

MANAGER'S REPORT

November 11 – Veterans Day (observed November 10 by Borough – offices closed)
November 23 and 24 – Thanksgiving Holiday Borough office and pool closed

DATE: November 9, 2023
TO: Mayor and Borough Assembly
FROM: Annette Kreitzer, Borough Manager

Assembly Follow-up:

1) Work with the Friends of Mosquito Lake School & Community Center/Four Winds Resource Center to produce a new MOU for administration of the Borough facility known as the Mosquito Lake School. – *We currently have an MOU with the FOMLSCS/FWRC, however we are still negotiating over funds raised and costs to the Borough vs other Borough facilities. Requested comparison information on all borough facilities and reviewing that in light of the MOU. Reviewed the draft, crafting a counter proposal.*

Administration

HIRING:

- We are recruiting for:
 - Planning & Zoning Tech
- We are evaluating:
 - Police Chief position – waiting for Assembly’s decision regarding Public Safety Advisory Board; also will be meeting with the Friends of Police at the group’s request
 - IT support for the Library and potentially some position restructuring
 - Fire Chief position – following advice from Fire Chiefs and Administrators of other departments which have been either all volunteer or a mix of volunteer/paid staff, I initiated a request for proposals to assess the fire department’s current practices and culture and to provide a road map for the next five years. We opened the bids today and will be reviewing them in the next few weeks in a committee which includes a Haines Volunteer Fire Department representative.
- We welcome:
 - Marc Laperi as Pool Custodian

GRANT UPDATES:

SS4A – Safe Streets for All: The Haines Borough and Chilkoot Indian Association entered into an MOU in July 2023 to leverage our expertise and resources to make Haines Borough roads safer by applying for a grant to complete a joint Safety Action Plan. Initial awards were announced this month

(ours was not one of those announced) - additional awards are expected to be announced in December. We will update when the December awards are announced.

TAP Grant -Portage Cove Waterfront Trail-Segment 1 and 6A – We were notified in November 2022 that we “potentially” qualified for funding for this project. The Assembly passed Resolution 23-01-1018 in support of this project.

CTP Grant – FAA Road repair and upgrade –In March 2023, we were advised that this project “likely” would not advance – DOT/PF estimated the cost to bring this road to Borough standards to be \$12 million. The Assembly passed Resolution 23-01-1019 in support of this project, at an estimated \$2.34 million, considerably less than the recent DOT/PF estimate. With both the TAP and CTP grants, the Project Evaluation Boards have been postponed indefinitely. If the projects move forward in the review process, I will update the Assembly.

COMPREHENSIVE PLAN:

- Comprehensive Plan contractors Agnew::Beck will be presenting the results of the Community Survey to the Assembly on November 14.
- Watch for improvements to the website, which includes recordings and synopses of many of the meetings:
www.hainescompplanrevision.com

OTHER ISSUES:

- Regulatory Commission of Alaska – I’ve requested more information regarding Skagway’s offer to join in their response in opposition to the rate increase proposed by Alaska Power Co., for AP&T. When I have more information, I’ll be bringing it back to the Assembly.
- Trash Cans and doggie bags- At the request of Mayor Morphet, trashcans which are normally removed during the winter have been situated along Main St., along with dog waste bags to help keep those sidewalks free of dog waste. The Environmental Protection Agency deems dog poop an environmental and human health hazard.

Lands/Assessment/Permitting

- Assessment staff have updated all property data files following the final BOE on October 23.
- Deed updates due to transfers/sales of property are being completed.

Tourism

- Director Rebecca Hylton and Tourism staff are heavily assisting the Bald Eagle Foundation for a three-day Bald Eagle Festival beginning November 10. Visit this link for more information [Haines Bald Eagle Festival](#)

Public Facilities/Public Works/Grants Administration

- ProHNS is finalizing answers to questions raised by FEMA regarding work on Porcupine Road this summer. I expect to have more definitive news once FEMA has concluded its investigation of the work.

- Beach Road will be seeded in the Spring, otherwise that project is mostly finished.
- The Harbor oil shed will be put out to bid shortly, plans are on the Ports & Harbors Advisory Council agenda for November 16.
- Public Facilities is working to try to modify access to the Small Boat Harbor grid.
- The insulation project for the Chilkat Center should be underway soon, the contractor received the notice to proceed today.
- Public Facilities Director Ed Coffland reports that the Inflow and Infiltration study to determine where water is coming into the wastewater system begins next week.

POOL:

- Klukwan students' Water Safety classes for Pre-K finish November 16, and K-5th grade Water Safety course begins the November 14.
- Cold Water Safety for Haines School District K-8th grade students will be in November taught by AST Colin Nemec with assistance from fellow troopers and the US Coast Guard. High school students' class will be after the Christmas break.
- The Fire Department will be conducting training for members regarding appropriate, effective response to emergencies at the pool.

POLICE:

- Contractor REVL has done a site survey to determine how best to improve police and fire radio communications. We are awaiting their report.
- The Department has conducted additional training with the School District. Interim Chief Josh Dryden is having the Department of Labor/Workforce Development review the Borough's Workplace Violence policy due to the requirement that the Chief identify risk factors in the work place.
- Interim Chief Dryden and Chief Fiscal Officer Jila Stuart have been attending the Community Jails teleconferences as the State Department of Corrections is reviewing how it funds regional facilities, like Haines'.



