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Nauman/Bullock
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CS FOR HOUSE BILL NO. 9(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Millett, Thompson, Hawker

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska Gasline Development Corporation, a subsidiary created
2 by the Alaska Housing Finance Corporation; establishing and relating to the in-state
3 natural gas pipeline fund; making certain information provided to or by the Alaska
4 Gasline Development Corporation exempt from inspection as a public record; relating
5 to the Joint In-State Gasline Development Team; relating to the judicial review of a
6 right-of-way lease or the development or construction of an oil or gas pipeline on state
7 land; relating to the lease of a right-of-way by the Alaska Gasline Development
8 Corporation for a gas pipeline transportation corridor; relating to the cost of natural
9 resources, permits, and leases provided to the Alaska Gasline Development
10 Corporation; relating to the review of natural gas transportation projects by the
11 Regulatory Commission of Alaska; relating to the regulation by the Regulatory
12 Commission of Alaska of an in-state gas pipeline project developed by the Alaska

1 **Gasline Development Corporation; relating to the Alaska Natural Gas Development**
2 **Authority; relating to the procurement of certain services by the Alaska Natural Gas**
3 **Development Authority; exempting property of a project developed by the Alaska**
4 **Gasline Development Corporation from property taxes before the commencement of**
5 **commercial operations; and providing for an effective date."**

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

7 * **Section 1.** AS 18.56 is amended by adding a new section to read:

8 **Sec. 18.56.087. Alaska Gasline Development Corporation.** (a) The Alaska
9 Gasline Development Corporation, a subsidiary created under AS 18.56.086, shall
10 have all powers granted to it by the corporation. The Alaska Gasline Development
11 Corporation shall, to the fullest extent possible, advance an in-state natural gas
12 pipeline as described in the July 1, 2011, project plan prepared under AS 38.34.040 by
13 the Alaska Gasline Development Corporation and the Joint In-State Gasline
14 Development Team, with modifications determined by the Alaska Gasline
15 Development Corporation to be necessary to construct and operate an in-state natural
16 gas pipeline in a safe and economic manner. In addition to the powers granted to it by
17 the corporation, the Alaska Gasline Development Corporation may

18 (1) determine the form of ownership and the operating structure of an
19 in-state natural gas pipeline developed by the Alaska Gasline Development
20 Corporation and may enter into agreements with other persons for joint ownership or
21 operation or both of the in-state natural gas pipeline;

22 (2) exercise the power of eminent domain or file a declaration of
23 taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is
24 necessary for an in-state natural gas pipeline; the exercise of powers by the Alaska
25 Gasline Development Corporation under this paragraph may not exceed the
26 permissible exercise of the powers by the state;

27 (3) acquire, by purchase, lease, or gift, land, structures, real or personal
28 property, an interest in property, a right-of-way, a franchise, an easement, other
29 interest in land, or an interest in or right to capacity in any pipeline system determined

1 to be necessary or convenient for the development, financing, construction, or
2 operation of an in-state natural gas pipeline project or part of an in-state natural gas
3 pipeline project; and

4 (4) transfer or otherwise dispose of all or part of an in-state natural gas
5 pipeline project developed by the Alaska Gasline Development Corporation or transfer
6 or otherwise dispose of an interest in an asset of the Alaska Gasline Development
7 Corporation.

8 (b) Upon commencement of construction of an in-state natural gas pipeline,
9 the Alaska Gasline Development Corporation shall analyze additional natural gas
10 pipelines connecting to industrial, residential, or utility customers in other regions of
11 the state. If the Alaska Gasline Development Corporation finds that a natural gas
12 pipeline analyzed under this subsection is in the best interest of the state and can meet
13 the needs of industrial, residential, or utility customers at commercially reasonable
14 rates, the Alaska Gasline Development Corporation shall finance, construct, or operate
15 the natural gas pipeline as necessary, subject to appropriation. When developing or
16 constructing an additional natural gas pipeline, the Alaska Gasline Development
17 Corporation shall, to the maximum extent feasible, use existing land, structures, real or
18 personal property, rights-of-way, easements, or other interests in land acquired by the
19 Alaska Gasline Development Corporation or the Alaska Natural Gas Development
20 Authority.

