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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE HOUSE

SECTIONAL ANALYSIS

COMMITTEE SUBSTITUTE FOR HOUSE BILL 369 (FIN) version IS1527NC

"An Act relating to an in-state natural gas pipeline, the office of in-state gasoline project manager, the Joint In-State Gasline Development Team; requiring the development of an in-state natural gas pipeline plan, to be delivered to the legislature by July 1, 2011, that provides for a gasline that is operational by December 31, 2015; directing the Joint In-State Gasline Development Team to assume responsibilities under sec. 19, ch. 14, SLA 2009; requiring expedited review and action by state agencies or entities relating to the in-state natural gas pipeline project; and providing for an effective date."

(Changes in the House Finance version from the Resources Committee Substitute are highlighted and underlined.)

Section 1: Adds a new chapter, Chapter 34: In-State natural Gas Pipeline, to AS 38, Public Land.

Sec. 38.34.010. In-state gasoline project manager. (a) Creates the position of in-state gasoline project manager within the governor's Office. This position will continue until one year after commercial operation of the in-state natural gas pipeline begins. (b) The Governor appoints an individual to the position of an in-state gasoline manager and may be removed at the Governor's discretion. (c) Describes the duties of the in-state gasoline project manager.

Sec. 38.34.020. Expedited review and action by state agencies or entities. (a) States that any state agency or entity conducting and taking action relating to the in-state gasoline shall be expedited. (b) A state agency or entity may not include in any project certificate, right of way, permit or other authorization issued to a licensee a term or condition that is not required by law if the in-state project manager determines the term or condition would prevent or impair the expeditious construction and operation of the in-state gasline. (c) A state agency or entity may not, unless required by law, amend or abrogate any certificate, right of way, permit or other authorization issued to a licensee if the project manager determines the action would prevent or impair the expeditious construction and operation or expansion of the in-state gasline.

Sec. 38.34.030. Joint In-state Gasline Development Team. (a) Establishes the Joint In-State Gasline Development Team in the Governor's Office. The team consists of the commissioner of the Department of Transportation and Public Facilities or designee, the chief executive officer of

the Alaska Railroad Corporation or designee, the chief executive officer of the Alaska Natural Gas Development Authority, the in-state gasoline project manager and the chief executive officer of the Alaska Housing Finance Corporation. (b) Names the Alaska Housing Finance Corporation's chief executive officer as chair. (c) Allows the development team to hire staff, enter into contracts and exercise other powers to carry out its functions.

Sec. 38.34.040. Duties of the Development Team. (a) Ensure a project plan for the development of an in-state gasoline is completed and delivered to the legislature by July 1, 2011. The project plan must specify and document how an in-state gasoline can be designed, financed, constructed and made operational by December 31, 2015. (b) The Joint In-State Gasline Development Team is to assume all executive authority over and managerial responsibility for all activities enumerated under sec. 19, ch. 14, SLA 2009, including work previously completed, work in process, and work for which money has been encumbered but that is not completed on the effective date of this subsection. (c) Describes specific plans that are to be included within the project plan for an in-state gasoline that will serve Fairbanks, the southcentral region of the state, and other communities whenever practicable, connecting with or enhancing the existing gas pipeline system, and reaching to tidewater. (d) The development team's work product is to include an analysis of alternative possible routes and select a route that is consistent with the following requirements: (1) is the most economical, (2) will provide gas to residents at a reasonable cost, (3) allows for connecting lines to serve industrial, residential and utility customers along the entire route and in other regions of the state that can be served at commercially feasible rates, (4) uses state land and existing state highway and railroad rights of way to the maximum extent feasible, (5) uses existing highway and railroad bridges, gravel pits equipment yards and maintenance facilities and other existing facilities and resources to the maximum extent feasible. (e) With the intent that any project-related assets acquired or developed be available for transfer or sale to the entity best able to complete the project, the development team is to: (1) prepare plans and designs necessary for the construction of the in-state gasline; (2) coordinate with entities qualified to build, own and operate the gasline; (3) identify, apply for and obtain rights-of-way and other permits for the project route; (4) work with other entities to promote gas supply and purchase contracts required for the project to be commercially viable; (5) prepare cost estimates for project design, construction and operation to determine the project's feasibility and the projected cost of natural gas to consumers; (6) coordinate with and use, to the fullest extent, possible existing work by other state agencies and entities before contracting for new reports and research and analysis; (7) determine regulatory authority over the pipeline project and perform any necessary compliance requirements; (8) identify and apply for, or support extension of, existing permits for export of Alaska natural gas if that export improves project economics and will reduce the price of natural gas to in-state consumers. (f) Any rights to a gasline corridor obtained by a state agency under eminent domain may be transferred to a private entity. (g) Describes the various aspects of the in-state gasoline project the development team may consider.

Sec. 38.34.050. Cooperation and access to information. (a) States the development team may have access to a state entity's information to include confidential information that may relate to the in-state gasoline or prove useful in planning, design, construction or operation of the gasline.

Confidential information received by the Development Team shall be kept confidential. (b) All state agencies are to cooperate and give priority to requests for information from the Development Team. The Development Team is to avoid duplicating studies, plans, and designs that have already been produced or otherwise obtained by state entities.

Sec. 38.34.060. Conflicts of interest. (a) If a member of the Development Team acquires, owns or controls a direct or indirect interest in property, an organization or business that might be affected by the in-state gasoline project or other matters under consideration by the Development Team shall immediately disclose the interest to the Development Team. This disclosure is part of the public record and shall be included in the minutes of the first meeting of the Development Team held after the disclosure. **(b) Members of the development team are subject to AS 39.50 (Public Official Disclosure) and AS 39.52 (Alaska Executive Branch Ethics Act).**

Sec. 38.34.099. Definitions. Defines the in-state natural gas pipeline and the North Slope.

Section 2: Amends AS 39.25.110, Exempt service. Adds the in-state gasoline project manager to the exempt service list.

Section 3: Immediate effective date.