# The cost of living in Alaska

# Inflation slowed after 3 erratic years, remains low historically

#### By SAM TAPPEN

nflation moved closer to the long-term average in Alaska last year in what had so far been a volatile decade. Consumer prices rose 2.2 percent in 2024, up from 1.8 percent in 2023 but still well below the 3.3 percent yearly average since 1961.

Alaska saw unusually large swings over the last few years. In 2020, at the onset of the COVID-19 pandemic, the overall price level decreased for the first time in the Urban Alaska index's history. (See the sidebar for more on the consumer price index.)

As the lockdowns ended and the economy roared back, inflation jumped to levels Alaska hadn't seen in more than 40 years.

Many factors that pushed prices up a few years ago have eased, however, slowing inflation. These factors include pent-up demand, pandemic relief funding, low interest rates, supply chain issues, and labor shortages.

Alaska has returned to relatively low inflation, although not as low as during 2015-2017, when the state weathered a recession spurred by plunging

# Urban Alaska inflation from 2015 to 2024 Historical

Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban

2020

2021

2022

2023

oil prices and revenues to the state.

2019

2018

Many consumers still believe inflation is high, although it may be a misunderstanding of the terms. Price levels are indeed high after rising about 18 percent in Alaska since 2020, and the overall price level almost never goes down. But annual price increases, or inflation, have stabilized, meaning prices

#### What inflation, deflation, and disinflation mean and how they work

2015 2016 2017

Inflation is the increase in the general price level over time. The Bureau of Labor Statistics tracks average prices for a "market basket" of goods and services that represent the typical living expenses for urban consumers in a specific area. The annual inflation rate is the percent change in the price of those goods and services from one year to the next.

Deflation is a decrease in the general price level over time, and it's a rare occurrence. While prices for some goods and services can and do sometimes fall, the overall price level rarely goes down — if it does, it typically signals severe problems in an economy. Urban Alaska's only year of deflation in its 64-year history was during the initial COVID outbreak in 2020 when many parts of the economy were paused. The U.S. economy hasn't recorded annual deflation since 2009, on the tail of the Great Recession.

**Disinflation** is a decrease or slowdown in the inflation rate. It doesn't mean that prices have gone down; rather, it means prices aren't rising as fast as they were before. A recent example is when Alaska's annual inflation rate declined from 8.1 percent in 2022 to 1.5 percent in 2023. Prices still increased in 2023 as they typically do, but not by nearly as much.

are rising slower again.

For more on inflation, deflation, and disinflation, see the sidebar on the previous page.

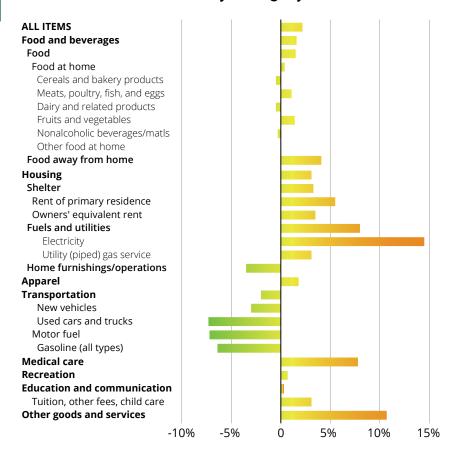
#### Price changes by category in 2024

The U.S. Bureau of Labor Statistics groups prices into eight major spending categories: food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services.

The exhibit on the right shows the 2024 inflation rate for each and their notable subcategories in Alaska. Among the major categories, prices in three rose faster than the overall index and four rose slower. Prices in one category dropped.

Food and beverages, housing, and apparel rose at about the same rate as prices overall: 2.2

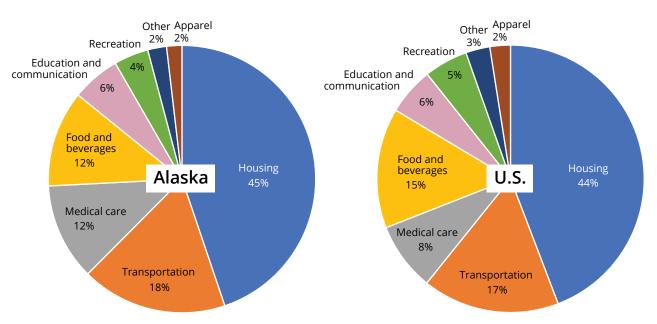
#### Urban Alaska inflation by category in 2024



<sup>\*</sup>Implicit amount homeowners would pay to rent their own house, intended to remove the investment component of homeownership

