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**CS FOR HOUSE BILL NO. 9( )**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

**BY****Offered:****Referred:****Sponsor(s): REPRESENTATIVES CHENAULT, Millett, Thompson, Hawker****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska Gasline Development Corporation, a subsidiary created  
2 by the Alaska Housing Finance Corporation; establishing and relating to the in-state  
3 natural gas pipeline fund; making certain information provided to or by the Alaska  
4 Gasline Development Corporation exempt from inspection as a public record; relating  
5 to the Joint In-State Gasline Development Team; relating to the judicial review of a  
6 right-of-way lease or the development or construction of an oil or gas pipeline on state  
7 land; relating to the lease of a right-of-way by the Alaska Gasline Development  
8 Corporation for a gas pipeline transportation corridor; relating to the cost of natural  
9 resources, permits, and leases provided to the Alaska Gasline Development  
10 Corporation; relating to the regulation by the Regulatory Commission of Alaska of an  
11 in-state gas pipeline project developed by the Alaska Gasline Development Corporation;  
12 relating to the Alaska Natural Gas Development Authority; relating to the procurement

1 of certain services by the Alaska Natural Gas Development Authority; exempting  
2 property of a project developed by the Alaska Gasline Development Corporation from  
3 property taxes before the commencement of commercial operations; and providing for  
4 an effective date."

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

6 \* **Section 1.** AS 18.56 is amended by adding a new section to read:

7 **Sec. 18.56.087. Alaska Gasline Development Corporation.** (a) The Alaska  
8 Gasline Development Corporation, a subsidiary created under AS 18.56.086, shall  
9 have all powers granted to it by the corporation. In addition, the Alaska Gasline  
10 Development Corporation may

11 (1) determine the form of ownership and the operating structure of an  
12 in-state natural gas pipeline developed by the Alaska Gasline Development  
13 Corporation and may enter into agreements with other persons for joint ownership or  
14 operation or both of the in-state natural gas pipeline;

15 (2) exercise the power of eminent domain to acquire land under  
16 AS 09.55.240 - 09.55.460;

17 (3) acquire, by purchase, lease, or gift, land, structures, real or personal  
18 property, an interest in property, a right-of-way, a franchise, an easement, other  
19 interest in land, or an interest in or right to capacity in any pipeline system determined  
20 to be necessary or convenient for the development, financing, construction, or  
21 operation of an in-state natural gas pipeline project or part of an in-state natural gas  
22 pipeline project; and

23 (4) transfer or otherwise dispose of all or part of an in-state natural gas  
24 pipeline project developed by the Alaska Gasline Development Corporation or transfer  
25 or otherwise dispose of an interest in an asset of the Alaska Gasline Development  
26 Corporation.

27 (b) The Alaska Gasline Development Corporation may issue bonds and notes  
28 and otherwise incur indebtedness in order to carry out and accomplish its purposes.  
29 The provisions of AS 18.56.110(a)-(f) and 18.56.115 - 18.56.190 apply to the Alaska

1 Gasline Development Corporation in the exercise of its powers under this subsection,  
2 except that, in AS 18.56.110 - 18.56.190, as applicable under this subsection, the term  
3 "corporation" shall mean the Alaska Gasline Development Corporation. The Alaska  
4 Gasline Development Corporation may issue bonds and notes and otherwise incur  
5 indebtedness under this subsection without limit as to principal amount. The bonds,  
6 notes, and other indebtedness of the Alaska Gasline Development Corporation do not  
7 create an obligation or liability of the corporation except to the extent that the  
8 corporation agrees in writing to accept the obligation or liability.

