



Fairbanks North Star Borough Mayor's Office

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DATE: June 26, 2014

To: Department of Energy
From: Fairbanks North Star Borough
Re: Support for Alaska Energy Authority Grant Application

To whom it may concern,

This letter is written in support of the grant application submitted by the Alaska Energy Authority (AEA) to the Department of Energy (DOE) to support implementation of a Property Assessed Clean Energy (PACE) program in the Fairbanks North Star Borough (FNSB).

The FNSB is Alaska's 2nd largest metropolitan area in Alaska with over 100,000 people and more than 1,300 privately owned commercial properties currently heating with diesel fuel. The high and unpredictable expense of fossil fuels, coupled with our harsh northern climate, make the cost of energy a severe burden in our community. The Interior Energy Project, another energy project being implemented by the state, will expand the availability of natural gas to consumers in the FNSB by 2016. Development of a PACE program can offer an important financing tool to help businesses transition to this less expensive and cleaner burning fuel as soon as possible.

The faster the business community is able to convert from diesel to natural gas the sooner residential properties will see the benefits of access to natural gas for space and water heat. The more businesses that sign up for natural gas the better the economics for expanding the distribution system to encompass more residences.

The City of Fairbanks and the City of North Pole, both within the FNSB, were designated PM2.5 non-attainment areas in 2009, meaning they exceed the limit of 35 micrograms/cubic meter for fine particulate matter. This is a serious concern for public health as well as economic development. The Alaska Division of Air Quality analysis "...shows that local emission from wood stoves, burning distillate oil, industrial sources, and mobile emissions contribute to particulate pollution." Conversion from diesel to natural gas will improve air quality in the FNSB.

I encourage the DOE to give favorable consideration to the AEA grant application that will support development of a PACE program in the Fairbanks North Star Borough. Funds for this effort could be critical in incentivizing businesses to invest in conversion to natural gas in the short run and create a financing mechanism to ease implementation of additional efficiency measures for years to come.

Sincerely,

A handwritten signature in blue ink, appearing to read "Luke Hopkins".

Luke Hopkins, Mayor Fairbanks North Star Borough