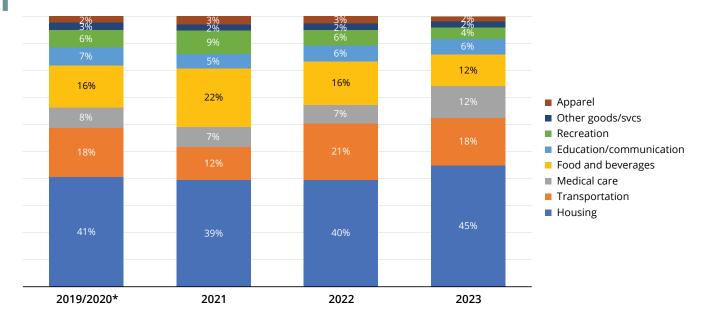
Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

## Where urban Alaska and U.S. households spent their money in 2023



Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska and the U.S. city average

#### How Alaska households have reallocated their spending in recent years



\*Before 2021, the Bureau of Labor Statistics updated relative importance estimates every other year. **Source:** U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

percent. Food and beverage prices in Alaska have stabilized, although restaurant prices did jump 4.1 percent in 2024.

Owners' equivalent rent (see the chart notes) and rental costs increased by 3.5 percent and 5.5 percent, respectively. Later sections will show how much housing costs vary by region.

Medical care and "other" rose much faster, at 7.8 percent and 10.7 percent. Medical costs have climbed an average of 4.8 percent a year over the last five.

Because the other category includes everything from cigarettes and infants' equipment to funeral expenses, it's hard to identify what is driving it up. Inflation in this catchall category has accelerated, with back-to-back years in the double digits.

Transportation costs dropped, with prices falling for vehicles and motor fuels. Fuel prices are always volatile, ranging from -18 percent deflation to 41 percent inflation in the last five years. They largely follow global crude oil prices.

Vehicle prices took a wild ride after the pandemic as supply chain disruptions and labor shortages temporarily brought many manufacturing plants to a halt.

Electricity changed the most. Urban Alaska

consumers paid 14.5 percent more for electricity last year.

Chugach Electric Association and Matanuska Electric Association are the two main providers in the sample area. Chugach hiked prices by 5.2 percent in September 2023, which remained in effect until the final rate increase of 4.3 percent was approved in September 2024. After Chugach Electric bought Anchorage Municipal Light and Power in 2020, the change was required to unify electricity rates between the two service areas.

Matanuska Electric Association raised rates by about 5 percent in 2024 and incrementally bumped up its Cost of Power Adjustment, which accounts for variable fuel costs, by about 12 percent.

#### Largest share spent on housing

The bureau also details how people distribute their spending. The pie charts on the previous page show where urban Alaskans and American consumers spent their money in 2023.

Alaskans spent the largest chunk by far on housing, at 45 percent, followed by transportation, medical care, and food at 18 percent, 12 percent, and 12 percent, respectively. The remaining four categories combined represented about 14 percent.

