

CS FOR HOUSE BILL NO. 369(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 3/11/10

Referred: Finance

Sponsor(s): REPRESENTATIVES CHENAULT, Ramras, Olson, Johnson, Austerman

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to an in-state natural gas pipeline, the office of in-state gasline project**
2 **manager, and the Joint In-State Gasline Development Team; and providing for an**
3 **effective date."**

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

5 *** Section 1.** AS 38 is amended by adding new sections to read:

6 **Chapter 34. In-State Natural Gas Pipeline.**

7 **Sec. 38.34.010. In-state gasline project manager.** (a) The position of in-state
8 gasline project manager is created in the Office of the Governor. The Office of the
9 Governor shall provide administrative support for the position. The position shall
10 continue until one year after commencement of commercial operation of the in-state
11 natural gas pipeline.

12 (b) The governor shall appoint an individual to the position of in-state gasline
13 project manager. The manager is in the exempt service under AS 39.25.110. The
14 person serving as the in-state gasline project manager may be removed from the

1 position at the discretion of the governor, who shall appoint another person to the
2 position.

3 (c) The in-state gasline project manager shall

4 (1) collaborate with other state agencies to perform planning and other
5 work on the in-state natural gas pipeline project under this chapter;

6 (2) coordinate with government agencies and the private sector on
7 issues involving construction, ownership, and operation of the in-state natural gas
8 pipeline;

9 (3) prepare written monthly progress reports setting out the monthly
10 expenditures of funds spent in the development of the in-state natural gas pipeline,
11 including projections of future expenditures and efforts needed to develop the in-state
12 natural gas pipeline, and submit each report to the legislature by the last day of the
13 month immediately following the month covered in the report.

14 **Sec. 38.34.020. Expedited review and action by state agencies.** (a) A review
15 conducted and action taken by a state agency relating to the in-state natural gas
16 pipeline project under this chapter shall be expedited in a manner consistent with the
17 timely completion of the project.

18 (b) Notwithstanding any contrary provision of law, a state agency may not
19 include in any project certificate, right-of-way, permit, or other authorization issued to
20 the licensee a term or condition that is not required by law if the in-state gasline
21 project manager determines that the term or condition would prevent or impair, in any
22 significant respect, the expeditious construction and operation or expansion of the in-
23 state natural gas pipeline project.

24 (c) Unless required by law, a state agency may not add to, amend, or abrogate
25 any certificate, right-of-way, permit, or other authorization issued to a licensee if the
26 in-state gasline project manager determines that the action would prevent or impair, in
27 any significant respect, the expeditious construction, operation, or expansion of the in-
28 state natural gas pipeline project.

29 **Sec. 38.34.030. Joint In-state Gasline Development Team.** (a) The Joint In-
30 state Gasline Development Team is established in the Office of the Governor. The
31 development team consists of four members as follows:

1 (1) the commissioner of transportation and public facilities, or the
2 commissioner's designee;

3 (2) the chief executive officer of the Alaska Railroad Corporation;

4 (3) the chief executive officer of the Alaska Natural Gas Development
5 Authority; and

6 (4) the in-state gasline project manager.

7 (b) The chief executive officer of the Alaska Railroad Corporation is the chair
8 of the development team.

9 (c) The development team may hire staff, enter into contracts, and exercise
10 other powers necessary to carry out its functions.

11 **Sec. 38.34.040. Duties of the development team.** (a) The Joint In-state
12 Gasline Development Team shall consider all aspects of the in-state natural gas
13 pipeline project, including public or private construction of the pipeline, marketing of
14 natural gas, a financing plan for pipeline construction, the purchase of natural gas from
15 producers, maximizing hiring of residents in connection with the pipeline project,
16 delivery and costs of natural gas to communities along the pipeline route,
17 manufacturing opportunities for gas-to-liquids, plans for delivery and costs of
18 liquefied natural gas or propane to Yukon river and coastal communities, the cost of
19 transporting natural gas to other locations in the state, and acquisition of natural gas
20 market share sufficient to ensure the long-term feasibility of the in-state natural gas
21 pipeline project.

22 (b) The development team shall ensure that construction is ready to begin on
23 an in-state natural gas pipeline by July 1, 2011, and take actions necessary to enable
24 natural gas to flow down the pipeline by 2015.

25 (c) The development team shall

26 (1) select a route for an in-state natural gas pipeline that runs from the
27 North Slope to tidewater in the state and to other locations in the state that, to the
28 extent consistent with other requirements of this subsection,

29 (A) is the most economical;

30 (B) will provide natural gas to residents at a reasonable cost;

31 (C) uses state land and existing state highway and railroad

1 rights-of-way to the maximum extent;

2 (D) uses existing highway and railroad bridges, gravel pits,
3 equipment yards, and maintenance facilities, and other existing facilities and
4 resources to the maximum extent;

5 (2) identify land or rights-of-way that must be obtained for
6 construction and operation of the in-state natural gas pipeline and take action
7 necessary to enable the Department of Transportation and Public Facilities to acquire
8 those interests;

9 (3) prepare plans and designs necessary for construction of the in-state
10 natural gas pipeline;

11 (4) identify all permits and licenses needed to construct the in-state
12 natural gas pipeline and proceed with applications for those permits and licenses;

13 (5) prepare and update estimates of construction and other costs of
14 pipeline construction;

15 (6) take any action necessary so that construction may begin on the in-
16 state natural gas pipeline by July 1, 2011, and report to the legislature by that date.

17 **Sec. 38.34.050. Cooperation and access to information.** (a) Notwithstanding
18 other laws, the Joint In-state Gasline Development Team may have access to
19 information of a state entity, including confidential information, that may relate to the
20 in-state natural gas pipeline or prove useful in planning, design, construction, or
21 operation of the pipeline. Confidential information received by the development team
22 shall be kept confidential.

23 (b) All state agencies and other entities shall cooperate with and, except for
24 requests from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give
25 priority to requests for information from the Joint In-state Gasline Development Team.
26 The development team shall avoid duplicating studies, plans, and designs that have
27 already been produced or otherwise obtained by other state entities.

28 **Sec. 38.34.060. Conflicts of interest.** If a member of the Joint In-state Gasline
29 Development Team acquires, owns, or controls an interest, direct or indirect, in
30 property, an organization, or a business that might be affected by the in-state natural
31 gas pipeline project or other matter under consideration by the development team, the

1 member shall immediately disclose the interest to the development team. The
2 disclosure is a matter of public record and shall be included in the minutes of the first
3 meeting of the development team held after the disclosure.

4 **Sec. 38.34.099. Definitions.** In this chapter,

5 (1) "in-state natural gas pipeline" means a pipeline for transporting
6 natural gas that runs from the North Slope to tidewater in the state;

7 (2) "North Slope" means that area of Alaska lying north of 68 degrees
8 North latitude.

9 * **Sec. 2.** AS 39.25.110 is amended by adding a new paragraph to read:

10 (43) the in-state gasline project manager appointed under
11 AS 38.34.010.

12 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).