

What are the state rural energy programs?

For many years, the State of Alaska has managed a number of programs designed to deal with the nagging problem of high energy cost in rural areas. Last spring, the legislature mandated a number of changes in the administration of those programs, including dismantling the Alaska Energy Authority and moving its staff into a new Division of Energy at the Dept. of Community and Regional Affairs and the Alaska Industrial Development and Export Authority. Here is a thumbnail description of rural power programs:

Power plant operations, maintenance and training - Services in this category include power plant inspections, helping local utilities remain current with maintenance schedules and records, as well as training power plant operators. These are services now organized as a circuit rider program contracted to three enti-

ties who are now responsible for making visits to communities: Alaska Power Systems Inc. (58 communities in interior and western Alaska); Kotzebue Electric Association (5 communities in northwest Alaska); and Alaska Power and Telephone (2 communities in southeast Alaska). In instances where power plants fail, the energy division will still assume the lead responsibility for assessing the appropriate response, which may then be provided in-house or contracted out.

Life/safety/efficiency upgrades - While Energy Division officials hope that the circuit rider program will be able to flag problems in power plants and distribution systems that could pose hazards, or identify opportunities for improved system efficiencies, the division will still have responsibility for actually addressing needed improvements, including

design, ordering parts and contracting and managing installation.

Rural technical assistance - In addition to monitoring the performance of existing plants and systems, which will be done with the privatized circuit rider program, division employees will continue to work directly with communities on planning for expansion of local electrical services in response to population increases or new facilities, and seeking local and regional options for cost-effective power generation.

Bulk fuel storage and distribution systems - The Division of Energy remains the lead agency for completing millions of dollars worth of upgrades on bulk fuel tank farms and pipelines in more than 70 villages which are currently in violation of federal safety regulations. Much of this work has been and will continue to be contracted out.

Power cost equalization - The Division of Energy will continue to provide support to the Alaska Public Utilities Commission in calculating village power rates based on a power cost equalization (PCE) formula. That formula is the basis for badly needed rural energy subsidies to offset the proportionately higher cost of electricity in remote communities. The division will also manage the distribution of the subsidy funds. Last spring, the legislature lowered the subsidy in its reorganization of rural energy programs. Tentative and unofficial estimates suggested that electric rates for homes using about 500 kwh per month could range from 3 percent higher in villages where energy costs average 60 cents/kwh to 8 percent higher where the cost of power averages 18 cents/kwh.