



Matanuska-Susitna Borough  
350 E. Dahlia Avenue  
Palmer, AK 99645  
(907)745-4801



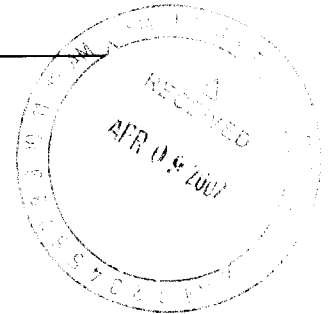
Municipality of Anchorage  
632 W. 6<sup>th</sup> Avenue  
Anchorage, AK 99501  
(907)343-7100



Kenai Peninsula Borough  
144 N. Binkley  
Soldotna, AK 99669  
(907)714-2335

## Tri-Borough Commission

April 6, 2006



Mr. Robert Corbin  
Natural Gas Regulatory Activities Manager  
U.S. Department of Energy  
Office of Oil & Gas  
Global Security and Supply, Office of Fossil Energy  
Room 3E-042  
1000 Independence Ave., SW  
Washington, D.C. 20585

Dear Mr. Corbin:

We write to lend support to an application by the Kenai LNG plant for a two-year extension of its export license.

The mayors of the Municipality of Anchorage and the Kenai Peninsula and Matanuska-Susitna Boroughs comprise a coalition called the Tri-Borough Commission. The geographical region represented by the Tri-Borough Commission encompasses essentially all of Southcentral Alaska and about 60 percent of the state's population. As a group, we address issues of concern to all three boroughs. Recently, we have examined the benefits of a two-year extension of the Kenai LNG plant's export license as requested in ConocoPhillips's and Marathon's application to the US Department of Energy (DOE). The Commission concurs that continued operation of the Kenai LNG plant is appropriate for the following reasons:

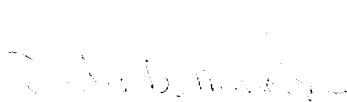
- ♦ The LNG plant is a significant part of the economic engine for Southcentral Alaska. The LNG plant generates over \$70 million per year in wages, taxes, royalties and local spending and supports an estimated 186 direct and indirect jobs.

Mr. Robert Corbin  
Page 2  
April 6, 2007



- ♦ The LNG plant provides gas supply stability for Southcentral Alaska by backing up gas supplies for local utilities during periods of peak demand on cold days or when disruptions occur in the gas supply system. There is currently no alternative to the backup gas supply provided by the LNG plant. If the plant ceases operation in 2009, the local utilities will need to invest or pay others to invest in costly peaking gas facilities. It is conservatively estimated that the back-up service that the plant provides saves the average residential natural gas consumer \$80 to \$200 per year.
- ♦ All independent third parties that have published studies agree that the undeveloped resource base in the Cook Inlet is substantial. Marathon and ConocoPhillips have stated in their application that they will invest in development of additional Cook Inlet reserves if the LNG export license extension is granted.
- ♦ Preservation of the LNG plant infrastructure provides options to either continue exports into the future or convert the plant into a re-gasification facility should the need ever arise. While we hope that imports of LNG into Southcentral Alaska will never be required, continued operation of the LNG plant will preserve this option.

For the reasons stated above, the Tri-Borough Commission supports a two-year extension of the Kenai LNG plant's export license. In particular, the increase in energy security that the LNG plant provides to Southcentral Alaska and the cost savings it brings to local utility customers are crucial to our energy future. Assuming that the DOE's analysis finds that natural gas resources are sufficient to meet the current and future needs of local utilities and the LNG plant's export volume, we ask that the DOE approve the two-year extension of the Kenai LNG plant's export license as requested by ConocoPhillips and Marathon.

Sincerely,



Curt Menard  
Mayor  
Matanuska-Susitna Borough



Mark Begich  
Mayor  
Municipality of Anchorage

John Williams  
Mayor  
Kenai Peninsula Borough