

**SENATE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-FIFTH LEGISLATURE**  
**FOURTH SPECIAL SESSION**

**Juneau, Alaska**

**Friday**

**August 1, 2008**

**Twenty-fourth Day**

Pursuant to adjournment the Senate was called to order by President Green at 11:36 a.m.

The roll showed nineteen members present. Senator Cowdery was excused from a call of the Senate.

The prayer was offered by the Chaplain, Senator Olson. Senator Hoffman moved and asked unanimous consent that the prayer be spread. Without objection, it was so ordered.

Our Heavenly Father,

As we gather together this morning and as we are here working, we pray for our families and children back home who may be strained by our absence.

Watch over us now as we get ready to look at the bills that are in front of us. As we stand at the precipice of what will be happening we pray that wisdom will prevail Lord. The sacrifices that we've made this summer continue to be looked at in a way that will prove your plan is prevailing in the end.

We ask for your guidance and protection especially for our families. Amen.

Senator Bunde led the Senate in the Pledge of Allegiance.

**Certification**

Senator Ellis moved and asked unanimous consent that the journal for the twenty-third legislative day be approved as certified by the Secretary. Without objection, it was so ordered.

**Consideration of the Calendar****Third Reading of House Bills****HB 3001**

HOUSE BILL NO. 3001(efd fld) "An Act approving issuance of a license by the commissioner of revenue and the commissioner of natural resources to TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act" was read the third time.

Senator Huggins moved and asked unanimous consent that the House Letter of Intent (House Journal page 3262) be adopted. Senator Bunde objected.

The question being: "Shall the House Letter of Intent be adopted?"  
The roll was taken with the following result:

HB 3001 (efd fld)

Third Reading - Final Passage

Adopt House Letter of Intent?

**YEAS: 18 NAYS: 1 EXCUSED: 1 ABSENT: 0**

Yeas: Davis, Dyson, Ellis, Elton, French, Green, Hoffman, Huggins, Kookesh, McGuire, Olson, Stedman, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Nays: Bunde

Excused: Cowdery

and so, the Legislative Letter of Intent was adopted.

Senators Huggins, Therriault, Wielechowski, McGuire, Wilken, Green, Wagoner, French, Dyson, Ellis moved and asked unanimous consent to be shown as sponsors on the Legislative Letter of Intent. Without objection, it was so ordered.

Senator McGuire moved that the bill be returned to second reading for the purpose of a specific amendment, that being Amendment No. 1. Without objection, the bill was returned to second reading.

Senator McGuire offered Amendment No. 1:

Page 1, following line 10:

Insert a new bill section to read:

"\* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT OF LICENSE APPROVAL: INDEMNIFICATION FOR LIABILITIES TO WITHDRAWN PARTNERS. (a) The provisions of sec. 1 of this Act are contingent on the commissioner of revenue and the commissioner of natural resources obtaining from the licensee the licensee's written agreement that the state will not reimburse the licensee for qualified expenditures under AS 43.90.110(a)(1) before the licensee indemnifies the state against any loss of revenue because of a liability of the licensee to withdrawn partners. The indemnification is required regardless of whether the state receives its royalty share of the production of natural gas in kind or in value. In this subsection, "licensee" includes the licensee and a successor in interest to the licensee subject to AS 43.90.

(b) To implement this section, the commissioner of revenue, in consultation with the commissioner of natural resources and the attorney general, shall

(1) review the partnership agreement and other documents associated with the Alaskan Northwest Natural Gas Transportation Company, commonly referred to a ANNGTC;

(2) identify the partners and the successors in interest to the partners in the Alaskan Northwest Natural Gas Transportation Company;

(3) determine the extent of any liability or potential liability of the licensee to each partner or successor to a partner based on any partnership agreement or other agreement between the partners of the Alaskan Northwest Natural Gas Transportation Company;

(4) determine the effect on revenue to the state should the licensee be found liable to a partner or successor to a partner under the partnership agreement and other agreements between the partners and their successors in the Alaskan Northwest Natural Gas Transportation Company; the effect on revenue to the state includes

- (A) the costs associated with delays in the construction of the project;
- (B) an effect on the tariff;
- (C) an effect on the state's taxes and royalties;
- (D) the effect on the state if the state acquires an ownership interest in the project; and
- (E) other effects on revenue to the state identified by the commissioner of revenue; and

(5) determine the form and amount of indemnification required to be provided by the licensee to the state to shield the state from the possible effects on revenue determined under (4) of this subsection.

