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Bullock
4/16/14

CS FOR HOUSE CONCURRENT RESOLUTION NO. 22()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES TAMMIE WILSON, Feige

A RESOLUTION

Urging the governor and the attorney general to seek a settlement and resolution of TAPS quality bank disputes before January 1, 2015, in a manner that will provide long-term quality bank stability and reduce the cost of quality bank adjustments paid by in-state refiners of Alaska North Slope crude oil.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS refineries in the state provide employment and economic opportunities to communities throughout the state; and

WHEREAS the state receives direct and indirect financial benefits from the operation of in-state refineries by way of TAPS quality bank charges and royalty-in-kind sales of oil; and

WHEREAS the Flint Hills and Petro Star refineries mitigate the effects of low oil flow in the Trans Alaska Pipeline System by increasing the temperature of the crude oil in the pipeline as a result of refinery operations; and

WHEREAS Petro Star Inc. is the supplier of jet fuel and marine diesel to military bases in the state; and

1 **WHEREAS** the Ted Stevens International Airport is the largest cargo hub in North
2 America and offers a market opportunity for the manufacture and sale of jet fuel that is
3 refined in the state; and

4 **WHEREAS** the sale of jet fuel that is refined in the state adds value to the state's
5 crude oil, and in-state refining provides refined products to meet other energy needs in the
6 state; and

7 **WHEREAS** refineries in the state face increasing competition from imported jet fuel
8 and other refined products; and

9 **WHEREAS** the cost of obtaining crude oil for refineries in the state is higher than that
10 for out-of-state refineries because of TAPS quality bank charges, higher energy costs, and
11 crude oil prices that are higher than the price of West Texas Intermediate crude oil; and

12 **WHEREAS**, in February 2014, Flint Hills Resources Alaska LLC announced plans
13 for closing the company's refinery in North Pole; and

14 **WHEREAS** the absence of refineries in the state would directly and indirectly
15 negatively affect the labor market in the state, negatively affect the state's general fund,
16 jeopardize the security of Alaska's military bases, and drive up the long-term cost of fuel
17 products for the people of the state; and

18 **WHEREAS** the TAPS quality bank and the cost of adjustments that must be paid by
19 refineries in the state have, for many years, been subject to prolonged and recurrent litigation
20 before the Federal Energy Regulatory Commission and the Regulatory Commission of
21 Alaska;

22 **BE IT RESOLVED** that the Alaska State Legislature urges the governor and the
23 attorney general to seek a settlement and resolution of TAPS quality bank disputes before
24 January 1, 2015, in a manner that will provide long-term quality bank stability and reduce the
25 cost of quality bank adjustments paid by in-state refiners of Alaska North Slope crude oil.