

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

Juneau, Alaska

Tuesday

June 3, 2008

First Day

Pursuant to the March 28 Proclamation of the Governor calling for the convening of the Third Special Session of the Twenty-fifth Legislature (page 2472), the Senate was called to order by President Green at 5:02 p.m.

The roll showed fifteen members present. Senator Cowdery was excused from a call of the Senate. Senators Kookesh, Olson, Therriault, Wielechowski were absent.

The prayer was offered by the Chaplain, The Reverend George Silides of Holy Trinity Episcopal Church. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

We pray Thee O God from whose image has sprung the nobility of the human race, who alone art good and holy, to endow with heavenly knowledge, sincere zeal, and sanctity of purpose, our governor, our legislators, and all thy people.

We pray Thee O God of might, wisdom, and justice! Through whom authority is rightly administered, laws are enacted, and judgment decreed: Assist with your spirit of counsel and fortitude our governor and this Senate here gathered. May they always seek the ways of righteousness, justice and mercy. Grant that they may be enabled by your powerful protection to lead our state with honesty and integrity.

We pray that among the multitude and myriad of choices brought before this body, that they may be imbued with wisdom and grace, far-sighted vision, and charity to seek the counsel of those whose opinions and expertise differ from their own.

We give you thanks for the preservation of this land, for the multiple excellence of its people, and the strength of our forbearers. We give you thanks for the expertise of those who have worked tirelessly to rebuild the towers destroyed by the April avalanche, for relief of financial hardship made possible by their effort and the aid granted by this city, and for the lessons of stewardship, conservation and interdependence we have learned in this trial.

May the deliberations of these days bring forth fruit which taste as sweet to all as they do to any. To thy heavenly care and providence we commend ourselves, our loved ones, and all who call upon us for help. Amen.

Senator Stevens led the Senate in the Pledge of Allegiance.

Certification

Senator Ellis moved and asked unanimous consent that the journals for the eighty-ninth and ninetieth legislative days of the second session, the first supplement for the second session, and House and Senate Joint Journal Supplement No. 16 be approved as certified by the Secretary. Without objection, it was so ordered.

The presence of Senator Kookesh was noted.

Introduction of Senate Floor Staff

Senator Elton introduced:

April Shoemaker, Senate Page
Jeff Fanning, Senate Page
Jake Kreuzenstein, Senate Page
Amanda Green, Assistant Sergeant-at-Arms
Gary Stambaugh, Sergeant-at-Arms

Messages from the Governor**HB 326**

Message was read stating the Governor signed the following bill on June 2 and transmitted 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 50, SLA 2008
Effective Date: 6/3/08

SB 214

Message was read stating the Governor signed the following bill on June 2 and transmitted 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 51, SLA 2008
Effective Date: 1/1/09

Communications

The following report, received at 2:15 p.m., June 3, 2008, is on file in the Office of the Secretary of the Senate:

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
from Commissioner Thomas E. Irwin
Department of Natural Resources and
Commissioner Patrick S. Galvin, Department of Revenue
in accordance with AS 43.90.180
available at: www.gov.state.ak.us/agia

**Introduction and Reference of
Senate Resolutions**

SR 301

SENATE RESOLUTION NO. 301 BY THE SENATE RULES COMMITTEE,

Relating to establishing a Senate Special Committee
on Energy.

was read the first time.

Senator Ellis moved and asked unanimous consent to take up SENATE RESOLUTION NO. 301 at this time. Without objection, the resolution was before the Senate on final passage.

The question being: "Shall SENATE RESOLUTION NO. 301 Relating to establishing a Senate Special Committee on Energy, pass the Senate?" The roll was taken with the following result:

SR 301

Final Passage

YEAS: 16 NAYS: 0 EXCUSED: 1 ABSENT: 3

Yeas: Bunde, Davis, Dyson, Ellis, Elton, French, Green, Hoffman, Huggins, Kookesh, McGuire, Stedman, Stevens, Thomas, Wagoner, Wilken

Excused: Cowdery

Absent: Olson, Therriault, Wielechowski

and so, SENATE RESOLUTION NO. 301 passed the Senate and was referred to the Secretary for engrossment and enrollment.

Introduction and Reference of Senate Bills

SB 3001

SENATE BILL NO. 3001 BY THE SENATE 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 Senate Special Committee on Energy.

The following fiscal information was published today:

Fiscal Note No. 1, Department of Revenue

Fiscal Note No. 2, zero, Department of Natural Resources

Written Findings and Determination by the Commissioners of Natural Resources and Revenue for Issuance of a License under The Alaska Gasline Inducement Act (AGIA) was received June 3 (page 3000).

Governor's transmittal letter dated June 3, 2008:

Dear President Green:

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

Senator Ellis moved and asked unanimous consent that the following Citation Calendar be made a special order of business. Without objection, it was so ordered.

