

From: [Laura Cramer](#)
To: [Senate Finance Committee](#)
Subject: FW: Section 10 of SCSHB247(FIN)
Date: Wednesday, May 18, 2016 5:14:43 PM
Attachments: [image001.png](#)

Public Testimony

From: Harrington, Shalon [mailto:sharrington@asrc.com]
Sent: Tuesday, May 17, 2016 1:03 PM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Cc: Laura Cramer <Laura.Cramer@akleg.gov>
Subject: Section 10 of SCSHB247(FIN)

Dear Senator MacKinnon,

I am contacting you today on behalf of Petro Star Inc. (PSI), President and CEO, Doug Chapados. We would like to share some concerns PSI and Arctic Slope Regional Corporation (ASRC) have with a specific provision in Senate Finance committee substitute for HB247, currently before your committee for consideration. Section 10 of the bill significantly impacts PSI's investment strategy that was based on refinery tax credit legislation passed in 2014, set to sunset in 2019.

PSI's strategic plans include investment and expansion of our refineries through new products refined and logistical infrastructure. These plans were made economically viable by the state of Alaska in-state refiner tax credit.

Projects already sanctioned totaling \$45 million of investment (2015 & 2016):

- Asphalt Unit at the North Pole Refinery
- Naphtha Splitter Unit at the North Pole Refinery
- Expansion of our Kodiak Tank Farm

We are currently in the process of performing diligence on a significant, integrated project that would allow for PSI to produce gasoline and improve our distribution network of refined products across the state of Alaska. Total investment within the state would be in excess of \$100M. PSI was planning on gaining approval of this project from the ASRC board in June, with detailed design starting immediately. At this time we believe that the project's viability is dependent on tax credits and it is all but certain that this project will not move forward if the in-state tax credits are modified as currently reflected in the Senate Finance CS.

Key benefits of this project are:

- Introduction of another source of gasoline into the state of Alaska which should benefit Alaskan consumers
- Overall, more competitive pricing on all products through access to the Alaska Railroad's distribution system
- Providing meaningful revenue opportunities to the Alaska Railroad through the leasing of Railroad property and utilization of their freight distribution system
- Spending of in excess to \$100M on construction of the total project in Valdez, the

Interior and the greater Southcentral area

I truly appreciate your time and attention to this urgent message. Please feel free to contact me or Doug Chapados directly if you have any questions or need additional information.

Most Sincerely,
Shalon Harrington

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