21 (c) The Alaska Gasline Development Corporation may issue bonds and notes
22 and otherwise incur indebtedness in order to carry out and accomplish its purposes.
23 The provisions of AS 18.56.110(a) - (f) and 18.56.115 - 18.56.190 apply to the Alaska
24 Gasline Development Corporation in the exercise of its powers under this subsection,
25 except that, in AS 18.56.110 - 18.56.190, as applicable under this subsection, the term
26 "corporation" shall mean the Alaska Gasline Development Corporation. The Alaska
27 Gasline Development Corporation may issue bonds and notes and otherwise incur
28 indebtedness under this subsection without limit as to principal amount. The bonds,
29 notes, and other indebtedness of the Alaska Gasline Development Corporation do not
30 create an obligation or liability of the corporation except to the extent that the
31 corporation agrees in writing to accept the obligation or liability.

(d) No debt, obligation, or liability of the Alaska Gasline Development Corporation shall become a debt, obligation, or liability of the state or any part or subdivision of the state or of the corporation or a subsidiary corporation of the corporation other than the Alaska Gasline Development Corporation, except as provided in this subsection. This subsection applies to all debt, obligations, and liabilities of the Alaska Gasline Development Corporation regardless of how the debt, obligations, or liabilities are created, including by contract, tort, or bond or note issuance. Except as provided in this subsection, a person may not bring suit against the state or any part or subdivision of the state or against the corporation or a subsidiary corporation of the corporation other than the Alaska Gasline Development Corporation in the courts of the state to enforce or seek a remedy with respect to a debt, obligation, or liability of the Alaska Gasline Development Corporation. The corporation may waive, in whole or in part, the application of the provisions of this subsection to the corporation with respect to a debt, obligation, or liability of the Alaska Gasline Development Corporation. To be effective, a waiver by the corporation must be in writing and shall only have effect to the extent provided in the writing.

(e) In the exercise of its powers under (c) and (d) of this section, the Alaska Gasline Development Corporation may not pledge the faith and credit of the state or a political subdivision of the state other than the Alaska Gasline Development Corporation to the repayment of the principal of or interest on any bonds issued by the Alaska Gasline Development Corporation.

(f) The in-state natural gas pipeline fund is established in the Alaska Gasline Development Corporation and consists of money appropriated to it. Unless otherwise provided by law, money appropriated to the fund lapses into the general fund on the day this subsection is repealed. The Alaska Gasline Development Corporation shall manage and invest the fund to yield competitive market rates. The Alaska Gasline Development Corporation shall invest money in the fund in the same manner and on the same conditions as permitted for investment by the commissioner of revenue of funds belonging to the state or held in the treasury under AS 37.10.070 and as provided for fiduciaries of state funds under AS 37.10.071. Interest and other income

received on money in the fund shall be separately accounted for and may be appropriated to the fund. The Alaska Gasline Development Corporation may use money appropriated to the fund for the planning, designing, financing, development, construction, and operation of an in-state natural gas pipeline.

(g) If commitments to acquire firm transportation capacity are received in an open season conducted by the Alaska Gasline Development Corporation, the Alaska Gasline Development Corporation shall, within 10 days after executing the commitments, report the results of the open season to the president of the senate and the speaker of the house of representatives and inform the public of the results of the open season through publication on the Internet website of the Alaska Gasline Development Corporation and in a press release or other announcement to the media. The results made public must include the name of each prospective shipper, the amount of capacity allocated, and the period of the commitment.

(h) If an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation under this section is not subject to regulation by the Regulatory Commission of Alaska, the Alaska Gasline Development Corporation shall submit contracts for the transportation of natural gas to the Regulatory Commission of Alaska for a review of the rate of return to the owner of the in-state natural gas pipeline. If the Regulatory Commission of Alaska makes a finding that the rate of return to an owner of an in-state natural gas pipeline is unreasonably high, the Alaska Gasline Development Corporation may renegotiate the transportation contract to ensure a reasonable rate of return. If the Regulatory Commission of Alaska does not make a finding that a rate of return is unreasonably high within 180 days after receiving the transportation contract, the Alaska Gasline Development Corporation may presume the rate of return is reasonable.

(i) In this section, "in-state natural gas pipeline" and "natural gas pipeline" have the meanings given in AS 38.34.099.

