

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 14, 2015

1:31 p.m.

MEMBERS PRESENT

Representative Benjamin Nageak, Co-Chair
Representative David Talerico, Co-Chair
Representative Mike Hawker, Vice Chair
Representative Bob Herron
Representative Craig Johnson
Representative Kurt Olson
Representative Paul Seaton
Representative Andy Josephson
Representative Geran Tarr

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 132

"An Act relating to the support of the Alaska liquefied natural gas project by the Alaska Gasline Development Corporation."

- MOVED CSHB 132(RES) OUT OF COMMITTEE

HOUSE BILL NO. 105

"An Act relating to the programs and bonds of the Alaska Industrial Development and Export Authority; related to the financing authorization through the Alaska Industrial Development and Export Authority of a liquefied natural gas production plant and natural gas energy projects and distribution systems in the state; amending and repealing bond authorizations granted to the Alaska Industrial Development and Export Authority; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 132

SHORT TITLE: AGDC SUPPORT OF NATURAL GAS PROJECTS

SPONSOR(S): REPRESENTATIVE(S) CHENAULT

03/02/15	(H)	READ THE FIRST TIME - REFERRALS
03/02/15	(H)	RES, L&C
03/06/15	(H)	RES AT 1:00 PM BARNES 124
03/06/15	(H)	Heard & Held
03/06/15	(H)	MINUTE(RES)
03/11/15	(H)	RES AT 1:00 PM BARNES 124
03/11/15	(H)	Heard & Held
03/11/15	(H)	MINUTE(RES)
03/11/15	(H)	RES AT 6:00 PM BARNES 124
03/11/15	(H)	Heard & Held
03/11/15	(H)	MINUTE(RES)
03/13/15	(H)	RES AT 1:00 PM BARNES 124
03/13/15	(H)	Scheduled but Not Heard
03/14/15	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

MERRICK PEIRCE

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

HAROLD HEINZE

Anchorage, Alaska

POSITION STATEMENT: Suggested that HB 132 be amended.

CHARLES MCKEE

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

RICK KOCH, City Manager

City of Kenai

Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 132.

PAT PORTER, Mayor

City of Kenai

Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 132.

BOYD ROCKY KNUDSEN

Nikiski, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

DAVID OTNESS

Cordova, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

GEORGE PIERCE

Kasilof, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

GEORGE SITER

Soldotna, Alaska

POSITION STATEMENT: Testified in opposition to HB 132.

RON HYDE

Kenai, Alaska

POSITION STATEMENT: Testified in relation to HB 132.

FELICIA KEITH-JONES

High Mark Distillery, Inc.

Sterling, Alaska

POSITION STATEMENT: Testified in relation to HB 132.

ACTION NARRATIVE

[1:31:02 PM](#)

CO-CHAIR BENJAMIN NAGEAK called the House Resources Standing Committee meeting to order at 1:31 p.m. Representatives Seaton, Johnson, Josephson, Herron, Talerico, and Nageak were present at the call to order. Representatives Hawker, Olson, and Tarr arrived as the meeting was in progress.

HB 132-AGDC SUPPORT OF NATURAL GAS PROJECTS

[1:31:46 PM](#)

CO-CHAIR NAGEAK announced that the only order of business is HOUSE BILL NO. 132, "An Act relating to the support of the Alaska liquefied natural gas project by the Alaska Gasline Development Corporation." [Before the committee was the proposed committee substitute (CS), labeled 29-LS0623\P, Nauman, 3/11/15, adopted as the working document on March 11, 2015.]

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CO-CHAIR NAGEAK opened public testimony on HB 132.

