



February 26, 2018

House Labor and Commerce Committee

**RE: Support SB 125 and HB 261 - Extend Bond Authority for Interior Energy Project**

Dear House Labor and Commerce Committee:

The Greater Fairbanks Chamber of Commerce supports SB 125 and HB 261, to extend the Alaska Industrial Development and Export Authority's (AIDEA) authorization to issue bonds in support of the Interior Energy Project (IEP) through 2023.

Please remember that in 2013 the Parnell Administration and the legislature initiated the IEP as a solution to address the high energy costs and the air quality issues. The revenue bonds extended by SB 125 are part of the original financing package that also included grants and low interest loans, which are essential financing elements for the IEP to succeed.

Recently, construction began on additional liquefied natural gas (LNG) storage in Fairbanks, a critical step in the project. This additional LNG capacity will support the service expansion to the existing network as well as to new areas, such as North Pole, which has the poorest air quality in the Fairbanks North Star Borough. Although the IEP continues to face economic challenges, like logistics of the supply chain, it continues to make progress towards the primary objective: to provide natural gas to as many people, at the lowest price as soon as possible.

Thank you for considering this legislation that will have an important impact on energy costs and air quality for the residents and businesses in the Interior of Alaska.

The Greater Fairbanks Chamber of Commerce represents over 750 businesses throughout Interior Alaska. The success of our members is directly linked to their ability to do business in an environment that has the necessary infrastructure to support and promote economic development.

Sincerely,

A handwritten signature in blue ink that reads "Marisa Sharrah".

Marisa Sharrah  
President & CEO  
Fairbanks Chamber

A handwritten signature in blue ink that reads "Tiffany Van Horn".

Tiffany Van Horn  
Chair  
Fairbanks Chamber

EXECUTIVE PARTNERS

DIAMOND

Alaska Airlines  
ExxonMobil  
Foundation Health Partners Fairbanks  
Memorial Hospital, TVC Orthopedics &  
Sportsmedicine  
Lockheed Martin  
Mt. McKinley Bank  
Ravn Alaska  
Vivamore Companies

PLATINUM

Alyeska Pipeline Service Co.  
ConocoPhillips  
Denali State Bank  
Doyon, Limited  
Fred Meyer Stores  
GCI  
Golden Heart Utilities  
Kinross Fort Knox Mine  
MAC Federal Credit Union

GOLD

BP Exploration  
Carlson Center  
Design Alaska  
Doyon Utilities LLC  
First National Bank Alaska  
Sumitomo Metal Mining Pogo LLC  
TOTE Maritime Alaska  
Usibelli Coal Mine  
WAL-MART Stores, Inc.  
Wells Fargo Bank Alaska  
Westmark Fairbanks Hotel &  
Fairbanks Princess Riverside Lodge

SILVER

Alaska USA  
Alaska Railroad  
Everts Air Cargo, Everts Air AK  
Exclusive Paving/University Redi-Mix  
Fairbanks Daily News-Miner  
Fairbanks Natural Gas  
Flowline Alaska  
Gene's Chrysler, Jeep & Dodge  
Golden Valley Electric Association  
Hale & Associates, Inc.  
Hilcorp Alaska, LLC  
JL Properties, Inc.  
Key Bank  
Lynden  
Matson Alaska  
McDonald's of Fairbanks  
Northrim Bank  
Personnel Plus  
Seekins Ford Lincoln  
Sourdough Fuel  
Spirit of Alaska Federal Credit Union  
TDL Staffing  
Tower Hill Mines-Livengood Gold Project  
University of Alaska Fairbanks  
Verizon Wireless  
Yukon Title Company

Cc: Senator Pete Kelly and Representative Steve Thompson

January 22, 2018

Senator Pete Kelly  
State Capitol Room 111  
Juneau, AK 99801

Sir,

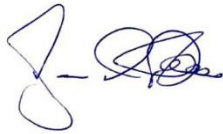
I am writing you to express my support of Senate Bill 125. If passed, this bill would extend the allowable time for the Alaska Industrial Development and Energy Authority (AIDEA) to issue bonds for the Interior Energy Project (IEP) to June 30, 2023. The IEP has been a huge undertaking and, because of hard work and a supportive community, has made slow and steady progress.

Gas distribution lines have been extended to the majority of the City of Fairbanks, expanding the number of available users from about 1,000 to 5,000. A significant portion of the North Pole community now also has gas distribution lines, adding 1,500 more customers. Construction has started on a Liquefied Natural Gas (LNG) storage facility in South Fairbanks that, when finished, will allow the existing LNG plant to provide additional gas to a few hundred customers. Recently, an agreement between AIDEA and Fairbanks' Interior Gas Utility (IGU) was signed and IGU is ready to take control of the combined community gas utility starting in the spring of this year.