9 (c) No debt, obligation, or liability of the Alaska Gasline Development  
10 Corporation shall become a debt, obligation, or liability of the state or any part or  
11 subdivision of the state or of the corporation or a subsidiary corporation of the  
12 corporation other than the Alaska Gasline Development Corporation, except as  
13 provided in this subsection. This subsection applies to all debt, obligations, and  
14 liabilities of the Alaska Gasline Development Corporation regardless of how the debt,  
15 obligations, or liabilities are created, including by contract, tort, or bond or note  
16 issuance. Except as provided in this subsection, a person may not bring suit against the  
17 state or any part or subdivision of the state or against the corporation or a subsidiary  
18 corporation of the corporation other than the Alaska Gasline Development  
19 Corporation in the courts of the state to enforce or seek a remedy with respect to a  
20 debt, obligation, or liability of the Alaska Gasline Development Corporation. The  
21 corporation may waive, in whole or in part, the application of the provisions of this  
22 subsection to the corporation with respect to a debt, obligation, or liability of the  
23 Alaska Gasline Development Corporation. To be effective, a waiver by the  
24 corporation must be in writing and shall only have effect to the extent provided in the  
25 writing.

26 (d) The in-state natural gas pipeline fund is established in the Alaska Gasline  
27 Development Corporation and consists of money appropriated to it. Unless otherwise  
28 provided by law, money appropriated to the fund lapses into the general fund on the  
29 day this subsection is repealed. The Alaska Gasline Development Corporation shall  
30 manage and invest the fund to yield competitive market rates. The Alaska Gasline  
31 Development Corporation shall invest money in the fund in the same manner and on

the same conditions as permitted for investment by the commissioner of revenue of funds belonging to the state or held in the treasury under AS 37.10.070 and as provided for fiduciaries of state funds under AS 37.10.071. Interest and other income received on money in the fund shall be separately accounted for and may be appropriated to the fund. The Alaska Gasline Development Corporation may use money appropriated to the fund for the planning, designing, financing, development, construction, and operation of an in-state natural gas pipeline.

(e) In this section, "in-state natural gas pipeline" has the meaning given in AS 38.34.099.

\* **Sec. 2.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(49) contracts by the Alaska Natural Gas Development Authority under AS 41.41.070(d).

\* **Sec. 3.** AS 38.34.050(a) is amended to read:

(a) The Alaska Gasline Development Corporation [JOINT IN-STATE GASLINE DEVELOPMENT TEAM] may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

\* **Sec. 4.** AS 38.34.050(b) is amended to read:

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the Alaska Gasline Development Corporation [JOINT IN-STATE GASLINE DEVELOPMENT TEAM. THE DEVELOPMENT TEAM SHALL AVOID DUPLICATING STUDIES, PLANS, AND DESIGNS THAT HAVE ALREADY BEEN PRODUCED OR OTHERWISE OBTAINED BY OTHER STATE ENTITIES].

\* **Sec. 5.** AS 38.34.050(c) is amended to read:

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the Alaska Gasline Development Corporation [ALASKA HOUSING FINANCE CORPORATION] a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor at no cost or rental fee if

(1) [THE CORPORATION SUBMITS] a complete right-of-way lease

1 application under AS 38.35.050 is submitted;

2 (2) the lease application is made the subject of notice and other  
3 reasonable and appropriate publication requirements under AS 38.35.070; and

4 (3) except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7),  
5 the corporation that submits the application for the right-of-way lease agrees to be  
6 bound by the right-of-way lease covenants set out in AS 38.35.120; notwithstanding  
7 AS 38.35.120(b), a right-of-way lease subject to this paragraph is valid and of  
8 legal effect.

9 \* Sec. 6. AS 38.34.050 is amended by adding new subsections to read:

10 (e) The Alaska Gasline Development Corporation may enter into  
11 confidentiality agreements necessary to acquire or provide information to carry out its  
12 functions. Information acquired or provided by the Alaska Gasline Development  
13 Corporation under a confidentiality agreement is not subject to disclosure under  
14 AS 40.25.110. The Alaska Gasline Development Corporation may enter into  
15 confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow  
16 release of information protected by a confidentiality agreement to that public agency.  
17 The portions of the records and files of a public agency bound by a confidentiality  
18 agreement that reflect, incorporate, or analyze information subject to a confidentiality  
19 agreement under this subsection are not public records. Confidentiality agreements  
20 entered into under this subsection are valid and binding against all parties in  
21 accordance with the terms of the confidentiality agreement.

