

CS FOR HOUSE BILL NO. 9(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 2/29/12

Referred: Finance

Sponsor(s): REPRESENTATIVES CHENAULT, Millett, Thompson, Hawker, Pruitt

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Gasline Development Corporation, a subsidiary created**
2 **by the Alaska Housing Finance Corporation; establishing and relating to the in-state**
3 **natural gas pipeline fund; making certain information provided to or by the Alaska**
4 **Gasline Development Corporation exempt from inspection as a public record; relating**
5 **to the Joint In-State Gasline Development Team; relating to the judicial review of a**
6 **right-of-way lease or the development or construction of an oil or gas pipeline on state**
7 **land; relating to the lease of a right-of-way by the Alaska Gasline Development**
8 **Corporation for a gas pipeline transportation corridor; relating to the cost of natural**
9 **resources, permits, and leases provided to the Alaska Gasline Development**
10 **Corporation; relating to the review of natural gas transportation contracts by the**
11 **Regulatory Commission of Alaska; relating to the regulation by the Regulatory**
12 **Commission of Alaska of an in-state gas pipeline project developed by the Alaska**

1 **Gasline Development Corporation; relating to the Alaska Natural Gas Development**
 2 **Authority; relating to the procurement of certain services by the Alaska Natural Gas**
 3 **Development Authority; exempting property of a project developed by the Alaska**
 4 **Gasline Development Corporation from property taxes before the commencement of**
 5 **commercial operations; and providing for an effective date."**

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

7 * **Section 1.** AS 18.56 is amended by adding a new section to read:

8 **Sec. 18.56.087. Alaska Gasline Development Corporation.** (a) The Alaska
 9 Gasline Development Corporation, a subsidiary created under AS 18.56.086, shall
 10 have all powers granted to it by the corporation. The Alaska Gasline Development
 11 Corporation shall, to the fullest extent possible, advance an in-state natural gas
 12 pipeline as described in the July 1, 2011, project plan prepared under AS 38.34.040 by
 13 the Alaska Gasline Development Corporation and the Joint In-State Gasline
 14 Development Team, with modifications determined by the Alaska Gasline
 15 Development Corporation to be necessary to construct and operate an in-state natural
 16 gas pipeline in a safe and economic manner. In addition to the powers granted to it by
 17 the corporation, the Alaska Gasline Development Corporation may

18 (1) determine the form of ownership and the operating structure of an
 19 in-state natural gas pipeline developed by the Alaska Gasline Development
 20 Corporation and may enter into agreements with other persons for joint ownership or
 21 operation or both of the in-state natural gas pipeline;

22 (2) exercise the power of eminent domain or file a declaration of
 23 taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is
 24 necessary for an in-state natural gas pipeline; the exercise of powers by the Alaska
 25 Gasline Development Corporation under this paragraph may not exceed the
 26 permissible exercise of the powers by the state;

27 (3) acquire, by purchase, lease, or gift, land, structures, real or personal
 28 property, an interest in property, a right-of-way, a franchise, an easement, other
 29 interest in land, or an interest in or right to capacity in any pipeline system determined

1 to be necessary or convenient for the development, financing, construction, or
2 operation of an in-state natural gas pipeline project or part of an in-state natural gas
3 pipeline project; and

4 (4) transfer or otherwise dispose of all or part of an in-state natural gas
5 pipeline project developed by the Alaska Gasline Development Corporation or transfer
6 or otherwise dispose of an interest in an asset of the Alaska Gasline Development
7 Corporation.

8 (b) Upon commencement of construction of an in-state natural gas pipeline,
9 the Alaska Gasline Development Corporation shall analyze additional natural gas
10 pipelines connecting to industrial, residential, or utility customers in other regions of
11 the state. If the Alaska Gasline Development Corporation finds that a natural gas
12 pipeline analyzed under this subsection is in the best interest of the state and can meet
13 the needs of industrial, residential, or utility customers at commercially reasonable
14 rates, the Alaska Gasline Development Corporation shall finance, construct, or operate
15 the natural gas pipeline as necessary, subject to appropriation. When developing or
16 constructing an additional natural gas pipeline, the Alaska Gasline Development
17 Corporation shall, to the maximum extent feasible, use existing land, structures, real or
18 personal property, rights-of-way, easements, or other interests in land acquired by the
19 Alaska Gasline Development Corporation or the Alaska Natural Gas Development
20 Authority.

