

**HOUSE BILL NO. 142**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES CHENAULT, Hawker, Johnson, Olson, Feige, Thompson, Millett, Costello,  
Fairclough**

**Introduced: 2/4/11  
Referred: Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the creation of a rebuttable presumption that the project licensed**  
2 **under the Alaska Gasline Inducement Act is uneconomic because of insufficient firm**  
3 **transportation commitments during the first open season."**

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

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

7 PRESUMPTION THAT PROJECT IS UNECONOMIC. (a) If TransCanada Alaska  
8 Company, LLC, and Foothills Pipe Lines Ltd., jointly as licensee, fail to disclose, before  
9 July 15, 2011, that the project licensed under AS 43.90 (Alaska Gasline Inducement Act)  
10 received firm transportation commitments during the open season sufficient to support the  
11 construction of the project, it is rebuttably presumed that the project is uneconomic for the  
12 purposes of AS 43.90.240. The commissioners shall notify the legislature before August 1,  
13 2011, whether firm transportation commitments are disclosed to the commissioners before  
14 July 15, 2011, and report whether the firm commitments that are disclosed are sufficient to

1 support development of the project.

2 (b) If the presumption is raised under (a) of this section, the commissioners shall,

3 (1) before August 15, 2011, submit a report to the legislature that rebuts the  
4 presumption in (a) of this section by a preponderance of evidence or state that there is  
5 insufficient evidence to rebut the presumption; and

6 (2) in conjunction with the request for an appropriation for the reimbursement  
7 of qualified expenditures authorized by AS 43.90.110(a)(1) for fiscal year 2013, provide  
8 testimony and evidence that the

9 (A) project has credit support sufficient to finance construction of the  
10 project through firm transportation commitments, government assistance, or other  
11 external sources of financing; and

12 (B) predicted costs of transportation at a 100 percent load factor, when  
13 deducted from predicted gas sales revenue using publicly available predictions of  
14 future gas prices, would result in a producer rate of return that is not below the rate  
15 typically accepted by a prudent oil and gas exploration and production company for  
16 incremental upstream investment that is required to produce and deliver gas to the  
17 project.

18 (c) Nothing in this section precludes an agreement between the commissioners and  
19 the licensee that the project is uneconomic or a determination by the commissioners or the  
20 licensee that the project is uneconomic for the purposes of AS 43.90.240.

21 (d) In this section, "commissioners," "licensee," "open season," and "project" have the  
22 meanings given in AS 43.90.900.