

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ENERGY**

February 3, 2009

3:03 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Charisse Millett, Co-Chair
Representative Nancy Dahlstrom
Representative Kyle Johansen
Representative Jay Ramras
Representative Pete Petersen
Representative Chris Tuck

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE CONCURRENT RESOLUTION NO. 2

Requesting the governor to provide energy security for all Alaskans by pursuing development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region; and requesting the governor to identify and negotiate with one or more persons capable of producing natural gas from the Gubik area, and other areas on the North Slope if necessary, in sufficient quantities to support a bullet pipeline project.

- MOVED HCR 2 OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 3

Requesting the governor to provide energy security for all Alaskans by taking and encouraging all action that would support a natural gas bullet pipeline from the North Slope to the Cook Inlet region, including initiating any necessary negotiations to reopen the Agrium plant in Kenai.

- MOVED HCR 3 OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 4

Requesting the governor to provide energy security for Alaskans by taking and encouraging all action to support development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region including advocating an increase in the amount of natural gas that may be exported under authority granted by the United States Department of Energy.

- MOVED HCR 4 OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 5

Requesting the governor to provide energy security for all Alaskans by working on significant elements and components to support the timely construction of a natural gas bullet pipeline from the North Slope to the Cook Inlet region and to take necessary action to assist and facilitate the process for a private entity to make a final investment decision to commit to the pipeline before November 1, 2010.

- MOVED HCR 5 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HCR 2

SHORT TITLE: IN-STATE GAS PIPELINE
SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
01/21/09 (H) ENE, RES
02/03/09 (H) ENE AT 3:00 PM BARNES 124

BILL: HCR 3

SHORT TITLE: IN-STATE GAS PIPELINE
SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
01/21/09 (H) ENE, RES
02/03/09 (H) ENE AT 3:00 PM BARNES 124

BILL: HCR 4

SHORT TITLE: IN-STATE GAS PIPELINE
SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
01/21/09 (H) ENE, RES
02/03/09 (H) ENE AT 3:00 PM BARNES 124

BILL: HCR 5

SHORT TITLE: IN-STATE GAS PIPELINE
SPONSOR(s): REPRESENTATIVE(s) RAMRAS

01/21/09 (H) READ THE FIRST TIME - REFERRALS
01/21/09 (H) ENE, RES
02/03/09 (H) ENE AT 3:00 PM BARNES 124

WITNESS REGISTER

FRANK ABEGG, Volunteer
Fairbanks Economic Development Corporation (FEDC)
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of the bullet gas line.

ELIZABETH GRAY, Assistant Manager
Matanuska-Susitna Borough

Palmer, Alaska

POSITION STATEMENT: Testified in support of the bullet gas line.

MARK MAYO, Planning Director
Matanuska-Susitna Borough
Palmer, Alaska

POSITION STATEMENT: Testified in support of the bullet gas line.

CURTIS THAYER, Director
Corporate & External Affairs
ENSTAR Natural Gas Company
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HCR 2, HCR 3, HCR 4, and HCR 5.

LISA PARKER, Spokesperson
Agrium U.S.
Agrium Inc.
Kenai, Alaska

POSITION STATEMENT: Testified in support of HCR 3.

JERRY MCCUTCHEON,
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to the construction of a natural gas line.

ACTION NARRATIVE

[3:03:25 PM](#)

CO-CHAIR CHARISSE MILLETT called the House Special Committee on Energy meeting to order at 3:03 p.m. Representatives Dahlstrom, Ramras, Petersen, Tuck, Edgmon, and Millett were present at the call to order. Representative Johansen arrived as the meeting was in progress.

