

CS FOR HOUSE BILL NO. 9(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/23/12

Referred: Rules

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

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 an action or decision related to the development or construction of
7 an oil or gas pipeline on state land; relating to the lease of a right-of-way by the Alaska
8 Gasline Development Corporation or a successor in interest for a gas pipeline
9 transportation corridor; relating to the cost of natural resources, permits, and leases
10 provided to the Alaska Gasline Development Corporation; relating to the review of
11 natural gas transportation contracts by the Regulatory Commission of Alaska; relating
12 to the regulation by the Regulatory Commission of Alaska of an in-state gas pipeline

1 project developed by the Alaska Gasline Development Corporation; relating to the
2 regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline
3 that is expressly authorized to provide transportation as a contract carrier; relating to
4 the Alaska Natural Gas Development Authority; relating to the procurement of certain
5 services by the Alaska Natural Gas Development Authority; exempting property of a
6 project developed by the Alaska Gasline Development Corporation from property taxes
7 before the commencement of commercial operations; and providing for an effective
8 date."

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

10 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
11 to read:

12 LEGISLATIVE FINDINGS AND INTENT. It is the intent of the legislature that

13 (1) an executed pipeline operating agreement between the Alaska Gasline
14 Development Corporation and the operator of the pipeline developed by the Alaska Gasline
15 Development Corporation be disclosed to the public to the extent the disclosure would not
16 divulge trade secrets or other proprietary business information of the Alaska Gasline
17 Development Corporation or the operator;

18 (2) the purpose of the Alaska Gasline Development Corporation is to
19 construct, own, operate, manage, or participate in natural gas pipelines and associated
20 facilities and operations for the purpose of making natural gas available to Fairbanks, the
21 Southcentral region of the state, and other communities in the state at the lowest rate possible
22 for a natural gas pipeline that operates in a manner consistent with safe and prudent standards;

23 (3) the Alaska Gasline Development Corporation shall endeavor to develop
24 natural gas pipelines to deliver natural gas to public utility and industrial customers in areas of
25 the state to which the natural gas may be delivered at commercially reasonable rates;

26 (4) the Alaska Gasline Development Corporation shall endeavor to develop
27 natural gas pipelines to provide shippers access to natural gas produced in the state for
28 transport at commercially reasonable rates;

1 (5) passage of this Act constitutes a finding of public convenience and
2 necessity for an in-state natural gas pipeline developed by the Alaska Gasline Development
3 Corporation;

4 (6) the development of a natural gas pipeline by the Alaska Gasline
5 Development Corporation is in the best interest of the state; and

6 (7) it is the policy of the state to make the state's share of royalty natural gas
7 available for shipment in an in-state natural gas pipeline developed by the Alaska Gasline
8 Development Corporation.

9 * **Sec. 2.** AS 18.56 is amended by adding a new section to read:

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

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

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

29 (3) acquire, by purchase, lease, or gift, land, structures, real or personal
30 property, an interest in property, a right-of-way, a franchise, an easement, other
31 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;

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; and

8 (5) provide transportation of natural gas by contract carriage.

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

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

1 corporation agrees in writing to accept the obligation or liability.

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

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

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

1 provided for fiduciaries of state funds under AS 37.10.071. Interest and other income
 2 received on money in the fund shall be separately accounted for and may be
 3 appropriated to the fund. The Alaska Gasline Development Corporation may use
 4 money appropriated to the fund for the planning, designing, financing, development,
 5 construction, and operation of an in-state natural gas pipeline.

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

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

17 * **Sec. 3.** AS 36.30.850(b) is amended by adding a new paragraph to read:

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

20 * **Sec. 4.** AS 38.34.050(a) is amended to read:

21 (a) The **Alaska Gasline Development Corporation** [JOINT IN-STATE
 22 GASLINE DEVELOPMENT TEAM] may have access to information of all state
 23 agencies that is directly related to the planning, design, construction, or operation of
 24 the in-state natural gas pipeline. **If a state agency finds that the information to be**
 25 **transferred under this subsection is confidential, the state agency may require the**
 26 **Alaska Gasline Development Corporation to enter into a confidentiality**
 27 **agreement under (e) of this section before the transfer of that information, or, if**
 28 **the state agency determines that a law or provision of a contract to which the**
 29 **state agency is a party requires the state agency to preserve the confidentiality of**
 30 **the information and that delivering the information to the Alaska Gasline**
 31 **Development Corporation would violate the confidentiality provision of that law**

1 or contract, the state agency shall identify the applicable law or contract
 2 provision to the Alaska Gasline Development Corporation and may require the
 3 Alaska Gasline Development Corporation to obtain the consent of the person
 4 who has the right to waive the confidentiality of the information under the
 5 applicable law or contract provision before the state agency transfers the
 6 information to the Alaska Gasline Development Corporation.

7 * **Sec. 5.** AS 38.34.050(b) is amended to read:

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

15 * **Sec. 6.** AS 38.34.050(c) is amended to read:

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

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

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

24 (3) the corporation that submits the application for the right-of-way
 25 lease agrees to be bound by the right-of-way lease covenants set out in AS 38.35.120,
 26 except for the covenants in AS 38.35.120(a)(1), (2), and (5); notwithstanding AS
 27 38.35.120(b), a right-of-way lease subject to this paragraph is valid and of legal
 28 effect.

