



Representative Mike Hawker

Alaska State Legislature

Sectional Analysis: CS for Sponsor Substitute for House Bill 4 (FIN) Version \I

“An Act relating to the Alaska Gasline Development Corporation; establishing the Alaska Gasline Development Corporation as an independent public corporation of the state; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation and its subsidiaries exempt from inspection as a public record; relating to the Joint In-State Gasline Development Team; relating to the Alaska Housing Finance Corporation; relating to judicial review of a right-of-way lease or an action or decision related to the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way for a gas pipeline transportation corridor, including a corridor for a natural gas pipeline that is a contract carrier; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to procurement by the Alaska Gasline Development Corporation; relating to the review by the Regulatory Commission of Alaska of natural gas transportation contracts; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline that provides transportation by way of contract carriage; repealing the statutes relating to the Alaska Natural Gas Development Authority and making conforming changes; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date.”

Section 1 - Findings and Intent

- Finds that an Alaska Gasline Development Corporation (AGDC) natural gas pipeline is in the best interests of the state, and required for public convenience and necessity.
The Regulatory Commission of Alaska (RCA) uses these standards in issuing a building permit to a project. Through this section, the legislature is making these findings on behalf of the RCA.
- Finds that locating AGDC under the Department of Commerce, Community and Economic Development, for administrative purposes only, will advance AGDC’s mission.
Establishing AGDC as an independent state entity with a clear purpose and the statutory authority to meet its mission will make AGDC more likely to succeed.
- Provides intent that AGDC’s transfer from an Alaska Housing Finance Corporation (AHFC) subsidiary to a stand-alone corporation will be treated as a repositioning and not as creating a new entity.
This intent should prevent the need to dissolve AGDC and re-create it as a new corporation; as a transfer, AGDC will need to amend bylaws and regulations.

- Provides intent that AGDC will procure services, labor, products and resources from Alaska businesses, including Alaska Native corporations and municipal organizations, when prices are competitive.
- Provides intent that AGDC will, as possible, hire Alaskans; establish hiring facilities in Alaska; and use Department of Labor and Workforce Development systems.

Section 2 (conforming) deletes from AS 18.56.086, *Alaska Housing Finance Corp, Creation of subsidiaries*, the ability to create a pipeline subsidiary. HB 4, Section 3, establishes AGDC as a stand-alone public corporation of the state, so it is no longer necessary for AHFC to have a subsidiary corporation related to natural gas pipelines.

Section 3 (new corporation) adds a new chapter, Alaska Gasline Development Corporation, to AS 31, *Oil and Gas*. This section is the statutory authority for the stand-alone corporation.

Sec. 31.25.010, Structure, establishes AGDC as an independent public corporation of the state, located for administrative purposes in DCCED, and makes provisions for asset distribution upon termination.

Sec. 31.25.020, Governing body, establishes a seven-member board of directors, with two commissioners named by the governor and five public members. Public members serve staggered, five-year terms; are appointed by the governor; must be confirmed by the legislature; and serve at the governor's pleasure. In making appointments, the governor shall consider expertise in natural gas pipeline construction, operation and marketing; finance; and large project management. Vacancies will be filled in the same way as original appointments are made. Board members receive \$400 compensation per day spent on official board business, in addition to actual expenses.

Sec. 31.25.030, Meetings of board, directs the board to annually elect officers; defines a quorum as a majority of members; and requires meetings at least once every three months. Electronic meetings are allowed. For a meeting in which the board authorizes a bond issuance, at least 24 hours public notice is required. At least four board members are required for major votes, including bond sales; sale or disposition of assets; determining a pipeline ownership structure; and participation in a pipeline project.

Sec 31.25.035, Minutes of meetings, requires the board to keep minutes.

Sec. 31.25.040, Administration of affairs, allows the board to manage the assets and business of the corporation; the board may adopt, amend, and repeal bylaws and regulations; and the board will delegate corporation administration to the executive director. Requires the board to adopt formal procedures for procurement processes; requires a preference for Alaska veterans.

Sec. 31.25.045, Executive director, requires an executive director who is appointed by and serves at the pleasure of the board. The director may not be a board member.

Sec. 31.25.050, Legal counsel, directs the corporation to retain legal counsel.

