### **Fiscal Note**

#### State of Alaska 2013 Legislative Session

## Identifier:SB023CS(L&C)-DCCED-AIDEA-03-05-13Title:AIDEA: LNG PROJECT; DIVIDENDS; FINANCINGSponsor:RLS BY REQUEST OF THE GOVERNORRequester:Senate Finance

Bill Version:	CSSB 23(FIN)
Fiscal Note Number:	3
(S) Publish Date:	3/6/13
Department: Fund Capitalization	
Appropriation: Fund Capitalization	
Allocation: AIDEA Sustainable	Energy Transmission and
Supply Developmer	nt Fund
OMB Component Number: 3036	

#### Expenditures/Revenues

Note: Amounts do not include in	nflation unless of	otherwise noted	below.			(Thousai	nds of Dollars)
		Included in					
	FY2014	Governor's					
	Appropriation	FY2014		Out-Y	'ear Cost Estin	nates	
	Requested	Request					
<b>OPERATING EXPENDITURES</b>	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous		125,000.0					
Total Operating	0.0	125,000.0	0.0	0.0	0.0	0.0	0.0

#### Fund Source (Operating Only)

1213 AHCC		125,000.0					
Total	0.0	125,000.0	0.0	0.0	0.0	0.0	0.0

# Positions Full-time Image: Image in Revenues Image in Revenues Image in Revenues

#### Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 50,000.0

#### ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? If yes, by what date are the regulations to be adopted, amended or repealed?

Yes 12/01/13

#### Why this fiscal note differs from previous version:

This fiscal note separates the fund capitalization and capital appropriation needed as part of the proposed AIDEA LNG financing package from the operating impacts on AIDEA. The Governors FY14 budget requests a transfer of \$125 million from the Alaska Housing Capital Corporation fund to capitalize the Sustainable Energy Transmission and Supply Development Fund. The Governor's FY14 capital budget also includes a \$50 million request as part of the financing package.

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Division	Alaska Industrial Development and Export Authority	Date:	03/05/2013 07:30 PM
Approved By:	JoEllen Hanrahan, Director	Date:	03/05/13
	Administrative Services Division		

#### FISCAL NOTE ANALYSIS #3

#### STATE OF ALASKA 2013 LEGISLATIVE SESSION

#### BILL NO. CSSB 23(FIN)

#### Analysis

#### **INTERIOR ENERGY PLAN**

This bill provides AIDEA financing in support of the Energy Plan. Specifically, SB 23 authorizes AIDEA to provide up to \$275 million in financing for a natural gas liquefaction plant and affiliated infrastructure on the North Slope, as well as providing for the financing of liquid natural gas (LNG) distribution systems under the sustainable energy transmission and supply fund (SETS) established under AIDEA.

This financing authorized under this bill includes: 1) authorization for AIDEA to provide financing through the issuance of up to \$150 million in bonds for the project, with the bonds to be secured by a capital reserve fund and 2) authorization for AIDEA to provide direct financing of \$125 million out of the money provided through the amended operating budget for the SETS fund. To help ensure lower energy rates for Alaskans are achieved, the bill limits the interest rates that AIDEA can charge for direct SETS financing at 3%.

The entire \$355 million financing plan for the Interior Energy plan includes:

\$50 million appropriation to AIDEA (provided in the capital budget), \$125 million from SETS direct financing (provided in the amended operating budget), \$150 million in bond proceeds from bond authorization provided in this legislation, and \$30 million in natural gas storage credits (provided in previously passed legislation.)

Attached is a spreadsheet that provides a comprehensive summary of the fiscal impact of SB 23.

