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Sent: Friday, March 02, 2012 9:39 AM
To: info@communitycouncils.org
Subject: FW: Berta's Briefings: A Pipeline to Poverty?

Mark,

pls fwd to CPCC members

Thanks
PETER HAMLETT
CPCC Chair

From: [Representative Berta Gardner@legis.state.ak.us](mailto:Representative_Berta_Gardner@legis.state.ak.us)
To: [Representative Berta Gardner@legis.state.ak.us](mailto:Representative_Berta_Gardner@legis.state.ak.us)
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BERTA'S BRIEFINGS

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MARCH 1, 2012

A Pipeline To Poverty?

Dear Friends and Neighbors,



I think we all want to find a way to harness our state's natural gas to help Alaskans with high energy costs as well to take our natural resources to market. Unfortunately, a bill which just passed the House Resources Committee – with the stated goals of bringing gas to Alaskans as quickly as possible and as cheaply as possible – has identified the right problems and found a very expensive and wrong solution, which is likely to do the opposite of what it intends.

On the House Floor, Representatives Chris Tuck and Berta Gardner work on an amendment to the Governor's poorly constructed Research and Development Tax Credit bill.

House Bill 9 puts the Alaska Gasline Development Agency (AGDC) in charge of building a small gas pipeline to bring gas from the North Slope to the Railbelt, including Anchorage, of course. Here are some of the problems with this proposal:

A small line with an estimated cost starting at 8 billion dollars would lock rail belt consumers into very high gas prices for 20 to 30 years because it loses any economies of scale.

The state could subsidize the line but if we were going to spend any significant part of 8 billion dollars, why would we do that on a small line and not a big gas pipeline which would take our gas to market through Valdez or through Canada to the US? Such an investment, with state ownership shares, could make all the difference in big pipeline economics and truly bring home the maximum benefit from our resource.

The original reason to build an in-state gas pipeline from the North Slope to the Railbelt was to offset the shortage of Cook Inlet gas. Now, new finds in Cook Inlet could potentially supply the Railbelt for decades, so not only is there less need for an expensive in-state line, but that line could also pull the rug out from under the new Cook Inlet gas development. The state has invested a great deal in incentives and assistance to Cook Inlet explorers, and it's working. Why would we flood their little market with gas from elsewhere while they are in the process of proving up significant gas finds?

The route by-passes Fairbanks and key military bases for which reliable and affordable fuel is critically important to supporting those communities and to keeping the bases off the Defense Department's chopping block.

There are other issues with the mechanics of the proposal such as giving the agency power to borrow unlimited amounts of money and enter into confidential contracts with whomever they want for the purpose of planning, building, and owning any natural gas line that they develop.

I don't see the need to rush into this or any deal that puts so much at risk for Alaskans when there are more promising alternatives. We should stay the course to build a large-diameter pipeline that will get our North Slope gas to emerging markets and continue to support exploration and development of Cook Inlet gas to provide Southcentral residents with lower-cost energy. What do you think?

I'm Berta and I'm still listening,



Quote of the Week

“Education is the ultimate investment – not the ultimate giveaway, as the Governor stated.”

-Rep. Beth Kerttula in response to the Governor's recent statements about his unwillingness to inflation-proof education funding.

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