

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Tlingit - Haida Regional Housing Authority****Federal Tax ID: 92-0044273****Project Title:****Project Type: Remodel, Reconstruction and Upgrades**

# Tlingit - Haida Regional Housing Authority - Kake and Angoon Alternative Energy/Biomass Heating System Project

**State Funding Requested: \$500,000****House District: 5 / C**

One-Time Need

**Brief Project Description:**

The Alternative Energy/Biomass Heating Demonstration Project is a program to reduce heating costs in low-income housing units in Kake and Angoon. The project will replace oil-fired boilers with wood-pellet-fired boilers in two high cost communities in Southeast.

**Funding Plan:**

Total Project Cost:	\$500,000
Funding Already Secured:	(\$0)
FY2013 State Funding Request:	<u>(\$500,000)</u>
Project Deficit:	\$0

*Funding Details:**No Funding History***Detailed Project Description and Justification:**

Tlingit-Haida Regional Housing Authority (THRHA) is proposing an Alternative Energy Demonstration Project in Kake with a subsequent project in Angoon. The project will replace oil-fired boilers with wood-pellet-fired boilers. The conversion to wood-pellet boilers will reduce the annual heating costs by about 38%. By converting to wood-pellet heat, these houses will be paying a cost that is equivalent to \$3.00 per gallon of diesel fuel. The actual cost of diesel in Kake and Angoon is more than \$5.00 per gallon.

In addition to reducing heating costs this project will demonstrate the economies of scale for the wood-pellet heating industry in these communities. Once supply and storage systems are established in the cost of delivering pellets to other homeowners will be reduced significantly. Southeast currently has two private sector suppliers of wood pellets. The December 2011 Southeast Alaska Integrated Resource Plan produced by the Alaska Energy Authority recommends biomass products including wood pellets as a key component for initiating the region's move to alternative energy sources for space heating.

The Alternative Energy Demonstration Project would ultimately ensure that THRHA, the largest provider and developer of affordable housing in Southeast, can afford to continue its programs. The rental housing units in Kake and Angoon serve low-income tenants. The funding level for the HUD program that these units fall under has remained flat for the past 14 years while the cost of maintaining them has gone up by more than 40%.

THRHA has made efforts on its own to address rising heating costs. THRHA has initiated a tenant education program to

change behavior and bring awareness to the value of energy conservation. Despite all reasonable efforts, oil-based heating systems will continue to be a financial burden for affordable housing providers.  
Rural Southeast Alaska has yet to test an alternative energy source on this scale despite all the science and evidence indicating wood pellets are efficient, clean, renewable, low cost and has economic development potential for our region.

**Project Timeline:**

Expenditures will begin immediately.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

Tlingit-Haida Regional Housing Authority

**Grant Recipient Contact Information:**

Name: Ricardo Worl  
Title: Vice President  
Address: 5446 Jenkins Drive  
Juneau, Alaska 99801  
Phone Number: 780-6868  
Email: rworl@thrha.org

Has this project been through a public review process at the local level and is it a community priority?  Yes  No

*For use by Co-chair Staff Only:*

3:17 PM 5/2/2012

# City of Kake

"HOME OF THE WORLD'S LARGEST TOTEM POLE"

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February 23, 2012

Honorable Representative Bill Thomas  
State Capitol, Room 505  
Juneau, Alaska 99801

Dear Representative Thomas,

On behalf of the community of Kake, I am writing in support of Tlingit-Haida Regional Housing Authority's (THRHA) capital request for an Alternative Energy Demonstration Project. The Demonstration Project purposes to replace diesel heating oil boilers with wood pellet boilers in THRHA's 17 rental units.

Kake residents pay more than \$5.71 per gallon for heating oil. It is my understanding that the savings from wood-pellet boilers would have the effect of reducing that cost down to \$3.00 per gallon. Equally important is the fact that once a delivery system for wood pellets is established in the community, it will be significantly easier and cheaper for other residents to switch to pellet boilers.

We have been studying alternatives to high heating costs for more than a decade. Most solutions are 10 years away and will require enormous financial capital. Wood pellet boilers are an immediate solution for our families struggling to pay for heat.

Thank you for your efforts and consideration.

Yours truly,



Henrich Kadake, Sr.  
Mayor

