

Lynn Willis, Eagle River, March 6, 2015, Testimony regarding HB132

I remember when, with much fanfare, the AGDC/ASAP pipeline was described as our "ace in the hole" or "backup" to the AKLNG project. That strategy absolutely made the AGDC/ASAP a competing project to some degree as it was intended to motivate the producers into action. Now AGDC/ASAP has become the Cheshire cat of Alaska - morphing into whatever you want it to be and all you often see is the smile. With the removal of the AGIA restriction of 500 million cubic feet per day why shouldn't the AGDC/ASAP project explore being a more economically viable project benefiting from increased volumes for sale?

The Alaskan Government cannot decide the fate of any gas line project. With all due respect, the point of decision "boardroom" for these projects will be the boardroom(s) of those who hold the leases for the gas and the boardroom(s) of those who might purchase the gas in the volumes necessary to make it viable. This has been reality since day one. Please stop deluding us and, more importantly, yourself.

And how many "bites" of the gas pipeline apple do think Alaska can afford. We already have spent over \$300 million on AGIA with not an inch of pipe purchased nor a molecule of gas sold. Now we face, according to your own consultants, in the next few years \$50-125 million of investment in AKLNG Pre-feed and perhaps another \$250-\$500 million equity investment in Feed costs alone (ref page 4 of enalytica presentation "AKLNG 101" dated February 16, 2015). How could we possibly afford another "do over" with an AGDC/ASAP project?

In my opinion, a sovereign has no business being in business as an equity partner. Our political system does not rely on "nationalized" industry and this AKLNG equity partnership is a poor compromise. The role of the sovereign is to tax, regulate and provide maximum benefit to the governed and equal opportunity for all - not to blatantly pick sides. Isn't this "partnership" in AKLNG intended, at least to some degree, intended to compensate for the malfeasance of those who created the fiscal mess we find ourselves in by not acting as responsible stewards of our revenues and cash reserves?