21 (c) The Alaska Gasline Development Corporation may issue bonds and notes
22 and otherwise incur indebtedness in order to carry out and accomplish its purposes.
23 The provisions of AS 18.56.110(a) - (f) and 18.56.115 - 18.56.190 apply to the Alaska
24 Gasline Development Corporation in the exercise of its powers under this subsection,
25 except that, in AS 18.56.110 - 18.56.190, as applicable under this subsection, the term
26 "corporation" shall mean the Alaska Gasline Development Corporation. The Alaska
27 Gasline Development Corporation may issue bonds and notes and otherwise incur
28 indebtedness under this subsection without limit as to principal amount. The bonds,
29 notes, and other indebtedness of the Alaska Gasline Development Corporation do not
30 create an obligation or liability of the corporation except to the extent that the
31 corporation agrees in writing to accept the obligation or liability.

1 (d) No debt, obligation, or liability of the Alaska Gasline Development
2 Corporation shall become a debt, obligation, or liability of the state or any part or
3 subdivision of the state or of the corporation or a subsidiary corporation of the
4 corporation other than the Alaska Gasline Development Corporation, except as
5 provided in this subsection. This subsection applies to all debt, obligations, and
6 liabilities of the Alaska Gasline Development Corporation regardless of how the debt,
7 obligations, or liabilities are created, including by contract, tort, or bond or note
8 issuance. Except as provided in this subsection, a person may not bring suit against the
9 state or any part or subdivision of the state or against the corporation or a subsidiary
10 corporation of the corporation other than the Alaska Gasline Development
11 Corporation in the courts of the state to enforce or seek a remedy with respect to a
12 debt, obligation, or liability of the Alaska Gasline Development Corporation. The
13 corporation may waive, in whole or in part, the application of the provisions of this
14 subsection to the corporation with respect to a debt, obligation, or liability of the
15 Alaska Gasline Development Corporation. To be effective, a waiver by the
16 corporation must be in writing and shall only have effect to the extent provided in the
17 writing.

18 (e) In the exercise of its powers under (c) and (d) of this section, the Alaska
19 Gasline Development Corporation may not pledge the faith and credit of the state or a
20 political subdivision of the state other than the Alaska Gasline Development
21 Corporation to the repayment of the principal of or interest on any bonds issued by the
22 Alaska Gasline Development Corporation.

23 (f) The in-state natural gas pipeline fund is established in the Alaska Gasline
24 Development Corporation and consists of money appropriated to it. Unless otherwise
25 provided by law, money appropriated to the fund lapses into the general fund on the
26 day this subsection is repealed. The Alaska Gasline Development Corporation shall
27 manage and invest the fund to yield competitive market rates. The Alaska Gasline
28 Development Corporation shall invest money in the fund in the same manner and on
29 the same conditions as permitted for investment by the commissioner of revenue of
30 funds belonging to the state or held in the treasury under AS 37.10.070 and as
31 provided for fiduciaries of state funds under AS 37.10.071. Interest and other income

1 received on money in the fund shall be separately accounted for and may be
 2 appropriated to the fund. The Alaska Gasline Development Corporation may use
 3 money appropriated to the fund for the planning, designing, financing, development,
 4 construction, and operation of an in-state natural gas pipeline.

5 (g) If commitments to acquire firm transportation capacity are received in an
 6 open season conducted by the Alaska Gasline Development Corporation, the Alaska
 7 Gasline Development Corporation shall, within 10 days after executing the
 8 commitments, report the results of the open season to the president of the senate and
 9 the speaker of the house of representatives and inform the public of the results of the
 10 open season through publication on the Internet website of the Alaska Gasline
 11 Development Corporation and in a press release or other announcement to the media.
 12 The results made public must include the name of each prospective shipper, the
 13 amount of capacity allocated, and the period of the commitment.

14 (h) In this section, "in-state natural gas pipeline" and "natural gas pipeline"
 15 have the meanings given in AS 38.34.099.

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

17 (49) contracts by the Alaska Natural Gas Development Authority
 18 under AS 41.41.070(d).

19 * **Sec. 3.** AS 38.34.050(a) is amended to read:

20 (a) The Alaska Gasline Development Corporation [JOINT IN-STATE
 21 GASLINE DEVELOPMENT TEAM] may have access to information of all state
 22 agencies that is directly related to the planning, design, construction, or operation of
 23 the in-state natural gas pipeline.

24 * **Sec. 4.** AS 38.34.050(b) is amended to read:

25 (b) All state agencies or entities shall cooperate with and, except for requests
 26 from the Alaska Gasline Inducement Act coordinator (AS 43.90.250), give priority to
 27 requests for information from the Alaska Gasline Development Corporation
 28 [JOINT IN-STATE GASLINE DEVELOPMENT TEAM]. The Alaska Gasline
 29 Development Corporation [DEVELOPMENT TEAM] shall avoid duplicating
 30 studies, plans, and designs that have already been produced or otherwise obtained by
 31 other state entities.

