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CS FOR HOUSE BILL NO. 369(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Ramras, Olson, Johnson, Austerman

A BILL**FOR AN ACT ENTITLED**

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

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

9 * **Section 1.** AS 38 is amended by adding new sections to read:

10 **Chapter 34. In-State Natural Gas Pipeline.**

11 **Sec. 38.34.010. In-state gasline project manager.** (a) The position of in-state
12 gasline project manager is created in the Office of the Governor. The Office of the
13 Governor shall provide administrative support for the position. The position shall

1 continue until one year after commencement of commercial operation of the in-state
2 natural gas pipeline.

3 (b) The governor shall appoint an individual to the position of in-state gasline
4 project manager. The manager is in the exempt service under AS 39.25.110. The
5 person serving as the in-state gasline project manager may be removed from the
6 position at the discretion of the governor, who shall appoint another person to the
7 position.

8 (c) The in-state gasline project manager shall

9 (1) collaborate with other state agencies to perform planning and other
10 work on the in-state natural gas pipeline project under this chapter;

11 (2) coordinate with government agencies and the private sector on
12 issues involving construction, ownership, and operation of the in-state natural gas
13 pipeline;

14 (3) submit to all legislators written monthly reports detailing progress
15 to the date of the report on development of the project plan under AS 38.34.040 for an
16 in-state natural gas pipeline and identifying all work performed, including

17 (A) each current and anticipated contract, together with the
18 scope of work and contract amount;

19 (B) a cumulative and monthly accounting for all funds spent or
20 encumbered; and

21 (C) a projected schedule of work anticipated to complete the in-
22 state gasline project plan.

23 **Sec. 38.34.020. Expedited review and action by state agencies or entities.**

24 (a) A state agency or entity conducting a review or taking action relating to the in-state
25 natural gas pipeline project under this chapter shall expedite the review or action in a
26 manner consistent with the timely completion of the project.

27 (b) Notwithstanding any contrary provision of law, a state agency or entity
28 may not include in any project certificate, right-of-way, permit, or other authorization
29 a term or condition that is not required by law if the in-state gasline project manager
30 determines that the term or condition would prevent or impair, in any significant
31 respect, the expeditious construction and operation or expansion of the in-state natural

1 gas pipeline project.

2 (c) Unless required by law, a state agency or entity may not add to, amend, or
3 abrogate any certificate, right-of-way, permit, or other authorization if the in-state
4 gasline project manager determines that the action would prevent or impair, in any
5 significant respect, the expeditious construction, operation, or expansion of the in-state
6 natural gas pipeline project.

7 **Sec. 38.34.030. Joint In-state Gasline Development Team.** (a) The Joint In-
8 state Gasline Development Team is established in the Office of the Governor. The
9 development team consists of five members as follows:

10 (1) the commissioner of transportation and public facilities, or the
11 commissioner's designee;

12 (2) the chief executive officer of the Alaska Railroad Corporation or
13 the chief executive officer's designee;

14 (3) the chief executive officer of the Alaska Natural Gas Development
15 Authority;

16 (4) the in-state gasline project manager; and

17 (5) the chief executive officer of the Alaska Housing Finance
18 Corporation.

19 (b) The chief executive officer of the Alaska Housing Finance Corporation is
20 the chair of the development team.

21 (c) The development team may hire staff, enter into contracts, and exercise
22 other powers necessary to carry out its functions.

23 **Sec. 38.34.040. Duties of the development team.** (a) The Joint In-State
24 Gasline Development Team shall ensure that a project plan for the development of an
25 in-state natural gas pipeline is completed and delivered to the legislature by July 1,
26 2011. The project plan must specify and document how an in-state natural gas pipeline
27 can be designed, financed, constructed, and made operational by December 31, 2015.

28 (b) The Joint In-State Gasline Development Team shall assume executive
29 authority over and managerial responsibility for all activities enumerated under sec.
30 19, ch. 14, SLA 2009, including work previously completed, work in process, and
31 work for which money has been encumbered but that is not completed on the effective

1 date of this subsection.