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MERRICK PEIRCE testified in opposition to HB 132. To illustrate a point related to competition he posed a scenario in which the

chief executive officer (CEO) of Home Depot concedes to Lowe's the authority to determine when, where, and if Home Depot ever builds a new store. How many new stores will Lowe's allow Home Depot to build? The answer is none because a company doesn't turn over to its competition the authority to determine its best interest and best course of action. He said if committee members correctly answered this question they would vote against HB 132. He said he has tried to imagine what would happen if the president of the United States had offered this kind of legislation before Congress or Alaska's governor and was limited in what he could do with a pipeline project where more than 50 percent of the volume would be precluded from export. He noted that there are lot of competing projects: 26 planned liquefied natural gas (LNG) projects across the world, another 16 under construction, and 27 others currently on-stream. Alaska's competition has been keeping the state from moving forward with a project. About the time the Alaska Gasline Inducement Act (AGIA) was passed, Bill Walker was the general counsel and project manager for the Alaska Gasline Port Authority (AGPA). Those people paying attention to AGIA knew there was no way a large diameter pipeline would be built to the Lower 48, and Exxon knew the project was an uneconomic boondoggle. Five years before AGIA was passed, the CEO of Exxon, Rex Tillerson, acknowledged that Exxon knew that that pipeline project would never be built. Bill Walker was able to get some language inserted into the AGIA law that required an evaluation of going to Valdez for an LNG export project. In about 2012 there was a solicitation of interest that Exxon was required to hold and the port authority was able to aggregate six companies into that solicitation with a total aggregated volume of about 2.8 billion cubic feet of gas per day, which is more than enough to develop a large diameter gasline. Another entity, Resources Energy, Inc. (REI), of Japan also had an aggregated interest for companies that it represented out of Japan and was looking for 2.5 billion cubic feet of gas per day. So the total publically disclosed interest in this solicitation of interest was over 5 billion cubic feet of gas per day, more than double what is needed to get going a large diameter gasline and more than the Alaska Oil and Gas Conservation Commission (AOGCC) allows for offtake from Prudhoe Bay. So the market has demonstrated it is interested in LNG out of Alaska. Interest was for the deep water, ice free port of Valdez, which has a U.S. Coast Guard vessel management tracking system, and most important, the markets were looking for first gas by 2019. The bottom line is that HB 132 is designed to tie the governor's hands and is a very bad idea.

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HAROLD HEINZE stated he has lived in Anchorage for more than 40 years and has 50 years of experience in pipelines and oil production having worked on North Slope gas issues for ARCO Alaska and ARCO Transportation Company, as commissioner of the Department of Natural Resources, as the senior resource development advisor to Governor Hickel, and as CEO of the Alaska Natural Gas Development Authority during three administrations from 2003-2012. He thanked the committee for the opportunity to address some important points in the legislature's direction of the Alaska Gasline Development Corporation (AGDC). He said he offered public comment in October 2013 at the first board meeting of the newly formed AGDC where he encouraged the board to: assure that the public is well informed of all aspects of utilizing Alaska natural gas; to conduct business open enough on a continuing basis that the public is brought along; and to assure that all alternatives are considered and evaluated as to the public good impacts. He has followed the progress of work and reviewing available reports and is concerned that alternative paths and alternative projects utilizing North Slope gas have not been evaluated. For the special session to be held this fall, an informed public is vital for the legislature's major, incredibly important decision on proceeding to the state's multi-billion dollar commitment to the Alaska LNG Project. The legislature is picking the horse and should work hard to assure that Alaskan's share the legislature's wisdom and commitment. He suggested that HB 132 be amended to include direction for full evaluation and publication of Alaska's alternative projects and choices. In particular, the decision on royalty-in-kind versus royalty-in-value should be fully vetted and disseminated through the royalty board public process. Additionally, HB 132 will probably be the only Alaska LNG Project related legislation during this regular session and this is the best opportunity for the legislature to direct preparations for the fall special session on state involvement with the North Slope producers. This fall the legislature will be sitting as the "Alaska board of directors" making as big a state fiscal decision as he remembers since 1969. It also will be the riskiest decision that the state has ever made. Each of the legislature's 60 members will be acting individually as a fiduciary and the body must assure that each member has and understands the information he or she needs to make a responsible decision. Legislators have a six-month window to develop and vet alternative projects, risks, and rewards. He asked that the committee consider HB 132 as a positive vehicle

to instruct and focus the additional information requirements for members and the public at large.

