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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE ALASKA STATE HOUSE

SECTIONAL ANALYSIS Committee Substitute for House Bill 9 (RES)

"An act relating to the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation exempt from inspection as a public record; relating to the Joint In-State Development Team; relating to the judicial review of a right-of-way lease or the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska Gasline Development Corporation for a gas pipeline transportation corridor; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to the review of natural gas transportation contracts by the Regulatory Commission of Alaska; relating to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline project developed by the Alaska Gasline Development Corporation; relating to the Alaska Natural Gas Development Authority; relating to the procurement of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

Section 1 relates to Alaska Gasline Development Corporation's (AGDC) duties and abilities as a subsidiary under the Alaska Housing Finance Authority (AHFC).

AGDC shall:

- Advance an instate gas pipeline project as described in the July 2011 project plan, with modifications as necessary.
- Once construction on that line starts, analyze additional pipelines to connect other regions of the state, broadening the reach of gas beyond a main line.
- Manage and invest a newly created pipeline fund to yield competitive market rates
- Following an open season, once precedent agreements are signed, make public for each shipper the name, capacity contracted for, and length of contract

AGDC may:

- Decide how a pipeline will be owned and operated, including joint ownership/operatorship
- Use eminent domain to acquire land required for a pipeline
- Acquire property and interests in pipelines as needed
- Transfer or dispose of a pipeline project that is an AGDC asset
- Issue revenue bonds limited to AGDC's backing

Adds a new section to AS 18.56, Alaska Housing Finance Corporation

Section 2 exempts ANGDA from the state procurement code when contracting for professional services; conforming to Section 19. (AGDC is already exempt)

Adds a new paragraph to AS 36.30.850, Public Contracts, State Procurement Code, Application of this chapter

Section 3 provides AGDC access to information of state agencies related to a gas pipeline. As the Joint In-State Gasline Development Team (JIGDT) created in HB 369 in 2010 is repealed in section 28, HB 9, this section also changes "JIGDT" to "AGDC." (Section 28 repeals JIGDT)

Amends AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information,

Section 4 directs state agencies to cooperate with and give priority AGDC requests, and calls on AGDC to avoid duplicating other state-supported work. As JIGDT is repealed in section 28, HB 9, this section also changes "JIGDT" to "AGDC." (Section 28 repeals JIGDT)

Amends AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information

Section 5 requires DNR to grant a state right-of-way lease to AGDC at no cost or rental fee, and exempts those leases from the common carriage covenants in the state Right of Way Leasing Act. Exemption from the covenants has the effect of allowing an AGDC line to operate as a contract carrier.

Amends AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information

Section 6 allows AGDC to enter into confidentiality agreements, including with state agencies, and deems confidential information related to field studies and technical data. Calls on municipalities and agencies to provide non-hydrocarbon natural resources, such as water, sand and gravel, at usual and customary rates. Requires AGDC to bear those costs but does not allow those costs in a rate base.

Adds new subsections to AS 38.34.050, Public Land, Instate Natural Gas Pipeline, Cooperation and access to Information

Section 7 revises definitions of "AGDC," "in-state natural gas pipeline," and "natural gas pipeline."

Repeals and reenacts 38.34.099, Public Land, Instate Natural Gas Pipeline, Definitions

Section 8 conforms to Section 5, right-of-way leasing.

Amends AS 38.35.100, Public Land, Right-of-Way Leasing Act, Decision on application

Section 9 conforms to Section 5, right-of-way leasing.

Amends AS 38.35.120, Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease

Section 10 conforms to Section 5, right-of-way leasing.

Amends AS 38.35.120, Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease

Section 11 conforms to Section 5, right-of-way leasing at no cost.

Adds new subsection to AS 38.35.120, Public Land, Right-of-Way Leasing Act, Payment of rental and costs

Section 12 limits judicial review of state lease, permit or other authorization decisions to superior court and prohibits the court from granting injunctive relief. Claims must be brought within 60 days of an action for which relief is sought.

Adds new subsections to AS 38.35.200, Public Land, Right-of-Way Leasing Act, Judicial review of decisions of commissioners on application

Section 13 exempts information covered by an AGDC confidentiality agreement from the state Public Records Act. (This section exempts from public records disclosure the information allowed under Section 6 to be kept confidential)

Amends AS 40.25.120, Public Records and Recorders, Public Record Disclosures, Public records; exemptions; certified copies

Section 14 amends ANGDA's purpose, enabling ANGDA to act as a gas marketer instead of transporter, and eliminating proscriptive language regarding gas supply and gas market locations.