Haines Borough Flood Repairs: November 2023 Engineering Update

FEMA Project	Site Notes	Project Status
Chilkoot Loop Retaining Wall Project No. 437599	Scope of work included complete replacement of block wall.	Project completed and closed.
Haines Borough Citywide Culverts and Minor Road Repairs Project No. 437603	Project includes replacement/repair of; 3 fish culverts on Chestnut Drive, 1 fish culvert on East Fair Drive, Moose Lane Culvert, Anway Culvert, Mink Way Culvert, N. 1 st Ave. Culvert, Highland Drive Culvert, Oslund Drive Culvert, Piedad WTP Access Road, Sunshine Road, and. E. Fair Drive Rd.	95% plans approved at 4/13/23 PC Meeting. Received Alaska F&G Habitat Permits for Fish Culverts. Combing plans for multiple sites into single project. SOW change request may be required based on actual bid prices. Target 2023 bidding & 2024 construction.
Young Road Project No. 435785	Project includes repairs to gravel and asphalt pavement surfacing along Young Road, as well as replacement of culverts, portions of sidewalk, and mitigation work to prevent future damages.	Project completed and closed.
Cathedral View Drive Project No. 437570	Project includes repair of gravel surfacing and repair/replacement of culverts on Cathedral View Drive and Hooter Lane.	95% plans approved at 4/13/23 PC Meeting. SOW Change Requested, sent to State 3/10/23. Awaiting FEMA approval. Target 2024 bidding & 2024 construction.
Soap Suds Alley Project No. 437575	Project includes repair of street structural sections, asphalt pavement, curbing, and culverts on Soap Suds Alley and Tower Road. Includes local improvements funding (Haines Borough) for water system/service repairs & replacement.	Awarded to Southeast Road Builders for \$1,528,937.50. SOW Change Request for additional funding to total of \$1,382,816.13 was approved. Remainder is considered local improvements and not funded by FEMA. Construction began 8/14/23. Final punch list issued.
Beach Road Project No. 184410	Project includes new culverts, ditching, minor repairs, and paving of Beach Road from bottom of hill at end of DOT ROW to furthest of slide limits.	Awarded to Southeast Road Builders for \$1,193,305.00. Construction began 7/18/23. Final punch list issued.
Porcupine Trail Road Phase I Project No. 435787	Phase 1 scope of repairs includes resurfacing of ~5 miles of the 7 mile stretch of Porcupine Trail Road, from the end of the asphalt to the Porcupine Creek Bridge, with E-1. Work includes ditch restoration.	Project completed and closed. FEMA reviewing obligation and SOW.
Porcupine Trail Road Phase II Project No. 435787	Phase II encompasses ~600-foot-long washout of road near Mile 3. Full scope of repairs and cost for Porcupine Trail Road Phase 2 TBD. FEMA/State have not yet obligated full A&E and construction services funding for this phase.	Repair alternatives analysis and concept design report presented to PC on 12/08/22. Amended report issued 12/20/22 to HB, recommending Alt. 2 Floodplain Bypass Road. FEMA reviewing obligation and SOW.
Porcupine Trail Road Phase III Project No. 435787	Phase 3, near Mile 6, includes 6 sites where the roadway shoulder/embankment has sloughed into the river below due to erosion. Full scope of repairs and cost for Porcupine Trail Road Phase 3 TBD. FEMA/State have not yet obligated full A&E and construction services funding for this phase.	Submitted letter to State/FEMA for approval of budget for design and construction of permanent repairs and hazard mitigation strategies. FEMA reviewing obligation and SOW.
Dalton Street Project No. 437601	Project includes repair/replacement of asphalt pavement, roadway structural section, and surface damages on Dalton Street from 2 nd Ave. to Front St.	95% plans approved at 1/12/23 PC Meeting. FEMA approved SOW change request. Target 2023 bidding & 2024 construction.



Haines Borough Flood Repairs: November 2023 Engineering Update (continued)

FEMA Project	Site Notes	Project Status
Second Avenue Project No. 435786	Project includes repair/replacement of asphalt pavement, roadway structural section, and surface damages on 2 nd Ave. from Mud Bay Rd. to Main St.	95% plans approved at 4/13/23 PC Meeting. FEMA approved SOC change request. Target 2024 bidding & 2024 construction.
Totem Street Project No. 437600	Project includes repair/replacement of asphalt pavement and roadway structural section on Totem Street from Fort Seward DR to Beach RD.	Project completed and closed.
Lily Lake Road Project No. 437579	Project includes stabilization of roadway shoulder geotechnical failure at 1 location (2 nd site with similar damages to be added via SOW Change Request).	Design not started, lowest priority project. FEMA approved SOW change request. Target 2024 bid & construction.

MONTH	AMBULANCE	DEATH	AMBULANCE TRANSPORT	MEDEVAC	MEDEVAC CANCELLED
JANUARY	19	5	6	15	3
FEBRUARY	11	2	2	13	2
MARCH	19	2	2	14	2
APRIL	10	2	3	1	0
MAY	20	1	2	12	1
JUNE	19	0	0	16	0
JULY	26	0	0	16	0
AUGUST	25	0	2	25	0
SEPTEMBER	17	1	3	13	0
OCTOBER	16	0	0	6	0
NOVEMBER					
DECEMBER					
TOTAL	182	13	20	131	8
Total Ambulance Calls:		402			
Total Fire Calls:		42			

VFD YEAR 2023

STANDBY	VEHICLE ACCIDENT	FIRE CALLS	FIRE ALARM WITH AMBULANCE RESPONSE	HAZMAT WITH AMBULANCE RESPONSE	FIRE ALARM
1	0	1			2
0	1		1	1	1
0	0	2	0	0	0
0	0	1	0	0	1
0	1	4	0	0	1
1	0	3	0	0	0
3	1	5	0	0	1
0	2	2	0	0	0
0	1	6	1	0	1
0	0	2	0	0	0
5	6	26	2	1	7

HAZMAT	SAR
0	0
0	0
0	1
0	2
0	0
0	0
0	2
0	2
0	1
0	8

**HVFD COMBINED TOTAL CALL OUTS
FROM ALL CALLS:**

409



HAINES BOROUGH, ALASKA
P.O. BOX 1209
HAINES, AK 99827
(907) 766-6400 * FAX (907) 766-2716

MEMORANDUM OF AGREEMENT

This is a Memorandum of Agreement (MOA) between the Haines Borough (Borough) and the Haines Economic Development Corporation (HEDC), a private, non-profit corporation organized under the laws of the State of Alaska (with its principal place of business in Haines, Alaska) and licensed to do business in the State of Alaska. Haines Borough will provide HEDC with \$125,000 (One Hundred and Twenty Five Thousand Dollars) in grant funding to support economic research, strategic planning and community engagement.

