

she needed to open her own veterinary center in 1995.

The Abbot Valley Veterinary Center quickly garnered widespread popularity. Dr. Gifford earned a reputation as a compassionate, dedicated, and experienced professional. Today her business has grown to serve more than 2,000 patients.

As her business began to take off, Dr. Gifford was diagnosed with cancer. Drawing on the courage and resolve that had come to define her professional career, and with the help of family, friends, and clients, Dr. Gifford successfully overcame the disease and today is cancer-free.

Over the years, Dr. Gifford has made many significant technological additions to her business to better serve her patients, and her clientele and staff continue to grow. In addition to being an accomplished entrepreneur, Dr. Gifford is also a philanthropist, and she supports a variety of local animal shelters and community organizations, such as the Cumberland Boys and Girls Club.

Dr. Gifford embodies the professional and personal character necessary to operate a successful business, and she now joins the list of distinguished Rhode Islanders who have been named Small Business Person of the Year.

I congratulate Dr. Gifford for her successful practice and dedication to her community. Small businesses are key to economic growth in my home state, and I wish Dr. Gifford and the 32,000 other small business owners in Rhode Island great success in the future.

INTRODUCTION OF QUALITY BANK VALUATION ACT

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 28, 2005

Mr. YOUNG of Alaska. Mr. Speaker, I rise today to introduce legislation to eliminate endless litigation—and the associated economic hazard to Alaska—over the valuation of oil that is shipped through the Trans-Alaska Oil Pipeline System, TAPS.

The current litigation over this issue concerns valuations used in connection with the “TAPS Quality Bank,” which shippers make payments into or receive payments from depending on the quality of the crude oil they inject into the pipeline. This litigation has been ongoing since 1989, and there is no end in sight. Unfortunately, the incentive of parties to litigate is compounded because the Federal Energy Regulatory Commission, FERC, apparently has authority in these cases to impose changes in oil valuations on a retroactive basis.

My bill provides that, after December 31, 2005, the FERC will no longer have authority to apply changes to Quality Bank valuations on a retroactive basis. In other words, if FERC makes changes in the method by which oil shipped through the pipeline is valued, they must do so only on a prospective basis. This will impose a strong incentive for parties to the existing litigation to settle before the end of this year, and ensure, with respect to any future changes to valuations, that no TAPS shipper is exposed to the kind of retroactive liability that could accrue in the existing dispute.

Since its opening in June 1977, the Trans-Alaska Pipeline System, TAPS, has carried crude oil from Alaska’s North Slope to Valdez where the oil is shipped to market. The pipeline carries crude oil from various sources and of varying quality. The oil is injected into the line before the pipeline’s Pump Station One near Deadhorse, Alaska and commingled as the blended stream of oil travels south to Valdez. The TAPS Quality Bank was established to compensate producers of higher quality crude oil for the difference in the value of the crude injected at the North Slope and that of the lower-quality commingled stream received in Valdez, since each shipper receives a quantity of the blended stream in Valdez equivalent to the amount it injected into the line.

Companies injecting low-quality crude oil pay into the Quality Bank, while companies injecting high quality crude receive a payment from the Quality Bank. In addition, between the North Slope and Valdez, two refineries, Flint Hills and Petro Star, withdraw a portion of the common stream from TAPS, partially refine the crude oil into products such as gasoline, diesel and jet fuel, and reinject into TAPS the other components of crude left over after their refinery processes. Each fuel extracted from the crude is called a “cut.” To compensate other shippers for the lower relative value of the oil the refineries return to TAPS, refiners also pay into the Quality Bank. The objective of the Quality Bank is to make monetary adjustments so that each shipper is in the same economic position it would enjoy if it received the same oil in Valdez that it delivered to TAPS on the state’s North Slope.

The methodology used to determine Quality Bank payments has been a subject of controversy since the Quality Bank’s creation. The problem arises because there is no independent market for the crude injected on the North Slope and thus no way to objectively determine its value. The methodology is set by the Federal Energy Regulatory Commission. Since the early 1980s, FERC-approved methodologies have been challenged in court and revised multiple times. In 1993, the majority of North Slope shippers proposed and FERC approved a settlement calling for the use of a “distillation” methodology, which would value crude oil based on the market price of various cuts created when the components are separated based on different boiling points—the distillation process. This methodology replaced the former “gravity” methodology where oil was valued based on its relative gravity.

Since 1993, disputes have focused largely on the valuation of cuts at the highest boiling points—the “Heavy Distillate” cut that evaporates at temperatures between 450 and 650 degrees F. And the “Resid” (residual) cut, which includes the portion remaining after distillation of all other cuts at boiling points up to 1050 degrees F. Two additional cuts are also at issue, the VGO and Naphtha cuts.

In 1997, responding to a DC Circuit Court of Appeals ruling, FERC approved a settlement with a revised valuation methodology for Distillate and Resid. Under the FERC order, the new valuation methodologies were to be applied on a prospective basis only. Later, the DC Circuit in 1999 told FERC to revise some particular details of the Resid valuation and also held that FERC had “failed to provide an adequate explanation” as to why the new methodology should not be made retroactive to 1993.

