

SENATE BILL NO. 191

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY SENATOR MCGUIRE

Introduced: 4/10/09

Referred: Senate Special Committee on Energy, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act authorizing the negotiation for the lease, sale, or other disposal of state land**
2 **with a common carrier that is engaged in the intrastate transportation of natural gas by**
3 **pipeline or with a public utility; relating to the authority of the Alaska Natural Gas**
4 **Development Authority; relating to a right-of-way across state land for the purpose of**
5 **developing an intrastate gas pipeline project identified by the governor; relating to the**
6 **authority of the governor to identify an intrastate gas pipeline project to be developed in**
7 **conjunction with the Alaska Natural Gas Development Authority; and providing for an**
8 **effective date."**

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

10 *** Section 1.** AS 38.05.810(e) is repealed and reenacted to read:

11 (e) The lease, sale, or other disposal of state land at appraised fair market
12 value may be negotiated with a licensed public utility or a licensed common carrier if

the interest in state land is required for the conduct of the business of the licensed public utility or licensed common carrier. The lease, sale, or other disposal of state land in this subsection is subject to approval by the commissioner.

* **Sec. 2.** AS 38.35.050 is amended by adding a new subsection to read:

(e) The commissioner may accept an application from the Alaska Natural Gas Development Authority established under AS 41.41.010 for a noncompetitive right-of-way lease of state land for the purpose of developing the gas pipeline project designated by the governor under AS 44.19.037.

* **Sec. 3.** AS 41.41.010(a) is amended to read:

(a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to bring natural gas **produced in the state** [FROM THE NORTH SLOPE] to market, including

(1) the acquisition and conditioning of North Slope natural gas;
 (2) the design and construction of **a** [THE] pipeline system;
 (3) the operation and maintenance of **a** [THE] pipeline system;
 (4) the design, construction, **and** operation [,] of other facilities necessary for delivering the gas to market and to Southcentral Alaska; [AND]

(5) the acquisition of natural gas market share sufficient to ensure the long-term feasibility of **a** [THE] pipeline system project, **other than the project designated by the governor under AS 44.19.037; and**

(6) assisting the person developing the intrastate gas pipeline project designated by the governor under AS 44.19.037 by applying for a noncompetitive right-of-way lease of state land under AS 19.40.200 or AS 38.35 (Alaska Right-of-Way Leasing Act) and assisting in the acquisition of federal and state permits and authorizations required for the project.

* **Sec. 4.** AS 41.41.010(d) is amended to read:

(d) The acquisition of natural gas from the North Slope and its delivery to tidewater for shipment to market **and the provision of assistance in the development of an intrastate gas pipeline under (a)(6) of this section** by the authority **are** [IS AN] essential government **functions** [FUNCTION] of the state.

1 * **Sec. 5.** AS 41.41.990(3) is amended to read:

2 (3) "project" means the gas transmission pipeline, together with all
 3 related property and facilities, to extend from the Prudhoe Bay area on the North Slope
 4 of Alaska either to tidewater at a point on Prince William Sound and the spur line
 5 from Glennallen to the Southcentral gas distribution grid or to tidewater at a point on
 6 Cook Inlet, and includes planning, design, and construction of the pipeline and
 7 facilities as described in AS 41.41.010(a)(1) - (5), except that "project" does not
 8 include the project designated by the governor under AS 44.19.037.

9 * **Sec. 6.** AS 44.19 is amended by adding a new section to article 1 to read:

10 **Sec. 44.19.037. Identification of an intrastate pipeline project.** (a) The
 11 governor may designate a proposed project for the development of an intrastate gas
 12 pipeline to be developed with the assistance of the Alaska Natural Gas Development
 13 Authority under AS 41.41.010.

14 (b) Before designating a proposed project under (a) of this section, the
 15 governor shall

16 (1) define the proposed project, including the proposed route for the
 17 pipeline;

18 (2) determine the economic feasibility of the proposed project and the
 19 probability of the success of the project;

20 (3) identify federal and state permits and other authorizations required
 21 for the project and develop a plan for obtaining the necessary permits;

22 (4) determine whether there are or are likely to be necessary
 23 commitments of gas to be transported by the proposed project to make the project
 24 economically viable;

25 (5) identify the person or persons that would design, construct, and
 26 operate the project;

27 (6) develop a project plan for the design and construction of the
 28 project, including

29 (A) a project timeline;

30 (B) procurement of labor, materials, and necessary permits; and

31 (C) the estimated total cost of the project;

1 (7) identify major factors that affect the viability of the project, which
 2 may include the availability of gas production and a market for the gas to be
 3 transported, the cost of materials to develop the project, competition from gas
 4 produced outside the state in the market to be served by the proposed project, an
 5 estimate of the tariffs to be imposed during the life of the project, and the market price
 6 for gas in the markets served by the proposed project;

7 (8) determine that the person proposing the development of the project
 8 is fit, willing, and able to develop and complete the project;

9 (9) solicit public comments on the proposed project;

10 (10) determine that the proposed project is in the best interest of the
 11 state; and

12 (11) make other findings and determinations the governor finds
 13 necessary to determine the likelihood of success of the proposed project.

14 (c) Upon designating a proposed project for development under this section,
 15 the governor shall provide written notice to the chair of the board of directors of the
 16 authority. After receiving notice from the governor under this section, the authority
 17 may assist in the development of the project under the authority of AS 41.41.010.

18 (d) In this section, "authority" means the Alaska Natural Gas Development
 19 Authority established under AS 41.41.010.

20 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).