HEDC will use Borough operating grant funds to support efforts to realize economic development in the Borough in concert with the Comprehensive Plan and including these areas of HEDC's purpose:

- 1) Connect entrepreneurs and small businesses with resources;
- 2) Retain and increase the number of private sector basic industry employers in Haines;
- 3) Coordinate the activities of economic development advocates and government agencies;
- 4) Provide well-researched information to enable decisions to strengthen Haines economy;
- 5) Promote ideas to reduce the cost of living, thus enabling a more thriving economy; and
- 6) Increase community economic development awareness and engagement

The goal of the FY24 funds is to support the following specific deliverables and to complete the final two deliverables from FY23:

- 1) Full scale socio-economic study of the Palmer Project in the Chilkat Valley. This cooperative effort will identify the structural, social and educational needs of the Valley. The detailed report, produced in collaboration with McKinley will focus on 3 major topics:
 - o Impacts on schools and medical facilities
 - o Housing needs
 - o Transportation needs

- 2) Resource map of value-added timber. This detailed report will explore the economic opportunities that Haines can provide in the timber industry. This includes:
- o Manufacturing
 - o Logging

The Haines Borough Assembly voted June 14, 2022 to appropriate \$40,000 to the Haines Economic Development Corporation for the following deliverables:

- 1) Distribute, collate, analyze and produce a report on the Haines Housing Survey approved by the Housing Working Group in conjunction with HEDC. Make further recommendations as the analysis warrants. - COMPLETED
- 2) **Research the possibility of a partnership to implement an introductory homebuilding program targeting Haines residents. IN PROGRESS**
- 3) **Provide an analysis of the current state of Haines energy costs, dependence, any energy cost differences between Haines and Skagway served by AP&T, including an analysis of the amount of time residents are paying for fossil fuel energy vs hydroelectric energy in the last five years. IN PROGRESS**
- 4) Evaluate the effectiveness of the revolving loan fund administered on the Borough's behalf by the Juneau Economic Development Corporation. Provide an advisory regarding the fund's future. COMPLETED.

Any changes in the deliverables will require prior approval by the Haines Borough Manager.

Grant Fund Award Distribution:

The grant funds will be allocated upon the signing of this MOA.

Grant Fund Management & Controls:

HEDC agrees to maintain accounting and management systems that provide reasonable safeguards and reporting reliability.

Activity Reports:

Within 90 days of receipt of the grant funds, HEDC will make a report on the schedule and progress of the deliverables stated in the MOA.

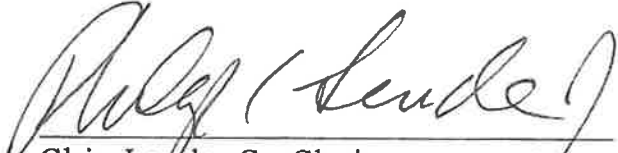
Within 60 days of the end of the fiscal year (June 30, 2024) HEDC will provide an accounting of the disbursement or obligation funded with the grant funds.

No Lobbying:

No part of any funds paid under this grant shall be used for the purpose of any lobbying activities before the U.S. Senate, the U.S. House, the Alaska State Legislature, or the Haines Borough Assembly.

Public Records:

HEDC acknowledges and understands that the Borough is subject to HBC 2.64.040 (Disclosure of Records) and to the Alaska Public Records Act (AS 40.25.120) and that all documents received, owned, or controlled by the Borough in relation to this MOA must be made available for the public to inspect upon request, unless an exception applies.



Chip Lende, Co-Chairman
Haines Economic Development Corp.


7/24/23
Date

Annette Kreitzer

Annette Kreitzer, Manager
Haines Borough


7/24/23
Date

ATTEST:



Alekka Fullerton, Borough Clerk





2023 Chilkat Valley Energy Outlook



An energy analysis of our current usage and future considerations.

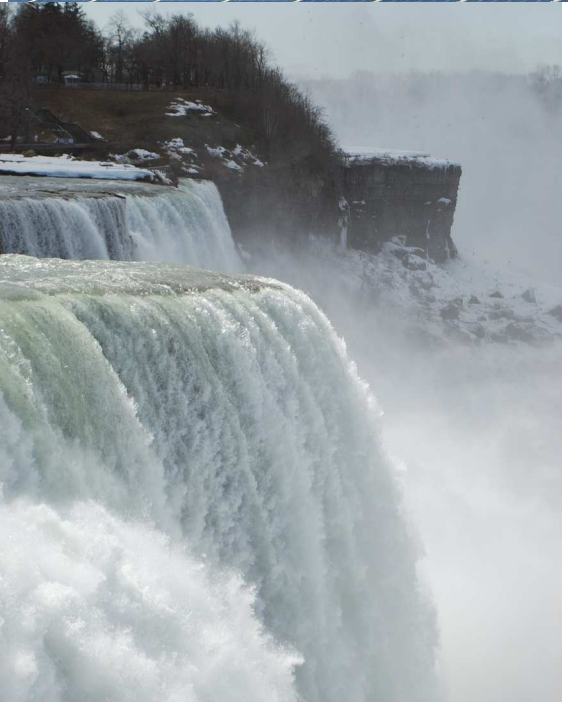


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Introduction

The Chilkat Valley is one of the five rural Southeast Alaska communities served by Inside Passage Electric Cooperative (IPEC), a non-profit, consumer owned electric utility. IPEC purchases power from Alaska Power Company (APC), a privately owned electric utility that operates diesel generators and hydroelectric plants in the region.