* **Sec. 2.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(49) contracts by the Alaska Natural Gas Development Authority under AS 41.41.070(d).

* **Sec. 3.** AS 38.34.050(a) is amended to read:

(a) The Alaska Gasline Development Corporation [JOINT IN-STATE GASLINE DEVELOPMENT TEAM] may have access to information of all state agencies that is directly related to the planning, design, construction, or operation of the in-state natural gas pipeline.

* **Sec. 4.** AS 38.34.050(b) is amended to read:

(b) All state agencies or entities shall cooperate with and, except for requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to requests for information from the Alaska Gasline Development Corporation [JOINT IN-STATE GASLINE DEVELOPMENT TEAM]. The Alaska Gasline Development Corporation [DEVELOPMENT TEAM] shall avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by other state entities.

* **Sec. 5.** AS 38.34.050(c) is amended to read:

(c) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant the Alaska Gasline Development Corporation [ALASKA HOUSING FINANCE CORPORATION] a right-of-way lease under AS 38.35 for the gas pipeline transportation corridor at no cost or rental fee if

(1) [THE CORPORATION SUBMITS] a complete right-of-way lease application under AS 38.35.050 is submitted;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under AS 38.35.070; and

(3) the corporation that submits the application for the right-of-way lease agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120, except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7); notwithstanding AS 38.35.120(b), a right-of-way lease subject to this paragraph is valid and of legal effect.

* **Sec. 6.** AS 38.34.050 is amended by adding new subsections to read:

(e) The Alaska Gasline Development Corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions. Information acquired or provided by the Alaska Gasline Development Corporation under a confidentiality agreement is not subject to disclosure under

1 AS 40.25.110. The Alaska Gasline Development Corporation may enter into
2 confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow
3 release of confidential information. The portions of the records and files of a public
4 agency bound by a confidentiality agreement that reflect, incorporate, or analyze
5 information subject to a confidentiality agreement under this subsection are not public
6 records. Confidentiality agreements entered into under this subsection are valid and
7 binding against all parties in accordance with the terms of the confidentiality
8 agreement.

9 (f) Information relating to field studies conducted and other technical
10 information developed or obtained by the Alaska Gasline Development Corporation
11 that relates to the development, financing, construction, or operation of an in-state
12 natural gas pipeline project by the Alaska Gasline Development Corporation is
13 confidential and not subject to disclosure under AS 40.25.110. The Alaska Gasline
14 Development Corporation may waive the confidentiality of the information described
15 in this subsection, except for information acquired from another person that is subject
16 to a confidentiality agreement, if the waiver is in the best interest of the state and will
17 facilitate the development, financing, or construction of an in-state natural gas
18 pipeline.

19 (g) Upon request by the Alaska Gasline Development Corporation, a
20 municipality or a state entity shall provide water, sand and gravel, other
21 nonhydrocarbon natural resources, and a permit or a lease to the Alaska Gasline
22 Development Corporation at the usual and customary rates. In this subsection, "state
23 entity" means a state department, authority, or other administrative unit of the
24 executive branch of state government, a public university, or a state public
25 corporation.

26 (h) That part of the cost of providing, under (g) of this section, water, sand and
27 gravel, or other nonhydrocarbon natural resources, or of entering into a lease or
28 issuing a permit, that is borne by the Alaska Gasline Development Corporation for an
29 in-state natural gas pipeline project that is owned in whole or in part by the Alaska
30 Gasline Development Corporation may not be included in the rate base in a
31 proceeding under AS 42 or before the Federal Energy Regulatory Commission.

* **Sec. 7.** AS 38.34.099 is repealed and reenacted to read:

Sec. 38.34.099. Definitions. In this chapter,

(1) "Alaska Gasline Development Corporation" means the corporation created under AS 18.56.086 that is authorized to exercise the powers and take the actions described in AS 18.56.087;

(2) "in-state natural gas pipeline" means a natural gas pipeline for transporting natural gas in the state;

(3) "natural gas pipeline" means all the facilities of a total system of pipe for transportation of natural gas for treatment or conditioning, delivery, storage, or further transportation, and including all pipe, pump and compressor stations, station equipment, and all other facilities used or necessary for an integral line of pipe to carry out the transportation of the gas.

