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November 17, 2014

Lisa C. Tracy
Acting Director
Division of Natural Gas Regulatory Activities
U.S. Department of Energy (FE-34)
Office of Oil and Gas Global Security
Office of Fossil Energy
1000 Independence Avenue, SW
Washington, D.C. 20585
Via electronic mail: fergas@hq.doe.gov

RE: FE Docket No. 14-96-LNG

Dear Acting Director Tracy:

The Small Business & Entrepreneurship Council (SBE Council) and our nationwide membership of business owners and entrepreneurs strongly support the application by Alaska LNG Project LLC (Alaska LNG) to export LNG from the Kenai Peninsula to countries with which the U.S. does not have a free trade agreement (FTA). Small businesses will greatly benefit from this significant project – both as firms and entrepreneurs working within and supporting the energy sector, and as consumers of natural gas. SBE Council urges the Department of Energy (DOE) to expeditiously approve a liquefied natural gas (LNG) export license for Alaska LNG.

Alaska LNG is vitally important to the U.S. economy and our energy security. America's small businesses and consumers will directly benefit from expanded economic growth and reliable natural gas prices that will result from this project. Exporting LNG – like exporting any other good or service – means new business formation, small business opportunities, increased investment, and quality job growth. In a study published by our organization on November 13, "Benefits of Natural Gas Production and Exports for U.S. Small Businesses: Nationally and in the States," we report on the dominant yet underreported role that small businesses play in the energy sector and in driving America's energy renaissance. Specifically, small and midsize businesses are adding new businesses and jobs in the energy sector at a *far greater pace* than the overall economy.

SBE Council's study found that while total U.S. employment declined by 0.3 percent from 2005 to 2012, jobs grew by 46.1 percent in the oil and gas extraction sector; 61.0 percent in the drilling oil and gas wells sector; 100.2 percent in the support sector for oil and gas operations; 66.1 percent in the oil and gas pipeline and related structures construction sector; and by 67.1 percent in the oil and gas field machinery and equipment manufacturing sector.

The key part of this story is the growth in U.S. small and midsize businesses. Over the seven years covered in the study, the total number of small and midsize employer firms declined, but the number of small businesses in key energy sectors saw substantial growth. In particular, in firms with less than 20 workers: firms drilling oil and gas wells grew by 7.9 percent; businesses supporting oil and gas operations grew by 29.1 percent; construction businesses related to oil and gas pipeline and related structures grew by 12.2 percent; and manufacturing businesses related to oil and gas field machinery and equipment grew by 8.5 percent.

America desperately needs higher levels of entrepreneurship and startup activity to generate the number of U.S. jobs needed to become "whole" from job losses during the recession, and to keep pace with new labor market entrants. Gains that have been made from new businesses and jobs in the energy sector could be expanded further through additional liquefied natural gas (LNG) exports from projects such as Alaska LNG.

While arguments have come from some circles that LNG exports could hurt domestic businesses that use natural gas as an industrial input, "Economics 101" reminds us that the economy is not a zero-sum game. Therefore, expanded demand for U.S. natural gas in international markets will result in greater U.S. natural gas production, increased investment, enhanced GDP growth, rising incomes, and more jobs - just as is the case with increasing exports in other U.S. industries, including those that utilize natural gas. Increased U.S. natural gas production to meet growing global needs obviously points to further strong growth for small and midsize businesses, and for employment. At the same time, the minimal price impact that expanded exports *might* have on domestic prices would have small effects on domestic consumers of natural gas - especially given the enormous declines we've already experienced in natural gas prices. And even those small, potential price increases must be further offset against the effect of the overall positive for economic growth coming via generally lower natural gas prices and expanded natural gas production. Study after study has confirmed these basic tenets of economics and how markets work.

SBE Council is excited about what Alaska LNG's \$45 billion to \$65 billion investment could bring to our economy and its entrepreneurial sector. The size and complexity of the project will need to tap into America's entrepreneurial and innovative strengths, and likely spur new technologies and practices for the energy sector. This is great news for U.S. competitiveness and global energy leadership.

Alaska LNG requires distinctive terms as outlined in their application, which only make sense given the project's unique and massive scale. It is the largest integrated gas and

LNG project of its kind, and with unique construction conditions. Alaska LNG is a far different project from those in the lower 48 states. SBE Council believes the requested 30-year export term and 12-year commencement term are reasonable given the exceptionality of the project.

America's energy boom has brought tremendous business, job and economic growth to the country, especially among small and midsize businesses, which historically have always been the driving economic force in our nation. Such growth and opportunity can be extended to more Americans and small businesses with the expeditious approval of Alaska LNG.

Please do not hesitate to contact me if you have questions, or if SBE Council can provide additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Karen Kerrigan, President & CEO

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Protecting small business, promoting entrepreneurship