

Hearing excitement in the voices of several people I talked with following the wind energy meeting in Bethel I was reminded of Albert Einstein's observation that "We cannot solve our problems with the same thinking we used when we created them." To flip the comment to the positive, "We *can* solve even our toughest problems if we put new thinking into them. While diesel continues to be the most cost effective system for providing energy to most of rural Alaska, I am heartened to hear that other technologies are moving forward, bringing us closer to options that will provide a measure of relief from high fuel prices.

One of the most pressing issues for the Bush Caucus continues to be affordable energy. The last estimate I heard was that fuel was running 30% above last year's costs, but there is consensus among those involved in the business of fall orders for villages that it will be even higher. As chairs of our respective Senate and House Bush Caucuses, Senator Kookesh and I recently wrote to the Commissioner of Community, Commerce and Economic Development, highlighting the need for action on several fronts:

- Stabilizing bulk fuel loan programs
- Fully funding the Power Cost Equalization (PCE) program for FY 07
- Identifying funds for the PCE Endowment
- Assuring a new cost differential for schools that includes actual energy costs
- Support for clinics and small businesses in the PCE Program
- Consolidation of fuel purchases where practicable
- Continued Research and Development on alternative energies
- Reinstatement of some form of state revenue sharing for local governments
- Meaningful role/benefit for rural Alaskans in gas line development

On another front, the Governor appointed a Rural Energy Action Council (REAC) this past winter. They came forward with a series of recommendations, and we are anxious for the administration's proposals for implementation. We've committed to a series of conversations between the Bush Caucus and the Governor's office on the eleven basic recommendations:

- 1) Fully fund the PCE program
- 2) Front-load the PCE endowment
- 3) Create a bulk fuel operator technical assistance program
- 4) Including downstream tanks and pipes into upgrades
- 5) Support the creation of regional bulk fuel cooperatives
- 6) Enable single and cooperative applicants to receive higher loan limits for the bulk fuel revolving loan program
- 7) Improve power plant operational efficiencies and remote capabilities
- 8) Increase support for alternative energy systems, such as coal, instream, wind and gas projects
- 9) Accelerate renewable energy programs and implement energy conservation measures
- 10) Continue Low Income Home Energy Assistance Program (LIHEAP) funding and programs
- 11) Create a new line item for energy funding for school districts

Most policy makers make their home in a big city. Rural energy issues are abstract to them. They understand their own home heating bill and the cost to fill their gas tanks at the pump. They don't think in terms of the impact on subsistence harvest—from fishing to berry picking—and the domino effect the rising costs has on our barter system. They think in terms of a number in the budget (how many million dollars for PCE, for example) instead of the importance of keeping the economy of rural Alaska healthy because it is interconnected with our urban economies. Their city water, sewer and electrical plants are fully operational and other municipal services are doing just fine, so it's hard to get them to focus on the impact felt by small communities when they lost state revenue sharing. It's hard to find the meeting point of understanding that will bring us policy changes needed in rural Alaska.

While we know this is a huge challenge, we have to stay committed to finding solutions. The answers won't come from one person, which is why community gatherings to focus on issues like wind, AVCP's special convention looking at development issues and the like are so important. We need to engage in our best collective thinking to resolve policy issues, the best technology fit and funding resources for our region.

The REAC report is on the web at [www.dced.state.ak.us](http://www.dced.state.ak.us). I encourage everyone with internet connection to take a look at it and share your views.