* **Sec. 8.** AS 38.35.100(d) is amended to read:

(d) The commissioner shall include in a conditional lease each requirement and condition of the covenants established under AS 38.35.120, **except that, for a lease entered into under AS 38.34.050(c), the covenants in AS 38.35.120(a)(1), (2), (5), and (7) may not be included.** The commissioner may also require that the lessee agree to additional conditions that the commissioner finds to be in the public interest. In place of the covenant established under AS 38.35.120(a)(9), the commissioner shall require the lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner, directly or indirectly, its interest in a conditional right-of-way lease or a pipeline subject to the conditional lease, unless the commissioner, after considering the public interest and issuing written findings to substantiate a decision to allow the transfer, authorizes the transfer. The commissioner shall also require the lessee to agree not to allow the transfer of control of the lessee without the approval of the commissioner; as used in this subsection, "transfer of control of the lessee" means the transfer of 30 percent or more, in the aggregate, of ownership interest in the lessee in one or more transactions to one or more persons by one or more persons.

* **Sec. 9.** AS 38.35.120(a) is amended to read:

(a) **Except as provided in AS 38.34.050(c), a** [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas pipeline valued at \$1,000,000 or

more may be granted only upon the condition that the lessee expressly covenants in the lease, in consideration of the rights acquired by it under the lease, that

(1) it assumes the status of and will perform all of its functions undertaken under the lease as a common carrier and will accept, convey, and transport without discrimination crude oil or natural gas, depending on the kind of pipeline involved, delivered to it for transportation from fields in the vicinity of the pipeline subject to the lease throughout its route both on state land obtained under the lease and on the other land; it will accept, convey, and transport crude oil or natural gas without unjust or unreasonable discrimination in favor of one producer or person, including itself, as against another but will take the crude oil or natural gas, depending on the kind of pipeline involved, delivered or offered, without unreasonable discrimination, that the Regulatory Commission of Alaska shall, after a full hearing with due notice to the interested parties and a proper finding of facts, determine to be reasonable in the performance of its duties as a common carrier; however, a lessee that owns or operates a natural gas pipeline

(A) subject to regulation either under the Natural Gas Act (15 U.S.C. 717 et seq.) of the United States or by the state or political subdivisions with respect to rates and charges for the sale of natural gas, is, to the extent of that regulation, exempt from the common carrier requirement in this paragraph;

(B) that is a North Slope natural gas pipeline (i) is required to operate as a common carrier only with respect to the intrastate transportation of North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not required to operate as a common carrier as to a liquefied natural gas facility or a marine terminal facility associated with the pipeline, and is not otherwise required to perform its functions under the lease as a common carrier; for purposes of this subparagraph, "North Slope natural gas pipeline" means all the facilities of a total system of pipe, whether owned or operated under a contract, agreement, or lease, used by a carrier for transportation of North Slope natural gas, as defined by AS 42.06.630, for delivery, for storage, or for further transportation, and including all pipe, pump, or compressor stations, station

1 equipment, tanks, valves, access roads, bridges, airfields, terminals and
2 terminal facilities, including docks and tanker loading facilities, operations
3 control centers for both the upstream part of the pipeline and the terminal,
4 tanker ballast treatment facilities, fire protection system, communication
5 system, and all other facilities used or necessary for an integral line of pipe,
6 taken as a whole, to carry out transportation, including an extension or
7 enlargement of the line;

8 (2) it will interchange crude oil or natural gas, depending on the kind
9 of pipeline involved, with each like common carrier and provide connections and
10 facilities for the interchange of crude oil or natural gas at every locality reached by
11 both pipelines when the necessity exists, subject to rates and regulations made by the
12 appropriate state or federal regulatory agency;

13 (3) it will maintain and preserve books, accounts, and records and will
14 make those reports that the state may prescribe by regulation or law as necessary and
15 appropriate for purposes of administration of this chapter;

16 (4) it will accord at all reasonable times to the state and its authorized
17 agents and auditors the right of access to its property and records, of inspection of its
18 property, and of examination and copying of records;

19 (5) it will provide connections, as determined by the Regulatory
20 Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the
21 lease, both on state land and other land in the state, for the purpose of delivering crude
22 oil or natural gas, depending on the kind of pipeline involved, to persons (including
23 the state and its political subdivisions) contracting for the purchase at wholesale of
24 crude oil or natural gas transported by the pipeline when required by the public
25 interest;