# How costs for upper-income households compared by city in 2024

|                                  | Total        | Groceries    | Housing      | Utilities      | Transp        | Health        | Misc         |
|----------------------------------|--------------|--------------|--------------|----------------|---------------|---------------|--------------|
| Category's weight in total index | 100%         | 15%          | 28%          | 8%             | 9%            | 5%            | 35%          |
| Survey average of 265 cities     | 100.0        | 100.0        | 100.0        | 100.0          | 100.0         | 100.0         | 100.0        |
| West                             |              |              |              |                |               |               |              |
| Honolulu HI                      | 186.9        | 130.4        | 310.0        | 198.0          | 133.3         | 121.1         | 130.5        |
| San Jose CA                      | 180.7        | 115.0        | 321.1        | 159.0          | 140.4         | 120.4         | 118.0        |
| San Francisco CA                 | 166.8        | 123.5        | 263.3        | 160.5          | 143.3         | 128.0         | 119.4        |
| Orange County CA                 | 156.3        | 109.8        | 260.8        | 111.3          | 133.4         | 93.1          | 116.4        |
| San Diego CA                     | 145.3        | 111.1        | 212.0        | 139.7          | 140.6         | 102.6         | 114.0        |
| Seattle WA                       | 145.1        | 110.3        | 212.1        | 101.6          | 128.1         | 128.9         | 122.5        |
| Oakland CA                       | 137.7        | 117.2        | 170.0        | 157.9          | 140.5         | 123.3         | 116.5        |
| Juneau AK                        | 127.2        | 128.2        | 122.8        | 142.5          | 120.5         | 150.9         | 125.0        |
| Tacoma WA                        | 127.0        | 108.5        | 161.5        | 90.0           | 127.8         | 118.2         | 116.7        |
| Lake Havasu City AZ              | 125.2        | 98.8         | 181.6        | 108.8          | 98.7          | 91.0          | 106.0        |
| Anchorage AK                     | 122.8        | 126.4        | 133.1        | 112.6          | 113.3         | 147.5         | 114.2        |
| Fairbanks AK                     | 121.5        | 126.8        | 98.2         | 203.4          | 109.1         | 151.5         | 117.5        |
| Bellingham WA                    | 121.0        | 106.8        | 140.8        | 95.5           | 120.4         | 115.8         | 118.0        |
| Portland OR                      | 116.6        | 107.2        | 145.9        | 86.7           | 127.1         | 110.8         | 102.0        |
| Salt Lake City UT                | 109.0        | 98.0         | 128.7        | 95.5           | 111.1         | 88.8          | 103.1        |
| Denver CO                        | 108.6        | 101.3        | 123.4        | 89.5           | 94.5          | 109.9         | 107.8        |
| Phoenix AZ                       | 106.3        | 102.7        | 115.6        | 106.8          | 105.2         | 91.9          | 102.3        |
| Boise ID                         | 102.0        | 103.6        | 100.9        | 77.9           | 109.6         | 98.5          | 106.7        |
| Las Vegas NV                     | 98.5         | 103.6        | 104.5        | 114.1          | 114.7         | 85.4          | 85.2         |
| Albuquerque NM                   | 95.0         | 97.4         | 89.1         | 87.5           | 85.7          | 102.3         | 101.9        |
| Great Falls MT                   | 90.0         | 99.2         | 77.6         | 83.8           | 99.7          | 97.5          | 94.2         |
| Northeast                        |              |              |              |                |               |               |              |
| New York (Manhattan) NY          | 230.6        | 117.9        | 500.6        | 115.3          | 116.7         | 146.0         | 127.2        |
| New York (Brooklyn) NY           | 161.1        | 112.9        | 276.4        | 115.4          | 114.6         | 128.5         | 115.0        |
| Boston MA                        | 145.9        | 104.4        | 218.8        | 150.0          | 109.5         | 125.7         | 115.3        |
| Stamford CT                      | 127.3        | 104.7        | 162.9        | 134.4          | 109.2         | 115.8         | 112.4        |
| Bergen-Passaic NJ                | 119.0        | 106.4        | 147.8        | 102.4          | 105.9         | 106.6         | 110.1        |
| Portland ME                      | 112.1        | 101.5        | 128.7        | 111.0<br>105.7 | 107.5         | 113.7<br>96.5 | 104.5        |
| Philadelphia PA                  | 103.3        | 104.1        | 99.2         |                | 105.1         |               | 106.1        |
| Buffalo NY<br>Wayne County PA    | 95.7<br>87.0 | 97.5<br>97.7 | 94.9<br>66.1 | 95.2<br>102.5  | 101.6<br>98.3 | 88.5<br>95.8  | 95.1<br>91.7 |
| South                            | 67.0         | 37.7         | 00.1         | 102.3          | 30.3          | 93.0          | 91.7         |
| Washington DC                    | 141.9        | 105.8        | 222.4        | 102.6          | 107.7         | 117.4         | 113.3        |
| Arlington VA                     | 135.1        | 112.0        | 206.8        | 93.8           | 107.7         | 117.4         | 107.8        |
| Miami-Dade County FL             | 120.8        | 110.7        | 157.3        | 105.1          | 100.4         | 98.4          | 107.4        |
| San Juan-Bayamón-Caguas PR       | 102.0        | 110.7        | 101.3        | 158.0          | 91.5          | 70.1          | 92.3         |
| Dallas TX                        | 101.7        | 98.8         | 95.0         | 115.9          | 91.0          | 104.8         | 107.5        |
| Baltimore MD                     | 100.4        | 102.7        | 86.4         | 110.8          | 104.0         | 94.5          | 108.4        |
| Tampa FL                         | 97.6         | 105.7        | 95.7         | 100.1          | 101.9         | 93.4          | 94.5         |
| Atlanta GA                       | 96.0         | 100.8        | 86.8         | 99.9           | 100.0         | 108.3         | 97.7         |
| Houston TX                       | 94.2         | 99.3         | 79.2         | 92.6           | 93.8          | 97.8          | 104.2        |
| Lake Charles LA                  | 86.3         | 95.6         | 65.3         | 68             | 102           | 98.7          | 98.1         |
| Harlingen TX                     | 82.1         | 92.7         | 66.8         | 125.3          | 87.1          | 78.2          | 78.6         |
| Midwest                          |              |              |              |                |               |               |              |
| Chicago IL                       | 115.1        | 103.8        | 140.0        | 96.8           | 107.1         | 108.2         | 107.1        |
| Detroit MI                       | 103.3        | 100.9        | 105.9        | 100.8          | 103.5         | 107.3         | 102.1        |
| Columbus OH                      | 95.4         | 100.6        | 96.5         | 104.4          | 87.3          | 82.5          | 93.7         |
| Minneapolis MN                   | 93.6         | 102.6        | 82.8         | 96.8           | 96.2          | 96.3          | 96.6         |
| Kansas City MO-KS                | 91.1         | 97.3         | 87.5         | 105.8          | 89.1          | 84.0          | 89.2         |
| Grand Forks ND                   | 90.1         | 91.6         | 85.5         | 80.2           | 95.6          | 99.5          | 93.0         |
| Decatur IL                       | 79.1         | 95.8         | 50.9         | 106.0          | 95.7          | 82.5          | 83.7         |
|                                  |              |              |              |                |               |               |              |

**Notes:** Based on professional households with earnings in the top U.S. quintile. Miscellaneous goods and services include entertainment, apparel, personal care, and fast food.

