ALASKA RAILBELT CLEAN ENERGY TRANSPORTATION INFRASTRUCTURE GROWTH CLUSTER

Letters of Support

U.S. Economic Development Agency (EDA)
FY 2021 American Rescue Plan Act Build Back Better Regional Challenge

Submitted by:

Matanuska-Susitna Borough, Alaska

Mat-Su/Fairbanks Rail & Natural Gas Coalition Members:

The Coalition has engaged regional economic development organizations, Alaskan political leadership, Tribal Councils, and communities throughout the region in development of the Coalition's vision to lower energy costs and grow clean energy and transportation infrastructure growth clusters through the Alaska Railbelt Clean Energy Transportation Infrastructure Project.

The Matanuska-Susitna Borough Assembly and Fairbanks North Star Borough Assembly have also put forth Resolutions in support of the Coalition and the Project, but due to Assembly meeting schedules, they will not be signed until after this Concept Proposal is submitted. The FNSB Assembly approved the resolution 9-0 on Thursday, October 14, 2021. A signed version of the resolution will be provided as soon as its available. Both Boroughs have the full support of their Assemblies regarding this proposal.

The following organizations have provided letters of support for this Concept Proposal:

- Alaska Congressional Delegation (will forward once received):
    - Sen. Lisa Murkowski
    - Sen. Dan Sullivan
    - Rep. Don Young
- Alaska Governor Mike Dunleavy (pending)
- Alaska Department of Commerce, Community, & Economic Development (pending)
- Alaska State Legislature:
    - Rep. Bart LeBon
    - Rep. Steve Thompson
    - Rep. Mike Prax
    - Rep. Grier Hopkins
    - Rep. Adam Wool
    - Rep. Mike Cronk
    - Sen. Scott Kawasaki
    - Sen. Robert Myers
    - Sen. Click Bishop
- City of Fairbanks
- City of Houston
- City of Palmer
- Denali Borough
- Fairbanks Economic Development Corporation
- Greater Wasilla Chamber of Commerce
- Knik Tribal Council
- Palmer Chamber of Commerce

Alaska State Legislature

October 14, 2021

The Honorable Bryce Ward
Mayor, Fairbanks North Star Borough
PO Box 71267
Fairbanks, AK 99707
Bryce.Ward@fnsb.gov

Mike Brown
Borough Manager, Matanuska-Susitna Borough
350 E. Dahlia Ave.
Palmer, AK 99645
Mike.Brown@matsugov.us

RE: Build Back Better Regional Challenge Rail and Natural Gas Proposal Support

Dear Mayor Ward and Borough Manager Brown:

We are writing in support of the Fairbanks North Star Borough (FNSB), Matanuska-Susitna Borough (MSB), Alaska Railroad, and Interior Gas Utility (IGU) Build Back Better Regional Challenge Phase 1 grant proposal for rail and natural gas infrastructure development. We believe the proposal will help expand the ability of Fairbanks-area residents to access reliably priced, low carbon emitting, natural gas.

Each of us represent districts within the Interior region of Alaska. As you are aware, the Interior suffers from some of the most volatile energy costs of any community on the road system. Many residents heat their homes with heating oil which is often subject to substantial price swings in response to commodity prices. As such, some homeowners augment their heating needs by burning wood. However, due to the climate and geography of the area, wood-burning at low temperatures contributes to PM 2.5 air quality problems.

Community leaders sought to alleviate the issues of energy price volatility and air quality by expanding the availability of natural gas to Interior residents and businesses. Their efforts culminated in the acquisition of the Titan liquefaction facility at Point Mackenzie, the construction of large-scale LNG storage in Fairbanks, and the installation of over a hundred miles of gas distribution lines throughout the area.

