

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 4
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB004CSSS(RES)-DOR-AHFC-AGDC-03-26-13 Department: Various
Title: IN-STATE GASLINE DEVELOPMENT CORP Appropriation: Various
Sponsor: HAWKER, CHENAULT Allocation: Various
Requester: House Finance Committee OMB Component Number: _____

Expenditures/Revenues

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

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4	
Travel								
Services	1,104.9	2,422.2	1,908.1	4,069.6	6,042.0	6,208.5	3,853.2	
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6	

Fund Source (Operating Only)

1061 CIP Rcpts	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6
Total	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Positions

Full-time	31.0	7.0	39.0	50.0	63.0	64.0	56.0
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 25,000.0

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If yes, by what date are the regulations to be adopted, amended or repealed?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:

This fiscal note reflects the most recent version of the bill. Updated language related to ANGDA, the Department of Law, and the Regulatory Commission of Alaska is included in this version of the note. The Governor's FY14 budget includes \$25 million for the continued funding of this project.

Prepared By: Frank Richards, Manager Pipeline Eng. and Government Affairs Phone: (907)330-6352
Division: Alaska Gasline Development Corporation Date: 03/26/2013 05:30 PM
Approved By: Dan Fauske, President AGDC Date: 03/26/13
Department of Revenue

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 004

Analysis

This omnibus bill allows the Alaska Gasline Development Corporation (AGDC) to continue its statutory mission of delivering natural gas from Alaska's North Slope to Fairbanks and Southcentral Alaska. In its current form, the bill does the following:

- Creates an in-state natural gas pipeline fund;
- Creates a new independent state corporation and moves AGDC as a subsidiary of the Alaska Housing Finance Corporation to the new independent corporation;
- Makes certain information provided to or created by the Alaska Gasline Development Corporation exempt from inspection as a public record;
- Exempts property of a project developed by AGDC from property taxes before commencement of commercial operations;
- Exempts a pipeline owned by AGDC from common-carrier restrictions;
- Limits the review of natural gas transportation contracts by the Regulatory Commission of Alaska;
- Modifies the Alaska Natural Gas Development Authority statutes to allow it to act as a gas marketing entity for AGDC;

This legislation will have a fiscal impact for the following state agencies:

Department of Law
 Regulatory Affairs and Public Advocacy Section

Department of Natural Resources
 State Pipeline Coordinators Office
 Office of History and Archaeology
 Division of Geological and Geophysical Surveys
 Division of Mining, Land and Water

Department of Environmental Conservation
 Division of Environmental Health - Air Quality
 Division of Environmental Health - Drinking Water
 Division of Environmental Health - Food Safety and Sanitation
 Division of Environmental Health - Solid Waste Management
 Division of Spill Prevention and Response - Contaminated Sites
 Division of Spill Prevention and Response - Industry Preparedness & Pipeline Operations
 Division of Spill Prevention and Response - Prevention and Emergency Response Program
 Division of Water

Department of Transportation & Public Facilities
 Statewide Engineering and Design Services

See attachment for budget details for each agency.

Department	FY14	FY14	FY15	FY16	FY17	FY18	FY19
AGDC	4,058.3	3,634.3	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
DOL	102.3		136.4	136.4	136.4	136.4	136.4
DNR			670.3	2,434.4	2,786.7	2,786.7	408.9
DEC	290.8		410.6	808.0	2,428.1	2,594.6	2,617.1
DOT&PF	711.8		690.8	690.8	690.8	690.8	690.8
Total:	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Fiscal Note Attachment

File Name: HB004CSSS(RES)-REV- AHFC-AGDC 3-25-13
Title: In State Gasline Development Corp.
Sponsor: Representative Hawker; Representative Chenault

Alaska Gasline Development Corporation

Component 2986

	FY14 Appropriation Requested	Included in Governor's base budget for FY14	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Travel							
Services		2,422.2					
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	4,058.3	3,634.3	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Positions	25	7	32	32	32	32	32

This bill creates an In-state Natural Gas Pipeline Fund but does not capitalize the fund. Assuming the fund is capitalized, AGDC will begin to utilize the fund during FY2014.

