



February 17, 2020

The Honorable Grier Hopkins, Chair
House Energy Committee
Alaska State House of Representative
120 4th Street, Rm. 3
Juneau, AK 99801

Re: Support for HB 232 – Municipal Tax Credits

Expansion of natural gas service through the Interior Energy Project (IEP) has been a priority for the State of Alaska to help reduce energy costs and alleviate poor air quality related to the Fairbanks North Star Borough's (FNSB) fine particulate matter (PM2.5) nonattainment area designation.

As a public utility, the Interior Gas Utility (IGU) is focused on bringing both economic and environmental relief to the residents of the Interior to keep our community vibrant. IGU is currently working to secure future supplies of natural gas, develop a distribution network in the FNSB, and prepare for the process of conversion, which is the process a homeowner or business must undergo in order to switch from a current heating source to natural gas.

Getting households and businesses to convert their heating systems to natural gas is vital to the success of the IEP. In addition to annual fuel costs and the associated repayment time period, the decision for converting to a natural gas heating system will largely depend the capital cost for the conversion. The estimated cost of delivered natural gas for the IEP is higher than the original community target, therefore all options to provide incentive for conversions to natural gas are important to the project.

The IGU strongly supports HB 232, which will help remove barriers to conversion by giving municipalities the option of incentivizing conversions from wood and oil to natural gas through a local air quality property tax credit program. On behalf of Interior residents, we appreciate your support for helping to increase energy efficient construction and improve air quality in the region.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dan Britton".

Dan Britton
General Manager