26 (6) it shall, notwithstanding any other provision, provide connections
27 and interchange facilities at state expense at such places the state considers necessary
28 if the state determines to take a portion of its royalty or taxes in oil or natural gas;

29 (7) it will construct and operate the pipeline in accordance with
30 applicable state laws and lawful regulations and orders of the Regulatory Commission
31 of Alaska;

(8) it will, at its own expense, during the term of the lease,

(A) maintain the leasehold and pipeline in good repair;

(B) promptly repair or remedy any damage to the leasehold;

(C) promptly compensate for any damage to or destruction of property for which the lessee is liable resulting from damage to or destruction of the leasehold or pipeline;

(9) it will not transfer, assign, or dispose of in any manner, directly or indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-way lease, or any rights under the lease or any pipeline subject to the lease to any person other than another owner of the pipeline (including subsidiaries, parents, and affiliates of the owners), except to the extent that the commissioner, after consideration of the protection of the public interest (including whether the proposed transferee is fit, willing, and able to perform the transportation or other acts proposed in a manner that will reasonably protect the lives, property, and general welfare of the people of Alaska), authorizes; the commissioner shall not unreasonably withhold consent to the transfer, assignment, or disposal;

(10) it will file with the commissioner a written appointment of a named permanent resident of the state to be its registered agent in the state and to receive service of notices, regulations, decisions, and orders of the commissioner; if it fails to appoint an agent for service, service may be made by posting a copy in the office of the commissioner, filing a copy in the office of the lieutenant governor, and mailing a copy to the lessee's last known address;

(11) the applicable law of this state will be used in resolving questions of interpretation of the lease;

(12) the granting of the right-of-way lease is subject to the express condition that the exercise of the rights and privileges granted under the lease will not unduly interfere with the management, administration, or disposal by the state of the land affected by the lease, and that the lessee agrees and consents to the occupancy and use by the state, its grantees, permittees, or other lessees of any part of the right-of-way not actually occupied or required by the pipeline for the full and safe utilization of the pipeline, for necessary operations incident to land management,

administration, or disposal;

(13) it will be liable to the state for damages or injury incurred by the state caused by the construction, operation, or maintenance of the pipeline and it will indemnify the state for the liabilities or damages;

(14) it will procure and furnish liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the commissioner considers necessary if the commissioner finds that the net assets of the lessee are insufficient to protect the public from damage for which the lessee may be liable arising out of the construction or operation of the pipeline.

* **Sec. 10.** AS 38.35.120(b) is amended to read:

(b) **Except as provided in AS 38.34.050(c), for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas pipeline valued at \$1,000,000 or more to be valid and of legal effect, it must contain the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. **Except as provided in AS 38.34.050(c), an** [AN] oil or natural gas pipeline right-of-way lease granted under this chapter that does not contain the required terms is null and void and without legal effect and does not vest any interest in state land or any authority in the carrier granted the lease.

* **Sec. 11.** AS 38.35.140 is amended by adding a new subsection to read:

(c) Notwithstanding (a) and (b) of this section, a right-of-way lease shall be granted without cost to or reimbursement by the Alaska Gasline Development Corporation created under AS 18.56.086.

* **Sec. 12.** AS 38.35.200 is amended by adding new subsections to read:

(c) Except as provided for an applicant under (a) of this section, notwithstanding any contrary provision of law, an action or decision of the commissioner or other state officer or agency concerning the issuance or approval of a necessary right-of-way, permit, lease, certificate, license, or other authorization for the development, construction, or initial operation of a natural gas pipeline by the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation under AS 18.56.086, that uses a right-of-way subject to this

chapter may not be subject to judicial review, except that a claim alleging the invalidity of this subsection must be brought within 60 days after the effective date of this Act, and a claim alleging that an action will deny rights under the Constitution of the State of Alaska must be brought within 60 days following the date of that action. A claim that is not filed within the limitations established in this subsection is barred. A complaint under this subsection must be filed in superior court, and the superior court has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a claim filed under this subsection, the superior court may not grant injunctive relief, including a temporary restraining order, preliminary injunction, permanent injunction, or stay against the issuance of a necessary right-of-way, permit, lease, certificate, license, or other authorization for the development, construction, or initial operation of a natural gas pipeline by the Alaska Gasline Development Corporation, a subsidiary created by the Alaska Housing Finance Corporation under AS 18.56.086. In this subsection, "natural gas pipeline" has the meaning given in AS 38.34.099.

