



STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES & DEPARTMENT OF REVENUE

ALASKA GASLINE INDUCEMENT ACT

June 3, 2009

The Honorable Mark Begich
United States Senator
144 Russell Senate Office Bldg
Washington DC 20510

Dear Senator Begich:

We were surprised and dismayed to read the comments you delivered at the World Trade Center Alaska luncheon concerning progress on the Alaska gas pipeline project. We must believe that you are uninformed about the current situation in Alaska regarding this project. The Alaska gas pipeline will be the largest and most complex private sector project in the history of North America. The lead time required to execute the project successfully is measured in years, not days or months. However, every day the Alaska gas pipeline project is making significant progress toward becoming a reality. That progress is the result of bipartisan actions taken in Congress and the Alaska State Legislature in the past—actions that must continue to be bipartisan into the future.

Through the Alaska Gasline Inducement Act (AGIA), including the contribution of \$500 million, the state of Alaska has put its “skin in the game” to advance this project. As a result of AGIA, we have two competing projects expending significant resources to design and engineer the pipeline, and to develop the commercial framework to conduct an open season in 2010. Both projects have pre-filed at the Federal Energy Regulatory Commission, and TC Alaska has committed to hold an open season by July 2010. This is very significant progress, and we should not allow politics to diminish the significance of that progress nor underestimate the complexity of the work being conducted or that lies ahead. For more detailed information on the progress of the AGIA licensed project, please see the “Gasline Project Progress Reports” found at <http://www.gov.state.ak.us/agia>.

Alaskans appreciate the bipartisan support that the pipeline has enjoyed to date. As you know, AGIA was designed to protect values critical to the state and national interests by providing for lower tariffs on the pipeline, ensuring expansion opportunities for new gas discoveries, and protecting against basin control. These values have been supported by a wide bipartisan majority of the Alaska Legislature, including unanimous support from Democrats. Further, President Obama has been supportive of the Alaska gas pipeline project from the very beginning of his presidential campaign to the present, and

we applaud that support. Also, we have heard nothing from him or members of his administration that reflects frustration with the significant progress that is now occurring. Finally, an overwhelming majority of Democrats and Republicans in Congress have supported the pipeline as an essential element of a comprehensive energy policy.

The Alaska gas pipeline is essential to the future socioeconomic development of Alaska, and it is clearly in the energy and national security interests of the United States as well. In closing, if you have specific ideas that are not already on the table, we remain available to you and your staff to discuss ways in which the federal government can assist in the further development of the project.

Sincerely,



Patrick S. Galvin
Commissioner
Alaska Department of Revenue



Thomas E. Irwin
Commissioner
Alaska Department of Natural Resources