

DRAFT

November 5, 2004

The Honorable Frank Murkowski
Governor, State of Alaska
Box 110001
Juneau, Alaska 99811

Dear Governor Murkowski:

Throughout the past year, over the course of many extensive meetings, the members of the Municipal Advisory Group have thoroughly examined and discussed the potential impacts of construction and operation of the proposed natural gas pipeline to our communities. As a result, we have approved resolutions expressing our strong concerns and subsequent recommendations as to how the potential negative impacts might be mitigated, as well as advisories that relate to particular aspects of pipeline project structure that we believe will bring the greatest benefit to all Alaskan communities. We appreciate your careful consideration of these recommendations as a pipeline project contract is negotiated.

Additionally, Information Insights, Inc. was contracted to conduct an analysis of the anticipated revenue and economic impacts of the proposed project, and has produced this report to assist us in our consideration of the structure of any payment in lieu of taxes that your administration might negotiate under A.S. 43.82, the Stranded Gas Development Act.

Members of the Municipal Advisory group intend to continue to meet on a regular basis to assess progress of the project, consider the effects to our communities and maintain communication with your administration as to these issues.

It is with great pride that I submit to you these eight advisory resolutions along with the Natural Gas Pipeline Impact Analysis and assure you that the members of the Municipal Advisory Group are committed in our support of a natural gas pipeline that will bring tremendous benefit to the people of Alaska for generations to come.

Sincerely,

Mayor Steve M. Thompson
Chair, Municipal Advisory Group

Cc: Bill Corbus, Commissioner, Dept. of Revenue
Tom Irwin, Commissioner, Dept. of Natural Resources