1 * **Sec. 5.** AS 38.34.050(c) is amended to read:

2 (c) Notwithstanding any contrary provision of law, the Department of Natural
3 Resources shall grant the **Alaska Gasline Development Corporation** [ALASKA
4 HOUSING FINANCE CORPORATION] a right-of-way lease under AS 38.35 for the
5 gas pipeline transportation corridor **at no cost or rental fee** if

6 (1) [THE CORPORATION SUBMITS] a complete right-of-way lease
7 application under AS 38.35.050 **is submitted**;

8 (2) the lease application is made the subject of notice and other
9 reasonable and appropriate publication requirements under AS 38.35.070; and

10 (3) the corporation **that submits the application for the right-of-way**
11 **lease** agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120,
12 **except for the covenants in AS 38.35.120(a)(1), (2), (5), and (7); notwithstanding**
13 **AS 38.35.120(b), a right-of-way lease subject to this paragraph is valid and of**
14 **legal effect.**

15 * **Sec. 6.** AS 38.34.050 is amended by adding new subsections to read:

16 (e) The Alaska Gasline Development Corporation may enter into
17 confidentiality agreements necessary to acquire or provide information to carry out its
18 functions. Information acquired or provided by the Alaska Gasline Development
19 Corporation under a confidentiality agreement is not subject to disclosure under
20 AS 40.25.110. The Alaska Gasline Development Corporation may enter into
21 confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow
22 release of confidential information. The portions of the records and files of a public
23 agency bound by a confidentiality agreement that reflect, incorporate, or analyze
24 information subject to a confidentiality agreement under this subsection are not public
25 records. Confidentiality agreements entered into under this subsection are valid and
26 binding against all parties in accordance with the terms of the confidentiality
27 agreement.

28 (f) Information relating to field studies conducted and other technical
29 information developed or obtained by the Alaska Gasline Development Corporation
30 that relates to the development, financing, construction, or operation of an in-state
31 natural gas pipeline project by the Alaska Gasline Development Corporation is

1 confidential and not subject to disclosure under AS 40.25.110. The Alaska Gasline
 2 Development Corporation may waive the confidentiality of the information described
 3 in this subsection, except for information acquired from another person that is subject
 4 to a confidentiality agreement, if the waiver is in the best interest of the state and will
 5 facilitate the development, financing, or construction of an in-state natural gas
 6 pipeline.

7 (g) Upon request by the Alaska Gasline Development Corporation, a
 8 municipality or a state entity shall provide water, sand and gravel, other
 9 nonhydrocarbon natural resources, and a permit or a lease to the Alaska Gasline
 10 Development Corporation at the usual and customary rates. In this subsection, "state
 11 entity" means a state department, authority, or other administrative unit of the
 12 executive branch of state government, a public university, or a state public
 13 corporation.

14 (h) That part of the cost of providing, under (g) of this section, water, sand and
 15 gravel, or other nonhydrocarbon natural resources, or of entering into a lease or
 16 issuing a permit, that is borne by the Alaska Gasline Development Corporation for an
 17 in-state natural gas pipeline project that is owned in whole or in part by the Alaska
 18 Gasline Development Corporation may not be included in the rate base in a
 19 proceeding under AS 42 or before the Federal Energy Regulatory Commission.

20 * **Sec. 7.** AS 38.34.099 is repealed and reenacted to read:

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

22 (1) "Alaska Gasline Development Corporation" means the corporation
 23 created under AS 18.56.086 that is authorized to exercise the powers and take the
 24 actions described in AS 18.56.087;

25 (2) "in-state natural gas pipeline" means a natural gas pipeline for
 26 transporting natural gas in the state;

27 (3) "natural gas pipeline" means all the facilities of a total system of
 28 pipe for transportation of natural gas for treatment or conditioning, delivery, storage,
 29 or further transportation, and including all pipe, pump and compressor stations, station
 30 equipment, and all other facilities used or necessary for an integral line of pipe to carry
 31 out the transportation of the gas.

1 * **Sec. 8.** AS 38.35.100(d) is amended to read:

2 (d) The commissioner shall include in a conditional lease each requirement
 3 and condition of the covenants established under AS 38.35.120, **except that, for a**
 4 **lease entered into under AS 38.34.050(c), the covenants in AS 38.35.120(a)(1), (2),**
 5 **(5), and (7) may not be included.** The commissioner may also require that the lessee
 6 agree to additional conditions that the commissioner finds to be in the public interest.
 7 In place of the covenant established under AS 38.35.120(a)(9), the commissioner shall
 8 require the lessee to agree that it will not transfer, assign, pledge, or dispose of in any
 9 manner, directly or indirectly, its interest in a conditional right-of-way lease or a
 10 pipeline subject to the conditional lease, unless the commissioner, after considering
 11 the public interest and issuing written findings to substantiate a decision to allow the
 12 transfer, authorizes the transfer. The commissioner shall also require the lessee to
 13 agree not to allow the transfer of control of the lessee without the approval of the
 14 commissioner; as used in this subsection, "transfer of control of the lessee" means the
 15 transfer of 30 percent or more, in the aggregate, of ownership interest in the lessee in
 16 one or more transactions to one or more persons by one or more persons.

