

# ALASKA STATE LEGISLATURE

## SESSION

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## SENATOR BERT K. STEDMAN CO-CHAIR, SENATE FINANCE COMMITTEE

February 14, 2020

### VIA EMAIL AND FIRST CLASS MAIL

Mark Jensen, Mayor  
City and Borough of Petersburg  
P.O. Box 329  
Petersburg, AK 99833

Re: Kake-Petersburg Road

Dear Mayor Jensen and Assembly Members:

In response to your letter of February 4, 2020, due to other commitments, I am not able to call in on February 18, 2020 at 6:00 pm. However, there is a fair amount of misinformation regarding the project and its benefits. I urge you and the members of the Assembly to consider the following points:

#### **1. Road Funding Cannot Be Used For Ferries.**

Funding was specifically appropriated for a road between Kake and Petersburg in 2012. See, SB 160, pages attached. Road funding cannot legally be used for anything else. If funds are not used for the road they will lapse back to the general fund and spent on some other state expense.

#### **2. Even If Funds Could Be Re-Appropriated To Ferries In A New Bill And The Governor Signed It, This Does Not Mean More Ferry Service.**

Last summer, the Governor vetoed an additional \$5 million in funding for ferry service that had been approved by the legislature. Just a few weeks ago, 20 legislators voted to uphold the veto. (5 more than needed to sustain the veto) The veto and the fact that AMHS has millions of dollars in savings accounts shows ferry funding is a question of policy largely in control of the Executive Branch regardless of the availability of funds. (Note: I worked with Senate colleagues and legislators to preserve funds in AMHS savings accounts for future use) See, Press Release by Senator Stedman, attached.

### District R

Angoon • Coffman Cove • Craig • Edna Bay • Elfin Cove • Hollis • Hoonah • Hydaburg • Hyder • Kake • Kasaan  
Ketchikan • Klawock • Kupreanof • Metlakatla • Meyers Chuck • Naukati • Pelican • Petersburg  
Point Baker • Port Alexander • Port Protection • Saxman • Sitka • Tenakee Springs • Thorne Bay • Whale Pass • Wrangell

**3. A Road Reduces Intertie Extension Costs And Makes It Easier To Fund. Kake Has A Right To Pursue Competitive Power Rates For Its Residents Just Like Any Other Community.**

An intertie extension to Kake following the road has been studied, designed, and a “build” decision issued by the USFS. This is slow but steady progress. Building a road is further progress and significantly reduces construction and maintenance costs of an intertie. An intertie would provide significantly lower cost power for residents, businesses, and potential new businesses in Kake.

It took Petersburg, Wrangell, and Ketchikan four decades (1976 to present) to get its current energy system in place. Over this period, state appropriations and loans of over \$300 million were approved by the legislature to complete the Tyee hydroelectric project, the Swan Lake hydroelectric project, the intertie, and the Whitman Lake hydroelectric project. (“Total funding for the Four Dam Pool was about \$499 million, provided through state grants and loans, ... and includ[es] \$19 million in interest and a \$46.2 million grant for the intertie in FY 2008”) See, Legislative Research Report 15.008.

Even if it takes a long time, Kake and its residents have every right to pursue state funding for an intertie extension and lower power costs.

**4. Energy Costs Are High And The Gunnuk Creek Hydro Project Does Not Meet Kake’s Energy Needs.**

The Gunnuk Creek Hydro project is a small project that does not meet power needs, much less allow for any growth in population or economic expansion. In fact, at mid to low diesel prices, the hydro project could increase power costs. Also, IPEC operates on a single “postage stamp rate” for all its communities and customers so any savings are diluted and distributed across the entire IPEC system.

Costs of electricity in Kake are high. Around 60 cents a kWh for residential rates. (Roughly 32 cents a kWh for the first 500 kWh a month when Power Cost Equalization “PCE” payments are taken into account) This means a monthly residential electric bill for a family in Kake using 1000 kWh a month is over \$400 even with PCE payments.

The residential rate in Kake for electricity is 3-5 times higher than nearby communities and rates have gone up two to three times in just the last year or two. Such high rates for electricity affect nearly every aspect of life in the community. Residents often “have one light bulb on and use a wood stove or stove on low heat” because that is all families can afford.

