



Fairbanks North Star Borough

Office of the Mayor

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May 27, 2011

RECEIVED

MAY 27 2011

**STATE PIPELINE
COORDINATORS**

Frederick M. Thompson
State Pipeline Coordinator's Office
411 West 4th Avenue, Suite 2
Anchorage, AK 99501

Dear Mr. Thompson:

Thank you for the opportunity to submit written comment on the Alaska DNR ROW lease for the in-state gas pipeline. My comments will follow the testimony I gave at the Fairbanks public hearing on May 3, 2011.

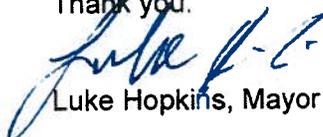
This ROW is proposed to follow a route that does not serve the interior of Alaska at the same level as the Cook Inlet gas users. To the extent that a cost/benefit analysis of the State's economic development has not occurred which looks at natural resource extraction and reducing the costs of energy to military installations is not in the best interest of Alaskans. In not considering an alternative route along TAPS ROW near the Richardson Highway, then along the Glenn Highway ROW that has been developed by ANGDA is something that cannot be left behind.

This application, ASAP right-of-way lease, only considers the "Parks Highway" ROW route with a spur line to Fairbanks that terminates near the western edge of the UAF campus. It is this termination point within the Fairbanks North Star Borough (FNSB) that I address. I am concerned that under this lease, there is no gas line route that continues east through our community to the heavy industrial users and energy producers, Flint Hills / Petro Star Refineries and GVEA turbines, respectively. The ROW must be extended beyond the current termination point shown on map # 121283-MBJ-MAP-003, pg 17, at the project mile 34.42689. Extending the gas line ROW along the ADOT&PF highway ROW or in conjunction with the FNSB owned levee properties located on the inland side. There have been continuing discussions where ARRC rail relocation is being proposed to follow a portion of the levee in the North Pole area. FNSB land holdings could be an important connection to extend this gas line ROW to industrial users and to military bases that could benefit from this extended ROW route at this time.

The Fairbanks community is not being served with gas to the same extent that the Cook Inlet area will be served when, according the mapping information in this application, there will be a direct connection into the main pipeline distribution system in the Cook Inlet area. Fairbanks does not receive the same benefit in this State DNR action. By extending a line through the section of FNSB, both current users of gas along with the refineries and electrical generation would directly benefit as will facilities in Cook Inlet.

In short, Alaska law (HB369) directs the State to issue ROW permits for the instate gas line. The FNSB Assembly has passed a resolution (see attached 2010-30) stating that, to the fullest extent possible, FNSB shall ensure that any instate gas line pass through Fairbanks.

Thank you.



Luke Hopkins, Mayor

Enclosure

By: Luke T. Hopkins, Mayor
Introduced: 07/15/10
Adopted: 07/15/10

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6 FAIRBANKS NORTH STAR BOROUGH

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8 RESOLUTION NO. 2010 - 30
9

10 A RESOLUTION CALLING FOR CONSTRUCTION OF A NATURAL GAS BULLET
11 LINE THROUGH THE FAIRBANKS NORTH STAR BOROUGH AND NOTIFYING THE
12 STATE THAT THE BOROUGH WILL VIGOROUSLY CONTEST ANY OTHER OPTION
13

14 WHEREAS, residents of the Fairbanks North Star Borough (Borough)
15 must have energy to survive in the winter; and
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17 WHEREAS, the Fairbanks North Star Borough has been in an energy
18 crisis condition since 2007; and
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20 WHEREAS, energy prices have drained the Borough's economy of much
21 discretionary income; and
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23 WHEREAS, this is an unacceptable situation which must be remedied;
24 and
25

26 WHEREAS, an in-state natural gas pipeline (Bullet Line) route passing
27 through Fairbanks would provide clean, affordable natural gas to the Borough, helping
28 to remedy this situation; and
29

30 WHEREAS, a Bullet Line route passing through Fairbanks will lower
31 prices for refining fuel in Alaska; and
32

33 WHEREAS, a Bullet Line route passing through Fairbanks will lower the
34 price of energy for Alaska's defense industry sector; and
35

36 WHEREAS, a Bullet Line route passing through Fairbanks will promote an
37 Interior gas to liquids plant; and
38

39 WHEREAS, the State of Alaska is considering constructing a Bullet Line
40 from Prudhoe Bay to Cook Inlet; and
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42 WHEREAS, the State of Alaska is considering multiple routes for the
43 Bullet Line to the Cook Inlet; and
44