22 (f) Information relating to field studies conducted and other technical  
23 information developed or obtained by the Alaska Gasline Development Corporation  
24 that relates to the development, financing, construction, or operation of an in-state  
25 natural gas pipeline project by the Alaska Gasline Development Corporation is  
26 confidential and not subject to disclosure under AS 40.25.110. The Alaska Gasline  
27 Development Corporation may waive the confidentiality of the information described  
28 in this subsection, except for information acquired from another person that is subject  
29 to a confidentiality agreement, if the waiver is in the best interest of the state and will  
30 facilitate the development, financing, or construction of an in-state natural gas  
31 pipeline.

(g) Each department, division, public agency, political subdivision, or other instrumentality of the state shall, on request from the Alaska Gasline Development Corporation, provide water, sand, gravel, and other necessary natural resources, enter into leasehold agreements, and issue permits that are found by the Alaska Gasline Development Corporation to be necessary or appropriate for any in-state natural gas pipeline project that is owned, in whole or in part, by the Alaska Gasline Development Corporation. Water, sand, gravel, other necessary natural resources, permits, and leases must be provided to the Alaska Gasline Development Corporation with the cost to be borne by the department, division, public agency, political subdivision, or other instrumentality of the state. The cost borne by an entity under this subsection shall be reported to the Alaska Gasline Development Corporation.

\* Sec. 7. AS 38.34.099 is repealed and reenacted to read:

**Sec. 38.34.099. Definitions.** In this chapter,

(1) "Alaska Gasline Development Corporation" means the corporation created under AS 18.56.086 for the purpose of planning, designing, financing, developing, constructing, owning, and operating an in-state natural gas pipeline;

(2) "in-state natural gas pipeline" means a pipeline for transporting natural gas in the state.

\* Sec. 8. AS 38.35.100(d) is amended to read:

(d) The commissioner shall include in a conditional lease each requirement and condition of the covenants established under AS 38.35.120, **except for covenants that do not apply to a lease entered into under AS 38.34.050(c)**. The commissioner may also require that the lessee agree to additional conditions that the commissioner finds to be in the public interest. In place of the covenant established under AS 38.35.120(a)(9), the commissioner shall require the lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner, directly or indirectly, its interest in a conditional right-of-way lease or a pipeline subject to the conditional lease, unless the commissioner, after considering the public interest and issuing written findings to substantiate a decision to allow the transfer, authorizes the transfer. The commissioner shall also require the lessee to agree not to allow the transfer of control of the lessee without the approval of the commissioner; as used in this subsection, "transfer of

control of the lessee" means the transfer of 30 percent or more, in the aggregate, of ownership interest in the lessee in one or more transactions to one or more persons by one or more persons.

\* Sec. 9. AS 38.35.120(a) is amended to read:

(a) Except as provided in AS 38.34.050(c), a [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas pipeline valued at \$1,000,000 or more may be granted only upon the condition that the lessee expressly covenants in the lease, in consideration of the rights acquired by it under the lease, that

(1) it assumes the status of and will perform all of its functions undertaken under the lease as a common carrier and will accept, convey, and transport without discrimination crude oil or natural gas, depending on the kind of pipeline involved, delivered to it for transportation from fields in the vicinity of the pipeline subject to the lease throughout its route both on state land obtained under the lease and on the other land; it will accept, convey, and transport crude oil or natural gas without unjust or unreasonable discrimination in favor of one producer or person, including itself, as against another but will take the crude oil or natural gas, depending on the kind of pipeline involved, delivered or offered, without unreasonable discrimination, that the Regulatory Commission of Alaska shall, after a full hearing with due notice to the interested parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier; however, a lessee that owns or operates a natural gas pipeline

(A) subject to regulation either under the Natural Gas Act (15 U.S.C. 717 et seq.) of the United States or by the state or political subdivisions with respect to rates and charges for the sale of natural gas, is, to the extent of that regulation, exempt from the common carrier requirement in this paragraph;

