

HB 132 Hearing before Senate Resources on March 25, 2015

Public Testimony of Harold Heinze

Thank you madam Chair for providing the opportunity today for public comment. I have a few brief observations that I would like you to consider as potential amendments improving on the House passed version of HB 132.

I am a 40 plus year resident of Alaska and have pipeline experience spanning half a century. My experiences have been at both technical and executive levels in both the private and public sector.

I have followed the re-birth and development of the Alaska LNG project over the last few years. In SB 138 the 28th Legislature's firmly committed to the State's partner participation in the producer sponsored pre-FEED evaluation of the AK LNG project. I understand that work is continuing under the associated agreements in preparation for a special Legislative session this fall.

In the House floor consideration of HB 132 on Monday night, strong reference was made to the fact that the Legislature was the Board of Directors for the State's participation in the AK LNG project. I agree and actually had made the same statement in my testimony before the House Resources Committee. I hope this body will consider that role and its implications carefully.

In particular, the project investment and participation decision you will be making this fall is one of the biggest and most important in Alaska's history. It is also a decision that risks major elements of Alaska's resource base and fiscal strength. Given this magnitude of decision before the "Board", each member individually will be acting as a

“fiduciary” and responsible to assure that he or she has exercised a high level of due diligence.

My observation to you is that while much info has been generated, you as individuals still lack major information under several categories of importance to a fiduciary.

The current “instructions” contained in HB 132 appear to narrow considerations that will be brought forward to the Legislature and public. This legislation can be expanded to be a vehicle to signal the need for fuller evaluation of rewards, alternative approaches, benefits, and alternative projects –and- to make them publicly available before your decision, rather than after. With small amendment, HB 132 could be used to instruct a range of other State entities such as the Royalty Board and the Oil and Gas Conservation Committee to complete all their involvements by the fall session.

It seems to me that the discussion of HB 132 this week reveals more concern about influencing the producer’s decision on a multi-tens of billion dollar project investment then assuring that the State’s same decision is wisely made by 60 well informed fiduciaries that have exercised full due-diligence. This Committee could take the lead in assuring that serious consideration is given to all matters that may affect your vote up or down in the fall on Alaska’s direct participation in the AK LNG project.