(c) Unless the parties otherwise agree, an agreement entered into under this section may provide that a dispute between the commissioner of revenue and the licensee over the extent of any liability of the licensee determined under this section and the form and amount of indemnification required to be provided by the licensee shall be resolved under AS 44.62.330 - 44.62.630 (Administrative Procedure Act) or other form of alternative dispute resolution agreed to by the licensee and the commissioner of revenue, in consultation with the attorney general.

(d) In this section,

(1) "licensee" and "project" have the meanings given in AS 43.90.900;

(2) "withdrawn partners" means the partners and successors in interest to the partners of the Alaskan Northwest Natural Gas Transportation Company identified by the commissioner of revenue in (b)(2) of this section."

Senator McGuire moved for the adoption of Amendment No. 1. Objections were heard.

The question being: "Shall Amendment No. 1 be adopted?" The roll was taken with the following result:

HB 3001 (efd fld)  
Second Reading  
Amendment No. 1

**YEAS: 6 NAYS: 13 EXCUSED: 1 ABSENT: 0**

Yeas: Green, Hoffman, Huggins, McGuire, Olson, Stedman

Nays: Bunde, Davis, Dyson, Ellis, Elton, French, Kookesh, Stevens,  
Therriault, Thomas, Wagoner, Wielechowski, Wilken

Excused: Cowdery

and so, Amendment No. 1 failed.

HOUSE BILL NO. 3001(efd fld) was automatically in third reading.

Senator McGuire moved that the bill be returned to second reading for the purpose of a specific amendment, that being Amendment No. 2. Without objection, the bill was returned to second reading.

Senator McGuire offered Amendment No. 2:

Page 1, line 3, following "Act":

Insert "; and providing for an effective date"

Page 1, following line 10:

Insert new bill sections to read:

"\* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT OF LICENSE APPROVAL. The provisions of sec. 1 of this Act are contingent on

(1) the written offer of the parties identified jointly as the licensee in sec. 1 of this Act to the parties having control of significant North Slope natural gas reserves that are proposing an alternative natural gas pipeline project to participate in good faith negotiations as described in this paragraph, and, if the offer is accepted, the negotiation in good faith as described in the paragraph; the negotiations shall seek to secure common agreement to eliminate proposals for competing natural gas pipeline projects, as that phrase is defined in AS 43.90.440, for North Slope natural gas reserves; it is material to the state's interest in the negotiations that an agreement

between the parties have the result of foregoing the need for issuance of a license under AS 43.90, including the appropriation of licensee reimbursements as authorized by AS 43.90.110(a)(1); to implement this paragraph,

(A) negotiations shall be conducted among

(i) the commissioners of revenue and natural resources or their respective representatives;

(ii) representatives of the parties identified jointly as the licensee in sec. 1 of this Act; and

(iii) representatives of the parties having control of significant North Slope natural gas reserves that are proposing an alternative natural gas pipeline project;

(B) the parties identified in (A) of this paragraph may

(i) include in the negotiations representatives of other entities whose presence may be useful to achieve the outcome described in this paragraph, as these parties may mutually agree; and

(ii) agree to conduct the negotiations with or without use of the services of a mediator, as the parties may themselves determine; if the parties agree to use of the services of a mediator, the mediator shall be a person whose identity is mutually agreeable to the parties; and

(C) negotiations undertaken under this section are not to be considered meetings of a governmental body of a public entity of the state that are subject to the requirements of AS 44.62.310 - 44.62.312; and

(2) the passage of a number of days set out in this paragraph following the condition described in the corresponding subparagraph; when the condition described in this paragraph has been met, the commissioners of natural resources and revenue shall issue the license; under this paragraph, the commissioners may not issue the license before the effective date of sec. 1 of this Act, and

(A) unless subject to the limitation set out in this subparagraph, shall issue the license not sooner than 180 days after the date of final execution of the common agreement among the parties that is substantially as described in (1) of this section; however, if, under the terms of that agreement, the parties consent to forego the need for issuance of a license under AS 43.90, then, notwithstanding any other provision of law, the commissioners may not issue the license; or

(B) shall issue the license not sooner than 45 days after the earlier of the date that

(i) the commissioners advise the governor that one or more of the parties described in (1)(A)(iii) of this section have notified them, or either of them, that the party or parties will not participate in the negotiations described in this section; or

(ii) the parties described in (1)(A)(ii) and (1)(A)(iii) of this section certify to the governor that they have mutually agreed that negotiations to secure the common agreement as described in (1) of this section to eliminate proposals for competing natural gas pipeline projects for North Slope natural gas reserves cannot be obtained.

