



Opening Statement
Oversight Hearing on Rural Energy
Chairman Lisa Murkowski
April 19, 2018

Good morning, everyone. The committee will come to order. Welcome to our witnesses.

I want to just make a quick note that struck me when reviewing background of each of you this morning and what you'll contribute. The five witnesses today who will discuss rural and remote energy come from five different time zones across the country—we used to have five in the state of Alaska, but we decided to be more efficient and we're down to just now two—but we have folks from five different time zones so it is a group that can cover a lot of ground, both literally and figuratively.

Mr. Venables, I don't even think the sun's up in Juneau yet, hopefully it will be a good day there. Mr. Lyons is from Washington, Mr. Hardy joins us from Montana, Mr. Greek from North Dakota, and Ms. Plowfield is representing home court here on Eastern Time.

This diversity is a reminder that we have rural and remote communities all over the United States. And we're here today to focus on their energy challenges and opportunities, in hopes of moving the ball forward on more affordable, more reliable, and increasingly clean energy for all of them.

Depending on which definition of rural that you adopt, anywhere from 15 to 20 percent of our nation's population lives in a rural area. According to the U.S. Census Bureau, that totaled 60 million people as of December 2016, with nearly 75 percent of our national landmass considered rural.

In Alaska, we paint an extreme picture—we say it's a beautiful picture—but when it comes to rural, it's more than rural it's bush, and rural takes on a truly different connotation.

We have 234 communities outside of our "Railbelt" area, this is an area that is a bit of a triangle, but outside of that Railbelt we have somewhere between these communities that comprise maybe 20 people and some of the largest communities that are off Railbelt are about 8,800, people so very small populations. Just over three-quarters of those communities are not accessible by road or the marine highway system – our state ferry. So when you put it in context about 80% of the communities in Alaska are not connected by what folks down here would just assume you have to be connected by road, because if you're not connected by road how do you get anywhere? How do you do anything? Well, it makes things a little bit more expensive, a little bit more complicated. =

By one measure, rural Alaskans pay more than twice as much to heat their homes than folks in the Lower 48. Electric rates are so high that the state has implemented what we call a Power Cost Equalization program, this helps subsidize energy costs. We have discussions all the time about well what do you pay in the community of Haines for energy—and the discussion is not so straightforward— because if you're residential your rate is going to be able to be subsidized through

Power Cost Equalization, if you're a commercial entity like the little barber shop, you don't have that. So you can be looking at some pretty considerable differentials in terms of your rates. We've got just under 200 PCE-eligible communities, their average residential rate is 58 cents per kilowatt hour—compare that to 15 cents in Vermont. So what you have are these communities that are relying on costly diesel fuel for heat and electricity. The cost of the energy carries over to everything else that they do.

And it's not just for those folks that are off the road system. I met with folks this week about what we call our "road-belt" area. In our road-belt area, little communities like Chitina is paying over a dollar per kilowatt hour, and they're on the road system. Communities like this are just not sustainable, and I think we recognize that.

In Alaska, Montana, Hawaii, North Dakota, and any number of states, too many people are living on the edge of what Senator Tim Scott and I call "energy insecurity." There is real trouble in too many households when already-expensive energy bills keep piling up. I've told this story many times, but when I was in an interior river community off of the Yukon river, having a little town hall meeting a woman came up to me, she has an infant in her arms that she was providing foster care for. And she gave me a receipt, and it was a receipt for \$50 for five gallons of home heating fuel. She said, I had to make a decision as to whether or not I was going to buy heating fuel to keep the house warm or whether I could afford to buy baby formula for the baby—and she said, I'm just going to have to stretch the baby formula, because it's too cold right now in Aniak. And you look at that, and I still have that receipt, because it's a powerful reminder of the tradeoffs that far too often our families have to make.

Now, where there is challenge, there is also opportunity. That's part of the reason why we are seeing innovation to bring costs down in many rural and remote areas, often by adding locally available resources such as hydropower, wind, geothermal, or woody biomass onto our microgrids.

I think we all recognize that rural energy is a priority for many members of this community. And I think we all recognize how important it is to tackle the challenges that these Americans face through smart, effective policies.

That's why so many of us support the state energy, LIHEAP, and weatherization assistance programs. I think we know full well the imperative of these programs for families.

And it's why so many of us are working on legislation to boost and improve rural energy systems. Those include our broad bipartisan energy bill, pending on the Senate calendar, Senator Cantwell and I are committed still to advancing this, we've worked hard on this as a committee, and I think those provisions will benefit remote communities. A good example of that in our energy bill is the effort to open the Department of Energy's loan guarantee program to states, to help provide financing for a larger number of small projects that would not otherwise be considered.

Again, I thank our witnesses for joining us this morning, I know you've all come from far places. I appreciate the perspectives that you will lend to the committee, and appreciate your time.

With that I turn to Senator Cantwell for her opening.

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