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REPRESENTATIVE TARR requested that the witnesses provide their testimony to the committee in written form.

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CHARLES MCKEE noted that he testified last year regarding an Alaska LNG line, but with the caveat not to include TransCanada partnership because of the generation facilities imbedded in the Lower 48 in TransCanada's agreement. He said he opposes HB 132 because of the possibility that a new generating infrastructure could be included in which there is a pressurized line with bypass generation that produces electricity off of the flow within the pipeline, which is called bypass generating facilities. This electricity could be re-routed into the existing Railbelt power grid infrastructure to offset the cost of electricity in Railbelt communities. This would be automatically prohibited as the Alaska LNG Project currently stands with TransCanada. It is being said [in HB 132] that the size of this other line cannot be increased, but it also leaves a window of opportunity to include these other existing technologies that are not publically controlled.

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RICK KOCH, City Manager, City of Kenai, supported HB 132, saying it is a prudent and necessary action to support and move forward the long-awaited project to bring Alaska's bounty of natural gas to Alaskans and to the world's markets. During his career of managing the interest of state and municipal governments and managing large-scale Alaska construction projects, he has gained an understanding of how difficult it is to develop working public/private partnerships. As a former board member of the "Alaska Gasline Development Authority" he commends the legislature for recognizing and addressing those inherent difficulties in the enabling legislation which created the Alaska Gasline Development Corporation. He said HB 132 provides for safeguards in which the state can move forward in a mutually supportive relationship with the major North Slope producers while still protecting the state's interest in an alternative project in the event that the Alaska LNG Project does not come to fruition. Years of effort have been expended to create a framework of trust and cooperation not unduly influenced by the

political whims of the next election. This framework must be protected by not introducing opposing interest and distrust to the project. In the event that the Alaska LNG Project decides not to pursue construction of a large diameter gasline, the state at that time will have every opportunity to modify the scope of the Alaska Stand Alone Pipeline (ASAP) Project with the benefit of feasibility, engineering, and permitting data developed by the Alaska LNG Project and the ASAP Project. The Alaska LNG Project and the ASAP Project, as presently developed and further defined by HB 132, are Alaska's best opportunity to realize the long-time goal of developing the natural gas on Alaska's North Slope.

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PAT PORTER, Mayor, City of Kenai, stated that the present Alaska LNG Project, the ASAP Project, and HB 132 establish the best opportunity to bring North Slope gas reserves to the citizens of Alaska and to world markets, specifically the Pacific Rim. Successful megaprojects require decision making based on extremely complicated and dynamic issues, such as the future demand and market forces, not on political issues. The legislature recognized this in the formation of the Alaska Gasline Development [Corporation] (AGDC) and HB 132 simply reinforces this process that has successfully moved the two projects forward. The Kenai community looks forward to the projects. Any successful project or business endeavor requires that partnerships demand trust and common goals and HB 132 simply memorializes those critical understandings.

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BOYD ROCKY KNUDSEN expressed his opposition to HB 132 and said that if the state is going to have a backup plan it should be a viable backup plan.

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DAVID OTNESS said he sees many things about HB 132 that are shutting off the free flow of information and direction that the state should be going. During his 64 years of living in Alaska he has been involved in oil company work, exploration, and the Merchant Marine working out of Prudhoe Bay and Cook Inlet, and he sees a lot of holes in the bill. He said he questions some of its merits based on just the tides in Cook Inlet alone and especially at Nikiski, given that LNG tankers are 100 feet larger than U.S. aircraft carriers and are 20 stories high.

Safely moving such tankers around Cook Inlet is his number one issue in terms of the route. The [previous] route was established by voter approval in 2002. The years between 2003 and 2012 were invested in the Alaska Natural Gas Development Authority (ANGDA) and now suddenly that isn't worth considering relative to changing horses again. He said he is flabbergasted by the way this thing is being railroaded and is definitely opposed to HB 132.