The total project costs for AGDC to project sanction, including prior year appropriations, are \$400 million. Other state agency needs through FY19 (as detailed in this attachment) are an additional \$27 million. AGDC would reimburse agencies for their costs through reimbursable service agreements. Capital expenditures from the In-state Natural Gas Pipeline Fund and additional appropriations are anticipated according to the following schedule (in million \$):

AGDC total project cost to project sanction:	\$400,000.0
*Agencies need through construction (FY14 - FY19):	<u>\$27,000.0</u>
	\$427,000.0
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	\$355,000.0
FY14 Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	\$330,000.0

** Includes cost for AGDC, DEC, DNR, DOT/PF and LAW and assumes costs beyond FEL 3 and through FY19.*

Acquisition of Natural Gas

An AGDC gas marketing subsidiary will pursue natural gas purchases and could act as a gas consolidator for gas sales contracts. The subsidiary will evaluate the natural gas reserves purchased to meet aggregated electric utility needs. The role of an AGDC subsidiary would be one of a gas marketer and would also include the negotiation of gas contracts with entities interested in an aggregated approach to contractual negotiations. Staff will include a natural gas marketing manager and a natural gas marketing analyst.

To continue the project, AGDC will need 25 additional staff to be added during FY 2014 at an average annual fully-loaded cost of approximately \$145,158 per year.

Positions	Position description	Salary only
1	President	\$375,000
2	Vice President	\$285,000
3	Director, Administrative Services	\$120,000
4	Controller	\$95,000
5	Financial Accounting Manager	\$73,000
6	Financial Accountant	\$57,000
7	Financial Accountant	\$57,000
8	Financial Accountant	\$57,000
9	Accounts Payable Manager	\$71,000
10	A/P Clerk	\$43,000
11	A/P Clerk	\$43,000
12	Community Relations Representative	\$49,000
13	Stakeholder Engagement	\$57,000
14	Admin Support	\$43,000
15	Admin Support	\$43,000
16	Procurement Manager	\$73,000
17	Risk Manager	\$73,000
18	Human Resources	\$73,000
19	Payroll Manager	\$71,000
20	IT/IS Manager	\$73,000
21	Desktop Support	\$57,000
22	Desktop Support	\$57,000
23	Network Supervisor	\$57,000
24	Gas Marketing Manager	\$125,000
25	Gas Marketing Analyst	\$90,000

The operating budget costs identified (personal services) will be expended in support of the capital budget items in each of the subsequent fiscal years.

Total AGDC expenditures are budgeted in the following categories:

Project Plan Completion	\$ 30,000,000
Commercial Operations	13,825,000
Pipeline Engineering	93,784,000
Facilities Engineering	182,962,000
Support Activities	79,429,000
Total	\$400,000,000

Project Plan Completion: Completion of the project plan required by HB 369 and delivered to the Legislature in July, 2011 including all preliminary engineering and commercial analysis up to that point. This coincides with the stage gate at the end of FEL-1.

Commercial Operations: Advance commercial discussions with potential shippers and markets. Develop agreements to allow for the future development of this project. Engage and work with the Prudhoe Bay operations & owners on numerous integration issues.

Pipeline Engineering, Environmental & Permitting: Advance pipeline route data collection and design, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for regulatory permits preparation prior to construction.

Facilities Engineering, Environmental & Permitting: Advance preliminary and front-end engineering development, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for permits preparation prior to construction.

AGDC Support Activities: Home office activities to support the commercial and engineering development of the project including all external affairs, accounting, budget, legal, records management and managerial oversight activities.

Department of Natural Resources

In the preparation of this fiscal note certain assumptions have been made:

- 1) Participating State agencies will provide separate fiscal notes.
- 2) Schedule assumptions are based on AGDC's currently proposed schedule.
- 3) Construction oversight begins in FY2016 and continues through FY2017 and FY2018. Operational oversight begins in FY2019. The cost estimate for these activities is for DNR only and does not include estimates for other State agencies.
- 4) Assume a two and one half-year construction schedule segregated into four geographic areas.
- 5) Assume SPCO will administer material sales within the right-of-way and the material sites after initial sale.

