

CS FOR SENATE JOINT RESOLUTION NO. 4(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 5/8/07

Referred: Rules

Sponsor(s): SENATORS WIELECHOWSKI, Ellis, Davis

A RESOLUTION

1 **Urging the United States Department of Energy to consider the needs of the people of**
2 **the state for natural gas and the status of natural gas reserves in Cook Inlet when**
3 **considering a possible extension of the Kenai Liquefied Natural Gas Plant's export**
4 **license; and urging the producers of natural gas in the Cook Inlet region and the**
5 **Regulatory Commission of Alaska to work to secure long-term and affordable supplies**
6 **of natural gas for the people and businesses of the state.**

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

8 **WHEREAS** approximately 340,000 people in the state, more than half of the state's
9 population, rely on natural gas from Cook Inlet to heat their homes; and

10 **WHEREAS** approximately 473,000 people in the state, nearly 71 percent of the state's
11 population, rely on natural gas from Cook Inlet to generate electricity for their homes and
12 businesses; and

13 **WHEREAS** these people live in communities from Fairbanks to the Kenai Peninsula,
14 including Anchorage and the Matanuska-Susitna Borough; and

1 **WHEREAS** natural gas produced from Cook Inlet is the sole source of natural gas
2 used by the two largest regulated utilities in the state to provide space heating and electrical
3 generation for the majority of the people in the state; and

4 **WHEREAS** the utilities that use natural gas produced from Cook Inlet currently are
5 not able to acquire natural gas from another state, Canada, or a foreign source of liquefied
6 natural gas; and

7 **WHEREAS** ConocoPhillips and Marathon Oil Corporation have jointly filed for a
8 two-year extension of the Kenai Liquefied Natural Gas Plant's export license with the United
9 States Department of Energy; and

10 **WHEREAS** the Kenai Liquefied Natural Gas Plant currently exports about 1,300,000
11 metric tons of liquefied natural gas annually to buyers in Tokyo, representing approximately
12 36 percent of the natural gas produced in the Cook Inlet region; and

13 **WHEREAS** the Kenai Liquefied Natural Gas Plant plays an important role in the
14 local and state economy, directly and indirectly employs many Alaskans, and generates
15 revenue for the state and the Kenai Peninsula Borough; and

16 **WHEREAS** the supply of natural gas in Cook Inlet relative to the demand has
17 declined significantly in recent years, and production is forecasted to decline precipitously
18 over the next decade; and

19 **WHEREAS** the decline in supply relative to demand has resulted in skyrocketing
20 prices for local consumers, increasing home heating costs by 97 percent in the last five years
21 and causing hardship for many low-income and middle-income families; and

22 **WHEREAS**, although the renewal of the license to export liquefied natural gas offers
23 many benefits to the state, the state must have as a priority the availability of affordable
24 natural gas to meet the needs of its people;

25 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the United
26 States Department of Energy, when reviewing the request for the extension of the Kenai
27 Liquefied Natural Gas Plant's export license, to consider whether the needs of the people of
28 the state for natural gas for home heating and electrical generation during the period of the
29 possible extension will be fully satisfied through binding contracts between regulated utilities
30 and those persons who produce natural gas in Cook Inlet; and be it

31 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the

1 United States Department of Energy to consider the status of the natural gas reserves in Cook
2 Inlet, the speed at which the reserves are being depleted, and the level of exploration to
3 discover new reserves in Cook Inlet; and be it

4 **FURTHER RESOLVED** that the Alaska State Legislature urges natural gas
5 producers in the Cook Inlet region to work expeditiously with local utilities to ensure an
6 adequate and affordable long-term supply of natural gas for Alaskans; and be it

7 **FURTHER RESOLVED** that the Alaska State Legislature urges the Regulatory
8 Commission of Alaska to expedite review of any utility contract that will provide long-term
9 and affordable supplies of natural gas for the people of the state.

10 **COPIES** of this resolution shall be sent to the Honorable Samuel W. Bodman, United
11 States Secretary of Energy; the Honorable Talis J. Colberg, Alaska Attorney General; the
12 Honorable Tom Irwin, Commissioner, Department of Natural Resources; the Honorable Emil
13 Notti, Commissioner of the Department of Commerce, Community, and Economic
14 Development; the Honorable Kate Giard, Chair of the Regulatory Commission of Alaska; Jim
15 Bowles, President, ConocoPhillips Alaska, Inc.; John Barnes, Alaska Asset Team Manager,
16 Marathon Oil Company; John Zager, General Manager, Chevron.