The joint grant proposal to expand the Titan II Liquefaction facility, completion of segments 3, 4, and 5 of the Port Mackenzie Rail Extension, and the construction of rail spurs to IGU facilities will further help increase economic opportunity, community resiliency, and further reduce the need to burn fuels that contribute substantially to Interior air quality issues. With the expanded capacity of the Titan II facility, more residents and businesses will be able to benefit from natural gas within the Interior. Additional rail lines will also provide economies of scale allowing for the safe transport of bulk LNG by the Alaska Railroad, reducing congestion on highways, and providing the Alaska Railroad with an anchor customer

within the Interior. This infrastructure will help deliver durable and long-lasting economic benefits and opportunities to the Interior and further improve both the redundancy and resiliency of the community. We appreciate your consideration of the project.

Regards,

Rep. Bart LeBon
House District 1 – Fairbanks

Rep. Steve Thompson
House District 2 – Fairbanks

Rep. Mike Prax
House District 3 – North Pole

Rep. Grier Hopkins
House District 4 – Fairbanks

Rep. Adam Wool
House District 5 – Fairbanks

Rep. Mike Cronk
House District 6 – Tok

Sen. Scott Kawasaki
Senate District A – Fairbanks

Sen. Robert Myers
Senate District B – North Pole

Sen. Click Bishop
Senate District C – Fairbanks

CITY OF FAIRBANKS

Jim Matherly, Mayor
800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615
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jmatherly@fairbanks.us

Mike Brown
Borough Manager, Matanuska-Susitna Borough
Mike.brown@matsugov.us

Bryce Ward
Mayor, Fairbanks North Star Borough
Bryce.Ward@fnsb.gov

RE: BBBRC Rail & Natural Gas Proposal Support

This letter is offered in support of the Matanuska-Susitna Borough, Fairbanks North Star Borough, Alaska Railroad, and Interior Gas Utility's Build Back Better Regional Challenge grant proposal for rail and natural gas infrastructure development.

The State of Alaska Comprehensive Economic Development Strategy (CEDS), *Northern Opportunity: Alaska's Economic Development Strategy*, has 6 key goal areas, which include Economic Development Infrastructure and Quality of Life. The Economic Development Infrastructure Goal is to "build the transportation, energy, and technological foundations for economic growth." The proposed project helps the state met several of the measurements and objective action items within this goal. Additionally, increased natural gas liquification and rail transportation benefits not only the project sponsors, but helps add statewide redundancy, sustainability, and opportunities for economic stability and growth. Two items of significant interest that this proposed project works towards is helping stabilize and reduce energy costs, in turn helping work towards air quality attainment in areas of the FNSB, and making significant progress is connecting the PMRE to Port MacKenzie.

Substantial work and investment has already been put into all aspects of the proposed project by the State and the local municipalities. Their completion provides regional – and statewide – economic opportunity, redundancy, and resilience.

Thank you for your consideration of funding for this project.

Jim Matherly, Mayor

Introduced by: Deputy Mayor Wilson
Date: October 14, 2021
Action: Adopted
Vote: Yes: Brunswick, Porter, Stout, Wilson, Thompson; No: Adams, Cole

CITY OF HOUSTON, ALASKA
RESOLUTION 21-20

A RESOLUTION OF THE HOUSTON CITY COUNCIL IN SUPPORT OF THE MATANUSKA-SUSITNA BOROUGH (MSB), FAIRBANKS NORTH STAR BOROUGH (FNSB), ALASKA RAILROAD CORPORATION, AND INTERIOR GAS UTILITY'S BUILD BACK BETTER REGIONAL CHALLENGE GRANT PROPOSAL FOR RAIL AND NATURAL GAS INFRASTRUCTURE DEVELOPMENT.