STATE PIPELINE COORDINATOR'S OFFICE

State Pipeline Coordinator's Office

Component Number 1191

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14					
Personal Services			520.5	1,961.1	2,256.9	2,256.9	329.6
Travel			10.0	200.0	250.0	250.0	25.0
Services			4.0	70.0	76.5	76.5	15.0
Commodities			7.0	20.0	20.0	20.0	7.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	541.5	2,251.1	2,603.4	2,603.4	376.6

POSITIONS **8 8 8**

Costs include SPCO expenses to coordinate the participation of DNR divisions in pre-construction permitting and work associated with AGDC's development of plans and processes required by the State Lease, lease compliance and the preparation and issuance of Notices to Proceed (NTP).

Eight new long-term, non-permanent (LTNP) Natural Resource Specialist (NRS) III (range 18) positions will be created in FY2016 and will exist through FY2018. All remaining positions will be partial use of existing SPCO positions, FY2015 through FY2019.

Travel would be for public meetings, public hearings, agency coordination and monitoring of contractors performing field work and compliance oversight. Other, contractual and supply costs include aerial photos, satellite imagery, field supplies, maps, office space, telephones, core service charges and related expenses.

STATE PIPELINE COORDINATOR'S OFFICE POSITIONS:

Listed below, by year, are the new and existing positions in Anchorage needed for pre-construction permitting /plan development and preparation of the NTPs. Existing positions used for the project will be assigned to work on a part time basis. New positions specific to the project will be classified as LTNP and will not extend beyond construction. Another option that will be considered is the use of contractors versus hiring LTNP employees. All contract support would be managed by permanent SPCO employees.

SPCO FY2015

- One Natural Resource Specialist (NRS) IV (range 21)
- One Natural Resource Manager (NRM) III (range 22)
- Two Natural Resource Specialist (NRS) III (range 18)
- One Information Officer III (PIO) (range 20)
- One Engineer IV (range 27)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 3 months
- Administrative Support

SPCO FY2016

Pipeline construction oversight begins in FY2016. Because the activity is ramping up in FY2016, the estimated costs are lower than in FY2017 and FY2018.

- Eleven Natural Resource Specialist (NRS) III (range 18) – **eight of the eleven are new, long-term, non-permanent positions**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2017 and FY2018

Pipeline construction continues in FY2017 and FY2018:

- Eleven Natural Resource Specialist (NRS) III (range 18) – **eight of the eleven are new, long-term, non-permanent positions created in FY2016**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2019 and FY2020

Operational oversight and lease administration will require:

- Two Natural Resource Specialist (NRS) III (range 18)
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III(PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 1 month
- Administrative Support

DIVISION OF MINING, LAND AND WATER

Component Number 3002

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	96.5	***	***	***	***

Assumptions:

- 1) DNR/DMLW will be required to supervise, review and approve a title report prepared by SPCO regarding State owned lands in the pipeline ROW.
- 2) DNR will not be required to transfer title of any State lands to DOT/PF.
- 3) DNR/DMLW will not be responsible for title or ROW acquisitions from entities other than DNR managed lands including lands owned by private persons, boroughs, the university, mental health trust, ANCSA corporations, native allotments, and the federal government.
- 4) DNR/DMLW will review and approve all land surveys associated with granting an in-state gasline ROW and developing an in-state gasline across State land.

- 5) DNR/DMLW will participate in the ROW planning effort to some degree across State land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF. DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible State agencies with efforts to extricate the ROW from the LDAs.
- 6) SPCO will issue AS 38.35 ROW across lands to DOT/PF, and SPCO will be responsible for issuance of the majority of the land use permits and material sales necessary within the ROW, but that DNR/DMLW will be required to issue some land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (beyond FY2016).

The costs to DMLW would include expenses during FY2015 for providing assistance during the development team's planning efforts and pre-application meetings as well as costs associated with materials sales and permitting, as necessary, during the construction of the gasline.