29 * **Sec. 7.** AS 38.34.050 is amended by adding new subsections to read:

30 (e) The Alaska Gasline Development Corporation may enter into
 31 confidentiality agreements necessary to acquire or provide information to carry out its

1 functions. Information acquired or provided by the Alaska Gasline Development
2 Corporation under a confidentiality agreement is not subject to disclosure under AS
3 40.25.110. The Alaska Gasline Development Corporation may enter into
4 confidentiality agreements with a public agency, as defined in AS 40.25.220, to allow
5 release of confidential information. The portions of the records and files of a public
6 agency bound by a confidentiality agreement that reflect, incorporate, or analyze
7 information subject to a confidentiality agreement under this subsection are not public
8 records. Confidentiality agreements entered into under this subsection are valid and
9 binding against all parties in accordance with the terms of the confidentiality
10 agreement.

11 (f) Information relating to field studies conducted and other technical
12 information developed or obtained by the Alaska Gasline Development Corporation
13 that relates to the development, financing, construction, or operation of an in-state
14 natural gas pipeline project by the Alaska Gasline Development Corporation is
15 confidential and not subject to disclosure under AS 40.25.110. The Alaska Gasline
16 Development Corporation may waive the confidentiality of the information described
17 in this subsection, except for information acquired from another person that is subject
18 to a confidentiality agreement, if the waiver is in the best interest of the state and will
19 facilitate the development, financing, or construction of an in-state natural gas
20 pipeline.

21 (g) Upon request by the Alaska Gasline Development Corporation, a
22 municipality or a state entity shall provide water, sand and gravel, other
23 nonhydrocarbon natural resources, and a permit or a lease to the Alaska Gasline
24 Development Corporation at the usual and customary rates, except as provided in (c)
25 of this section. In this subsection, "state entity" means a state department, authority, or
26 other administrative unit of the executive branch of state government, a public
27 university, or a state public corporation.

28 (h) That part of the cost of providing, under (g) of this section, water, sand and
29 gravel, or other nonhydrocarbon natural resources, or of entering into a lease or
30 issuing a permit, that is borne by the Alaska Gasline Development Corporation for an
31 in-state natural gas pipeline project that is owned in whole or in part by the Alaska

1 Gasline Development Corporation may not be included in the rate base in a
2 proceeding under AS 42 or before the Federal Energy Regulatory Commission.

3 (i) After approval by the commissioner of natural resources, a lease received
4 by the Alaska Gasline Development Corporation under (c) of this section may be
5 transferred to a successor in interest under the same terms and conditions applicable to
6 the right-of-way lease granted to the Alaska Gasline Development Corporation.

7 * **Sec. 8.** AS 38.34.099 is repealed and reenacted to read:

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

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

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

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

19 * **Sec. 9.** AS 38.35.100(d) is amended to read:

20 (d) The commissioner shall include in a conditional lease each requirement
21 and condition of the covenants established under AS 38.35.120, **except that, for a**
22 **lease entered into under AS 38.34.050(c), the covenants in AS 38.35.120(a)(1), (2),**
23 **and (5) may not be included.** The commissioner may also require that the lessee
24 agree to additional conditions that the commissioner finds to be in the public interest.
25 In place of the covenant established under AS 38.35.120(a)(9), the commissioner shall
26 require the lessee to agree that it will not transfer, assign, pledge, or dispose of in any
27 manner, directly or indirectly, its interest in a conditional right-of-way lease or a
28 pipeline subject to the conditional lease, unless the commissioner, after considering
29 the public interest and issuing written findings to substantiate a decision to allow the
30 transfer, authorizes the transfer. The commissioner shall also require the lessee to
31 agree not to allow the transfer of control of the lessee without the approval of the

1 commissioner; as used in this subsection, "transfer of control of the lessee" means the
 2 transfer of 30 percent or more, in the aggregate, of ownership interest in the lessee in
 3 one or more transactions to one or more persons by one or more persons.

4 * **Sec. 10.** AS 38.35.120(a) is amended to read:

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

9 (1) it assumes the status of and will perform all of its functions
 10 undertaken under the lease as a common carrier and will accept, convey, and transport
 11 without discrimination crude oil or natural gas, depending on the kind of pipeline
 12 involved, delivered to it for transportation from fields in the vicinity of the pipeline
 13 subject to the lease throughout its route both on state land obtained under the lease and
 14 on the other land; it will accept, convey, and transport crude oil or natural gas without
 15 unjust or unreasonable discrimination in favor of one producer or person, including
 16 itself, as against another but will take the crude oil or natural gas, depending on the
 17 kind of pipeline involved, delivered or offered, without unreasonable discrimination,
 18 that the Regulatory Commission of Alaska shall, after a full hearing with due notice to
 19 the interested parties and a proper finding of facts, determine to be reasonable in the
 20 performance of its duties as a common carrier; however, a lessee that owns or operates
 21 a natural gas pipeline

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

27 (B) that is a North Slope natural gas pipeline (i) is required to
 28 operate as a common carrier only with respect to the intrastate transportation of
 29 North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not
 30 required to operate as a common carrier as to a liquefied natural gas facility or
 31 a marine terminal facility associated with the pipeline, and is not otherwise

