

**CS FOR HOUSE BILL NO. 369(FIN) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SIXTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Amended: 3/24/10**

**Offered: 3/24/10**

**Sponsor(s): REPRESENTATIVES CHENAULT, Ramras, Olson, Johnson, Austerman, Hawker, Petersen, Lynn, Neuman, Millett, Muñoz**

**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; requiring the development**  
3 **of an in-state natural gas pipeline plan, to be delivered to the legislature by July 1, 2011,**  
4 **that provides for a gasline that is operational by December 31, 2015; directing the Joint**  
5 **In-State Gasline Development Team to assume responsibilities under sec. 19, ch. 14,**  
6 **SLA 2009; requiring expedited review and action by state agencies or entities relating to**  
7 **the in-state natural gas pipeline project; and providing for an effective date."**

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

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

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

11 **Sec. 38.34.010. In-state gasline project manager.** (a) The position of in-state  
12 gasline project manager is created in the Office of the Governor. The Office of the  
13 Governor shall provide administrative support for the position. The position shall

1 continue until one year after commencement of commercial operation of the in-state  
2 natural gas pipeline.

3 (b) The governor shall appoint an individual to the position of in-state gasline  
4 project manager. The manager is in the exempt service under AS 39.25.110. The  
5 person serving as the in-state gasline project manager may be removed from the  
6 position at the discretion of the governor, who shall appoint another person to the  
7 position.

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

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

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

14 (3) submit to all legislators written monthly reports detailing progress  
15 to the date of the report on development of the project plan under AS 38.34.040 for an  
16 in-state natural gas pipeline and identifying all work performed, including

17 (A) each current and anticipated contract, together with the  
18 scope of work and contract amount;

19 (B) a cumulative and monthly accounting for all funds spent or  
20 encumbered; and

21 (C) a projected schedule of work anticipated to complete the in-  
22 state natural gas pipeline project plan.

23 **Sec. 38.34.020. Expedited review and action by state agencies or entities.**

24 (a) A state agency or entity conducting a review or taking action relating to the in-state  
25 natural gas pipeline project under this chapter shall expedite the review or action in a  
26 manner consistent with the timely completion of the project.

27 (b) Notwithstanding any contrary provision of law, a state agency or entity  
28 may not include in any project certificate, right-of-way, permit, or other authorization  
29 a term or condition that is not required by law if the in-state gasline project manager  
30 determines that the term or condition would prevent or impair, in any significant  
31 respect, the expeditious construction and operation or expansion of the in-state natural

1 gas pipeline project.

2 (c) Unless required by law, a state agency or entity may not add to, amend, or  
3 abrogate any certificate, right-of-way, permit, or other authorization if the in-state  
4 gasline project manager determines that the action would prevent or impair, in any  
5 significant respect, the expeditious construction, operation, or expansion of the in-state  
6 natural gas pipeline project.

7 **Sec. 38.34.030. Joint In-state Gasline Development Team.** (a) The Joint In-  
8 state Gasline Development Team is established in the Office of the Governor. The  
9 development team consists of five members as follows:

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

12 (2) the chief executive officer of the Alaska Railroad Corporation or  
13 the chief executive officer's designee;

14 (3) the chief executive officer of the Alaska Natural Gas Development  
15 Authority;

16 (4) the in-state gasline project manager; and

17 (5) the chief executive officer of the Alaska Housing Finance  
18 Corporation.

19 (b) The chief executive officer of the Alaska Housing Finance Corporation is  
20 the chair of the development team.

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

23 **Sec. 38.34.040. Duties of the development team.** (a) The Joint In-State  
24 Gasline Development Team shall ensure that a project plan for the development of an  
25 in-state natural gas pipeline is completed and delivered to the legislature by July 1,  
26 2011. The project plan must specify and document how an in-state natural gas pipeline  
27 can be designed, financed, constructed, and made operational by December 31, 2015.

28 (b) The Joint In-State Gasline Development Team shall assume executive  
29 authority over and managerial responsibility for all activities enumerated under sec.  
30 19, ch. 14, SLA 2009, including work previously completed, work in process, and  
31 work for which money has been encumbered but that is not completed on the effective

1 date of this subsection.

