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Bullock
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CS FOR HOUSE BILL NO. 142(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Hawker, Johnson, Olson, Feige, Thompson, Millett, Costello,
Fairclough

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the creation of a rebuttable presumption that the project licensed
2 under the Alaska Gasline Inducement Act is uneconomic because of insufficient
3 commitments to acquire firm transportation capacity during the first open season."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
6 to read:

7 PRESUMPTION THAT PROJECT IS UNECONOMIC. (a) If TransCanada Alaska
8 Company, LLC, and Foothills Pipe Lines Ltd., jointly as licensee, fail to disclose, before
9 May 15, 2012, that the project licensed under AS 43.90 (Alaska Gasline Inducement Act)
10 received commitments to acquire firm transportation capacity during the open season, it is
11 rebuttably presumed that the project is uneconomic for the purposes of AS 43.90.240. The
12 commissioners shall notify the legislature before May 30, 2012, whether commitments to
13 acquire firm transportation capacity are disclosed to the commissioners before May 15, 2012,
14 and report whether the commitments to acquire firm transportation capacity that are disclosed

are sufficient to support development of the project.

(b) If the presumption is raised under (a) of this section, the commissioners shall,

(1) before June 15, 2012, submit a report to the legislature that rebuts the presumption in (a) of this section by a preponderance of evidence or state that there is insufficient evidence to rebut the presumption; and

(2) in conjunction with the request for an appropriation for the reimbursement of qualified expenditures authorized by AS 43.90.110(a)(1) for fiscal year 2014, provide testimony and evidence that the

(A) project has support sufficient to finance development of the project through commitments to acquire firm transportation capacity, government assistance, or other external sources of financing; and

(B) predicted costs of transportation at a 100 percent load factor, when deducted from predicted gas sales revenue using publicly available predictions of future gas prices, would result in a producer rate of return that is not below the rate typically accepted by a prudent oil and gas exploration and production company for incremental upstream investment that is required to produce and deliver gas to the project.

(c) Nothing in this section precludes an agreement between the commissioners and the licensee that the project is uneconomic or a determination by the commissioners or the licensee that the project is uneconomic for the purposes of AS 43.90.240.

(d) In this section, "commissioners," "licensee," "open season," and "project" have the meanings given in AS 43.90.900.