

CS FOR HOUSE BILL NO. 177(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 4/26/07

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Gasline Inducement Act; providing inducements for the**
2 **construction of a natural gas pipeline and shippers that commit to use that pipeline;**
3 **establishing the Alaska Gasline Inducement Act matching contribution fund; providing**
4 **for an Alaska Gasline Inducement Act coordinator; making conforming amendments;**
5 **and providing for an effective date."**

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

7 *** Section 1.** AS 43 is amended by adding a new chapter to read:

8 **Chapter 90. Alaska Gasline Inducement Act.**

9 **Article 1. Inducement to Construction of a Natural Gas Pipeline in this State.**

10 **Sec. 43.90.010. Purpose.** The purpose of this chapter is to encourage
11 expedited construction of a natural gas pipeline that

12 (1) facilitates commercialization of North Slope gas resources in the
13 state;

1 (2) promotes exploration and development of oil and gas resources on
2 the North Slope;

3 (3) maximizes benefits to the people of the state from the development
4 of oil and gas resources in the state; and

5 (4) encourages oil and gas lessees and other persons in the state to
6 commit natural gas from the North Slope to a gas pipeline system for transportation to
7 markets in this state or elsewhere.

8 **Article 2. Alaska Gasline Inducement Act License.**

9 **Sec. 43.90.100. Gas project.** (a) The commissioner of revenue and the
10 commissioner of natural resources, acting jointly, may award an Alaska Gasline
11 Inducement Act license as provided in this chapter. The person awarded a license
12 under this chapter is entitled to the inducement set out in AS 43.90.110.

13 (b) Nothing in this chapter precludes a person from pursuing a gas pipeline
14 project independently from this chapter.

15 **Sec. 43.90.110. Natural gas pipeline project construction inducement.** (a)
16 Subject to the limitations of this chapter, a license issued under this chapter entitles the
17 licensee or its designated affiliate to receive

18 (1) subject to appropriation, state matching contributions in a total
19 amount not to exceed \$500,000,000, paid to the licensee during the five-year period
20 immediately following the date the license is awarded; the payment period may be
21 extended under an amendment or modification under AS 43.90.210; a payment under
22 this paragraph shall be made according to the following:

23 (A) on or before the close of the first binding open season, the
24 state shall match the licensee's qualified expenditures at the level specified in
25 the license; however, the state's matching contribution may not exceed 50
26 percent of the qualified expenditures incurred before the end of the first
27 binding open season;

28 (B) after the close of the first binding open season, the state
29 shall match the licensee's qualified expenditures at the level specified in the
30 license; however, the state's matching contribution may not be greater than 80
31 percent of the qualified expenditures incurred after the close of the first

1 binding open season;

2 (C) a qualified expenditure is a cost that is incurred after the
3 license is issued under this chapter, is incurred by the licensee or the licensee's
4 designated affiliate, and is directly and reasonably related to obtaining a
5 certificate or amended certificate of public convenience and necessity from the
6 Federal Energy Regulatory Commission or the Regulatory Commission of
7 Alaska, as appropriate, for development of the project; "qualified expenditure"
8 does not include overhead costs, litigation costs, the cost of an asset or work
9 product acquired by the licensee before the license is issued, civil penalties,
10 criminal penalties, or fines; and

11 (2) the benefit of an Alaska Gasline Inducement Act coordinator who
12 has the authority prescribed in AS 43.90.250.

13 (b) The commissioner of revenue in consultation with the commissioner of
14 natural resources shall adopt regulations for determining whether an expenditure is a
15 qualified expenditure for the purposes of (a) of this section.

16 **Sec. 43.90.120. Request for applications for the license.** (a) The
17 commissioners shall commence a public process to request applications for a license
18 under this chapter as soon as practicable after the effective date of this chapter.

19 (b) The commissioners may use independent contractors to assist them in
20 developing the application and in evaluating the applications received.

21 (c) The provisions of AS 36.30 do not apply to requests for applications under
22 this chapter.

23 **Sec. 43.90.130. Application requirements.** In order to be considered for the
24 license, an applicant shall file an application that is consistent with the terms of the
25 request for applications under AS 43.90.120 and shall

26 (1) file the application by the deadline established by the
27 commissioners in the request for applications;

28 (2) provide a detailed description of a proposed natural gas pipeline
29 project for transporting natural gas from the North Slope to market, which may
30 include multiple design proposals, including different proposals for pipe diameter,
31 wall thickness, and transportation capacity, and which shall include

1 (A) the route proposed for the natural gas pipeline, which may
2 not be the route described in AS 38.35.017(b);

3 (B) the location of receipt and delivery points and the size and
4 design capacity of the proposed natural gas pipeline at the proposed receipt and
5 delivery points, except that this information is not required for in-state delivery
6 points unless the application proposes specific in-state delivery points;

7 (C) an analysis demonstrating the economic and technical
8 viability of the project, including a detailed description of all pipeline access
9 and tariff terms the applicant plans to offer;

10 (D) an economically and technically viable work plan, timeline,
11 and associated budget for developing the proposed project and work associated
12 with the project that includes field work, environmental studies, design and
13 engineering, implementing practices for controlling carbon emissions from
14 natural gas systems as established by the United States Environmental
15 Protection Agency, and complying with all applicable state, federal, and
16 international regulatory requirements that affect the proposed project; the
17 applicant shall address the following:

18 (i) if the proposed project involves a pipeline into or
19 through Canada, a detailed description of the applicant's plan to obtain
20 necessary rights-of-way and authorizations in Canada, a description of
21 the transportation services to be provided and a description of rate-
22 making methodologies the applicant will propose to the regulatory
23 agencies, an estimate of rates and charges for all services;

24 (ii) if the proposed project involves marine
25 transportation of liquefied natural gas, a description of the marine
26 transportation services to be provided and a description of proposed
27 rate-making methodologies; an estimate of rates and charges for all
28 services by third parties; a detailed description of all proposed access
29 and tariff terms for liquefaction services or, if a third party would
30 perform liquefaction services, the identification of that third party and
31 the terms applicable to the liquefaction services; a complete description

1 of the marine segment of the project, including the proposed
2 ownership, control, and cost of liquefied natural gas tankers, the
3 management of shipping services, liquefied natural gas export
4 destination, regasification facilities and pipeline facilities needed for
5 transport to market destinations; the entity or entities that would be
6 required to obtain necessary export permits and licenses or a certificate
7 or amended certificate of public convenience and necessity from the
8 Federal Energy Regulatory Commission for the transportation of
9 liquefied natural gas in interstate commerce if United States markets
10 are proposed; and all rights-of-way or authorizations required from a
11 foreign country;

12 (3) if the proposed project is within the jurisdiction of the Federal
13 Energy Regulatory Commission, commit to

14 (A) conclude, by a date certain that is not later than 36 months
15 after the date the license is issued, a binding open season that is consistent with
16 the requirements of 18 C.F.R. Part 157, Subpart B (Open Seasons for Alaska
17 Natural Gas Transportation Projects) and 18 C.F.R. 157.30 - 157.39;