(B) that is a North Slope natural gas pipeline (i) is required to operate as a common carrier only with respect to the intrastate transportation of North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not required to operate as a common carrier as to a liquefied natural gas facility or a marine terminal facility associated with the pipeline, and is not otherwise

1 required to perform its functions under the lease as a common carrier; for  
2 purposes of this subparagraph, "North Slope natural gas pipeline" means all the  
3 facilities of a total system of pipe, whether owned or operated under a contract,  
4 agreement, or lease, used by a carrier for transportation of North Slope natural  
5 gas, as defined by AS 42.06.630, for delivery, for storage, or for further  
6 transportation, and including all pipe, pump, or compressor stations, station  
7 equipment, tanks, valves, access roads, bridges, airfields, terminals and  
8 terminal facilities, including docks and tanker loading facilities, operations  
9 control centers for both the upstream part of the pipeline and the terminal,  
10 tanker ballast treatment facilities, fire protection system, communication  
11 system, and all other facilities used or necessary for an integral line of pipe,  
12 taken as a whole, to carry out transportation, including an extension or  
13 enlargement of the line;

14 (2) it will interchange crude oil or natural gas, depending on the kind  
15 of pipeline involved, with each like common carrier and provide connections and  
16 facilities for the interchange of crude oil or natural gas at every locality reached by  
17 both pipelines when the necessity exists, subject to rates and regulations made by the  
18 appropriate state or federal regulatory agency;

19 (3) it will maintain and preserve books, accounts, and records and will  
20 make those reports that the state may prescribe by regulation or law as necessary and  
21 appropriate for purposes of administration of this chapter;

22 (4) it will accord at all reasonable times to the state and its authorized  
23 agents and auditors the right of access to its property and records, of inspection of its  
24 property, and of examination and copying of records;

25 (5) it will provide connections, as determined by the Regulatory  
26 Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the  
27 lease, both on state land and other land in the state, for the purpose of delivering crude  
28 oil or natural gas, depending on the kind of pipeline involved, to persons (including  
29 the state and its political subdivisions) contracting for the purchase at wholesale of  
30 crude oil or natural gas transported by the pipeline when required by the public  
31 interest;



1 (6) it shall, notwithstanding any other provision, provide connections  
2 and interchange facilities at state expense at such places the state considers necessary  
3 if the state determines to take a portion of its royalty or taxes in oil or natural gas;

4 (7) it will construct and operate the pipeline in accordance with  
5 applicable state laws and lawful regulations and orders of the Regulatory Commission  
6 of Alaska;

7 (8) it will, at its own expense, during the term of the lease,

8 (A) maintain the leasehold and pipeline in good repair;

9 (B) promptly repair or remedy any damage to the leasehold;

10 (C) promptly compensate for any damage to or destruction of  
11 property for which the lessee is liable resulting from damage to or destruction  
12 of the leasehold or pipeline;

13 (9) it will not transfer, assign, or dispose of in any manner, directly or  
14 indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-  
15 way lease, or any rights under the lease or any pipeline subject to the lease to any  
16 person other than another owner of the pipeline (including subsidiaries, parents, and  
17 affiliates of the owners), except to the extent that the commissioner, after  
18 consideration of the protection of the public interest (including whether the proposed  
19 transferee is fit, willing, and able to perform the transportation or other acts proposed  
20 in a manner that will reasonably protect the lives, property, and general welfare of the  
21 people of Alaska), authorizes; the commissioner shall not unreasonably withhold  
22 consent to the transfer, assignment, or disposal;

23 (10) it will file with the commissioner a written appointment of a  
24 named permanent resident of the state to be its registered agent in the state and to  
25 receive service of notices, regulations, decisions, and orders of the commissioner; if it  
26 fails to appoint an agent for service, service may be made by posting a copy in the  
27 office of the commissioner, filing a copy in the office of the lieutenant governor, and  
28 mailing a copy to the lessee's last known address;

29 (11) the applicable law of this state will be used in resolving questions  
30 of interpretation of the lease;