45 WHEREAS, a Bullet Line route passing through Fairbanks is the most
46 readily permitted route; and

47 WHEREAS, the Borough lacks the same access to affordable sources of
48 natural gas as Anchorage; and

49
50 WHEREAS, Article 1, Section 1 of Alaska's Constitution requires equal
51 opportunities for all Alaskans; and

52
53 WHEREAS, one proposed route bypasses the Borough, providing natural
54 gas only through a smaller diameter pipe calculated to supply a reduced level of natural
55 gas to our community; and

56
57 WHEREAS, by limiting the amount of gas fed to the Borough, the State of
58 Alaska will also limit the Borough's economic opportunities, contrary to Article 1,
59 Section 1 of Alaska's constitution; and

60
61 WHEREAS, Article 1, Section 2 of Alaska's Constitution requires all
62 government actions be taken "for the good of the people as a whole"; and

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64 WHEREAS, if the Bullet Line bypasses the Borough, the government will
65 have taken actions which disadvantage the Borough thereby contravening Article 1,
66 Section 2; and

67
68 WHEREAS, Article 1, Section 15 of Alaska's Constitution states that "no
69 law making any irrevocable grant of special privileges...shall be passed"; and

70
71 WHEREAS, if the State of Alaska approves construction of a Bullet Line
72 that provides only limited access to natural gas through a spur off of the Bullet Line, it
73 will clearly be granting special privileges to Cook Inlet residents and disadvantaging
74 Borough residents; and

75
76 WHEREAS, Article 2, Section 19 of Alaska's Constitution forbids the
77 Legislature to pass a "local or special act if a general act can be made applicable"; and

78
79 WHEREAS, approving a route for the Bullet Line that benefits Cook Inlet
80 residents by providing access to substantially more natural gas than to Borough
81 residents, the Legislature will be making a special act where a general act selecting a
82 route that also benefits Borough residents is applicable; and

83
84 WHEREAS, Article 8, Section 1 of Alaska's Constitution requires the state
85 to develop "its resources by making them available for maximum use consistent with
86 public interest"; and

87
88 WHEREAS, a Bullet Line that makes the same amount of natural gas
89 available to the Borough residents as to Cook Inlet residents is consistent with Article 8,
90 Section 1; and

92 WHEREAS, Article 8, Section 2 of Alaska's Constitution requires
93 development of "all natural resources...for the maximum benefit of its people"; and
94

95 WHEREAS, constructing a pipeline with a smaller spur to the Borough
96 develops the State's natural resources for the maximum benefit of Cook Inlet residents,
97 not all Alaskans; and
98

99 WHEREAS, Article 8, Section 17 of Alaska's Constitution requires that
100 "Laws and regulations governing the use or disposal of natural resources shall apply
101 equally to all persons similarly situated with reference to the subject matter and purpose
102 to be served by the law or regulation"; and
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104 WHEREAS, the Borough is a destination for natural gas, as the Cook Inlet
105 is and being similarly situated, we must have similar access to all natural gas available
106 in the Bullet Line, whatever route is selected; and
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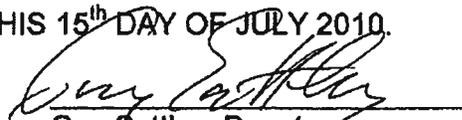
108 WHEREAS, routing the Bullet Line through the Borough would provide
109 access to enough natural gas to allow for development of a residential heating market,
110 a transportation fuels market, commercial development of natural gas based
111 manufacturing, and reduced energy costs to local industries.
112

113 NOW, THEREFORE, BE IT RESOLVED that the Assembly of the
114 Fairbanks North Star Borough calls for the State of Alaska to route the Natural Gas
115 Bullet Line through the Fairbanks North Star Borough.
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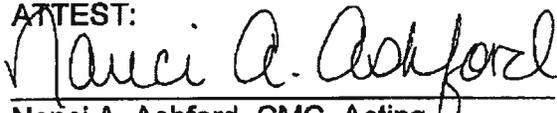
117 BE IT FURTHER RESOLVED that any other option is unacceptable and
118 will be vigorously contested by the Borough; and
119

120 BE IT FURTHER RESOLVED that copies of this Resolution shall be sent
121 to the Alaska Interior Delegation, the Honorable Governor Sean Parnell and Dan
122 Fauske, Alaska Housing Finance Corporation.
123

124 PASSED AND APPROVED THIS 15th DAY OF JULY 2010.

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126 
127 Guy Sattley, Deputy
128 Presiding Officer
129

130 ATTEST:

131 
132
133 Nanci A. Ashford, CMC, Acting
134 Borough Municipal Clerk
135

136 Ayes: Brown, Blanchard II, Bartos, Want, Winters, Sattley

137 Noes: Howard

138 Excused: Beck, Musick