HCR 2-IN-STATE GAS PIPELINE
HCR 3-IN-STATE GAS PIPELINE
HCR 4-IN-STATE GAS PIPELINE
HCR 5-IN-STATE GAS PIPELINE

[3:03:36 PM](#)

CO-CHAIR MILLETT announced that the order of business would be HOUSE CONCURRENT RESOLUTION NO. 2, Requesting the governor to provide energy security for all Alaskans by pursuing development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region; and requesting the governor to identify and negotiate with one or more persons capable of producing natural gas from the Gubik area, and other areas on the North Slope if necessary, in sufficient quantities to support a bullet pipeline project; HOUSE CONCURRENT RESOLUTION NO. 3, Requesting the governor to provide energy security for all Alaskans by taking

and encouraging all action that would support a natural gas bullet pipeline from the North Slope to the Cook Inlet region, including initiating any necessary negotiations to reopen the Agrium plant in Kenai; HOUSE CONCURRENT RESOLUTION NO. 4, Requesting the governor to provide energy security for Alaskans by taking and encouraging all action to support development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region including advocating an increase in the amount of natural gas that may be exported under authority granted by the United States Department of Energy; and HOUSE CONCURRENT RESOLUTION NO. 5, Requesting the governor to provide energy security for all Alaskans by working on significant elements and components to support the timely construction of a natural gas bullet pipeline from the North Slope to the Cook Inlet region and to take necessary action to assist and facilitate the process for a private entity to make a final investment decision to commit to the pipeline before November 1, 2010.

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CO-CHAIR EDGMON moved to hear as a block HCR 2, HCR 3, HCR 4, and HCR 5, and objected for discussion purposes. [Therefore, the committee heard the resolutions individually.]

HCR 2-IN-STATE GAS PIPELINE

CO-CHAIR MILLETT announced that the first order of business would be HCR 2, HOUSE CONCURRENT RESOLUTION NO. 2, Requesting the governor to provide energy security for all Alaskans by pursuing development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region; and requesting the governor to identify and negotiate with one or more persons capable of producing natural gas from the Gubik area, and other areas on the North Slope if necessary, in sufficient quantities to support a bullet pipeline project.

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REPRESENTATIVE RAMRAS, speaking as the Prime Sponsor of HCR 2, HCR 3, HCR 4, and HCR 5, requested that, although the resolutions were moved as a block, the discussion of each resolution be taken in sequence. He said that he preferred to "move them as a block, but to vote them out individually" Representative Ramas then introduced HCR 2 and said that the resolution recognizes that it is in the best interest of all Alaskans to move forward on an in-state gas line. He explained that the construction of a large diameter pipeline either by the Alaska Gasline Inducement Act (AGIA), or by Denali-The Alaska Gas Pipeline, does not offer a timely solution to the availability of in-state natural gas. For example, diesel based economies simply can not continue to endure sub-arctic temperatures at a cost of \$4.50 per gallon for home heating fuel. The first consideration in pursuit of an in-state gas line is the certainty of supply: a primary supply and a contingent supply. Representative Ramras noted that HCR 2

recognizes the value of producing natural gas from the Gubik area and also the value of a contingent supply from other areas. To illustrate the importance of a contingent supply of gas, he explained that a 20-inch pipeline is capable of [transporting] up to 500 million cubic feet (mcf) per day, or approximately 180 billion cubic feet (bcf) per year - amortized over 20 years - therefore, 3.6 trillion cubic feet (tcf) of gas is needed. However, only 600 bcf gas is proven from the Gubik area and the actual discovery may be less.

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REPRESENTATIVE RAMRAS summarized that HCR 2 directs the governor and her administration to help source a contingent supply of gas so that there will be a sufficient supply to amortize a 20-inch pipeline. He concluded:

... [HCR 2] recommends that [sources of natural gas are found in] other areas on the North Slope, if necessary, in sufficient quantities to support a bullet line project.

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CO-CHAIR MILLETT opened public testimony.