To continue moving forward, and begin producing the gas to reach those 5,500 available users, IGU will need to sell the AIDEA Interior Energy Bonds. The extension of bonding authority until June of 2023 is critical to the goals of the Interior Energy Project. Bringing affordable natural gas to Interior Alaska and providing a clean burning fuel to help improve Fairbanks' air quality.

We appreciate your support of the IEP and the support of your colleagues in the legislature. Thank you for the opportunity to express our support for this very critical project.

Respectfully,



Jim Dodson  
President & CEO  
Fairbanks Economic Development Corporation



# Fairbanks North Star Borough

Mayor's Office

907 Terminal Street, PO Box 71267, Fairbanks, Alaska 99701 (907)459-1300 FAX (907)459-1102

**\*\*TRANSMITTED VIA ELECTRONIC MAIL\*\***

January 22, 2018

The Honorable Pete Kelly  
State Senate  
Alaska State Capitol  
Juneau, Alaska 99801-1182

RE: Support for SB125

Senator Kelly:

I write this letter today in support of Senate Bill 125, an act relating to the financing and issuance of bonds for a liquefied natural gas production system and natural gas distribution system. Thank you as well for your personal support in moving this important piece of legislation forward.

SB125 will extend the time and authority for the Alaska Industrial Development and Export Authority (AIDEA) to issue bonds out to 2023. As you know, our air quality needs significant improvement and Interior residents need access to cheaper and more reliable forms of energy; critical for the health, safety and economic well-being of our community. SB125 will enable the good work of the Interior Energy Project and the Interior Gas Utility to continue build out of natural gas infrastructure and soon, the first natural gas service beyond the city limits of Fairbanks.

Sincerely,

Karl Kassel, Mayor

1 By: Aaron Lojewski  
2 Kathryn Dodge  
3 Angela Major  
4 Introduced: 02/08/2018  
5 Adopted: 02/08/2018  
6  
7

8 FAIRBANKS NORTH STAR BOROUGH  
9

10 RESOLUTION NO. 2018 – 06  
11

12 A RESOLUTION SUPPORTING SB 125 AND HB 261 RELATING TO THE FINANCING AND  
13 ISSUANCE OF BONDS FOR A LIQUEFIED NATURAL GAS PRODUCTION SYSTEM AND  
14 NATURAL GAS DISTRIBUTION SYSTEM  
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16 WHEREAS, Fairbanks has significant air quality challenges the can be  
17 mitigated as natural gas increasingly displaces space heating by other fuels; and  
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19 WHEREAS, Fairbanks has almost 14,000 annual heating degree days,  
20 Anchorage has close to 10,000 and Juneau has about 8,000; and  
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22 WHEREAS, Therefore Fairbanks consumes significantly more energy to  
23 heat homes and businesses; and  
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25 WHEREAS, The main heating sources in Fairbanks are fuel oil, wood and  
26 coal; and  
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28 WHEREAS, In 2013 Fairbanks, North Pole, the Fairbanks North Star  
29 Borough, and the State of Alaska began working together to bring clean burning &  
30 affordable natural gas to the Interior; and  
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32 WHEREAS, Significant progress has been made in moving this challenging  
33 and complicated project forward including: 1) Interior Gas Utility (IGU) and Fairbanks  
34 Natural Gas (FNG) have begun building out the gas distribution systems in North Pole  
35 and Fairbanks; 2) IGU has contracted with AIDEA to purchase FNG and other PENTEX  
36 assets, resulting in a consolidated natural gas utility by mid-2018; 3) FNG has acquired  
37 a natural gas contract sufficient for the entire Interior Energy Project (IEP); and 4) FNG  
38 has begun construction of additional LNG storage for an expanded natural gas utility;  
39 and  
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41 WHEREAS, The project took longer than initially envisioned and crucial  
42 bonds intended to fund the IEP are scheduled to expire without Legislative action; and  
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44 WHEREAS, SB 125 and HB 261 propose to extend this important bond  
45 authorization to the Interior to help finance the next steps in the IEP.  
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47 NOW THEREFORE BE IT RESOLVED that the Fairbanks North Star  
48 Borough Assembly supports SB 125 and HB 261 and asks that the Legislature pass  
49 them.  
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51 BE IT FURTHER RESOLVED that this resolution be distributed to Senator  
52 Pete Kelly, Representative Steve Thompson and the IGU Board  
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54 PASSED AND APPROVED THIS 8TH DAY OF FEBRUARY 2018.  
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Kathryn Dodge  
Presiding Officer