17 * **Sec. 9.** AS 38.35.120(a) is amended to read:

18 (a) **Except as provided in AS 38.34.050(c), a** [A] noncompetitive lease of
 19 state land for a right-of-way for an oil or natural gas pipeline valued at \$1,000,000 or
 20 more may be granted only upon the condition that the lessee expressly covenants in
 21 the lease, in consideration of the rights acquired by it under the lease, that

22 (1) it assumes the status of and will perform all of its functions
 23 undertaken under the lease as a common carrier and will accept, convey, and transport
 24 without discrimination crude oil or natural gas, depending on the kind of pipeline
 25 involved, delivered to it for transportation from fields in the vicinity of the pipeline
 26 subject to the lease throughout its route both on state land obtained under the lease and
 27 on the other land; it will accept, convey, and transport crude oil or natural gas without
 28 unjust or unreasonable discrimination in favor of one producer or person, including
 29 itself, as against another but will take the crude oil or natural gas, depending on the
 30 kind of pipeline involved, delivered or offered, without unreasonable discrimination,
 31 that the Regulatory Commission of Alaska shall, after a full hearing with due notice to

1 the interested parties and a proper finding of facts, determine to be reasonable in the
2 performance of its duties as a common carrier; however, a lessee that owns or operates
3 a natural gas pipeline

4 (A) subject to regulation either under the Natural Gas Act (15
5 U.S.C. 717 et seq.) of the United States or by the state or political subdivisions
6 with respect to rates and charges for the sale of natural gas, is, to the extent of
7 that regulation, exempt from the common carrier requirement in this
8 paragraph;

9 (B) that is a North Slope natural gas pipeline (i) is required to
10 operate as a common carrier only with respect to the intrastate transportation of
11 North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not
12 required to operate as a common carrier as to a liquefied natural gas facility or
13 a marine terminal facility associated with the pipeline, and is not otherwise
14 required to perform its functions under the lease as a common carrier; for
15 purposes of this subparagraph, "North Slope natural gas pipeline" means all the
16 facilities of a total system of pipe, whether owned or operated under a contract,
17 agreement, or lease, used by a carrier for transportation of North Slope natural
18 gas, as defined by AS 42.06.630, for delivery, for storage, or for further
19 transportation, and including all pipe, pump, or compressor stations, station
20 equipment, tanks, valves, access roads, bridges, airfields, terminals and
21 terminal facilities, including docks and tanker loading facilities, operations
22 control centers for both the upstream part of the pipeline and the terminal,
23 tanker ballast treatment facilities, fire protection system, communication
24 system, and all other facilities used or necessary for an integral line of pipe,
25 taken as a whole, to carry out transportation, including an extension or
26 enlargement of the line;

27 (2) it will interchange crude oil or natural gas, depending on the kind
28 of pipeline involved, with each like common carrier and provide connections and
29 facilities for the interchange of crude oil or natural gas at every locality reached by
30 both pipelines when the necessity exists, subject to rates and regulations made by the
31 appropriate state or federal regulatory agency;

1 (3) it will maintain and preserve books, accounts, and records and will
2 make those reports that the state may prescribe by regulation or law as necessary and
3 appropriate for purposes of administration of this chapter;

4 (4) it will accord at all reasonable times to the state and its authorized
5 agents and auditors the right of access to its property and records, of inspection of its
6 property, and of examination and copying of records;

7 (5) it will provide connections, as determined by the Regulatory
8 Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the
9 lease, both on state land and other land in the state, for the purpose of delivering crude
10 oil or natural gas, depending on the kind of pipeline involved, to persons (including
11 the state and its political subdivisions) contracting for the purchase at wholesale of
12 crude oil or natural gas transported by the pipeline when required by the public
13 interest;

14 (6) it shall, notwithstanding any other provision, provide connections
15 and interchange facilities at state expense at such places the state considers necessary
16 if the state determines to take a portion of its royalty or taxes in oil or natural gas;

17 (7) it will construct and operate the pipeline in accordance with
18 applicable state laws and lawful regulations and orders of the Regulatory Commission
19 of Alaska;

20 (8) it will, at its own expense, during the term of the lease,

21 (A) maintain the leasehold and pipeline in good repair;

22 (B) promptly repair or remedy any damage to the leasehold;