18 (B) apply for Federal Energy Regulatory Commission approval
19 to use the pre-filing procedures set out in 18 C.F.R. 157.21 by a date certain,
20 and use those procedures before filing an application for a certificate or
21 amended certificate of public convenience and necessity; and

22 (C) apply for a Federal Energy Regulatory Commission
23 certificate or amended certificate of public convenience and necessity to
24 authorize the construction and operation of the proposed project described in
25 this section by a date certain;

26 (4) if the proposed project is within the jurisdiction of the Regulatory
27 Commission of Alaska, commit to

28 (A) conclude, by a date certain that is not later than 36 months
29 after the date the license is issued, a binding open season that is consistent with
30 the requirements of AS 42.06; and

31 (B) apply for a certificate or amended certificate of public

1 convenience and necessity to authorize the construction and operation of the
2 proposed project by a date certain;

3 (5) after the first binding open season, commit to assess the market
4 demand for additional pipeline capacity at least every two years through public
5 nonbinding solicitations or similar means;

6 (6) commit to expand the proposed project in reasonable engineering
7 increments and on commercially reasonable terms that encourage exploration and
8 development of gas resources in this state; in this paragraph,

9 (A) "commercially reasonable terms" means that, subject to the
10 provisions of (7) of this section, revenue from transportation contracts covers
11 the cost of the expansion, including increased fuel costs, and a reasonable
12 return on capital as authorized by the Federal Energy Regulatory Commission
13 or the Regulatory Commission of Alaska, as applicable, and there is no
14 impairment of the proposed project's ability to recover the costs of existing
15 facilities;

16 (B) "reasonable engineering increments" means the amount of
17 additional capacity that could be added by compression or a pipe addition
18 using a compressor size or pipe size, as applicable, that is substantially similar
19 to the original compressor size and the original pipe size;

20 (7) make a commitment that the applicant

21 (A) will propose and support the recovery of mainline capacity
22 expansion costs, including fuel costs, from all mainline system users through
23 rolled-in rates as provided in (B) and (C) of this paragraph or through a
24 combination of incremental and rolled-in rates as provided in (D) of this
25 paragraph;

26 (B) will propose and support the recovery of mainline capacity
27 expansion costs, including fuel costs, from all mainline system users through
28 rolled-in rates; an applicant is obligated under this subparagraph only if the
29 rolled-in rates would increase the rates

30 (i) not described in (ii) of this subparagraph by not more
31 than 15 percent above the initial maximum recourse rates for capacity

1 acquired before commercial operations commence; in this sub-
2 subparagraph, "initial maximum recourse rates" means the highest cost-
3 based rates for any specific transportation service set by the Federal
4 Energy Regulatory Commission, the Regulatory Commission of
5 Alaska, or the National Energy Board of Canada, as appropriate, when
6 the pipeline commences commercial operations;

7 (ii) by not more than 15 percent above the negotiated
8 rate for pipeline capacity on the date of commencement of commercial
9 operations where the holder of the capacity is not an affiliate of the
10 owner of the pipeline project; for the purposes of this sub-
11 subparagraph, "negotiated rate" means the rate in a transportation
12 service agreement that provides for a rate that varies from the otherwise
13 applicable cost-based rate, or recourse rate, set out in a gas pipeline's
14 tariff approved by the Federal Energy Regulatory Commission, the
15 Regulatory Commission of Alaska, or the National Energy Board of
16 Canada, as appropriate; or

17 (iii) for capacity acquired in an expansion after
18 commercial operations commence, to a level that is not more than 115
19 percent of the volume-weighted average of all rates collected by the
20 project owner for pipeline capacity on the date commercial operations
21 commence;

22 (C) will, if recovery of mainline capacity expansion costs,
23 including fuel costs, through rolled-in rate treatment would increase the rates
24 for capacity described in (B) of this paragraph, propose and support the partial
25 roll-in of mainline expansion costs, including fuel costs, to the extent that rates
26 acquired before commercial operations commence do not exceed the levels
27 described in (B) of this paragraph;

28 (D) may, for the recovery of mainline capacity expansion costs,
29 including fuel costs, that, under rolled-in rate treatment, would result in rates
30 that exceed the level in (B) of this paragraph, propose and support the recovery
31 of those costs through any combination of incremental and rolled-in rates;

1 (E) will not enter into a negotiated rate agreement that would
2 preclude the applicant from collecting from any shipper, including a shipper
3 with a negotiated rate agreement, the rolled-in rates that are required to be
4 proposed and supported by the applicant under (B) of this paragraph or the
5 partial rolled-in rates that are required to be proposed and supported by the
6 applicant under (C) of this paragraph;

7 (8) state how the applicant proposes to deal with a North Slope gas
8 treatment plant regardless of whether that plant is part of the applicant's proposal, and,
9 to the extent that the plant will be owned entirely or in part by the applicant, commit to
10 seek certificate authority from the Federal Energy Regulatory Commission if the
11 proposed project is engaged in interstate commerce or from the Regulatory
12 Commission of Alaska if the project is not engaged in interstate commerce; for a
13 North Slope gas treatment plant that will be owned entirely or in part by the applicant,
14 for rate-making purposes, commit to value previously owned assets that are part of the
15 gas treatment plant at net book value; describe the gas treatment plant, including its
16 design, engineering, construction, ownership, and plan of operation, the identity of any
17 third party that will participate in the ownership or operation of the gas treatment
18 plant, and the means by which the applicant will work to minimize the effect of the
19 costs of the facility on the tariff;

20 (9) propose a percentage and total dollar amount for the state's
21 matching contribution under AS 43.90.110(1)(A) and (B), to be specified in the
22 license;

23 (10) commit to propose and support rates for the proposed project and
24 for any North Slope gas treatment plant that the applicant may own, in whole or in
25 part, that are based on a capital structure for rate-making that consists of not less than
26 70 percent debt;

27 (11) describe the means for preventing or managing cost overruns for
28 the proposed project, and the measures for minimizing the effect from any overruns;

29 (12) commit to provide a minimum of five delivery points of natural
30 gas in this state;

31 (13) commit to offer firm transportation service to delivery points in

1 this state as part of the tariff regardless of whether any shippers bid successfully in a
2 binding open season for firm transportation service to delivery points in this state, and
3 commit to offer distance-sensitive rates to delivery points in this state consistent with
4 18 C.F.R. 157.34(c)(8);

5 (14) commit to establish a local headquarters in this state for the
6 proposed project;

7 (15) to the extent permitted by law, commit to

8 (A) hire qualified residents from throughout the state for
9 management, engineering, construction, operations, maintenance, and other
10 positions on the proposed project;

11 (B) contract with businesses located in the state;

12 (C) establish hiring facilities or use existing hiring facilities in
13 the state; and