APC provides electric generation, transmission, and distribution services in twenty-nine communities and villages, which includes less than 8,300 electric customers spread across more than 1,100 miles in Alaska. APC's parent company is AP&T. AP&T is the parent company for a variety of subsidiary companies engaged in regulated, non-regulated, and development-phase electrical power and telecommunication services. Power sector subsidiaries currently owned and operated by AP&T include: Alaska Power Company ("APC"); Goat Lake Hydro, Inc. ("GLH"); and BBL Hydro, Inc. Additionally, AP&T is the 50% owner of Haida Energy Inc. ("HEI"), a hydroelectric based power producer for the Prince of Wales service area. AP&T is also the 50% owner of Ketchikan Electric Company ("KEC").

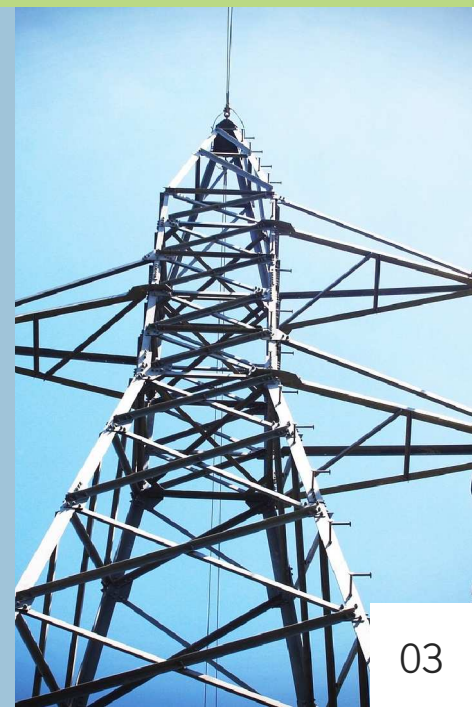
The Chilkat Valley receives its energy from Inside Passage Electric Cooperative ("IPEC") in Rate Group 1 (Skagway and Haines).

Rate Group 1 includes 2,858 customers within the communities of Skagway, Haines, Dyea, and Lutak. In Rate Group 1, APC resells energy supplied by GLH, and generates power using APC's Dewey Lakes and Lutak hydropower projects, plus APC-owned diesel generators (1, Rice)

Hydroelectric Generation

The main source of power provided by APC for the Chilkat Valley is the Skagway hydroelectric project, which consists of two dams and two powerhouses on the Taiya River. These are the 4MW Goat Lake hydropower project and the 3MW Kasidaya Creek hydropower project. GLH also owns an 18-mile submarine power cable system interconnecting the communities of Haines and Skagway. APC-owned hydro and diesel generation facilities provide any additional power required in this service area.

As the town's energy needs potentially expands and evolves, a variety of considerations must be considered for the future.



Power Generation Breakdown

The Skagway Hydroelectric project has a capacity of 8.5 megawatts and provides renewable energy to Skagway, Haines, and Klukwan. However, the hydroelectric output varies depending on the water levels and seasonal demand. When the hydro power is insufficient, APC supplements it with diesel generation from its Haines plant, which has a capacity of 4.5 megawatts. Currently, the plant showcases a 90% hydropower output, supplemented by 10% diesel, an increase from 2013 data (2, Custer)

