

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
TWENTY-FIFTH LEGISLATURE
THIRD SPECIAL SESSION

Juneau, Alaska

Tuesday

June 3, 2008

First Day

Pursuant to the Governor's proclamation dated March 28, 2008 (page 2502), the House was called to order by Speaker Harris at 5:03 p.m.

Roll call showed 38 members present.

Representative Samuels moved and asked unanimous consent that the following members be excused from a call of the House. There being no objection, the members were excused as noted:

Representative Edgmon – to evening plane time, today

Representative Salmon – from today to evening plane time, June 6

The invocation was offered by the Chaplain, the Reverend Sue Bahleda of Resurrection Lutheran Church. Representative Coghill moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

With respect to the diversity of voices, beliefs and practices that call out to a power beyond our individual selves, I offer the following prayer:

Wise One, you have blessed us with these men and women gathered here to do the work of the people. We thank you for

bringing them safely back together and for their commitment to service. Guide their hearts and minds; fill their imaginations; control their wills. Give them wisdom and reverence as they consider the use of all that you have made, the resources of nature, that no one may suffer from our abuse of them and that generations yet to come may continue to praise you for your goodness and bounty. Amen.

The Pledge of Allegiance was led by Representative Gatto.

CERTIFICATION OF THE JOURNAL

Representative Samuels moved and asked unanimous consent that the journal for the 88th, 89th and 90th legislative days, House and Senate Joint Journal Supplement No.16, and the First Supplement of the Second Session be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

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Representative Samuels introduced Joshua Richter, Guest Page, from Big Lake.

MESSAGES FROM THE GOVERNOR

HB 326

A message dated June 2, 2008, was read stating the Governor signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 326(FIN)

"An Act authorizing the governor to order the organized militia into active state service to fight wildland fire, authorizing the governor to delegate to the adjutant general the authority to order the organized militia into active state service to fight wildland fire, and authorizing the payment of Alaska National Guard called into active state service to fight wildland fire at rates of pay established for certain emergency fire-fighting personnel; and providing for an effective date."

Chapter No. 50, SLA 2008
Effective Date: June 3, 2008

SB 214

A message dated June 2, 2008, was read stating the Governor signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

HOUSE CS FOR CS FOR SENATE BILL NO. 214(FIN)

"An Act relating to hunting licenses and tags for nonresident members of the military service or the United States Coast Guard and their dependents; providing for free hunting and sport fishing licenses for active members of the Alaska National Guard and military reserves; and providing for an effective date."

Chapter No. 51, SLA 2008
Effective Date: January 1, 2009

INTRODUCTION OF CITATIONS

The following citations were introduced and taken up later as a Special Order of Business:

Honoring – Dr. Aldona Jonaitis
By Representative Guttenberg; Senator Thomas

Honoring – Alaska Volcano Observatory
By Representatives Guttenberg, Buch; Senators Thomas, McGuire

Honoring – Tristian Dyakanoff and Brandon Johnson, Alaska Heroes
By Senator Elton; Representatives Doll, Kerttula

In Memoriam – Leland Ben Hancock
By Representative LeDoux; Senator Stevens

In Memoriam – Michael "Mike" Pearson
By Representative Guttenberg; Senator Thomas

**INTRODUCTION, FIRST READING, AND REFERENCE
OF HOUSE BILLS**

HB 3001

HOUSE BILL NO. 3001 by the House Rules Committee by request of the Governor, entitled:

"An Act approving issuance of a license by the commissioner of revenue and the commissioner of natural resources to TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act; and providing for an effective date."

was read the first time and referred to the Rules Committee.

The following fiscal note(s) apply:

1. Zero, Dept. of Natural Resources
2. Fiscal, Dept. of Revenue

The Governor's transmittal letter dated June 3, 2008, follows:

"Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the approval of the license proposed to be issued by the commissioner of the Department of Natural Resources and the commissioner of the Department of Revenue under the Alaska Gasline Inducement Act (AGIA), AS 43.90.

In May 2007, AGIA was passed by the Alaska State Legislature with a nearly unanimous vote. The purpose of AGIA, as stated in AS 43.90.010, is to encourage expedited construction of a natural gas pipeline that:

- facilitates commercialization of North Slope gas resources in the state;

- promotes exploration and development of oil and gas resources on the North Slope in the state;
- maximizes benefits to the people of the state from the development of oil and gas resources in the state; and
- encourages oil and gas lessees and other persons to commit to ship natural gas from the North Slope to a gas pipeline system for transportation to markets in this state or elsewhere.

AGIA meets this purpose through provisions establishing an Alaska Gasline Inducement Act license and the state's terms for maximizing benefits to the people of Alaska during and after pipeline construction.

In exchange for meeting the state's requirements, the successful AGIA license applicant is entitled to certain inducements that will facilitate project development. An AGIA license entitles the licensee up to \$500 million in state matching funds for qualified expenditures to offset some of the initial risk borne by the project developer. AGIA also provides for an AGIA coordinator and expedited project review and action by state agencies.