23 (C) promptly compensate for any damage to or destruction of
24 property for which the lessee is liable resulting from damage to or destruction
25 of the leasehold or pipeline;

26 (9) it will not transfer, assign, or dispose of in any manner, directly or
27 indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-
28 way lease, or any rights under the lease or any pipeline subject to the lease to any
29 person other than another owner of the pipeline (including subsidiaries, parents, and
30 affiliates of the owners), except to the extent that the commissioner, after
31 consideration of the protection of the public interest (including whether the proposed

1 transferee is fit, willing, and able to perform the transportation or other acts proposed
 2 in a manner that will reasonably protect the lives, property, and general welfare of the
 3 people of Alaska), authorizes; the commissioner shall not unreasonably withhold
 4 consent to the transfer, assignment, or disposal;

5 (10) it will file with the commissioner a written appointment of a
 6 named permanent resident of the state to be its registered agent in the state and to
 7 receive service of notices, regulations, decisions, and orders of the commissioner; if it
 8 fails to appoint an agent for service, service may be made by posting a copy in the
 9 office of the commissioner, filing a copy in the office of the lieutenant governor, and
 10 mailing a copy to the lessee's last known address;

11 (11) the applicable law of this state will be used in resolving questions
 12 of interpretation of the lease;

13 (12) the granting of the right-of-way lease is subject to the express
 14 condition that the exercise of the rights and privileges granted under the lease will not
 15 unduly interfere with the management, administration, or disposal by the state of the
 16 land affected by the lease, and that the lessee agrees and consents to the occupancy
 17 and use by the state, its grantees, permittees, or other lessees of any part of the right-
 18 of-way not actually occupied or required by the pipeline for the full and safe
 19 utilization of the pipeline, for necessary operations incident to land management,
 20 administration, or disposal;

21 (13) it will be liable to the state for damages or injury incurred by the
 22 state caused by the construction, operation, or maintenance of the pipeline and it will
 23 indemnify the state for the liabilities or damages;

24 (14) it will procure and furnish liability and property damage insurance
 25 from a company licensed to do business in the state or furnish other security or
 26 undertaking upon the terms and conditions the commissioner considers necessary if
 27 the commissioner finds that the net assets of the lessee are insufficient to protect the
 28 public from damage for which the lessee may be liable arising out of the construction
 29 or operation of the pipeline.

30 * **Sec. 10.** AS 38.35.120(b) is amended to read:

31 (b) **Except as provided in AS 38.34.050(c), for** [FOR] a right-of-way lease

1 granted under this chapter for an oil or natural gas pipeline valued at \$1,000,000 or
2 more to be valid and of legal effect, it must contain the terms required to be inserted
3 under the provisions of AS 38.35.110 - 38.35.140. **Except as provided in**
4 **AS 38.34.050(c), an** [AN] oil or natural gas pipeline right-of-way lease granted under
5 this chapter that does not contain the required terms is null and void and without legal
6 effect and does not vest any interest in state land or any authority in the carrier granted
7 the lease.

8 * **Sec. 11.** AS 38.35.140 is amended by adding a new subsection to read:

9 (c) Notwithstanding (a) and (b) of this section, a right-of-way lease shall be
10 granted without cost to or reimbursement by the Alaska Gasline Development
11 Corporation created under AS 18.56.086.

12 * **Sec. 12.** AS 38.35.200 is amended by adding new subsections to read:

13 (c) Except as provided for an applicant under (a) of this section,
14 notwithstanding any contrary provision of law, an action or decision of the
15 commissioner or other state officer or agency concerning the issuance or approval of a
16 necessary right-of-way, permit, lease, certificate, license, or other authorization for the
17 development, construction, or initial operation of a natural gas pipeline by the Alaska
18 Gasline Development Corporation, a subsidiary created by the Alaska Housing
19 Finance Corporation under AS 18.56.086, that uses a right-of-way subject to this
20 chapter may not be subject to judicial review, except that a claim alleging the
21 invalidity of this subsection must be brought within 60 days after the effective date of
22 this Act, and a claim alleging that an action will deny rights under the Constitution of
23 the State of Alaska must be brought within 60 days following the date of that action. A
24 claim that is not filed within the limitations established in this subsection is barred. A
25 complaint under this subsection must be filed in superior court, and the superior court
26 has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction
27 with a final judgment on a claim filed under this subsection, the superior court may
28 not grant injunctive relief, including a temporary restraining order, preliminary
29 injunction, permanent injunction, or stay against the issuance of a necessary right-of-
30 way, permit, lease, certificate, license, or other authorization for the development,
31 construction, or initial operation of a natural gas pipeline by the Alaska Gasline

1 Development Corporation, a subsidiary created by the Alaska Housing Finance
 2 Corporation under AS 18.56.086. In this subsection, "natural gas pipeline" has the
 3 meaning given in AS 38.34.099.

