

Southeast stunned by soaring rates

Electric bills in Southeast Alaska villages are soaring, and it is unlikely they'll be getting any better in the near future. The fishing town of Hoonah on Chichagof Island experienced a 75 percent increase in electric rates in 1978 alone and owes the Hingit-Haida Electric Authority (THREA) more than \$27,000.

Three other villages, Kasaan, Kake and Angoon collectively owe the Juneau-based THREA about \$300,000. Klawock is the only town under the authority not in arrears.

"We are not set up to be a social service agency," says Bob Martin, THREA general manager. "But we are trying to establish payment programs."

Martin took over the top position late last year after THREA got in trouble with the federal government because of financial mismanagement. By following federal mandates and communicating with rural consumers, Martin is working hard to bring the regional organization into stable operation.

After completing major construction of generation facilities in 1977, the authority was losing money at the rate of \$700,000 per year. Accounting procedures were in such bad shape that it took awhile before shortfalls were discovered. It was uncovered that THREA has spent twice the amount of money for which it had loan authority.

The national Rural Electrification Authority ordered THREA to increase rates by 25 percent and to do an immediate rate study. According to Martin, the federal agency ordered development of "drastic collection and disconnect policies."

More significantly, THREA was required to come under the jurisdiction of the Alaska Public Utilities Commission, which will determine if the regional authority has a fair rate structure.

After complying with federal guidelines, the national REA released a \$3.8 million loan to THREA. The regional organization used the money to pay off its debts and streamline its administrative office. But while the authority is operating more efficiently, consumers are picking up an exorbitant tab.

"Although the people served by THREA have been

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What it really costs

Following are approximate wattage ratings for different energy users, estimated KWH usage per month for an average family of four, and approximate cost based on the rate scale of 27 cents per 300 KWH and 23 cents for over 300 KWH.

	Average Wattage	Est. KWH's Consummed monthly	Cost per month
Water Heater	2,475	400	\$104.00
Refrigerator/ Freezer (14 Cu. Feet).	325	112	30.24
Refrigerator/ Freezer (frost free 14 Cu.ft.).	600	150	40.50
Freezer (15 Cu. Ft.)	350	135	36.45
Freezer (Frost free 15 Cu. ft.)	440	174	46.98
Range	12,000	90	24.30
Self-clean cycle	4,000	4	1.08
Microwave Oven	1,450	15	4.05
Clothes dryer	6,000	120	32.40
Clothes washer (inc. hot water)	500	164	44.28
Dishwasher (inc. hotwater)	1,000	120	32.40
Coffeemaker	800	12	3.24
Blender	350	1	.27
Frying Pan	1,150	15	4.05
Crock Pot	240	8	2.16
Toaster	1,150	5.	1.35
Toaster oven	1,500	8	2.16
Radio	60	7	1.89
Record player	160	10	2.70
Television B&W	200	36	9.72
Television/ B&W (solid state)	55	10	2.70
Television/ Color	350	63	17.01
Television/ Color (solid state)	200	36	9.72
Clock	2.	1	.27
Electric Blanket	190	15	4.05
Hair Dryer	400	2.	.05
Portable heater	1,300	14	3.78

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staggered by an enormous rate increase, it appears that the present rates are reasonable," according to Martin. "Contrary to popular belief, the high rates are caused not by the recent loans, but by the extremely high costs of generating with diesel-electric sets. Fuel, operations, manpower, maintenance and generating expenses amount to over 50 percent of the budget. Fixed charges that go for the loan, however, amount to only nine percent."

"We are not paying for the money we lost," Martin said, "but it's hard to get the consumer to understand that."

Martin believes rate relief will only come in the form of alternative power sources, such as small hydroelectric projects. Unfortunately, most energy options will not work in the small villages.

According to Chicago engineer George Volland, Klawock is the only town under the authority where it is feasible to construct a hydro plant. Volland is working on a study of energy alternatives for THREA consumers under a \$1.4 million loan from the Alaska Power Authority.

THREA hopes to receive low-interest federal financing for a pilot project in Klawock. But the soonest the hydro plant could be in service would be 1986.

"Other sites should look at the use of wood chips instead," says Volland. "But unless you've already got industry (such as logging to create the chips needed for burning), diesel is still probably more economical to use."

The present THREA rate structure has been approved by the APUC on an interim basis only and will likely change following a thorough investigation of the regional authority. Martin predicts that electric bills will jump even higher.

"Rates can't stay the way they are now," he comments. "The fuel surcharge will increase. Diesel is 65 cents a gallon now and I expect it will go to 80 cents a gallon by the end of the year."

Martin welcomes the APUC investigation. "We're so busy with day-to-day operations that we don't have the time to look at the overall picture. Maybe they will find for a rate reduction, but that's not a strong possibility," he says.

"We'll be looking at the

whole nine yards," says Ray Wipperman of the APUC. "We'll study construction costs and the present rate base." He said it is possible the case will go for public hearing before the commission in September.