DMLW has concluded that costs for FY2016 and beyond are indeterminate as the necessity, number and size of the permits or material sales outside the ROW are not known at this time. This budget does not include any estimated funding needed for DMLW for fiscal years 2016-2020.

DMLW FY2015

- One Natural Resource Manager (NRM) III (Range 22), 3 months for the supervision, review and approval of a title report prepared by SPCO staff.
- One Land Surveyor (LS) II (Range 22), 2 months for review and approval of all land surveys associated with granting an in-state gasline ROW.
- One Natural Resource Specialist (NRS) III (Range 18), 3 months for participation in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs.

Travel will be for planning and attending public meetings, as well as survey review and approval.

DMLW FY2016 and beyond

Indeterminate fiscal impact for FY2016 and beyond as the necessity, number and size of the permits or material sales are not known at this time. DMLW would utilize a Natural Resource Specialist (NRS) II – (Range 16) – at a rate of approximately \$96,250 per year for issuance of land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance.

OFFICE OF HISTORY & ARCHAEOLOGY

Component Number 451

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			30.3	30.3	30.3	30.3	30.3
Travel			2.0	2.0	2.0	2.0	2.0
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	32.3	32.3	32.3	32.3	32.3

The Office of History and Archaeology anticipates using one archaeologist for review and monitoring of the cultural resource project program. OHA estimates utilizing the position for three months and some travel costs needed for site visits.

- One Archeologist II (range 18), 3 months

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Component Number 1031

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services				66.6	66.6	66.6	
Travel				11.1	11.1	11.1	
Services				68.0	68.0	68.0	
Commodities				5.3	5.3	5.3	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	151.0	151.0	151.0	0.0

The Division of Geological and Geophysical Surveys (DGGS) cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route.

The primary impact of this bill on the Division of Air Quality is the fee authority for permitting for the Alaska Gasline Development Corporation. The bill also exempts air quality permits required under the federal Clean Air Act from certain provisions related to permit appeals. This provision is helpful in preventing conflicts with regards to the Division's federally approved permitting program.

HB 4 would require pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The Division assumes four construction applications in FY2015. This includes one Prevention of Significant Deterioration (PSD) permit and three Minor Source Specific (MSS) permits. Operation permits and compliance reviews would begin in FY2017.

Personal Services:

The Division assumes pre-application assistance will be provided by current staff (Environmental Program Manager III, and Environmental Program Specialist III) in FY2014 and current staff will provide oversight of term contracts in FY2015 through FY2018.

Travel:

Program staff will do a limited amount of traveling to manage this program, such as project site trips.

Services:

Much of the work effort will be completed by term contractors, with oversight by current staff. The majority of contractual work effort would be provided in FY2015.

Division of Environmental Health - Drinking Water

Component Number	2066						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services					100.5	120.7	120.7
Travel					15.0	15.0	15.0
Services					8.0	9.2	9.2
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	131.5	145.4	145.4
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Drinking Water component will be the requirement to perform engineered plan and record drawing submittal reviews, provide construction approvals, followed by operation approvals, for the water systems needed to support the labor camps. These water systems will also require routine compliance monitoring for public health protection.

Personal Services:

The Department will add one position to this component, an Environmental Engineer I, to review engineered plans for water systems and to provide construction approvals and operation approvals for the water systems needed to support the labor camps. This position will be filled for ten months the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide on-site reviews and compliance monitoring of the water systems for public health protection.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Food Safety & Sanitation

Component Number 2343

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services					82.3	98.7	98.7
Travel					15.0	15.0	15.0
Services					6.9	7.9	7.9
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	112.2	122.1	122.1

Positions: 0 0 0 0 1 1 1

The primary impact of this bill on the Division of Environmental Health, Food Safety & Sanitation will be an increase in the permitting and inspecting of labor camp kitchens and public accommodations.