4 (d) An appeal of a permitting decision by the Department of Environmental
 5 Conservation under AS 46.03 or AS 46.14 that is made under authority delegated to
 6 the Department of Environmental Conservation by the United States Environmental
 7 Protection Agency is not

8 (1) subject to the limitation in (a) of this section;

9 (2) included in the actions or decisions described in (c) of this section.

10 * **Sec. 13.** AS 40.25.120(a) is amended to read:

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

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

15 (2) records pertaining to juveniles unless disclosure is authorized by
 16 law;

17 (3) medical and related public health records;

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

20 (5) to the extent the records are required to be kept confidential under
 21 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
 22 or retain federal assistance;

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

25 (A) could reasonably be expected to interfere with enforcement
 26 proceedings;

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

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

31 (D) could reasonably be expected to disclose the identity of a

1 confidential source;

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

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

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

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

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

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

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

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

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

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

30 (11) the written notification regarding a proposed regulation provided
31 under AS 24.20.105 to the Department of Law and the affected state agency and

1 communications between the Legislative Affairs Agency, the Department of Law, and
2 the affected state agency under AS 24.20.105;

3 (12) records that are

4 (A) proprietary, privileged, or a trade secret in accordance with
5 AS 43.90.150 or 43.90.220(e);

6 (B) applications that are received under AS 43.90 until notice is
7 published under AS 43.90.160;

8 **(13) information that is covered by a confidentiality agreement**
9 **between the Alaska Gasline Development Corporation created under**
10 **AS 18.56.086 and the provider or recipient of the information.**

11 * **Sec. 14.** AS 41.41.010(a) is amended to read:

12 (a) There is established the Alaska Natural Gas Development Authority, the
13 purpose of which is to provide one or more of the following services and functions in
14 order to **acquire** [BRING] natural gas **produced in** [FROM THE NORTH SLOPE
15 OR OTHER REGIONS OF] the state **for delivery** to market, including

16 [(1)] the acquisition and conditioning of natural gas [;

17 (2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE
18 SYSTEM;

19 (3) THE OPERATION AND MAINTENANCE OF THE PIPELINE
20 SYSTEM;

21 (4) THE DESIGN, CONSTRUCTION, AND OPERATION OF
22 OTHER FACILITIES NECESSARY FOR DELIVERING THE GAS TO MARKET,
23 INCLUDING MARKETS IN THE STATE;] and

24 [(5)] the acquisition of natural gas market share sufficient to ensure the
25 long-term feasibility of pipeline system projects.

26 * **Sec. 15.** AS 41.41.010(d) is amended to read:

27 (d) The acquisition of natural gas from the North Slope and other regions of
28 the state, including the Alaska outer continental shelf, and **making that natural gas**
29 **available to** [ITS DELIVERY TO MARKETS IN THE STATE FOR USE BY]
30 markets in the state or **for export from the state** [TO TIDEWATER FOR
31 SHIPMENT TO MARKET BY THE AUTHORITY] are essential government

1 functions of the state.

2 * **Sec. 16.** AS 41.41.010 is amended by adding a new subsection to read:

3 (f) To honor delivery commitments in a contract entered into by the authority,
4 the authority and the commissioner of natural resources may pledge, as necessary,
5 royalty gas owned by the state and not otherwise committed by contract to other
6 purchasers of royalty gas. The commissioner of natural resources shall determine the
7 amount of gas that may be pledged and the price for that gas.

8 * **Sec. 17.** AS 41.41.020 is repealed and reenacted to read:

9 **Sec. 41.41.020. Authority governing body.** The authority shall be governed
10 by the board of directors of the Alaska Housing Finance Corporation.

11 * **Sec. 18.** AS 41.41.060 is amended to read:

12 **Sec. 41.41.060. Compensation of board members; per diem and travel**
13 **expenses.** Members of the board described in AS 18.56.030(a)(4) are entitled to
14 compensation and reimbursement as provided in AS 18.56.030(e) when on official
15 business of the authority [PER DIEM AND TRAVEL EXPENSES AUTHORIZED
16 FOR BOARDS AND COMMISSIONS UNDER AS 39.20.180].

17 * **Sec. 19.** AS 41.41.070(d) is amended to read:

18 (d) In addition to its employees, the authority may contract for and engage the
19 services of [BOND COUNSEL,] consultants, experts, [AND] financial advisors, **and**
20 **legal counsel, including bond counsel,** the authority considers necessary for the
21 purpose of developing information, furnishing advice, or conducting studies,
22 investigations, hearings, or other proceedings. **The procurement of services under**
23 **this subsection is exempt from AS 36.30, including AS 36.30.015(d) and (f).**

24 * **Sec. 20.** AS 41.41.090(b) is amended to read:

25 (b) If a member of the board or an employee of the authority acquires, owns,
26 or controls an interest, direct or indirect, in an entity [OR PROJECT] in which assets
27 of the authority are invested, the member shall immediately disclose the interest to the
28 board. The disclosure is a matter of public record and shall be included in the minutes
29 of the first board meeting following the disclosure.

