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July 8, 2008

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

Today I am transmitting to you the appropriation bill referenced in the call for the second special session for the Alaska Gasline Inducement Act (AGIA). Legislative approval of the AGIA licensee will require funds for the inducement, implementation costs, job training for Alaskans, in-state gas use, and the infrastructure necessary for gas pipeline construction.

The appropriation bill totals nearly \$377 million and includes the following:

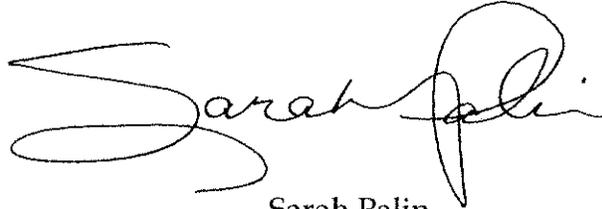
- \$164.0 million to fully capitalize the \$500 million AGIA reimbursement fund when combined with reappropriation of the \$300 million, plus an estimated \$36 million in interest, from the Alaska Housing Finance Corporation into the AGIA reimbursement fund;
- \$31.0 million for planning and design of necessary improvements to the Dalton, Elliott, Richardson, Alaska, and Haines Highways;
- \$75.4 million for Dalton Highway reconstruction;
- \$23.5 million for Haines Highway reconstruction, realignment and Chilkat River Bridge replacement;
- \$42.7 million for workforce development activities;
- \$25.0 million for the Alaska Natural Gas Development Authority for in-state gas use; and
- \$15.0 million to the Department of Natural Resources for gas pipeline implementation.

Project specific back-up is posted on the Office of Management and Budget's website and will be provided to the Finance Committee co-chairs.

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I look forward to a successful special session that results in securing Alaska's economic future through building a natural gas pipeline.

Sincerely,

A handwritten signature in black ink that reads "Sarah Palin". The signature is written in a cursive style with a large, looping "S" at the beginning and a distinct "P" at the end.

Sarah Palin
Governor

Enclosure