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GEORGE PIERCE stated he is against HB 132, saying it doesn't move anything forward but rather ties the hands of Alaska and is bad for Alaskans. Competition is needed to ensure the state gets a pipeline. He asked why committee members don't demand answers from the oil companies like they do of Mr. Dan Fauske, and added that the oil companies are not the state's partners. There have been five pipeline proposals over the last ten years with no results. The current governor wants to get a guarantee on a pipeline and represent Alaskans. The person to talk to is AGDC [president] Dan Fauske. He recalled Mr. Fauske stating that the AGDC board has directed him to come back to the board on April 9 [2015] with an estimate as to what work and cost would be involved. The AGDC board asked Mr. Fauske to look at an American National Standards Institute (ANSI) 600 pipe with added compression as well as an ANSI 900 which would be stronger steel for more compression. No LNG configuration is made in this estimate. What changed was three members of the AGDC board and the board wants to analyze real data. If the AGDC board decides not to go forward with an LNG project, the state will be without a backup, he said, and he agrees with the AGDC board about having a for-sure plan rather than to have nothing. He reiterated his opposition to HB 132, saying it is a bad piece of legislation.

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GEORGE SITER stated he is a 20-year resident of Alaska, a Korean War veteran, a retired police officer, and a Republican since he was eight years old. He charged that the Republicans in the Alaska State Legislature are acting like the Mafia to far left. He said Bill Walker was elected [governor] by the average citizen to get the best deal on LNG, with Alaska being the prime beneficiary. Governor Walker also promised to get it done after the legislature has done nothing for over 30 years. He said he considers what legislators are doing as either a payoff from the producers or as being out to ambush Governor Walker. It is

absurd to have a pipeline that cannot produce money from foreign people to help pay for the gas and pay for everything else and instead puts the whole burden on the people of Alaska. Had legislators spent more time working for Alaskans, the pipeline would have been operating years ago. Instead the Republican leadership has given the state a mountain of debt, \$10 million a day, and legislators should be ashamed of themselves. He said HB 132 is unintelligible and sponsored by traitors to Alaska and he is opposed to it.

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RON HYDE said he grew up in Bush Alaska and has spent nearly 30 years in the Bush trying to make a living. A business owner on the Kenai Peninsula, he said he is fully committed to a gasline for Alaska. In particular, he is very supportive of the Alaska LNG Project and as such he is not interested in going backwards another 30 years and contemplating a bunch of new ideas. The Alaska LNG Project is currently predicted to come directly to Nikiski as was promised in Governor Walker's Kenai inauguration speech, but that seems to have changed in the weeks after that celebration. There is a lot of potential future economic activity that will transform [the Kenai] region and the region has a lot to gain. He has a lot invested already in the oil and gas industry in Alaska, having worked directly and indirectly with companies that produce oil and gas. He has been responsible for hiring several hundred people and hundreds of vendors and subcontractors, which created another several hundred jobs for Alaskans. Point Thomson is an example of a project that created hundreds of millions of dollars for Alaska in revenue to Alaskans. In particular it will be one of the cornerstones of the future of this gasline and it gave him the opportunity to hire the workforce that he has hired over the years. It seems to take disasters to bring Alaskans together and disasters create economic uncertainty, test human spirit, change qualities of life, and can cause communities to become stagnant and destitute for years. The governor's flip flopping, broken commitments, and suggestion to cheat on Alaskan citizens and business partners with a competing gasline will derail the work that has been done, the hundreds of millions of dollars that have been spent, and the momentum that is in place right now to give Alaska a gasline today, and he is embarrassed by it. Project certainty is one thing that these companies look at when trying to decide what to do with a project and how to take it to the shareholders. In this case the State of Alaska has not demonstrated to him that there is project certainty in making ASAP bigger and taking another 10-30 years to make it be

whatever Governor Walker wants it to be. Right now there is a project that if the state acts as an ethical partner will gain a gasline for Alaskans in the foreseeable years. Uncertainty is being created through the voice of Governor Walker and this needs to be looked at if Alaska is to attract business and investment.