WHEREAS, the Fairbanks North Star Borough, Mat-Su Borough, Alaska Railroad Corporation (ARRC), and Interior Gas Utility (IGU) are partnering for an Economic Development Administration (EDA) Build Back Better Regional Challenge (BBBRC) Phase 1 grant proposal that includes a Rail and Natural Gas project that includes the following three components:

1. Expansion of IGU's Titan II Point MacKenzie Gas Liquefaction Plant
2. Completion of Port Mackenzie Rail Extension (PMRE), Segments 3, 4, and 5
3. Construction of three railroad spurs from the main rail line to IGU's Titan Plant (MSB), Peger Road (Fairbanks), and North Pole facilities, and

WHEREAS, the eventual full completion of the Port MacKenzie Rail Extension will enhance our state's ability to safely and efficiently transport products and be better prepared for emergency and disaster situations, offer highly efficient offloading of bulk resources from train to ship for Interior shippers, shortens the distance to tidewater, and the increased rail freight activity and development stimulated by the rail link will benefit all railbelt communities, including the City of Houston, through increased employment, contributions to the state and community tax bases and overall economic health, and

WHEREAS, substantial work and investment have already been put into all aspects of the proposed project components by the State and local municipalities, and

WHEREAS, while this project proposal will not bring the Port MacKenzie Rail Extension fully to Port MacKenzie, it will make significant additional progress towards that end by completing Segments 3 (7.7 miles), 4 (7.4 miles), and 5 (4.2 miles) of the PMRE, and,

WHEREAS, construction of the Port MacKenzie Rail Extension is fully supported in the Economic Development and Transportation goals outlined in the City of Houston's Comprehensive Plan, including:

- "The Alaska Railroad's extension from the mainline in Houston to Port MacKenzie may provide opportunities for development in Houston. These possibilities include an increase in the likelihood of manufacturing, mineral export, or transportation activity taking place in the city that could provide economic benefit and employment."

- Adopt a "policy to encourage the development of industrial enterprises associated with the Alaska Railroad main line and the Port MacKenzie Rail Extension."

and particularly in light of expanding the output of the Titan II LNG Plant to meet the increased demand for greater quantities of LNG to the Fairbanks area, by replacing the existing mode of transport by tanker truck on the Parks Highway with rail transport, thereby reducing highway congestion and wear and tear on local and State roads,

- "Encourage the development of alternate routes through Houston to serve goods and services movement from Port MacKenzie to interior Alaska."

- "Ensure freight goods movement from the port to interior Alaska is safe and efficient.", and

WHEREAS, the State of Alaska Comprehensive Economic Development Strategy (CEDS), Northern Opportunity: Alaska's Economic Development Strategy, includes Economic Development Infrastructure and Quality of Life as key goals, where the Economic Development Infrastructure Goal is to "build the transportation, energy, and technological foundations for economic growth" and the proposed project helps the State meet several of the measurement and objective action items within this goal, and

WHEREAS, in addition to this grant helping Alaska to meet CEDS goals, increased natural gas liquefaction and rail transportation adds regional and statewide redundancy, sustainability, and opportunities for economic stability and growth, and

WHEREAS, the proposed projects will help stabilize and reduce energy costs, and achieve better air quality standards.

NOW, THEREFORE, BE IT RESOLVED; the Houston City Council enthusiastically offers its full support for the Matanuska-Susitna Borough (MSB), Fairbanks North Star Borough (FNSB), Alaska Railroad Corporation, and Interior Gas Utility's Build Back Better Regional Challenge grant proposal for rail and natural gas infrastructure development.

EFFECTIVE DATE this resolution becomes effective upon its adoption by the Houston City Council.

ADOPTED by the Houston City Council on October 14, 2021.

THE CITY OF HOUSTON, ALASKA

Bold and Underline, added. ~~Strike through,~~ deleted.

Virgie Thompson, Mayor

[SEAL]

ATTEST:

Sonya Pevan, CMC, City Clerk

Bold and Underline, added. ~~Strike through,~~ deleted.

John Moosey
City Manager

City of Palmer
231 W. Evergreen Ave.
Palmer, Alaska 99645-6952
(907) 761-1317
E-mail: jmoosey@palmerak.org
www.palmerak.org

October 12, 2021

Borough Manager Mike Brown
Matanuska-Susitna Borough
350 East Dahlia Avenue
Palmer, AK. 99645

Re: Letter of Support – BBBRC Rail & Natural Gas Proposal

To Whom It May Concern,

On behalf of the Palmer City Council, I am submitting this letter in support of the BBBRC Rail & Natural Gas Proposal.

