

HB 4 Questions
Member's General Questions

1. What is included in yearly reporting requirements to the legislature?
2. Why are there no commissioners on the Board of AGDC?
3. How are spur lines off the main pipeline handled? Especially Fairbanks into Fairbanks? Are they included in the AGDC plan and who pays for the spur line?
4. How is royalty gas handled under the current AGDC legislation?
5. Do the legislative findings in Section 1 apply to RCA findings?
6. Page 4, lines 16 – 18 states that "the corporation cannot be terminated as long as it has bonds, notes or other obligations outstanding" what happens if the corporation goes into the red and obligations cannot be honored?
7. Could the state's bond rate be affected by AGDC's capital reserve fund obligations?
8. There is a 30-day timeline with no apparent extensions for the recourse tariff with the RCA, which calls for meaningful review of rates, terms, conditions, and calls for public testimony. Is this a realistic timeline to evaluate what maybe extensive data from shippers and does there need to be a possible postponement period, possibly only for good cause?
9. Confidentiality agreements appear to be open-ended is this true? What is needed to be included in confidentiality agreements?
10. If the state's moral obligation did not come into play, how would that affect AGDC's credit rating?
11. Could a cap be set on the state's moral obligation capacity?
12. On page 8, lines 18-19, what type of hearings do you envision AGDC conducting?

Bonding questions:

- If the bond mechanism relies on the credit worthiness of the shippers, can the shippers build the pipe line with their own resources, and keep the moral obligation of the state out of the equation?
- If there was no state moral obligation necessary what will that do to the potential bond interest rates?
Caveat: If there was a draw on the Capital Reserve Fund (if the shippers fail to meet their financial obligations) there is the danger of the moral obligation pledge attaching to all moral obligations of the state and automatically drag down our bond rating.

HB 4 General Questions:

- Confidentiality Provisions (unlike all other state semi-autonomous agencies);
 - Insufficient Executive and Legislative branch checks and balances
- RCA Regulatory related:
 - No common carriage in-state ((the contract carriage requires only a 30-day review; need up to 180 days for meaningful public comment and review of the recourse tariff before the open season; public comment includes the shippers))
 - After Open Season the Legislature needs to review and approve.
- Cost estimate not transparent
 - Base estimate currently ~ \$7.7 billion; the cost for larger diameter pipelines have been estimated at under 10.0 billion. Example - Alyeska 2013 cost study reported direct costs of replacing TAPS (plus owner, management and engineering costs) less VMT at:
 - 30" pipe with 440,000 (650,000 w/DRA) bbl/d capacity ~ \$8.9 billion
 - 48" pipe with 750,000 (1,000,000 w/DRA) bbl/d capacity ~ \$9.7 billion
- Too little throughput for market demand; max 1.6 bcf/d and no NGL's
Market demand currently over 5 bcf/d
NGL's are feed stock for value added economy (propane market e.g. helps rural Alaska)
- Will the state's work to date on permitting (right of way, etc) be considered as an equity contribution? Sec. 3 of the bill

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