Sec. 31.25.060, Employment of personnel, allows the board to engage professional and technical consultants, and allows the executive director to hire corporation employees and contract with consultants. The board sets duties and compensation for corporation personnel.

Sec. 31.25.065, Personnel exempt from State Personnel Act, exempts AGDC from the State Personnel Act.

Sec. 31.25.070, Purpose, directs AGDC to advance an instate natural gas pipeline as described in AGDC's July 2011 project plan, with modifications as necessary, making gas and associated, non-oil hydrocarbons such as propane, available as soon as practicable to Fairbanks, Southcentral, and other communities where possible; and attempt to develop projects that ship and deliver gas at commercially reasonable rates.

Sec. 31.25.080, Powers and duties, lists 21 powers of the corporation, including the abilities to determine pipeline ownership and operating structures; plan, finance, construct and operate a pipeline system; lease, rent, acquire and manage property; exercise eminent domain; transfer or dispose of all or part of a pipeline system; operate as a contract carrier; conduct hearings; sue and be sued; adopt bylaws; borrow money; and invest funds. Directs AGDC to analyze other connecting lines once the main pipeline is under construction. Prohibits development of a pipeline that competes under the terms of the Alaska Gasline Inducement Act (AGIA). Requires publication of open season results.

Sec. 31.25.090, Confidentiality; interagency cooperation, requires state agencies to share information with AGDC; requires state agencies to cooperate with AGDC and give priority to AGDC requests, except for requests from the AGIA coordinator; and directs AGDC to avoid duplicating state work on a pipeline. State entities must provide non-hydrocarbon resources like water, sand and gravel to AGDC at usual cost, but those costs may not be passed on to pipeline customers. DNR will grant AGDC a right-of-way lease at no appraisal or rental cost if certain conditions are met; the fee waiver carries with the lease in case of a transfer, which must be approved by the commissioner. AGDC may enter into confidential agreements as necessary, including with other state entities; information covered by a confidentiality agreement is not subject to disclosure under the Public Records Act. AGDC may also keep other information confidential, including the results of field studies; technical information; trade secrets; and commercial negotiations. AGDC may waive confidentiality of some information. Once a gas pipeline is operational, AGDC must release confidential information, providing doing so does not hurt the state's economic interests and does not violate confidentiality agreements.

Sec. 31.25.100, In-state natural gas pipeline fund, establishes the instate-natural gas pipeline fund within AGDC; directs AGDC to administer the fund and allows AGDC to contract with the Department of Revenue for fund management. Costs to administer the fund are to be drawn from the fund.

Sec. 31.25.120, Creation of subsidiaries; sale of natural gas by a subsidiary, allows AGDC to create subsidiary corporations to meet AGDC's mission, including subsidiaries to acquire and ship natural gas.

Sec. 31.25.130, Administrative procedure; regulations, exempts AGDC from the Administrative Procedure Act, except for the Open Meetings Act portion. Provides board direction related to bylaws, regulations, and public notice of meetings.

Sec. 31.25.140, Exemption from the State Procurement Code; application of the Executive Budget Act; corporation finances, exempts AGDC and its subsidiaries from the State Procurement Code. Subjects the corporation's operating budget to the Executive Budget Act. Requires an annual independent audit. AGDC is already exempt from the procurement code as an AHFC subsidiary; this transitions the exemption to AGDC as a stand-alone corporation.

Sec. 31.25.160, Bonds and notes, allows the corporation to issue bonds and notes in one or more series, limited to the corporation's own backing.

Sec. 31.25.170, Independent financial advisor, allows the corporation to retain a financial advisor in negotiating the private sale of bonds or notes to an underwriter.

Sec. 31.25.180, Validity of pledge, declares as valid and binding any pledge of assets or revenue of the corporation to payment or interest.

Sec. 31.25.190, Capital reserve funds, allows AGDC to, contingent on future legislative approval, establish capital reserve funds to secure its obligations. Directs fund management. Requires annual reports to the governor and legislature.

Sec. 31.25.200, Remedies, permits enforcement of rights by those holding AGDC obligations.

Sec. 31.25.210, Negotiable instruments, declares that obligations are promises to pay an amount of money.

Sec. 31.25.220, Obligations eligible for investment, AGDC obligations as legitimate investments.

Sec. 31.25.230, Refunding obligations, permits the corporation to refund obligations and provides direction for managing refunds.