4MW
Goat Lake hydropower project

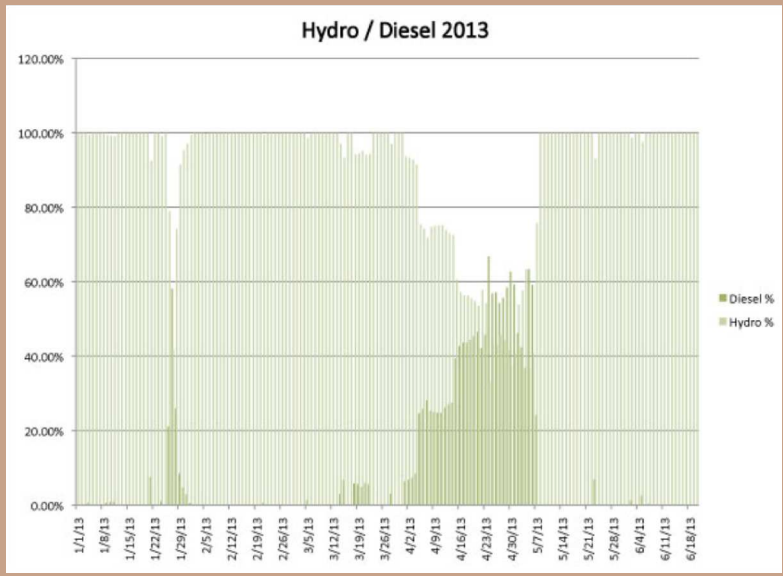
3MW
Kasidaya Creek Hyropower project

90%
Average Hyropower

Energy Use Trends

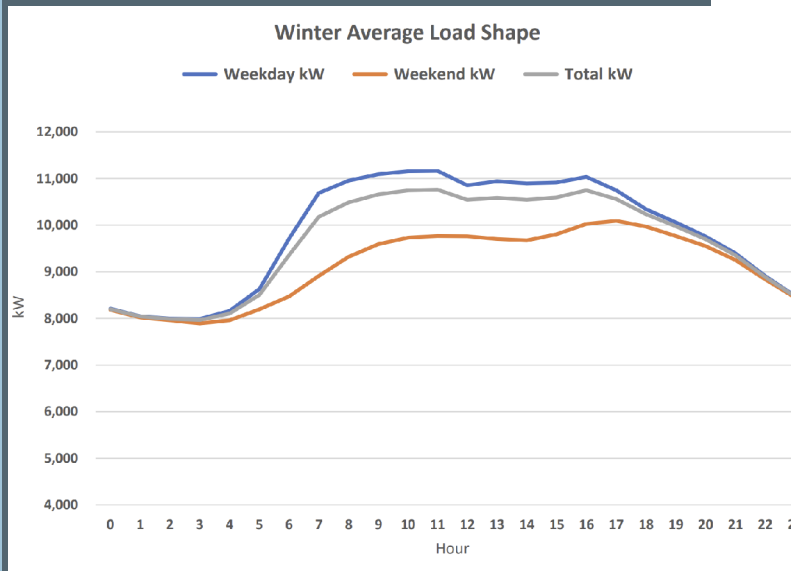
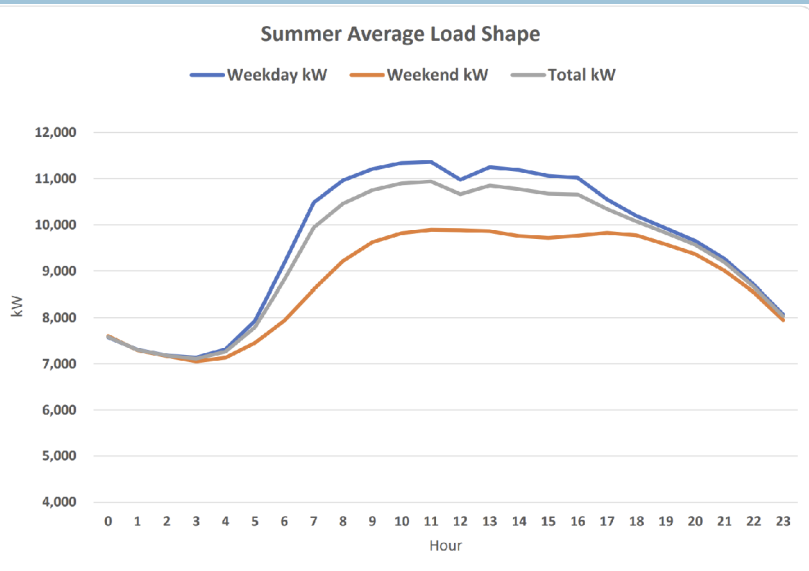
The energy usage trend in Haines is influenced by several factors, such as the availability of hydroelectric power, the demand for electricity, and the weather conditions. Based on the information from EIA (US Energy Information Administration), here are some observations on trends:

- 1) The percentage of hydroelectric power used to generate electricity for Haines varies throughout the year, depending on the water levels in the Taiya River and the seasonal demand. Generally, hydro power is higher in the summer and lower in the winter, when diesel generators are used to supplement the power supply (2).
- 2) The total electricity consumption in Haines also fluctuates seasonally, with higher peaks in the winter and lower valleys in the summer. This is likely due to the colder temperatures and longer nights in the winter, which increase the need for heating and lighting (3, EIA)



Hydro/Diesel 2013 (Haines, 4)

Summer vs. Winter Load Shapes



(Tomczyk,5)

Diesel Usage and Cost

During times of low hydroelectric output, power is supplemented by diesel generators using John Deere engines for 0-500kW range and Caterpillar engines for the 250kW-2000kW range. The cost of diesel-based generation can vary significantly from year to year, subject to a wide range of market volatility and geopolitical factors and influences. Energy costs and consumer energy bills reflect these factors. Diesel-based generation necessitates storage, transport, and transfer of very large amounts of fuel. Safe, reliable fuel storage facilities represent an additional cost. The transport, transfer, and storage of fuel also carries an ever-present risk of fuel spills due to human error. Fuel-related costs are passed through to APC's customers via COPA charges.

Power to the Chilkat Valley is, on average, 10% Diesel generated. The cost of diesel represents a large cost to APC.

In the case of small, micro-grid utility systems, development of intermittent renewables via DG projects does not allow the utility to retire diesel plant capacity, as this capacity is still required to meet electrical needs when intermittent renewables are not available (Custer, 6).

\$4,909,914

COS (Cost of Sale) of diesel in 2022 by APC. (7, Tomczyk)

According to the U.S. Energy Information Administration, the average retail price of diesel in Alaska was \$4.56 per gallon in September 2023, which is \$1.94 higher than the national average of \$2.62 per gallon. The diesel price in Alaska has increased by \$1.88 per gallon since September 2020, when it was \$2.68 per gallon. The highest diesel price in Alaska in the last 3 years was \$5.12 per gallon in April 2022, and the lowest was \$2.31 per gallon in December 2015 (7, EIA).

There is a higher cost of transporting and distributing fuel in Alaska, which effects the prices of power generation in the Chilkat Valley.

APC generally uses John Deere engines for 0-500kW range and Caterpillar engines for the 250kW-2000kW range.



\$5.12

Highest Diesel Price in
Alaska
September 2020



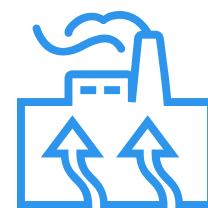
\$2.31

Lowest Diesel Price in
Alaska
December 2015

What is Rate Decoupling, and how can it help prices in the Chilkat Valley?

Rate decoupling is a regulatory tool that separates a utility's revenues from its sales of energy, such as diesel. This means that the utility does not earn more money by selling more energy, or lose money by selling less energy. Instead, the utility's revenue is based on a target amount that is approved by the regulator, and the rates are adjusted periodically to match the actual sales with the target revenue. The purpose of rate decoupling is to remove the incentive for utilities to increase their sales of energy, which may conflict with the goals of energy efficiency and conservation. By decoupling revenues from sales, utilities can support programs that help customers reduce their energy consumption, without harming their own financial interests (8, Energy.gov).