[3:10:22 PM](#)

FRANK ABEGG, Volunteer, Fairbanks Economic Development Corporation (FEDC), informed the committee that he is a retired citizen active with the Fairbanks Economic Development Corporation (FEDC). He said that a group of Fairbanks residents has been studying energy and better health issues, such as the fine particulate matter (PM2.5) problem, for the past three years. In fact, the group of volunteers studied the state energy profile, including the use of fuel oil and its pricing structure, pipelines, [gas] supply issues, the gas market, and the gas field. The group will soon publish a report through FEDC titled, "In-state Gas Pipeline Options." The publication will report findings on the Alaska Natural Gas Development Authority (ANGDA) gas pipeline, the spur line, the ENSTAR Natural Gas Company bullet line, and the supply of liquefied natural gas (LNG) by Fairbanks Natural Gas, LLC. Each proposal holds "good things and ... bad things, but when you look at the Anchorage area and Fairbanks the one project ... that brings the most promise is the bullet line ... [that] would connect the major Railbelt areas," he said.

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MR. ABEGG further explained that the community of Fairbanks burns about 50 million gallons of fuel oil per year for residential and commercial heating. If 70 percent of that market could be moved to gas it would improve the PM2.5 [air quality] and also save

\$120 million based on a fuel oil cost of \$2.50 per gallon. Adding electric utilities and refineries that also burn fuel oil would double the savings to \$250 million per year. He opined that if Anchorage gas prices increase by \$3 due to the necessity to pay for imported LNG, the cost could be an extra \$250 million for residential, commercial, and utility consumers. This amount added to the savings for the Fairbanks area equals the annual cost of the bullet line: A \$4 billion bullet line at 12 percent equals a rate of return of \$500 million per year.

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MR. ABEGG warned that the "do-nothing scenario" is going to cost Alaska one way or another; therefore, anything the state can do to expedite the bullet line in the next five years is critical to Alaska's economy, air quality, jobs, and the ability for Alaskans to obtain access to a resource. Speaking as a public citizen, he expressed his strong support for the bullet line.

[3:15:19 PM](#)

ELIZABETH GRAY, Assistant Manager, Matanuska-Susitna Borough, informed the committee that she is the Assistant Manager for the Matanuska-Susitna Borough and stated the borough's support for the construction of a natural gas [pipe]line to help meet the immediate gas needs of Southcentral and Interior Alaska. She observed that Cook Inlet gas supplies are dwindling, while the demand for natural gas is growing. Projections show that in 2010, local natural gas supplies in Southcentral will begin to fall short; in fact, 52 percent of the state will be affected by the shortage of gas supplies. She opined that the proposed bullet natural gas pipeline can be completed in the next few years to meet gas needs and to create new economic activities. The Matanuska-Susitna Borough supports the creation of a gas line to provide energy security for the state and to facilitate natural resource extraction, value-added processing, the development of a cement production plant at Globe Creek, and the possible reactivation of the Agrium, Inc. (Agrium), fertilizer plant in Kenai.

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MS. GRAY called the committee's attention to the proposed rail line extension from the Alaska Railroad Corporation mainline to Port MacKenzie and said that it will help lower the cost of the construction of the bullet line by an estimated \$100 million. She referred to a 2008 study by the University of Alaska Anchorage (UAA) Institute of Economic Research (ISER) that indicated the additional resource extraction facilitated by the rail extension will generate from 500 to 1,000 jobs. Moreover, according to Northern Economics, the rail extension project itself will generate 3,200 to 3,400 construction jobs. She concluded that the Matanuska-Susitna Borough strongly supports the immediate construction of the bullet natural gas line and

rail extension in order to diversify the economy and limit the state's dependence on federal government and petroleum industry jobs.

[3:18:48 PM](#)

MARK MAYO, Planning Director, Matanuska-Susitna Borough, expressed his agreement with the previous speaker.