14 (D) use, as far as is practicable, the job centers and associated
15 services operated by the Department of Labor and Workforce Development
16 and an Internet-based labor exchange system operated by the state;

17 (16) waive the right to appeal the issuance of a license to another
18 applicant or to appeal the determination under AS 43.90.180(b) that no application
19 merits the issuance of a license;

20 (17) commit to negotiate, before construction, a project labor
21 agreement; in this paragraph, "project labor agreement" means a comprehensive
22 collective bargaining agreement between the licensee or its agent and the appropriate
23 labor representatives to ensure expedited construction with labor stability for the
24 project by qualified residents of the state;

25 (18) commit that the state matching contribution received by the
26 licensee may not be included in the applicant's rate base and shall be used as a credit
27 against the licensee's cost of service;

28 (19) provide a detailed description of the applicant and other entities
29 participating with the applicant in the application and the project proposed by the
30 applicant; and persons the applicant intends to involve in the construction and
31 operation of the proposed project; the description must include the nature of the

1 affiliation for each person, the commitments by the person to the applicant, and other
 2 information relevant to the commissioners' evaluation of the readiness and ability of
 3 the applicant to complete the project presented in the application; and

4 (20) otherwise demonstrate the readiness and ability to perform the
 5 activities specified in the application, including following the detailed work plan,
 6 timeline, and operation within the associated budget.

7 **Sec. 43.90.140. Initial application review; additional information requests;
 8 complete applications.** (a) The commissioners shall review each application filed
 9 under AS 43.90.130 to determine whether it is consistent with the terms of the request
 10 for applications and meets the requirements in AS 43.90.130. The commissioners shall
 11 reject an application that does not meet the terms of the request for applications or the
 12 requirements in AS 43.90.130.

13 (b) The commissioners may request additional information relating to the
 14 application.

15 (c) If, within the time specified by the commissioners, the applicant fails to
 16 provide the additional information requested under (b) of this section, or submits
 17 additional information that is not responsive, the application shall be rejected.

18 (d) For an application not rejected under this section, the commissioners shall
 19 make a determination that the application, including any requested additional
 20 information, is complete.

21 **Sec. 43.90.150. Proprietary information and trade secrets.** (a) At the
 22 request of the applicant, information submitted under this chapter that the applicant
 23 identifies and demonstrates is proprietary or is a trade secret is confidential and not
 24 subject to public disclosure under AS 40.25, unless the applicant is granted a license
 25 under this chapter. After a license is awarded, all information submitted by the
 26 licensee under this chapter, and retained for the purposes of this chapter, shall be made
 27 public.

28 (b) If the commissioners determine that the information submitted by the
 29 applicant is not proprietary or is not a trade secret, the commissioners shall notify the
 30 applicant and return the information at the request of the applicant.

31 (c) In this section, "proprietary" means that the information is treated by the

1 applicant as confidential and the public disclosure of that information would adversely
2 affect the competitive position of the applicant, or materially diminish the commercial
3 value of the information to the applicant.

4 **Sec. 43.90.160. Notice, review, and comment.** (a) The commissioners shall
5 publish notice and provide a 60-day period for public review and comment on all
6 applications determined complete under AS 43.90.140.

7 (b) Applications received under this chapter are not subject to public
8 disclosure under AS 40.25 until the commissioners publish notice under this section.
9 However, information that the commissioners have determined is confidential under
10 AS 43.90.150 may not be made public even after the notice is published under (a) of
11 this section, except as provided in AS 43.90.150. If information is held confidential
12 under AS 43.90.150, the applicant shall provide a summary of the confidential
13 information that is satisfactory to the commissioners, and the commissioners shall
14 make the summary of the confidential information available to the public.

15 (c) Information provided by an applicant to the commissioners under this
16 chapter, including information determined by the commissioners to be confidential
17 under AS 43.90.150, shall be disclosed to the legislative auditor, the fiscal analyst who
18 serves as head of the legislative finance division, agents and contractors of the
19 legislative auditor and the fiscal analyst, and members of the legislature, on request
20 and after the individual making the request signs a confidentiality agreement prepared
21 by the commissioners.

22 **Sec. 43.90.170. Application evaluation and ranking.** (a) The commissioners
23 shall evaluate all applications determined to be complete under AS 43.90.140,
24 consider public comments received under AS 43.90.160(a), and rank each application
25 according to the net present value of the anticipated cash flow to the state from the
26 applicant's project proposal using the factors in (b) of this section and weighted by the
27 project's likelihood of success based on the commissioners' assessment of the factors
28 listed in (c) of this section.

29 (b) When evaluating the net present value of anticipated cash flow to the state
30 from the applicant's project proposal, the commissioners shall use an undiscounted
31 value and, at a minimum, discount rates of two, five, and eight percent, and consider

1 (1) how quickly the applicant proposes to begin construction of the
2 proposed project and how quickly the project will commence commercial operation;

3 (2) the net back value of the gas determined by the destination market
4 value of the gas and estimated transportation and treatment costs;

5 (3) the ability of the applicant to prevent or reduce project cost
6 overruns that would increase the tariff;

7 (4) the initial design capacity of the applicant's project and the extent
8 to which the design can accommodate low-cost expansion;

9 (5) the amount of the matching contribution by the state under
10 AS 43.90.110(a)(1)(A) and (B) proposed by the applicant under AS 43.90.130(9); and

11 (6) other factors found by the commissioners to be relevant to the
12 evaluation of the net present value of the anticipated cash flow to the state, including
13 the value of state income tax or equivalent payment in lieu of tax and supplemental
14 profit-sharing to the state if contractually stipulated.

15 (c) When evaluating the project's likelihood of success, the commissioners
16 shall consider

17 (1) the reasonableness, specificity, and feasibility of the applicant's
18 work plan, timeline, and budget required to be submitted under AS 43.90.130,
19 including the applicant's plan to manage cost overruns, insulate shippers from the
20 effect of cost overruns, and encourage shippers to participate in the first binding open
21 season;

22 (2) the financial resources of the applicant;

23 (3) the ability of the applicant to comply with the proposed
24 performance schedule;

25 (4) the applicant's organization, experience, accounting and operational
26 controls, technical skills or the ability to obtain them, necessary equipment or the
27 ability to obtain the necessary equipment;

28 (5) the applicant's record of

29 (A) performance on projects not licensed under this chapter;

30 (B) integrity and good business ethics; and

31 (6) other evidence and factors found by the commissioners to be

1 relevant to the evaluation of the project's likelihood of success.

2 (d) In this section, "net present value" means the discounted value of a future
3 stream of cash flow.

