



## RESOLUTION 2012-05

### A Resolution Supporting Research of Transporting Natural Gas to Interior Alaska

**Whereas,** the Richardson Highway transportation corridor from Fairbanks in the Interior to tidewater in Valdez is home to over 110,000 Alaskans. It is the home of three major military facilities: Fort Wainwright near Fairbanks, Eielson Air Force Base near North Pole, and Fort Greely near Delta Junction.

**Whereas,** the Richardson has been the route of the Trans-Alaska Pipeline (TAPS) for over 30 years, yet our homes and businesses are starving for affordable energy.

**Whereas,** the Highway Interior needs affordable energy to heat people's homes and fuel their vehicles, but people need jobs too. The TAPS statutory policy of high oil producer taxation and selling State royalty oil for the highest dollar has produced a Permanent Fund Dividend that benefits all Alaskans equally, but has produced unsustainable energy expenses for the Interior.

**Whereas,** individuals get Permanent Fund Dividends every year, but our employers, businesses, schools, military bases, and other users get nothing but the high cost. Businesses are constrained or lost and with their disappearance comes empty houses and family out-migration.

**Whereas,** Eielson AFB will now possibly relocate a major portion of its functions with the loss of hundreds of jobs due to high cost of operations, a large part of which is energy cost related. Refining is uneconomic and Flint Hills Refinery is partially shut down due to the high cost of State royalty oil. Our electric cooperative, Golden Valley Electric Association, is now forced to sell electricity at over 20¢ a KWH due to the cost of State royalty oil.

**Whereas,** it is understood that Alaska is a very small market and that to properly amortize the cost of the TAPS pipeline a much bigger market is needed, thus the terminus in Valdez where the vast majority of oil is shipped to the world market. Tax policy and economies of scale thus produce the puzzling fact that much of the petroleum products used in the Interior are produced from TAPS oil that is shipped to the Lower 48, processed and transported back here to be sold at a price lower than is possible with local production.

**Whereas,** Alaskans have recognized for many years that the vast North Slope supply of natural gas holds the best promise of reasonably priced energy for the Interior road system, provided that this gas can be brought to market in Alaska relatively inexpensively, which may well have to include a different tax and royalty gas pricing structure than what currently exists under TAPS.

Whereas, economic laws undoubtedly function similarly with natural gas, and a gas pipeline to the Lower 48 or to Valdez tidewater would have been built long ago by private enterprise venture capital if it were clearly profitable. However, it is particularly peculiar that Flint Hills and GVEA can combine to somewhat cut the cost of Interior energy production by building a processing plant on the North Slope and operating a fleet of tanker trucks to haul natural gas hundreds of miles over gravel roads to North Pole to replace their current feedstock coming straight out of the TAPS pipe.

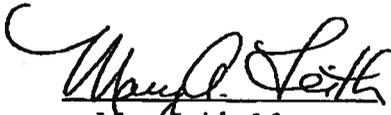
Whereas, it is also particularly peculiar that the Legislature would seriously consider using State dollars otherwise available for statewide capital projects to build a small diameter "bullet line" from the Slope to Anchorage that bypasses Fairbanks, North Pole, Delta Junction, Glennallen and Valdez when Anchorage clearly has nearby proven natural gas reserves of its own under a lower tax structure than TAPS.

Now therefore be it Resolved by the City of Delta Junction, that

1. The City of Delta Junction, on behalf of the 5,000 residents of our area, hereby supports construction of a gas pipeline from the North Slope to the Interior and on to Valdez tidewater along the Richardson Highway corridor, with a potential arm from Glennallen to Anchorage.
2. That natural gas be made available in the Interior to businesses, schools, electric cooperatives, military bases, and individual consumers at a reasonable rate so as to reduce the current uneconomic cost of energy.
3. That we go on record as opposing construction of a "bullet line" constructed with State dollars to serve mainly Anchorage and outlying communities.

PASSED AND APPROVED this 19th day of June 2012.

ROLL CALL	YES	NO	ABSENT	ABSTAIN
Seat A: Leith	x			
Seat B: Musgrove	x			
Seat C: Saarloos	x			
Seat D: Stebbins			x	
Seat E: Grossmann	x			
Seat F: Porter	x			
Seat G: Hallgren	x			

  
 Mary Leith, Mayor



  
 Pat White, City Clerk

**CITY OF VALDEZ, ALASKA**

**RESOLUTION 13-16**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA OPPOSING HOUSE BILL FOUR (HB4) OF THE TWENTY-EIGHTH ALASKA STATE LEGISLATURE AND THE ASAP GASLINE IT WOULD PROMOTE**

**Whereas natural gas reserves in Southcentral Alaska are dwindling; and**

**Whereas Interior Alaska and rural communities off the existing gas grid are paying the highest energy costs in the country; and**