Source: The Council for Community and Economic Research, Cost of Living Index 2024

That distribution was similar to the national numbers. Alaskans spent a higher percentage on medical care and slightly more on transportation. U.S. consumers spent more of their income on food and recreation. All of the other categories' shares were nearly identical.

### Spending patterns have changed amid economic instability

Alaskans have significantly altered their spending patterns over the last five years amid rapidly changing economic conditions. The exhibit at the top of page 6 shows the changes in the shares spent in each category from 2019 to 2023.

Households tend to seek cheaper substitutes when costs increase, which is more feasible in some categories than others. For example, homeown-

ers don't immediately downsize where they live when utility prices increase; rather, they spend less on things like entertainment and going out to eat.

Alaskans have altered their spending patterns amid the rapidly changing conditions of the last five years.

People also reallocate their spending for other reasons, such

as changes in their income or employment, household demographics, and availability of items and services.

The business closures, supply chain disruptions, travel restrictions, and telework trends of the pandemic years affected some spending patterns. Alaskans spent around 40 percent of their income on housing in the previous four years, but that jumped to 45 percent in 2023, almost entirely because of rent, which jumped 5 percentage points in 2023 alone.

Transportation spending has been incredibly variable in recent years. While price shifts for gasoline, insurance, and new and used cars were major factors, many households also cut their transportation expenses considerably during COVID because of remote work and travel restrictions.

The share spent on medical care, which had been stable in previous years, jumped 5 percentage points in 2023.

Alaskans allocated far less spending to food for a few years, however, spending 22 percent of their

income in 2021 and 12 percent in 2023, mainly in the grocery category.

Recreation spending briefly rose to 9 percent in 2021, likely as consumers began going out again when pandemic restrictions eased.

#### Comparing costs between areas

Consumer price indexes like the CPI show how prices change over time, but they can't be used to compare the cost of living in one area to another. (For more on the two ways to measure the cost of living, see the sidebar on the next page.) They simply show how much prices in one area have increased from a base year.

Other data sources show how living costs differ between different locations, and these measures typically compare each place to the survey average.

> This enables people to rank costs in different places and see how much a particular place's costs differ from the average.

The most comprehensive national source that includes several Alaska areas is the

Cost of Living Index published by the Council for Community and Economic Research, or C2ER.

C2ER uses volunteer-collected prices for 60 items and services to construct cost-of-living indexes for hundreds of cities across the country. Its six categories are groceries, housing, utilities, transportation, health care, and miscellaneous.

C2ER assigns weights to each category (as mentioned earlier, these are the percentages of their income households spend by category) that are fixed across all cities, then creates an overall cost of living index for each. Most prices in the index exclude taxes.

The survey focuses on professional and managerial households with income in the top 20 percent. This distinction helps explain why the relative amounts spent in each category vary from the weights in the consumer price index that reflect the average urban household.

For example, the CPI for Urban Alaska shows average households spent a much larger share on housing (this category is similar to housing

# The two main ways to measure the cost of living

#### 1. In one area over time (inflation)

The Consumer Price Index for Urban Alaska is the state's only official measure of inflation: how prices change over time. Alaska's CPI tracks changes in the price level of a "market basket" of goods and services for the average consumer through surveys of consumer expenditure patterns and prices collected in Anchorage and the Matanuska-Susitna Borough.

The inflation rate, or price change between two periods, is calculated as the percent change in the index.

While the U.S. Bureau of Labor Statistics publishes CPIs for many cities, they can't be used to compare costs between areas because each is indexed to prices at a specific time in a given place. The index values only show how much prices have risen there since a base period, which is set at 100.

plus utilities in the C2ER index), transportation, and medical expenses and less on food and other goods and services.

Besides these bird's-eye observations, the indexes are far too different in structure to compare them. (See the sidebar above.)

#### Alaska cities' costs are high nationally, except for housing

The 2024 release from C2ER covered 254 cities, including Anchorage, Fairbanks, and Juneau. All three ranked among the 25 most expensive cities in the survey and had multiple components in the top five.

Alaska cities claimed the highest three spots for health care costs and were surpassed by just one U.S. city for groceries.

Overall, Alaska's three cities' living costs were about 24 percent higher than the U.S. survey average last year. But despite their high rankings, they didn't approach the outliers at the top of the list.

