March 6, 2012

Honorable Steve Thompson
State Capitol, Room 428
Juneau, AK 99801

Re: House Bill 289 Letter of Support

Dear Representative Thompson:

The cost of energy is crippling a large section of Interior Alaska's economy. The Fairbanks community spends over $600 million per year on space heating, the highest natural gas prices in the nation. House Bill 289 incentivizes private sector delivery of low cost energy to Interior Alaska by extending tax credits for above ground LNG storage facilities. A new credit for construction of above-ground liquefied gas storage tanks makes this program more flexible to fit the varying needs of gas delivery throughout the state. As I understand the bill, this legislation applies to tanked storage with a minimum volume of 25,000 gallons. The amount of the credit is limited to 50% of construction costs up to $15 million. This legislation allows areas of Alaska that do not have depleted gas reservoirs available, as Cook Inlet does, to receive a monetary incentive for costs associated with constructing above-ground tanks for storing LNG.

House Bill 289 and its companion Bill in the Senate SB 153 would allow gas suppliers to take concrete steps toward delivering sizeable volumes of trucked natural gas to Alaska-the first step in addressing our community's space heating needs. All money from these credits for tanked storage would be under the oversight of the Regulatory Commission of Alaska, ensuring that any savings are passed along to the rate payer thereby lowering costs and keeping more dollars in the local community.

On behalf of the residents of the Fairbanks North Star Borough, thank you for sponsoring this important and much needed legislation to assist in bringing natural gas to Alaskans.

Sincerely,

Luke Hopkins, Mayor