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FELICIA KEITH-JONES, High Mark Distillery, Inc., offered her support of the Alaska LNG gas pipeline. She said she is very interested in getting clarity as to whether the project will continue forward or has come to a standstill. This pipeline is very important to her small community, and local businesses are in limbo as to whether to expand to accommodate a larger population or to button down the hatches. Her distillery depends completely on the population to be a viable industry and also drives a large tourist revenue and the distillery is able to produce that revenue only if it knows where the community stands. She personally has rental properties and investment real estate and doesn't know whether she should continue to improve and grow that or make sure she is safe and secure. She said she wants to know which way to grow and that she wants clarity from the governor. She reiterated her support for continuing the Alaska LNG pipeline in her community.

The committee took an at-ease from 2:06 p.m. to 2:07 p.m.

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CO-CHAIR NAGEAK closed public testimony.

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CO-CHAIR TALERICO moved to report the proposed committee substitute (CS), Version 29-LS0623\P, Nauman, 3/11/15, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE JOSEPHSON objected for purposes of discussion.

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REPRESENTATIVE JOSEPHSON noted that in a previous committee he said he liked Senate Bill 138 and he continues to like that bill and is proud to have voted for it. Even before he was elected everybody seemed to be in favor of a large gasline and he has

never heard anyone opposed to it. He related that when he asked about why the limits of no more export available than [Alaska] consumes, about 240 million cubic feet, he found the answer a little dubious and it seemed a bit arbitrary for a demarcation about what ASAP should be allowed to produce. He noted there were 23 committee hearings on House Bill 4 and in reviewing those minutes he didn't see anything that precluded what AGDC is doing in making a pivot. He said he thinks House Bill 4 anticipated and even invited this adjustment. In the minutes there was often the comment that if the cap of the Alaska Gasline Inducement Act (AGIA) was lifted then all systems were go and this could go just about in any direction. He related that when he asked Mr. Richards and Mr. Fauske [of AGDC] if any statute or previous agreement like the Heads of Agreement (HOA) or Memorandum of Understanding (MOU) precluded what they were doing the answer was no. And no one at the hearing, particularly yesterday, provided a response that indicated Mr. Richards or Mr. Fauske were incorrect and that somehow what they were doing is precluded from some existing law or agreement.

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REPRESENTATIVE JOSEPHSON continued, saying he remains personally protective of and invested in Senate Bill 138. He offered his agreement that it is the furthest along the stage-gated path that Alaska has come on a gasline. The comment about a slowing of the environmental impact statement (EIS) process made him anxious because he doesn't think Alaska can afford a whole lot of pauses. On the other hand, he said he has read and heard countless times that no more than half of these plans will ever be developed. When Mr. [Larry] Persily was sending legislators the progress of the worldwide LNG market, he took it that Mr. Persily was educating legislators as well as advising them that this is a competitive world. Having some options is wise and gives the state more leverage with its North Slope leasehold allies. Many negotiations remain to be done and anything that would strengthen the state's bargaining position should be encouraged. The industry has not given any specific indication that anything the governor has proposed or is proposing has given the industry particular reservations. The governor did run on a platform different than the previous governor's in many respects, including how the state develops and produces gas fields, so none of the governor's position is surprising. If the administration had proposed a pure defense of Senate Bill 138, all in with no strings or adjustments, that would have been newsworthy. During House Bill 4 testimony it was heard repeatedly that a single year's delay would cost the small

gasline \$200 million in inflation. Arguably, that statement could be used in just about any direction. However, he said he thinks the same, if it applies here, would suggest that the state needs to have a legitimate alternative. He offered his hope that in about 18 months this matter will become moot and it will be known whether Exxon, Conoco, and BP are prepared to enter into the front-end engineering and design (FEED) phase and at that point people will be investing in the low billions of dollars. That would be a strong sign that the Alaska LNG Project is moving forward and may truly happen, but until that time the state needs some options.

