

**HOUSE BILL NO. 394**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Introduced: 3/20/24

Referred: Resources, Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to the Regulatory Commission of Alaska and regulation of the service**  
2   **of natural gas storage and liquefied natural gas import facilities; relating to records of**  
3   **the Regulatory Commission of Alaska; relating to rates established by the Regulatory**  
4   **Commission of Alaska; and providing for an effective date."**

5   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6   \* **Section 1.** AS 42.05.141 is amended by adding new subsections to read:

7                   (g) Except as provided in AS 42.05.711(q), (s), and (w), the commission shall  
8                   regulate under this chapter the service of natural gas storage and the service of  
9                   liquefied natural gas storage, including storage furnished by operating a natural gas  
10                  storage facility that is part of a

11                   (1) pipeline facility operated by a pipeline carrier; or  
12                   (2) natural gas pipeline facility operated by a natural gas pipeline  
13                  carrier.

14                   (h) In (g) of this section, "natural gas pipeline carrier," "natural gas pipeline

1 facility," "pipeline carrier," and "pipeline facility" have the meanings given in  
 2 AS 42.06.630.

3 \* **Sec. 2.** AS 42.05.381(k) is amended to read:

4 (k) The cost to the utility of storing gas in a gas storage facility or storing  
 5 liquefied natural gas in a liquefied natural gas storage facility that is allowed in  
 6 determining a just and reasonable rate shall reflect the

7       **(1)** reduction in cost attributable to any exemption from a payment due  
 8 under AS 38.05.096 or 38.05.180(u), as applicable, and the value of a tax credit that  
 9 the owner of the gas storage facility received under AS 43.20.046 or 43.20.047, as  
 10 applicable; the [. THE] commission may request the

11           **(A)** [(1)] commissioner of natural resources to report the value  
 12 of the exemption from a payment due under AS 38.05.096 or 38.05.180(u), as  
 13 applicable, that the gas storage facility received; and

14           **(B)** [(2)] commissioner of revenue to report information on the  
 15 amount of tax credits claimed under AS 43.20.046 and 43.20.047, as  
 16 applicable, for the gas storage facility or liquefied natural gas storage facility;

17       **(2) fair market value of oil and gas fields, drilling rigs, production**  
 18 **platforms, wells, and similar assets used for gas storage or liquefied natural gas**  
 19 **storage and a fair return on the fair market value of those assets;**

20       **(3) costs related to the dismantlement, removal, and restoration of**  
 21 **a gas storage facility or liquefied natural gas storage facility** [. IN THIS  
 22 SUBSECTION, "GAS STORAGE FACILITY" HAS THE MEANING GIVEN IN  
 23 AS 31.05.032].

24 \* **Sec. 3.** AS 42.05.381 is amended by adding a new subsection to read:

25       (p) In (k) of this subsection, "gas storage facility" has the meaning given in  
 26 AS 31.05.032(e).

27 \* **Sec. 4.** AS 42.05 is amended by adding a new section to article 5 to read:

28       **Sec. 42.05.505. Records of gas storage facilities.** Records held by the  
 29 commission related to the finances of a gas storage facility, a liquefied natural gas  
 30 storage facility, or a public utility providing the service of natural gas storage,  
 31 including financial statements and financial assurance agreements, are confidential

1 and are not public records under AS 40.25.100 - 40.25.295 (Alaska Public Records  
 2 Act). The commission may disclose information from a record subject to this section  
 3 only to a state or federal agency if the commission determines that disclosure of the  
 4 information is necessary for the commission to complete its duties.

5 \* **Sec. 5.** AS 42.05.711(q) is amended to read:

6       (q) The service of natural gas storage furnished by operating a natural gas  
 7 storage facility that is [(1) PART OF A PIPELINE FACILITY OPERATED BY A  
 8 PIPELINE CARRIER, (2) PART OF A NATURAL GAS PIPELINE FACILITY  
 9 OPERATED BY A NATURAL GAS PIPELINE CARRIER, OR (3)] part of a North  
 10 Slope natural gas pipeline facility operated by a North Slope natural gas pipeline  
 11 carrier is exempt from this chapter. In this subsection, ["NATURAL GAS PIPELINE  
 12 CARRIER," "NATURAL GAS PIPELINE FACILITY,"] "North Slope natural gas  
 13 pipeline carrier [,]" and "North Slope natural gas pipeline facility [,]" ["PIPELINE  
 14 CARRIER," AND "PIPELINE FACILITY"] have the meanings given in  
 15 AS 42.06.630.

16 \* **Sec. 6.** AS 42.05.711 is amended by adding a new subsection read:

17       (w) A liquefied natural gas import facility under the jurisdiction of the Federal  
 18 Energy Regulatory Commission is exempt from this chapter.

19 \* **Sec. 7.** AS 42.06.140 is amended by adding new subsections to read:

20       (c) The commission shall regulate under AS 42.05 the service of natural gas  
 21 and liquefied natural gas storage, including storage furnished by operating a natural  
 22 gas storage facility that is part of a

23               (1) pipeline facility operated by a pipeline carrier; or  
 24               (2) natural gas pipeline facility operated by a natural gas pipeline  
 25 carrier.

26       (d) In this section,

27               (1) "service of liquefied natural gas storage" means the operation of a  
 28 liquefied natural gas storage facility; "service of liquefied natural gas storage" does  
 29 not include the storage of liquefied natural gas

30               (A) owned by or contractually obligated to the owner, operator,  
 31 or manager of the liquefied natural gas storage facility; or

(B) for which the price of storage is not separately itemized;

(2) "service of natural gas storage" means the operation of a natural gas storage facility primarily or exclusively for the benefit of third-party customers, and not for the benefit of the owner, operator, or manager of the natural gas storage facility; "service of natural gas storage" does not include the storage of natural gas

(A) owned by or contractually obligated to the owner, operator, or manager of the natural gas storage facility; or

(B) for which the price of storage is not separately itemized.

\* **Sec. 8.** AS 42.06.370 is amended by adding a new subsection to read:

(d) The following costs related to a pipeline carrier shall be considered when determining a just and reasonable rate under this chapter:

(1) costs related to the dismantlement, removal, and restoration of a pipeline;

(2) the costs, at fair market value, of oil and gas fields, drilling rigs, production platforms, wells, and similar assets used for gas storage or liquefied natural gas storage, and a fair return on the fair market value of those assets.

\* Sec. 9. AS 42.06.445(a) is amended to read:

(a) Except as provided in (b), [AND] (c), and (g) of this section, or prohibited from disclosure under state or federal law, records in the possession of the commission are open to public inspection at reasonable times.

\* **Sec. 10.** AS 42.06.445 is amended by adding a new subsection to read:

(g) Records held by the commission related to the finances of a pipeline carrier, including financial statements and financial assurance agreements, are confidential and are not public records under AS 40.25.100 - 40.25.295 (Alaska Public Records Act). The commission may disclose information from a record subject to this subsection only to a state or federal agency if the commission determines that disclosure of the information is necessary for the commission to complete its duties.

\* Sec. 11. AS 42.05.990(10)(B) and AS 42.05.990(11)(B) are repealed.

\* **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).