[3:19:01 PM](#)

CURTIS THAYER, Director, Corporate & External Affairs, ENSTAR Natural Gas Company (ENSTAR), said ENSTAR supports all four resolutions, as they go hand-in-hand to provide the foundation for the [bullet gas line] project. He emphasized the need for an industrial anchor such as LNG or Agrium, that can establish a reasonable tariff for the residential consumers along the Railbelt. He pointed out that, fifteen months ago, the legislature recognized the need to reduce the tax rate for the in-state use of gas; as a result there is renewed development in the Gubik area, in the Nenana Basin and at the Yukon Flats. Moreover, ENSTAR has committed millions of dollars toward work on the bullet line and has proved gas in Gubik. If necessary, additional sources of gas will come from the North Slope to provide the energy needed for Southcentral and the Interior for the next 50 years. Mr. Thayer stressed that there is an accessible in-state market consisting of Fairbanks, Golden Valley Electric, and Flint Hills Resources, along with potential customers such as Eielson Air Force Base and Ft. Wainwright Army Base.

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MR. THAYER continued to identify possible customers for natural gas from the bullet line such as Chugach Electric Association, Matanuska Electric Association (MEA), Agrium, and other industrial consumers. He concluded by assuring the committee that ENSTAR is committed to the bullet gas line and supports HCR 2, HCR 3, HCR 4, and HCR 5.

[3:22:44 PM](#)

CO-CHAIR MILLETT closed public testimony.

[Although not formally stated, it was understood that Co-Chair Edgmon removed his objection.]

[3:22:53 PM](#)

REPRESENTATIVE DAHLSTROM moved to report HCR 2 out of committee with individual recommendations and no attached fiscal note. There being no objection, it was so ordered.

[3:23:23 PM](#)

The committee took an at-ease from 3:23 p.m. to 3:25 p.m.

HCR 3-IN-STATE GAS PIPELINE

[3:25:43 PM](#)

CO-CHAIR EDGMON moved to hear HCR 3 and objected for purposes of discussion.

[3:26:26 PM](#)

REPRESENTATIVE RAMRAS explained the purpose of introducing resolutions that incrementally address how to build the in-state gas line. In fact, the construction of a bullet line has incremental components, thus the first resolution sources out a supply of gas. The second resolution, HCR 3, addresses re-opening of the Agrium plant. Representative Ramras reminded the committee the fuller the pipe, the lower the tariff, and it is in the state's best interest to have a full pipe; however, light commercial and residential consumption of natural gas throughout the Railbelt represents only 60 billion cubic feet (bcf) per year and would fill the pipe to one-third of its capacity. Re-starting the Agrium plant would demand another 60 bcf per year of industrial usage, in addition to reinstating 250 jobs in the Kenai area. He opined that more economical energy from the bullet line "solves the [economical] problem for Agrium."

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REPRESENTATIVE RAMRAS continued to explain that the cost of fertilizer in the state is anticipated to rise by 400 percent due to the closing of the Agrium plant. In addition, the company was contributing to Alaska's short list of value-added products by exporting urea to much of the world; however, this industry requires a source of cheap natural gas. An additional benefit of the plant's operation was to provide affordable fertilizer to the green belts in the Matanuska-Susitna (Mat-Su) Valley and Delta Junction, possibly for the future growth of bio-fuels. He stressed that operation of the Agrium plant serves many functions for the Kenai area, the Mat-Su Borough, the Delta region, and for recreational gardeners across the state. Representative Ramas surmised that the present administration's only involvement in this situation is to determine the company's production tax status. He expressed his belief that the administration can take a more active role in restoring the operation of the Agrium plant; in fact, Agrium officials desire contact with the administration, and that contact is encouraged by HCR 3.

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REPRESENTATIVE PETERSEN asked whether building the bullet line will delay the building of the major natural gas pipeline.

[3:34:35 PM](#)

REPRESENTATIVE RAMRAS assured the committee that there has been previous testimony from representatives of TransCanada, and Denali - the Alaska Gas Pipeline Project, that the in-state gas pipeline is complementary to their projects; in fact, bullet line take-off points are helpful to them. Moreover, the Gubik area is not a source of gas for the large diameter pipeline, he said.

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CO-CHAIR MILLETT opened public testimony on HCR 3.

