

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.

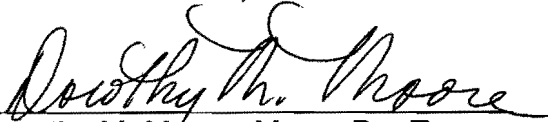
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

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