#### Fiscal Note Analysis #3

Fis	scal N	lotes f	or SB23 (AIDEA: LNG Projects; Dividends;	Financing)						
Dire	ect Fina	acing (N	ot related to Interior Energy Plan)	FY14	FY15	FY16	FY17	FY18	FY19	
	Cost	to AIDEA	A		1113	1110		1110	1115	
		AIDEA	Receipts Preparation of regulations	200 50	150	150	150	150	150	
			Underwriting (includes 200.0 operating request)	150	- 150	- 150	- 150	- 150	- 150	
		SETS	Fund	-	-	-	-	-	-	
	GF C	ost		-	-	-	-	-	-	
	Reve	nue to A	IDEA	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0	
			Dividends to State - impact for FY 16 from FY 14 revenues			600	625	625	625	
	GFR	evenue	Dividends to State - Impact for FY To from FY 14 revenues	)		600	625	620	625	
Gas	s Plant	and Sto	rage	FY14	FY15	FY16	FY17	FY18	FY19	
	Cost t	to AIDEA	1	750	500	300	200	-	-	
			Coordination and evaluation	750	-	-	-	-	-	
			Construction management		500	300	200	-	-	
	GF C	ost		175,000	-	-	-	-	-	
			I Appropriation for Equity Stake lize SETS Fund	50,000 125,000						
		Japita		120,000						
	Reve	nue to A		-	-	1,875	3,711	3,631	3,548	
		Intere	est on Direct Financing of Interior Energy Plan (SETS )		-	1,875.0	3,710.5	3,630.5	3,548.0	
	CER		Dividends to State - impact for FY 16 from FY 14 revenues			(375)	(250)	788	1,755	
	GFR	evenue	Dividends to State - Impact for FY To from FY 14 revenues	)		(375)	(250)	/00	1,755	
			Distribution (Debt Service on \$150m bonds issued at	FY14	FY15	FY16	FY17	FY18	FY19	
3%1		to AIDEA	ith payments delayed until FY16)	-	-	-	-	-	-	
	0000	AIDEA	Receipts			-	-	-	-	
		SETS	Fund	-	-	-	-	-	-	
	GF C	ost		-	-	-	-	-	-	
	Reve	nue to A		_	-	188	374	371	369	
	11070		Receipts (Administrative fee added to bond interest rate)	-	-	188	374	371	369	
	GF R	evenue	Dividends to State - impact for FY 16 from FY 14 revenues	) -	-	-	-	94	187	
			·							
			t (\$70m for 9BCF plantexpansion will be fully funded te investment)	FY14	FY15	FY16	FY17	FY18	FY19	
~ , .				70,000		-	-	-	-	
Sur		1		70,000	-					
	mmary					FY16	FY17	FY18	FY19	FY14-FY19
				FY14	FY15	FY16	FY17	FY18	FY19	FY14-FY19
GF	Cost	alize SE	TS Fund (SETS Fund Canitalization Note)	<b>FY14</b> 175,000	FY15 -	-	-	-	-	175,000
GF	Cost Capita		TS Fund (SETS Fund Capitalization Note) priation for Equity Stake (AIDEA Note)	FY14	FY15					
	Cost Capita Capita	al Appro		<b>FY14</b> 175,000 125,000	FY15 - -	-	-	-	-	175,000 125,000
	Cost Capita Capita	al Appro st		<b>FY14</b> 175,000 125,000	FY15 - -	-	-	-	-	175,000 125,000
AID	Cost Capita Capita DEA Cost Direct	al Appro st t Financi	priation for Equity Stake (AIDEA Note) ng (AIDEA Note)	FY14 175,000 125,000 50,000 950	FY15 - - - 650	- - - 450	- - - 350	- - - 150	- - - 150	175,000 125,000 50,000 2,700
AID	Cost Capita DEA Cos Direct	al Appro st t Financi	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NDEA Note-analysis only)	FY14 175,000 125,000 50,000	FY15 - - -			-	-	175,000 125,000 50,000
AID	Cost Capita Capita DEA Co Direct Direct	al Appro st t Financi venue (#	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NDEA Note-analysis only)	FY14 175,000 125,000 50,000 950 1,400	FY15 - - - 650 1,400	- - - 450 3,463	- - - 350 5,485	- - - 150 5,402	- - - 150 5,317	175,000 125,000 50,000 2,700 22,465
AID	Cost Capita Capita DEA Cos Direct Direct DEA Rev AIDE/ SETS	al Appro st t Financi venue ( <i>I</i> A Receip S Fund	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NDEA Note-analysis only)	FY14 175,000 125,000 50,000 950 1,400 1,400	FY15 - - - 650 1,400 1,400	- - - 450 3,463 1,588	- - 350 5,485 1,774	- - - 150 5,402 1,771	- - - 150 5,317 1,769	175,000 125,000 50,000 2,700 22,465 9,701
AID	Cost Capita Capita DEA Cost Direct Direct DEA Rev AIDE/ SETS Reven	al Appro st t Financi venue (A A Receip Fund ue-Divid	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NIDEA Note-analysis only) ts	FY14 175,000 125,000 50,000 950 1,400 1,400 -	FY15 - - - - - - - - - - - - - - - - - - -	- - 450 3,463 1,588 1,875	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - 5,317 1,769 3,548	175,000 125,000 50,000 2,700 22,465 9,701 12,764