31 (12) the granting of the right-of-way lease is subject to the express

condition that the exercise of the rights and privileges granted under the lease will not unduly interfere with the management, administration, or disposal by the state of the land affected by the lease, and that the lessee agrees and consents to the occupancy and use by the state, its grantees, permittees, or other lessees of any part of the right-of-way not actually occupied or required by the pipeline for the full and safe utilization of the pipeline, for necessary operations incident to land management, administration, or disposal;

(13) it will be liable to the state for damages or injury incurred by the state caused by the construction, operation, or maintenance of the pipeline and it will indemnify the state for the liabilities or damages;

(14) it will procure and furnish liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the commissioner considers necessary if the commissioner finds that the net assets of the lessee are insufficient to protect the public from damage for which the lessee may be liable arising out of the construction or operation of the pipeline.

\* **Sec. 10.** AS 38.35.120(b) is amended to read:

(b) Except as provided in AS 38.34.050(c), for [FOR] a right-of-way lease granted under this chapter for an oil or natural gas pipeline valued at \$1,000,000 or more to be valid and of legal effect, it must contain the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. Except as provided in AS 38.34.050(c), an [AN] oil or natural gas pipeline right-of-way lease granted under this chapter that does not contain the required terms is null and void and without legal effect and does not vest any interest in state land or any authority in the carrier granted the lease.

\* **Sec. 11.** AS 38.35.140 is amended by adding a new subsection to read:

(c) Notwithstanding (a) and (b) of this section, a right-of-way lease shall be granted without cost to or reimbursement by the Alaska Gasline Development Corporation created under AS 18.56.086.

\* **Sec. 12.** AS 38.35.200(a) is amended to read:

(a) A person that is a [AN APPLICANT OR] competing applicant or that [A

PERSON WHO] has a direct financial interest affected by the lease of a right-of-way under this chapter that [WHO] raises an objection [OBJECTIONS] within 60 days after [OF] the publication of notice under AS 38.35.070 and a person that is an applicant are the only persons with standing to seek judicial review of a decision of the commissioner under AS 38.35.100 or an action described in (c) of this section, except that the limitations in (c) of this section do not apply to an applicant appealing an action or decision described in (c) of this section.

\* Sec. 13. AS 38.35.200 is amended by adding new subsections to read:

(c) Except as provided for an applicant under (a) of this section, notwithstanding any contrary provision of law, an action or decision of the commissioner or other state officer or agency concerning the issuance or approval of a necessary right-of-way, permit, lease, certificate, license, or other authorization for the development, construction, or initial operation of a natural gas pipeline that uses a right-of-way subject to this chapter may not be subject to judicial review, except that a claim alleging the invalidity of this section must be brought within 60 days after the effective date of this Act, and a claim alleging that an action will deny rights under the Constitution of the State of Alaska must be brought within 60 days following the date of that action. A claim that is not filed within the limitations established in this subsection is barred. A complaint under this subsection must be filed in superior court, and the superior court has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a claim filed under this subsection, the superior court may not grant injunctive relief, including a temporary restraining order, preliminary injunction, permanent injunction, or stay against the issuance of a right-of-way, permit, lease, certificate, license, or other authorization. In this subsection, "natural gas pipeline" has the meaning given in AS 42.06.630.

(d) An appeal of a permitting decision by the Department of Environmental Conservation under AS 46.03 or AS 46.14 that is made under authority delegated to the Department of Environmental Conservation by the United States Environmental Protection Agency is not

(1) subject to the limitation in (a) of this section;

(2) included in the actions or decisions described in (c) of this section.