The rate for commercial electricity use is 60 cents a kWh. This rate is not reduced by PCE payments and is a significant burden on existing or new businesses. See, KCAW Article, January 27, 2020. The high costs of commercial electricity are a critical issue stopping economic development and likely a main factor in shutting down Kake’s cold storage.

**5. The Condition Of The Ferry System Shows How Important A Road Connection Is To Kake.**

The ferry system is in bad shape. Old boats mean expensive repairs. Service to Kake is at low levels not seen in decades. I have fought and will continue fighting for funding to keep the ferries repaired and improve service levels to our communities. But the outcome is not certain. This makes a road connection between Kake and Petersburg more important than ever before. A road benefits travel for residents and the school districts, groceries and supplies, fuel, medical services (with a new hospital facility possibly being built in Petersburg), emergency medivacs, and public safety responses.

**6. A Road Is Critical For Public Safety Responses to Kake and Emergency Medical Evacuations.**

The residents of Kake deserve the best possible level of service and response time from Alaska State Troopers. The difference in response times and level of service from Troopers to communities with road access is very significant. "Troopers generally respond to life threatening situations [in communities with road access] within 45 minutes. Off-the-road system, however, Trooper response generally takes hours and many times, depending on the weather, even days." See, **Native American Rights Fund Legal Review**, Winter-Spring, 2000.

A Kake-Petersburg road that goes to 5-mile point or closer to Petersburg allows Troopers to:

- respond quicker to crimes, particularly serious felony crimes;
- secure crime scenes;
- make sure evidence is gathered properly;
- search for suspects; and
- help patrol and make sure the community is safe.

A road would provide public safety benefits to the residents of Kake without having to depend on weather conditions for flying Troopers. Public safety benefits alone support building the road. See, "A Killer was on the Loose in a remote Alaska town with no Law Enforcement", Washington Post, August 5, 2014 (copy attached)

Similarly, medical emergencies happen in Kake that require evacuation by air in bad weather. Flying in bad weather is dangerous for everyone, the responding flight crew, the person being airlifted, and their families. The road would allow for medical evacuations by road to Petersburg. Petersburg also has a major airport with access to Alaska Airlines and medevacs from the airport. See, "Community Remembers Guardian Flight Crew Lost In January Plane Crash, KTOO, June 7, 2019 (copy attached)

**7. The Road Will Redevelop Economic And Social Ties Between Kake, Petersburg, and Wrangell.**

The road will allow historic economic and social ties to reform between residents of Kake, Petersburg, and Wrangell. If the road is finished the way it should be, a resident of Kake could drive to Kupreanof, cross over to Petersburg, drive again, and get on a charter vessel to Wrangell. Such a connection would allow economic and cultural ties to grow between residents of all three communities and provide for more school sporting events between the towns.

**8. The State Will Maintain A Kake-Petersburg Road And It Can Be Improved In The Future.** The road will be a state road. DOT will maintain the road just like it maintains thousands of miles of roads all over the state. (A similar road exists in Petersburg from South Mitkof to Blaquiere Point) The Legislature can provide for maintenance costs with new funding or transfer funds. Maintenance costs are not insurmountable and can be contracted out to a private local business. Contracting out maintenance costs can significantly reduce costs compared to DOT providing the service. This is done at many rural airports and road areas across the state. In addition, the road can be chip sealed and improved in the future using part of the \$550,000,000 in federal highway funds the state receives every year to further reduce maintenance costs.

A history of the road is attached along with a copy of the City of Kake's letter supporting the road. I hope members of the Assembly can take a broad view of the issue and support our neighbors and fellow Alaskans in Kake. Just like legislators from Anchorage, Fairbanks, and all over Alaska did when they voted numerous times over four decades to support funding for Tyee, Swan Lake, and the intertie.

