

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 138
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB138-DCCED-AGDC-AKLNG-1-28-14
Title: GAS PIPELINE; AGDC; OIL & GAS PROD. TAX
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Commerce, Community and
Economic Development
Appropriation: Alaska Gasline Development Corporation
Allocation: Alaska LNG Participation
OMB Component Number:

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services	410.0		410.0	410.0			
Travel	432.0		432.0				
Services	2,960.0		2,960.0				
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	3,802.0	0.0	3,802.0	410.0	0.0	0.0	0.0

Fund Source (Operating Only)

1178 temp code	3,802.0		3,802.0	410.0			
Total	3,802.0	0.0	3,802.0	410.0	0.0	0.0	0.0

Positions

Full-time	1.0		1.0	1.0			
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2014) cost: 83,714.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

SUPPLEMENTAL PORTION: The supplemental request to capitalize the Large Diameter Pipeline Fund with \$83,714.0 UGF is informational only and requires a separate appropriation. Once in the fund, money can be spent without further appropriation. Approximately \$700.0 would be used for FY14 operating costs associated with the Alaska Gasline Development Corp (AGDC) involvement to advance the Large Diameter Natural Gas Pipeline Project (AKLNG).

FY15-FY20 operating expenses from this fund and included in all associated fiscal notes total \$8 million. Separate fiscal notes prepared by the Departments of Revenue and Natural Resources use \$18.7 million of unrestricted general funds.

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Division: Alaska Gasline Development Corporation Date: 01/28/2014 05:35 PM
Approved By: Dan Fauske, President Date: 01/28/14
Agency: Alaska Gasline Development Corporation

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB 138

Analysis

This bill would authorize the Alaska Gasline Development Corporation (AGDC) to participate in advancing a large-diameter natural gas pipeline project (AKLNG) in addition to the in-state natural gas pipeline project described in AS 31.25.005 (1), commonly known as the Alaska Stand Alone Pipeline (ASAP). In its current form, the bill does the following:

- Establishes a new AGDC subsidiary for the purpose of advancing the State's AKLNG efforts. Identifies the composition of the board of directors for the new subsidiary corporation and addresses other administrative issues related to that board.
- Authorizes the new subsidiary to develop, finance, construct and operate facilities for natural gas liquefaction and treatment associated with a large-diameter natural gas pipeline (AKLNG) project.
- Establishes a new Large-Diameter Natural Gas Pipeline Project Fund to fund AGDC's involvement in the AKLNG project.
- Restricts funds appropriated to the In-State Natural Gas Pipeline Fund (1229) solely for work associated with the ASAP project, and restricts funds appropriated to the new Large-Diameter Natural Gas Pipeline Project Fund to work associated with the large-diameter, AKLNG project.

Allocation:

A new allocation has been created for expenditures related to advancing the AKLNG project.

Operating Expenditures:

The operating costs associated with AGDC's involvement with the AKLNG project are estimated to be \$700.0 for FY 14, \$3,802.0 for each of the first two years (FY15 & FY16) and \$410.0 for FY17, for a total of \$8,714.0. AGDC would draw these funds from the new Large-Diameter Natural Gas Pipeline Project Fund. Operating costs consist of personal services, travel and contractual services associated with negotiating multiple commercial contracts relative to the state's participation in the AKLNG project. The one position shown is for a senior executive level employee with an oil & gas commercial background that will act as the Corporation's chief negotiator for the commercial and legal agreements relating to the AKLNG Project.

Capital Expenditures:

The capital costs associated with AGDC's involvement in the pre-feed phase of the AKLNG project are estimated to be \$75.0 million. The project would begin immediately and those funds would begin to be drawn upon passage of enabling legislation in FY 14. AGDC would draw these funds out of the new Large-Diameter Natural Gas Pipeline Project Fund.