1 \* **Sec. 14.** AS 40.25.120(a) is amended to read:

2 (a) Every person has a right to inspect a public record in the state, including  
3 public records in recorders' offices, except

4 (1) records of vital statistics and adoption proceedings, which shall be  
5 treated in the manner required by AS 18.50;

6 (2) records pertaining to juveniles unless disclosure is authorized by  
7 law;

8 (3) medical and related public health records;

9 (4) records required to be kept confidential by a federal law or  
10 regulation or by state law;

11 (5) to the extent the records are required to be kept confidential under  
12 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure  
13 or retain federal assistance;

14 (6) records or information compiled for law enforcement purposes, but  
15 only to the extent that the production of the law enforcement records or information

16 (A) could reasonably be expected to interfere with enforcement  
17 proceedings;

18 (B) would deprive a person of a right to a fair trial or an  
19 impartial adjudication;

20 (C) could reasonably be expected to constitute an unwarranted  
21 invasion of the personal privacy of a suspect, defendant, victim, or witness;

22 (D) could reasonably be expected to disclose the identity of a  
23 confidential source;

24 (E) would disclose confidential techniques and procedures for  
25 law enforcement investigations or prosecutions;

26 (F) would disclose guidelines for law enforcement  
27 investigations or prosecutions if the disclosure could reasonably be expected to  
28 risk circumvention of the law; or

29 (G) could reasonably be expected to endanger the life or  
30 physical safety of an individual;

31 (7) names, addresses, and other information identifying a person as a

1 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the  
2 advance college tuition savings program under AS 14.40.803 - 14.40.817;

3 (8) public records containing information that would disclose or might  
4 lead to the disclosure of a component in the process used to execute or adopt an  
5 electronic signature if the disclosure would or might cause the electronic signature to  
6 cease being under the sole control of the person using it;

7 (9) reports submitted under AS 05.25.030 concerning certain  
8 collisions, accidents, or other casualties involving boats;

9 (10) records or information pertaining to a plan, program, or  
10 procedures for establishing, maintaining, or restoring security in the state, or to a  
11 detailed description or evaluation of systems, facilities, or infrastructure in the state,  
12 but only to the extent that the production of the records or information

13 (A) could reasonably be expected to interfere with the  
14 implementation or enforcement of the security plan, program, or procedures;

15 (B) would disclose confidential guidelines for investigations or  
16 enforcement and the disclosure could reasonably be expected to risk  
17 circumvention of the law; or

18 (C) could reasonably be expected to endanger the life or  
19 physical safety of an individual or to present a real and substantial risk to the  
20 public health and welfare;

21 (11) the written notification regarding a proposed regulation provided  
22 under AS 24.20.105 to the Department of Law and the affected state agency and  
23 communications between the Legislative Affairs Agency, the Department of Law, and  
24 the affected state agency under AS 24.20.105;

25 (12) records that are

26 (A) proprietary, privileged, or a trade secret in accordance with  
27 AS 43.90.150 or 43.90.220(e);

28 (B) applications that are received under AS 43.90 until notice is  
29 published under AS 43.90.160;

30 (13) information that is covered by a confidentiality agreement  
31 between the Alaska Gasline Development Corporation created under

**AS 18.56.086 and the provider or recipient of the information.**

\* **Sec. 15.** AS 41.41.010(a) is amended to read:

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to **acquire** [BRING] natural gas **produced in** [FROM THE NORTH SLOPE OR OTHER REGIONS OF] the state **for delivery** to market, including

[(1)] the acquisition and conditioning of natural gas [;

(2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE SYSTEM;

(3) THE OPERATION AND MAINTENANCE OF THE PIPELINE SYSTEM;

(4) THE DESIGN, CONSTRUCTION, AND OPERATION OF OTHER FACILITIES NECESSARY FOR DELIVERING THE GAS TO MARKET, INCLUDING MARKETS IN THE STATE;] and

[(5)] the acquisition of natural gas market share sufficient to ensure the long-term feasibility of pipeline system projects.

\* **Sec. 16.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope and other regions of the state, including the Alaska outer continental shelf, and **making that natural gas available to** [ITS DELIVERY TO MARKETS IN THE STATE FOR USE BY] markets in the state or **for export from the state** [TO TIDEWATER FOR SHIPMENT TO MARKET BY THE AUTHORITY] are essential government functions of the state.

\* **Sec. 17.** AS 41.41.010 is amended by adding a new subsection to read:

(f) To honor delivery commitments in a contract entered into by the authority, the authority and the commissioner of natural resources may pledge, as necessary, royalty gas owned by the state and not otherwise committed by contract to other purchasers of royalty gas. The commissioner of natural resources shall determine the amount of gas that may be pledged and the price for that gas.