1 required to perform its functions under the lease as a common carrier; for
2 purposes of this subparagraph, "North Slope natural gas pipeline" means all the
3 facilities of a total system of pipe, whether owned or operated under a contract,
4 agreement, or lease, used by a carrier for transportation of North Slope natural
5 gas, as defined by AS 42.06.630, for delivery, for storage, or for further
6 transportation, and including all pipe, pump, or compressor stations, station
7 equipment, tanks, valves, access roads, bridges, airfields, terminals and
8 terminal facilities, including docks and tanker loading facilities, operations
9 control centers for both the upstream part of the pipeline and the terminal,
10 tanker ballast treatment facilities, fire protection system, communication
11 system, and all other facilities used or necessary for an integral line of pipe,
12 taken as a whole, to carry out transportation, including an extension or
13 enlargement of the line;

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

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

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

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

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

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

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

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

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

10 (C) promptly compensate for any damage to or destruction of
11 property for which the lessee is liable resulting from damage to or destruction
12 of the leasehold or pipeline;

13 (9) it will not transfer, assign, or dispose of in any manner, directly or
14 indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-
15 way lease, or any rights under the lease or any pipeline subject to the lease to any
16 person other than another owner of the pipeline (including subsidiaries, parents, and
17 affiliates of the owners), except to the extent that the commissioner, after
18 consideration of the protection of the public interest (including whether the proposed
19 transferee is fit, willing, and able to perform the transportation or other acts proposed
20 in a manner that will reasonably protect the lives, property, and general welfare of the
21 people of Alaska), authorizes; the commissioner shall not unreasonably withhold
22 consent to the transfer, assignment, or disposal;

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

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

31 (12) the granting of the right-of-way lease is subject to the express

1 condition that the exercise of the rights and privileges granted under the lease will not
 2 unduly interfere with the management, administration, or disposal by the state of the
 3 land affected by the lease, and that the lessee agrees and consents to the occupancy
 4 and use by the state, its grantees, permittees, or other lessees of any part of the right-
 5 of-way not actually occupied or required by the pipeline for the full and safe
 6 utilization of the pipeline, for necessary operations incident to land management,
 7 administration, or disposal;

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

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

17 * **Sec. 11.** AS 38.35.120(b) is amended to read:

18 (b) **Except as provided in AS 38.34.050(c), for** [FOR] a right-of-way lease
 19 granted under this chapter for an oil or natural gas pipeline valued at \$1,000,000 or
 20 more to be valid and of legal effect, it must contain the terms required to be inserted
 21 under the provisions of AS 38.35.110 - 38.35.140. **Except as provided in AS**
 22 **38.34.050(c), an** [AN] oil or natural gas pipeline right-of-way lease granted under this
 23 chapter that does not contain the required terms is null and void and without legal
 24 effect and does not vest any interest in state land or any authority in the carrier granted
 25 the lease.

26 * **Sec. 12.** AS 38.35.140 is amended by adding a new subsection to read:

27 (c) Notwithstanding (a) of this section, a right-of-way lease shall be granted
 28 without appraisal or rental costs to the Alaska Gasline Development Corporation
 29 created under AS 18.56.086.

30 * **Sec. 13.** AS 38.35.200 is amended by adding new subsections to read:

31 (c) Except as provided for an applicant under (a) of this section,

1 notwithstanding any contrary provision of law, an action or decision of the
 2 commissioner or other state officer or agency concerning the issuance or approval of a
 3 necessary right-of-way, permit, lease, certificate, license, or other authorization for the
 4 development, construction, or initial operation of a natural gas pipeline by the Alaska
 5 Gasline Development Corporation, a subsidiary created by the Alaska Housing
 6 Finance Corporation under AS 18.56.086, that uses a right-of-way subject to this
 7 chapter may not be subject to judicial review, except that a claim alleging the
 8 invalidity of this subsection must be brought within 60 days after the effective date of
 9 this Act, and a claim alleging that an action will deny rights under the Constitution of
 10 the State of Alaska must be brought within 60 days following the date of that action. A
 11 claim that is not filed within the limitations established in this subsection is barred. A
 12 complaint under this subsection must be filed in superior court, and the superior court
 13 has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction
 14 with a final judgment on a claim filed under this subsection, the superior court may
 15 not grant injunctive relief, including a temporary restraining order, preliminary
 16 injunction, permanent injunction, or stay against the issuance of a necessary right-of-
 17 way, permit, lease, certificate, license, or other authorization for the development,
 18 construction, or initial operation of a natural gas pipeline by the Alaska Gasline
 19 Development Corporation, a subsidiary created by the Alaska Housing Finance
 20 Corporation under AS 18.56.086. In this subsection, "natural gas pipeline" has the
 21 meaning given in AS 38.34.099.

22 (d) An appeal of a permitting decision or authorization by the Department of
 23 Environmental Conservation under AS 46.03 or AS 46.14 that is made under a
 24 program approved or delegated by the United States Environmental Protection Agency
 25 is not

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

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

28 * **Sec. 14.** AS 40.25.120(a) is amended to read:

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

31 (1) records of vital statistics and adoption proceedings, which shall be

1 treated in the manner required by AS 18.50;

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

4 (3) medical and related public health records;

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

7 (5) to the extent the records are required to be kept confidential under
8 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
9 or retain federal assistance;

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

12 (A) could reasonably be expected to interfere with enforcement
13 proceedings;

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

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

18 (D) could reasonably be expected to disclose the identity of a
19 confidential source;

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

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

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

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

30 (8) public records containing information that would disclose or might
31 lead to the disclosure of a component in the process used to execute or adopt an

1 electronic signature if the disclosure would or might cause the electronic signature to
2 cease being under the sole control of the person using it;

