	0%	\$3.57	-18%	0%	Barge		
Saint George	South Coastal	Delta Western	(907) 859-2456	\$4.47	12%	16%	\$7.27	68%	88%	Barge		
Sand Point	South Coastal	Paul Gundersen	(907) 383-2026	\$3.25	-19%	3%	\$3.20	-26%	n/a	Barge		
Seldovia	South Coastal	Seldovia Fuel and Lube	(907) 234-7622	\$2.72	-32%	-14%	\$2.84	-35%	-10%	Barge		
Togiak	South Coastal	Togiak Village Corporation	(907) 493-5520	\$3.65	-9%	-17%	\$4.07	-6%	-10%	Barge		
Unalaska	South Coastal	Delta Western	(907) 581-1295	\$3.17	-21%	6%	\$2.95	-32%	-7%	Barge		

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										Barge (Gas)	Refinery (Oil)
Valdez	South Coastal	North Pacific	(907) 838-8850	\$2.57	-36%	4%	\$2.91	-33%	2%	Barge (Gas)	Refinery (Oil)
Angoon	Southeast	Angoon Oil and Gas	(907) 788-3436	\$3.58	-10%	8%	\$3.70	-15%	16%	Barge	
Craig	Southeast	Petro Marine	(907) 826-3296	\$3.00	-25%	-3%	\$3.40	-22%	23%	Barge	
Gustavus	Southeast	Gustavus Dray - Gustavus Propane	(907) 697-2481 or (907) 697-2481	\$3.08	-23%	10%	\$3.27	-25%	-1%	Barge	
Hoonah	Southeast	Hoonah Trading	(907) 945-3211	\$3.28	-18%	-4%	\$3.23	-26%	5%	Barge	
Juneau	Southeast	Reliable Oil - Fred Meyer Gas	(907) 586-1490	\$3.07	-23%	4%	\$2.75	-37%	-5%	Barge	
Kake	Southeast	Kake Tribal Fuel	(907) 785-3601	\$3.78	-5%	12%	\$3.84	-12%	10%	Barge	
Pelican	Southeast	Lisianski Oil - Pelican Sea	(907) 735-2233 or (907) 735-2204	\$3.55	-11%	2%	\$4.20	-3%	14%	Barge	

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Community	Region	Community Retailer: (entity selling fuel)	Community Retailer Telephone Number:	Heating Fuel #1 11/2006 Retail: (selling price per gallon)	Percent +/- Statewide HF Average (\$3.99*):	Percent +/- 11/2005 Retail: (selling price per gallon)	Gasoline Retail Price: (selling price per gallon)	Percent +/- Statewide Gas Average (\$4.34):	Percent +/- 11/2005 Retail: (selling price per gallon)	Transport Method:		
Petersburg	Southeast	Petro Marine	(907) 772-4251	\$2.93	-27%	-1%	\$2.65	-39%	-13%	Barge		
Point Baker	Southeast	Point Baker Trading Post	(907) 559-2204	\$4.10	3%	0%	\$4.25	-2%	2%	Barge		
Thorne Bay	Southeast	Petro Alaska	(907) 828-3900	\$2.95	-26%	4%	\$3.25	-25%	9%	Barge		
Wrangell	Southeast	Wrangell Oil - Fennemore's Service	(907) 874-3276 or (907) 874-3687	\$3.07	-23%	-6%	\$3.02	-30%	-15%	Barge		
Akiak	Western	Kokarmut Corporation	(907) 765-7228	\$4.60	15%	16%	\$4.95	14%	18%	Barge		
Anvik	Western	Deloyges, Inc.	(907) 663-6396	\$4.00	0%	4%	\$5.00	15%	-9%	Barge		
Atmautluak	Western	Atmautluak Limited	(907) 553-5539	\$3.89	-3%	28%	\$4.48	3%	26%	Barge		
Bethel	Western	Crowley	(907) 543-2421	\$3.98	0%	18%	\$4.29	-1%	19%	Barge		

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Brevig Mission	Western	Brevig Mission Native Store	(907) 642-4091	\$4.80	20%	41%	\$5.10	18%	34%	Barge		
Deering	Western	Deering IRA	(907) 363-2138 or (907) 363-2157	\$3.86	-3%	10%	\$3.75	-14%	4%	Barge		
Emmonak	Western	Emmonak Corp. Tank Farm	(907) 949-1129	\$4.71	18%	19%	\$4.89	13%	19%	Barge		
Gambell	Western	ANICA (Gambell Native Store)	1-800-426-2128 or (907) 985-5211	\$4.65	17%	35%	\$4.89	13%	29%	Barge		
Golovin	Western	Golovin Public Utilities	(907) 779-3681	\$4.42	11%	23%	\$4.90	13%	27%	Barge		
Grayling	Western	AYL Grayling Fuel Company	(907) 453-5124 or (907) 453-5240	\$5.00	25%	25%	\$5.50	27%	10%	Barge		
Holy Cross	Western	Holy Cross O.L. Company	(907) 476-7155	\$5.25	32%	42%	\$5.65	30%	33%	Barge		
Hooper Bay	Western	Crowley Marine	(907) 758-4007	\$5.15	29%	29%	\$5.31	22%	28%	Barge		

