

April 18, 2014

The Honorable Eric Feige, Co-Chair
The Honorable Dan Saddler, Co-Chair
House Resources Committee
Alaska State Capitol, Room 124
Juneau, Alaska 99801

Dear Representatives Feige and Saddler:

Please find the following responses to questions raised by Representative Geran Tarr during the April 9, 2014 House Resources Committee hearing on SB 138. Representative Tarr's questions are indicated in italics with our responses detailed below.

What is the current balance of the In-State Natural Gas Pipeline Fund?

In-State Natural Gas Pipeline Fund (AS 31.25.100)	
<i>(\$ Millions)</i>	
Total Legislative Appropriations*	\$ 419.8
Expenditures Through FY13	\$ (48.4)
Fund Balance Start of FY14	\$ 371.5
FY14 Activity (as of 4/8/14)	
Interest & Earnings (through 2/28/14)	\$ 1.6
Expenditures	\$ (32.9)
Obligations	\$ (102.3)
Unobligated Balance	\$ 237.9
* The In-State Natural Gas Pipeline Fund was established in FY13. \$419.8 represents all appropriations to AGDC from FY10-FY14.	

How much has the Corporation spent on the AKLNG initiative? Does the Corporation intend to reimburse the In-State Natural Gas Pipeline Fund for those expenditures?

AGDC's enabling legislation, Chapter 11 SLA 2013 (HB 4) at AS 31.25.080(f), directs the Corporation to coordinate with, and accommodate, the developers of a large-diameter in-state natural gas pipeline by planning for the development and use of common pipeline facilities as long as that cooperation doesn't delay the progress of the Alaska Stand Alone

Pipeline (ASAP) project. AGDC has engaged in various meetings and other efforts to comply with AS 31.25.080(f) and has spent approximately \$1.0 million through the end of March on those efforts.

SB 138 establishes a new Alaska Liquefied Natural Gas Project Fund to fund expenditures related to the State's participation in the AKLNG project. AGDC is requesting a FY14 supplemental appropriation of \$67.3 million to capitalize this new fund. This is the minimum amount necessary to fund the Corporation's FY14 and FY15 AKLNG pre-FEED activities. SB 138 would authorize AGDC to spend money from the fund for purposes related to the AKLNG project without further appropriation. If the legislature provides an appropriation sufficient to cover the cost of Corporation's AKLNG activities to date, it is our intention to reimburse the In-State Natural Gas Pipeline Fund for all AKLNG related direct expenses. Going forward, AGDC will be developing a methodology for allocating Corporate overhead costs to the ASAP project and AKLNG project as appropriate.

I hope committee members find this information helpful. Please don't hesitate to contact me if you have further questions.

Very respectfully,



Dan Fauske
President

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Rep. Geran Tarr
Rep. Bill Stoltze, Co-Chair, House Finance Committee
Rep. Alan Austerman, Co-Chair, House Finance Committee