4 **Sec. 43.90.180. Notice to the legislature of intent to issue license; denial of**
5 **license.** (a) If, after consideration of public comments received under AS 43.90.160(a)
6 and evaluation of complete applications under AS 43.90.170, the commissioners
7 determine that an application proposes a project that will sufficiently maximize the
8 benefits to the people of this state and merits issuance of a license under this chapter,
9 the commissioners shall

10 (1) issue a determination, with written findings addressing the basis for
11 the determination; the determination becomes a final agency action in accordance with
12 AS 43.90.190;

13 (2) publish notice of intent to issue a license under this chapter with
14 written findings addressing the basis for the determination; and

15 (3) submit the determination along with the findings, supporting
16 documentation, and a copy of the notice published under (2) of this subsection to the
17 presiding officer of each house of the legislature for action as provided in
18 AS 43.90.190.

19 (b) If, after the evaluation of complete applications under AS 43.90.170, the
20 commissioners determine that no application sufficiently maximizes the benefits to the
21 people of this state and merits issuance of a license under this chapter, the
22 commissioners shall issue a written finding that addresses the basis for that
23 determination.

24 (c) The commissioners' determination under this (b) of this section is a final
25 agency action.

26 **Sec. 43.90.190. Legislative approval; issuance of license.** (a) After the
27 presiding officer of each house of the legislature receives a determination from the
28 commissioners under AS 43.90.180, the rules committee of each house of the
29 legislature shall introduce a bill in the committee's respective chamber that provides
30 for the approval of the license proposed to be issued by the commissioners.

31 (b) If a bill approving the issuance of the license passes the legislature within

1 90 days after the last date a presiding officer receives a determination by the
 2 commissioners under AS 43.90.180, the commissioners shall issue the license as soon
 3 as practicable after the effective date of the Act approving the issuance of the license.

4 (c) Notwithstanding a legislative rule that prohibits the carryover of a bill after
 5 the end of a special session or after the end of a regular session of a legislature, a bill
 6 introduced under (a) of this section that is not passed or not withdrawn, defeated,
 7 vetoed, or indefinitely postponed shall be carried over to any subsequent regular or
 8 special legislative session convened during the 90-day period described in (b) of this
 9 section in the same reading or status it was in at the time of adjournment. However, a
 10 bill introduced under (a) of this section may not be carried over to the first regular
 11 session of a legislature.

12 (d) If the legislature fails to approve the issuance of the license, the
 13 commissioners

14 (1) may not issue the license that the legislature failed to approve; and

15 (2) may request new applications for a license under AS 43.90.120.

16 **Sec. 43.90.200. Certification by regulatory authority and project sanction.**

17 (a) A licensee that is awarded a certificate or amended certificate of public
 18 convenience and necessity from a regulatory agency with jurisdiction over the project
 19 shall accept the certificate or amended certificate when all rights of administrative
 20 appeal relating to the certificate or amended certificate have expired.

21 (b) If the licensee has credit support sufficient to finance construction of the
 22 project through ownership of rights to produce and market gas resources, firm
 23 transportation commitments, or government financing, the licensee shall sanction the
 24 project within one year after the effective date of the certificate or amended certificate
 25 of public convenience and necessity issued by the regulatory agency with jurisdiction
 26 over the project.

27 (c) If the licensee does not have credit support sufficient to finance
 28 construction of the project through ownership of rights to produce and market gas
 29 resources, firm transportation commitments, or government financing, the licensee
 30 shall sanction the project within five years after the effective date of the certificate or
 31 amended certificate of public convenience and necessity issued by the regulatory

1 agency with jurisdiction over the project.

2 (d) If the licensee fails to sanction the project timely as required under this
3 section, the licensee shall, upon request by the state,

4 (1) seek approval from the Federal Energy Regulatory Commission or
5 the Regulatory Commission of Alaska, as applicable, to abandon and transfer the
6 certificate or amended certificate to the state or the state's designee; and

7 (2) assign to the state or the state's designee all project data,
8 engineering designs, contracts, permits, and other data related to the project that are
9 acquired by the licensee during the term of the license before the date of the
10 abandonment or transfer.

11 (e) The transfer of any certificate or amended certificate of public convenience
12 and necessity or transfer under (d) of this section as a result of failure to comply with
13 (a) or (b) of this section is at no cost to the state or the state's designee. A transfer
14 under (c) of this section is at 50 percent of the licensee's net cost.

15 (f) In this section, "effective date of the certificate or amended certificate"
16 means the date after which all rights of administrative appeal relating to the certificate
17 or amended certificate have expired.

18 **Sec. 43.90.210. Amendment of or modification to the project plan.** Subject
19 to the approval of the commissioners, a licensee may amend or modify its project plan
20 if the amendments or modifications improve the net present value of the project to the
21 state, are necessary because of an order issued by the Alaska Oil and Gas
22 Conservation Commission, or are necessary as a result of changed circumstances
23 outside the licensee's control and not reasonably foreseeable before the license was
24 issued. An amendment or modification approved under this section must be consistent
25 with the requirements in AS 43.90.130 and, except for an amendment or modification
26 required because of an order by the Alaska Oil and Gas Conservation Commission,
27 may not diminish the net present value to the state of the project or the likelihood of
28 success for the project.

29 **Sec. 43.90.220. Records, reports, conditions, and audit requirements.** (a) A
30 licensee shall maintain complete and accurate records of all expenditures and
31 commitments of state contributions received under this chapter, including receipts and

1 records showing the payment or cost of purchased items and services, the names and
2 addresses of the sellers and service providers, and the dates of service or delivery.

3 (b) Upon reasonable notice, the commissioners may audit the records, books,
4 and files of the entity receiving the state money or making the expenditures and
5 commitments under this chapter.

6 (c) With respect to information relating to the project, the commissioners may
7 conduct hearings or other investigative inquiries, compel the attendance of witnesses
8 and production of documents, and require the licensee to furnish information and
9 documents relating to the project in hard copy or electronic format.

10 (d) After a license has been issued and until commencement of commercial
11 operations, the licensee shall allow the commissioners to

12 (1) have a representative present at all meetings of the licensee's
13 governing body and meetings of equity holders that relate to the project;

14 (2) receive all relevant notices and information sent to the governing
15 body and equity holders;

16 (3) enjoy the same access to information about the licensee as the
17 governing body members and equity owners receive; and

18 (4) receive relevant reports or information from the licensee that the
19 commissioners reasonably request.

20 (e) A licensee shall maintain the records and reports required under this
21 section for seven years from the date the licensee receives state money under this
22 chapter.

23 **Sec. 43.90.230. License violations; damages.** (a) A licensee is in violation of
24 the license if the commissioners determine that the licensee has

25 (1) committed money received from the state under this chapter for an
26 expenditure that is not a qualified expenditure under AS 43.90.110;

27 (2) substantially departed from the specifications set out in the
28 application without state approval of a project plan amendment or modification under
29 AS 43.90.210;

30 (3) violated any provision of this chapter or any other provision of
31 state or federal law material to the license; or

1 (4) otherwise violated a material term of the license.

2 (b) The commissioners shall provide written notice to the licensee identifying
3 a license violation. The commissioners and the licensee have 90 days after the date the
4 notice is issued to resolve the violation informally.

