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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE HOUSE

SPONSOR STATEMENT COMMITTEE SUBSTITUTE for HOUSE BILL 44 (ENE)

“An Act relating to investments applicable to energy; authorizing the Alaska Permanent Fund Corporation to make in-state energy project investments; and authorizing certain public corporations to issue bonds for energy projects.”

House Bill 44 preauthorizes the Alaska Housing Finance Corporation and the Alaska Natural Gas Development Authority to issue bonds for energy related programs and projects. The bill also gives Legislative approval for the Permanent Fund Corporation to invest up to \$1 billion for in-state energy projects.

This bill was introduced as an effort to address the state's energy needs; especially for weatherization and energy efficiency programs and to provide an impetus for an in-state gasline.

Although the Legislature has authorized a number of these projects either through the Alaska Housing Finance Corporation and has made appropriations to the Alaska Natural Gas Development Authority, I believe it is now time to progress these needs to a higher level. In particular, the state's gas needs will not wait until a TransCanada or Denali project is completed around 2020. The Fairbanks, Mat-Su and Cook Inlet areas will all require gas or affordable energy within the next five years. Processing of the liquids from our natural gas supply will also help our rural areas by relieving them from the high cost of diesel. I would prefer that a private entity build a spur line or bullet line. This legislation may provide the impetus for any private corporation to work with ANGDA in constructing a in-state gasline.

The authorization for the Permanent Fund to invest in any of the in-state energy projects is suggestive at the most. The corporation already has the authority under AS 37.13.120 to invest in income producing projects as long as the prudent-investor rule is applied.