Sincerely,



Senator Bert Stedman

## Project History

- **2004.** The Southeast Alaska Transportation Plan (SATP) is adopted by DOT under FHWA requirements. The SATP calls for the construction of “34 essential transportation and utility corridors” in Southeast Alaska. (p. ES-1) A road from Kake to Petersburg is identified in the SATP as a critical route for transportation and an electric transmission intertie.
- **2005.** Congress finds that transportation and utility corridors are important to Southeast Alaska and grants easements across federal lands for 19 road and utility corridors. Almost all the easements match up with SATP transportation and utility corridors, including the Kake-Petersburg corridor. See, Section 4407 of SAFETEA-LU.
- **2012.** The Legislature appropriates \$40 million in state general funds for construction of a road between Kake and Petersburg. (SB 160) The purpose of the road is economic development, energy, public safety, and emergency medivacs.
- **2012-2019.** DOT fails to build the road. Kake residents endure a lack of public safety services at all when VPSO positions are unfilled as well as long response times from Troopers, risky medivacs by air in bad weather, and pay high costs for food, supplies, fuel, etc.,
- **2019.** In January, 2019, (with no road evacuation available), a Guardian Flight medivac is required to fly in bad weather to Kake. The plane crashes and four people are killed, including an unborn child.
- **2019.** DOT arbitrarily and unlawfully decides to spend only part of the appropriated funds and build about ½ the road from Kake to a point called “12 mile” on Frederick Sound. Ending the road here has little value.

Note: The Legislature did not grant DOT authority to choose to build a road that ends at 12 mile and spend only part of the available funding. By law, all the funds must be spent by DOT on a Kake-Petersburg road. See, State of Alaska v. Fairbanks North Star Borough, 736 P.2d 1140 (Alaska 1987)

		<b>Appropriation</b>	<b>General</b>	<b>Other</b>
		<b>Allocations</b>	<b>Funds</b>	<b>Funds</b>
1				
2				
3	Resource Roads Program	2,000,000		
4	(HD 1-40)			
5	Road to Umiat - Foothills	10,000,000		
6	West Continued			
7	Environmental Impact Study			
8	Development (HD 40)			
9	Western Access - Road to	10,000,000		
10	Tanana (HD 6)			
11	<b>Southeast Roads to</b>	<b>52,500,000</b>	<b>52,500,000</b>	
12	<b>Resources</b>			
13	Bostwick to Valenar Bay	5,000,000		
14	Road (HD 1)			
15	Kake-Petersburg Road (HD	40,000,000		
16	1-5)			
17	Mill Access Road	2,500,000		
18	Improvements (HD 1)			
19	SE Alaska Light Detection	5,000,000		
20	& Ranging (LIDAR) Mapping			
21	& Reconnaissance (HD 1-5)			
22	<b>Safety</b>	<b>35,530,000</b>	<b>34,030,000</b>	<b>1,500,000</b>
23	Alaska Aviation Safety	2,500,000		
24	Program (HD 1-40)			
25	Dalton Highway Corridor	3,000,000		
26	Aviation Improvements (HD			
27	1-40)			
28	Highway Safety Corridor -	10,000,000		
29	Knik-Goose Bay Road Safety			
30	Corridor Improvements (HD			
31	13-16)			
32	Highway Safety Corridor -	10,000,000		
33	Seward Highway - Widening			



# **LAWS OF ALASKA**

**2012**

**Source**

HCS CSSB 160(FIN) am H

**Chapter No.**

\_\_\_\_\_

**AN ACT**

Making and amending appropriations, including capital appropriations, supplemental appropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date.

\_\_\_\_\_

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

THE ACT FOLLOWS ON PAGE 1





SENATOR BERT STEDMAN  
CO-CHAIRMAN OF SENATE FINANCE

State Capitol Room 518 Juneau, AK 99801 | 907.465.3873 | [Senator.Bert.Stedman@akleg.gov](mailto:Senator.Bert.Stedman@akleg.gov)

For Immediate Release: January 16, 2020

### **Sen. Stedman: Legislature Not to Blame for Marine Highway Woes**

JUNEAU – Senator Bert Stedman, R-Southeast Islands, today expressed disappointment with comments made by Department of Transportation (DOT) officials casting blame on the Legislature for the Alaska Marine Highway System's (AMHS) current fiscal challenges during this week's Marine Transportation Advisory Board (MTAB) meeting.

"It was disappointing to hear Department of Transportation officials try to pass the blame for the Alaska Marine Highway System's current woes onto the Legislature," said **Sen. Stedman**. "The administration's proposed budget for the current fiscal year would have stopped all service on September 30, 2019. This was an elimination budget that would have led to the system's demise."

Sen. Stedman asked DOT to provide scenarios to keep the marine highway in operation. Those scenarios varied on the amount of state funding and provided different levels of service. As the legislative session progressed, those scenarios were refined.