Sec. 31.25.240, Credit of state not pledged, prohibits AGDC from pledging the state's credit. AGDC obligations are limited to AGDC's backing.

Sec. 31.25.250, Limitation on personal liability, protects corporation officers from personal liability.

Sec. 31.25.260, Tax exemption, exempts AGDC from paying state and local taxes on corporation property or property income.

Sec. 31.25.270, Annual report, requires an annual report to the governor, legislature and public, including an independent audited financial statement.

Sec. 31.25.390, Definitions.

Section 4 (procurement code exemption), adds new paragraphs to AS 36.30.850(b), *Public Contracts, State Procurement Code, Application of this chapter*, exempting AGDC and its subsidiaries from the state procurement code. The exemption is reinforced in AGDC's statutes (HB 4 Section 3, 31.25.140).

Section 5 (RCA accounting, conforming) amends AS 37.05.146(c)(22), *Public Finance, Fiscal Procedures Act, Definition of program receipts and non-general fund program receipts*.

Section 6 (gas or electric utilities, conforming) amends AS 38.05.180 (bb)(1), *Public Land, Alaska Land Act, Oil and gas and gas only leasing*, to conform with Section 11 creating covenants specific to a contract carrier pipeline.

Section 7 (definitions) repeals and reenacts AS 38.34.099, *Public Land, In-State Natural Gas Pipeline, Definitions*, to refer to the definitions in the new 31.25 (HB 4, Section 3).

Section 8 (right-of-way leases, conforming) amends AS 38.35.100(d), *Public Land, Right-of-Way Leasing Act, Decision on application*, to conform to Section 11, right-of-way leasing for a contract carrier.

Section 9 (right-of-way leases, conforming) amends AS 38.35.120(a), *Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease*, to conform to Section 11, right-of-way leasing for a contract carrier.

Section 10 (right-of-way leases, conforming) amends AS 38.35.120(b), *Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease*, to conform to Section 11, right-of-way leasing for a contract carrier.

Section 11 (contract carrier covenants) adds a new section to AS 38.35, *Public Land, Right-of-Way Leasing Act*, to establish covenants for a contract carrier gas pipeline. This section does not alter the existing covenants in the Right-of-Way Leasing Act for a common carrier. A carrier must agree to abide by the covenants in order to receive a state right-of-way lease. Of 14 existing covenants for common carriers, 11 also apply to a contract carrier. The others are adapted to reflect contract carrier principles, while retaining the policy that pipelines on state rights-of-way should encourage broader development of oil and gas resources by expanding when commercial opportunities exist and shipping without unreasonable discrimination.

Section 12 (right-of-way leases, costs) adds a new subsection to AS 38.35.140, *Public Land, Right-of-Way Leasing Act, Payment of rental and costs*, requiring a right-of-way lease to be issued at no cost to AGDC. This reinforces in the Right-of-Way Leasing Act the provision in HB4, Section 3 (31.25.090, Interagency cooperation; confidentiality) that leases should be made at no rental fee/cost to AGDC.

Section 13 (judicial review) adds new subsections to AS 38.35.200, *Public Land, Right-of-Way Leasing Act, Judicial review of decisions of commissioners on application*, limiting judicial review of state lease, permit or other authorization decisions. Claims challenging this provision must be brought within 60 days of the effective date of HB 4; future claims alleging a constitutional violation must be brought within 60 days of the action and must be filed in superior court. The court may not grant injunctive relief.

Section 14 (personnel act exemption) exempts AGDC and subsidiaries from AS 39.25.110, *Public Officers and Employees, State Personnel Act, Exempt service*. This exemption is reinforced in AGDC's corporate statutes.

Section 15 (public officials disclosures) makes the board of directors of AGDC and subsidiaries subject to public official financial disclosure rules in AS 39.50.200, *Public Officers and Employees, State Personnel Act, Definitions*.

Section 16 (confidentiality) amends AS 40.25.120(a), *Public Records and Recorders, Public Record Disclosures, Public records; exemptions; certified copies*, to exempt eligible information and information covered by an AGDC confidentiality agreement from disclosure under the state Public Records Act. This relates to HB 4, Section 3 (31.25.090) allowing AGDC to keep certain information confidential.

Section 17 (RCA, conforming), amends AS 42.04.080(a), *Public Utilities and Carriers and Energy Programs, Regulatory Commission of Alaska, Decision-making procedures*, to allow the RCA to appoint a panel for hearing matters under the new 42.08. The RCA needs the statutory authority to appoint a panel and hear a matter that comes before them under one of two existing regulatory statutes. This adds the new regulatory chapter created in HB 4, Section 21, 42.08, , so the RCA will be able to act on matters that come up under the new regulatory chapter.

Section 18 (RCA review of public utility contracts), amends AS 42.05, *Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act*, by adding a new section related to RCA review of contracts entered into by a public utility with AGDC for transportation or for contracts that public utilities sign to purchase gas or store gas transported on an instate natural gas pipeline regulated under 42.08. Public utility contracts with AGDC may include a covenant for public utilities to collect rates sufficient to meet contractual obligations. Contracts to buy or store gas to be shipped on an instate natural gas pipeline regulated under 42.08 must be submitted to the RCA before they take effect. The RCA has 180 days to approve contracts as presented or, if contracts are found not just or reasonable, to disapprove the contracts. Contracts approved are not subject to further RCA review. The RCA may extend the 180 day review period if a public utility fails to provide supplemental

information that is available to the public utility. This section provides an interface between regulation of public utilities, and regulation of a contract carrier natural gas pipeline. If the RCA approves a contract involving a utility and the pipeline carrier, the utility has assurances it will be able to pass along the costs in power rates.

Section 19 (RCA conforming) amends AS 42.05.711, *Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act, Exemptions*, to exempt a pipeline subject to regulation under 42.08 from regulation under 42.05.

Section 20 (RCA conforming) amends AS 42.06, *Public Utilities and Carriers and Energy Programs, Pipeline Act*, by adding a new section to article 7 exempting a pipeline subject to regulation under 42.08 from regulation under 42.06.

Section 21 (RCA natural gas pipeline contract carrier) adds a new chapter to AS 42, *Public Utilities and Carriers and Energy Programs*, to create Chapter 08, In-state Pipeline Contract Carrier. Chapter 08 applies to an instate natural gas pipeline providing contract carriage, and exempts an in-state natural gas pipeline subject exclusively to federal jurisdiction. The new 42.08 is a shift from traditional cost-based regulation, and directs the Regulatory Commission of Alaska to instead evaluate whether negotiated contracts are fair and reasonable. Checks and balances are included to set basic rules ensuring fair and open processes; to promote exploration and development of Alaska's gas basins; to protect the public welfare; to promote accountability to Alaska ratepayers; to protect against rates of return in excess of those allowed by the RCA; to ensure access for all affected parties in pipeline disputes; and to heighten scrutiny for contracts entered into by affiliated parties.

Sec. 42.08.010, Application of chapter; exemption, applies this chapter to an instate natural gas pipeline providing service as a contract carrier. Exempts an instate natural gas pipeline subject exclusively to federal jurisdiction.

Sec. 42.08.020, Qualification of the Alaska Gasline Development Corporation; findings, determines that AGDC is financially and managerially fit, willing and able to provide service under 42.08. States that an AGDC pipeline is required for the public convenience and necessity. Directs the RCA to determine whether any entity applying under 42.08 is technically fit, willing and able. The findings made on behalf of the RCA in this section are findings that the RCA usually needs to make in issuing a pipeline building permit – a Certificate of Public Convenience and Necessity. The advance findings are not valid for an applicant other than AGDC. For AGDC and any applicant, the RCA will need to determine whether the entity is technically able to build the project and provide the service proposed.

Sec. 42.08.220, General powers and duties, provides enabling direction for the RCA under 42.08. Requires permits for construction, interconnections, expansions and abandonment. Enables the RCA to intervene in disputes that were not accounted for in contractual dispute resolution mechanisms and that threaten the public safety and welfare. Empowers the RCA to order expansions and open seasons to resolve a dispute. Prohibits the RCA from requiring rates or tariff regulations, except as provided in the chapter, and from conducting further review of contracts approved under 42.08. Provides RCA access to the accounts, financial and property records, and other information held by a carrier, in order for the RCA to carry out the regulatory processes in 42.08. Allows the RCA to extend timelines for certain filings for up to 30 days by consent of the parties or for good cause.

Sec. 42.08.230, Commission decision-making procedures, directs the RCA to appoint a panel to consider and decide matters under 42.08, and to expeditiously adjudicate matters.

Sec. 42.08.240, Publication of reports, orders, decisions and regulations, is the standard RCA direction for publishing reports, orders, decisions and regulations.

Sec. 42.08.250, Application of Administrative Procedure Act, is the standard RCA exemption from Administrative Procedure Act adjudication procedures. Instead, the RCA's adjudication procedures would apply. The rest of the Administrative Procedures Act still applies to regulations adopted by the RCA.

Sec. 42.08.260, Annual report, requires the RCA to include in its annual report activities related to 42.08.

Sec. 42.08.300, Open seasons, sets rules a carrier must follow when holding an open season. Requires a carrier include open season procedures in the carrier's approved recourse tariff. Provides parameters for holding an open season to ensure fairness and openness for all interested potential shippers, including advance notice. Requires a carrier to hold an open season for pipeline expansion when the carrier has received requests for firm service from potential shippers that would enable a commercially reasonable expansion. Provides that expansions may not violate the terms of AGIA. Allows a carrier to make pre-subscription agreements before an open season begins, but only once an initial recourse tariff has been approved. Requires a carrier to award firm transportation service without undue discrimination or preference. Requires a carrier to file revised recourse rates before conducting an open season.

Sec. 42.08.310, Transportation service, provides that firm service can only be made available through presubscription agreements; in an open season; or through the recourse tariff. Requires a carrier to offer a recourse tariff with rates determined on a cost-of-service basis; permits levelized rates. Allows that negotiated firm transportation rates may be different from recourse rates. Requires a carrier to provide interruptible service in capacity not used in firm service. Requires a carrier to routinely advise potential and current shippers of available pipeline capacity.

Sec. 42.08.320, Review of certain contracts by the commission, requires a carrier to submit all precedent agreements and substantial amendments to the RCA; precedent agreements with other than a public utility may be kept under seal. The RCA has 180 days to approve or disapprove precedent agreements as just and reasonable. Sets the standard for determining if a contract is made at arm's length and allows additional RCA scrutiny of contracts made between affiliated parties that are not substantially similar to transactions made between unaffiliated parties. Approved contracts are not subject to further review.

Sec. 42.08.330, Contract carriage certificate, requires a certificate of public convenience and necessity (CPCN) for a carrier to construct a pipeline and to transport gas. The RCA has 180 days to issue a CPCN once application is made, providing that the applicant is found fit, willing and able to perform the services proposed, and that the service is required by the public. The RCA may attach conditions to and amend, suspend or revoke a CPCN. Operating authority may not be transferred and service may not be abandoned without RCA approval.

Sec. 42.08.340, Filing requirements; recourse tariffs, requires an instate natural gas pipeline carrier to file a complete recourse tariff, including rules, regulations, terms and conditions pertaining to service, and all contracts with shippers.

Sec. 42.08.350, Initial or revised rates, establishes the RCA review process of recourse tariffs. The commission must verify that the terms and conditions of services are not unduly discriminatory. The commission shall review the supporting cost model and, weighing the pipeline project risks, verify that the return on equity is within a range of recent decisions by the Federal Energy Regulatory Commission

(FERC); that the cost model uses a reasonable depreciation method and depreciable life; and that the cost model uses a reasonable capital structure. Defines reasonable as commonly accepted or used by the RCA or by FERC. Provides 90 days for the RCA to issue a decision on an initial recourse tariff and on revised recourse tariffs. Sets standards for evaluating revised recourse rates. Requires the pipeline to provide for separate rates for multiple classes of service, and allows a reservation fee. Allows the RCA to suspend a finding on an initial recourse tariff for up to 90 days.

Sec. 42.08.360, Uniform system of accounts, requires a carrier regulated under 42.08 to maintain records and accounts in accordance with the uniform system of accounts.

Sec. 42.08.370, Expansion; dispute resolution, enables contracts to provide for expansion, unless an expansion would violate the terms of the Alaska Gasline Inducement Act. Allows contracts to include procedures for resolving disputes; requires those procedures provide notice and opportunity to participate to all shippers and creditworthy potential shippers.

Sec. 42.08.380, Regulatory cost charge, implements the standard RCA assessment of a user fee on regulated entities; includes a cap and directs administration of the user fee.

Sec. 42.08.390, Effect of chapter on taxes and royalties, declares that nothing in 42.08 will change the calculation of production taxes or of royalties due the state.