Citation Calendar

Honoring – Tristian Dyakanoff and Brandon Johnson, Alaska Heroes
Senator(s) Elton, Green, Bunde, Cowdery, Davis, Dyson, Ellis, French, Hoffman, Huggins, Kookesh, McGuire, Olson, Stedman, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken
Representative(s) Doll, Kerttula

Honoring – Alaska Volcano Observatory
Representative(s) Guttenberg, Buch
Senator(s) Thomas, McGuire, Green, Bunde, Cowdery, Davis, Dyson, Ellis, Elton, Hoffman, Huggins, Kookesh, Olson, Stedman, Stevens, Therriault, Wagoner, Wielechowski, Wilken

Honoring – Dr. Aldona Jonaitis
Representative(s) Guttenberg
Senator(s) Thomas, Green, Bunde, Cowdery, Davis, Dyson, Ellis, Elton, Hoffman, Huggins, Kookesh, McGuire, Olson, Stedman, Stevens, Therriault, Wagoner, Wielechowski, Wilken

In Memoriam – Leland Ben Hancock

Representative(s) LeDoux

Senator(s) Stevens, Green, Bunde, Cowdery, Davis, Dyson, Ellis, Elton, Hoffman, Huggins, Kookesh, McGuire, Olson, Stedman, Therriault, Thomas, Wagoner, Wielechowski, Wilken

In Memoriam – Michael "Mike" Pearson

Representative(s) Guttenberg

Senator(s) Thomas, Green, Bunde, Cowdery, Davis, Dyson, Ellis, Elton, Hoffman, Huggins, Kookesh, McGuire, Olson, Stedman, Stevens, Therriault, Wagoner, Wielechowski, Wilken

Senator Ellis moved and asked unanimous consent that the citations be adopted. Without objection, the citations were adopted and referred to the Secretary for transmittal.

Unfinished Business

Senator Bunde moved and asked unanimous consent to be excused from a call of the Senate from June 30 through July 2. Without objection, Senator Bunde was excused.

Senator Wagoner moved and asked unanimous consent to be excused from a call of the Senate from afternoon plane time, June 4 through evening plane time, June 8. Without objection, Senator Wagoner was excused.

Senator Wilken moved and asked unanimous consent to be excused from a call of the Senate from evening plane time, June 6 through morning plane time, July 4. Without objection, Senator Wilken was excused.

Announcements

Announcements are at the end of the journal.

Adjournment

Senator Ellis moved and asked unanimous consent that the Senate stand in adjournment until 9:30 a.m., June 6, 2008. Without objection, the Senate adjourned at 5:19 p.m.

Kirsten Waid
Secretary of the Senate

Announcements

Americans with Disabilities Act Notice - Persons with disabilities who require special accommodation or alternative communication formats to access committee meetings may contact the appropriate committee office or the Legislative Information Office in their community. Reasonable advance notice is needed to accommodate the request. For further information, call the ADA Coordinator at 465-3854 Voice/465-4980 TDD.

SPECIAL COMMITTEES**SENATE SPECIAL COMMITTEE ON ENERGY**

Jun 04	Wednesday	Terry Miller Gym	10:00 AM
	Senate Special Committee on Energy Joint w/ (H) Rules House Special Subcommittee on AGIA LB&A Consultants		
Jun 05	Thursday	Terry Miller Gym	10:00 AM
	Senate Special Committee on Energy Joint w/ (H) Rules House Special Subcommittee on AGIA LB&A Consultants		
Jun 06	Friday	Terry Miller Gym	10:00 AM
	Senate Special Committee on Energy Joint w/ (H) Rules House Special Subcommittee on AGIA Administration/Trans-Canada Presentations		
Jun 07	Saturday	Terry Miller Gym	10:00 AM
	Senate Special Committee on Energy Joint w/ (H) Rules House Special Subcommittee on AGIA Administration/Trans-Canada Presentations		
Jun 08	Sunday	Terry Miller Gym	10:00 AM
	Senate Special Committee on Energy Joint w/ (H) Rules House Special Subcommittee on AGIA Administration/Trans-Canada Presentations		
Jun 09	Monday	Terry Miller Gym	10:00 AM
	Senate Special Committee on Energy Joint w/ (H) Rules House Special Subcommittee on AGIA Administration/Trans-Canada Presentations		

SENATE SPECIAL COMMITTEE ON ENERGY (continued)

Jun 10 Tuesday Terry Miller Gym 10:00 AM
 Senate Special Committee on Energy Joint w/ (H) Rules
 House Special Subcommittee on AGIA
 Administration/Trans-Canada Presentations

JOINT COMMITTEES**ARMED SERVICES COMMITTEE**

Jun 05 Thursday Senate Finance 532 2:00 PM
 + A Presentation on "The Emerging Arctic - A New Maritime
 Frontier" By Rear Admiral Gene Brooks, Commander
 for the US Coast Guard 17th District
 Decoration of Honor Budget Approval

JOINT COOK INLET SALMON TASK FORCE

Jun 05 Thursday Location Tba
 Meeting in Juneau - Time TBA

Jun 06 Friday Location Tba
 Meeting in Juneau - Time TBA

LEGISLATIVE BUDGET & AUDIT

Jun 03 Tuesday House Finance 519 5:30 PM
 Audit Request -
 Sen. Wielechowski - Dept. of Corrections
 Sen. Elton, Rep. Kerttula, Rep. Doll -
 AIDEA/Snettisham Hydroelectric Project
 Other Committee Business

LEGISLATIVE COUNCIL

Jun 03 Tuesday Capitol 120 2:30 PM
 -- Meeting Postponed --
 Legislative Council Subcommittee on
 Anchorage Office Relocation
 Teleconference to Anchorage LIO, and any other interested site