AGIA also provides for "resource inducements" to encourage North Slope oil and gas producers to commit gas for shipment on the pipeline. An oil and gas leaseholder that commits to ship gas in the pipeline in the first binding open season will be entitled to favorable changes to the state's royalty valuation method and a freeze on gas tax rates for the gas shipped through firm transportation contracts acquired during the first binding open season; the tax freeze may be applied within ten years following commencement of commercial operations.

In accordance with AS 43.90.120, on July 2, 2007, the commissioner of the Department of Revenue and the commissioner of the Department of Natural Resources (commissioners) commenced a public process to request applications for an AGIA license. Five applications were received in response to the request for applications (RFA). Under AS 43.90.140, the commissioners reviewed each application to determine whether it was consistent with the terms of the RFA and met the requirements listed in AS 43.90.130.

On January 4, 2008, the commissioners determined the application submitted by TransCanada Alaska Company, LLC and Foothills Pipe Lines, Ltd., (TC Alaska) met the requirements for completeness under AGIA. The application submitted by TC Alaska satisfied all the mandatory requirements in the statute and the application was eligible for further evaluation to determine whether the project would sufficiently maximize the benefits to the people of the state to merit issuance of a license under AGIA.

The commissioners provided notice and a 60-day public comment period for the complete application as required by AGIA. In accordance with AS 43.90.160, the commissioners published notice on January 4, 2008, inviting public comment on TC Alaska's application to build a natural gas pipeline under the terms of AGIA. The 60-day public comment period ended March 6, 2008. More than 300 comments were received.

AGIA requires the commissioners to issue a determination with written findings if they determine that a proposed natural gas pipeline project "will sufficiently maximize the benefits to the people of this state and merits issuance of a license under this chapter..." AS 43.90.180(a).

In accordance with AS 43.90.170, the commissioners fully evaluated TC Alaska's application to determine whether TC Alaska's proposed project would maximize the benefits to Alaskans and merited issuance of the AGIA license. To aid the evaluation, the commissioners compared TC Alaska's proposed project with liquefied natural gas (LNG) project options. The commissioners also compared the TC Alaska project to an alternative overland project recently announced by BP and ConocoPhillips, commonly known as the Producer Project.

Following this extensive evaluation process and consideration of public comments, the commissioners determined that the natural gas pipeline project proposed by TC Alaska sufficiently maximizes benefits to the people of this state and merits issuance of an AGIA license.

In accordance with AS 43.90.180, on May 27, 2008, the commissioners issued a determination, with written findings addressing the basis for the determination. The commissioners also

published notice of intent to issue an AGIA license, and today forwarded the notice along with the findings, supporting documentation, and the determination to the presiding officers of each house of the Legislature.

The commissioners' findings regarding the TC Alaska proposal included the following:

- Alaskans will benefit from TC Alaska having committed to regularly expand its pipeline to meet demand for additional capacity on reasonable commercial terms, which is essential to opening the North Slope to competitive natural gas exploration and development;
- Alaskans will benefit from short-term construction jobs and from long-term careers as new natural gas fields are developed because the path to market has been built;
- Alaskans will benefit from TC Alaska having committed to tariff structure requirements of AGIA that are designed to ensure the lowest possible tariffs, that maximize state revenues, that provide true open access to all potential shippers, and that accommodate expansions;
- Alaskans will benefit from the opportunity that the TC Alaska project creates for a "Y line" liquefied natural gas project and the "bullet line" to Southcentral Alaska;
- Alaskans will benefit from the potential for lower energy costs as natural gas is made available to communities throughout Alaska through offtake points along the pipeline route and spur lines;
- Alaskans will benefit from TC Alaska's proposed distance-sensitive rates, which ensure that Alaskans will pay just the costs incurred to ship gas from the North Slope to one of the five off-take points within Alaska;
- Alaskans will benefit from TC Alaska's project plan being reasonably likely to succeed, in that it is technically reasonable, feasible, and specific and includes (1) the use of technology that TC Alaska is now using to operate pipelines in climates similar to Alaska's, and (2) an obtainable schedule for regulatory approval in Canada;

- Alaska will benefit from TC Alaska's proposed commercial terms being reasonable and likely to attract commitments for shipments of natural gas during the first open season; and
- The TC Alaska project will generate more long-term jobs than either a liquefied natural gas (LNG) option or the Producer Project, because of TC Alaska's commitments to expansion and real open access that will open the North Slope basin to competition.

Upon receipt of the commissioners' findings and determination, AS 43.90.190(a) calls for the rules committee of each house of the Legislature to introduce a bill "in the committee's respective chamber that provides for the approval of the license proposed to be issued by the commissioners." In accordance with this statute, I am transmitting for the Legislature's consideration, a bill that, if passed by the Legislature within 60 days of the presiding officers' receipt of the commissioners' findings and determination, will approve the issuance of the AGIA license proposed by the commissioners to TC Alaska.

