

It has come to the attention of the Fairbanks Economic Development Corporation (FEDC), that the State Pipeline Coordinator's Office has received a right-of-way application from the Alaska Gasline Development Corporation for the purpose of transporting natural gas from the North Slope to the Cook Inlet. While we are grateful for the work that is being done in order to facilitate the construction of an in-state natural gas pipeline, we feel that the possible alternative routing along the Richardson Highway corridor should be given equal consideration to the current Parks Highway corridor route.

In accordance with House Bill 369, of the Twenty-Sixth Legislature of the State of Alaska, a route for the in-state natural gas pipeline must meet certain criteria set forth by the State, specifically the selected route must be the most economical, and it must provide natural gas to the greatest number of residents at a reasonable cost. It is on the basis of these established criteria that FEDC believes that the Richardson Highway corridor should receive an equal evaluation.

According to the State of Alaska Department of Workforce Development Resource & Analysis Section's available 2010 Census Data, the population along the Richardson Highway exceeds that of the Parks Highway. Utilizing the list of communities along the Parks Highway corridor outlined in the Alaska Gasline Development Corporation's "Alaska Stand Alone Gas Pipeline Plan of Development" (March 2011), and a list of communities established in the State of Alaska Office of the Governors "Stand Alone Gas Pipeline Route Alternatives Analysis" (Sep. 2009) we were able to establish a comparison for the number of individuals and households who would be impacted under either proposed route. According to the data, the Parks Highway route would directly impact 10,841 individuals and a total of 8,315 households. The Richardson Highway route would impact 18,719 individuals and 9,342 households. This gives a difference of 7,878 in the total number of individuals impacted, and difference of 1,027 in the number of households impacted. If the routing decision is to follow the language set forth in House Bill 369, which establishes that the route must provide natural gas to the greatest number of residents, we feel that the Richardson Route should be reevaluated as a potential option.

The Legislature's decision that the route must be the most economical also provides a basis for additional evaluation of the Richardson Highway route. Given that the in-state gasline will require public money in order to be completed, the determination of the route must not be based solely on a comparison of the capital cost necessary for each route. It is well established in the field of welfare economics that any project which will utilize public monies should consider the total impacts to society, which requires an evaluation of the direct and indirect costs and benefits of the project (Boadway, 2003). Thus far, it seems that the Richardson Highway route has been excluded as a viable option due to the additional costs associated with the greater total distance of the pipeline, with little consideration of the additional population as well as other potential benefits to society that the Richardson route could provide. It does not appear that any consideration has been given to the foregone costs associated with routing through Denali National Park, or the additional costs associated with bypassing the park, which may be required for the Parks Highway route. Another potential social benefit associated with the Richardson route, which has been excluded from the decision making criterion, is the potential mineral resources located along the corridor. According to Dr. Paul Metz, a professor of Geology at the University of Alaska Fairbanks, the potential value of mineral estimates along the Richardson Highway could be up to \$100 Billion dollars, whereas the estimate for the mineral values along the Parks Highway Corridor is \$68 Billion dollars. While neither of these values is insignificant, it does illustrate that the Richardson Highway could provide a greater sum of benefits to the State of Alaska than the Parks Highway just in terms of the royalties associated with increased mining, let alone the intergenerational benefits to residents of the state through long term jobs and industries.

Alternative Instate Bullet Line Routes:

Population and Mineral Value Estimates

The population differences along the proposed instate bullet line routes were estimated using United States Census' 2010 population data available from the State of Alaska Department of Workforce Development Resource & Analysis Statistics. Communities were selected from the Alaska Gasline Development Corporation's "Alaska Stand Alone Gas Pipeline Plan of Development" (March 2011), and a the State of Alaska Office of the Governors "Stand Alone Gas Pipeline Route Alternatives Analysis" (Sep. 2009).

2010 estimates

Route	Location	Population	Housing Units
Parks	Nenana	376	215
Parks	Tanana	246	136
Parks	Anderson	246	145
Parks	Healy	1034	711
Parks	Cantwell	219	200
Parks	Talkeetna	876	744
Parks	Trapper Creek	481	499
Parks	Willow	2101	1912
Parks	Houston	1912	973
Parks	Big Lake	3350	2780
TOTAL		10,841	8,315

Route	Location	Population	Housing Units
Richardson	Moose Creek	747	332
Richardson	North Pole	2117	916
Richardson	Eielson	2647	848
Richardson	Pleasant Valley	725	396
Richardson	Two Rivers	719	348
Richardson	Harding-brich lakes	299	656
Richardson	Salcha	1095	585
Richardson	Big Delta	591	305
Richardson	Delta Junction	958	517
Richardson	Fort Greely	539	364
Richardson	Paxson	40	179
Richardson	Gakona	218	131
Richardson	Glennallen	483	336

Richardson	Coppsville	155	N/A
Richardson	Copper Center	328	199
Richardson	Lake Louise	46	315
Richardson	Nelchina	59	47
Richardson	Chickaloon	272	251
Richardson	Palmer	5937	2281
Richardson	Knik-River	744	336
Total		18,719	9,342

Route	Total Population of differing locations along routes
Parks (2010)	10,841
Richardson (2010)	18,719

Difference	7,878
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Estimate Range	
(+10%)	8,666
(-10%)	7,090

Mineral development value estimates were provided by Dr. Paul Metz of the University of Alaska. Values were estimated using the "Mineral Occurrence Revenue Estimation and Visualization Tool" (MOREV) which was developed in cooperation with UAF and the Michigan Technical Research Institute (MTRI). MOREV uses geospatial data on metallic and non-metallic mineral resources, and other commodities for Alaska, Yukon, and British Columbia to estimate potential future revenues under pre-define and user-generated scenarios within the existing and future railroad corridors in the regions.

Route	Mineral Development Probability	Total estimated value of mineral development
Parks	10th Percentile	\$843,763,387
Richardson	10th Percentile	\$897,109,410
	difference	\$53,346,023
Parks	50th Percentile	\$14,643,109,869
Richardson	50th Percentile	\$20,167,434,999
	difference	\$5,524,325,130
Parks	90th Percentile	\$68,330,984,020
Richardson	90th Percentile	\$100,018,774,830
	difference	\$31,687,790,810