Currently, APC does not have the ability to use a rate decoupling mechanism to reduce the risks associated with increasing instances of EE/DG. In the current utility environment in which APC operates, decoupling energy charges from per kilowatt hour sales would remedy a variety of unique challenges and inequities which the utility and its ratepayers face. Decoupling better aligns APC's interests with that of its customers, creating a utility environment where DG and EE are no longer at financial odds with APC's sales volumes. The decoupling mechanisms APC proposed in a prior rate case could better attribute costs (9, Custer).



**10% of power
in the Chilkat
Valley is diesel
generated.**

Rural Community Considerations

Supplying power to rural communities comes at an increased cost and risk of business for utility companies, with the cost being passed on to the consumer. Power to rural Alaskan communities is supplied via separated micro-grids and do not produce the economies of scale needed to operate efficiently and at times require significant investment in infrastructure. Rural communities also have large demographic volatility, low population growth, boom and bust cycles, and fragile resource-based economies. Extreme climate lends itself to supply chain issues, higher transportation and logistical costs, and labor cost or shortages.

Alaska is a seasonal economy, with Skagway following suit. Populations in APC service areas tend to fluctuate widely due to seasonal nature of fishing and tourism industries, and the reliance on diesel-based generation greatly increase prices to its consumers.

Fluctuating prices have resulted in hampered economic progress in some regions, and especially in rural areas such as the remote villages of Alaska. The COVID-19 pandemic resulted in lower sales than in previous years.

Upper Lynn Canal's service area experienced considerable economic distress during the COVID-19 pandemic due to the cessation of cruise ship tourism traffic, which has slowly recovered through 2021 and 2022. Total generated energy in the region dipped during this period, decreasing 13.5% from 2019 to 2020, and gradually recovering until as of 2022 the usage has recovered to within 1% of 2019 consumption (10, Custer).

67,048 Mwh

sold in 2019

64,408 Mwh

sold in 2020

69,769 Mwh

sold in 2021

73,692 Mwh

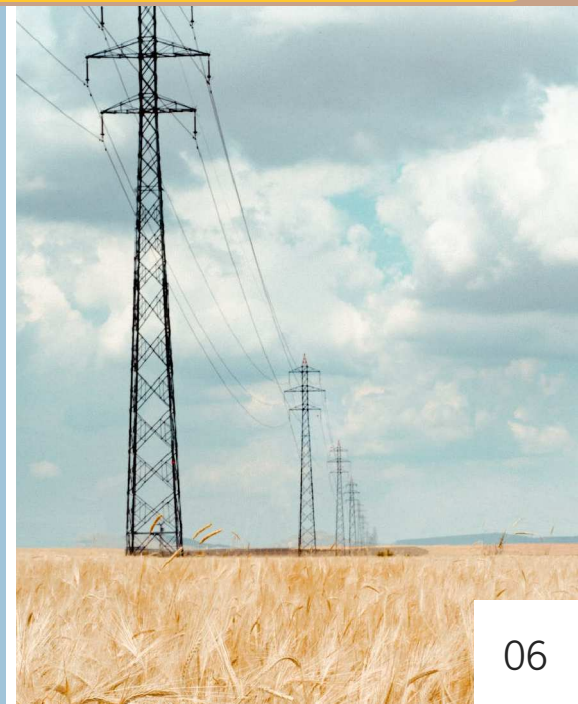
sold in 2022

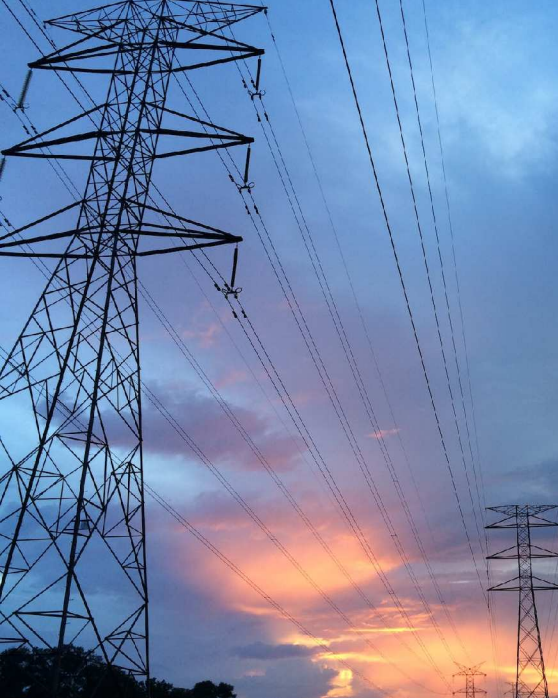
Residential per household energy

The average home in the Haines Borough is 1,751 square feet and uses 237 million BTUs of energy annually, compared to the statewide average of 227 million BTUs per year. Using AKWarm estimates, the average annual energy cost for homes in the Haines Borough is \$5,739. This is approximately 1.4 times the statewide average and 2.5 times the national average. Efficiency of households:

Drafty Homes and Ventilation: Approximately 553 (54 percent) of occupied homes in the Haines Borough are drafty, exceeding seven air changes per hour at 50 Pascals (ACH50). The statewide average is 36 percent. In contrast, there are an estimated 543 occupied housing units (53 percent) in the Haines Borough that are relatively airtight and lack a continuous ventilation system. These homes are at higher risk of issues with moisture and indoor air quality.

(11, Alaska Housing Finance Corporation, Haines Housing Analysis 2017).





Alaska's Energy Profile

The oil and natural gas industries are a key part of Alaska's energy-intensive economy, and the state ranks third in the nation with the highest amount of energy consumption per dollar of GDP.