Responding to the ruling, the Administrative Law Judge, who in 1997 had decided that all changes should only apply prospectively, reversed his position and released a decision in August 2004 calling for changes in the Resid and Heavy Distillate cuts to be applied retroactively, in the case of Resid to as far back as 1993. In addition, the administrative law judge decided to apply new valuations for VGO and Naphtha, prospectively. Currently, the judge’s decision is awaiting a final decision by the FERC on whether to impose the Initial Decision or alter it.

There are clearly major public policy implications resulting from this Quality Bank issue. While the bank is a “zero sum” game as far as money paid in and out of the bank is concerned, the impacts on the parties and thus on the citizens of Alaska are anything but equal.

For decades Alaskans suffered from the effects of having to import all refined fuel products into the state from West Coast refineries. Besides higher prices caused by transportation, that left the state wholly dependent on fuel supplies that needed to travel at least 2,000 miles on average to reach Alaska consumers—sometimes through bad weather and difficult sea conditions. With the construction of in-state refineries, Alaskans finally saw greater security of supply, less dependence upon weather for shipment arrivals, and the possibility of lower fuel prices because of potentially reduced transportation costs. The greater dependability of fuel supplies improved aviation freight shipments at the Anchorage and Fairbanks international airports, helping create jobs in air freight and related industries.

The recent decision of the FERC Administrative Law Judge to apply new Quality Bank methodology assessments retroactively, however, places the economics of in-state refineries at risk. That in turn not only impacts the job security for the roughly 400 Alaskans who work at the refineries, but also threatens the state’s energy and economic security.

The problem is that both of the refineries must make long- and short-term business decisions based on crude costs when they process crude oil into product. Refineries optimize their production slates based on current market realities. It is difficult for them to operate, given low profit margins, if oil values can change years later as a result of Quality Bank decisions. They simply have no way to make rational business decisions when the cost of their products can be determined retroactively long after they can protect themselves for perceived mistakes in FERC-approved valuation methodologies. This certainly threatens the ability of the refineries to attract capital, money needed for them to modernize and meet new ultra-low sulfur diesel “clean fuel” requirements soon to go into effect.

My Delegation last fall in report language added to the federal budget expressed its concern with the equity of long retroactive Quality Bank valuation adjustments. Last autumn we urged FERC to look carefully at the justice of the Initial Decision of the Administrative Law Judge in this case and we encouraged all of the eight parties—including the State of Alaska—to reach an out-of-court settlement of the 1993 case to bring finality to this complex case before it harms in-state refinery capabilities. We wanted to avoid a legislative solution to this purely Alaskan case. We renewed our pleas for action in a letter sent to FERC on April 5th.

In the intervening six months, while two mediation sessions have occurred, the parties report little or no progress toward reaching a mutually agreeable settlement. While opinions may differ on whether Congress should intervene to settle the on-going case, there is little doubt that Congress should step forward to prevent such an arcane dispute from ever again threatening Alaska's energy industry.

For this reason, I am introducing today legislation identical to S. 822, already introduced by Senators STEVENS and MURKOWSKI, to limit the ability of FERC in the future to make retroactive the impacts of future Quality Bank valuation methodology changes. I plan to push for inclusion of this provision in the energy legislation being considered by Congress this year.

By this legislation, after Dec. 31, 2005, FERC still will be able to change the methodology for determining the value of oil flowing through the pipeline but will not be permitted to apply changes to Quality Bank valuation methodologies on anything other than a prospective basis.

I have proposed this provision to prevent this legal nightmare from happening again. This provision will first eliminate the perverse current incentive for all sides to promote further litigation regarding Quality Bank valuations based on the expectation of a retroactive application of changes that would result in a large economic windfall. The retroactive application of valuation methodology changes encourages the sides in a dispute to sue in hopes of gaining a larger benefit in the future. This is a "lottery," however, that Alaskans are guaranteed to lose.

By setting Dec. 31, 2005 as the date that FERC can no longer apply Quality Bank valuation methodologies on a retroactive basis, the legislation will put the FERC and the litigants on notice that the current dispute must be resolved by the end of this year.

Requiring FERC to apply valuation methodology changes in connection with any future disputes on a prospective basis only will eliminate the risk and uncertainty associated with the prospect of nearly unlimited retroactive application of Quality Bank payment methodology changes. That will allow all Quality Bank participants to be able to conduct business with the certainty of knowing that prices received and paid for oil today cannot be altered years down the road. In addition, this will eliminate the strong incentive that currently exists for some parties to engage in endless litigation, in hopes of gaining windfall benefits from retroactive application changes.

While I, along with Senators STEVENS and MURKOWSKI, continue to call on all sides in the current dispute to compromise and settle this case now, this bill will discourage if not eliminate this type of dispute in the future—a benefit for all Alaskans.

