

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: SB 143  
 (H) Publish Date: 5/1/01

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Right-of-Way Leasing Act: Application Cost

Dept. Affected: Natural Resources  
 BRU: Oil & Gas Development  
 Component: Pipeline Coordinator

Sponsor: Senate Resources  
 Requester: House Finance

Component Number: 1191

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY2001) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

DNR estimates that \$3,780,500 will be needed between May and November, 2001 to prepare to receive a gas pipeline application. Those costs include work to establish a Gas Pipeline Office and to provide technical assistance to proponents. It also includes efforts related to permit process streamlining, such as consultation with the state's federal and Canadian counterparts.

(continued on attached page)

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 Division: State Pipeline Coordinator's Office Date/Time 1-May-01  
 Approved by: Pat Pourchot Date 1-May-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

An asterisk is included in FY02 because the authorization is included in the SB29 capital budget request and does not need to be duplicated on this fiscal note.

An asterisk is included in the columns for FY03-FY07 due to Section 2 of SB 143 (the proposed AS 38.35.145(c)). During the last several years, the number of preapplication efforts ongoing with the SPCO has varied from zero to three. DNR estimates that SPCO cost associated with these efforts have averaged approximately \$10,000 per month. These costs have been funded by SDPR secured through memoranda of agreements with the project proponents, as envisioned by SB 143.

However, the proposed AS 38.35.145(c) appears to make such agreements impossible after December 31, 2003. Any preapplication expenses after that date not covered by an existing agreement would need to be funded by GF, or could not occur. It is possible that pipelines associated with Point Thompson, NPRA, and ANWR could occur after that date.

Finally, it is important to note that SB 143 presents the opportunity, not obligation, for project proponents to enter into preapplication reimbursable agreements with the SPCO. Although it is expected that they will do so, there are no guarantees.