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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE ALASKA STATE HOUSE

SPONSOR STATEMENT

Committee Substitute for House Bill 142 (FIN)

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

House Bill 142 creates a rebuttable presumption that the project licensed under the Alaska Gasline Inducement Act (AGIA) is uneconomic because of insufficient commitments to acquire firm transportation capacity during the first open season. The open season ran from April 30 to July 30, 2010.

The bill creates a benchmark at which the Legislature expects evidence of progress under the state's \$500 million financial commitment under AGIA.

AGIA licensee TransCanada has until May 15, 2012, to disclose to the commissioners of the state Department of Revenue and Department of Natural Resources whether commitments to acquire firm transportation capacity were made sufficient to support construction of the project licensed under AGIA. If not, the presumption takes effect.

The commissioners have until May 30, 2012, to notify the Legislature whether the results of the first open season were disclosed by May 15th and whether those commitments are sufficient to support development of the project licensed under AGIA.

If the presumption is raised, the commissioners have until June 15, 2012, to rebut it to the legislature with a preponderance of evidence. The commissioners are not required to rebut the presumption if they believe the evidence is lacking.

If the presumption is not rebutted, the project is considered uneconomic for purposes of AS 43.90.240, 'AGIA-Abandonment of Project'. That existing part of AGIA includes provisions for dissolving the relationship between TransCanada and the state if the project becomes uneconomic at any point.

If the state determines the project is uneconomic, TransCanada can agree, and both parties' obligations and responsibilities under AGIA are ended, without penalty. If one party does not agree, an arbitration process as specified in 43.90.240 begins. If arbitrators deem the project uneconomic, the AGIA relationship dissolves. If arbitrators find that the project is not uneconomic, the state and TransCanada continue under the terms of AGIA.

House Bill 142 also adds reporting requirements to administration requests for FY2014 AGIA reimbursement appropriations as provided in AS 43.90.110, 'AGIA-Natural gas pipeline project construction inducement'.