

SENATE RESOLUTION NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE

Introduced: 4/12/10

Referred: Secretary's Desk

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 liquid natural gas plant.**

3 **BE IT RESOLVED BY THE SENATE:**

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

12 **WHEREAS** the approximately 60 jobs that the Kenai liquid 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 liquid natural gas
16 facility or for feedstock and the sale of Kenai liquid 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 liquid natural gas plant
4 ensures a stable supply of gas for Southcentral Alaska by backing up gas supplies for local
5 utilities during periods of peak demand on cold days or when disruptions occur in the gas
6 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 liquid natural gas
9 plant exists; and

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

12 **WHEREAS** resources developed for the Kenai liquid natural gas plant can and will be
13 used during the life of the Kenai liquid natural gas plant and may continue to be used to meet
14 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** maintaining the infrastructure of the Kenai liquid natural gas plant will
18 preserve the option to use the plant in the future to help meet the natural gas demands of
19 Southcentral Alaska; and

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

23 **WHEREAS** the Department of Natural Resources, on March 15, 2010, declared its
24 commitment, under the terms of a 2005 settlement agreement, accepted by the Regulatory
25 Commission of Alaska in order P-04-20(16)/U-05-20(13), on January 26, 2007, to work with
26 the Kenai liquid natural gas plant owners, stating that the department recognizes the
27 importance of the Kenai liquid natural gas export facility to the market and economy of the
28 Cook Inlet region and expressing the department's desire that the facility stay in operation;

29 **BE IT RESOLVED** that the Senate supports a two-year extension of the Kenai liquid
30 natural gas export license; and be it

31 **FURTHER RESOLVED** that the Senate urges the United States Department of

1 Energy to expeditiously approve a two-year extension of the Kenai liquid natural gas export
2 license.

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