Alaska has other substantial energy resources. Its recoverable coal reserves rank 13th among the states.¹³ Alaska's many rivers offer some of the best hydroelectric power potential in the nation.¹⁴ Large swaths of the Alaskan coastline have significant wind energy resources, and the state's many volcanic areas offer geothermal energy potential.^{15,16} Alaska's total energy demand is among the lowest one-fourth of the states. (12, US Energy Information administration)

2nd

With its harsh winters, energy-intensive oil and natural gas industries, and small population, the state's per capita total energy consumption is the second-highest in the nation, after Louisiana.

33%

Total renewable energy accounted for about 33% of Alaska's total electricity generation in 2022.



Power Cost Equalization (PCE)

The Power Cost Equalization program ("PCE") provides economic assistance to communities and residents of rural electric utilities, essentially buying down the cost of energy to rates similar to those in urban communities. APC's residential customers all rely upon the PCE program to help reduce the cost they must pay for the first 750 kWh of power consumed each month.

Benefits of PCE to the Chilkat Valley:

The PCE program also supported community facilities in Haines, such as schools, health clinics, and public safety buildings. The PCE program reduced the community facility rate by 13.5 cents per kilowatt-hour, resulting in an average monthly savings of \$1,441 per facility. In total, the PCE program provided \$1.6 million in subsidies to Haines in 2021, benefiting 3,390 residents and 25 community facilities (13, AK Energy Authority).



14.9

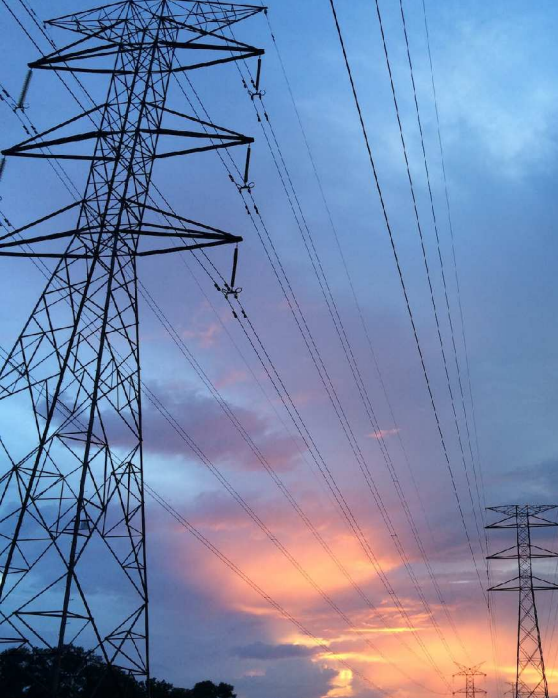
Million kilowatt-hours consumed in Haines in 2021.

\$38

Monthly savings to households from PCE.

\$1,441

Monthly savings to facilities from PCE.



Improvement of Energy Efficiency (EE)

As a small rural community, The Chilkat Valley can increase their energy efficiency by implementing a variety of measures that can reduce their energy consumption, lower energy costs, and improve quality of life. Some of the possible measures are:



Efficient Lighting Design:

Use natural lighting whenever possible and design spaces to maximize daylight.
Install motion sensors and timers for lighting in less frequently used areas.



Building Insulation and Sealing:

Properly insulate walls, roofs, and floors to reduce heat loss in buildings.
Seal gaps and cracks in windows, doors, and walls to prevent drafts and heat transfer.



Energy-Efficient Transportation:

Opt for fuel-efficient vehicles or electric cars.
Use public transportation, carpooling, biking, or walking whenever possible.



Energy Audits and Monitoring:

Conduct regular energy audits to identify areas of improvement and prioritize energy-saving measures.
Use energy monitoring systems to track energy consumption and identify anomalies.



Develop biofuel infrastructure:

- Can help rural communities produce and use renewable fuels from local biomass resources, such as agricultural waste, wood chips, or algae.

By adopting a combination of these strategies, individuals, businesses, and communities can significantly reduce energy consumption and contribute to a more sustainable and environmentally friendly future. However, if energy efficiency efforts reduce sales to APC, this can result in increased electricity prices.

Increased Energy Prices



In September 2023, APC filed a request to increase its energy rates by 25%, citing rising fuel costs and declining revenues due to COVID-19 pandemic. The proposed rate hike would affect all IPEC customers, including those in the Chilkat Valley. The Revenue Requirement Study and APC's prefiled testimony demonstrate a revenue requirement deficiency of \$3,655,594. Eliminating this deficiency would require a 24.68% increase in total revenue. The request is pending approval by the Regulatory Commission of Alaska, which is expected to make a decision by the end of the year. A 15% interim increase was approved, to begin on October 1st, 2023. This increase was opposed by the local communities, which already have a high-cost burden for electricity. If approved, the new rates would take effect in January 2024.

The current average monthly residential rate for IPEC customers is 23.7 cents per kilowatt-hour, which is already higher than the national average of 13.6 cents per kilowatt-hour. The proposed rate increase by APC would raise the average monthly residential rate for IPEC customers to 29.6 cents per kilowatt-hour, which is more than double the national average.