New York City's most expensive boroughs, Honolulu, and California's costliest San Francisco Bay Area cities had living costs from 61 to 131 percent higher than average. Large urban and commercial hubs on the coasts dominated the top positions in the index, and their housing costs were the main reason.

While Anchorage had the highest housing costs

#### 2. Between areas at the same time

Another way to assess the cost of living is to compare costs between two or more places at a given time. When prices are indexed to a base area rather than a time, the resulting index allows comparisons across areas, although not over time.

These types of indexes are often called price differentials, and differences between places are calculated as the percent difference between their index values.

Although inflation has a single data source in Alaska, multiple other data sets are available that compare costs across areas. Many only cover some parts of the state, and each source comes with its own methods, so it is important to consider each data set's strengths and weaknesses and look for patterns across multiple sources.

among the three Alaska cities, it wasn't even close to the top-ranked nationally, where housing costs were double, triple, or even five times the U.S. average.

Juneau was the highest-cost city in Alaska at 27 percent above the survey average. Juneau had the second-highest grocery costs nationwide (28 percent higher), the second-highest health care costs (51 percent), and the third-highest prices for miscellaneous goods and services (25 percent).

Anchorage came second in Alaska at 23 percent above average. Anchorage had the fourth-highest grocery costs nationally (26 percent higher) and the third-highest medical costs (48 percent more).

Fairbanks was a close third at 22 percent above average. Fairbanks had the third highest grocery costs (27 percent higher) and the highest costs nationally for utilities, at more than double the survey average, and health care (52 percent more). Fairbanks' relatively low housing costs, which ranked 79th, somewhat offset its extreme utilities and health care prices.

### How the military ranks Alaska communities' costs of living

While C2ER's index is the most comprehensive source for comparisons, others cover specific costs for areas that include Alaska.

The U.S. Department of Defense maintains an

"overseas" cost of living index for all duty stations outside the contiguous United States, which include Alaska and Hawaii.

The military uses its index to calculate an additional allowance for service members in places with costs above the contiguous U.S. average. Because service members receive a separate housing allowance, this index excludes housing costs.

The military's index is based on recurring surveys that service members conduct at each station, collecting prices for 150 items and services. Respondents also specify where they typically shop for each item. Many duty stations have military commissaries and exchanges with lower prices than local retailers. In Alaska, such facilities are available near Anchorage, Fairbanks, North Pole, Ketchikan, Kodiak, and Delta Junction.

Similar to previous data sets, this index estimates costs for a fixed standard of living. The military uses BLS expenditure patterns to determine the typical standard of living for military households based on their income level and number of depen-

The table on this page ranks 12 Alaska communities in 2025, comparing their costs to the average for contiguous U.S. locations, setting 100 as the average. While the index covers additional communities in Alaska, they are surveyed less frequently and are ranked with a proxy community.

#### Alaska's average house prices and mortgage payments by area in 2024

| Area                         | Avg single-<br>family sales<br>price | Est monthly<br>mortgage<br>payment |
|------------------------------|--------------------------------------|------------------------------------|
| Juneau, City and Borough     | \$524,312                            | \$2,612                            |
| Ketchikan Gateway Borough    | \$518,220                            | \$2,582                            |
| Anchorage Municipality       | \$509,261                            | \$2,537                            |
| Statewide Total              | \$459,089                            | \$2,287                            |
| Kodiak Island Borough        | \$457,874                            | \$2,281                            |
| Matanuska-Susitna Borough    | \$447,671                            | \$2,230                            |
| Kenai Peninsula Borough      | \$438,917                            | \$2,187                            |
| Bethel Census Area           | \$391,200                            | \$1,949                            |
| Rest of State                | \$376,009                            | \$1,873                            |
| Fairbanks North Star Borough | \$362,481                            | \$1,806                            |

Note: Monthly payments are the estimated cost of a 30-year fixed rate mortgage (principal and interest only) on an averagepriced single-family home with the average interest rate (6.36 percent), assuming a 20 percent down payment.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation

### How the military ranked Alaska towns' costs\* in May 2025

| City                              | Index<br>value |
|-----------------------------------|----------------|
| U.S. continental average          | 100            |
| Cordova                           | 144            |
| Seward                            | 142            |
| Sitka-Mt. Edgecumbe               | 142            |
| Homer (including Anchor Point)    | 140            |
| Petersburg                        | 140            |
| Juneau                            | 138            |
| Eielson Air Force Base            | 134            |
| Fairbanks                         | 134            |
| Kodiak                            | 134            |
| Valdez                            | 134            |
| Anchorage (including Eagle River) | 132            |
| Ketchikan                         | 130            |

<sup>\*</sup>Excludes housing

Source: U.S. Department of Defense, Overseas Cost of Living Allowance tables

Ketchikan was the lowest-cost "overseas" military location on the list, with costs 30 percent higher than average. Cordova was highest at 44 percent higher. The large cities — Anchorage, Fairbanks, and Juneau — were 32, 34, and 38 percent above average, respectively.