His office held many meetings with DOT leadership and Office of Management and Budget (OMB) officials, in addition to several public hearings held at the subcommittee level and in the full finance committee. Sen. Stedman also met with fellow legislators, marine highway employees, and concerned Alaskans.

Sen. Stedman negotiated directly with administration officials with three things in mind:

- The importance of the AMHS to Coastal Alaskans – their livelihoods, their businesses, their economies, their way-of-life;
- The administration's proposed budget and the veto power; and that
- Some service is better than no service – that is, keep the system operating at some level for the full fiscal year.

Sen. Stedman was told on-the-record that the additional \$45 million in unrestricted general funds he negotiated would provide 289 weeks of service compared to the 85 weeks of service in the administration's proposal.

The administration's proposed capital budget used:

- \$47.3 million of vessel replacement funds for non AMHS use;
- \$15.1 million of AMHS System Fund to repay the federal government if ferries or terminals were sold off; and
- \$14.5 million of AMHS System Fund for other state uses and non-AMHS purposes.



Sen. Stedman made sure these were reversed and remained in the Vessel Replacement Fund and the marine highway System Fund. The Legislature added an extra \$17.9 million in state funds to the budget for annual overhauls and vessel repairs.

In the capital budget, the Legislature reversed the use of \$77 million of marine highway funds for other state purposes and added \$17.9 million to the budget.

For more information, contact Senate Majority Communications Director Daniel McDonald at (907) 465-4066.

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# POWER COST EQUALIZATION PROGRAM

STATISTICAL REPORT

FY2018



## Kake PCE

Utility: INSIDE PASSAGE ELECTRIC

Reporting Period: 07/01/17..06/30/18

Community Population	605
Last Reported Month	June
No. of Monthly Payments Made	12
Residential Customers	238
Community Facility Customers	15
Other Customers (Non-PCE)	55
 Fiscal Year PCE Payments	 \$298,322



### PCE Statistical Data

PCE Eligible kWh - Residential Customers	787,631	Average Annual PCE Payment per Eligible Customer	\$1,179
PCE Eligible kWh - Community Facility Customers	192,659	Average PCE Payment per Eligible kWh	\$0.30
Total PCE Eligible kWh	980,290	Last Reported Residential Rate Charged (based on 500 kWh)	\$0.56
Average Monthly PCE Eligible kWh per Residential Customer	276	Last Reported PCE Level (per kWh)	\$0.31
Average Monthly PCE Eligible kWh per Community Facility Customer	1,070	Effective Residential Rate (per kWh)	\$0.25
Average Monthly PCE Eligible Community Facility kWh per Person	27	PCE Eligible kWh vs Total kWh Sold	49.8%

### Additional Statistical Data Reported by Community\*

Generated and Purchased kWh		Generation Costs	
Diesel kWh Generated	2,242,369	Fuel Used (Gallons)	152,721
Non-Diesel kWh Generated	0	Fuel Cost	\$372,245
Purchased kWh	0	Average Price of Fuel	\$2.44
Total Purchased & Generated	2,242,369	Fuel Cost per kWh sold	\$0.19
		Annual Non-Fuel Expenses	\$678,451
		Non-Fuel Expense per kWh Sold	\$0.34
		Total Expense per kWh Sold	\$0.53
Consumed and Sold kWh		Efficiency and Line Loss	
Residential kWh Sold	939,034	Consumed vs Generated (kWh Sold vs Generated-Purchased)	87.8%
Community Facility kWh Sold	192,659	Line Loss (%)	9.1%
Other kWh Sold (Non-PCE)	837,125	Fuel Efficiency (kWh per Gallon of Diesel)	14.68
Total kWh Sold	1,968,818	PH Consumption as % of Generation	3.1%
Powerhouse (PH) Consumption kWh	70,109		
Total kWh Sold & PH Consumption	2,038,927		

### Comments

\*The data contained in this report is primarily based on information submitted by the utility with their monthly PCE reports. Some changes to the data have been made to account for reporting irregularities. Please contact AEA if you have questions.

# The Washington Post

*Democracy Dies in Darkness*

## A killer was on the loose in a remote Alaska town with no law enforcement

A murder of a young girl rocked the community of Kake, Alaska.