Proposed New Energy Rates

Tariff Sheet	Rate Schedule	Service	Rate Group	Current Rate	Percentage Change	Adjusted Rate	Dollar Change
103.1	Security Light Service	Using Existing Poles - per month	ALL	\$ 5.46	24.68%	\$ 6.81	\$ 1.35
103.1		Using an Additional Pole - per month	ALL	9.88	24.68%	\$ 12.32	2.44
101	Special Services	Connection Fee - Single Phase	ALL	\$ 50.00	24.68%	\$ 62.34	\$ 12.34
101		Connection Fee - Three Phase	ALL	125.00	24.68%	\$ 155.85	30.85
101		Reconnection Charge - Normal Bus. Hrs.	ALL	50.00	24.68%	\$ 62.34	12.34
101		Reconnection Charge - Off Hours	ALL	100.00	24.68%	\$ 124.68	24.68
101		Meter Test Fee	ALL	50.00	24.68%	\$ 62.34	12.34
101		Authorized Breaking of Meter Seal	ALL	30.00	24.68%	\$ 37.40	7.40
101		Unauthorized Breaking of Meter Seal	ALL	200.00	24.68%	\$ 249.36	49.36
101		Field Charge	ALL	40.00	24.68%	\$ 49.87	9.87
101	Service Call-Out - Normal Bus. Hours	per hour per employee	ALL	75.00	24.68%	\$ 93.51	18.51
101	Service Call-Out - Off Hours	per hour per employee	ALL	100.00	24.68%	\$ 124.68	24.68
102		Dishonored Payment Fee	ALL	25.00	24.68%	\$ 31.17	6.17
101	NA	service - Three phase	All	\$ 125.00	15.00%	\$ 143.75	\$ 18.75
101	NA	Reconnection Charge - 8am - 4pm Monday-Friday, excluding Holidays	All	\$ 50.00	15.00%	\$ 57.50	\$ 7.50
101	NA	Reconnection Charge - All other hours and Saturdays, Sundays, and Holidays	All	\$ 100.00	15.00%	\$ 115.00	\$ 15.00
101	NA	Meter Test Fee - subject to refund under Section 9.11	All	\$ 50.00	15.00%	\$ 57.50	\$ 7.50
101	NA	Authorized Breaking of Meter Seal	All	\$ 30.00	15.00%	\$ 34.50	\$ 4.50
101	NA	Unauthorized Breaking of Meter Seal	All	\$ 200.00	15.00%	\$ 230.00	\$ 30.00
101	NA	requiring a special trip by a Company	All	\$ 40.00	15.00%	\$ 46.00	\$ 6.00
101	NA	Service Call-Out and Inspection Fee - during working hours - per hour per employee	All	\$ 75.00	15.00%	\$ 86.25	\$ 11.25
101	NA	After Working Hours, Saturdays, Sundays and Holidays, per hour per employee	All	\$ 100.00	15.00%	\$ 115.00	\$ 15.00
101	NA	After Working Hours, Saturdays, Sundays and Holidays, per hour per employee	All	\$ 100.00	15.00%	\$ 115.00	\$ 15.00
102	NA	Dishonored Payments	All	\$ 25.00		\$28.75	\$ 3.75
103.1	NA	Security Light Service - using existing poles - per month	All	\$ 5.46	15.00%	\$ 6.28	\$ 0.82
103.1	NA	Security Light Service - using an additional pole - per month	All	\$ 9.88	15.00%	\$ 11.36	\$ 1.48
105	A-1 Residential & Small Commercial	Energy Rate - per kWh	1	\$ 0.15	15.00%	\$ 0.17	\$ 0.02

- Ratepayers are protected through refunds if the final revenue requirement is less than the interim revenue requirement – There is little chance that APC's final revenue requirement will be lower than the requested interim revenue requirement, given the difference between the calculated rate deficiency of 24.68% and the requested interim increase of 15%. However, in the event this occurs, APC will make refunds to its affected customers, including interest at the statutory rate of 10.5%, thereby adequately protecting its customers.

New Concept:

APC introduces optional Time of Use (TOU) rates. In simplest terms, TOU rates make electricity more expensive during peak hours and less expensive during hours of low demand. The TOU rates will apply from 7am-7pm. (14, Tomczyk).

Resources

- [Alaska Electric Light and Power Company](#): Provides information about energy and conservation.
- [Renewable Energy Alaska Project](#): Provides information about energy efficiency, renewable energy projects and programs in Alaska, and identifies opportunities for action.
- [Alaska Energy Authority](#): Renewable energy resource maps, reports, programs, planning, and financing information. Oversees the Alaska Renewable Energy Grant Fund.
- [Alaska Energy Network](#): A public networking site for people interested in Alaska's energy matters to share information and connect with others, and to ask experts energy-related questions.
- [Alaska Center for Energy and Power \(ACEP\)](#): University of Alaska research center for applied research to lower energy costs and develop economic opportunities throughout Alaska.
- [Alaska Wood Energy Development Task Group \(AWEDTG\)](#): is a coalition of federal and state agencies and not-for-profit organizations that explore opportunities to increase the utilization of wood for energy and biofuels production in Alaska.
- [ACEP publication database](#): ACEP searchable database of energy research, including papers, presentations and reports.
- [Alaska Energy Wiki](#): Hosted by ACEP, the site provides information on energy technologies, energy opportunities, and energy projects in Alaska.
- [Alaska Energy Efficiency Partnership](#): Provides useful information for homeowners, building owners, professionals and students about ways to be more energy efficient.
- [Cold Climate Housing Research Center \(CCHRC\)](#): Research and development of cold-climate building techniques and technologies, including energy efficiency and micro-generation renewable energy technology.
- [Alaska Energy Authority \(AEA\) Commercial Building Energy Audit Program](#): Offers financial incentives and technical assistance to businesses for conducting energy audits to identify efficiency improvements.
- [USDA Rural Energy for America Program \(REAP\)](#): Provides grants and loans to rural businesses for energy efficiency improvements, renewable energy projects, and energy-efficient equipment upgrades.
- [Alaska Industrial Development and Export Authority \(AIDEA\) Energy Efficiency Revolving Loan Fund](#): Offers low-interest loans to businesses for energy efficiency upgrades and renewable energy projects.
- [Alaska Energy Efficiency Revolving Loan Fund](#): Provides loans to Alaska-based businesses for energy efficiency improvements in areas such as lighting, heating, and cooling systems.
- [Alaska State Small Business Energy Efficiency Grant Program](#): Offers grants to small businesses for implementing energy efficiency measures that lead to operational cost savings.
- [Alaska Department of Commerce, Community, and Economic Development \(DCCED\) Commercial Building Energy Audit and Retrofit Program](#): Provides funding to businesses for energy audits and subsequent retrofit projects.

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