

**HOUSE BILL NO. 254**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES ROKEBERG, McGuire**

**Introduced: 4/5/05**

**Referred: House Special Committee on Oil and Gas, Resources, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act directing the Alaska Natural Gas Development Authority to use money**  
2 **appropriated from the Railbelt energy fund and from other sources for preliminary**  
3 **engineering and related work for the construction of pipeline facilities to transport**  
4 **Alaska North Slope natural gas to the Southcentral Alaska gas distribution grid, and**  
5 **amending the definition of 'project' as applied to the work of the Alaska Natural Gas**  
6 **Development Authority; and providing for an effective date."**

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
9 to read:

10 LEGISLATIVE FINDINGS. The legislature finds that

11 (1) the 2002 initiative that established the Alaska Natural Gas Development  
12 Authority incorporated within the definition of the Alaska North Slope natural gas  
13 transmission pipeline "project" a provision for the development of a spur line to provide for

1 the transportation of Alaska North Slope natural gas to the Southcentral Alaska gas  
2 distribution grid;

3 (2) the final rules governing open seasons for potential Alaska natural gas  
4 pipeline projects developed and recently announced by the Federal Energy Regulatory  
5 Commission require prospective Alaska North Slope pipeline project sponsors and applicants  
6 to use results of a forthcoming gas study to design capacity needs and locate and install  
7 special fittings to allow removal of gas from the main pipeline for the in-state delivery and  
8 use of a portion of the gas, and to maintain and facilitate intrastate commerce, reflecting the  
9 importance to the commission of providing fairly and equitably for transportation and  
10 delivery of a portion of the gas for in-state consumption; and

11 (3) directing the Alaska Natural Gas Development Authority to initiate and  
12 engage, at an early date, in the engineering, design, and construction of a spur line to transport  
13 Alaska North Slope natural gas to the Southcentral Alaska gas distribution grid is essential to  
14 ensure that the state may take full advantage of the opportunity provided under the Federal  
15 Energy Regulatory Commission rules and that sufficient supplies of Alaska North Slope  
16 natural gas will be available

17 (A) to meet increasing residential and commercial demands in the  
18 Anchorage metropolitan area;

19 (B) for electrical generation purposes in Southcentral Alaska; and

20 (C) as a principal source for ongoing operation of value-added  
21 industries that require reliable supplies of large quantities of natural gas.

22 \* **Sec. 2.** AS 41.41 is amended by adding a new section to article 2 to read:

23 **Sec. 41.41.210. Development of gas transmission pipeline to deliver**  
24 **Alaska North Slope natural gas to the Southcentral gas distribution grid.** (a)  
25 Subject to (d) of this section, from amounts appropriated from the Railbelt energy  
26 fund or other sources, the authority shall initiate the preliminary engineering, design,  
27 and construction of the gas transmission pipeline and other facilities for delivering gas  
28 from the principal Alaska North Slope natural gas pipeline to the Southcentral Alaska  
29 gas distribution grid.

30 (b) The work required on the portion of the project described in (a) of this  
31 section may be undertaken for the authority under a contract entered into by a

1 qualified contractor and the authority.

2 (c) In its contracts or agreements entered into in furtherance of the objectives  
3 described in (a) of this section, the authority shall include provisions to implement  
4 recovery of costs incurred that benefit wholesale natural gas customers to be served  
5 directly by the facilities developed for delivering gas from the principal Alaska North  
6 Slope natural gas pipeline to the Southcentral Alaska gas distribution grid. Amounts  
7 recovered under cost recovery arrangements developed and implemented under this  
8 subsection may be appropriated by the legislature to restore the balances of the  
9 Railbelt energy fund or other sources from which appropriations have been made for  
10 the purposes described in (a) of this section.

11 (d) To avoid duplication of effort in the scope of the work of the authority and  
12 the work of designated recipients of money appropriated by the United States  
13 Congress as grants made to identify and develop alternative transportation projects  
14 promoting in-state uses of North Slope natural gas, as a condition of award of an  
15 appropriation for the purpose described in this section, the authority shall agree to  
16 cooperate with the federal grantees.

17 \* **Sec. 3.** AS 41.41.990(3) is amended to read:

18 (3) "project" means a [THE] gas transmission pipeline, together with  
19 all related property and facilities, inclusive of the planning, design, and  
20 construction of facilities described in AS 41.41.010(a)(1) - (5), to extend from the  
21 Prudhoe Bay area on the North Slope of Alaska

22 (A) directly [EITHER TO TIDEWATER AT A POINT ON PRINCE  
23 WILLIAM SOUND AND THE SPUR LINE FROM GLENNALLEN] to the  
24 Southcentral gas distribution grid or to tidewater at a point on Cook Inlet; or

25 (B) to tidewater at a point on Prince William Sound and a spur line  
26 from Glennallen or another point appropriate for the removal of natural gas  
27 from that pipeline [, AND INCLUDES PLANNING, DESIGN, AND  
28 CONSTRUCTION OF THE PIPELINE AND FACILITIES AS DESCRIBED IN  
29 AS 41.41.010(a)(1) - (5)].

30 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).