#### The state tracks mortgage, rental housing costs in detail

Every year, we survey mortgage lenders and landlords across Alaska in partnership with the Alaska Housing Finance Corporation and then provide housing cost estimates for select areas. This is especially useful for determining the cost of living, as housing is the single largest expense for most households.

The table on the left lists average single-family home prices and estimated monthly mortgage payments by borough and census area. The monthly payment assumes a 30-year fixed-rate mortgage with the average interest rate (6.36 percent) and a 20 percent down payment on an average-priced single-family house in that area.

These monthly payments do not include taxes, insurance, utilities, or other housing costs outside of the principal and interest.

The 2024 survey found Juneau had the highest average sales price at \$524,312 and an estimated monthly payment of \$2,612. That put Juneau about

14 percent above the statewide average. Anchorage was 11 percent more than average at \$509,261.

At the other end of the spectrum, Fairbanks homes averaged \$362,481, or \$1,806 a month — 21 percent below the state average.

Our survey also showed that the statewide average sales price rose 5 percent from 2024. That was up from 3 percent in 2023 but well below 9 percent in both 2021 and 2022.

For rental costs, the table on the right gives median adjusted rents for two-bedroom apartments by area in March 2025. To make areas comparable, we adjust rents to include all utility costs, whether part of the rent payment or paid separately. The survey excludes subsidized housing, short-term rentals, recreational cabins, and other non-market-rate rentals.

Bethel's rent was highest by far at \$2,075. The lowest were in the Kenai Peninsula Borough and Wrangell-Petersburg at just over \$1,200. Rents in Anchorage, Fairbanks, and Juneau were all around \$1,675.

Unlike the sales price rankings mentioned earlier, some areas rank much higher in the rental cost survey because of their high utility costs. Fairbanks and Bethel are examples.

# Two-bedroom apartment median adjusted rents by area, March 2025

| Area                              | Rent plus<br>utilities |
|-----------------------------------|------------------------|
| Bethel Census Area                | \$2,075                |
| Kodiak Island Borough             | \$1,713                |
| Anchorage, Municipality           | \$1,680                |
| Fairbanks North Star Borough      | \$1,676                |
| Juneau , City and Borough         | \$1,661                |
| Ketchikan Gateway Borough         | \$1,600                |
| Sitka, City and Borough           | \$1,564                |
| Matanuska-Susitna Borough         | \$1,389                |
| Chugach Census Area               | \$1,375                |
| Wrangell-Petersburg Combined Area | \$1,235                |
| Kenai Peninsula Borough           | \$1,203                |

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section and Alaska Housing Finance Corporation

For hundreds of other Alaska communities, heating fuel is usually the best or only choice.

According to the one-year American Community Survey from 2023, about half of the state's occu-

Alaska has the lowest gas taxes in the

U.S., but other factors can raise costs.

pied housing units primarily use utility gas. Just over a quarter heat with oil and 14 percent use electricity, typically in moderate climates such as Southeast with access to lower-

cost hydroelectric or other renewable power.

# Factors that determine fuel costs in rural places

Fuel is another major expense for most Alaska households, and it's partly captured in some of the previously mentioned sources, categorized as housing, utilities, or transportation. However, the importance and expense varies significantly around the state.

While most Lower 48 households use piped utility gas, most Alaska communities don't have access to this relatively low-cost resource. The major exceptions are Southcentral communities in the Enstar service area ranging from Willow to Homer, Utgiagvik, and Nuigsut in the North Slope Borough, and some parts of the Fairbanks North Star Borough where the Interior Gas Utility has been expanding the local distribution network for the last decade.

Gasoline is also a critical fuel source. Even roadless rural communities throughout Alaska use gas to power ATVs, boats, and snowmachines.

Alaska has the lowest gasoline taxes in the country, but other factors can drive up prices in some areas. Alaska's refining capacity is limited, and much of our fuel is imported from the West Coast or other countries — mainly Canada and Asia. From that point, delivering the product to various communities adds additional and widely varying costs.

The table on the next page lists the dollar-pergallon prices of gasoline and heating fuel for select communities in January 2025 from the Alaska Department of Commerce, Community, and Economic Development's semiannual Fuel Price Survey. The table includes the U.S. average price for both fuels for reference, from the U.S. Energy Information Administration, and select U.S. cities for further comparison.

