

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSSB 23(FIN)
Fiscal Note Number: 3
(S) Publish Date: 3/6/13

Identifier: SB023CS(L&C)-DCCED-AIDEA-03-05-13
Title: AIDEA: LNG PROJECT; DIVIDENDS; FINANCING
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Senate Finance

Department: Fund Capitalization
Appropriation: Fund Capitalization
Allocation: AIDEA Sustainable Energy Transmission and Supply Development Fund
OMB Component Number: 3036

Expenditures/Revenues

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

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous		125,000.0					
Total Operating	0.0	125,000.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1213 AHCC		125,000.0					
Total	0.0	125,000.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 50,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/01/13

Why this fiscal note differs from previous version:

This fiscal note separates the fund capitalization and capital appropriation needed as part of the proposed AIDEA LNG financing package from the operating impacts on AIDEA. The Governor's FY14 budget requests a transfer of \$125 million from the Alaska Housing Capital Corporation fund to capitalize the Sustainable Energy Transmission and Supply Development Fund. The Governor's FY14 capital budget also includes a \$50 million request as part of the financing package.

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Division: Alaska Industrial Development and Export Authority Date: 03/05/2013 07:30 PM
Approved By: JoEllen Hanrahan, Director Date: 03/05/13
Administrative Services Division

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSSB 23(FIN)

Analysis

INTERIOR ENERGY PLAN

This bill provides AIDEA financing in support of the Energy Plan. Specifically, SB 23 authorizes AIDEA to provide up to \$275 million in financing for a natural gas liquefaction plant and affiliated infrastructure on the North Slope, as well as providing for the financing of liquid natural gas (LNG) distribution systems under the sustainable energy transmission and supply fund (SETS) established under AIDEA.

This financing authorized under this bill includes: 1) authorization for AIDEA to provide financing through the issuance of up to \$150 million in bonds for the project, with the bonds to be secured by a capital reserve fund and 2) authorization for AIDEA to provide direct financing of \$125 million out of the money provided through the amended operating budget for the SETS fund. To help ensure lower energy rates for Alaskans are achieved, the bill limits the interest rates that AIDEA can charge for direct SETS financing at 3%.

The entire \$355 million financing plan for the Interior Energy plan includes: \$50 million appropriation to AIDEA (provided in the capital budget), \$125 million from SETS direct financing (provided in the amended operating budget), \$150 million in bond proceeds from bond authorization provided in this legislation, and \$30 million in natural gas storage credits (provided in previously passed legislation.)

Attached is a spreadsheet that provides a comprehensive summary of the fiscal impact of SB 23.

Fiscal Notes for SB23 (AIDEA: LNG Projects; Dividends; Financing)							
Direct Finacing (Not related to Interior Energy Plan)							
	FY14	FY15	FY16	FY17	FY18	FY19	
Cost to AIDEA							
AIDEA Receipts	200	150	150	150	150	150	
Preparation of regulations	50	-	-	-	-	-	
Underwriting (includes 200.0 operating request)	150	150	150	150	150	150	
SETS Fund	-	-	-	-	-	-	
GF Cost	-	-	-	-	-	-	
Revenue to AIDEA	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	
GF Revenue (Dividends to State - impact for FY 16 from FY 14 revenues)			600	625	625	625	
Gas Plant and Storage							
	FY14	FY15	FY16	FY17	FY18	FY19	
Cost to AIDEA	750	500	300	200	-	-	
Coordination and evaluation	750	-	-	-	-	-	
Construction management		500	300	200	-	-	
GF Cost	175,000	-	-	-	-	-	
Capital Appropriation for Equity Stake	50,000						
Capitalize SETS Fund	125,000						
Revenue to AIDEA	-	-	1,875	3,711	3,631	3,548	
Interest on Direct Financing of Interior Energy Plan (SETS)		-	1,875.0	3,710.5	3,630.5	3,548.0	
GF Revenue (Dividends to State - impact for FY 16 from FY 14 revenues)			(375)	(250)	788	1,755	
Transmission and Distribution (Debt Service on \$150m bonds issued at 3% for 30 years, with payments delayed until FY16)							
	FY14	FY15	FY16	FY17	FY18	FY19	
Cost to AIDEA	-	-	-	-	-	-	
AIDEA Receipts	-	-	-	-	-	-	
SETS Fund	-	-	-	-	-	-	
GF Cost	-	-	-	-	-	-	
Revenue to AIDEA	-	-	188	374	371	369	
AIDEA Receipts (Administrative fee added to bond interest rate)	-	-	188	374	371	369	
GF Revenue (Dividends to State - impact for FY 16 from FY 14 revenues)	-	-	-	-	94	187	
Private Investment (\$70m for 9BCF plant--expansion will be fully funded by additional private investment)							
	FY14	FY15	FY16	FY17	FY18	FY19	
	70,000	-	-	-	-	-	
Summary							
	FY14	FY15	FY16	FY17	FY18	FY19	FY14-FY19
GF Cost	175,000	-	-	-	-	-	175,000
Capitalize SETS Fund (SETS Fund Capitalization Note)	125,000	-	-	-	-	-	125,000
Capital Appropriation for Equity Stake (AIDEA Note)	50,000	-	-	-	-	-	50,000
AIDEA Cost							
Direct Financing (AIDEA Note)	950	650	450	350	150	150	2,700
AIDEA Revenue (AIDEA Note-analysis only)	1,400	1,400	3,463	5,485	5,402	5,317	22,465
AIDEA Receipts	1,400	1,400	1,588	1,774	1,771	1,769	9,701
SETS Fund	-	-	1,875	3,711	3,631	3,548	12,764
GF Revenue-Dividends to State (AIDEA Note)	-	-	225	375	1,506	2,567	4,674
Fiscal Notes							
	FY14	FY15	FY16	FY17	FY18	FY19	FY14-FY19
AIDEA							
Direct Financing (AIDEA Receipts)	950.0	650.0	450.0	350.0	150.0	150.0	2,700.0
GF Revenue-Dividends to State (GF)	-	-	225.0	375.0	1,506.3	2,567.3	4,673.5
Capitalize SETS Fund (GF)	125,000.0	-	-	-	-	-	125,000.0
Capital Appropriation for Equity Stake (GF)	50,000.0	-	-	-	-	-	50,000.0
Total Costs	175,950.0	650.0	450.0	350.0	150.0	150.0	177,700.0
Total GF Revenue Impact	-	-	225.0	375.0	1,506.3	2,567.3	4,673.5