\* **Sec. 3.** Section 2 of this Act takes effect immediately under AS 01.10.070(c)."

Senator McGuire moved for the adoption of Amendment No. 2. Objections were heard.

The question being: "Shall Amendment No. 2 be adopted?" The roll was taken with the following result:

HB 3001 (efd fld)

Second Reading

Amendment No. 2

**YEAS: 5 NAYS: 14 EXCUSED: 1 ABSENT: 0**

Yeas: Green, Hoffman, Huggins, McGuire, Stedman

Nays: Bunde, Davis, Dyson, Ellis, Elton, French, Kookesh, Olson, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Excused: Cowdery

and so, Amendment No. 2 failed.

HOUSE BILL NO. 3001(efd fld) was automatically in third reading.

Senator McGuire moved that the bill be returned to second reading for the purpose of a specific amendment, that being Amendment No. 3. Without objection, the bill was returned to second reading.

Senator McGuire offered Amendment No. 3:

Page 1, line 1, following "Act":

Insert **"relating to the extension of inducements to a natural gas pipeline project that would transport natural gas from the North Slope to a market in the state or for export from the state by marine transportation; and"**

Page 1, following line 4:

Insert a new bill section to read:

**"\* Section 1.** AS 43.90.440(a) is amended to read:

(a) Except as otherwise provided in this chapter, the state grants a licensee assurances that the licensee has exclusive enjoyment of the inducements provided under this chapter before the commencement of commercial operations. If, before the commencement of commercial operations, the state extends to another person preferential royalty or tax treatment or grant of state money for the purpose of facilitating the construction of a competing natural gas pipeline project in this state **other than a natural gas pipeline project that is wholly within the state and transports natural gas to a market in the state or for export from the state by marine transportation.** and if the licensee is in compliance with the requirements of the license and with the requirements of state and federal statutes and regulations relevant to the project, the licensee is entitled to payment from the state of an amount equal to three times the total amount of the expenditures incurred and paid by the licensee that are qualified expenditures for the purposes of AS 43.90.110 that the licensee incurred in developing the licensee's project before the date that the state first extended preferential treatment to another person. The payment under this subsection is subject to appropriation. Upon payment by the state of the amount owed under this section, the licensee shall, at no additional cost to the state, assign to the state or the state's designee all engineering designs, contracts, permits, and other data related to the project that were acquired by the licensee during the term of the license. The payment under this subsection is in full satisfaction of all claims the licensee may bring in contract, tort, or other law related to the events that gave rise to the payment."

Page 1, line 6:

Delete "**Section 1**"

Insert "**Sec. 2**"

Senator McGuire moved for the adoption of Amendment No. 3.  
Senator Therriault objected.

The question being: "Shall Amendment No. 3 be adopted?" The roll was taken with the following result:

HB 3001 (efd fld)

Second Reading

Amendment No. 3

**YEAS: 5 NAYS: 14 EXCUSED: 1 ABSENT: 0**

Yeas: Green, Hoffman, Huggins, McGuire, Stedman

Nays: Bunde, Davis, Dyson, Ellis, Elton, French, Kookesh, Olson, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Excused: Cowdery

and so, Amendment No. 3 failed.

HOUSE BILL NO. 3001(efd fld) was automatically in third reading.

The question being: "Shall HOUSE BILL NO. 3001(efd fld) "An Act approving issuance of a license by the commissioner of revenue and the commissioner of natural resources to TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act" pass the Senate?" The roll was taken with the following result:

HB 3001 (efd fld)

Third Reading - Final Passage

**YEAS: 14 NAYS: 5 EXCUSED: 1 ABSENT: 0**

Yeas: Bunde, Davis, Dyson, Ellis, Elton, French, Kookesh, Olson, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Nays: Green, Hoffman, Huggins, McGuire, Stedman

Excused: Cowdery

and so, HOUSE BILL NO. 3001(efd fld) passed the Senate.

