

October 18, 2012

Mr. Dallas Tonsager
Undersecretary
U.S. Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250-0002

Dear Undersecretary Tonsager:

Residents of Alaska's Interior region are experiencing high energy prices for space-heating fuel oil, electricity and transportation. Together they represent a huge burden to businesses and households that not only harms prospects for future economic growth, but threatens to send people from Fairbanks, the state's second-largest urban center, to Southcentral Alaska, where much less expensive energy in the form of natural gas is available. Ensuring Interior residents have access to affordable energy is essential to maintaining their economic security and quality of life.

I'm writing to find out how the USDA can assist in financing a natural gas or propane distribution line to address the high costs of space heating in this area. I am aware that traditional Rural Utility Service (RUS) grant and loan programs are not available for cooperatives engaged in these activities.

The Fairbanks North Star Borough has completed a Natural Gas Distribution Analysis to develop a plan to extend the community's distribution infrastructure. A recent agreement between Golden Valley Electric Association (GVEA), a utility cooperative in Fairbanks, and British Petroleum (BP) to purchase and truck North Slope natural gas means that gas could reach the Interior as early as 2015.

Should gas become available, Fairbanks households will save approximately 60 percent on their heating bills compared to burning fuel at about \$4 per gallon. In Fairbanks, where winter temperatures regularly drop well below zero, residents currently pay around \$10,500 per household annually. Air-quality improvements resulting from natural gas use would be another benefit for Fairbanks – parts of the city have been designated as non-attainment areas for Particulate Matter 2.5.

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Could the USDA Rural Development's Community Facilities Program, or any programs, assist in financing a gas distribution system to residential and businesses customers? What type of entity would be eligible for assistance? I'm interested in assistance in the form of grants, loans, guaranteed loans or technical know-how. If there aren't any programs in place currently, or eligibility requirements need amending, I would like to know what changes need to be made.

Thank you for your attention to this matter. Please contact Michael Johnson on my staff at (202) 224-3004 for more information. As winter rapidly approaches in Interior Alaska, this issue becomes all the more urgent. I would appreciate a timely response. Thank you in advance.

Sincerely,



Mark Begich
United States Senator