Each of these components will provide a strong economic boost to the state of Alaska. It will provide energy efficiency so desperately needed in our State. The project will also provide a more secure and safer delivery of LNG.

When completed these projects will impact the economic viability for State of Alaska, provide security for our Alaskan residents, and create numerous jobs.

Please give full consideration for approval of the BBBRC Rail & Natural Gas Proposal.

Sincerely,

John Moosey
City Manager

City of Palmer

DENALI BOROUGH
P.O. Box 480 • Healy, AK 99743
Phone: (907) 683-1330 • Fax: (907) 683-1340
Email: dbgov@denaliborough.com
Website: www.denaliborough.org

Clay Walker, Mayor

October 14, 2021

To: US Department of Commerce
Economic Development Administration
1401 Constitution Avenue, NW
Suite 71014
Washington, DC 20230

From: Clay Walker, Denali Borough Mayor
Re: Support for the Alaska Railbelt Clean Energy Transportation Infrastructure Project

To Whom it May Concern,

The Denali Borough gives its support to the collaborative effort of the Alaska Railbelt Clean Energy Transportation Infrastructure Project submitted to the Build Back Better Challenge grant through the Economic Development Administration.

The State of Alaska Comprehensive Economic Development Strategy (CEDS), *Northern Opportunity: Alaska's Economic Development Strategy*, includes an Economic Development Infrastructure Goal to "build the transportation, energy, and technological foundations for economic growth." The proposed project helps the State meet several of the measurements and objective action items within this goal. Additionally, increased natural gas liquification and rail will advance statewide redundancy, sustainability, and opportunities for economic stability and growth.

The Denali Borough has also supported the Port McKenzie Rail Extension component of this project since its inception. The entire Railbelt of Alaska's Interior would benefit from shorter mileage to tidewater, which would make products more competitive and provide an increase in existing exports. This project is significant for the entire State and will create and build a stronger economy for Alaska's future.

We'd be happy to communicate about this project if any cause for inquiries arises. Thank you for your consideration of funding for this project.

Sincerely,

Clay Walker
Denali Borough Mayor

Fairbanks
Economic Development Corporation

330 Wendell Avenue, Suite E, Fairbanks, AK 99701

October 15, 2021

Daniel Britton
General Manager
Interior Gas Utility

RE: Support for IGU EDA Build Back Better Regional Challenge Application

Dear General Manager Britton,

It is with pleasure that the Fairbanks Economic Development Corporation (FEDC) lends its support to the Build Back Better Regional Challenge application being advanced by the Interior Gas Utility (IGU), in partnership with the Fairbanks North Star Borough (FNSB), Matanuska-Susitna Borough (MSB) and Alaska Railroad Corporation (AKRR). Having worked for over a decade to assess & help diversify Interior Alaska's energy mix, and having partnered extensively with all the subject organizations in the past, FEDC both understands the positive economic, environmental & social impacts the described system expansions could have within the Fairbanks North Star Borough (FNSB) and beyond, and has high confidence in the proposal team's ability to make those gains a reality.

Over the span of 2006-2008, as the cost of energy (oil) began to climb from its historic average from $1-1.50 per gallon to its eventual $4.25+ peak, FEDC initiated a series of studies to try and ascertain the scope of the local economy's exposure to that precipitous rise. In doing so, FEDC found the community of Fairbanks (and, in fact, nearly all Alaska communities outside the Anchorage region – roughly 50% of the statewide population) was alarmingly exposed to upward fluctuations in the cost of oil – with hydrocarbon distillates satisfying not only the vast majority of the transportation fuel requirement, but a sizable portion of the fuel used in local electrical generation and almost 100% of the fuel used for its climactically necessary residential & commercial space-heating. This as yet unmitigated exposure would lead to a cost-of-energy crisis (only abated with the collapse of global oil prices in the 2015/16 timeframe but with commensurate fallout for the treasury of State of Alaska and statewide economy as state budgets and state-supported employment contracted) and an Air Quality Non-Attainment challenge (caused by increased residential wood burning) that lingers to this day.

