

O+G #1

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Administration
APPROPRIATION: Alaska Oil & Gas Conservation Commission

ADD: Lapse Extension
\$1,450.6 General Funds (1004) Inc OTI

0 Sept 11

O+G #2

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT: Fish and Game

APPROPRIATION: Habitat

ALLOCATION: Habitat

ADD: \$180,000 Inter-agency Receipts (1007)

EXPLANATION: The amendment will fund two Habitat Biologists who will perform pre-application work for Denali, ANGDA, ENSTAR and TransCanada including initial planning, design review, field inspections, and pre-construction permitting. Funding is through RSAs from Natural Resources.

OPERATING BUDGET AMENDMENT

O+G #3

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Commissioner's Office

ADD: Lapse Extension
\$ 100.0 General Funds (1004) Inc OTI

OPERATING BUDGET AMENDMENT

O+G #4

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Labor Market Information

ADD: Lapse Extension
\$ 145.0 General Funds (1004) Inc OTI

OPERATING BUDGET AMENDMENT

*Orig #5
Adoption*

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Workforce Development
ALLOCATION: Business Services

ADD: \$505,000 General Funds (1004) Inc OTI

EXPLANATION: Provide training and related instruction to at least 70 apprentices at Regional Training Centers for AGIA related occupations.

Fund cooperative training agreements with business and industry for registered apprentices and structured on-the-job training for approximately 125 workers.

Current status: \$322.0 of FY09 funding has been obligated to date and other grant agreements are in the negotiation process. Most training is expected to occur March through June.

An anticipated lapse of \$80,000 of the original request is to be addressed in the supplemental bill.

OPERATING BUDGET AMENDMENT

O+G
#6

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Labor and Workforce Development
APPROPRIATION: Workforce Development
ALLOCATION: Workforce Investment Board

ADD: \$45,000 General Funds (1004)

EXPLANATION: The current head of the Northwest Alaska Career and Technical Center has been selected to this Education Specialist Position, which will oversee the education components of the gasline strategic training plan, including better training program and industry coordination, curriculum sharing, and articulation.

\$85,000 of original request to be addressed in the supplemental bill.

OPERATING BUDGET AMENDMENT

O+G #7

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT: Law
APPROPRIATION: BP Corrosion
ALLOCATION: BP Corrosion

ADD: \$3,500,000 Inc OTI

FUNDING SOURCE: General Funds - 1004

EXPLANATION:

The Department of Law (DOL) requests an appropriation for FY10 in the amount of \$3.5 million to continue the pursuit of claims for penalties and lost revenues for the 2006 Prudhoe Bay pipeline spills and production shutdowns. DOL believes that it is unlikely that an agreement can be reached to resolve the claims and anticipates the need to file a court case later this year or risk certain claims being time barred; hence this request for an appropriation to fund the anticipated litigation in FY10.

Due to delays in obtaining documents and information from British Petroleum Exploration Alaska (BPXA), the investigation was only recently completed. Based upon information gathered to date, DOL anticipates making a recommendation to seek recovery of the state's revenue losses, as well as civil penalties and damages under the state's environmental statutes.

In March and August of 2006, crude oil leaked from Oil Transit Lines (OTLs) operated by BPXA at Prudhoe Bay. In its Plea Agreement with the United States executed in October 2007, BPXA acknowledged that it "acted negligently by failing to adequately inspect and clean the OTLs." The company is "required to operate the OTLs as a reasonable operator." BPXA "did not expend sufficient resources to address the complex issues of corrosion in the OTLs." "BPXA failed to clean the OTLs with a piece of equipment called a maintenance (or cleaning) pig and inspect the pipe for corrosion activity with a smart pig." These admissions are borne out by our investigation.

BPXA's documents substantiate that these failings resulted in shutdowns and reduced production of tens of millions of barrels of crude oil in 2006-08. The loss of revenue in royalties and taxes to the state for those years potentially amounts to hundreds of millions of dollars.

This is a complex matter with many documents. It is anticipated that the FY10 litigation activities will cost an additional \$3.5 million for costs of counsel, document management, experts, and litigation costs. DOL anticipates the litigation will last at least three to four years and that appropriations will be needed in future years.

This issue is independent of gasline appropriations.

Admitted

OPERATING BUDGET AMENDMENT

O+G #8

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

Amended

OFFERED BY: Representative Hawker

DEPARTMENT: Law
APPROPRIATION: Civil Division
ALLOCATION: Oil, Gas and Mining

ADD: \$5,109,200 Inc OTI

FUNDING SOURCE: General Funds - 1004

EXPLANATION:

The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the construction of a gas pipeline and bringing natural gas to market. In addition, the Department of Law has a number of other major projects underway that will continue to require outside counsel and experts beyond the funding included in the base operating budget. The most noteworthy are Pt. Thomson litigation, ongoing proceedings before the Federal Energy Regulatory Commission (FERC) on TransAlaska Pipeline Service (TAPS) tariffs issues; and two major corporate income tax matters.