(d) An appeal of a permitting decision by the Department of Environmental Conservation under AS 46.03 or AS 46.14 that is made under authority delegated to the Department of Environmental Conservation by the United States Environmental Protection Agency is not

(1) subject to the limitation in (a) of this section;

(2) included in the actions or decisions described in (c) of this section.

* **Sec. 13.** AS 40.25.120(a) is amended to read:

(a) Every person has a right to inspect a public record in the state, including public records in recorders' offices, except

(1) records of vital statistics and adoption proceedings, which shall be treated in the manner required by AS 18.50;

(2) records pertaining to juveniles unless disclosure is authorized by law;

(3) medical and related public health records;

(4) records required to be kept confidential by a federal law or regulation or by state law;

(5) to the extent the records are required to be kept confidential under 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure or retain federal assistance;

(6) records or information compiled for law enforcement purposes, but only to the extent that the production of the law enforcement records or information

(A) could reasonably be expected to interfere with enforcement proceedings;

(B) would deprive a person of a right to a fair trial or an impartial adjudication;

(C) could reasonably be expected to constitute an unwarranted invasion of the personal privacy of a suspect, defendant, victim, or witness;

(D) could reasonably be expected to disclose the identity of a confidential source;

(E) would disclose confidential techniques and procedures for law enforcement investigations or prosecutions;

(F) would disclose guidelines for law enforcement investigations or prosecutions if the disclosure could reasonably be expected to risk circumvention of the law; or

(G) could reasonably be expected to endanger the life or physical safety of an individual;

(7) names, addresses, and other information identifying a person as a participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the advance college tuition savings program under AS 14.40.803 - 14.40.817;

(8) public records containing information that would disclose or might lead to the disclosure of a component in the process used to execute or adopt an electronic signature if the disclosure would or might cause the electronic signature to cease being under the sole control of the person using it;

(9) reports submitted under AS 05.25.030 concerning certain collisions, accidents, or other casualties involving boats;

(10) records or information pertaining to a plan, program, or procedures for establishing, maintaining, or restoring security in the state, or to a

1 detailed description or evaluation of systems, facilities, or infrastructure in the state,
2 but only to the extent that the production of the records or information

3 (A) could reasonably be expected to interfere with the
4 implementation or enforcement of the security plan, program, or procedures;

5 (B) would disclose confidential guidelines for investigations or
6 enforcement and the disclosure could reasonably be expected to risk
7 circumvention of the law; or

8 (C) could reasonably be expected to endanger the life or
9 physical safety of an individual or to present a real and substantial risk to the
10 public health and welfare;

11 (11) the written notification regarding a proposed regulation provided
12 under AS 24.20.105 to the Department of Law and the affected state agency and
13 communications between the Legislative Affairs Agency, the Department of Law, and
14 the affected state agency under AS 24.20.105;

15 (12) records that are

16 (A) proprietary, privileged, or a trade secret in accordance with
17 AS 43.90.150 or 43.90.220(e);

18 (B) applications that are received under AS 43.90 until notice is
19 published under AS 43.90.160;

20 **(13) information that is covered by a confidentiality agreement**
21 **between the Alaska Gasline Development Corporation created under**
22 **AS 18.56.086 and the provider or recipient of the information.**

23 * **Sec. 14.** AS 41.41.010(a) is amended to read:

24 (a) There is established the Alaska Natural Gas Development Authority, the
25 purpose of which is to provide one or more of the following services and functions in
26 order to **acquire** [BRING] natural gas **produced in** [FROM THE NORTH SLOPE
27 OR OTHER REGIONS OF] the state **for delivery** to market, including

28 [(1)] the acquisition and conditioning of natural gas [;

29 (2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE
30 SYSTEM;

31 (3) THE OPERATION AND MAINTENANCE OF THE PIPELINE

SYSTEM;

(4) THE DESIGN, CONSTRUCTION, AND OPERATION OF OTHER FACILITIES NECESSARY FOR DELIVERING THE GAS TO MARKET, INCLUDING MARKETS IN THE STATE;] and

[(5)] the acquisition of natural gas market share sufficient to ensure the long-term feasibility of pipeline system projects.

