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2016-2017
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Governor Bill Walker

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Breakfast Meeting

Thursday, January 5, 2017

- 1. Call to order Eric Fjelstad, RDC President
- 2. Self Introductions
- 3. Head Table Introductions
- Staff Report Carl Portman, Deputy Director
- 5. Program and Keynote Speaker:

Preview of the 2017 Legislative Session

Incoming Senate President Pete Kelly Incoming House Majority Leader Chris Tuck

Next Meeting: Thursday, January 19: TBA

Sign up for RDC e-news online!
This breakfast packet and presentation may be found online at:

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MINING



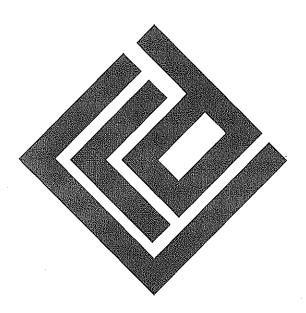
FORESTRY



2017 Top Legislative Priorities

- Advocate to limit unrestricted general fund (UGF)* spending to sustainable level of \$4.1 billion or less. *UGF includes: Operating budget, capital budget, statewide obligations, but does not include deferral of liabilities.
- Advocate for tax policy and regulatory stability that enhances the State of Alaska's competitiveness for all industries to attract new investment and grow the economy.

Alaska's budget policy should focus first on reversing the unsustainable budget by finding efficiencies and focusing on a series of annual reductions. It must include framework to use the Permanent Fund earnings to support essential services. Finally, after reducing the UGF to sustainable levels, additional, broad-based revenue options should be considered.





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FORESTRY



P.O. Box 196660

ANCHORAGE, ALASKA 99519-6660

TELEPHONE (907) 787-8700

For immediate release: December 30, 2016

Contact: Michelle Egan (907) 787-8870

2016 ends with throughput increase for TAPS

The volume of oil moved through the Trans Alaska Pipeline System increased in 2016, the first calendar year-over-year increase since 2002.

This is welcomed news for Alyeska Pipeline Service Company, TAPS' operator.

"More oil is the best long-term solution for sustaining TAPS, from a technical and operational standpoint," said Tom Barrett, Alyeska President. "It's also the best thing for Alaskans and our economy. Every barrel matters to us. The more throughput, the better we can plan for the continuing safe operation of the pipeline."

In 2015, the pipeline moved 185,582,715 barrels and averaged 508,446 barrels per day. The predicted total amount moved in 2016 is around 517,500 barrels a day - a 1.8 percent increase.

Entering its 40th year of operations, the pipeline has mostly reported annual throughput declines since its peak flow of 2 million barrels a day in 1988. The only exceptions were slight year-to-year increases noted in 1991 and 2002.

Alyeska employees for years have worked to anticipate and respond to escalating challenges brought on by declining flow. Lower flow means slower-moving oil, which allows more potential for cooling temperatures, ice formation in the line, and for water and wax to drop out of the flow stream and accumulate.

While Alveska has worked to adjust to lower flows, including adding heat to the pipeline and continually modifying pipeline pigging operations, the best-case scenario is bringing more oil to TAPS, Barrett said.

"We're supportive of an external environment that encourages responsible resource development and helps us sustain TAPS' flow level and work toward future throughput increases," Barrett said.

For further information, contact Michelle Egan, Alyeska Corporate Communications Director, (907) 787-8870. For more information about Alyeska Pipeline Service Company's work, visit www.alyeska-pipe.com.

About Alyeska Pipeline Service Company

For nearly 40 years, Alyeska has operated the 800-mile Trans Alaska Pipeline System (TAPS), safely moving oil from Prudhoe Bay on the North Slope of Alaska south to the Port of Valdez, the northernmost ice-free port in the United States. The pipeline traverses three mountain ranges, permafrost regions and 34 major rivers and streams. Alyeska personnel work in Anchorage, Fairbanks and Valdez and at pump stations and response facilities all along the pipeline. They also operate the Ship Escort/Response Vessel System for Prince William Sound. Alyeska was created to construct, operate and maintain TAPS for owner companies which today are BP Pipelines (Alaska), ConocoPhillips Transportation Alaska, ExxonMobil Pipeline Company and Unocal Pipeline Company.

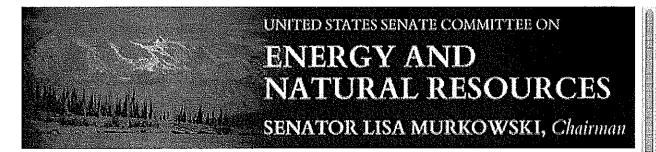
For more information, visit www.alyeska-pipe.com, or follow Alyeska on Facebook or on Twitter at www.twitter.com/AlyeskaPipeline.

From: Majority Press (Energy) press@energy.senate.gov & Subject: Murkowski Urges BLM to Rescind NPR-A Mitigation Strategy

Date: January 3, 2017 at 7:52 AM

To: Majority Press (Energy) press@energy.senate.gov





FOR IMMEDIATE RELEASE January 3, 2017 Permalink CONTACT: Nicole Daigle 202.224.2576

Murkowski Urges BLM to Rescind NPR-A Mitigation Strategy

WASHINGTON, D.C. – U.S. Sen. Lisa Murkowski, R-Alaska, last week sent a <u>letter</u> to the Bureau of Land Management (BLM) urging the agency to withdraw its Draft Regional Mitigation Strategy (DRMS) for the National Petroleum Reserve-Alaska (NPR-A). The DRMS is a product of a Presidential Memorandum released in November 2015 that seeks to drive up mitigation requirements, and marks yet another attempt by the Obama administration to impose a damaging policy in Alaska in its final days.

