

## Cost of Living

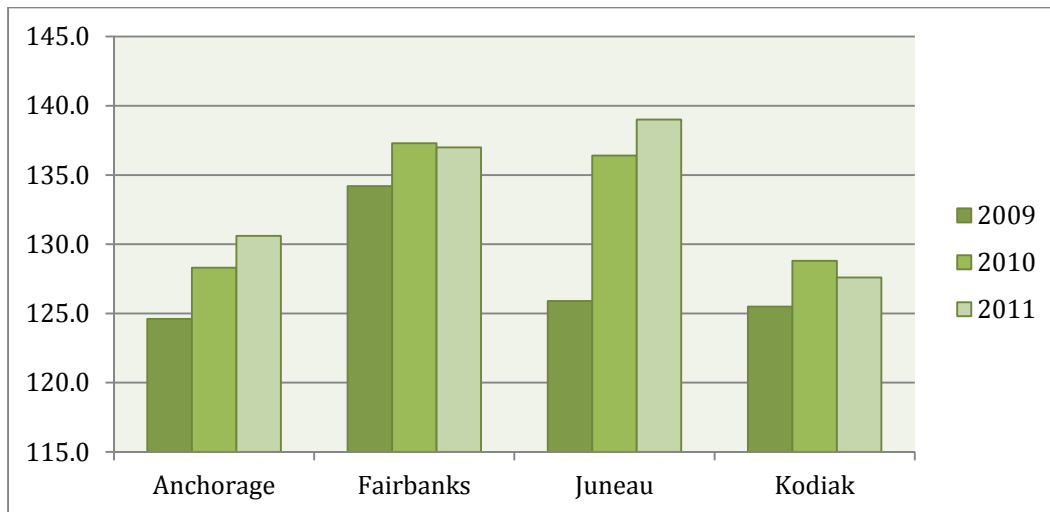


Several studies are conducted periodically to try to determine the living costs in Alaska and Juneau compared with other communities. Generally, Juneau is 25 to 39% more expensive to live in than the average US city and 6 to 8% more expensive than Anchorage. Because housing is such a large component of household spending, the high cost of local housing significantly inflates Juneau's overall cost of living.

### *ACCRA Cost of Living Index*

The ACCRA Cost of Living Index provides a useful measure of living costs for higher income households in different cities. The index reflects cost differentials for professional and executive households in the top income quintile. According to the index, it costs 39% more to live in Juneau than a standard US city. Professional and executive housing is nearly 73% more expensive in Juneau than an average US city.

**Comparative Cost of Living for Select Alaskan Cities 2009 - 2011**



Source: ACCRA Annual Cost of Living Survey

In 2011, Kodiak had the highest grocery costs and Juneau had the lowest among the four communities in the chart above. Kodiak also had the highest transportation costs while Juneau had the lowest. On the other hand, Juneau had the highest housing costs and health

care costs for all communities with Kodiak the lowest. Fairbanks had the highest utility costs, followed by Juneau, with Anchorage the lowest.

### ACCRA<sup>12</sup> Cost of Living Index for Select Alaska Cities, 2011

Index Category	Percent of				
	Composite	Anchorage	Fairbanks	Juneau	Kodiak
Grocery Items	13.36%	137.4	132.4	130.8	149.1
Housing	28.64%	149.8	140.3	172.8	123.1
Utilities	10.46%	98.2	211.5	163.7	152.2
Transportation	10.66%	112.0	109.9	107.9	130.5
Health Care	4.44%	139.4	124.5	149.8	133.0
Misc. Goods & Services	32.44%	126.3	120.2	113.2	113.2
Composite	100.00%	130.6	137.0	139.0	127.6

Source: ACCRA national cost of living index, Council for Community and Economic Research.

