

**STATE OF ALASKA
THE LEGISLATURE**

2014

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**Legislative
Resolve No.**
61



Urging the governor, the commissioner of natural resources, and the attorney general to seek 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

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

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

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

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

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

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

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

BE IT RESOLVED that the Alaska State Legislature urges the governor, the commissioner of natural resources, and the attorney general to seek 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.