



March 30, 2015

Chairman Dana Pruhs
Alaska Industrial Development & Export Authority
813 West Northern Lights Blvd.
Anchorage, Alaska 99503

RE: Proposed AIDEA Purchase of Pentex

Chairman Pruhs and members of the AIDEA Board of Directors,

The Greater Fairbanks Chamber of Commerce's #1 priority continues to be reducing the high cost of energy for Interior Alaska. Reasonably priced energy is critical to our people, our businesses and our way of life. To that end, we supported and continue to support the stated goals of the Interior Energy Project (IEP) through the existing AIDEA IEP financing tools. The Chamber also supports HB 105 and SB 50 that currently seek legislative approval this session.

The Fairbanks Chamber very much appreciates the efforts of the Governor, the Legislature and the Alaska Industrial Development & Export Authority (AIDEA) and their willingness to look at all potential options to lower the Interior's energy costs, including potentially sourcing gas from Cook Inlet and other gas sources. We believe that this flexibility is appropriate as long as the project selected will provide the best long-term, low-cost energy to the Interior.

AIDEA's proposal to purchase Pentex Alaska Natural Gas Company, LLC, the parent company of Fairbanks Natural Gas (FNG) could assist the Interior in achieving our community's stated energy goals—of \$10 per million cubic feet (mcf) natural gas to the Fairbanks city gate and \$15/mcf to the burner tip.

If structured to maximize benefits to the Interior, we would expect that these benefits would be demonstrated through the due diligence process, to include:

- Lower costs for construction and operation of the liquefaction facility as compared to the North Slope Project
- Lower costs for transporting LNG from the liquefaction facility to Fairbanks also compared to the North Slope Project
- More AIDEA IEP funding available for storage and distribution

To assure these goals are accomplished and benefits maximized, we support a thorough and transparent review of the proposal, not only by AIDEA but also by community stakeholders such as the Fairbanks Chamber.

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University of Alaska Fairbanks
Verizon Wireless
Vivlamore Companies
Yukon Title Company

Finally, the proposed Pentex acquisition does not resolve the critical issue of the cost and duration of natural gas supply contracts. The success of the IEP depends on LNG delivered to Fairbanks at a stable price point that is lower than the conceptual North Slope Project.

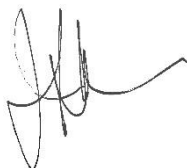
The Chamber believes that if the benefits of the Pentex purchase can demonstrate and support a successful IEP, it is an appropriate way for the State of Alaska to leverage its capital and resources to create a solution to Interior Alaska's high cost of energy.

Sincerely,

GREATER FAIRBANKS CHAMBER OF COMMERCE



Lisa Herbert
Executive Director



Jennifer Imus
Board of Directors, Chair

Cc: Honorable Governor Bill Walker, State of Alaska
Members of the Alaska State Legislature