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Kaltag	Western	Kaltag Cooperative	(907) 534-2235	\$4.50	13%	15%	\$5.00	15%	20%	Barge		
Kiana	Western	Kiana Traditional Council	(907) 475-2109	\$4.50	13%	6%	\$5.25	21%	11%	Barge		
Kotlik	Western	Kotlik Yupik Enterprises	(907) 899-4013	\$4.96	24%	42%	\$5.13	18%	29%	Barge		
Kotzebue	Western	Kikiktagruk Inupiat Corporation	(907) 442-3211 or (907) 442-3165	\$3.86	-3%	-15%	\$4.20	-3%	-10%	Barge		
Koyuk	Western	Koyuk Native Corporation	(907) 963-2424	\$4.34	9%	22%	\$4.34	0%	15%	Barge		
Kwigillingok	Western	KWIK Marina Inc.	(907) 588-8426	\$4.60	15%	35%	\$4.95	14%	31%	Barge		
Marshall	Western	Maserculiq Inc.	(907) 679-6617	\$4.74	19%	16%	\$5.14	18%	14%	Barge		
McGrath	Western	Crowley	(907) 524-3019	\$4.83	21%	22%	\$5.32	23%	29%	Barge		

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Mountain Village	Western	Azachorak Fuel	(907) 591-2573	\$4.67	17%	26%	\$4.86	12%	10%	Barge		
Noorvik	Western	Morris Trading Company	(907) 636-2161	\$4.55	14%	1%	\$4.88	12%	4%	Barge		
Nulato	Western	City of Nulato	(907) 898-2205	\$4.00	0%	23%	\$4.25	-2%	13%	Barge		
Nunapitchuk	Western	Nunapitchuk LTD.	(907) 527-5717	\$3.75	-6%	25%	\$4.10	-6%	19%	Barge		
Pilot Station	Western	Pilot Station Native Corporation	(907) 549-3512	\$4.07	2%	-4%	\$5.41	25%	14%	Barge		
Quinhagak	Western	Qanirtuuq Corporation	(907) 556-8289	\$4.87	22%	38%	\$5.35	23%	38%	Barge		
Russian Mission	Western	Russian Mission Corporation	(907) 584-5885	\$4.99	25%	30%	\$5.52	27%	31%	Barge		
Saint Michael	Western	Saint Michael Fuel Company	(907) 923-3271	\$4.65	17%	48%	\$4.98	15%	42%	Barge		

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Savoonga	Western	ANICA (Savoonga Native Store)	1-800-426-2128 or (907) 984-6134	\$4.65	17%	35%	\$4.95	14%	31%	Barge		
Scammon Bay	Western	Askinuk Corporation	(907) 558-5411	\$4.90	23%	20%	\$4.90	13%	18%	Barge		
Shishmaref	Western	Shishmaref Native Store	(907) 649-3741	\$5.09	28%	70%	\$4.75	9%	40%	Barge		
Sleetmute	Western	Henry Hill Store	(907) 449-4227	\$7.00	75%	51%	\$7.75	79%	48%	Barge		
Stebbins	Western	Tapraq Fuel Company	(907) 934-2400	\$4.38	10%	35%	\$4.64	7%	36%	Barge		
Teller	Western	City of Teller	(907) 642-3401	\$4.65	17%	16%	\$4.65	7%	19%	Barge		
Toksook Bay	Western	Nunakauiak Yupik Corporation	(907) 427-7928	\$5.03	26%	18%	\$5.44	25%	20%	Barge		
Tuntutuliak	Western	Qinarmiut Corporation	(907) 256-2315	\$4.67	17%	18%	\$5.00	15%	20%	Barge		

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Unalakleet	Western	Unalakleet Native Corporation	(907) 624-3411	\$4.63	16%	47%	\$4.86	12%	39%	Barge		
Upper Kalskag	Western	City of Upper Kalskag	(907) 471-2220	\$5.00	25%	18%	\$5.15	19%	21%	Barge		
Wales	Western	Wales Native Store	(907) 664-3351	\$3.69	-8%	-3%	\$3.95	-9%	-3%	Barge		
White Mountain	Western	White Mountain Native Store	(907) 638-2210	\$3.69	-8%	19%	\$3.85	-11%	14%	Barge		

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