63 ATTEST:

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Nanci Ashford-Bingham, MMC  
Borough Clerk

71 Yeses: Quist, Tacke, Roberts, Lojewski, Major, Lawrence, Dodge

72 Noes: None

73 Other: Gray (Excused), Cooper (Excused)



January 23, 2018

Senator Pete Kelly  
State Capitol Room 111  
Juneau, AK 99801

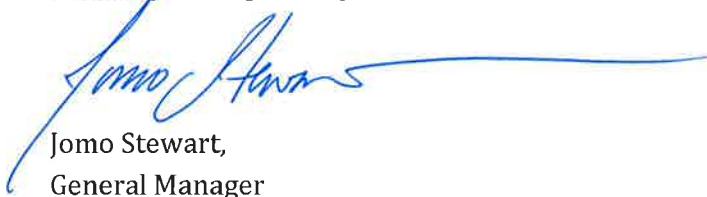
Dear Senator Kelly,

On behalf of the Interior Gas Utility (IGU), please accept this letter expressing support for Senate Bill 125 and extension of the Alaska Industrial Development and Energy Authority's (AIDEA) authorization for bond issuance in support of the Interior Energy Project (IEP) to June 30, 2023. This extension will ensure the totality of the funding tools authorized by the State in 2013 remain available to support development of critical components of the project (expanded liquefaction and distribution infrastructure) and maintains the viability of other invested and deployed state funds.

Should they remain available, the bonds authorized in 2013 in SB 23 will, in the immediate- to short-term, serve as completion funding for expanded liquefaction capacity in the Cook Inlet region and, in the longer-term, financing for expansion of the local natural gas distribution system beyond core-Fairbanks and North Pole into the more environmentally challenged and economically challenging areas of the community. These investments in increased LNG production and natural gas distribution capacity are critical to achieving an optimized total natural gas system (proper balance between liquefaction capacity, LNG storage & regasification capacity, and gas distribution & delivery capacity) and necessary to securing, for interest-bearing return, the SETS funds used in 2014/15 for the above reference infill and build-out of Fairbanks and North Pole distribution systems, and currently being deployed to construct the 5.2 million gallon LNG storage facility in Fairbanks.

The Interior Gas Utility and Fairbanks community greatly appreciate the past efforts of yourself and your colleagues in support of the Interior Energy Project and this current effort to ensure its previously-authorized funding package remains fully available. Therefore, I hope you will add myself and IGU to the list of individuals and organizations supporting SB 125 and advocating for its speedy passage.

Sincerely & Respectfully,



Jomo Stewart,  
General Manager

PO Box 70200  
Fairbanks, AK 99707

907 374 4474  
[interiorgas.com](http://interiorgas.com)



## CITY OF NORTH POLE

*"Where the Spirit of Christmas Lives Year Round"*

125 Snowman Lane • North Pole, Alaska 99705-7708  
E-mail: [mayor@northpolealaska.com](mailto:mayor@northpolealaska.com) • Website: [www.northpolealaska.com](http://www.northpolealaska.com)

January 26, 2018

City Hall  
907-488-2281  
Fax: 907-488-3002

Mayor  
907-488-8584

City Clerk  
907-488-8583

Police  
Department  
907-488-6902

Fire  
Department  
907-488-2232

Utilities  
907-488-6111

Director of  
City Services  
907-488-8593

Finance  
907-488-8594

Senator Pete Kelly  
State Capitol Room 111  
Juneau, AK 99801

Senator Kelly:

Passage of Senate Bill 125 is crucial to the viability of the Interior Energy Project (IEP). Without the extension of bonding authority, the Interior Gas Utility (IGU) will be unable to fulfill its mission to provide utility gas service to the urbanized area of the interior, including the City of North Pole and Fairbanks.

Grants, SETS loans and bonding authority were part of the 'building blocks' presented to the interior as part of the IEP under Governor Parnell and it was emphasized that all components of the plan were needed to bring cheaper gas to the interior. Much work has been done to bring the project this far and we are several short months from accomplishing the project and beginning the expansion phases. Bonding authority is essential to the projects ability to raise the necessary funds to be able to complete the project and expand its reach to as many as possible.

Thank you for your support of the IEP.

