

Agency on hot seat for rural energy services

by Jeff Richardson
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Rep. Eileen MacLean of Barrow believes many rural energy programs can be contracted to the private sector, or "privatized," as a way to save money and create rural jobs. However, she doesn't much care for the way the Dept. of Community and Regional Affairs has handled the transfer of those programs from the dismantled Alaska Energy Authority into its new Division of Energy.

Officials from DCRA were summoned to a legislative oversight hearing last week to answer pointed questions about how they plan to maintain existing rural services with a 50 percent reduction in staff.

"We have had a lot of concerns within the rural areas. There's a lot of concern among the utilities about erosion of service," MacLean told department representatives. "We will hold DCRA responsible for erosion of service. I want to put that on the line."

*Rep. MacLean to
DCRA on energy:
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Department staff included deputy commissioner Bruce Geraghty, administrative services director Remond Henderson and acting energy director Ike Waits. Also present at the hearing via teleconference were Rep. Tom Brice (D-Fairbanks) and staff for two other legislators.

Among MacLean's concerns were:

- how power cost equalization rates are going to be set under the reorganization;

- how bulk fuel storage and repairs have been accomplished with the recent upheaval in energy programs;

- how the technical assistance circuit rider program was being administered;

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—whether three new positions in the commissioner's office had been funded with energy program funds;

—how the elimination and transfer of so many positions would affect rural service delivery.

—how the department intended to secure funds for new energy capital projects.

The meeting began with Geraghty summarizing recent developments in the new division. He said "personnel actions" had been started September 1 to eliminate staff not included in the reorganization. He said the energy division will have 29 positions, with another 12 administrative and accounting positions moved to Henderson's division, from which they would provide support to energy programs. Geraghty assured the committee that adequate consideration had been given to the number and type of positions necessary to protect rural programs with a priority on trying to protect technical expertise.

"Our goal has been to do this in a manner that does not injure rural Alaska in any way," he said. He said morale and stability have been on the upswing in the last couple of weeks.

Geraghty said although the energy reorganization bill passed last session appeared to transfer rate-setting authority to DCRA, this was apparently a technical error and all parties seem to agree that this function should remain with the Alaska Public Utilities Commission.

Department officials were unable to specifically address the critical question of new capital project money for fiscal year 1995.

"The capital budget is the next thing on our agenda," said Waits, adding that final resolution was yet 2-3 months away. He said the division's goal has been to fulfill the legislative mandate to privatize energy services, maintain the existing level of technical services and include local input.

"We've got to figure out now with the staff we have how we're going to provide the services at the same level and the same quality. That's our goal," said Waits, adding, "Those sound like pretty stiff challenges."

After the hearing, MacLean repeated her warning that the sharp reduction in energy staff not result in a reduction of service to rural areas.

"We will hold DCRA responsible for any erosion of rural utility programs. They're on the line for that. We don't want the rural programs to suffer, it's too crucial."

MacLean said she had received dozens of calls from rural utilities concerned that without the same level of staffing, villages would be left without an adequate level of technical expertise to deal with power plant failures and emergencies that could jeopardize property and safety.

According to Brad Reeve of Kotzebue Electric Association, "Reducing the number of engineers they have had is going to have an impact and the support for the engineers is (also) disappearing."

Reeve challenged the notion that contracting the services to the private sector would allow a comparable level of technical assistance. He said contractors generally don't offer the sense of trustee responsibility provided by civil

servants and predicted that privatized services would be more superficial and less responsive to local needs. "You can't take 27 positions away and the support for those people and expect to do the same job," said Reeve.

He also questioned the assumption that privatizing rural energy programs would create new jobs in the Bush. "Once you start going into a contract, you've got people hiring people they know."

Reeve charged that the request for proposals for the circuit rider contracts—one of which was awarded to Kotzebue Electric—were flawed because they provided for oversight only on power plants (not distribution systems), did not adequately address the potential for life and safety hazard issues and advance planning to new power supplies. Noting that many of the rural energy technical assistance services emerged in response to a string of serious village fires in the 1970s and 1980s, Reeve questioned the adequacy of the reorganized energy division to prevent such problems in the future. "Is (the) process going to be effective for maintaining safety and power in the villages. At this point I'm not convinced that it is."

Charles Walls, of the Alaska Village Electric Cooperative, is also concerned about the disarray and reductions at the new division.

"How that's been carried out has not been very smooth. The transfer is not going too orderly," Walls said. "It's been in constant upheaval, and a lot of that's due to legislative interference. Since the last session of the legislature, the agency has become increasingly paralyzed. That has us concerned."