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2525 Phillips Field Road . Fairbanks, Alaska 99709 . (907) 452-7111 . FAX (907) 452-8111

**March 5, 2025**

**Sent Via E-mail: [Representative.Ashley.Carrick@akleg.gov](mailto:Representative.Ashley.Carrick@akleg.gov)**

Representative Ashley Carrick  
Chair, House State Affairs Committee

**RE: Letter of Support for HB 119**

Dear Chair Carrick,

The Interior Gas Utility (IGU) strongly supports House Bill 119 (HB 119) and commends the leadership of Representative Stapp and the co-sponsors in ensuring that Fairbanks, North Pole, and the greater Interior are included in the action taken to ensure Alaska's energy future. The bill's mandate for a direct natural gas pipeline spur to Fairbanks is essential for securing our region's stable, affordable, and sustainable energy supply.

The Interior is burdened with some of the highest energy costs in the nation, a consequence of both our harsh climate and the elevated prices of available fuel sources. Among Railbelt communities, Fairbanks residents and businesses bear the highest rates, significantly impacting household budgets and hindering economic growth. A substantial investment in Alaska's energy infrastructure must not overlook one of its largest population centers, one that includes several critical military installations, especially when energy affordability is already a big concern.

Currently, IGU supplies approximately 1.5 billion cubic feet (bcf) of natural gas annually to customers in Fairbanks and North Pole. We have safely and reliably been providing natural gas service to Interior consumers for the last 25 years. However, because a natural gas pipeline does not currently reach our region, natural gas must be liquefied, transported in specialty transports, stored at -265°F, then re-vaporized prior to its introduction into the underground distribution system. All the additional handling makes the cost of natural gas in the Interior more than double that of the Southcentral region. We cannot be in a similar situation after an investment of up to \$44 billion is made in Alaska.

The Wood Mackenzie study projects that, with the completion of the Alaska LNG Pipeline, Fairbanks could transition to natural gas for energy and heating needs, achieving a 90% penetration rate within a three-year period (2031–2033) for a total demand of 11 bcf. However, reaching this level of adoption necessitates an affordable rate. Without this infrastructure, the Interior's demand may not reach projected levels, potentially increasing costs for the rest of the



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state during Phase 1 of the project.

Given that Fairbanks residents already face some of the nation's highest energy costs, it is crucial that the financial responsibility for this lateral line not fall on them. IGU is prepared to integrate Fairbanks and North Pole into a unified natural gas delivery system capable of receiving pipeline gas; however, establishing the spur must be recognized as a statewide priority, which is what the passing of HB 119 will accomplish. This bill clarifies that Interior Alaska must be an active participant in the state's energy future, not a peripheral potential beneficiary.

IGU acknowledges and appreciates the collaborative efforts of the Legislature, the Alaska Gasline Development Corporation (AGDC), and private industry partners in advancing an in-state natural gas solution. We urge the expedited passage of HB 119 to ensure that Fairbanks is appropriately included in Alaska's energy infrastructure investments. After the bill is passed, AGDC should collaborate with Interior utilities to determine the most effective endpoint for the spur, ensuring it is strategically located for practical use and distribution.

Thank you for your time and commitment to advancing Alaska's energy future. We appreciate your support in ensuring Fairbanks has a reliable and sustainable natural gas supply.

Sincerely,

A handwritten signature in black ink that reads "ESudduth".

**Elena Sudduth**  
General Manager  
Interior Gas Utility