The proposed license is an integrated document that incorporates all provisions, terms, conditions, contingencies, obligations, rights, and requirements of AGIA, the RFA, and TC Alaska's application.

Issuance of the AGIA license to TC Alaska will greatly enhance Alaska's chances to commercialize the vast natural gas resources on Alaska's North Slope through the construction of a gas pipeline, and to do it in a way that protects the interests of Alaska and the nation, now and well into the future.

I urge your prompt and favorable action on the bill.

Sincerely,

/s/

Sarah Palin
Governor"

A copy of the *Written Findings and Determination by the Commissioners of Natural Resources and Revenue for Issuance of a License under the Alaska Gasline Inducement Act (AGIA)* dated May 27, 2008, was received and is on file in the Chief Clerk's office. The report is available online at http://www.gov.state.ak.us/agia/agia_findings.php.

UNFINISHED BUSINESS

Representative Samuels moved and asked unanimous consent that the following members be excused from a call of the House. There being no objection, the members were excused as noted:

Representative Buch – from 8:00 a.m., July 3 to 8:00 p.m., July 12

Representative Cissna – from 1:00 p.m., June 6 to 9:00 a.m., June 9

Representative Doll – from 8:00 a.m., July 15 to 11:00 p.m., July 24

Representative Foster – from 8:30 a.m. to 3:00 p.m. each Tuesday, Thursday, and Saturday for the duration of the special session

Representative Gatto – from 8:00 a.m., July 21 to 10:00 p.m., July 26

Representative Johnson – from 8:00 a.m., July 11 to 11:30 p.m., July 24; and from 6:00 a.m., November 12 to midnight, November 21

Representative Keller – from noon, June 13 to evening plane time, June 15

Representative LeDoux – from 8:00 a.m., June 8 to evening plane time, July 1

Representative Nelson – from 6:00 a.m., June 9 to evening plane time, June 10

Representative Gruenberg – from noon, June 27 to plane time, July 1

SPECIAL ORDER OF BUSINESS

Representative Samuels moved and asked unanimous consent that the notice and publication requirements be waived and the citation, In Memoriam – Michael "Mike" Pearson, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Samuels moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

In Memoriam – Michael "Mike" Pearson

By Representatives Guttenberg, Harris, Buch, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Fairclough, Foster, Gara, Gardner, Gatto, Gruenberg, Hawker, Holmes, Johansen, Johnson, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Meyer, Nelson, Neuman, Olson, Ramras, Roses, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson; Senator Thomas

Representative Samuels moved and asked unanimous consent that the notice and publication requirements be waived and the citation, In Memoriam – Leland Ben Hancock, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Samuels moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

In Memoriam – Leland Ben Hancock

By Representatives LeDoux, Harris, Buch, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Fairclough, Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Hawker, Holmes, Johansen, Johnson, Joule, Kawasaki, Keller, Kelly, Kerttula, Lynn, Meyer, Nelson, Neuman, Olson, Ramras, Roses, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson; Senator Stevens

Representative Samuels moved and asked unanimous consent that the notice and publication requirements be waived and the citation, Honoring – Dr. Aldona Jonaitis, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Samuels moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

Honoring – Dr. Aldona Jonaitis

By Representatives Guttenberg, Harris, Buch, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Fairclough, Gara, Gardner, Gatto, Gruenberg, Hawker, Holmes, Johansen, Johnson, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Meyer, Nelson, Neuman, Olson, Ramras, Roses, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson; Senator Thomas

Representative Samuels moved and asked unanimous consent that the notice and publication requirements be waived and the citation, Honoring – Alaska Volcano Observatory, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Samuels moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

Honoring – Alaska Volcano Observatory

By Representatives Guttenberg, Buch, Harris, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Fairclough, Gara, Gardner, Gatto, Gruenberg, Hawker, Holmes, Johansen, Johnson, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Meyer, Nelson, Neuman, Olson, Ramras, Roses, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson; Senators Thomas, McGuire

Representative Samuels moved and asked unanimous consent that the notice and publication requirements be waived and the citation, Honoring – Tristian Dyakanoff and Brandon Johnson, Alaska Heroes, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Samuels moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

Honoring – Tristian Dyakanoff and Brandon Johnson, Alaska Heroes

By Senator Elton; Representatives Doll, Kerttula, Harris, Buch, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Doogan, Edgmon, Fairclough, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Hawker, Holmes, Johansen, Johnson, Joule, Kawasaki, Keller, Kelly, LeDoux, Lynn, Meyer, Nelson, Neuman, Olson, Ramras, Roses, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson

ANNOUNCEMENTS

House committee schedules are published daily under separate cover.

ADJOURNMENT

Representative Samuels moved and asked unanimous consent that the House adjourn until 9:00 a.m., June 6, 2008, for a technical session. There being no objection, the House adjourned at 5:40 p.m.

Suzi Lowell
Chief Clerk