Fortunately, complimenting FEDC's energy market characterization / price of oil exposure assessment effort, FEDC performed further analyses of options the greater Fairbank community (and communities like it) might pursue to right & protect its economy. High on the list was to diversify the energy mix by expanding supplies of and transitioning to - as much as possible, as broadly as possible and as soon as possible – a cleaner burning, less polluting, lower and more stably priced fuel-type: natural gas.

Since, the community has expended great efforts and made enormous strides to realize this vision: uniting its public and private natural gas utilities into a single entity under community ownership and control; expanding its certified service area to encompass the bulk of the community's most populated areas; and deploying over one hundred million dollars of State-provided blended financing to radically increase the utility's natural gas deliverability to and around the community.

These strides continue. However, more can and must be done if the utility and project are to reach their full potential – and if the full benefits of this pan-Alaska enterprise, based as it is on LNG, are to be spread across the community and greater Interior Region.

Advancement of IGU's integrated project proposal would build on the utility's already impressive record of success, greatly enhance its capacities and bring tangible benefits to residents across Alaska. Expansion of IGU's Titan natural gas liquefaction facility, located in Point MacKenzie (MSB), Alaska, would double the facility's current liquefaction capacity, expanding IGU's ability to supply more customers with clean-burning natural gas. Construction of the northern and southern rail-line extensions & improvements will greatly improve the efficiency and safety of LNG shipment into the Interior, and appreciably decrease the cost of gas delivered to customers. Together, this increase in liquefaction capacity, increase in LNG delivery capacity and decrease in commodity cost will allow IGU to not only to take on additional and larger customers but be more attractive to the residential oil and wood burning customers whose conversion to a lower particulate-emitting fuel source is requisite to helping better air quality in the Interior. Expanded IGU operations will also lead to expanded employment opportunities in a host of skilled trades, both directly for the utility and in ancillary & supporting industries.

Adding to these localized economic, environmental and general quality of life benefits, the proposed capacity expansions will allow the Interior Energy Project (the State of Alaska's name for the IGU's LNG trucking and natural gas storage & distribution project) to begin realizing its larger goal of expanding access to natural gas to communities beyond the South Central Region and core of the Fairbanks North Star Borough – as further IGU investments in things like multi-modal ISO containers allow for LNG deliverability to communities along the entirety of the Interior Alaska Roadbelt system and, via water transport, to communities accessible by its many waterways. A further statewide benefit will be to bring the Alaska Railroad incrementally closer to the afore mentioned port at Point MacKenzie, whose full connectivity will allow it to serve as a point of alternative ingress and egress for goods, and, potentially, additional strategic portage for military equipment and supplies, flowing into and out of Alaska.

IGU's commitment to maximizing the economic & environmental benefits of its operations, coupled with its broad partnership network, strong industry ties and solid record of past success, all but ensure that any investment made in its proposed project will have a deep and broad positive impact. Therefore, FEDC is proud to offer the Interior Gas Utility its support and commitment of partnership in this important enterprise, and hopes the selection committee will look favorably on its application.

Respectfully,

James L. Dodson
President & CEO
Fairbanks Economic Development Corporation

1155 E Depot rd
Wasilla, Alaska 99654
contact@wasillachamber.org

P: (907) 376-1299
C: (907) 315-9566
www.wasillachamber.org

The Greater Wasilla Chamber of Commerce supports the Matanuska Susitna Borough in their grant request.

The funding of this grant will have far reaching impacts in the MatSu Borough and State of Alaska, including job creation and energy security. Here in the MatSu, the completion of the Point Mackenzie Rail Extension would be a positive impact on our community in many ways just on its own. Completion would allow for increased rail activity, increased development in the smaller communities along the rail belt, additional job opportunities, and additional transportation methods for people and supplies if anything should happen to cut off our road access as we saw occur after the 2018 earthquake. The safety aspect of removing large LNG transport trucks from the local road system cannot be overlooked, along with the much smaller impact of removing those large transport trucks from the overall wear on our road system as well. The expansion of the Titan facility not only allows for increases in energy security for the region, but economic benefit in lower production costs, lower energy rates for consumers, and increased employment.