[3:35:36 PM](#)

LISA PARKER, Spokesperson, Agrium, Inc., Agrium U.S., stated that the resolutions before the committee are very important to provide economy stability to the state. She read a brief history of the Agrium Kenai Nitrogen Fertilizer plant and said that after 40 years of operation the plant closed in September 2007, due to a lack of natural gas supply from Cook Inlet. She informed the committee that Agrium supports the bullet line, and HCR 3, and opined that construction of the bullet line and negotiation of successful contracts to purchase [gas] would restore a billion dollar industrial facility to operation along with jobs, a tax base, and economic benefits to the Kenai community. The reopening of the plant would also provide urea needed by the state's agricultural industry and the Department of Transportation & Public Facilities (DOT&PF). Ms. Parker corrected Representative Ramras in that there are currently 10 employees "mothballing" the Kenai facility.

[3:38:18 PM](#)

REPRESENTATIVE RAMRAS observed "[there is] no greater clarion call for why we need an in-state bullet line... ."

[3:39:04 PM](#)

JERRY MCCUTCHEON informed the committee that construction of any gas line is not in the best interest of Alaska. What is needed is a gas liquids pipeline of 150,000 barrels a day built along the George Parks Highway to Cook Inlet. He stated that gas liquids are worth more than oil; furthermore, there is not enough gas for a gas line in all of the North Slope, or in the Gubik area. He reminded the committee that in 2004, ENSTAR announced that the gas required [for a gas pipeline] was 1.2 bcf; however, it now plans a line on 500 million cubic feet (mcf). He opined that [ENSTAR'S plans] are to keep the legislature "off balance ... so Conoco can continue to pedal its overpriced gas." Mr. McCutcheon expressed his support for drilling efforts by Escopeta Oil in Cook Inlet.

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CO-CHAIR MILLETT closed public testimony.

[3:41:49 PM](#)

CO-CHAIR EDGMON removed his objection.

[3:41:57 PM](#)

REPRESENTATIVE DAHLSTROM relayed that a group has been working with Escopeta Oil and the Department of Natural Resources (DNR) since November.

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CO-CHAIR MILLETT added that DNR has allowed an extended period of time for the formation of a unit.

[3:42:46 PM](#)

CO-CHAIR EDGMON moved to report HCR 3 out of committee with individual recommendations and no attached fiscal note. Hearing no objection, it was so ordered.

[3:43:04 PM](#)

The committee took an at-ease from 3:43 p.m. to 3:45 p.m.

HCR 4-IN-STATE GAS PIPELINE

CO-CHAIR MILLETT announced that the next order of business would be HOUSE CONCURRENT RESOLUTION NO. 4, Requesting the governor to provide energy security for Alaskans by taking and encouraging all action to support development of a natural gas bullet pipeline from the North Slope to the Cook Inlet region including advocating an increase in the amount of natural gas that may be exported under authority granted by the United States Department of Energy.

[3:45:22 PM](#)

CO-CHAIR EDGMON moved to hear HCR 4 and objected for purposes of discussion.

[3:45:38 PM](#)

REPRESENTATIVE RAMRAS reiterated that a 500 mcf per day gas pipeline requires an annual flow of 180 bcf to fill the pipe and allow for a minimum tariff. As discussed, all of the residential and light commercial gas usage in the Railbelt area would be approximately 60 bcf per year and the Agrium plant would also use 60 bcf per year. Since the annual capacity of the pipe is 180 bcf, there is a potential shortage of 60 bcf; therefore, HCR 4 encourages the governor and her administration to advocate for an

increase in the amount of natural gas that may be exported under authority granted by the United States Department of Energy. Representative Ramras related that an official of the Federal Energy Regulatory Commission (FERC) conveyed that it is critical to Alaska that the U. S. Department of Energy be involved in securing gas for the pipeline; in addition, the official warned that export licenses are difficult to grant because the U.S. energy supply is sometimes robust and sometimes very lean.