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

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

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

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

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

17 (11) the written notification regarding a proposed regulation provided
18 under AS 24.20.105 to the Department of Law and the affected state agency and
19 communications between the Legislative Affairs Agency, the Department of Law, and
20 the affected state agency under AS 24.20.105;

21 (12) records that are

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

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

26 **(13) information that is covered by a confidentiality agreement**
27 **between the Alaska Gasline Development Corporation created under AS**
28 **18.56.086 and the provider or recipient of the information.**

29 * **Sec. 15.** AS 41.41.010(a) is amended to read:

30 (a) There is established the Alaska Natural Gas Development Authority, the
31 purpose of which is to provide one or more of the following services and functions in

1 order to **acquire** [BRING] natural gas **produced in** [FROM THE NORTH SLOPE
2 OR OTHER REGIONS OF] the state **for delivery** to market, including

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

4 (2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE
5 SYSTEM;

6 (3) THE OPERATION AND MAINTENANCE OF THE PIPELINE
7 SYSTEM;

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

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

13 * **Sec. 16.** AS 41.41.010(d) is amended to read:

14 (d) The acquisition of natural gas from the North Slope and other regions of
15 the state, including the Alaska outer continental shelf, and **making that natural gas**
16 **available to** [ITS DELIVERY TO MARKETS IN THE STATE FOR USE BY]
17 markets in the state or **for export from the state** [TO TIDEWATER FOR
18 SHIPMENT TO MARKET BY THE AUTHORITY] are essential government
19 functions of the state.

20 * **Sec. 17.** AS 41.41.010 is amended by adding a new subsection to read:

21 (f) To honor delivery commitments in a contract entered into by the authority,
22 the authority and the commissioner of natural resources may pledge, as necessary,
23 royalty gas owned by the state and not otherwise committed by contract to other
24 purchasers of royalty gas. The commissioner of natural resources shall determine the
25 amount of gas that may be pledged and the price for that gas. A pledge made under
26 this subsection shall be treated as a disposal of gas other than by sale or exchange for
27 purposes of AS 38.05.183.

28 * **Sec. 18.** AS 41.41.020 is repealed and reenacted to read:

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

31 * **Sec. 19.** AS 41.41.060 is amended to read:

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

6 * **Sec. 20.** AS 41.41.070(d) is amended to read:

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

13 * **Sec. 21.** AS 41.41.090(b) is amended to read:

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

19 * **Sec. 22.** AS 41.41.150(a) is amended to read:

20 (a) Information in the possession of the authority is a public record, except
 21 that information that is contained in or subject to a confidentiality agreement
 22 between the authority and the Alaska Gasline Development Corporation or that
 23 discloses the particulars of the business or affairs of a private enterprise or investor is
 24 confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140.
 25 Confidential information may be disclosed only for the purposes of an official law
 26 enforcement investigation or when its production is required in a court proceeding.

27 * **Sec. 23.** AS 41.41.200 is amended to read:

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

30 (1) sue and be sued;

31 (2) adopt a seal;

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

22 * **Sec. 24.** AS 41.41.990(2) is amended to read:

23 (2) "board" means the board of directors of the Alaska Housing

24 Finance Corporation acting as the board of the Alaska Natural Gas Development

25 Authority;

26 * **Sec. 25.** AS 42.04.080(a) is amended to read:

27 (a) Except as provided in AS 42.05.171 or AS 42.06.140, when a matter

28 comes for decision before the commission under AS 42.05, [OR] AS 42.06, or AS

29 42.08, the chair shall appoint a hearing panel composed of three or more members to

30 hear, or if a hearing is not required, to otherwise consider, and decide the case. The

31 panel shall exercise the powers of the commission with respect to the matter.

1 * **Sec. 26.** AS 42.05 is amended by adding a new section to read:

2 **Sec. 42.05.433. Review of certain contracts by the commission.** (a) A
3 contract entered into by a public utility with the Alaska Gasline Development
4 Corporation (AS 18.56.087) or its successors or assigns may contain a covenant for
5 the public utility to establish, charge, and collect rates sufficient to meet its obligations
6 under the contract. If the contract is approved by the commission under AS 42.08, the
7 rate covenant is valid and enforceable.

8 (b) A public utility negotiating to purchase natural gas to be shipped on an in-
9 state natural gas pipeline regulated under AS 42.08 shall submit the contract to the
10 commission before the contract takes effect.

11 (c) A public utility negotiating to contract for the storage of natural gas related
12 to (b) of this section shall submit the contract to the commission before the contract
13 takes effect.

14 (d) The commission shall review and may conduct an investigation and hearing
15 to determine whether a contract submitted under (b) or (c) of this section is just and
16 reasonable. The commission shall either approve the contract as presented or, if the
17 commission finds that a contract is unjust or unreasonable, disapprove the contract. If
18 the commission has not acted within 180 days after the contract is submitted, the
19 contract shall be considered approved and shall take effect immediately. A contract
20 that is approved or considered approved under this section is not subject to further
21 review by the commission. The commission may, by order, extend the 180-day review
22 period by the duration of any delay caused by a failure of the public utility to submit
23 supplemental information that is available to the public utility.

24 * **Sec. 27.** AS 42.05.711 is amended by adding a new subsection to read:

25 (s) An in-state natural gas pipeline subject to AS 42.08 and an in-state natural
26 gas pipeline carrier subject to AS 42.08 are exempt from this chapter.

27 * **Sec. 28.** AS 42.06 is amended by adding a new section to article 7 to read:

28 **Sec. 42.06.601. Exemption.** An in-state natural gas pipeline subject to AS
29 42.08 and an in-state natural gas pipeline carrier subject to AS 42.08 are exempt from
30 this chapter.