# Gasoline and heating oil prices in Alaska and select U.S. cities, January 2025

| Place            | Gas/gal          | Heat oil/gal     | Place   | Gasoline/gal      | Heat oil/gal      |
|------------------|------------------|------------------|---|-------------------|-------------------|
| Hughes           | \$11.50          | \$13.00          | Golovin   | \$5.95            | \$5.85            |
| Alatna           | \$11.50          | \$8.00           | Brevig Mission  | \$5.78            | \$5.48            |
| Saint George     | \$10.49          | \$9.99           | Kake  | \$5.78            | \$4.97            |
| Arctic Village   | \$10.00          | \$15.00          | Unalakleet  | \$5.74            | \$5.74            |
| New Stuyahok     | \$10.00          | \$9.59           | Circle  | \$5.50            | \$4.50            |
| Toksook Bay      | \$9.68           | \$9.69           | Angoon  | \$5.48            | \$6.20            |
| Sleetmute        | \$9.52           | \$9.10           | Old Harbor  | \$5.40            | \$5.22            |
| Kokhanok         | \$9.50           | \$10.00          | White Mountain  | \$5.36            | \$5.89            |
| Scammon Bay      | \$9.38           | \$9.38           | Pelican   | \$5.21            | \$4.77            |
| Kotlik           | \$9.01           | \$8.62           | King Cove   | \$5.04            | \$5.04            |
| Grayling         | \$9.00           | \$8.50           | Ouzinkie  | \$5.00            | \$4.42            |
| Galena           | \$8.99           | \$8.04           | Gustavus  | \$4.89            | \$4.50            |
| tgasuk*          | \$8.80           | \$1.50           | Chitina   | \$4.85            | \$3.64            |
| Mountain Village | \$8.71           | \$8.58           | Port Lions  | \$4.75            | \$4.60            |
| naktuvuk Pass*   | \$8.69           | \$1.50           | Akutan  | \$4.75            | \$4.20            |
| Quinhagak        | \$8.56           | \$7.98           | Edna Bay  | \$4.69            | \$4.82            |
| ЛcGrath          | \$8.55           | \$8.21           | Chignik   | \$4.66            | \$4.60            |
| mmonak           | \$8.52           | \$8.35           | Unalaska  | \$4.60            | \$4.52            |
| Jpper Kalskag    | \$8.50           | \$8.50           | Sand Point  | \$4.52            | \$4.16            |
| wigillingok      | \$8.35           | \$8.40           | San Diego-Carlsbad, CA                                    | \$4.48            | NA                |
| Noorvik          | \$8.25           | \$7.95           | San Francisco-Oakland-Hayward, CA                         | \$4.45            | NA<br>NA          |
| anana            | \$8.23           | \$5.50           | Los Angeles-Long Beach-Anaheim, CA                        | \$4.43            | NA<br>NA          |
| Hooper Bay       | \$8.13           | \$9.30           | Hoonah  | \$4.42            | \$4.68            |
| Marshall         | \$8.11           | \$8.11           | Urban Hawaii  | \$4.41            | NA                |
| Kotzebue         | \$7.99           | \$7.73           | Cordova   | \$4.40            | \$4.09            |
| Stebbins         | \$7.99<br>\$7.97 | \$7.73<br>\$7.73 | Kodiak  | \$4.37            | \$4.16            |
| Togiak           | \$7.97<br>\$7.94 | \$7.73<br>\$7.66 | Riverside-San Bernardino-Ontario, CA                      | \$4.33            | NA<br>NA          |
| Ruby             | \$7.94<br>\$7.75 | \$7.00<br>\$7.75 | Seattle-Tacoma-Bellevue WA                                | \$4.11            | NA<br>NA          |
| •                | \$7.75<br>\$7.75 | \$7.75<br>\$7.00 | Wrangell  | \$4.06            | \$4.58            |
| (altag           | \$7.73<br>\$7.74 | \$1.50           | Petersburg  | \$4.00            | \$4.54            |
| Nuiqsut*         |                  |                  | Valdez  | \$3.81            | \$4.05            |
| untutuliak       | \$7.60<br>\$7.60 | \$7.40           | Glennallen  | \$3.80            | \$3.64            |
| Point Hope*      | \$7.60<br>¢7.57  | \$1.74<br>\$7.22 | Thorne Bay  | \$3.76            | \$4.54            |
| Chenega          | \$7.57<br>#7.55  | \$7.33<br>\$7.30 | Craig   | \$3.76<br>\$3.76  | \$4.34            |
| Pilot Station    | \$7.55           | \$7.29           | Nenana  | \$3.70<br>\$3.72  | \$3.83            |
| Holy Cross       | \$7.50           | \$8.48           | Anderson  | \$3.72<br>\$3.49  | \$3.83<br>\$3.90  |
| Russian Mission  | \$7.50           | \$7.50           |   | \$3.44<br>\$3.44  | \$3.90<br>\$3.90  |
| Anvik            | \$7.50           | \$7.00           | Delta Junction<br>Homer                                   | \$3.40            | \$3.79            |
| Nulato           | \$7.50           | \$6.50           |   |                   |                   |
| Kaktovik*        | \$7.50           | \$2.50           | Urban Alaska  | \$3.34            | NA                |
| Kiana            | \$7.47           | \$8.24           | Chicago-Naperville-Elgin, IL-IN-WI                        | \$3.32            | NA<br>#4.33       |
| Atmautluak       | \$7.44           | \$7.14           | Fairbanks   | \$3.29            | \$4.32            |
| lelson Lagoon    | \$7.29           | \$7.20           | Juneau  | \$3.23            | \$4.99            |
| lunapitchuk      | \$7.28           | \$7.28           | Baltimore-Columbia-Towson, MD                             | \$3.21            | NA                |
| kkiak            | \$7.24           | \$7.06           | Tampa-St. Petersburg-Clearwater, FL                       | \$3.18            | NA                |
| Dillingham       | \$7.18           | \$6.75           | Washington-Arlington-Alexandria, DC-VA-MD-WV              | \$3.16            | NA                |
| Saint Michael    | \$7.02           | \$7.99           | Miami-Fort Lauderdale-West Palm Beach, FL                 | \$3.14            | NA                |
| Nondalton        | \$7.02           | \$7.88           | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD               | \$3.13            | NA                |
| ∕linto           | \$7.00           | \$6.85           | Detroit-Warren-Dearborn, MI                               | \$3.12            | NA                |
| Vainwright*      | \$6.96           | \$1.75           | Phoenix-Mesa-Scottsdale, AZ                               | \$3.12            | NA                |
| eller            | \$6.95           | \$7.47           | New York-Newark-Jersey City, NY-NJ-PA                     | \$3.10            | NA                |
| Jtqiagvik*       | \$6.90           | NA               | U.S. average  | \$3.08            | \$3.83            |
| ambell           | \$6.90           | \$6.90           | Boston-Cambridge-Newton, MA-NH                            | \$3.04            | NA                |
| Vales            | \$6.89           | \$6.38           | Minneapolis-St.Paul-Bloomington, MN-WI                    | \$3.01            | NA                |
| Atka             | \$6.75           | \$7.50           | Healy   | \$2.97            | \$3.55            |
| Bethel           | \$6.71           | \$6.78           | Atlanta-Sandy Springs-Roswell, GA                         | \$2.95            | NA                |
| Savoonga         | \$6.70           | \$6.70           | St. Louis, MO-IL  | \$2.92            | NA                |
| Clark's Point    | \$6.50           | \$6.50           | Denver-Aurora-Lakewood, CO                                | \$2.85            | NA                |
| Deering          | \$6.46           | \$6.30           | Dallas-Fort Worth-Arlington, TX                           | \$2.76            | NA                |
| Seldovia         | \$6.28           | \$6.37           | Houston-The Woodlands-Sugar Land, TX                      | \$2.61            | NA                |
| Koyuk            | \$6.28           | \$6.34           |   |                   |                   |
| arsen Bay        | \$6.28           | \$5.94           | *North Slope communities' residential heating oil cost    |                   |                   |
| Shishmaref       | \$6.25           | \$6.39           | Residential heating oil is not sold in Utqiagvik, where h | nomes are heated  | d with natural ខ្ |
| Goodnews Bay     | \$6.07           | \$5.04           | Source: Alacka Donartment of Commerce Commerce            | , and Economist   | Novolonmant:      |
| luslia           | \$6.00           | \$6.25           | Source: Alaska Department of Commerce, Community          |                   |                   |
| - I              | \$0.00<br>\$C.00 | \$0.23<br>¢C.CO  | and U.S. Bureau of Labor Statistics, Consumer Price In    | uex, allu U.S. EN | argy innormatio   |