5 (c) The commissioners may suspend disbursement of state matching
6 contributions to the licensee beginning on the date that the notice of violation issued
7 under (b) of this section is sent to the licensee. The commissioners may resume
8 disbursement on the date that the commissioners determine that the violation is cured.

9 (d) If the commissioners and the licensee are unable to resolve the violation
10 within the time specified in (b) of this section, the commissioners shall provide the
11 licensee with notice that the violation has not been cured and provide the opportunity
12 for the licensee to be heard. If after notice and hearing the commissioners determine
13 that the violation has not been cured, the commissioners shall issue a written decision
14 that is a final administrative action for purposes of appeal to the superior court in the
15 state.

16 (e) If the determination issued under (d) of this section finds an unresolved
17 violation, the commissioners may impose one or more of the following remedies:

18 (1) discontinuation of state matching contributions under this chapter;

19 (2) recoupment of state money that the licensee has received under this
20 chapter to date, with interest, regardless of whether the licensee has expended or
21 committed that money;

22 (3) license revocation;

23 (4) assignment to the state or the state's designee of all project data,
24 engineering designs, contracts, permits, and other data relating to the project that are
25 acquired by the licensee during the term of the license; and

26 (5) any other remedies provided by law or in equity.

27 **Sec. 43.90.240. Abandonment of project.** (a) If the commissioners and the
28 licensee agree that the project is uneconomic, the project shall be abandoned, the
29 inducement provided for in AS 43.90.110 terminated, and the state and the licensee no
30 longer have an obligation under this chapter with respect to the license except for
31 requirements imposed on the licensee under (e) of this section and AS 43.90.220.

1 (b) If the commissioners or the licensee determine the project is uneconomic
2 and the other party disagrees, the disagreement shall be settled by arbitration
3 administered by the American Arbitration Association under the substantive and
4 procedural laws of this state, and judgment on the award rendered by the arbitrators
5 may be entered in a superior court in the state. In the event of arbitration, each party
6 shall select an arbitrator from the American Arbitration Association's National Roster
7 and the two arbitrators shall appoint a third arbitrator from the American Arbitration
8 Association's National Roster who shall serve as the chair of the three-member
9 arbitration panel. If the arbitration panel determines that the project is

10 (1) uneconomic, the state and the licensee no longer have any
11 obligation under this chapter with respect to the license, except for requirements
12 imposed on the licensee under (e) of this section and AS 43.90.220; or

13 (2) not uneconomic, the obligations of the licensee and the state
14 continue as provided under this chapter and the license.

15 (c) The arbitration panel in (b) of this section shall make a determination that
16 the project is uneconomic only if the panel finds that the party claiming the project is
17 uneconomic has proven by a preponderance of the evidence that the

18 (1) project does not have credit support sufficient to finance
19 construction of the project through firm transportation commitments, government
20 assistance, or other sources of financing; and

21 (2) predicted costs of transportation at a 100 percent load factor, when
22 deducted from predicted gas sales revenue using publicly available predictions of
23 future gas prices, would result in a producer rate of return that is below the rate
24 accepted by a prudent oil and gas exploration and production company for incremental
25 upstream investment that is required to produce and deliver gas to the project.

26 (d) If the state makes a payment to the licensee under AS 43.90.440, the
27 license is considered abandoned, and the state and the licensee no longer have any
28 obligations under this chapter with respect to the license, except that the licensee must
29 comply with the

30 (1) requirements imposed on the licensee under AS 43.90.220
31 regarding state money received by the licensee before the license was considered

1 abandoned; and

2 (2) requirements of AS 43.90.440.

3 (e) If the commissioners and the licensee agree that the project is uneconomic
4 or an arbitration panel makes a final determination that the project is uneconomic, the
5 licensee shall deliver to the state or the state's designee all engineering designs,
6 contracts, permits, and other data relating to the project that are acquired by the
7 licensee during the term of the license upon reimbursement by the state of 50 percent
8 of the net amount of expenditures incurred and paid by the licensee that are qualified
9 expenditures for the purposes of AS 43.90.110.

10 **Sec. 43.90.250. Alaska Gasline Inducement Act coordinator.** (a) There is
11 created in the office of the governor the position of Alaska Gasline Inducement Act
12 coordinator. Administrative support for the position shall be provided by the office of
13 the governor. The position shall continue until one year after commencement of
14 commercial operations of the project.

15 (b) The governor shall appoint a person to the position of Alaska Gasline
16 Inducement Act coordinator. The individual serving as the Alaska Gasline Inducement
17 Act coordinator may be removed from the position at the discretion of the governor.

18 (c) The Alaska Gasline Inducement Act coordinator is entitled to receive an
19 annual salary equal to Step A, Range 28, of the salary schedule set out in
20 AS 39.27.011(a) for Juneau.

21 (d) The Alaska Gasline Inducement Act coordinator shall, in conjunction with
22 the commissioners,

23 (1) coordinate expeditious performance of all activities by state
24 agencies for the project;

25 (2) ensure compliance by state agencies with the provisions of this
26 chapter; and

27 (3) coordinate with the Office of the Federal Coordinator for Alaska
28 Natural Gas Transportation Projects (29 U.S.C. 720d) for natural gas transportation
29 projects in the state.

30 **Sec. 43.90.260. Expedited review and action by state agencies.** (a) A review
31 conducted and action taken by a state agency relating to the project shall be expedited

1 in a manner consistent with the completion of the necessary approvals in accordance
2 with this chapter.

3 (b) Notwithstanding any contrary provision of law, a state agency may not
4 include in any project certificate, right-of-way, permit, or other authorization issued to
5 the licensee a term or condition that is not required by law if the coordinator
6 determines that the term or condition would prevent or impair in any significant
7 respect the expeditious construction and operation or expansion of the project.

8 (c) Unless required by law, a state agency may not add to, amend, or abrogate
9 a certificate, right-of-way, permit, or other authorization issued to a licensee if the
10 coordinator determines that the action would prevent or impair in any significant
11 respect the expeditious construction, operation, or expansion of the project.

12 **Article 3. Resource Inducement.**

13 **Sec. 43.90.300. Qualification for resource inducement.** (a) Notwithstanding
14 any contrary provision of law, a lessee or other person that demonstrates to the
15 satisfaction of the commissioners that the person has committed to acquire firm
16 transportation capacity in the first binding open season of the project is qualified to
17 receive the resource inducement set out in AS 43.90.310 and 43.90.320 for gas
18 produced on the North Slope and shipped in firm transportation capacity acquired in
19 the first binding open season of the project. The inducement in AS 43.90.310 is
20 contractual.

21 (b) A gas producer receiving a voucher under AS 43.90.330 is qualified to
22 receive the resource inducement in AS 43.90.310 and 43.90.320 for the gas shipped in
23 the firm transportation capacity described in the voucher for the period described in
24 AS 43.90.330.

