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OFFICE OF THE GOVERNOR
JUNEAU

November 7, 2006

My Fellow Alaskans,

I firmly believe that the Bradfield electrical intertie is a project that will be a catalyst for power projects throughout Southeast Alaska. Accordingly, I arranged for an appropriation of \$3.2 million to be provided to the Alaska Energy Authority (AEA) in order to study the potential economics of exporting surplus hydropower from Southeast up the Bradfield Canal into British Columbia. This study is now underway and we can expect its conclusions no later than January.

Throughout my tenure, I have continued to pursue the necessary framework for a Bradfield intertie with British Columbia and had opportunities to speak with Premier Campbell on the subject. Recently, the British Columbia Transmission Corporation acknowledged Southeast Alaska as a potential energy generator and identified the need for a planning level evaluation of transmission line capacity necessary to accommodate Southeast Alaska's surplus.

By connecting ourselves to a market in which we sell our surplus hydropower and by reinvesting these earnings in Southeast Alaska, we will be able to expand our electrical network and reduce the burden on local ratepayers. Having the Bradfield transmission line in place justifies the Swan-Tyee intertie costs of construction, maintenance, and operations. Those costs will be covered by surplus hydropower from Southeast Alaska sales without the need to further burden Alaskans. We will be able to use the proceeds from leasing transmission lines to entice new business into Southeast Alaska.

I am most optimistic that AEA's work will bear out my belief that an energy export project is viable and prudent. Therefore, I intend to include \$69 million in next year's recommended capital budget for the Swan-Tyee intertie and the Bradfield intertie. I will encourage the incoming administration to pursue these projects to completion. Your support of this effort and the endorsement of local leaders will assuredly help to convince Alaska's next governor of the merits of this initiative.

To follow AEA's progress or to participate in regional steering committee meetings, please monitor AEA's website for notifications by going to www.akenergyauthority.org/ and clicking on "AEA Project AK-BC Intertie." I encourage all Alaskans to stay informed and be involved.

Sincerely yours,

A handwritten signature in blue ink that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor