

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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March 29, 2013

Honorable Bill Stoltze
State Capitol Room 515
Juneau, AK, 99801

Re: CSSH B 4 (Fin); version 28-LS0021\R

Dear Representative Stoltze:

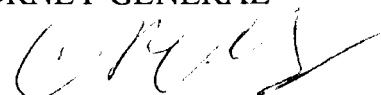
During a hearing in House Finance today on CSSH B 4 (Fin), the Department of Law was asked whether the Alaska Gasline Development Corporation (AGDC) would have the authority under the language of this bill to issue moral obligation debt. The short answer is no. Although this bill has the ingredients necessary to allow AGDC to issue moral obligation debt (capital reserve fund securing debt service, minimum reserve fund amount, and legislative replenishment provision), the plain language of the bill prevents AGDC from utilizing these provisions without express legislative authorization, and this bill does not constitute that authorization (*see* Sec. 3, page 20, lines 7-31, and page 21, lines 1-25). So, should AGDC determine after completion of the open season that the revenue stream available to it is insufficient to issue marketable revenue backed bonds, AGDC will need to come back to the legislature and request express authority to issue moral obligation debt.

Please don't hesitate to call Chris Poag at 465-3600 if you would like to discuss this issue in further detail.

Sincerely,

Michael C. Geraghty
ATTORNEY GENERAL

By:



Cori Mills
Assistant Attorney General