25 **Sec. 43.90.310. Royalty inducement.** (a) Before the start of the first binding
26 open season to be conducted by the licensee, the commissioner of natural resources
27 shall adopt regulations that provide a method to determine the monthly value of the
28 state's royalty share of gas production and provide terms under which the state will
29 exercise its right to switch between taking its royalty in value or in kind for gas
30 committed for firm transportation in the first binding open season of the project or
31 shipped in the firm transportation capacity described in a voucher received by the gas

1 producer under AS 43.90.330. The regulations must

2 (1) minimize retroactive adjustments to the monthly value of the state's
3 royalty share of gas production;

4 (2) provide a method for establishing a fair market value for each
5 component of the state's royalty gas that is based on pricing data from reliable and
6 widely available industry trade publications and that uses appropriate adjustments to
7 reflect

8 (A) deductions for actual and reasonable transportation costs
9 for the state's royalty gas, including a reasonable share of the costs associated
10 with unused capacity commitments on gas pipelines from the North Slope to
11 the first destination market with reasonable market liquidity;

12 (B) location differentials between the destination markets
13 where North Slope gas could be sold;

14 (C) reasonable and actual costs for gas processing; and

15 (D) deductions permitted under the 1980 Royalty Settlement
16 Agreement for Prudhoe Bay gas; and

17 (3) establish terms under which the state will exercise its authority to
18 switch between taking its royalty gas in value and in kind to ensure that the state's
19 actions do not unreasonably

20 (A) cause the lessee or other person to bear disproportionate
21 transportation costs with respect to the state's royalty gas;

22 (B) interfere with the lessee's or other person's long-term
23 marketing of its production.

24 (b) If a lessee or other person qualified for resource inducement under
25 AS 43.90.300 agrees under (c) of this section, the lessee or other person is entitled to
26 elect whether

27 (1) to calculate its gas royalty obligation under the regulations adopted
28 under (a) of this section for natural gas transported on a firm contract negotiated
29 during the project's first binding open season or under the methodology set out in the
30 existing leases from which the gas is produced, and

31 (A) upon the request of the lessee, the commissioner of natural

1 resources shall contractually amend the existing lease to effect the election
 2 under this paragraph and incorporate as fixed contract terms the relevant
 3 revised regulatory provisions; and

4 (B) the election under this subsection remains in effect until
 5 new regulations are adopted as a result of a review under (d) of this section, at
 6 which time, a lessee or other person qualified under AS 43.90.300 may change
 7 its election under this paragraph; upon the request of the lessee, the
 8 commissioner of natural resources shall contractually amend the lease to
 9 incorporate as fixed contract terms the relevant revised regulatory provisions;
 10 or

11 (2) to enter into a contract with the state that amends the existing lease
 12 terms by

13 (A) extending the required period of notice that the state must
 14 provide before exercising the state's right to switch between taking its royalty
 15 in value or in kind for gas committed for firm transportation in the first binding
 16 open season of the project; or

17 (B) eliminating the ability of the state to take its royalty in kind
 18 for gas in the quantity and volume committed to the firm transportation
 19 capacity acquired during the first binding open season of the project, if the
 20 person entitled to this election agrees to provide gas for in-state residential and
 21 commercial uses at the delivery points described in the license at the same
 22 value as would be received by the state if the state receives its royalty in value
 23 with the corresponding distance-sensitive transportation charges; if the lessee
 24 or other person exercising this election fails to adequately supply the in-state
 25 gas requirements, after reasonable notice, or if the contract effectively prevents
 26 the state from exercising its rights with other lessees to switch between taking
 27 its royalty in value or in kind because of various unit agreements among
 28 lessees, the election is considered to terminate, and the provisions of the
 29 original lease relating to the state's taking its royalty gas in kind or in value
 30 apply.

31 (c) To claim the inducement under (b) of this section, a lessee or other

1 qualified person shall agree, on an application form provided by the Department of
2 Natural Resources, that the lessee or person, and the lessee's or person's affiliates,
3 successors, assigns, and agents will not protest or appeal a filing by the licensee to roll
4 in expansion costs of the mainline up to a level that is required in AS 43.90.130(7).
5 The agreement not to protest may not preclude the lessee or other qualified person, or
6 the affiliates, successors, assigns, and agents of the lessee or other qualified person,
7 from protesting a filing to roll in mainline expansion costs that licensee is not required
8 to propose and support under AS 43.90.130(7).

9 (d) The commissioner of natural resources shall provide for review of the
10 regulations adopted under (a) of this section at least every two years after the
11 commencement of commercial operations to determine whether the regulations
12 continue to minimize retroactive adjustments to the monthly value of the state's
13 royalty share of gas production under current conditions; the commissioner shall
14 amend the regulations when the requirement is not being met.

15 (e) No provision of this chapter precludes the election set out in (b) of this
16 section, nor may the commissioner of natural resources assert any provision of any
17 existing lease or unit agreement as precluding the elections set out in (b) of this
18 section.

19 **Sec. 43.90.320. Gas production tax exemption.** (a) If a person qualified for
20 resource inducement under AS 43.90.300 agrees under (c) of this section, the person is
21 entitled to an annual exemption from the state's gas production tax in an amount equal
22 to the difference between the amount of the person's gas production tax obligation
23 calculated under the gas production tax in effect during that tax year and the amount of
24 the person's gas production tax obligation calculated under the gas production tax in
25 effect at the start of the first binding open season held under this chapter. If the
26 difference is less than zero, the gas production tax exemption is zero.

27 (b) The exemption under this section may be applied within the 10 years
28 immediately following commencement of commercial operations and only applied to
29 production taxes that are levied on North Slope gas shipped through firm
30 transportation capacity the person acquired during the first binding open season or
31 shipped in the firm transportation capacity described in a voucher received by the gas

1 producer under AS 43.90.330.

2 (c) The person claiming the exemption under this section shall agree that the
3 person and the person's affiliates, successors, assigns, and agents will not protest or
4 appeal a filing by the licensee to roll in mainline expansion costs up to the level that
5 the licensee is required to propose and support under AS 43.90.130(7); the agreement
6 required under this subsection may not preclude the person or the person's affiliates,
7 successors, assigns, and agents, from protesting a filing to roll in mainline expansion
8 costs that the licensee is not required to propose and support under AS 43.90.130(7).

9 **Sec. 43.90.330. Inducement vouchers.** (a) A person that acquires firm
10 transportation capacity in the first binding open season of the project, that does not
11 hold an oil and gas lease on the North Slope, and that is not an affiliate of a person that
12 holds an oil and gas lease on the North Slope, may apply to the commissioners for a
13 voucher under this section. A voucher issued by the commissioners must describe the
14 firm transportation capacity in the project to which the voucher is applicable.

15 (b) A voucher issued by the commissioners under this section entitles the
16 holder of the voucher to the resource inducements in AS 43.90.310 and 43.90.320 for
17 gas shipped in the firm transportation capacity acquired by the person applying for the
18 voucher during the first binding open season of the project and described in the
19 voucher. The voucher may be transferred to a gas producer that has a binding
20 obligation to sell gas to the person transferring the voucher under a gas purchase
21 agreement.