### Military Cost of Living Index

The U.S. Department of Defense compares the cost of living in various locations around the world to average Lower 48 costs in its Cost of Living Allowance (COLA) index (for the purpose of this calculation, the Department of Defense considers Alaska to be an overseas post). It compares the price of approximately 120 goods and services in each location. In this assessment, Juneau faces higher costs of living than Anchorage and Fairbanks but has lower costs than other cities included in the evaluation such as Sitka and Ketchikan.

### U.S. Military Cost of Living Index for Select Alaska Communities January 2012

Community	Percent	Community	Percent
Ketchikan	142%	Juneau	134%
Sitka	140%	Fairbanks	130%
Kodiak	138%	Anchorage	128%

Source: U.S. Department of Defense.

[http://www.defensetravel.dod.mil/site/pdcFiles.cfm?dir=/Allowances/Appendix\\_J\\_Overseas\\_COLA\\_Tables/](http://www.defensetravel.dod.mil/site/pdcFiles.cfm?dir=/Allowances/Appendix_J_Overseas_COLA_Tables/)

### Energy Costs

The five major population centers in Southeast Alaska—Juneau, Ketchikan, Wrangell, Petersburg and Sitka—have been provided relatively low-cost, renewable hydroelectric power for decades. Thirteen other communities in Southeast Alaska (such as Gustavus) are served with more expensive hydroelectricity. The rest of the communities in Southeast Alaska do not have access to renewable energy and rely on high-cost diesel generation to

<sup>12</sup> The ACCRA Cost of Living Index measures relative price levels for consumer goods and services in participating areas. The average for all participating places, both metropolitan and nonmetropolitan, equals 100, and each participant's index is read as a percentage of the average for all places.

meet their energy needs. While residential electricity costs are partially offset by the Power Cost Equalization (PCE) program in many communities, commercial and industrial users face very high rates.

The following table shows residential electric rates by community and how these rates are adjusted by the PCE subsidy provided by the State of Alaska. Even after the PCE subsidy is applied, communities such as Pelican and Elfin Cove have residential electric rates of nearly four times the rates in Ketchikan. Business rates are unsubsidized and can be six or more times higher in the highest cost communities compared to the lowest cost communities.

**Southeast Alaska Residential Power Rates, 2011 in Cents per Kilowatt Hour**

<b>Communities</b>	<b>Average Residential Rate</b>	<b>PCE Subsidy</b>	<b>Effective Residential Rate After Subsidy</b>
Pelican	65.06	27.57	37.49
Elfin Cove	69.40	32.55	36.85
Tenakee Springs	66.00	36.99	29.01
Gustavus	41.66	15.79	25.87
Whale Pass	54.98	30.20	24.78
Angoon, Chilkat Valley, Hoonah, Kake & Klukwan	60.26	38.10	22.16
Yakutat	52.57	33.24	19.33
Coffman Cove	54.44	35.75	18.69
Naukati	53.78	35.12	18.66
Craig, Hollis, Hydaburg, Kasaan, Klawock & Thorne Bay	28.01	11.73	16.28
Haines/Covenant Life	23.00	6.93	16.07
Skagway	22.80	6.93	15.87
Sitka	14.17	0.00	14.17
Wrangell	12.60	0.00	12.60
Petersburg	11.10	0.00	11.10
Juneau	11.06	0.00	11.06
Ketchikan & Saxman	9.58	0.00	9.58

Sources: FY 2011 Power Cost Equalization Program Statistical Report, Alaska Energy Authority. For those utilities not receiving Power Cost Equalization Subsidies, rates were obtained from rate sheets in the municipal codes of the specific community.

In the table above, for those utilities receiving PCE subsidies, representative residential rates are for State Fiscal Year 2011 and are average rates based on a monthly use of 500 kWh. Data for those utilities not receiving PCE subsidies are rates for the minimum amount of residential power used, with no discount for greater usage and are not inclusive of customer charges, sales or other taxes or any other charges. In the case of power rates in Juneau, the rate is averaged and weighted for on and off peak seasonal rates.