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REPRESENTATIVE HAWKER concurred that everything said by Representative Josephson is solidly grounded in fact. However, he continued, what might be at issue is how the facts are interpreted and amalgamated into the larger construct of where things are at and where they are going. There is a long history behind getting to where things are today with developing Alaska's North Slope natural gas. This effort began about five or six years ago with House Bill 369 when the legislature originally directed the Alaska Housing Finance Corporation to create the AGDC subsidiary and embark upon developing a project plan for getting Alaska's gas into the hands of Alaskans. At the time most everyone recognized that the AGIA effort was not going to succeed. House Bill 369 gave way to House Bill 9, which was the first effort to create a stand-alone gas company and House Bill 4 succeeded in doing it - it was crafted into House Bill 4 that should the AGIA limitation go away the project could morph into something larger. House Bill 4 even gave AGDC the authority to be Alaska's gasline company to pursue whatever project gained the most viability and was able to move forward while the state always had in its back pocket the pipe that has become called ASAP.

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REPRESENTATIVE HAWKER continued, recalling that with the vagaries at the time industry didn't know where it was going, there was no big project, the Lower 48 project had gotten stymied, but the state had that backup project. The legislature said that if the state has to, the state will do it alone. Then came Senate Bill 138 last year, which was a big decision because it was where the horse to ride was chosen. The choice between projects was made last year, so that is not before legislators today. Through Senate Bill 138, the legislature chose to

endorse and throw the entire weight of the state behind the concepts, mechanisms, and financing encompassed in the bill. The state is in fact moving forward with the big project and HB 132 is about continuing to move forward and not going backward. It is about maintaining that momentum in the most cost-effective manner possible. He agreed that the state still has its backup project. If that big project falters, the state has created an entity in AGDC and money is sitting there and all of those resources will immediately be redirected in grabbing that backup project and it will go forward full speed. He said HB 132 keeps the state from riding two horses at once by going forward simultaneously and thereby creating a competing project out of the backup project. He said it is the "backup project protection act" to ensure money is there when it is needed and ensuring the backup project is ready to go. The intent of HB 132 is to keep momentum going with the big project, to preserve and protect the backup project, and to ensure the money is sitting there should it be needed.

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REPRESENTATIVE TARR said some of her concerns have been raised already. She agreed that not having the AGIA constraints gives an opportunity to reconsider and have that flexibility. She said what she finds striking is that the state hasn't heard from any of its industry partners in either support or opposition of HB 132, which makes her wonder if they see that there may be a new opportunity without the constraints of AGIA. The proposal presented to the committee yesterday by Mr. Fauske gives AGDC three and a half weeks given that the information will be presented at the April 9 AGDC meeting. The most concerning thing she heard yesterday was the pause in the EIS work because no delay is wanted, although, three and a half weeks is a short amount of time to see what information is brought back and whether it can be crossed off or is an even better option for the state. The legislature will still be in session and will have the opportunity to make a decision at that time, perhaps armed with new information about another opportunity that might be even better.

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REPRESENTATIVE SEATON said he thinks that when the initial projects were being constructed to go forward with ASAP and AGDC, everyone recognized that the constraint was always a pipeline of 500 million cubic feet a day and the development going forward was designed on that. Regarding the idea that the

backup project is ready to go, he said he is not sure that is the case if it is going to be said that the only backup project is the project for 500 million cubic feet per day, and he doesn't know where the state is at on that section of things. What bothers him somewhat is that the legislature has created AGDC with an independent board and an independent function to go forward to do actions for the state, but now it is being said that the new configuration of the AGDC board and the board's decision are disliked and so the legislature is going to pass a law to override the board's decision. That is because Mr. Fauske came before the committee and said he had been requested by the board to explore these two other options and with this bill [the legislature] is saying no he won't for a certain period of time.