Personal Services:

Ensuring these camps and facilities are permitted and inspected requires additional staffing. The Department will add one position to this component, an Environmental Health Officer III, to inspect and permit labor camp kitchens and public facilities. This position will be filled for ten months the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance, inspect the labor camps and public facilities, and staff training and certification.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Solid Waste Management

Component Number	2344						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services					89.8	107.8	107.8
Travel					15.0	15.0	15.0
Services					7.4	8.5	8.5
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	120.2	131.8	131.8
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Solid Waste Management component will be an increase in permitting the solid waste treatment facilities and landfills

associated with pipeline construction. These facilities pose a high risk to human health and the environment. They are authorized to operate either by permit or plan approval, which allows the Solid Waste Program to ensure that these facilities meet the design and operational standards in the regulations. After an authorization is issued, the Program further assesses compliance with the regulations by conducting on-site inspections of these facilities.

Personal Services:

The Department will add one position to this component, an Environmental Program Specialist IV, to inspect solid waste treatment facilities and landfills. This position will be filled for ten months in the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance and compliance monitoring to the labor camps, as well as training and certification of staff.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Spill Prevention & Response - Contaminated Sites

Component Number 2386

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			11.8	87.7	87.7	87.7	87.7
Travel				6.0	6.0	6.0	6.0
Services			0.7	5.2	5.2	5.2	5.2
Commodities			7.5				
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	20.0	98.9	98.9	98.9	98.9

Positions: 0 0 1 1 1 1 1

The Contaminated Sites component of the Division of Spill Prevention and Response would be required to research sites located within the proposed pipeline right-of-way and participate in the development of the Environmental Impact Statement. During construction of the pipeline, the

Services:

The program assumes one Incident Management Team size response annually, annual training, and additional leased space for eight new positions in field camps or field offices in nearby communities. The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new positions identified above as well as personal protection equipment for Arctic weather to be used during inspections. Additionally, the program will require the purchase of four vehicles in FY2017, two staged in Anchorage and two staged in Fairbanks to conduct inspections of the pipeline, camps and for use in emergency responses. Wear and tear on these vehicles is expected to be high with an accelerated replacement schedule, therefore in FY2019; the program will purchase two replacement vehicles.

Division of Water - Water Quality

Component Number	2062						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	204.0		204.0	204.0	438.2	438.2	438.2
Travel	5.0		5.0	5.0	20.0	20.0	20.0
Services	12.2		12.2	12.2	46.3	46.3	46.3
Commodities	15.0				15.0		
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	236.2	0.0	221.2	221.2	519.5	504.5	504.5
Positions:	2	0	2	2	4	4	4

HB 4 would require approval for wastewater treatment systems constructed in conjunction with the development of the pipeline. The Department would be responsible for permitting multiple wastewater discharges from sinks and showers, drinking water treatment plants, domestic treatment plants, dewatering activities and stormwater. The Division will start project planning in 2014 and require two permitting positions. Construction will start in 2017 and require one engineering and one compliance position. Plan reviews and compliance inspections would occur during construction, with periodic inspections post construction. Assumptions are based on the proposed gasline schedule.

Personal Services:

The Division of Water would need an Environmental Program Specialist IV, range 20, and an Environmental Program Specialist III, range 18, to write permits. Beginning in FY2017, one

Environmental Engineer I, range 22 would be needed to review plans and one Environmental Program Specialist IV, range 20, would be needed to conduct inspections.

Travel:

Division staff will need to travel to attend meetings, trainings and conduct inspections.

Services:

Department of Law would be consulted as needed.

Commodities:

Includes one-time set up costs for two positions in FY2014 and two positions in FY2017.

Department of Transportation and Public Facilities

The Department's positions will manage the Utility Permit process for the Gas Line. The positions will issue utility permits and monitor Gas Line construction to ensure the highway asset is protected and that traffic safety and federal eligibility are maintained.