**Whereas 90 percent of state revenues are dependent on declining oil production, creating a desperate need for new sources of state revenue; and**

**Whereas House Bill 4 (HB4) currently being considered by the Alaska Legislature, is the enabling legislation for the Alaska Stand Alone Pipeline (ASAP) concept; a state subsidized, thin-walled, low-volume, low-pressure gas pipeline that will ultimately cost upwards of \$10 billion to build; and**

**Whereas the HB4 - ASAP project will not generate any new revenues for Alaska; and**

**Whereas the Alaska Constitution states that our resources must be developed for the maximum benefit of all Alaskans, yet the HB4 - ASAP project will limit benefits of our North Slope gas resources to only about 50 percent of Alaska's residents; and**

**Whereas the so-called "ASAP" line will take upwards of 10 years to build and is therefore not a short-term solution and will not do anything to solve the state's immediate energy needs; and**

**Whereas according to the HB4 - ASAP project plan, energy costs for residents of Southcentral Alaska will increase significantly under this small-volume project (example: Anchorage under ASAP would be \$9 - \$11.25/MMBtu, current price ~\$8.60/MMBtu); and**

**Whereas the HB4 - ASAP project will leave the valuable gas liquids (propane, butane, etc) stranded on the North Slope, depriving the state of the thousands of high-paying, long-term jobs these resources represent; and**

**Whereas HB4 will exempt the Alaska Gasline Development Corporation (AGDC) from public records laws, removing any responsibility to operate with transparency and**

public oversight and will consolidate the gas pipeline decision-making process entirely into AGDC, removing the checks and balances that should be provided by the public, the governor and the legislature; and

Whereas there is a far better alternative to the HB4 - ASAP project; and

Whereas building a Maximum Volume Pipeline (MVP) fulfills the voter mandate of 2002, when Alaskans overwhelmingly voted in favor of a large state owned gas pipeline to tidewater (AS 41.41.010); and

Whereas the Maximum Volume Pipeline (MVP) is an 800-mile, large-volume gas pipeline from Prudhoe Bay to tidewater in Southcentral that is consistent with the project currently being pursued by the North Slope Oil Producers and the State of Alaska under the AGIA process; and

Whereas a Maximum Volume Pipeline will deliver the cheapest possible energy to all Alaskans through the economies of scale that become possible due to exports; and

Whereas the LNG exports associated with a MVP project could generate State revenues between \$220 billion and \$419 billion over the life of the project. These annual State revenues from the MVP project are projected to start at \$2.4 billion in the first year and climb each year to \$24 billion in year 30; and

Whereas revenues generated by a MVP project, could continue to fund critical state programs, such as education, transportation, and public safety, despite future projections of falling state oil revenues; and

Whereas during the last Open Season in September of 2012, letters of interest were received from the Asian market indicating their desire to purchase Alaskan liquefied natural gas (LNG) at quantities equal to twice the amount needed to make the MVP project commercially viable; and

Whereas because a liquefied natural gas (LNG) terminal is included in a Maximum Volume Pipeline project, it will provide opportunities to ship affordable energy to communities all across Alaska; and

Whereas the MVP project has always enjoyed bipartisan support, with proponents including the late Alaska statesmen Gov. Bill Egan, Gov. Jay Hammond, Gov. Wally Hickel, and U.S. Sen. Ted Stevens; and

Whereas the HB4 - ASAP concept is a dangerous diversion that draws time, attention and resources away from the large-volume project that Alaska truly needs; and

Whereas it is completely unrealistic to assume that two multi-billion dollar gas pipeline projects will be developed within the next 20-year timeframe; and

Whereas if the HB4 - ASAP concept goes forward, we will lose the opportunity for a Maximum Volume Pipeline (MVP) that can generate long-term revenue, create long-term jobs, and provide affordable energy for all Alaskans for generations to come.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

Section 1. The City Council **strongly** urges the Alaska State Legislature to defeat House Bill 4 and/or any substantially similar legislation; and to support legislation that facilitates the development of a large volume, high pressure, natural gas pipeline to tidewater; one which includes transportation of all gas liquids, enables distribution of energy throughout the state, and supports exports sufficient to generate meaningful future state revenues.

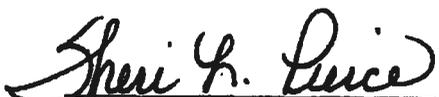
Section 2. This resolution is effective upon adoption and is to be immediately transmitted to every member of the Alaska State Legislature, the House and Senate Resource Committees, the House and Senate Finance Committees, the House Special Committee on Energy, the Senate Special Committee on In-state Energy, and Governor Sean Parnell.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 18<sup>th</sup> day of March, 2013.

CITY OF VALDEZ, ALASKA

  
Dorothy M. Moore, Mayor Pro Tempore

ATTEST:

  
Sheri L. Pierce, MMC, City Clerk