* **Sec. 15.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope and other regions of the state, including the Alaska outer continental shelf, and making that natural gas available to [ITS DELIVERY TO MARKETS IN THE STATE FOR USE BY] markets in the state or for export from the state [TO TIDEWATER FOR SHIPMENT TO MARKET BY THE AUTHORITY] are essential government functions of the state.

* **Sec. 16.** AS 41.41.010 is amended by adding a new subsection to read:

(f) To honor delivery commitments in a contract entered into by the authority, the authority and the commissioner of natural resources may pledge, as necessary, royalty gas owned by the state and not otherwise committed by contract to other purchasers of royalty gas. The commissioner of natural resources shall determine the amount of gas that may be pledged and the price for that gas.

* **Sec. 17.** AS 41.41.020 is repealed and reenacted to read:

Sec. 41.41.020. Authority governing body. The authority shall be governed by the board of directors of the Alaska Housing Finance Corporation.

* **Sec. 18.** AS 41.41.060 is amended to read:

Sec. 41.41.060. Compensation of board members; per diem and travel expenses. Members of the board described in AS 18.56.030(a)(4) are entitled to compensation and reimbursement as provided in AS 18.56.030(e) when on official business of the authority [PER DIEM AND TRAVEL EXPENSES AUTHORIZED FOR BOARDS AND COMMISSIONS UNDER AS 39.20.180].

* **Sec. 19.** AS 41.41.070(d) is amended to read:

(d) In addition to its employees, the authority may contract for and engage the services of [BOND COUNSEL,] consultants, experts, [AND] financial advisors, and

legal counsel, including bond counsel, the authority considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings. **The procurement of services under this subsection is exempt from AS 36.30, including AS 36.30.015(d) and (f).**

* **Sec. 20.** AS 41.41.090(b) is amended to read:

(b) If a member of the board or an employee of the authority acquires, owns, or controls an interest, direct or indirect, in an entity [OR PROJECT] in which assets of the authority are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the first board meeting following the disclosure.

* **Sec. 21.** AS 41.41.150(a) is amended to read:

(a) Information in the possession of the authority is a public record, except that information that **is contained in or subject to a confidentiality agreement between the authority and the Alaska Gasline Development Corporation or that** discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding.

* **Sec. 22.** AS 41.41.200 is amended to read:

Sec. 41.41.200. Powers of the authority. In furtherance of its corporate purposes, in addition to its other powers, the authority may

- (1) sue and be sued;
- (2) adopt a seal;
- (3) adopt, amend, and repeal bylaws and regulations;
- (4) make and execute contracts and other instruments;
- (5) in its own name acquire property, lease, rent, convey, or acquire real and personal property [; A PROJECT SITE OR PART OF A PROJECT SITE MAY BE ACQUIRED BY EMINENT DOMAIN];
- (6) acquire natural gas supplies;
- (7) issue bonds and otherwise incur indebtedness in accordance with AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

(8) accept gifts, grants, or loans from and enter into contracts or other transactions regarding gifts, grants, or loans with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other source;

(9) enter into contracts or agreements with a federal agency, agency or instrumentality of the state, municipality, or public or private individual or entity, with respect to the exercise of its powers;

(10) charge fees or other forms of remuneration for the use of authority properties and facilities;

(11) defend and indemnify a current or former member of the board or an employee or agent of the authority against the costs, expenses, judgments, and liabilities as a result of actions taken in good faith on behalf of the authority; and

(12) purchase insurance to protect its assets, services, and employees against liabilities that may arise from authority operations and activities.

* **Sec. 23.** AS 41.41.990(2) is amended to read:

(2) "board" means the board of directors of the Alaska Housing Finance Corporation acting as the board of the Alaska Natural Gas Development Authority;

* **Sec. 24.** AS 42.05.141 is amended by adding a new subsection to read:

(e) Upon receipt of a transportation contract submitted by the Alaska Gasline Development Corporation under AS 18.56.087(h), the commission shall, within 180 days after receiving the transportation contract, make a finding as to whether the rate of return to an owner of an in-state natural gas pipeline is unreasonably high when compared to the rate of return for natural gas pipelines of similar transportation capacity and distance in the contiguous 48 states of the United States. The commission shall report its finding to the Alaska Gasline Development Corporation.

