

ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

Senate Bill 153:

"An Act relating to a gas storage facility; relating to the tax credit for a gas storage facility; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to the regulation of natural gas storage as a utility; relating to the powers and duties of the director of the division of lands and to lease fees for a gas storage facility on state land; and providing for an effective date."

The cost of energy is crippling Interior Alaska's economy. The ever increasing expense of heating homes and operating businesses during the long, cold, dark winter hurts the ability of Interior Alaskans to put food on the table today and plan for the future. The Fairbanks community spends over \$600 million per year on space heating, pays the highest natural gas prices in the country and does not receive the state energy incentives or subsidies available to residents and communities in other regions of our state.

Senate Bill 153 incents the private sector's delivery of lower cost natural gas to Interior Alaska by extending tax credits available for natural gas storage in Cook Inlet to a liquid natural gas trucking project for the Interior. A new credit for construction of gas storage tanks makes this program more flexible to fit the varying needs of gas delivery throughout the state. This legislation applies to tanked storage with a minimum volume of one million gallons. The amount of the credit is limited to 50% of construction costs up to \$15 million. This allows areas of Alaska that do not have depleted gas reservoirs available, as Cook Inlet does, to still receive the same monetary incentive as Southcentral despite the higher capital costs per volume associated with constructing above ground tanks for storing LNG.

SB 153 would allow Golden Valley Electric Association, Flint Hills Refinery or another gas supplier to take concrete steps toward delivering sizeable volumes of trucked natural gas to the Interior. All money from these credits for tanked storage would be under the oversight of the Regulatory Commission of Alaska, ensuring that any savings are passed along to the rate payer thereby lowering costs and keeping more dollars in the local community.

I urge you to join me in lowering Interior Alaska's energy costs by supporting Senate Bill 153.