22 (c) A gas producer holding a voucher may claim the resource inducements for
23 gas shipped through the firm transportation capacity described in the voucher and only
24 on gas that is produced and delivered to the purchaser on the North Slope. A gas
25 producer may claim the resource inducements under this subsection until the earlier of
26 the termination of the binding gas purchase agreement or the expiration of the
27 inducements by operation of law.

28 **Article 4. Miscellaneous Provisions.**

29 **Sec. 43.90.400. Alaska Gasline Inducement Act matching contribution**
30 **fund; disbursements; audits.** (a) There is established in the general fund an Alaska
31 Gasline Inducement Act matching contribution fund. The fund consists of money

1 appropriated to it by the legislature for disbursement to pay the state's matching
2 contributions under AS 43.90.110. Money appropriated to the fund may be spent for
3 the purposes of the fund without further appropriation. Appropriations to the fund do
4 not lapse under AS 37.25.010, but remain in the fund for future disbursements.
5 Nothing in this subsection creates a dedicated fund.

6 (b) The Department of Revenue shall manage the fund, and may invest money
7 in the fund so as to yield competitive market rates as provided in AS 37.10.071.
8 Income earned on the fund shall be accounted for separately and may be appropriated
9 annually to the fund.

10 (c) The commissioners shall adopt regulations that provide for application to
11 receive matching contributions for qualified expenditures as provided under
12 AS 43.90.110, and that provide for periodic audits of the use of money disbursed as
13 matching contributions under this chapter.

14 (d) Within 10 days after the convening of each regular session of the
15 legislature, the commissioners shall submit to the legislature a report that lists the
16 disbursements from the fund during the preceding fiscal year with a written
17 justification for each disbursement and the projected amount of money that will be
18 required for contributions in each of the next three fiscal years.

19 **Sec. 43.90.410. Regulations.** The commissioner of revenue may adopt
20 regulations on behalf of the commissioners for the purpose of implementing the
21 provisions of this chapter. The commissioner of revenue and the commissioner of
22 natural resources may change regulations adopted under authority outside of this
23 chapter as necessary to implement the provisions of this chapter.

24 **Sec. 43.90.420. Statute of limitations.** A person may not bring a judicial
25 action challenging the constitutionality of this chapter or a license issued under this
26 chapter unless the action is commenced in a court of the state of competent
27 jurisdiction within 90 days after the date that a license is issued.

28 **Sec. 43.90.430. Interest.** When a payment due to the state under this chapter
29 becomes delinquent, the payment bears interest at the rate applicable to a delinquent
30 tax under AS 43.05.225.

31 **Sec. 43.90.440. Licensed project assurances.** (a) Except as otherwise

1 provided in this chapter, the state grants a licensee assurances that the licensee has
 2 exclusive enjoyment of the inducement provided under this chapter before the
 3 commencement of commercial operations. If, before the commencement of
 4 commercial operations, the state extends to another person preferential royalty or tax
 5 treatment or grant of state money for the purpose of facilitating the construction of a
 6 competing natural gas pipeline project in this state, and if the licensee is in compliance
 7 with the requirements of the license and with the requirements of state and federal
 8 statutes and regulations relevant to the project, the licensee is entitled to payment from
 9 the state of an amount equal to three times the total amount of the expenditures
 10 incurred and paid by the licensee that are qualified expenditures for the purposes of
 11 AS 43.90.110 that the licensee incurred in developing the licensee's project before the
 12 date that the state first extended preferential treatment to another person. The payment
 13 under this subsection is subject to appropriation. Upon payment by the state of the
 14 amount owed under this section, the licensee shall, at no additional cost to the state,
 15 assign to the state or the state's designee all engineering designs, contracts, permits,
 16 and other data related to the project that were acquired by the licensee during the term
 17 of the license.

18 (b) In this section,

19 (1) "competing natural gas pipeline project" means a project designed
 20 to accommodate throughput of more than 500,000,000 cubic feet a day of North Slope
 21 gas to market;

22 (2) "preferential royalty or tax treatment" does not include

23 (A) the state's exercise of its right to resolve disputes involving
 24 royalties and taxes;

25 (B) the state's exercise of its right to modify royalties as
 26 authorized by law in effect on the effective date of this section; or

27 (C) the benefits of a large project permit coordinator authorized
 28 by a law in effect on the effective date of this section.

29 **Sec. 43.90.450. Assignments.** (a) A licensee may transfer all or part of the
 30 license, including the rights and obligations arising under the license, if, after
 31 publishing notice of the proposed transfer, providing notice to the presiding officer of

1 each house of the legislature, and providing a period not less than 30 days for public
2 review and comment,

3 (1) the transfer is approved in writing in advance by the
4 commissioners; and

5 (2) the transfer does not increase or diminish the obligations created by
6 the license or diminish the likelihood of success of the project or the net present value
7 of the license to the state.

8 (b) Notwithstanding the commissioners' approval of a transfer of all or part of
9 a license under (a) of this section, the transferor of the license remains subject to the
10 requirements of AS 43.90.220 regarding all state money received by the licensee
11 before the effective date of the transfer.

12 (c) A person may transfer that person's rights to the royalty inducement under
13 AS 43.90.310 and the gas production tax exemptions under AS 43.90.320 only in
14 connection with a sale or merger that results in transfer of all the person's assets in the
15 North Slope of this state, along with the person's firm transportation capacity contracts
16 in the project.

17 (d) Except for the transfer of a voucher to a producer under AS 43.90.330(b),
18 a person receiving a voucher under AS 43.90.330 based on the person's acquisition of
19 firm transportation capacity in the first binding open season of the project may transfer
20 the voucher only if the transfer is in connection with the permanent assignment by the
21 person of 100 percent of the firm transportation capacity acquired in the first binding
22 open season of the project.

23 **Sec. 43.90.460. Conflicting laws.** Nothing in this chapter shall be construed to
24 repeal or abrogate the administrative, regulatory, or statutory procedures and functions
25 of state and federal law governing the development and oversight of a project.

26 **Sec. 43.90.470. State pipeline employment development.** The commissioner
27 of labor and workforce development shall develop a job training program that will
28 provide training for Alaskans in gas pipeline project management, construction,
29 operations, maintenance, and other gas pipeline-related positions.