AID AID GF	Cost Capita Capita DEA Coo Direct Direct AIDE/ SETS Reven Cal Not	al Appro st t Financi venue (A A Receip Fund ue-Divid	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NIDEA Note-analysis only) ts	FY14 175,000 125,000 50,000 950 1,400 1,400 -	FY15 - - - - - - - - - - - - - - - - - - -	- - 450 3,463 1,588 1,875	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - 5,317 1,769 3,548	175,000 125,000 50,000 2,700 22,465 9,701 12,764
AID AID GF	Cost Capita Capita Direct Direct AIDE/ SETS Reven	al Appro st t Financi venue (# A Receip Fund ue-Divid es t Financi	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NDEA Note-analysis only) ts lends to State (AIDEA Note) ng (AIDEA Receipts)	FY14 175,000 125,000 50,000 950 1,400 1,400 -	FY15 - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - 5,402 1,771 3,631 1,506 FY18 150.0	- - - - 5,317 1,769 3,548 2,567 FY19 150.0	175,000 125,000 50,000 2,700 22,465 9,701 12,764 4,674 FY14-FY19 2,700.0
AID AID GF	Cost Capita Capita Direct Direct AIDE/ SETS Reven	al Appro st t Financi venue (# A Receip Fund ue-Divid es t Financi	priation for Equity Stake (AIDEA Note)  ng (AIDEA Note)  AIDEA Note-analysis only)  ots  lends to State (AIDEA Note)	FY14 175,000 125,000 50,000 950 1,400 1,400 - - - FY14	FY15 - - - - - - - - - - - - - - - - - - -	- - 450 3,463 1,588 1,875 225 FY16	- - - - - - - - - - - - - - - - - - -	- - - 150 5,402 1,771 3,631 1,506 FY18	- - - - - - - - - - - - - - - - - - -	175,000 125,000 50,000 2,700 22,465 9,701 12,764 4,674 FY14-FY19
AID GF Fise	Cost Capita DEA Cost Direct AIDE/ SETS Reven Cal Not DEA	al Appro st t Financi venue (A A Receip Fund ue-Divid t Financi evenue-l	priation for Equity Stake (AIDEA Note) ng (AIDEA Note) NDEA Note-analysis only) ts lends to State (AIDEA Note) ng (AIDEA Receipts)	FY14 175,000 125,000 50,000 950 1,400 1,400 - - - FY14	FY15 - - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - 5,402 1,771 3,631 1,506 FY18 150.0	- - - - 5,317 1,769 3,548 2,567 FY19 150.0	175,000 125,000 50,000 2,700 22,465 9,701 12,764 4,674 FY14-FY19 2,700.0
AID GF Fise	Cost Capita Capita DEA Con Direct Direct AIDE/ SETS Reven Direct Direct Direct Direct Direct Direct Direct	al Appro st t Financi venue (A A Receip b Fund ue-Divid ue-Divid t Financi evenue- sevenue- SETS F	priation for Equity Stake (AIDEA Note)  ng (AIDEA Note)  AIDEA Note-analysis only)  ots  ends to State (AIDEA Note)  ng (AIDEA Receipts) Dividends to State (GF)	FY14 175,000 125,000 50,000 950 1,400 1,400 - - - FY14 950.0 -	FY15 - - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - - - - - - - - -	- - - 5,402 1,771 3,631 1,506 <b>FY18</b> 150.0 1,506.3	- - - - - - - - - - - - - - - - - - -	175,000 125,000 50,000 2,700 22,465 9,701 12,764 4,674 FY14-FY19 2,700.0 4,673.5
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AID GF Fise AID Cap	Cost Capita Capita Direct Direct EA Rev AIDE. SETS Reven Direct Cal Not Cal Not Capita Capita Capita Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS Capita SETS SETS Capita SETS SETS Capita SETS SETS SETS SETS SETS SETS SETS SET	al Approj st t Financi venue (A A Receip Fund ue-Divid t Financi evenue-l SETS F al Appro	priation for Equity Stake (AIDEA Note)  ng (AIDEA Note)  AIDEA Note-analysis only)  ots  lends to State (AIDEA Note)  ng (AIDEA Receipts) Dividends to State (GF)  und (GF) priation for Equity Stake (GF)	FY14 175,000 125,000 50,000 950 1,400 1,400 - - FY14 950.0 - 125,000.0 50,000.0	FY15 - - - - - - - - - - - - - - - - - - -	- - - - - - - - - - - -	- - - - - - - - - - - - - -	- - - 150 5,402 1,771 3,631 1,506 FY18 150.0 1,506.3 - -	- - - - - - - - - - - - - -	175,000 125,000 50,000 2,700 22,465 9,701 12,764 4,674 FY14-FY19 2,700.0 4,673.5 125,000.0 50,000.0