2 (c) The project plan must include specific plans to coordinate and facilitate  
3 construction, ownership, operation, and management of a natural gas pipeline serving  
4 Fairbanks, the southcentral region of the state, and other communities whenever  
5 practicable, connecting with or enhancing the existing gas pipeline system, and  
6 reaching to tidewater in the state.

7 (d) The development team's work product shall include an analysis of  
8 alternative possible routes and the selection of a route that, consistent with the other  
9 requirements of this section,

10 (1) is economically feasible;

11 (2) makes natural gas available to residents at the lowest possible cost;

12 (3) allows for connecting lines to serve industrial, residential, and  
13 utility customers along the entire route, and in other regions of the state that can be  
14 served at commercially feasible rates;

15 (4) uses state land and existing state highway and railroad rights-of-  
16 way to the maximum extent feasible;

17 (5) uses existing highway and railroad bridges, gravel sources,  
18 equipment yards, maintenance facilities, and other existing facilities and resources to  
19 the maximum extent feasible.

20 (e) With the intent that any project-related assets acquired or developed be  
21 available for transfer or sale to the entity best able to complete the project, the  
22 development team shall

23 (1) prepare plans and designs necessary for construction of the in-state  
24 natural gas pipeline project;

25 (2) coordinate with entities qualified to build, own, and operate the  
26 natural gas pipeline;

27 (3) identify, apply for, and obtain rights-of-way and other permits for  
28 the project route;

29 (4) work with other entities to promote gas supply and purchase  
30 contracts required for the project to be commercially viable;

31 (5) prepare cost estimates for the project design, construction, and

1 operation to determine the project's economic feasibility and the projected cost of  
2 natural gas to consumers;

3 (6) coordinate with and, to the fullest extent possible, use existing  
4 work by other state agencies and entities before contracting for new reports and  
5 research and analysis;

6 (7) determine regulatory authority over the pipeline project and  
7 perform any necessary compliance requirements;

8 (8) identify and apply for, or support extension of, existing permits for  
9 export of Alaska natural gas if that export improves project economics and will reduce  
10 the price of natural gas to in-state consumers.

11 (f) Notwithstanding any other provision of law, any rights to a natural gas  
12 pipeline corridor obtained by a state agency under eminent domain may be transferred  
13 to a private entity.

14 (g) Notwithstanding any other provision of law, a state agency acquiring an  
15 interest in land by eminent domain may grant a permit authorizing a private person to  
16 construct, manage, and operate a gas pipeline over, under, along, across, or upon the  
17 land.

18 (h) In preparing the project plan required in this section, the development team  
19 may consider all aspects of the in-state natural gas pipeline project, including public,  
20 private, or joint construction alternatives, marketing of natural gas, financing  
21 alternatives for pipeline construction, procurement of natural gas from producers,  
22 maximization of local hire, opportunities for promoting value added industries, gas-to-  
23 liquids manufacturing opportunities, production and delivery of liquefied natural gas  
24 or propane to Yukon river, interior, and coastal communities, alternatives for  
25 transporting natural gas to other locations in the state, the acquisition of natural gas  
26 commitments sufficient to ensure the long-term feasibility of the in-state natural gas  
27 pipeline project, and the development of a global natural gas trading hub in the state.

28 (i) The Joint In-State Gasline Development Team shall take all action  
29 necessary to complete its responsibilities under this section.

30 **Sec. 38.34.050. Cooperation and access to information.** (a) Notwithstanding  
31 other laws, the Joint In-state Gasline Development Team may have access to

1 information of all state agencies or entities, including confidential information, that  
 2 may relate to the in-state natural gas pipeline or prove useful in planning, design,  
 3 construction, or operation of the pipeline. Confidential information received by the  
 4 development team shall be kept confidential.

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

10 **Sec. 38.34.060. Conflicts of interest.** (a) If a member of the Joint In-state  
 11 Gasline Development Team acquires, owns, or controls an interest, direct or indirect,  
 12 in property, an organization, or a business that might be affected by the in-state natural  
 13 gas pipeline project or other matter under consideration by the development team, the  
 14 member shall immediately disclose the interest to the development team. The  
 15 disclosure is a matter of public record and shall be included in the minutes of the first  
 16 meeting of the development team held after the disclosure.

17 (b) The members of the development team are subject to AS 39.50 and  
 18 AS 39.52.

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

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

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

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

25 (43) the in-state gasline project manager appointed under  
 26 AS 38.34.010.

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