31 * **Sec. 29.** AS 42 is amended by adding a new chapter to read:

1 **Chapter 08. In-state Pipeline Contract Carrier.**

2 **Article 1. Application of Chapter; Purpose.**

3 **Sec. 42.08.010. Application of chapter; exemption.** (a) This chapter applies
4 to the regulation of an in-state natural gas pipeline authorized by law to provide
5 transportation by contract carriage.

6 (b) An in-state natural gas pipeline subject exclusively to federal jurisdiction
7 is exempt from this chapter.

8 **Sec. 42.08.020. Qualification of the Alaska Gasline Development**
9 **Corporation; findings.** (a) The Alaska Gasline Development Corporation, a
10 subsidiary created under AS 18.56.086 and authorized to exercise the powers and take
11 the actions described in AS 18.56.087, is financially fit, willing, and able to take the
12 actions, properly to perform the service, and to conform to the requirements of this
13 chapter.

14 (b) The board of directors and the officers of the Alaska Gasline Development
15 Corporation are managerially fit, willing, and able to manage the Alaska Gasline
16 Development Corporation and to take the actions, properly to perform the service, and
17 to conform to the requirements of this chapter.

18 (c) The proposed service, construction, and operation of an in-state natural gas
19 pipeline is required by present and future public convenience and necessity.

20 (d) The findings that the Alaska Gasline Development Corporation is
21 financially fit in (a) of this section and managerially fit in (b) of this section and that
22 an in-state natural gas pipeline is required by present or future public convenience and
23 necessity in (c) of this section are conclusive and binding on the commission.

24 (e) The commission shall determine whether a person making application
25 under this chapter is technically fit, willing, and able to take the actions, properly to
26 perform the service, and to conform to the requirements in this chapter.

27 **Article 2. Powers and Duties of Regulatory Commission of Alaska.**

28 **Sec. 42.08.220. General powers and duties.** (a) The commission shall

29 (1) regulate, under the provisions of this chapter, an in-state natural gas
30 pipeline that is expressly authorized by law to provide transportation by way of
31 contract carriage;

1 (2) require permits for the construction, enlargement in size or
2 operating capacity, extension, connection and interconnection, operation, or
3 abandonment of an in-state natural gas pipeline facility, under the provisions of this
4 chapter and subject to the same standards as certification in AS 42.08.310;

5 (3) provide all reasonable assistance to the Department of Law in
6 intervening in, offering evidence in, and participating in proceedings involving an in-
7 state natural gas pipeline carrier or affiliated interest and affecting the interests of the
8 state, before an officer, department, board, commission, or court of another state or the
9 United States.

10 (b) The commission may

11 (1) approve contracts as otherwise provided in this chapter;

12
13 (2) investigate, on complaint or its own motion, disputes related to
14 rules, regulations, services, practices, and facilities

15 (A) that are not subject to the dispute resolution provisions in
16 an in-state natural gas pipeline carrier's contracts or tariffs;

17 (B) that relate to an unreasonable diminution in the quantity or
18 quality in the provision of service to a public utility;

19 (C) that are a violation of the in-state natural gas pipeline
20 carrier's tariff or contract with the public utility;

21 (D) that have not been resolved by the in-state natural gas
22 pipeline carrier; and

23 (E) in which it clearly appears from specific facts shown by
24 affidavit or by verified complaint that immediate and irreparable injury, loss,
25 or damage will result to the peace, health, safety, or general welfare of the
26 public from a violation;

27 (3) adopt regulations that are necessary and proper to the performance
28 of the duties of the commission under this chapter, including regulations governing
29 practices and procedures of the commission; the regulations may not be inconsistent
30 with state law;

31 (4) initiate, intervene in, and appear personally or by counsel and offer

1 evidence in and participate in, any proceedings involving an in-state natural gas
2 pipeline carrier and affecting the interests of the state, before an officer, department,
3 board, commission, or court of this state; and

4 (5) assign a qualified, unbiased, and impartial administrative law
5 judge, with experience in the general practice of law, to conduct hearings under this
6 chapter; the administrative law judge may perform other duties in connection with the
7 administration of this chapter and other laws; an administrative law judge hired to
8 conduct hearings under this chapter shall have been admitted to practice law for at
9 least five years immediately before appointment under this paragraph.

10 (c) The commission may not

11 (1) require rates, rate design, or tariff rules or regulations except as
12 provided in this chapter; and

13 (2) conduct further review, investigate, or order a modification of a
14 contract that is approved or considered approved or filed under this chapter.

15 **Sec. 42.08.230. Commission decision-making procedures.** The commission
16 shall comply with AS 42.04.080(a) and expeditiously adjudicate all matters that come
17 before the commission.

18 **Sec. 42.08.240. Publication of reports, orders, decisions, and regulations.**
19 All reports, orders, decisions, and regulations of the commission shall be in writing.
20 The commission shall notify all affected operators of in-state natural gas pipeline
21 facilities and interested parties of reports, orders, decisions, and regulations as they are
22 issued and adopted, and, when appropriate, publish them in a manner that will
23 reasonably inform the public or the affected consumers of the services of an in-state
24 natural gas pipeline facility. The commission may set charges for costs of printing or
25 reproducing and furnishing copies of reports, orders, decisions, and regulations. The
26 publication requirement, as it pertains to regulations, does not supersede the
27 requirements of AS 44.62 (Administrative Procedure Act).

