

Department of Law
Gas Line Funding History

The Department of Law is requesting \$2,500.0 for work related to the state natural gas pipeline and to bringing North Slope gas to market.

The Department of Law's Oil, Gas and Mining section continues to play a major role in the State's top priority project related to the development of a natural gas pipeline and bringing natural gas to market. A number of contracts with outside counsel and experts are underway and will continue as needed. Funding will assist the department in analyzing and responding to federal regulatory decision-making and other regulatory efforts to commercialize North Slope gas, and representing the Departments of Natural Resources and Revenue in addressing legal issues related to implementation of the AGIA license and the Alaska Pipeline Project (APP).

The Department of Law has contracts with law firms with extensive oil and gas experience. The primary contract is with Greenberg Traurig (GT), a Washington, D.C. based firm with gas pipeline experience and considerable expertise representing clients before the Federal Energy Regulatory Commission (FERC). The firm has assisted the state with analysis of federal regulatory issues including FERC rate making practices, federal open season requirements, use of precedent agreements for firm transportation capacity, analysis of Natural Gas Act requirements, analysis of the AGIA licensee's project plan, analysis of LNG export issues, analysis of royalty inducements for proposed regulations, and the successful request for a waiver of FERC capacity provisions to reduce risks to potential shippers related to the state's ability to switch between taking its royalty gas in-kind to in-value. The department has also contracted with Bennett Jones, a law firm that has assisted the department with Canadian regulatory issues relevant to the pipeline project. The legal work that the firms perform is highly specialized and critical to the pipeline project's success.

In FY 2009 \$3.5 million was transferred from the Governor's office to the Department of Law. At the end of 2009, \$1,697.2 was encumbered for an existing contract with Greenberg Trauig and expected to fund the Department's needs in FY10. As of February 22nd, \$835,179 remains encumbered under that contract and we anticipate expending most if not all of these funds prior to the end of the FY10. Additionally, at the request of the Governor's Office, we identified \$550.0 that would be available and returned the funds to the Office of the Governor.

The requested funds will be used to continue to assist the department in the upcoming open season, including review of the APP open season filing, continued monitoring of the FERC pre-filing process and analysis of FERC issues, resulting transportation agreements, FERC filings relating to a certificate of public convenience and necessity, filing and evaluations relating to Canadian regulatory issues and other FERC and regulatory issues.