

Alaska State Legislature House and Senate Democrats

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TAPS Tariff Too High: Open Letter to Murkowski

Putting Alaskans First 2003

JUNEAU – In an effort to grow Alaska's economy and as an alternative to Governor Murkowski's proposed new taxes and tax increases, Democratic Legislators today sent a letter to the Governor encouraging his administration to work toward lowering the TAPS tariff.

Recently, *Petroleum News Alaska* published the results of a poll of the Alaskan oil industry which said the number one way to promote Alaska's oil industry is to lower the TAPS tariff. The oil industry considers this more important than opening ANWR.

A recent RCA ruling found the intrastate TAPS tariff charged by the pipeline owners is 57 percent above reasonable cost-based rates. Democratic Legislators are now asking the Governor to pursue extending that ruling to the 90 percent of the oil that is sold outside of Alaska.

If the RCA ruling applied to interstate oil, it could save the state around \$100 million a year in lost revenues. That is close to the amount Governor Murkowski plans to raise with his proposed taxes.

According to the RCA ruling, the TAPS carriers have overcharged transporters of oil, including the state, a total of \$9.9 billion since the opening of the pipeline.

Not only would lowering the tariff save the state \$100 million a year, it would create jobs by giving smaller independent oil producers the incentives they need to begin exploring and producing fields that now lay dormant.

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Sen. Bettye Davis, Sen. Johnny Ellis, Sen. Kim Elton, Sen. Lyman Hoffman, Sen. Hollis French, Sen. Gretchen Guess, Sen. Georgianna Lincoln, Sen. Donny Olson, Rep. Ethan Berkowitz, Rep. Sharon Cissna, Rep. Harry Crawford, Rep. Eric Croft, Rep. Les Gara, Rep. Max Gruenberg, Rep. David Guttenberg, Rep. Reggie Joule, Rep. Mary Kapsner, Rep. Beth Kerttula, Rep. Albert Kookesh, Rep. Carl Moses