30 * **Sec. 21.** AS 41.41.150(a) is amended to read:

31 (a) Information in the possession of the authority is a public record, except

1 that information that **is contained in or subject to a confidentiality agreement**
 2 **between the authority and the Alaska Gasline Development Corporation or that**
 3 discloses the particulars of the business or affairs of a private enterprise or investor is
 4 confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140.
 5 Confidential information may be disclosed only for the purposes of an official law
 6 enforcement investigation or when its production is required in a court proceeding.

7 * **Sec. 22.** AS 41.41.200 is amended to read:

8 **Sec. 41.41.200. Powers of the authority.** In furtherance of its corporate
 9 purposes, in addition to its other powers, the authority may

- 10 (1) sue and be sued;
- 11 (2) adopt a seal;
- 12 (3) adopt, amend, and repeal bylaws and regulations;
- 13 (4) make and execute contracts and other instruments;
- 14 (5) in its own name acquire property, lease, rent, convey, or acquire
 15 real and personal property [**A PROJECT SITE OR PART OF A PROJECT SITE**
 16 **MAY BE ACQUIRED BY EMINENT DOMAIN**];
- 17 (6) acquire natural gas supplies;
- 18 (7) issue bonds and otherwise incur indebtedness in accordance with
 19 AS 41.41.300 - 41.41.410 in order to pay the cost of a project;
- 20 (8) accept gifts, grants, or loans from and enter into contracts or other
 21 transactions regarding gifts, grants, or loans with a federal agency or an agency or
 22 instrumentality of the state, a municipality, private organization, or other source;
- 23 (9) enter into contracts or agreements with a federal agency, agency or
 24 instrumentality of the state, municipality, or public or private individual or entity, with
 25 respect to the exercise of its powers;
- 26 (10) charge fees or other forms of remuneration for the use of authority
 27 properties and facilities;
- 28 (11) defend and indemnify a current or former member of the board or
 29 an employee or agent of the authority against the costs, expenses, judgments, and
 30 liabilities as a result of actions taken in good faith on behalf of the authority; and
- 31 (12) purchase insurance to protect its assets, services, and employees

1 against liabilities that may arise from authority operations and activities.

2 * **Sec. 23.** AS 41.41.990(2) is amended to read:

3 (2) "board" means the board of directors of the **Alaska Housing**
 4 **Finance Corporation acting as the board of the** Alaska Natural Gas Development
 5 Authority;

6 * **Sec. 24.** AS 42.05 is amended by adding a new section to read:

7 **Sec. 42.05.433. Review of certain contracts by the commission.** (a) A public
 8 utility negotiating a contract with the Alaska Gasline Development Corporation
 9 created under AS 18.56.086, or with any entity controlled by the Alaska Gasline
 10 Development Corporation, shall submit the contract to the commission before the
 11 contract takes effect.

12 (b) A public utility negotiating to purchase natural gas to be shipped on any
 13 pipeline owned by either the Alaska Gasline Development Corporation or an entity
 14 controlled by the Alaska Gasline Development Corporation shall submit the contract
 15 to the commission before the contract takes effect.

16 (c) A public utility negotiating a natural gas storage contract related to (a) or
 17 (b) of this section shall submit the contract to the commission before the contract takes
 18 effect.

19 (d) The commission shall review and may conduct an investigation and
 20 hearing to determine whether a contract submitted under (a), (b), or (c) of this section
 21 is just and reasonable. The commission shall either approve the contract as presented,
 22 or, if the commission finds that the contract is unjust, unreasonable, or unduly
 23 discriminatory or preferential, the commission shall disapprove the contract. If the
 24 commission does not act within 180 days after the submission of the contract, the
 25 contract shall be considered approved and shall be implemented. A contract that is
 26 approved or considered approved under this subsection is not subject to further review
 27 by the commission.

28 (e) Before the start of construction of a natural gas pipeline by the Alaska
 29 Gasline Development Corporation or an entity controlled by the Alaska Gasline
 30 Development Corporation, the Alaska Gasline Development Corporation shall submit
 31 to the commission under seal any firm transportation precedent agreement it has

1 negotiated with an entity that is not a public utility. Notwithstanding AS 40.25.110
2 and AS 42.05.671(a), the commission shall keep an agreement submitted under this
3 subsection confidential.