\* **Sec. 18.** AS 41.41.020 is repealed and reenacted to read:

**Sec. 41.41.020. Authority governing body.** The authority shall be governed

by the board of directors of the Alaska Housing Finance Corporation.

\* **Sec. 19.** AS 41.41.060 is amended to read:

**Sec. 41.41.060. Compensation of board members; per diem and travel expenses.** Members of the board described in AS 18.56.030(a)(4) are entitled to compensation and reimbursement as provided in AS 18.56.030(e) when on official business of the authority [PER DIEM AND TRAVEL EXPENSES AUTHORIZED FOR BOARDS AND COMMISSIONS UNDER AS 39.20.180].

\* **Sec. 20.** AS 41.41.070(d) is amended to read:

(d) In addition to its employees, the authority may contract for and engage the services of [BOND COUNSEL,] consultants, experts, [AND] financial advisors, and legal counsel, including bond counsel, the authority considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings. The procurement of services under this subsection is exempt from AS 36.30, including AS 36.30.015(d) and (f).

\* **Sec. 21.** AS 41.41.090(b) is amended to read:

(b) If a member of the board or an employee of the authority acquires, owns, or controls an interest, direct or indirect, in an entity [OR PROJECT] in which assets of the authority are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the first board meeting following the disclosure.

\* **Sec. 22.** AS 41.41.150(a) is amended to read:

(a) Information in the possession of the authority is a public record, except that information that is contained in or subject to a confidentiality agreement between the authority and the Alaska Gasline Development Corporation or that discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding.

\* **Sec. 23.** AS 41.41.200 is amended to read:

**Sec. 41.41.200. Powers of the authority.** In furtherance of its corporate purposes, in addition to its other powers, the authority may

- (1) sue and be sued;
- (2) adopt a seal;
- (3) adopt, amend, and repeal bylaws and regulations;
- (4) make and execute contracts and other instruments;
- (5) in its own name acquire property, lease, rent, convey, or acquire real and personal property [; A PROJECT SITE OR PART OF A PROJECT SITE MAY BE ACQUIRED BY EMINENT DOMAIN];
- (6) acquire natural gas supplies;
- (7) issue bonds and otherwise incur indebtedness in accordance with AS 41.41.300 - 41.41.410 in order to pay the cost of a project;
- (8) accept gifts, grants, or loans from and enter into contracts or other transactions regarding gifts, grants, or loans with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other source;
- (9) enter into contracts or agreements with a federal agency, agency or instrumentality of the state, municipality, or public or private individual or entity, with respect to the exercise of its powers;
- (10) charge fees or other forms of remuneration for the use of authority properties and facilities;
- (11) defend and indemnify a current or former member of the board or an employee or agent of the authority against the costs, expenses, judgments, and liabilities as a result of actions taken in good faith on behalf of the authority; and
- (12) purchase insurance to protect its assets, services, and employees against liabilities that may arise from authority operations and activities.

\* **Sec. 24.** AS 41.41.990(2) is amended to read:

(2) "board" means the board of directors of the Alaska Housing Finance Corporation acting as the board of the Alaska Natural Gas Development Authority;

\* **Sec. 25.** AS 42.05.431(c) is amended to read:

(c) Notwithstanding (b) of this section,  
(1) a wholesale agreement for the sale of power from a project licensed by the Federal Energy Regulatory Commission on or before January 1, 1987, and



related contracts for the wheeling, storage, regeneration, or wholesale repurchase of power purchased under the agreement, entered into between the Alaska Energy Authority and one or more other public utilities or among the utilities after October 31, 1987, and before January 1, 1988, and amendments to the wholesale agreement or related contract, and the wholesale agreement or related contract assigned by the Alaska Energy Authority to a joint action agency formed under AS 42.45.310 that purchases the project from the Alaska Energy Authority, are not subject to review or approval by the commission until all long-term debt incurred for the project is retired, or, for a wholesale agreement or related contract assigned to a joint action agency formed under AS 42.45.310, until all long-term debt incurred to pay the purchase price to the Alaska Energy Authority is retired; [AND