The Wasilla Chamber of Commerce sees this regional project as a large step forward for our linked communities opportunity, economic development, security, and resilience and strongly supports the Matanuska Susitna Borough in their request.

Jessica Viera
Executive Director
Greater Wasilla Chamber of Commerce

KNIK TRIBAL COUNCIL

KNIK, THE OLDEST VILLAGE IN COOK INLET

To Whom It May Concern,

Knik Tribal Council (KTC) is a federally recognized tribe. The base members and their descendants adopted the KTC Constitution in 1989, chartering KTC as the official Tribal Government in the Matsu area. KTC is a non-profit that provides social, educational, housing improvement and other services to more than 15,000 Alaska Natives and American Indians living in Matanuska-Susitna Borough.

This letter is offered in support of the Matanuska-Susitna Borough (MSB), Fairbanks North Star Borough (FNSB), Alaska Railroad Corporation, and Interior Gas Utility's Build Back Better Regional Challenge grant proposal for rail and natural gas infrastructure development.

The State of Alaska Comprehensive Economic Development Strategy (CEDS), Northern Opportunity: Alaska's Economic Development Strategy, has six key goal areas, which include Economic Development Infrastructure and Quality of Life. The Economic Development Infrastructure Goal is to "build the transportation, energy, and technological foundations for economic growth." The proposed project helps the State meet several of the measurements and objective action items within this goal.

In addition to this grant helping Alaska to meet CEDS goals, increased natural gas liquefaction and rail transportation adds regional and statewide redundancy, sustainability, and opportunities for economic stability and growth. The proposed projects help stabilize and reduce energy costs, allowing the FNSB to realize better air quality. This grant will also assist the MSB in making significant progress toward completing the Port MacKenzie Rail Extension project, which enhances our state's ability to safely transport products and be better prepared for emergency and disaster situations.

Knik Tribe is committed to being a long-term Employer/Partner and feel strongly that this project is forward thinking and will benefit all of Alaskans that participate. As Alaska grows and continues to build, develop, and push forward projects, training and hiring Alaskans for these careers is in all our best interest.

Sincerely,

Richard Porter

Richard Porter
CEO, Knik Tribal Council

550 S. Alaska St., Suite 101, PO Box 45, Palmer, AK 99645
Tel: (907) 745-2880
www.palmerchamber.org director@palmerchamber.org

October 15, 2021

RE: BBBRC Phase 1 Grant Application - Letter of Support

To Whom it May Concern:

The Greater Palmer Chamber of Commerce would like to offer our letter of support to the Mat-Su Borough for their application to the Build Back Better Regional Challenge Phase 1 grant for the following Rail & Natural Gas project that includes the following three components:

1. IGU's Titan II Liquefaction Expansion
2. Port Mackenzie Rail Extension (PMRE), Segments 3,4, and 5
3. Three railroad spurs from the main rail line to IGU's Titan Plant (MSB) Peger Road (FBX), and North Pole Facilities

We believe that this project brings much needed infrastructure to an ever growing part of our state and has the opportunity to create great jobs for Alaskans for a long time to come.

Ailis Vann
Executive Director
Greater Palmer Chamber of Commerce

Lucas Parker
Board President
Greater Palmer Chamber of Commerce

AILIS VANN – EXECUTIVE DIRECTOR * KRISTY BERNIER, Brilliant Media Strategies * RYAN BLACKWELL, Enstar
SAM DINGES, Palmer Museum of History & Art * ROBERT FOXLEY, Frontier Studio Design
KEVIN GUNNIP, Lynden * AMBER LINDSTROM, HDL Engineering Consultants
CARIN MEYER, Clearwater Wells * LUCAS PARKER - President, Mat-Su Ski Club * AMY PELTIER, Hometown Realty *
JUSTIN SAUNDERS, Mat-Su CVB * ANNE THOMAS, Body in Balance Physical Therapy