* **Sec. 25.** AS 42.05 is amended by adding a new section to read:

Sec. 42.05.433. Review of certain contracts by the commission. (a) A public utility negotiating a contract with the Alaska Gasline Development Corporation created under AS 18.56.086, or with any entity controlled by the Alaska Gasline Development Corporation, may submit the contract to the commission before the contract takes effect.

(b) A public utility negotiating to purchase natural gas to be shipped on any pipeline owned by either the Alaska Gasline Development Corporation or an entity controlled by the Alaska Gasline Development Corporation may submit the contract to the commission before the contract takes effect.

(c) A public utility negotiating a natural gas storage contract related to (a) or (b) of this section may submit the contract to the commission before the contract takes effect.

(d) The commission shall conduct an investigation and hearing to determine whether a contract submitted under (a), (b), or (c) of this section is just and reasonable. The commission shall either approve the contract as presented, or, if the commission finds that the contract is unjust, unreasonable, or unduly discriminatory or preferential, the commission shall disapprove the contract. If the commission does not act within 180 days after the submission of the contract, the contract shall be considered approved and shall be implemented. A contract that is approved or considered approved under this subsection is not subject to further review by the commission.

* **Sec. 26.** AS 42.05.711 is amended by adding a new subsection to read:

(s) Except for the review of a contract for the transportation of natural gas under AS 42.05.141(e), the Alaska Gasline Development Corporation created under AS 18.56.086, a joint venture, partnership, or other entity controlled by the Alaska Gasline Development Corporation, or a natural gas pipeline owned or financed by the Alaska Gasline Development Corporation is exempt from this chapter until all debt incurred to finance or refinance the cost of developing and constructing the natural gas pipeline is paid in full. However, the Alaska Gasline Development Corporation or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation may elect to be subject to regulation under this chapter to the extent and in the manner the Alaska Gasline Development Corporation elects and determines is appropriate.

* **Sec. 27.** AS 42.06 is amended by adding a new section to article 7 to read:

Sec. 42.06.601. Exemption. The Alaska Gasline Development Corporation created under AS 18.56.086, an entity controlled by the Alaska Gasline Development Corporation, or a natural gas pipeline owned, operated, financed, or controlled, in

whole or in part, by the Alaska Gasline Development Corporation is not subject to this chapter except to the extent and in the manner the Alaska Gasline Development Corporation elects and determines is appropriate.

* **Sec. 28.** AS 43.56.020 is amended by adding a new subsection to read:

(d) Taxable property of a natural gas pipeline project owned or financed by the Alaska Gasline Development Corporation established under AS 18.56.086, or a joint venture, partnership, or other entity that includes the Alaska Gasline Development Corporation, is exempt from state taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized under AS 43.56.010(b) before the commencement of commercial operations of that natural gas pipeline project. In this subsection, "commencement of commercial operations" means the first flow of natural gas in the project that generates revenue to the owners of the natural gas pipeline project.

* **Sec. 29.** AS 38.34.030, 38.34.040, 38.34.060; AS 41.41.030, 41.41.040, AS 41.41.050, and 41.41.080 are repealed.

* **Sec. 30.** Section 1, 2002 Ballot Measure No. 3, is repealed.

* **Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION AND LEGISLATIVE INTENT. It is the intent of the legislature that a right-of-way lease subject to AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act, that is entered into between the commissioner of natural resources and the Alaska Gasline Development Corporation, a subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086, before the effective dates of secs. 5 and 8 - 10 of this Act be amended as soon as practicable after the effective dates of secs. 5 and 8 - 10 of this Act to conform to the requirements of AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act.

* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to read:

1 REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

2 (1) AS 38.34.050 from "Cooperation and access to information" to
3 "Cooperation; information sharing; permits, use of state resources, and leases"; and

4 (2) AS 38.35.200 from "Judicial review of decisions of commissioner on
5 application" to "Judicial review."

6 * **Sec. 33.** This Act takes effect immediately under AS 01.10.070(c).