Sincerely

Bryce J. Ward  
Mayor, City of North Pole, Alaska



**RESOLUTION NO. 4823**

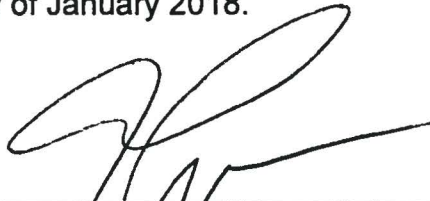
**A RESOLUTION IN SUPPORT OF SENATE BILL 125, AN ACT  
RELATING TO THE FINANCING AND ISSUANCE OF BONDS FOR A  
LIQUEFIED NATURAL GAS PRODUCTION SYSTEM AND NATURAL  
GAS DISTRIBUTION SYSTEM**

**WHEREAS**, Senate Bill 125 extends the allowable time for the Alaska Industrial Development and Export Authority (AIDEA) to issue bonds for the Interior Energy Project (IEP) to June 30, 2023, an extension of five years; and

**WHEREAS**, the approved extension of this bonding authority will assist in allowing the Interior Gas Utility (IGU) to become eligible for low-cost, AIDEA-backed bonds and may allow for lower pricing to the meter for natural gas customers throughout the Fairbanks North Star Borough (FNSB).

**NOW, THEREFORE, BE IT RESOLVED** that the Fairbanks City Council applauds Senators Kelly and Bishop for introducing Senate Bill 125 and urges the Alaska State Legislature to pass the bill into law.

**PASSED and APPROVED** this 29th day of January 2018.

  
\_\_\_\_\_  
**Jim Matherly, Mayor**

AYES: PASSED and APPROVED on the CONSENT AGENDA  
NAYS: None  
ABSENT: None  
APPROVED: January 29, 2018

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
D. Danyielle Snider, CMC, City Clerk  
\_\_\_\_\_  
Paul Ewers, City Attorney





January 29, 2018

Senator Pete Kelly  
State Capitol Room 111  
Juneau, AK 99801

Dear Senator Kelly:

On behalf of our company and affiliated entities, all of which are wholly owned by Jerry Sadler, I am writing to express our support of SB 125 which would extend the time AIDEA can issue bonds for the IEP to June 30, 2023. The IEP has been a large and complex undertaking we need to see through to completion. A successful IEP will help lower energy costs in the long run for residents and businesses and will help address our community's PM 2.5 problem.

We use large quantities of natural gas for our operations. We also provide natural gas to many of our tenants leasing property from us which include well known national retail box stores. We also have large tracts of land for sale or lease in the Bentley Retail Area. All national box stores require natural gas for heating and cooling. Due in large part to the lack of an uninterruptable gas supply, we have not been able to develop any large box stores over 12,000 s.f. since 2008 and no box stores under that size since 2013. National box stores help insure a local supply of affordable essential supplies in addition to providing hundreds of construction and retail jobs. The recent closure of Sam's Club highlighted the importance of large retailers to Interior Alaska.

Construction has started on the critical LNG storage facility. Extension of bonding authority will insure completion of the remaining critical elements of the IEP. Successful implementation of the IPE will insure low cost energy which will benefit every resident of Interior Alaska. We appreciate you support of IEP and the support of your fellow legislators.

Sincerely,

A handwritten signature in black ink, appearing to be "Jon Cook", with a long, sweeping horizontal line extending to the right.

Jon Cook  
CFO



**JOHN DEERE**

P.O. Box 72578 Fairbanks, AK 99707



February 21, 2018

Representative Sam Kito  
Chair, House Labor and Commerce Committee  
State Capitol, Room 403  
Juneau, Alaska 99801

Dear Representative Kito:


I am writing to you today to express support for Senate Bill 125 (SB 125). An Act relating to the financing and issuance of bonds for a liquefied natural gas production system and natural gas distribution system; and providing for an effective date.”

SB 125 would simply extend the amount of time the Alaska Industrial Development and Export Authority has to issue project bonds in support of the Interior Energy Project. The original authorization was approved by the 28<sup>th</sup> Alaska Legislature with a standard five-year sunset date. Advancement of the project was delayed prompting Senator Pete Kelley to request the proposed time extension.

Negotiations in 2017 advanced the Interior Energy Project to a point that contractual agreements were signed on December 13, 2017 to consolidate the two existing natural gas utilities into a single entity under local control. The transaction is now on track to close by the end of May, at which time continued access to the bond authorization will be a critical component of the utilities’ future plans to increase access. In addition to access to an increased supply of natural gas in the Interior at an affordable price, we understand increased use of natural gas will assist community leaders in their efforts to comply with requirements of the Clean Air Act.

Gene Therriault is the Interior Energy Project Team Lead for AIDEA and is available to provide further background information you may require. Gene has worked closely with Representative Thomson and his staff on SB 125 and will be available to testify on the legislation.

Kind regards,



John Springsteen  
AIDEA CEO/Executive Director