4 (f) The commission shall review each agreement submitted under (e) of this
5 section and compare the firm transportation rates in the agreement to the weighted-
6 average of the firm transportation rates contained in the firm transportation contracts
7 submitted under (a) of this section that were approved under (d) of this section. The
8 transportation rates in the contracts submitted under (a) of this section shall be
9 weighted by volume for purposes of the comparison. The commission shall approve
10 by order an agreement submitted under (e) of this section if the firm transportation
11 rates are equal to or less than the weighted-average firm transportation rates in
12 contracts submitted under (a) of this section and approved under (d) of this section.
13 The commission shall disapprove by order an agreement submitted under (e) of this
14 section if the firm transportation rates are greater than the weighted-average firm
15 transportation rate in contracts submitted under (a) of this section and approved under
16 (d) of this section. If the commission has not disapproved an agreement submitted
17 under (e) of this section within 30 days after the submission of the agreement, the
18 agreement shall be considered approved and shall take effect immediately. A firm
19 transportation precedent agreement that is approved under this subsection is not
20 subject to further review by the commission.

21 * **Sec. 25.** AS 42.05.711 is amended by adding a new subsection to read:

22 (s) Except for the review of a contract for the transportation of natural gas
23 under AS 42.05.433, the Alaska Gasline Development Corporation created under
24 AS 18.56.086, a joint venture, partnership, or other entity controlled by the Alaska
25 Gasline Development Corporation, or a natural gas pipeline owned or financed by the
26 Alaska Gasline Development Corporation is exempt from this chapter until all debt
27 incurred to finance or refinance the cost of developing and constructing the natural gas
28 pipeline is paid in full. However, the Alaska Gasline Development Corporation or a
29 joint venture, partnership, or other entity that includes the Alaska Gasline
30 Development Corporation may elect to be subject to regulation under this chapter to
31 the extent and in the manner the Alaska Gasline Development Corporation elects and

1 determines is appropriate.

2 * **Sec. 26.** AS 42.06 is amended by adding a new section to article 7 to read:

3 **Sec. 42.06.601. Exemption.** The Alaska Gasline Development Corporation
4 created under AS 18.56.086, an entity controlled by the Alaska Gasline Development
5 Corporation, or a natural gas pipeline owned, operated, financed, or controlled, in
6 whole or in part, by the Alaska Gasline Development Corporation is not subject to this
7 chapter except to the extent and in the manner the Alaska Gasline Development
8 Corporation elects and determines is appropriate.

9 * **Sec. 27.** AS 43.56.020 is amended by adding a new subsection to read:

10 (d) Taxable property of a natural gas pipeline project owned or financed by
11 the Alaska Gasline Development Corporation established under AS 18.56.086, or a
12 joint venture, partnership, or other entity that includes the Alaska Gasline
13 Development Corporation, is exempt from state taxes levied or authorized under
14 AS 43.56.010(a) and local taxes levied or authorized under AS 43.56.010(b) before
15 the commencement of commercial operations of that natural gas pipeline project. In
16 this subsection, "commencement of commercial operations" means the first flow of
17 natural gas in the project that generates revenue to the owners of the natural gas
18 pipeline project.

19 * **Sec. 28.** AS 38.34.030, 38.34.040, 38.34.060; AS 41.41.030, 41.41.040, AS 41.41.050,
20 and 41.41.080 are repealed.

21 * **Sec. 29.** Section 1, 2002 Ballot Measure No. 3, is repealed.

22 * **Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to
23 read:

24 **TRANSITION AND LEGISLATIVE INTENT.** It is the intent of the legislature that a
25 right-of-way lease subject to AS 38.34.050(c), as amended by sec. 5 of this Act,
26 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of
27 this Act, and AS 38.35.120(b), as amended by sec. 10 of this Act, that is entered into between
28 the commissioner of natural resources and the Alaska Gasline Development Corporation, a
29 subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086, before the
30 effective dates of secs. 5 and 8 - 10 of this Act be amended as soon as practicable after the
31 effective dates of secs. 5 and 8 - 10 of this Act to conform to the requirements of

1 AS 38.34.050(c), as amended by sec. 5 of this Act, AS 38.35.100(d), as amended by sec. 8 of
2 this Act, AS 38.35.120(a), as amended by sec. 9 of this Act, and AS 38.35.120(b), as amended
3 by sec. 10 of this Act.

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

6 REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

7 (1) AS 38.34.050 from "Cooperation and access to information" to
8 "Cooperation; information sharing; permits, use of state resources, and leases"; and

9 (2) AS 38.35.200 from "Judicial review of decisions of commissioner on
10 application" to "Judicial review."

11 * **Sec. 32.** This Act takes effect immediately under AS 01.10.070(c).