AGDC's July 1, 2011 Project Plan has nearly 70% of the Gas Line within the Department's Dalton, Elliot, and Parks Highway Right-of-Way (ROW). The importance of these transportation corridors to Alaska's transportation future cannot be overstated. A Utility Permit(s) issued by the Department will be the mechanism for permitting the construction and operation of the Gas Line within the ROW's and across several major bridges. The Department will assign conditions within the Utility Permit to ensure: safety to the traveling public during construction; traffic improvements are constructed to allow for safe ingress and egress for construction related traffic; the structural integrity of Alaska's highway assets is maintained or improved, and sufficient spatial distance is allowed for future expansion of highway infrastructure with the 75-100 year lifespan of the Gas Line within the existing ROW.

If a utility is permitted and built in the state's ROW, and that ROW becomes necessary for future highway improvement; the state bears the cost of relocating that utility. It is DOT&PF's responsibility to ensure the line's use of the state's ROW does not impact future anticipated highway needs. Specifically for the Parks Highway corridor between the Gas Line's Willow departure and at least Talkeetna Junction, the 75-100 year horizon identifies a four lane divided highway section as the safe and efficient highway section. A four lane limited access facility will occupy most of the existing ROW, so the Gas Line must be outside of that planned highway, or federal eligibility will be in jeopardy for future improvements requiring additional ROW or relocation of the Gas Line. Other highway alignments may have similar ROW constraints.

Statewide Engineering and Design
Component Number 2357

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	364.3		364.3	364.3	364.3	364.3	364.3
Travel	45.0		45.0	45.0	45.0	45.0	45.0
Services	280.0		280.0	280.0	280.0	280.0	280.0
Commodities	22.5		1.5	1.5	1.5	1.5	1.5
TOTAL OPERATING	711.8	0.0	690.8	690.8	690.8	690.8	690.8

Positions: 3 3 3 3 3 3

An Engineer/Architect IV, Range 26, will serve as the technical expert, manage consultant activities, oversee regional staff who will be issuing permits and authorizations, oversee construction management consultants, documentation for continued federal eligibility, and coordination of utility permit conditions. An Environmental Impact Analysis Manager II, Range 22, will oversee work done in the ROW to insure compliance with federal and state requirements, ensure our processes provide for rapid permitting decisions and no delays in construction. An Administrative Assistant, Range 12, will assist with the day to day activities of the two professionals.

Travel:

Staff travel for coordinated meetings, on-site inspections, surveying and associated duties.

Services:

Contractual services include costs for core services, small contracts and consultation with the Department of Law and lease space.

Commodities:

One-time costs to set up a new position are included in the first year only. Routine supplies are included in out years.

Department of Law

CSSSHB 4 relates to creation of the Alaska Gasline Development Corporation (AGDC public corporation or new AGDC) as a public corporation, with corporate powers and duties. It establishes a fund for moneys appropriated by the legislature for use by the corporation, authorizes establishment of subsidiary corporations, gives power to issue revenue bonds and establish capital reserve funds, provides tax exemptions and establishes reporting requirements. The intent of the bill is that the existing Alaska Gasline Development Corporation (existing AGDC), a subsidiary of

Alaska Finance Housing Corporation (AHFC), and all of its assets and liabilities, would be merged or transferred into the new AGDC public corporation. It also transitions the Alaska Natural Gas Development Corporation (ANGDA) from a stand-alone public corporation into a subsidiary of the new AGDC public corporation. The purpose of the new AGDC is to advance the in-state natural gas pipeline under the project plan that was prepared by the existing AGDC.

CSSSHB 4, in part, amends Title 42 by adding a new chapter AS 42.08, which require the review and investigation of certain contracts, and/or disputes arising under the Act. The Attorney General, under AS 44.23.020(e), has the right to participate as a party in such proceedings to ensure the public interest is represented. The Regulatory Affairs and Public Advocacy Section within the Department of Law will need at least 1 FTE PAUA I position to meet the increased demand on the section's time and resources to participate in such proceedings. Funding for the position is requested for 3/4 of FY14, and full funding in out years.

The Department of Law does not anticipate any additional fiscal impacts from this legislation.

