

Testimony of Elaine Brown
House Natural Resources Committee
Subcommittee on Indian and Alaska Native Affairs

April 5, 2012

Good morning Chairman Young and members of the Subcommittee, thank you for giving me an opportunity to testify before you today.

My name is Elaine Brown, Executive Director for Nuvista, and I am testifying in front of this subcommittee on behalf of Calista Corporation. It is my honor and privilege to be testifying in front of you. I ask that my written statement and on spoken words be incorporated into the hearing record.

The topic of this hearing, **“Federal Laws and Policies Affecting Energy Prices in Rural Alaska and their Effects on Native Villages.** Incredibly important and timely. Energy costs in our villages are soaring and out of control. As the Chairman knows, Nuvista Light and Electric Cooperative serves the Yukon-Kuskokwim (YK) region which also comprises our Calista region under the Alaska Native Claims Settlement Act.

The YK region of Alaska consists of, a 59,000 square mile area, includes 56 remote communities, a population of approximately 30,000 Yupik, Cupik, and Athabascan indigenous native peoples, and the largest concentration of rural communities in all of Alaska. Yukon-Kuskokwim residents are largely people of native descent living a subsistence lifestyle; they earn the lowest U.S. per capita incomes; have triple the level of suicide rates in the entire nation; and have the highest levels of poverty due to the high cost of living and lack of jobs in the region. Making matters worse, residents of our region have the highest energy costs in the nation at \$7 to \$12 per gallon for diesel heating fuel; and diesel generated electricity is delivered at a cost range from \$0.58 to \$1.05 per kilowatt hour. In less than five years the percentage of income that must be utilized for home heating and electricity has risen from 40% of income, to over 60% total family income. Since 1975, more than 30 reports and studies have been written by various agencies document the energy options and needs in the Y-K Region. Agreement on optimum energy solutions is difficult due to the remoteness, large number of villages, subsistence concerns, and high capital costs. Nuvista Light & Electric Cooperative, Inc. (Nuvista)’s mission is to improve the energy economics in Rural Alaska by creating energy generation and transmission infrastructure to serve, connect and enable the region to attain affordable, long term energy sustainability and self-sufficiency. Nuvista is a non-profit cooperative guided and governed by a twelve (12) member Board of Directors made up primarily of business professionals and community leaders from our region.

Three (3) directors are elected by Calista Corporation and the Association of Village Council Presidents, the federally recognized tribe and regional non-profit serving our villages and residents. One (1) director each is appointed by AVCP Regional Housing Authority, Yukon Kuskokwim Health Corporation, Alaska Village Electric

Cooperative, Middle Kuskokwim Electric Company, Chaninik Wind Group, and a Lower Yukon Resident. By this representation, the Subcommittee can see that Nuvista is locally run, staffed, and close to its residents.

How to Solve Rural Energy Problems in Our Region

Nuvista Electric has considered many forms of energy including wind, solar, nuclear and other technologies, and determined that hydroelectric is the most feasible. Nuvista has recently filed a preliminary permit application with the Federal Energy Regulatory Commission for a 13.4 MW hydro project located near Dillingham named the Chikuminuk Lake Hydroelectric project. A copy of the FERC application for this project is attached to my testimony and we ask it be included in the Subcommittee hearing record.

The FERC process is underway, but the project can only provide relief to our villages if we are able to finance and construct a 125 mile transmission line from the project to Bethel. There is no alternative to a transmission line to transport electricity from the project to Bethel, Alaska and 13 surrounding villages currently entirely dependent on diesel fuel. Diesel transported by marine barges and then transferred to shallow draft barges for delivery upriver. Presents great risks, high costs, environmental hazards, and great difficulties transporting diesel fuel on the same rivers which supply the fish our residents still primarily rely on for their subsistence diet.

To build the Chukiminuk Lake Hydro project requires a transmission line to Bethel, the residential and commercial center of the YK region. Currently each community is powered by independent diesel generated power plants, and there is not even a transmission grid yet in this area. Conventional financing such as by the Rural Utility Systems does not work because the total population for this size project does not match well. So, we will be also looking to some grant financing. We need a better process for federal grant financing than exists today for rural areas. Nuvista understands the very tough budget process in Washington but the fact is that rural Alaska and particularly the YK region needs help and it needs that help now. We want to work with your subcommittee to come up with a grant/alternative financing Process to help finance this project.

Transmission line Permitting

There is no alternative to crossing federal lands for a transmission line for this project. Our entire Calista region of 56 villages are within the Yukon Delta Wildlife Refuge. No transmission line or corridor of any kind can be constructed without crossing federal lands. Our living native communities are now surrounded by federal lands of some type. As we begin this process, we have two major problems: 1. Financing, and 2. Permitting under federal law. Financing was discussed above. However, the permitting of this project is currently under Title XI of the Alaska Native Claims Settlement Act. This is a highly complicated and difficult process, requiring a vote of congress or passage of federal legislation. As far as Nuvista is aware no transmission line has ever been permitted under Title XI. In fact, very few Projects of any kind have ever been permitted at all under Title XI of ANILCA, and

Alaska's people have had to turn to other alternatives for projects. So in the 32 years since ANILCA's passage, no major transportation or utility corridor has been approved under Title XI. This is very discouraging and leads Nuvista to wonder if Title XI can actually work for a project such as the Chikuminuk transmission line. ANILCA included many provisions enacted in order to repair items and issues overlooked in ANCSA necessary in order for the villages to economically survive into the future. It specifically included the ability for roads and right-of-way corridor easements to be established and developed through surrounding federal lands. At the time of ANCSA, basic land surveys, plans, and utility designs did not yet exist, so a mechanism to address future access corridor needs was intended and promised by ANILCA. Unfortunately, there are still no major infrastructure corridors connecting the 56 villages or road systems approved since that time due to the immense cost, lengthy time, and extensive efforts involved. Where else in America must you get an act of Congress to develop nearly any and all projects?

We ask that this Committee consider a more streamlined process for this and other Projects in Alaska. These are indigenous areas for which Congress has complete authority to streamline permitting. The socioeconomically disadvantaged communities in Alaska are being forced into extinction due to high costs posed by a complex federal permitting process that seems to have been designed to fail. We do not want this to become yet another broken promise to our native peoples' that ends up forcing our villages out of existence. We need help in streamlining the permitting process required of our projects to cross the federal lands that surround us.

In Summary

The Chikuminuk site could provide 100% of the projected energy demands for the Lower Kuskokwim Bethel area and electrical power as low as \$.22 per Kwh in cost. The positive impacts of such a locally available source of renewable power on the economy for this region is enormous and positive. We ask the committee's help in this project and look forward to working with you.

Thank you again.