28 **Sec. 42.08.250. Application of Administrative Procedure Act.** (a) The
29 administrative adjudication procedures of AS 44.62 (Administrative Procedure Act)
30 do not apply to adjudicatory proceedings of the commission under this chapter, except
31 that final administrative determinations by the commission are subject to judicial

1 review under AS 44.62 (Administrative Procedure Act) as provided in AS 42.08.530.

2 (b) AS 44.62 (Administrative Procedure Act) applies to regulations adopted
3 by the commission.

4 **Sec. 42.08.260. Annual report.** The commission shall include in its annual
5 report under AS 42.05.211 and AS 42.06.220 a review of its activities under this
6 chapter during the previous fiscal year and notify the legislature that the report is
7 available. The report must address the regulation of in-state natural gas pipeline
8 facilities in the state as of June 30 of each year and must contain details about the
9 commission's compliance with the performance measures in this chapter.

10 **Article 3. Contract Review; Contract Carriage Certificate.**

11 **Sec. 42.08.300. Review of certain contracts by the commission.** (a) The
12 Alaska Gasline Development Corporation or its successors or assigns shall submit
13 each of its precedent agreements for firm transportation service to the commission. A
14 precedent agreement negotiated with an entity that is not a public utility may be filed
15 under seal. Under AS 42.08.400, the commission shall keep confidential a precedent
16 agreement filed under seal. Submission of precedent agreements to the commission is
17 permissible before construction of an in-state natural gas pipeline and before a request
18 for certification under this chapter.

19 (b) In the review of a precedent agreement submitted under (a) of this section
20 and a related contract submitted under AS 42.05.433, the commission shall

21 (1) conclude that any transaction negotiated at arm's length between
22 the parties is just and reasonable unless the commission finds that there was unlawful
23 market activity connected to the contract rate or there was unfair dealing, such as fraud
24 or duress, at the contract formation stage;

25 (2) review and may conduct an investigation and hearing to determine
26 whether a contract submitted under (a) of this section is just and reasonable; the
27 commission shall either approve the contract as presented or, if the commission finds
28 that a contract is unjust or unreasonable, disapprove the contract; if the commission
29 has not acted within 180 days after the submission of a contract, the contract shall be
30 considered approved and shall take effect immediately; a contract that is approved or
31 considered approved under this paragraph is not subject to further review by the

1 commission.

2 (c) For the purposes of (b)(1) of this section, a transaction is arm's length if it
3 is between two unaffiliated parties or, if the parties are affiliated, the parties have
4 followed the standards of conduct for transmission providers adopted by the Federal
5 Energy Regulatory Commission.

6 **Sec. 42.08.310. Contract carriage certificate.** (a) The owner of an in-state
7 natural gas pipeline subject to this chapter may not engage in the transportation of
8 natural gas or undertake the construction of a natural gas pipeline facility for that
9 purpose, or acquire or operate an in-state natural gas pipeline facility, unless a
10 certificate of public convenience and necessity by the commission authorizing contract
11 carriage is in force with respect to that owner. A certificate shall describe the nature
12 and extent of the authority granted, including, as appropriate for the services involved,
13 a description of the authorized area and scope of operation for the in-state natural gas
14 pipeline facility.

15 (b) Application for a certificate shall be made in writing to the commission
16 and verified under oath. The commission by regulation shall establish the
17 requirements for the form of the application and the information to be contained in the
18 application. Notice of the application shall be provided to interested parties in the
19 manner provided by regulation.

20 (c) Within 180 days after receiving an application under this chapter, a
21 contract carriage certificate shall be issued to a qualified applicant, authorizing the
22 whole or any part of the operation, service, construction, or acquisition covered by the
23 application, if the commission finds that the applicant is fit, willing, and able properly
24 to do the acts, perform the service proposed, and conform to the provisions of this
25 chapter and the requirements of the commission, and that the proposed service,
26 operation, construction, extension, or acquisition, to the extent authorized by the
27 certificate, is or will be required by the present or future public convenience and
28 necessity. Otherwise, the application shall be denied.

29 (d) Consistent with the terms of this chapter, the commission may attach to a
30 contract carriage certificate terms and conditions that are in the best interest of the in-
31 state natural gas pipeline facility and the public.

1 (e) Operating authority may not be transferred by sale or lease of the contract
2 carriage certificate or by the sale of substantially all of the stock or assets of a pipeline
3 carrier holding a certificate without prior approval by the commission. A transfer not
4 involving a substantial change in ownership shall be summarily approved. The
5 commission's decision under this subsection shall be based on the best interest of the
6 public.

7 (f) After receiving a complaint or on its own motion, the commission, after
8 notice and hearing and for good cause shown, may amend, modify, suspend, or
9 revoke, in whole or in part, a certificate. Good cause for amendment, modification,
10 suspension, or revocation of a certificate is

11 (1) misrepresentation of a material fact in obtaining the certificate;

12 (2) unauthorized discontinuance or abandonment of all or part of a
13 service that is the subject of the certificate;

14 (3) wilful failure to comply with the provisions of this chapter or a
15 regulation or order of the commission; or

16 (4) wilful failure to comply with a term, condition, or limitation of the
17 certificate.

18 (g) Service or use of all or a portion of an in-state natural gas pipeline
19 certificated under this chapter may not be abandoned or permanently discontinued
20 without permission and approval by the commission, after due notice and hearing, and
21 a finding by the commission that continued service is not required by public
22 convenience and necessity. Any interested person may file a protest or memorandum
23 of opposition to or in support of discontinuance or abandonment with the commission.
24 The commission may order a temporary suspension of a service or of part of a service.