(2)] a wholesale agreement or related contract described in this paragraph [(1) OF THIS SUBSECTION] may contain a covenant for the public utility to establish, charge, and collect rates sufficient to meet its obligations under the contract, and [;] the rate covenant is valid and enforceable;

(2) an agreement or an amendment to an agreement entered into by the Alaska Gasline Development Corporation created under AS 18.56.086 with a public utility

(A) is not subject to review or approval by the commission until all debt incurred by the Alaska Gasline Development Corporation created under AS 18.56.086 or by any other entity that issues debt to finance, refinance, or assist in the financing or refinancing of the in-state natural gas pipeline is paid in full; and

(B) may contain a covenant for the public utility to establish, charge, and collect rates sufficient to meet the public utility's obligations under the contract, and the rate covenant is valid and enforceable.

\* Sec. 26. AS 42.05.431(e) is amended to read:

(e) Validated costs incurred by a utility in connection with the related contracts described in (c) [(c)(1)] of this section must be allowed in the rates charged by the utility. In this subsection, "validated costs" are the actual costs that a utility

1 uses, under the formula set out in related contracts described in (c) of this section, to  
2 establish rates, charges for services and rights, and the payment of charges for services  
3 and rights. This subsection does not grant the commission jurisdiction to alter or  
4 amend the formula set out in those related contracts.

5 \* **Sec. 27.** AS 42.05.711 is amended by adding a new subsection to read:

6 (s) A natural gas pipeline owned or financed by the Alaska Gasline  
7 Development Corporation created under AS 18.56.086 or a joint venture, partnership,  
8 or other entity controlled by the Alaska Gasline Development Corporation is exempt  
9 from this chapter until all debt incurred to finance or refinance the cost of developing  
10 and constructing the natural gas pipeline is paid in full. However, the Alaska Gasline  
11 Development Corporation or a joint venture, partnership, or other entity that includes  
12 the Alaska Gasline Development Corporation may elect to be subject to regulation  
13 under this chapter to the extent the Alaska Gasline Development Corporation  
14 determines is appropriate.

15 \* **Sec. 28.** AS 42.06 is amended by adding a new section to article 7 to read:

16 **Sec. 42.06.601. Exemption.** The Alaska Gasline Development Corporation  
17 created under AS 18.56.086 and any natural gas pipeline developed, owned, or  
18 operated, in whole or in part, by the Alaska Gasline Development Corporation is  
19 exempt from this chapter.

20 \* **Sec. 29.** AS 43.56.020 is amended by adding a new subsection to read:

21 (d) Taxable property of a natural gas pipeline project owned or financed by  
22 the Alaska Gasline Development Corporation established under AS 18.56.086, or a  
23 joint venture, partnership, or other entity that includes the Alaska Gasline  
24 Development Corporation, is exempt from state taxes levied or authorized under  
25 AS 43.56.010(a) and local taxes levied or authorized under AS 43.56.010(b) before  
26 the commencement of commercial operations of that natural gas pipeline project. In  
27 this subsection, "commencement of commercial operations" means the first flow of  
28 natural gas in the project that generates revenue to the owners of the natural gas  
29 pipeline project.

30 \* **Sec. 30.** AS 38.34.030, 38.34.040, 38.34.060, AS 41.41.030, 41.41.040, and 41.41.080 are  
31 repealed.

1     \* **Sec. 31.** Section 1, 2002 Ballot Measure No. 3, is repealed.

2     \* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4           REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

5                 (1) AS 38.34.050 from "Cooperation and access to information" to  
6 "Cooperation; information sharing; permits, use of state resources, and leases"; and

7                 (2) AS 38.35.200 from "Judicial review of decisions of commissioner on  
8 application" to "Judicial review."

9     \* **Sec. 33.** This Act takes effect immediately under AS 01.10.070(c).