

**CS FOR HOUSE RESOLUTION NO. 17(RLS) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SIXTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE RULES COMMITTEE**

**Amended: 4/15/10**

**Offered: 4/14/10**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST**

**A RESOLUTION**

1   **Urging the United States Department of Energy to expeditiously approve a two-year**  
2   **extension of the export license for the Kenai liquefied natural gas plant.**

3   **BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:**

4           **WHEREAS** the Kenai liquefied natural gas plant has been operating safely and  
5   efficiently for more than 40 years and is currently the only significant industrial user of  
6   natural gas in Southcentral Alaska; and

7           **WHEREAS** the Kenai liquefied natural gas plant received a two-year extension of its  
8   export license in March 2009, and the license will expire in March 2011; and

9           **WHEREAS** the Kenai liquefied natural gas plant is a significant economic engine for  
10   the Kenai Peninsula Borough and the City of Kenai, generating approximately \$130,000,000  
11   in economic benefits to the combined state and local economy each year; and

12           **WHEREAS** the approximately 60 jobs that the Kenai liquefied natural gas facility  
13   supports directly and the approximately 50 jobs it supports indirectly generate approximately  
14   \$17,000,000 annually in personal income; and

15           **WHEREAS** the production of gas for transportation to the Kenai liquefied natural gas  
16   facility or for feedstock and the sale of Kenai liquefied natural gas together generate

1 approximately \$60,000,000 in royalties and taxes for the state and the Kenai Peninsula  
2 Borough; and

3 **WHEREAS**, by serving as a virtual storage facility, the Kenai liquefied natural gas  
4 plant ensures a stable supply of gas for Southcentral Alaska by backing up gas supplies for  
5 local utilities during periods of peak demand on cold days or when disruptions occur in the  
6 gas supply system; and

7 **WHEREAS**, while additional storage options are being investigated, encouraged, and  
8 pursued, to date, no practical source of backup gas other than the Kenai liquefied natural gas  
9 plant exists; and

10 **WHEREAS** the Kenai liquefied natural gas plant helps drive investment in  
11 development of natural resources in the state; and

12 **WHEREAS** resources developed for the Kenai liquefied natural gas plant can and  
13 will be used during the life of the Kenai liquefied natural gas plant and may continue to be  
14 used to meet local demand, even if exports are discontinued in the future; and

15 **WHEREAS** maintaining natural gas demand is vital to the economics of gas  
16 exploration and development in the state; and

17 **WHEREAS** the availability of liquefied natural gas at a local gas plant for distribution  
18 by truck would alleviate the high price of liquefied petroleum energy for many cities and  
19 villages on the Kenai Peninsula; and

20 **WHEREAS** maintaining the infrastructure of the Kenai liquefied natural gas plant  
21 will preserve the option to use the plant in the future to help meet the natural gas demands of  
22 Southcentral Alaska; and

23 **WHEREAS** the supply of deliverable gas exceeds local market demand, and, if this  
24 excess gas is not exported, it may become shut-in, causing reserves to diminish and further  
25 jeopardizing the ability of liquefied natural gas producers to meet peak winter demands; and

26 **WHEREAS** the owners of the Kenai liquefied natural gas plant have demonstrated  
27 their commitment to meeting local needs by voluntarily diverting gas from contractual export  
28 obligation when necessary to meet peak consumer demands in Southcentral Alaska; and

29 **WHEREAS** the Department of Natural Resources, on March 15, 2010, declared its  
30 commitment, under the terms of a 2005 settlement agreement, accepted by the Regulatory  
31 Commission of Alaska in order P-04-20(16)/U-05-20(13), on January 26, 2007, to work with

1 the Kenai liquefied natural gas plant owners, stating that the department recognizes the  
2 importance of the Kenai liquefied natural gas export facility to the market and economy of the  
3 Cook Inlet region and expressing the department's desire that the facility stay in operation;

4 **BE IT RESOLVED** that the House of Representatives supports a two-year extension  
5 of the Kenai liquefied natural gas export license; and be it

6 **FURTHER RESOLVED** that the House of Representatives urges the United States  
7 Department of Energy to expeditiously approve a two-year extension of the Kenai liquefied  
8 natural gas export license.

9 **COPIES** of this resolution shall be sent to the Honorable Steven Chu, United States  
10 Secretary of Energy; and the Honorable Lisa Murkowski and the Honorable Mark Begich,  
11 U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska  
12 delegation in Congress.