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REPRESENTATIVE SEATON continued, stating that the certain period of time gives him some comfort. He said he is in a dilemma because he doesn't want to see a competing project interfere with the progress being made on the Alaska LNG Project and a dilemma as to how far into this independent agency does the legislature go to tell AGDC that the legislature is making the decisions now instead of the board. It is a balancing issue. He said he is not going to ask to delay the bill, but he doesn't think anything is clear cut one way or another. He doesn't want the state's partners in the Alaska LNG Project to think that the state is jumping ship because he doesn't think exploring the option of what would the backup be at a larger diameter or throughput capacity is jumping ship; rather, it is better tuning the backup in case a final investment decision is not reached to go forward with the Alaska LNG Project. He said he is not entirely convinced the bill is needed, but he doesn't think it is going to be a big impediment. He added that he wants the committee to know he is unsure of where things are and he is considering both sides of the issue.

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REPRESENTATIVE HERRON opined that Senate Bill 138 was passed by the legislature and signed by the executive branch, so it is the policy. The new governor could have introduced a bill stating what the governor wants. He said he finds that troubling and that is why he is one of the sponsors of HB 132, which is a reaction, through legislation, to create a policy related to this matter. It bothers him that the executive branch, by verbal edict, wants to go in a different direction. The

legislature is having this dialogue and debate in a public way, the legislature should decide what is important. He said he supports moving HB 132 out of committee and to another committee regardless of all these other timelines. If the [AGDC] wants to make its decision as an independent body, so be it. However, the legislature should not sit on this legislative process and let the other branch do it by verbal edict.

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REPRESENTATIVE JOHNSON stated he is troubled by a couple of things. The EIS being put on hold raises a red flag, it shows the federal government clearly sees a competing project. The governor's language that it is a race to the finish line is concerning because that shows competition. In regard to waiting until April 9, he pointed out that this date is only 10 days before the end of session. In regard to the analogy of Home Depot and Lowe's, he said he thinks the new hardware store moving next to Lowe's is a Lowe's. The state is competing with itself and neither Lowe's nor Home Depot would do that. He said he hasn't seen anything yet from AGDC, the administration, or the producers that says this is a good idea. He said he would like to move HB 132 and get it positioned to be moved on if necessary as stalling the bill would be a tragedy.

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REPRESENTATIVE OLSON said his biggest concern is the governor's aversion to put out his own bills and testifying his positions. The governor can talk about his position but until it is seen in writing the legislature is second-guessing what the governor's intentions are. As the session progresses, perhaps more bills will be seen that outline the direction the governor wants to go. The public is being precluded from any testimony on the governor's views, the public only gets to testify on the legislature's views. [A bill from the governor] would make it a much clearer process.

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REPRESENTATIVE JOSEPHSON maintained his objection to reporting HB 132, Version P, out of committee. He stated that Mr. Steve Butt, the manager for the Alaska LNG Project secunded from Exxon, has been very impressive. He said he has thought about Mr. Butt because nothing that he has heard about Senate Bill 138 has moved one inch. In other words, there has been no "well, we said that then but now we mean something different" and he

therefore thinks the plan has some credibility because of that. Representative Josephson further commented that while it's true the governor wants to look at options, the governor has also said that Senate Bill 138 needs to process and progress in the way it has.

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A roll call vote was taken. Representatives Herron, Hawker, Johnson, Olson, Seaton, Talerico, and Nageak voted in favor of reporting the proposed committee substitute, Version 29-LS0623\P, Nauman, 3/11/15. Representatives Josephson and Tarr voted against it. Therefore, CSHB 132(RES) was reported out of the House Resources Standing Committee by a vote of 7-2.

The committee took an at-ease from 2:31 p.m. to 2:35 p.m.

[2:35:24 PM](#)

REPRESENTATIVE OLSON requested a verbatim transcript of the committee's 3/13/15 meeting.

CO-CHAIR NAGEAK thanked the witnesses for testifying on HB 132.

[2:37:55 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:38 p.m.