Component Number		2091					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	87.5		116.6	116.6	116.6	116.6	116.6
Travel	0.4		0.6	0.6	0.6	0.6	0.6
Services	12.0		16.0	16.0	16.0	16.0	16.0
Commodities	2.0		2.7	2.7	2.7	2.7	2.7
Capital Outlay	0.4		0.5	0.5	0.5	0.5	0.5
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	102.3	0.0	136.4	136.4	136.4	136.4	136.4
Positions:	1		1	1	1	1	1

Department of Commerce, Community, and Economic Development

This bill makes the Alaska Gasline Development Corporation (AGDC) an independent public corporation of the State, establishes the in-state natural gas pipeline fund, and locates the AGDC under the Department of Commerce, Community, and Economic Development for administrative purposes. The bill exempts the AGDC from the Executive Budget Act (AS37.07), the Alaska Procurement code (AS36.30), and the State Personnel Act (AS39.25). As a result of these exemptions, administrative support services from the department to AGDC are not expected for these functions.

If the AGDC is further exempted from the Uniform Accounting Act (AS37.05), then it is anticipated that no administrative services support from the department will be necessary. Therefore, no fiscal or regulatory impact is anticipated for Administrative Services from this legislation.

The bill also establishes regulation by the Regulatory Commission of Alaska (RCA) of natural gas transportation contracts, of an in-state natural gas pipeline project developed by the AGDC, and of an in-state natural gas pipeline that provides transportation by contract carriage and provides guidance for that regulation.

If HB4 is enacted it is expected that the RCA will adopt changes to regulations in 3 AAC 47 and 3 AAC 48.

Chapter 47.020 - 47.070 Regulatory Cost Charges will be amended to include regulatory cost charges for in-state natural gas pipelines (AS 42.08.370).

Chapter 48.600 - 48.6661 Practice and Procedure will be amended to establish the requirements for the form of application and the information to be contained in an application for a certificate of public convenience and necessity to provide contract carriage (AS 42.08.330).

The July 1, 2015 date by which the RCA would adopt, amend, or repeal regulations is an estimated date. In accordance with AS 42.05.175(e), the RCA would work to adopt, amend, or repeal regulations no later than 730 days after a rule-making proceeding is initiated.

With the availability of the Utility Finance Analyst III and Utility Engineering Analyst III positions approved and funded in the FY2013 budget, the RCA anticipates zero fiscal impact from this legislation.

Component Number	1028 and 2417		Out-Year Cost Estimates				
	FY14 Appropriation Requested	Included in Governor's FY14 Request	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Positions:	0		0	0	0	0	0

HB 4 In-State Gasline Development Corporation Fiscal Analysis

	Included in FY14 Governor's Request	FY14 Appropriation Request	FY14 TOTAL	FY15 Base	FY15 New	FY15 TOTAL	FY16 Base	FY16 New	FY16 TOTAL	FY17 Base	FY17 New	FY17 TOTAL	FY18 Base	FY18 New	FY18 TOTAL	FY19 Base	FY19 New	FY19 TOTAL
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT																		
Alaska Gasline Development Corporation	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4		4,895.4	4,895.4		4,895.4
TOTAL	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4	0.0	4,895.4	4,895.4	0.0	4,895.4
Commercial Operations		2	2	2		2	2		2	2		2	2		2	2		2
Pipeline & Facilities Engineering		0	0	0		0	0		0	0		0	0		0	0		0
Support Activities	7	23	30	30		30	30		30	30		30	30		30	30		30
TOTAL	7	25	32	32	0	32	32	0	32	32	0	32	32	0	32	32	0	32