[3:48:16 PM](#)

REPRESENTATIVE RAMRAS emphasized that it is important for the administration to open a dialog for the purpose of expanding the capacity of Alaska's export license. Expanding the capacity of the license would lessen the tariffs for Alaskans. Furthermore, exported gas is subject to a production tax thus creating an important additional income stream for Alaska's general fund (GF).

[3:49:24 PM](#)

REPRESENTATIVE PETERSEN asked whether studies have been done as to how the \$4 billion construction cost of the bullet line would affect the price of natural gas.

[3:49:48 PM](#)

REPRESENTATIVE RAMRAS reminded members that HCR 4 speaks to the export component of the bullet gas pipeline project. He further explained that gas coming from the Gubik area, or near the North Slope, is subject to negotiations between the Regulatory Commission of Alaska (RCA) and the supplier of gas. In this case, Cook Inlet is a depleted field and exploration and production costs there would be higher than in the Gubik area where gas is abundant. He stressed that the tariff cost to consumers will increase with a pipeline that is only partly full. He advised Representative Pedersen that the state is far better off to be early in applying for an expansion of the export license in order to reduce the tariff by filling the pipe.

[3:51:34 PM](#)

REPRESENTATIVE TUCK asked for the amount of natural gas that was exported out of the Kenai peninsula at its height of production.

[3:51:51 PM](#)

REPRESENTATIVE RAMRAS estimated 12 bcf per year and deferred the question to Mr. Thayer.

[3:52:46 PM](#)

MR. THAYER offered to provide an estimate at a later date.

[3:53:08 PM](#)

REPRESENTATIVE TUCK asked whether there will be a need to build another gas liquids plant or will the existing one be able to handle the full capacity of the bullet line.

[3:53:25 PM](#)

REPRESENTATIVE RAMRAS assured the committee that there will not be a need to expand the LNG plant if the dialog with U.S. Department of Energy to expand the export license is not initiated right away.

[3:54:09 PM](#)

REPRESENTATIVE TUCK further asked whether there will be a uniform price for gas, or differences in price for Agrium, exported gas, and in-state commercial and residential use: In short, one is subsidizing another.

[3:54:39 PM](#)

REPRESENTATIVE RAMRAS said that has not been determined. The pipeline company has two businesses: negotiating for gas, selling it, and collecting a premium for the transmission of gas; and shipping gas for large consumers. He assumed that Agrium, because it would be consuming one-third of the gas in the bullet line, would receive pricing preferential to that of residential and commercial customers; however, Alaskan residential and commercial customers will still see relief from the present situation of paying the highest prices for natural gas in the U. S.

[3:55:53 PM](#)

CO-CHAIR MILLETT opened public testimony.

[3:56:06 PM](#)

MR. ABEGG expressed his frustration with the extension of the LNG license for ConocoPhillips Alaska, Inc., (Conoco) because in some ways the extension has precipitated the problem of limited gas supplies in Cook Inlet; however, Conoco's past investment has also provided opportunities for Alaska. He agreed that the gas pipeline does need a large industrial user and he supported extending the license for the LNG plant in Kenai for a limited number of years, based on in-state uses for the gas. He suggested that in-state opportunities for the use of gas such as development of the Susitna Dam, a possible cement industry, mining discoveries, and the coal-to-liquids plant, will come along. Mr. Abegg concluded that he was in favor of [expanding the export license] on a limited basis.

[3:58:08 PM](#)

REPRESENTATIVE RAMRAS remarked:

Wouldn't it be great if we didn't have a legal limitation of 500 million cubic feet a day and we could afford to have an export component and, a, pursue other value-added opportunities instead of being capped off like we are because of the AGIA legislation that was signed into law last year?

[3:58:36 PM](#)

MR. ABEGG agreed, because there is a lot of potential gas along the bullet line, he said. Producers in the Nenana fields area are expecting reserves of two trillion cubic feet (tcf) to ten tcf, additionally gas reserves are anticipated in Yukon Flats, Stevens Village, North Slope, and Gubik field. Although 500 [mcf of gas] will make the line work, additional capacity is desirable.