### **Reconsideration of House Bills**

#### **HB 3001**

Senator Huggins gave notice of reconsideration on HOUSE BILL NO. 3001(efd fld) and moved and asked unanimous consent that it be taken up at this time. Without objection, the bill was before the Senate on reconsideration.

The question to be reconsidered: "Shall HOUSE BILL NO. 3001(efd fld) "An Act approving issuance of a license by the commissioner of revenue and the commissioner of natural resources to TransCanada Alaska Company, LLC and Foothills Pipe Lines Ltd., jointly as licensee, under the Alaska Gasline Inducement Act" pass the Senate?" The roll was taken with the following result:

HB 3001 (efd fld)

Third Reading - On Reconsideration

**YEAS: 14 NAYS: 5 EXCUSED: 1 ABSENT: 0**

Yeas: Bunde, Davis, Dyson, Ellis, Elton, French, Kookesh, Olson, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Nays: Green, Hoffman, Huggins, McGuire, Stedman

Excused: Cowdery

and so, HOUSE BILL NO. 3001(efd fld) passed the Senate on reconsideration, was signed by the President and Secretary and returned to the House with a Legislative Letter of Intent.

### **Special Order of Business**

Senator Ellis moved and asked unanimous consent that the following Citation Calendar be made a special order of business. Without objection, it was so ordered.

**Citation Calendar**

Honoring – Emilie Pechuzal

Senator(s) Huggins, Green, Bunde, Cowdery, Davis, Dyson, Ellis, Elton, Hoffman, Kookesh, McGuire, Olson, Stedman, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Representative(s) Neuman

Honoring – Hannah Solomon

Representative(s) Salmon

Senator(s) Kookesh, Green, Bunde, Cowdery, Davis, Dyson, Ellis, Elton, French, Hoffman, Huggins, McGuire, Olson, Stedman, Stevens, Therriault, Thomas, Wagoner, Wielechowski, Wilken

Senator Ellis moved and asked unanimous consent that the citations be adopted. Without objection, the citations were adopted and referred to the Secretary for transmittal.

**Unfinished Business**

Senator Wagoner moved and asked unanimous consent to be excused from a call of the Senate from afternoon plane time, August 1 through evening plane time, August 5. Without objection, Senator Wagoner was excused.

Senator McGuire moved and asked unanimous consent to be excused from a call of the Senate from August 8 through January 10, 2009. Without objection, Senator McGuire was excused.

Senator Huggins moved and asked unanimous consent to be excused from a call of the Senate from evening plane time, August 15 through morning plane time, August 21. Without objection, Senator Huggins was excused.

Senator Elton moved and asked unanimous consent to be excused from a call of the Senate from morning plane time, August 13 through evening plane time, September 5. Without objection, Senator Elton was excused.

Senator French moved and asked unanimous consent to be excused from a call of the Senate from October 1 through October 31. Without objection, Senator French was excused.

**Announcements**

Announcements are at the end of the journal.

**Adjournment**

Senator Ellis moved and asked unanimous consent that the Senate stand in adjournment until 11:00 a.m., August 2, 2008. Without objection, the Senate adjourned at 1:52 p.m.

Kirsten Waid  
Secretary of the Senate

**Announcements**

Americans with Disabilities Act Notice - Persons with disabilities who require special accommodation or alternative communication formats to access committee meetings may contact the appropriate committee office or the Legislative Information Office in their community. Reasonable advance notice is needed to accommodate the request. For further information, call the ADA Coordinator at 465-3854 Voice/465-4980 TDD.

**STANDING COMMITTEES**

+ indicates teleconference

= indicates bill previously heard/scheduled

**FINANCE**

**Aug 01      Friday                      Senate Finance 532              10:00 AM**

-- Recessed to a Call of the Chair --

-- Time Change --

+              Bills Previously Heard/Scheduled

=    SB4002   RESOURCE REBATE PROGRAM FOR RESIDENTS

**Aug 02      Saturday                      Senate Finance 532              9:00 AM**

+              Bills Previously Heard/Scheduled