Sec. 42.08.400, Public records, requires RCA records be available to the public, except as provided by law. Precedent agreements will be kept confidential. Firm transportation and other contracts will be public, except for information that the carrier and the RCA agree could cause competitive harm.

Sec. 42.08.410, Investigations, allows the RCA to investigate matters in 42.08, and maintains the role of the Department of Law's Regulatory Affairs and Public Advocacy section.

Sec. 42.08.450, Accounts; records; triennial reports, provides the RCA tools to carry out its regulatory duties, including requiring a carrier to maintain certain property records. Requires a carrier to keep pipeline accounts located in Alaska. Requires the carrier to file a triennial report with updated cost study and a calculation of a three-year average actual return on equity. Directs the commission to review the cost study and verify the rate elements previously reviewed (depreciation, capital structure, return on equity) are the same as previously approved. If rates of return are higher than allowed, the carrier must place the excess in an operating reserve fund, to be capped at 20 percent of average annual operating costs; the carrier may draw on this account in times of lower returns in the future. If excess continues once the fund hits the cap, the excess must be used to reduce the pipeline's rates.

Sec. 42.08.510, Designation of service agents, requires an instate natural gas pipeline carrier to file a named, permanent resident as its agent (standard RCA provision).

Sec. 42.08.520, Effect of regulations, states that regulations adopted by the RCA under 42.08 have the effect of law (standard RCA provision).

Sec. 42.08.530, Judicial review and enforcement, makes RCA final orders subject to standard RCA judicial review, except in the circumstances set forth in HB 4, Section 13, addressing the development, construction and initial operation of a natural gas pipeline by AGDC.

Sec. 42.08.540, Joinder of actions, allows appeals to be joined under applicable court rules (standard RCA provision).

Sec. 42.08.900, Definitions, defines terms standard to the RCA (commission, commissioner, record) and includes HB 4 terms (instate natural gas pipeline, instate natural gas pipeline carrier).

Section 22 (property tax exemption) adds a new subsection to AS 43.56.020, *Revenue and Taxation, Oil and Gas Exploration, Production and Pipeline Transportation Property Tax, Exemptions*, exempting an AGDC-owned or financed project from state and local property taxes during construction.

Section 23 (repealer) repeals 39 sections of statute.

- Repeals AS 36.30.850(b)(45) *Public Contracts, State Procurement Code, Application of this chapter*, a prior exemption that applied to an AHFC pipeline.
- Repeals AS 38.34.030, *Public Land, In-State Natural Gas Pipeline, Joint In-State Gasline Development Team*; 38.34.040, *Duties of the Development Team*; 38.34.050, *Cooperation and access to information*; and 38.34.060, *Conflicts of interest*, all of which were part of HB 369 in 2010 and relate to the Joint In-state Gasline Development Team.
- Repeals AS 39.25.110(11)(G), *Public Officers and Employees, State Personnel Act, Exempt Service*, related to ANGDA; and AS 39.50.200(b)(57), *Public Officers and Employees, Public Official Financial Disclosure, Definitions*, related to ANGDA.
- Repeals all of the Alaska Natural Gas Development Authority: AS 41.41.010 through AS 41.41.990.

Section 24 (repealer) repeals Sections 1 and 5 of 2002 Ballot Measure No. 3, the findings of which are no longer necessary with the sunset of ANGDA.

Section 25 (transition and intent) expresses the legislative intent that the existing state right-of-way lease between AGDC and DNR is amended to reflect the contract carrier covenants in HB 4 (the Alaska Constitution bars the Legislature from passing laws that apply retroactively to contracts in place). Also expresses intent for a smooth transition for AGDC from its status as a subsidiary of AHFC, to an independent corporation.

Specifically, this section includes:

- The intent is that this repositioning does not interfere with, delay or disrupt AGDC's work.
- The intent that the governor should appoint the new AGDC board within 90 days of the effective date.
- The AHFC board will remain in place until a new board is appointed; and will cooperate with the new board in a smooth transition.
- The intent is that the transition is a change in placement only, and will not require dissolving AGDC and creating a new corporation.
- The intent is that AGDC, including employees and directors, continue in-place while the boards are transitioning. This is not explicitly stated but rather is implied.

Section 26 includes revisor's instructions.

Section 27 sets an immediate effective date.