By **Whitney Shefte**

August 5, 2014 at 6:26 a.m. AKDT

Imagine living in a place that has no law enforcement, a place that's isolated, without any roads that lead to another town, or another place where police officers work. Imagine when something bad does happen, state troopers have to fly in from over a hundred miles away. Imagine while you wait 11 hours for those police officers to arrive, a killer is on the loose in your town.

This is what happened in Kake, Alaska, when 13-year-old Mackenzie Howard was killed in February 2013. At the time, Kake was one of at least 75 remote Alaska villages that had no law enforcement. Though Kake now has a village public safety officer (VPSO), he is not legally allowed to carry a firearm. This is in spite of the fact that many people in the village hunt with guns. Alaska's governor just signed a bill to allow VPSOs to carry firearms, but training won't begin until January.

"Because people were scared, and rightly so. Because they still hadn't figured out who did the crime. All we knew that there was a killer in our mix, and people were on edge," said Joel Jackson, a carver from Kake who used to be the village's police chief 30 years ago. The one-person police department was closed because of a lack of funding.

AD

A 14-year-old suspect was arrested 10 days after the murder. He is being held in a juvenile detention facility on an island more than 100 miles away from Kake, waiting to find out whether he will be tried as a juvenile or an adult.

Writer Sari Horwitz, photographer Linda Davidson and I traveled to Kake to tell the story of what happened there, and what it feels like to live in a place with little or no law enforcement. I produced a short documentary video. Read Horwitz's story and see Davidson's photos here.

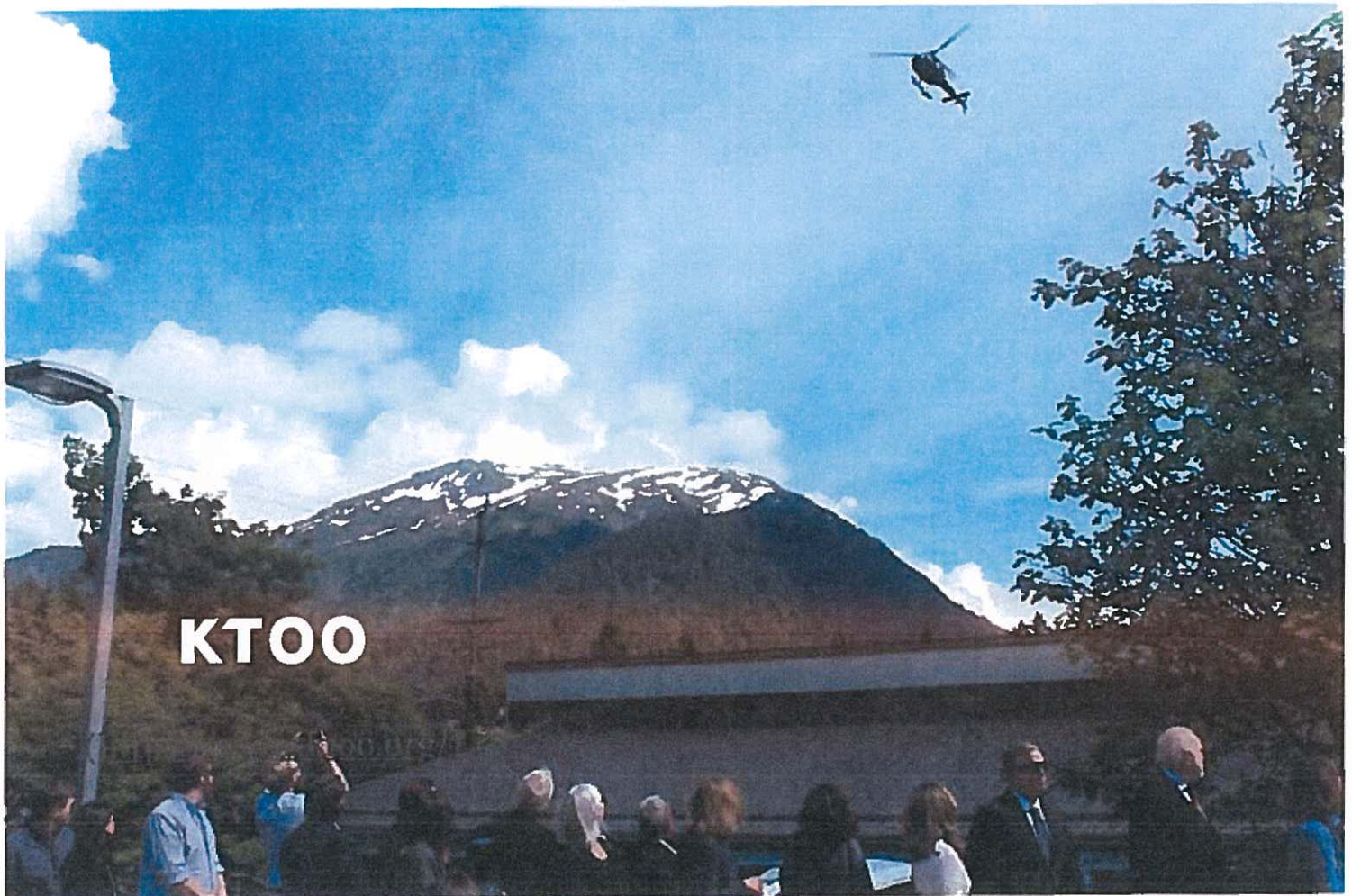
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Community [<https://www.ktoo.org/category/news/topics/community/>] | Southcentral  
[<https://www.ktoo.org/category/news/alaska/southcentral/>] | Southeast  
[<https://www.ktoo.org/category/news/alaska/southeast-news2/>]