This issue is independent of gasline appropriations.

OPERATING BUDGET AMENDMENT

O+G#9

OFFERED IN: The House Finance Committee

TO: CSHB 81(FIN) / CSHB 83(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT: Law
APPROPRIATION: Civil Division
ALLOCATION: Oil, Gas and Mining

ADD: \$1,900,000 Inc OTI

FUNDING SOURCE: General Funds - 1004

EXPLANATION: The Department of Law is requesting \$1,900.0 to cover preparation and other related costs associated with the TAPS Strategic Reconfiguration. The State is protesting imprudent capital expenditures on the TAPS Strategic Reconfiguration project that are included in rates from 2005 forward.

This issue is independent of gasoline appropriations.

OPERATING BUDGET AMENDMENT

OG #10

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Natural Resources
APPROPRIATION: Oil and Gas Development

ADD: Lapse Extension
\$ 2,224.3 General Funds
\$ 741.5 Perm Fund Rcpts

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Amendment O&G 11

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: State Coordinator—Gas Pipeline

ADD: \$3,200,00 General Fund (1004) Inc OTI
\$391,700 General Fund

EXPLANATION: This amendment includes funding for three positions that will assist with the review and coordination of all state and federal permits and processes, to ensure that all state and federal environmental requirements have been completed, and assist with title work for natural gas transportation projects in Alaska, including AGIA implementation.

A \$3.2 million FY2010 capital project request for this purpose will be deleted from the capital budget. An anticipated lapsing balance of \$2.7 million GF of an operating appropriation for this purpose will be addressed as a supplemental request.

OPERATING BUDGET AMENDMENT

O+G#12

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Natural Resources
APPROPRIATION: State Coordinator – Gas Pipeline

ADD: Lapse Extension
\$ 2,700.0 General Funds

*delivered
by
supplemental
budget*

OPERATING BUDGET AMENDMENT

O+G #13

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Representative Hawker

DEPARTMENT: Natural Resources
APPROPRIATION: Resource Development
ALLOCATION: Pipeline Coordinator

ADD: \$2,500,000 Statutory Designated Program Receipts (1108)

EXPLANATION: To fund work required for multi-agency coordination and review of AGIA, Denali, ANGDA and ENSTAR right-of-way pre-application work. Under AS 38.35, the pre-applicant, applicant or lessee is required to reimburse the State for these efforts. Authorization is needed to receive funds to do work for applicants.

OPERATING BUDGET AMENDMENT

O+G #14

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)

OFFERED BY: Hawker

DEPARTMENT: Revenue
APPROPRIATION: Administration and Support
ALLOCATION: Natural Gas Commercialization

ADD: \$771,000 General Funds (1004) Inc OTI

EXPLANATION: This funding is needed to respond in FY2010 to issues associated with the holding of open seasons in the fall of FY2010 by the major gas line projects. The administration has stated that when economic information becomes available, they will analyze the economics underpinning proposed major gas line projects prior to an open season and assess the need for changes in the state's fiscal system. The work will be on a tight time frame as any changes ideally should be in place prior to or during the open season and will require the assistance of contractors. The need for economic evaluations is critical in moving gas line projects along as quickly as possible. DOR has the ability to contract with the appropriate financial institutions to facilitate the evaluations. This funding has typically been managed through the Commissioner's Office appropriation.

#33

OPERATING BUDGET AMENDMENT

OFFERED IN: The House Finance Committee

TO: House CS for CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Gara

DEPARTMENT: Health and Social Services
APPROPRIATION: Behavioral Health
ALLOCATION: Behavioral Health Grants

ADD: \$210,000 General Fund/Mental Health (1037)

ADD INTENT: It is the intent of the legislature that at least \$210,000 be expended to serve individuals on waiting lists for Heroin addiction treatment at facilities that have a waiting list. The funding is to be utilized in addition to any other behavioral health grants that a heroin addiction treatment facility may qualify for, and it shall not prevent such a facility from qualifying for any additional behavioral health grant funds.

EXPLANATION: The funding is intended to expand the capacity of Heroin treatment facilities for individuals that are on a waiting list. This supplemental funding is to be targeted to Heroin addiction treatment facilities that have a waiting list and not prevent those facilities from qualifying for other behavioral health grant funds.

#34

OPERATING BUDGET AMENDMENT

OFFERED IN: House Finance Committee

TO: CSHB 81(FIN)/CSHB 83(FIN)

OFFERED BY: Representative Les Gara

DEPARTMENT: Department of Labor and Workforce Development
APPROPRIATION: Division of Vocational Rehabilitation
ALLOCATION: Independent Living

ADD: \$70.0 General Funds (1004)

EXPLANATION:

Outreach to Visually-Impaired in Rural Communities

This increment would allow The Center for the Blind and Visually Impaired to reach out to provide life skill and services to visually impaired Alaskans in those small communities, where no or few services are offered. The Increment was recommended by the Division and not forwarded to the Legislature by the Governor.

Withheld