In her <u>letter</u>, Chairman Murkowski outlined several fundamental flaws within the DRMS. "First, the premises of the Draft Regional Mitigation Strategy are deeply flawed. The document seeks to address conditional impacts resulting from hypothetical development and requires advanced compensation for the sustainability and enhancement of environmental conditions," she wrote.

"The DRMS fails to establish predictability and transparency, which the president's memorandum asserted would be key elements of updated mitigation policies...[It] fails to account for existing, ongoing mitigation measures, and lacks any direction on how to navigate the multitude of plans, processes, and overlapping federal requirements relating to mitigation," Murkowski continued.

While noting that mitigation can be useful for projects in Alaska under the proper conditions, Murkowski concluded that "The DRMS reflects a disregard for the comments provided during the previous public comment period by the State of Alaska and others...the current modifications being made to mitigation policies in Alaska are on the wrong track, will do more harm than good, and should be rescinded."

Murkowski is chairman of the Committee on Energy and Natural Resources. She strongly opposed the "Integrated Activity Plan" that the Obama administration finalized for the NPR-A in 2012 because it unilaterally withdrew half of the reserve from energy development. Murkowski has also opposed the administration's extralegal mitigation requirements for energy projects in the reserve, which was specifically designated for energy development. During the 114th Congress, she held two <u>hearings</u> focused on mitigation, which affirmed the concerns Alaskans have raised about the administration's restrictive approach to NPR-A.

Meet Alaska 2017 Agenda Celebrating 40 Years: Prudhoe Bay, the Pipeline and Partnerships Friday, January 13, 2017

7:30	Tradeshow Opens – Breakfast served for Conference Attendees			
8:30	Welcome - Bryan Clemenz, Alliance Board President			
	Joe Marushack, President, ConocoPhillips Alaska, Inc.			
	Tom Barrett, President, Alyeska Pipeline Service Company			
	Angela Rodell, CEO, Alaska Permanent Fund Corporation "The Alaska Permanent Fund – 40 years of fortitude"			
	Bob Radecki, Principal, Benefit Comply LLC "The Times They Are A-Changin' – the Future of Employee Benefits After the 2016 Election"			
	Bob Loeffler, Visiting Professor of Public Policy, ISER			
	John Hendrix, Chief Oil and Gas Adviser to Governor Walker			
12:15	Lunch Program:			
·	Senator Pete Kelly, Alaska State Senate			
	Tim Doyle, VP Policy and General Counsel, American Council for Capital Formation			
	Ian Wright, Business Development Manager, National Energy Foundation			
	US Senate Energy and Natural Resources Committee			
	Corrie Feige, President and Principal, The Castle Mountain Group			
	Steve Butt, Senior VP Alaska Gas, ExxonMobil			
	Closing Remarks – Bryan Clemenz, Alliance Board President			
4:00	Cocktail Reception			

Faulty assumptions at the U.S. Forest Service

Posted: January 2, 2017

By OWEN GRAHAM FOR THE JUNEAU EMPIRE

The U.S. Forest Service Transition strategy is based on faulty assumptions and the USFS professionals know it.

The Forest Service's recent decision to transition too quickly to young growth harvesting some 30-years ahead of schedule is predicated on some faulty assumptions. The agency asserts that, under the young growth transition scheme, the agency will achieve much better plan implementation than the 20 percent success rate they have achieved since 2008, but the agency has proposed no changes in the harvesting guidelines and constraints that caused that lousy implementation performance. Agency professionals admitted this transition plan would not work as recently as last summer in a field trip attended by Congressional staff and municipal officials.

Further, the agency's EIS analysis uses young growth timber values that appear to be based solely on log exports to China and estimated harvesting costs for both old-growth and young-growth timber appear to be based almost entirely on mechanical harvesting. The ground conditions have not changed and the industry is still often compelled to use helicopter and cable logging systems which costs more than double mechanical harvesting costs.

There are several other errors in the EIS and no question that manufacturing the young-growth trees decades before maturity will not be financially feasible. Even the trees in the oldest young-growth stands are much too small to make the higher value products that allow our sawmills in Southeast Alaska to compete in lumber markets that are at least 800 miles away.

Additionally, these same young-growth stands currently have

less than half the volume they will have at maturity. Consequently, the sawmills will have to harvest twice as many acres to get the same volume and consequently endure double the cost of delivering timber to the mills.

It doesn't take much foresight to figure out that if young-growth trees are cut and shipped to China 30-years ahead of maturity, there will never be mature young-growth timber in the region. The actual date at which sawmills can transition to young-growth will be delayed by however many years this premature transition is allowed to proceed.

The transition plan was the brain child of the anti-timber harvest Wilderness Society and the current Secretary of Agriculture who claims to care about rural America everywhere but in Alaska. Forest Service professionals have been muzzled as part of this process. Let's hope a more rational plan can be restored very quickly by the new administration.

• Owen Graham is the executive director of the Alaska Forest Association in Ketchikan.

Membership Form

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. RDC's membership includes Alaska Native Corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

To join or to view a list of current RDC members, visit akrdc.org/membership

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