# Community remembers Guardian Flight crew lost in January plane crash

June 7, 2019 by Adelyn Baxter, KTOO [<https://www.ktoo.org/author/adelyn-baxter/>]



*A helicopter flies over the memorial service for three air ambulance crew members who died when their plane went down in January 2019. (Photo by Adelyn Baxter/KTOO)*



Four months after a medevac plane went down near Kake (<https://www.ktoo.org/2019/02/01/community-mourns-loss-of-missing-guardian-flight-colleagues/>), family, friends and colleagues gathered Friday to honor the Juneau-based crew members who sacrificed their lives in the line of duty.

00:00

00:00

In an emotional memorial service at Juneau-Douglas High School, speakers remembered pilot Patrick Coyle, 63, paramedic Margaret Langston, 43, and flight nurse Stacie Morse, 30, who was pregnant with a daughter named Delta Rae when the plane disappeared over Frederick Sound on Jan. 29.

Guardian Flight colleagues remembered Coyle's sense of humor and generosity, Langston's warmth and composure and Morse's infectious smile and passion for nursing.

The resounding message was this: Each of them loved their job and will be greatly missed.

Fellow first responders honored the crew with a traditional last call ceremony, symbolizing the end of their shift.

Hundreds turned out, including many members of Juneau's first responder community who came to pay their respects.



*Signs remember Guardian Flight crew members Patrick Coyle and Margaret Langston during a memorial service on Friday, June 7, 2019. (Photo by Adelyn Baxter/KTOO)*

Guardian Flight pilot Eric Magnusson said he and his colleagues are forever grateful for the support they've received.

"They came and cared for us and supported us, and it was an amazing thing that they did," Magnusson said. "We're just all very, very grateful."

Fire and EMS personnel from Kake also spoke at the service. Some of them were waiting at the airstrip that night with a patient awaiting pickup.

Kake fire chief Calvin Wilson Jr. said their community of about 600 people relies on private air ambulance companies like Guardian Flight for lifesaving medical transports.

“Anywhere from the little babies up to the Elders, and our community is really thankful for that,” Wilson said.

When the plane didn’t arrive, he said residents began helping with the search within minutes.

The decision to come to the memorial service was just as immediate.

“It touched a lot of us back home,” Wilson said. “We hope that we’re able to bring some comfort to the family by being here.”

After the service, mourners filed outside where helicopters staged an honorary flyover.

Recovery efforts went on for two months

(<https://www.ktoo.org/2019/03/28/guardian-flight-prepares-to-end-search-for-missing-plane-crew/>) after the Guardian Flight plane went missing. Search crews recovered parts of the plane, including the cockpit voice recorder (<https://www.ktoo.org/2019/03/19/guardian-flight-recovers-crashed-planes-voice-recorder/>), but they were unable to locate any sign of the crew.

The National Transportation Safety Board is still analyzing the evidence to determine what happened.

*Editor’s note: KTOO’s production department was contracted to livestream (<http://corporate.guardianflight.com/memorial-service/>) the event.*