\$5.50

\$6.00

Eagle

In general, communities on Alaska's limited highway system, especially those near major fuel distribution hubs, have the lowest prices. Fairbanks, Anchorage/Mat-Su, Homer, and many places between them all paid less than \$3.50 per gallon for gasoline.

Gas prices in coastal communities that can receive fuel barge deliveries year-round ranged from about \$3.75 to \$4.75 per gallon over the winter; these included Craig, Petersburg, Wrangell, Kodiak, Cordova, Sand Point, Unalaska, and Akutan.

Communities on major rivers or the northern coast that can only receive barge deliveries about half the year had higher prices. These included Savoonga, Huslia, Bethel, Nunapitchuk, and Ruby.

Villages in the North Slope Borough, many of which can only receive winter deliveries across ice roads, have among the highest fuel prices. However, the borough heavily subsidizes residential heating fuel.

Other communities with the highest fuel costs, such as Arctic Village and Anuktuvuk Pass, can only receive fuel by plane, in limited quantities. In addition to distance and delivery method, quantity is a major factor in community pricing. Places that buy smaller amounts pay more.

Many towns have increased their bulk fuel storage, reducing the number of annual deliveries. Similarly, some places have developed cooperative fuel purchase agreements to consolidate deliveries for all major users in an area, such as fuel retailers, utilities, schools, and commercial/ industrial customers.

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