Amends AS 41.41.010, Public Resources, Alaska Natural Gas Development Authority, Establishment of the authority

Section 15 broadens ANGDA's purpose as a natural gas marketer.

Amends AS 41.41.010, Public Resources, Alaska Natural Gas Development Authority, Establishment of the authority

Section 16 adds to ANGDA's statutory abilities by allowing ANGDA with the DNR commissioner to pledge state royalty gas for contracts entered into by ANGDA.

Adds new subsection to AS 41.41.010, Public Resources, Alaska Natural Gas Development Authority, Establishment of the authority

Section 17 states that ANGDA, as an AHFC subsidiary, shall be governed by the AHFC board of directors.

Repeals and reenacts AS 41.41.020, Public Resources, Alaska Natural Gas Development Authority, Authority governing body

Section 18 amends ANGDA statutes related to board compensation, to conform to Section 17.

Amends AS 41.41.060, Public Resources, Alaska Natural Gas Development Authority, Compensation of board members; per diem and travel expenses

Section 19 amends ANGDA statutes to include legal counsel in the services ANGDA may contract for, and exempts procurement of contracted services from the state procurement code.

Amends AS 41.41.070, Public Resources, Alaska Natural Gas Development Authority, Authority staff

Section 20 amends ANGDA board member and employee conflict of interest disclosures, removing involvement with a “project” from the circumstances requiring disclosure. (Conforms to Section 14 redefining ANGDA’s role)

Amends AS 41.41.090, Public Resources, Alaska Natural Gas Development Authority, Conflicts of interest

Section 21 amends ANGDA’s statutory authority to include as confidential and exempt from the public records act information within a confidentiality agreement between ANGDA and AGDC.

Amends AS 41.41.150, Public Resources, Alaska Natural Gas Development Authority, Public access to information

Section 22 amends ANGDA’s statutory authority, removing the authority to exercise eminent domain. (Conforms to Section 14 redefining ANGDA’s role)

Amends AS 41.41.200, Public Resources, Alaska Natural Gas Development Authority, Powers of the authority

Section 23 conforms to Section 17 by defining “board” in ANGDA’s statutes as the AHFC board.

Amends AS 41.41.990, Public Resources, Alaska Natural Gasline Development Authority, Definitions

Section 24 requires public utilities to submit contracts with AGDC to the RCA; gives the RCA 180 days to approve or disprove the contracts. Requires AGDC or an entity controlled by AGDC to submit non-utility contracts, under seal, to the RCA; provides the RCA 30 days to approve non-utility contracts if the tariffs are no higher than the weighted average of tariffs in public utility contracts.

Adds new section to AS 42.05, Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act

Section 25 exempts an AGDC-controlled project from Regulatory Commission of Alaska regulation under 42.05, Public Utilities Act.

Adds new subsection to AS 42.05.711, Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act, Exemptions

Section 26 exempts a pipeline in which AGDC has an interest from Regulatory Commission of Alaska regulation under 42.06, the Pipeline Act.

Adds new section to AS 42.06, Public Utilities and Carriers and Energy Programs, Pipeline Act, Article 7, General Provisions

Section 27 exempts an AGDC project from state and local property taxes during construction.

Adds new subsection to AS 43.56.020, Revenue and Taxation, Oil and Gas Exploration, Production and Pipeline Transportation Property Tax, Exemptions

Section 28 repeals seven statutes.

Repeals AS 38.34.030, Public Land, In-State Natural Gas Pipeline, Joint In-State Gasline Development Team; 38.34.040, Duties of the Development Team; and 38.34.060, Conflicts of interest. Repeals AS 41.41.030, Public Resources, Alaska Natural Gas Development Authority, Term of office; 41.41.040, Removal and vacancies; 41.41.050, Quorum and voting; and 41.41.080, Legal counsel.

Section 29 repeals Section 1 of the 2002 Ballot Measure No. 3, the findings of which are no longer applicable or necessary with ANGDA's revised authority.

Section 30 is transition language expressing the legislative intent that existing right-of-way leases between AGDC and DNR are to be amended to reflect the exemption from common carriage covenants contained in Section 5 of HB 9. (The Alaska Constitution bars the Legislature from passing laws that apply retroactively to contracts in place)

Section 31 is revisor's instructions.

Section 32 sets an immediate effective date.