DEPARTMENT OF ENVIRONMENTAL CONSERVATION																		
Environmental Health - Air Quality		54.6	54.6	54.6	106.0	160.6	160.6	-132.9	27.7	27.7	-11.7	16.0	16.0	49.0	65.0	65.0	-65.0	0.0
Environmental Health - Drinking Water		0.0	0.0	0.0		0.0	0.0		0.0	0.0	131.5	131.5	131.5	13.9	145.4	145.4		145.4
Environmental Health - Food Safety & Sanitation		0.0	0.0	0.0		0.0	0.0		0.0	0.0	112.2	112.2	112.2	9.9	122.1	122.1		122.1
Environmental Health - Solid Waste Management		0.0	0.0	0.0		0.0	0.0		0.0	0.0	120.2	120.2	120.2	11.6	131.8	131.8		131.8
Spill Prevention & Response		0.0	0.0	0.0	20.0	20.0	20.0	78.9	98.9	98.9		98.9	98.9		98.9	98.9		98.9
Spill Prevention & Response		0.0	0.0	0.0		0.0	0.0	315.4	315.4	315.4	-8.0	307.4	307.4	93.2	400.6	400.6	-7.5	393.1
Spill Prevention & Response		0.0	0.0	0.0	8.8	8.8	8.8	136.0	144.8	144.8	977.6	1,122.4	1,122.4	3.9	1,126.3	1,126.3	95.0	1,221.3
Division of Water		236.2	236.2	236.2	-15.0	221.2	221.2		221.2	221.2	298.3	519.5	519.5	-15.0	504.5	504.5		504.5
TOTAL	0.0	290.8	290.8	290.8	119.8	410.6	410.6	397.4	808.0	808.0	1,620.1	2,428.1	2,428.1	166.5	2,594.6	2,594.6	22.5	2,617.1
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		2	2	2	1	3	3	3	6	6	13	19	19	1	20	20		20
TOTAL	0	2	2	2	1	3	3	3	6	6	13	19	19	1	20	20	0	20

DEPARTMENT OF LAW																		
Regulatory Affairs		102.3	102.3	102.3	34.1	136.4	136.4		136.4	136.4		136.4	136.4		136.4	136.4		136.4
TOTAL	0.0	102.3	102.3	102.3	34.1	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4
Support Activities		1	1	1		1	1		1	1		1	1		1	1		1
TOTAL	0	1	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1

DEPARTMENT OF NATURAL RESOURCES																		
State Pipeline Coordinators Office			0.0	0.0	541.5	541.5	541.5	1,709.6	2,251.1	2,251.1	352.3	2,603.4	2,603.4	0	2,603.4	2,603.4	-2,226.8	376.6
Office of History and Archaeology				0.0	32.3	32.3	32.3		32.3	32.3		32.3	32.3		32.3	32.3		32.3
Division of Geological and Geophysical Surveys		0	0.0	0.0		0.0	0.0	151	151.0	151.0		151.0	151.0		151.0	151.0	-151	0.0
Division of Mining, Land and Water			0.0	0.0	96.5	96.5	96.5	-96.5	0.0	0.0		0.0	0.0		0.0	0.0		0.0
TOTAL	0.0	0.0	0.0	0.0	670.3	670.3	670.3	1,764.1	2,434.4	2,434.4	352.3	2,786.7	2,786.7	0.0	2,786.7	2,786.7	-2,377.8	408.9
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities			0	0		0	0	8	8	8		8	8		8	8		-8
TOTAL	0	0	0	0	0	0	0	8	8	8	0	8	8	0	8	8	-8	0

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES																		
Statewide Engineering & Design		711.8	711.8	711.8	-21.0	690.8	690.8		690.8	690.8		690.8	690.8		690.8	690.8		690.8
TOTAL	0.0	711.8	711.8	711.8	-21.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		3	3	3		3	3		3	3		3	3		3	3		3
TOTAL	0	3	3	3	0	3	3	0	3	3	0	3	3	0	3	3	0	3

GRAND TOTAL	3,634.3	5,163.2	8,797.5	8,797.5	-1,569.0	7,228.5	7,228.5	2,036.5	9,265.0	9,265.0	1,672.4	10,937.4	10,937.4	166.5	11,103.9	11,103.9	-2,355.3	8,748.6
CUMULATIVE TOTAL			8,797.5			16,026.0			25,291.0			36,228.4		47,332.3				56,080.9
Commercial Operations	0	2	2	2	0	2	2	0	2	2	0	2	2	0	2	2	0	2
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	7	29	36	36	1	37	37	11	48	48	13	61	61	1	62	62	-8	54
POSITION GRAND TOTAL	7	31	38	38	1	39	39	11	50	50	13	63	63	1	64	64	-8	56