2 (c) The project plan must include specific plans to coordinate and facilitate
3 construction, ownership, operation, and management of a natural gas pipeline serving
4 Fairbanks, the southcentral region of the state, and other communities whenever
5 practicable, connecting with or enhancing the existing gas pipeline system, and
6 reaching to tidewater in the state.

7 (d) The development team's work product shall include an analysis of
8 alternative possible routes and the selection of a route that, consistent with the other
9 requirements of this section,

10 (1) is economically feasible;

11 (2) makes natural gas available to residents at the lowest possible cost;

12 (3) allows for connecting lines to serve industrial, residential, and
13 utility customers along the entire route, and in other regions of the state that can be
14 served at commercially feasible rates;

15 (4) uses state land and existing state highway and railroad rights-of-
16 way to the maximum extent feasible;

17 (5) uses existing highway and railroad bridges, gravel sources,
18 equipment yards, maintenance facilities, and other existing facilities and resources to
19 the maximum extent feasible.

20 (e) With the intent that any project-related assets acquired or developed be
21 available for transfer or sale to the entity best able to complete the project, the
22 development team shall

23 (1) prepare plans and designs necessary for construction of the in-state
24 natural gas pipeline project;

25 (2) coordinate with entities qualified to build, own, and operate the
26 gasline;

27 (3) identify, apply for, and obtain rights-of-way and other permits for
28 the project route;

29 (4) work with other entities to promote gas supply and purchase
30 contracts required for the project to be commercially viable;

31 (5) prepare cost estimates for the project design, construction, and

operation to determine the project's economic feasibility and the projected cost of natural gas to consumers;

(6) coordinate with and, to the fullest extent possible, use 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) Notwithstanding any other provision of law, any rights to a gasline corridor obtained by a state agency under eminent domain may be transferred to a private entity.

(g) In preparing the project plan required in this section, the development team may consider all aspects of the in-state natural gas pipeline project, including public, private, or joint construction alternatives, marketing of natural gas, financing alternatives for pipeline construction, procurement of natural gas from producers, maximization of local hire, opportunities for promoting value added industries, gas-to-liquids manufacturing opportunities, production and delivery of liquefied natural gas or propane to Yukon river, interior, and coastal communities, alternatives for transporting natural gas to other locations in the state, the acquisition of natural gas commitments sufficient to ensure the long-term feasibility of the in-state natural gas pipeline project, and the development of a global natural gas trading hub in the state.

(h) The Joint In-State Gasline Development Team shall take all action necessary to complete its responsibilities under this section.

Sec. 38.34.050. Cooperation and access to information. (a) Notwithstanding other laws, the Joint In-state Gasline Development Team may have access to information of all state agencies or entities, including confidential information, that may relate to the in-state natural gas pipeline or prove useful in planning, design, construction, or operation of the pipeline. Confidential information received by the development team shall be kept confidential.

1 (b) All state agencies or entities shall cooperate with and, except for requests
2 from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to
3 requests for information from the Joint In-state Gasline Development Team. The
4 development team shall avoid duplicating studies, plans, and designs that have already
5 been produced or otherwise obtained by other state entities.

6 **Sec. 38.34.060. Conflicts of interest.** (a) If a member of the Joint In-state
7 Gasline Development Team acquires, owns, or controls an interest, direct or indirect,
8 in property, an organization, or a business that might be affected by the in-state natural
9 gas pipeline project or other matter under consideration by the development team, the
10 member shall immediately disclose the interest to the development team. The
11 disclosure is a matter of public record and shall be included in the minutes of the first
12 meeting of the development team held after the disclosure.

13 (b) The members of the development team are subject to AS 39.50 and
14 AS 39.52.

15 **Sec. 38.34.099. Definitions.** In this chapter,

16 (1) "in-state natural gas pipeline" means a pipeline for transporting
17 natural gas that runs from the North Slope to tidewater in the state;

18 (2) "North Slope" means that area of Alaska lying north of 68 degrees
19 North latitude.

20 * **Sec. 2.** AS 39.25.110 is amended by adding a new paragraph to read:

21 (43) the in-state gasline project manager appointed under
22 AS 38.34.010.

23 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).