25 **Sec. 42.08.320. Tariffs, contracts, filing, and public inspection.** (a) An in-
26 state natural gas pipeline carrier shall file with the commission all rules, regulations,
27 terms, and conditions pertaining to service provided under the certificate, and copies
28 of all contracts with shippers that in any way affect or relate to the carrier's rates,
29 tariffs, charges, classifications, rules, regulations, terms, and conditions to service
30 provided under the certificate. The in-state natural gas pipeline carrier shall maintain
31 copies on file at its principal business office and at places designated by the

1 commission and make the copies available to, and subject to inspection by, the general
2 public on demand. Rules, regulations, terms, and conditions not included in the tariff
3 of an in-state natural gas pipeline carrier shall be included in the contract with each
4 shipper.

5 (b) The terms and conditions under which an in-state natural gas pipeline
6 carrier offers its services and facilities to the public shall be governed strictly by the
7 provisions of the tariffs and filed contracts that are in effect. A change in tariff rate,
8 charge, rule, regulation, or condition of service is not effective until filed under (a) of
9 this section. If more than one tariff rate or charge may reasonably be applied for
10 billing purposes, the tariff, rate, or charge most advantageous to the shipper shall be
11 used.

12 **Sec. 42.08.330. Expansion; dispute resolution.** (a) A contract entered into by
13 an in-state natural gas pipeline carrier may provide for expansion unless the expansion
14 would cause the pipeline to be a competing natural gas pipeline or project as defined
15 in AS 43.90.440.

16 (b) A contract entered into by an in-state natural gas pipeline carrier shall
17 include dispute resolution procedures.

18 **Sec. 42.08.340. Regulatory cost charge.** (a) An in-state natural gas pipeline
19 operating under this chapter shall pay to the commission an annual regulatory cost
20 charge in an amount not to exceed the sum of the following percentages of gross
21 revenue derived from operations in the state: (1) not more than 0.7 percent to fund the
22 operations of the commission, and (2) not more than 0.17 percent to fund operations of
23 the public advocacy function under AS 42.04.070(c) and AS 44.23.020(e) within the
24 Department of Law. A regulatory cost charge may not be assessed on a pipeline under
25 this chapter unless the pipeline is subject to this chapter and has used the commission's
26 services under this chapter in the prior fiscal year.

27 (b) The commission shall by regulation establish a method to determine
28 annually the amount of the regulatory cost charge. If the amount the commission
29 expects to collect under (a) of this section, AS 42.05.254(a), and AS 42.06.286(a)
30 exceeds the authorized budgets of the commission and the Department of Law public
31 advocacy function under AS 42.04.070(c) and AS 44.23.020(e), the commission shall,

1 by order, reduce the percentage determined under (e) of this section so that the total
 2 amount of the fees collected approximately equals the authorized budgets of the
 3 commission and the Department of Law public advocacy function under AS
 4 42.04.070(c) and AS 44.23.020(e) for the fiscal year.

5 (c) The commission shall administer the charge imposed under this section.
 6 The Department of Revenue shall collect and enforce the charge imposed under this
 7 section. The Department of Administration shall identify the amount of the operating
 8 budgets of the commission and the Department of Law public advocacy function
 9 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.
 10 The legislature may appropriate an amount equal to the lapsed amount to the
 11 commission and to the Department of Law public advocacy function under AS
 12 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the
 13 legislature does so, the commission shall reduce the total regulatory cost charge
 14 collected for that fiscal year by a comparable amount.

15 (d) The commission may adopt regulations under AS 44.62 (Administrative
 16 Procedure Act) necessary to administer this section, including requirements and
 17 procedures for reporting information and making quarterly payments. The Department
 18 of Revenue may adopt regulations under AS 44.62 (Administrative Procedure Act) for
 19 investigating the accuracy of filed information and for collecting required payments.

20 (e) The commission shall by regulation establish a method to determine
 21 annually the maximum percentage of gross revenue that will apply to each regulated
 22 public utility sector, the maximum percentage of gross revenue that will apply to the
 23 regulated pipeline carrier sector under AS 42.06, and the maximum percentage of
 24 gross revenue that will apply to pipelines regulated under this chapter in accordance
 25 with AS 42.05.254(h).

26 **Sec. 42.08.350. Nothing to alter the calculation of taxes and royalty.**

27 Nothing in this chapter shall alter the calculation of production taxes under AS
 28 43.55.011 – 43.55.180 or the calculation of royalty due for leases issued under AS
 29 38.05.180.

30 **Article 4. Records; Investigations.**

31 **Sec. 42.08.400. Public records.** (a) Except as provided in (b) and (c) of this

1 section or prohibited from disclosure under state or federal law, records in the
2 possession of the commission are open to public inspection at reasonable times.

3 (b) The commission may by regulation classify records received from an in-
4 state natural gas pipeline carrier or in-state natural gas pipeline as privileged records
5 that are not open to the public for inspection.

6 (c) A record filed with the commission that is or relates to a precedent
7 agreement or other contract between an in-state natural gas pipeline carrier and an
8 unregulated entity is a privileged record that is not open to the public for inspection.