HONORING CHRIST MEMORIAL CHURCH WORSHIP AND MUSIC LEADER JOHN BRIGHT UPON HIS RETIREMENT ON MAY 15, 2005

HON. PETER HOEKSTRA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 28, 2005

Mr. HOEKSTRA. Mr. Speaker, I rise today to honor Christ Memorial Church Music and

Worship Leader John Bright upon his retirement. John Bright, who with the enduring support of his wife Marylin, has faithfully ministered for 40 years, including 23 years at Hope Reformed Church in South Haven, Michigan and 17 years at Christ Memorial Church in Holland, Michigan.

John Bright is a true minister of the Word through his music. He turned Wednesday evening choir rehearsals into a worship experience. He evoked passionate singing in all of the choir's music by asking each member of the choir to personalize the message. He faithfully taught the Christ Memorial Sanctuary Choir the power of communal prayer. His choirs will always be remembered for excellence in singing, bringing clarity to the message and praise to the Lord. John consistently sought to coordinate the message of the music with the message of the Word. He used his God-given gifts and talents to provide a worship atmosphere for everyone who attended his choral-led services. Every performance by John's choirs, be it in a worship or concert setting, was conducted in the context of Psalm 115:1, "Not to us, O Lord, not to us, but to your name be the glory, because of your love and faithfulness."

His smiling personality refreshed the hearts of the saints as described in Philemon 1:7. John Bright emptied himself so that he could serve all. John's life and music always provide encouragement to those most in need. He brought joy to patients in nursing homes throughout the year, leading them in worship and giving them cards and gifts. He tirelessly accepted the many requests to minister with music at countless weddings, funerals and other events.

Let it be known to all on the 15th day of May, in the year of our Lord 2005, that the members of Christ Memorial Church and the Sanctuary Choir do affirm the above and ask for God's fullest blessings on John Bright as he and Marylin move to the next season of their lives.

PERSONAL EXPLANATION

HON. SUE WILKINS MYRICK

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 28, 2005

Ms. MYRICK. Mr. Speaker, I was unable to participate in the following vote on April 27, 2005. If I had been present, I would have voted as follows:

Rollcall vote 140, on Motion to Recommit H. Res. 22, expressing the sense of the House of Representatives that American small businesses are entitled to a Small Business Bill of Rights, I would have voted "no."

HONORING THE CONTRIBUTIONS OF MELINDA RIOS, ARLON SEAY INTERMEDIATE SCHOOL TEACHER OF THE YEAR

HON. HENRY CUELLAR

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 28, 2005

Mr. CUELLAR. Mr. Speaker, I rise to recognize the extraordinary accomplishments of

Melinda Rios, Arlon Seay Intermediate School Teacher of the Year.

Melinda Rios holds a Bachelor's degree from the University of Texas at San Antonio. She has accumulated an impressive record of accomplishment in her 19 years of teaching.

Today, Ms. Rios teaches Science and Social Studies to sixth-graders at Arlon Seay Intermediate School in the Comal Independent School District.

Ms. Rios believes that teaching is an interactive process that requires adjustments and alterations to fit each individual student. She sees herself as a resource that students can call on as they work to achieve their life goals.

Ms. Rios' commitment to service, and her willingness to learn and grow in her chosen profession, have made her one of her district's most valuable teachers. She is a tremendously valuable resource for her students, and for all of the families of her community. Her hard work prepares her students for future success, and helps to make them well-rounded citizens.

She is a credit to the Arlon Seay Intermediate School, and I am happy to have had the chance to honor her here today.

TRIBUTE TO MIDAMERICA NAZARENE UNIVERSITY PRESIDENT RICHARD SPINDLE

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 28, 2005

Mr. MOORE of Kansas. Mr. Speaker, I rise today to pay tribute to a distinguished leader in the fields of higher education and community service who soon will be stepping down after 15 years of valuable service as president of MidAmerica Nazarene University, which is located in the Third Congressional District.

Dr. Richard Spindle is a visionary leader who oversaw significant expansion of MidAmerica Nazarene University during his tenure as president, including a major enrollment increase, construction of two new dormitories, the Cook Center and the Bell Family Arena. Founded in 1966, MidAmerica Nazarene University is a private, liberal arts university offering undergraduate and selected professional and graduate degrees. Since the initial semester of operation, enrollment has increased dramatically and now totals approximately 1,400. A Christian community in the Wesleyan-Holiness tradition, MidAmerica Nazarene University seeks to transform the individual through intellectual, spiritual and personal development for a life of service to God, the church, the Nation and the world.

During the past 2 years, I have been privileged to work with Dr. Spindle in a successful effort to obtain federal funding for MidAmerica Nazarene's criminal justice instruction program. He has been a major force for positive change and advancement in the Olathe community and throughout the Kansas City metropolitan area. I join with many of our neighbors in wishing Richard and Billy Spindle all the best as they prepare to move to Brazil in August in order to consult with Brazilian Nazarene College.

Mr. Speaker, I am placing in the RECORD a recent news article from the Olathe News, which details a celebration that was held in Dr.