30 **Article 5. General Provisions.**

31 **Sec. 43.90.900. Definitions.** In this chapter, unless the context otherwise

1 requires,

2 (1) "affiliate" means another person that controls, is controlled by, or is
3 under common control with a person and includes a division that operates as a
4 functional unit;

5 (2) "Alaska Gasline Inducement Act coordinator" and "coordinator"
6 means the person appointed under AS 43.90.250;

7 (3) "commencement of commercial operations" means the first flow of
8 gas in the project that generates revenue to the owners;

9 (4) "commissioners" means the commissioner of revenue and the
10 commissioner of natural resources;

11 (5) "control" means the possession of ownership interest or authority
12 sufficient to, directly or indirectly, and whether acting alone or in conjunction with
13 others, direct or cause the direction of the management or policies of a company, and
14 is rebuttably presumed if the voting interest held is 10 percent or more;

15 (6) "equity holder" means the

16 (A) stockholders of a corporation;

17 (B) members of a limited liability company;

18 (C) partners of a partnership;

19 (D) joint venturers of a joint venture;

20 (E) members of a governmental authority and similar persons;

21 or

22 (F) holders of any other entity or person;

23 (7) "gas processing" means the treatment of gas downstream of the
24 point of production to extract natural gas liquids;

25 (8) "governing body" means a corporation's board of directors, a
26 limited liability company's managing members, a partnership's general partners, a joint
27 venturer's joint venturers, a governmental authority's board or council members, and
28 similar entities;

29 (9) "lease" means an oil and gas or gas lease issued by this state;

30 (10) "lessee" means a person that holds a working interest in an oil and
31 gas or gas lease issued by this state;

- 1 (11) "license" means a license issued under this chapter;
- 2 (12) "licensee" means the holder of a license issued under this chapter
3 and all affiliates, successors, assigns, and agents of the holder;
- 4 (13) "North Slope" means that part of the state that lies North of 68
5 degrees North latitude;
- 6 (14) "North Slope gas" means natural gas produced on the North
7 Slope;
- 8 (15) "open season" means the process that complies with 18 C.F.R.
9 Part 157, Subpart B (Open Seasons for Alaska Natural Gas Transportation Projects);
- 10 (16) "project" means a natural gas pipeline project authorized under a
11 license issued under this chapter;
- 12 (17) "recourse rates" means cost-based rates with a minimum and
13 maximum range that are approved by the Federal Energy Regulatory Commission, the
14 Regulatory Commission of Alaska, or the National Energy Board of Canada, as
15 appropriate, and set out in the pipeline's tariff; "recourse rates" includes only those
16 rates that the pipeline must make available to all shippers;
- 17 (18) "sanction" means financial commitments to go forward with the
18 project as evidenced by entering into financial commitments of at least
19 \$1,000,000,000 with third parties;
- 20 (19) "under common control with" has the meaning given "control" in
21 this section;
- 22 (20) "unit agreement" means an agreement executed by the working
23 interest owners and royalty owners creating the unit.

24 **Sec. 43.90.990. Short title.** This chapter may be cited as the Alaska Gasline
25 Inducement Act.

26 * **Sec. 2.** AS 36.30.850(b) is amended by adding a new paragraph to read:

27 (45) contracts for an arbitration panel to determine whether a project is
28 uneconomic under AS 43.90.240, and contracts for the development of application
29 provisions for licensure and for the evaluation of those applications under AS 43.90.

30 * **Sec. 3.** AS 39.25.110 is amended by adding a new paragraph to read:

31 (41) the Alaska Gasline Inducement Act coordinator appointed under

1 AS 43.90.250.

2 * **Sec. 4.** AS 40.25.120(a) is amended to read:

3 (a) Every person has a right to inspect a public record in the state, including
4 public records in recorders' offices, except

5 (1) records of vital statistics and adoption proceedings, which shall be
6 treated in the manner required by AS 18.50;

7 (2) records pertaining to juveniles unless disclosure is authorized by
8 law;

9 (3) medical and related public health records;

10 (4) records required to be kept confidential by a federal law or
11 regulation or by state law;

12 (5) to the extent the records are required to be kept confidential under
13 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
14 or retain federal assistance;

15 (6) records or information compiled for law enforcement purposes, but
16 only to the extent that the production of the law enforcement records or information

17 (A) could reasonably be expected to interfere with enforcement
18 proceedings;

19 (B) would deprive a person of a right to a fair trial or an
20 impartial adjudication;

21 (C) could reasonably be expected to constitute an unwarranted
22 invasion of the personal privacy of a suspect, defendant, victim, or witness;

23 (D) could reasonably be expected to disclose the identity of a
24 confidential source;

25 (E) would disclose confidential techniques and procedures for
26 law enforcement investigations or prosecutions;

27 (F) would disclose guidelines for law enforcement
28 investigations or prosecutions if the disclosure could reasonably be expected to
29 risk circumvention of the law; or

30 (G) could reasonably be expected to endanger the life or
31 physical safety of an individual;

1 (7) names, addresses, and other information identifying a person as a
 2 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the
 3 advance college tuition savings program under AS 14.40.803 - 14.40.817;

4 (8) public records containing information that would disclose or might
 5 lead to the disclosure of a component in the process used to execute or adopt an
 6 electronic signature if the disclosure would or might cause the electronic signature to
 7 cease being under the sole control of the person using it;

8 (9) reports submitted under AS 05.25.030 concerning certain
 9 collisions, accidents, or other casualties involving boats;

10 (10) records or information pertaining to a plan, program, or
 11 procedures for establishing, maintaining, or restoring security in the state, or to a
 12 detailed description or evaluation of systems, facilities, or infrastructure in the state,
 13 but only to the extent that the production of the records or information

14 (A) could reasonably be expected to interfere with the
 15 implementation or enforcement of the security plan, program, or procedures;

16 (B) would disclose confidential guidelines for investigations or
 17 enforcement and the disclosure could reasonably be expected to risk
 18 circumvention of the law; or

19 (C) could reasonably be expected to endanger the life or
 20 physical safety of an individual or to present a real and substantial risk to the
 21 public health and welfare;

22 (11) the written notification regarding a proposed regulation provided
 23 under AS 24.20.105 to the Department of Law and the affected state agency and
 24 communications between the Legislative Affairs Agency, the Department of Law, and
 25 the affected state agency under AS 24.20.105;

26 **(12) records that are**

27 **(A) proprietary or a trade secret in accordance with**
 28 **AS 43.90.150;**

29 **(B) applications that are received under AS 43.90.120 -**
 30 **43.90.140 until notice is published under AS 43.90.160.**

31 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 **FIRST REQUEST FOR APPLICATIONS FOR THE LICENSE.** It is the intent of the
3 legislature that the first request for applications for the license by the commissioners under
4 AS 43.90.120, enacted by sec. 1 of this Act, be issued within 90 days after the effective date
5 of this Act.

6 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **EXPEDITED CONSIDERATION OF COURT CASES.** It is the intent of the
9 legislature that the courts of the state, when considering a case related to the development and
10 construction of a natural gas pipeline under this Act or to the commitment of a shipper to
11 acquire firm transportation capacity during the first binding open season for a project
12 developed under this Act, expedite the resolution of the case by giving the case priority over
13 all other civil cases to the extent permitted under the Alaska Rules of Court.

14 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 **SEVERABILITY.** Under AS 01.10.030, if any provision of this Act, or the application
17 of it to any person or circumstance, is held invalid, the remainder of this Act and the
18 application to other persons or circumstances are not affected.

19 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).