[3:59:25 PM](#)

REPRESENTATIVE RAMRAS asked:

If we were successful in getting the export expansion of the license and that bumped us up right at 500 million cubic feet, and then the development of International Tower Hills ... came up, and if ... a gas-to-liquids [plant] opened up, and if the Mat-Su concrete plant opened up, and we were otherwise committed and we couldn't take our usage up above 500 million cubic feet because we had promised those rights away to a Canadian company, Transcanada, that would be a shame, wouldn't it?

[4:00:00 PM](#)

MR. ABEGG said yes.

[4:00:08 PM](#)

CO-CHAIR MILLETT closed public testimony.

[4:00:28 PM](#)

CO-CHAIR EDGMON removed his objection and moved to report HCR 4 out of committee with individual recommendations and no attached fiscal note. Hearing no objections, it was so ordered.

[4:00:48 PM](#)

The committee took an at-ease from 4:00 p.m. to 4:03 p.m.

[4:03:02 PM](#)

HCR 5-IN-STATE GAS PIPELINE

CO-CHAIR MILLETT announced that the next order of business would be HOUSE CONCURRENT RESOLUTION NO. 5, Requesting the governor to provide energy security for all Alaskans by working on significant elements and components to support the timely construction of a natural gas bullet pipeline from the North Slope to the Cook Inlet region and to take necessary action to assist and facilitate the process for a private entity to make a final investment decision to commit to the pipeline before November 1, 2010.

[4:03:08 PM](#)

CO-CHAIR EDGMON moved to hear HCR 5 and objected for discussion purposes.

[4:03:18 PM](#)

REPRESENTATIVE RAMRAS explained the state's cross purposes regarding the introduction of wood bison, a potentially endangered species, into a region that [the state] is also trying to open up for gas exploration. House Resolution 5 requests, in the interest of providing energy security for all Alaskans, that the government eliminates regulatory hurdles and allows a private entity to make its final investment decision to commit to the pipeline before November 1, 2010. Representative Ramras referred to Mr. McCutcheon's concern about a similar situation, between the governor's office and DNR, regarding drilling in Cook Inlet and Point Thomson. He advised that his community of Fairbanks is "paralyzed by fear" over the possibility of the return of high oil prices and that a bullet line is essential to liberate from fear all of the residents that live along the Railbelt. He concluded that HCR 5 will remove "shackles" and direct the government to be an active participant in removing hurdles to [investment decisions by private entities].

[4:06:57 PM](#)

REPRESENTATIVE PETERSEN asked about the proposed release date of the wood bison in the Nenana Basin.

[4:07:14 PM](#)

REPRESENTATIVE RAMRAS related that the Alaska Department of Fish & Game (ADF&G) issued assurances that there is not a problem. He deferred the question to the appropriate state agency.

[4:08:10 PM](#)

CO-CHAIR MILLETT opened public testimony on HCR 5. Hearing none, public testimony was closed.

[4:08:37 PM](#)

CO-CHAIR EDGMON withdrew his objection and moved to report HCR 5 out of committee with individual recommendations and no attached fiscal note. Hearing no objection, it was so ordered.

[4:09:12 PM](#)

CO-CHAIR MILLETT briefly discussed the committee's upcoming meetings.

[4:10:30 PM](#)

REPRESENTATIVE JOHANSEN observed that beginning one year ago, the sponsor of the aforementioned resolutions has been very public in pushing these issues. He said that he was thrilled to hear the governor include these issues in her state-of-the-state address. Representative Johansen expressed his full support of the resolutions.

[4:11:39 PM](#)

REPRESENTATIVE DAHLSTROM concurred with Representative Johansen.

[4:11:45 PM](#)

REPRESENTATIVE TUCK agreed that the bullet line will provide opportunities to the state and private industry. These resolutions are needed to ensure that Alaska's deep water port in the Kenai, and new industry, will flourish.

[4:12:25 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Energy meeting was adjourned at 4:12 p.m.