9 (d) A person may make written objection to the public disclosure of
10 information contained in a record filed under this chapter or of information obtained
11 by the commission or by the attorney general under this chapter, stating the grounds
12 for the objection. When an objection is made, the commission shall order the
13 information withheld from public disclosure if the information adversely affects the
14 interest of the person making written objection and disclosure is not required in the
15 interest of the public.

16 (e) A commissioner may certify as to all official records of the commission
17 under this section and may certify as to all official acts of the commission under this
18 chapter.

19 **Sec. 42.08.410. Investigations.** The commission may investigate any matter
20 set out in AS 42.08.220(b)(2). An investigation may be public, nonpublic, or both. In
21 conducting an investigation, the commission may compel the attendance and
22 testimony of witnesses and the production of records and testimony before the
23 commission or its designee. In the course of an investigation, the commission may
24 exclude from attendance at the taking of investigative testimony all persons except a
25 person compelled to attend, that person's attorney, members of the commission or the
26 commission's staff, and a person authorized to transcribe the proceedings.

27 **Article 5. General Provisions.**

28 **Sec. 42.08.510. Designation of service agents.** An in-state natural gas pipeline
29 carrier shall file with the commission a written appointment of a named permanent
30 resident, which may be a corporation, of this state as its registered agent in this state
31 upon whom service of all notices, regulations, and requests of the commission may be

1 made. The appointment shall specify the address in this state of the appointed agent.
 2 The address may be changed from time to time by filing a new address in the state
 3 with the commission. If an in-state natural gas pipeline carrier fails to appoint a
 4 registered agent, service of notices, regulations, and requests may be made by posting
 5 a copy in the main office of the commission and filing a copy in the office of the
 6 lieutenant governor.

7 **Sec. 42.08.520. Effect of regulations.** Regulations adopted by the commission
 8 under this chapter have the effect of law.

9 **Sec. 42.08.530. Judicial review and enforcement.** (a) Except as provided in
 10 AS 38.35.200(c), a final order of the commission under this chapter is subject to
 11 judicial review under AS 44.62.560 and 44.62.570.

12 (b) If an appeal is not taken from a final order of the commission within 10
 13 calendar days after an investigation under AS 42.08.220(b)(2), the commission may
 14 apply to the superior court for enforcement of the order of the commission. The court
 15 shall enforce the order by injunction or other process.

16 **Sec. 42.08.540. Joinder of actions.** Under the applicable court rules, appeals
 17 from orders of the commission and applications for enforcement of orders of the
 18 commission may be joined. The court may, in the interests of justice, separate the
 19 actions.

20 **Sec. 42.08.900. Definitions.** In this chapter,

21 (1) "commission" means the Regulatory Commission of Alaska (AS
 22 42.04.010);

23 (2) "commissioner" means a member of the commission;

24 (3) "firm transportation service" means service by an in-state natural
 25 gas pipeline carrier that is not subject to a prior claim by another shipper or another
 26 class of service; service constitutes "firm transportation service" if the service receives
 27 the same priority as any other class of firm transportation service;

28 (4) "in-state natural gas pipeline" or "in-state natural gas pipeline
 29 facility" means a natural gas pipeline that has been authorized by the legislature to
 30 transport natural gas in the state by way of contract carriage;

31 (5) "in-state natural gas pipeline carrier" means the owner, including a

1 corporation, company, or other entity organized under the laws of the United States or
 2 of any state, of an in-state natural gas pipeline or an interest in it, or any person,
 3 including a corporation, company, or other entity organized under the laws of the
 4 United States or of any state, that has been granted the right to transport natural gas as
 5 a contract carrier by the legislature;

6 (6) "natural gas pipeline" has the meaning given in AS 38.34.099;

7 (7) "precedent agreement" means a contractual commitment to acquire
 8 firm transportation capacity, executed between an in-state natural gas pipeline carrier
 9 and another person, that establishes the rates, terms, and conditions for service;

10 (8) "record" means a report, file, book, account, paper, or application,
 11 and the facts and information contained in it.

12 * **Sec. 30.** AS 43.56.020 is amended by adding a new subsection to read:

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

22 * **Sec. 31.** AS 38.34.030, 38.34.040, 38.34.060; AS 41.41.030, 41.41.040, AS 41.41.050,
 23 and 41.41.080 are repealed.

24 * **Sec. 32.** Section 1, 2002 Ballot Measure No. 3, is repealed.

25 * **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to
 26 read:

27 **TRANSITION AND LEGISLATIVE INTENT.** It is the intent of the legislature that a
 28 right-of-way lease subject to AS 38.34.050(c), as amended by sec. 6 of this Act, AS
 29 38.35.100(d), as amended by sec. 9 of this Act, AS 38.35.120(a), as amended by sec. 10 of
 30 this Act, and AS 38.35.120(b), as amended by sec. 11 of this Act, that is entered into between
 31 the commissioner of natural resources and the Alaska Gasline Development Corporation, a

1 subsidiary of the Alaska Housing Finance Corporation created under AS 18.56.086, before the
2 effective dates of secs. 6 and 9 - 11 of this Act be amended as soon as practicable after the
3 effective dates of secs. 6 and 9 - 11 of this Act to conform to the requirements of AS
4 38.34.050(c), as amended by sec. 6 of this Act, AS 38.35.100(d), as amended by sec. 9 of this
5 Act, AS 38.35.120(a), as amended by sec. 10 of this Act, and AS 38.35.120(b), as amended
6 by sec. 11 of this Act.

7 * **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

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

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

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

14 * **Sec. 35.** This Act takes effect immediately under AS 01.10.070(c).