

**HOUSE BILL NO. 4**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES HAWKER AND CHENAULT, Millett, Johnson, Neuman, Hughes, Olson

Introduced: 1/16/13

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska Gasline Development Corporation; making the Alaska  
2 Gasline Development Corporation, a subsidiary of the Alaska Housing Finance  
3 Corporation, an independent public corporation of the state; establishing and relating to  
4 the in-state natural gas pipeline fund; making certain information provided to or by the  
5 Alaska Gasline Development Corporation exempt from inspection as a public record;  
6 relating to the Joint In-State Gasline Development Team; relating to the Alaska Housing  
7 Finance Corporation; relating to judicial review of a right-of-way lease or an action or  
8 decision related to the development or construction of an oil or gas pipeline on state  
9 land; relating to the lease of a right-of-way for a gas pipeline transportation corridor,  
10 including a corridor for a natural gas pipeline that is a contract carrier; relating to the  
11 cost of natural resources, permits, and leases provided to the Alaska Gasline  
12 Development Corporation; relating to procurement by the Alaska Gasline Development

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

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

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

14 **LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that  
 15 (1) an in-state natural gas pipeline developed by the Alaska Gasline  
 16 Development Corporation is required for public convenience and necessity;  
 17 (2) the development of a natural gas pipeline by the Alaska Gasline  
 18 Development Corporation is in the best interest of the state;  
 19 (3) it is the policy of the state to make the state's share of royalty natural gas  
 20 available for shipment in an in-state natural gas pipeline developed by the Alaska Gasline  
 21 Development Corporation;  
 22 (4) making the Alaska Gasline Development Corporation an independent  
 23 public corporation of the State of Alaska located for administrative purposes under the  
 24 Department of Commerce, Community, and Economic Development will enhance the ability  
 25 of the Alaska Gasline Development Corporation to accomplish its purposes.  
 26 (b) It is the intent of the legislature that  
 27 (1) the Alaska Gasline Development Corporation, in its new placement as an

1 independent public corporation of the state, shall be treated for all purposes as the transfer of a  
2 corporation within the state and not as the creation of a new entity by the State of Alaska;

3 (2) to the maximum extent permitted by law, in developing a natural gas  
4 pipeline, the Alaska Gasline Development Corporation shall procure services, labor, products,  
5 and natural resources from qualified businesses located in the state, including organizations  
6 owned by Alaska Natives and municipal organizations directly affected by the project, if  
7 those persons are competitive; and

8 (3) the Alaska Gasline Development Corporation shall, to the maximum  
9 extent permitted by law,

10 (A) hire qualified residents from throughout the state for management,  
11 engineering, construction, operations, maintenance, and other positions for a natural  
12 gas pipeline project;

13 (B) establish hiring facilities in the state or use existing hiring facilities  
14 in the state; and

15 (C) use, as far as practicable, the job centers and associated services  
16 operated by the Department of Labor and Workforce Development and an Internet-  
17 based labor exchange system operated by the state.

18 \* **Sec. 2.** AS 18.56.086 is amended to read:

19 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create  
20 subsidiary corporations for the purpose of financing or facilitating the financing of  
21 school construction, facilities for the University of Alaska, facilities for ports and  
22 harbors, the acquisition, development, management, or operation of affordable  
23 housing, prepayment of all or a portion of a governmental employer's share of  
24 unfunded accrued actuarial liability of retirement systems, or other capital projects. [A  
25 SUBSIDIARY CORPORATION MAY ALSO BE CREATED FOR THE PURPOSE  
26 OF PLANNING, CONSTRUCTING, AND FINANCING IN-STATE NATURAL  
27 GAS PIPELINE PROJECTS OR FOR THE PURPOSE OF AIDING IN THE  
28 PLANNING, CONSTRUCTION, AND FINANCING OF IN-STATE NATURAL  
29 GAS PIPELINE PROJECTS.] A subsidiary corporation created under this section  
30 may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer  
31 assets of the corporation to a subsidiary created under this section. A subsidiary

1 created under this section may borrow money and issue bonds as evidence of that  
 2 borrowing, and has all the powers of the corporation that the corporation grants to it.  
 3 However, a subsidiary created for the purpose of financing or facilitating the financing  
 4 of prepayment of a governmental employer's share of unfunded accrued actuarial  
 5 liability of retirement systems may borrow money and issue bonds only if the state  
 6 bond rating is the equivalent of AA- or better and subject to AS 37.15.903. [A  
 7 SUBSIDIARY CORPORATION CREATED FOR THE PURPOSE OF PLANNING,  
 8 CONSTRUCTING, AND FINANCING IN-STATE NATURAL GAS PIPELINE  
 9 PROJECTS OR FOR THE PURPOSE OF AIDING IN THE PLANNING,  
 10 CONSTRUCTION, OR FINANCING OF IN-STATE NATURAL GAS PIPELINE  
 11 PROJECTS IS EXEMPT FROM AS 36.30, INCLUDING AS 36.30.015(d) AND (f).]  
 12 Unless otherwise provided by the corporation, the debts, liabilities, and obligations of  
 13 a subsidiary corporation created under this section are not the debts, liabilities, or  
 14 obligations of the corporation.

15 \* **Sec. 3.** AS 31 is amended by adding a new chapter to read:

16 **Chapter 25. Alaska Gasline Development Corporation.**

17 **Article 1. Organization, Administration, and Powers.**

18 **Sec. 31.25.010. Structure.** The Alaska Gasline Development Corporation is a  
 19 public corporation and government instrumentality located for administrative purposes  
 20 in the Department of Commerce, Community, and Economic Development, but  
 21 having a legal existence independent of and separate from the state. The corporation  
 22 may not be terminated as long as it has bonds, notes, or other obligations outstanding.  
 23 Upon termination of the corporation, its rights and property pass to the state.

24 **Sec. 31.25.020. Governing body.** (a) The corporation shall be governed by a  
 25 board of directors consisting of five members.

26 (b) Members of the board shall be appointed by the governor and are subject  
 27 to confirmation by the legislature. When appointing a member to the board, the  
 28 governor shall consider an individual's expertise and experience in gas transmission,  
 29 gas marketing, finance, and large project management, and other expertise and  
 30 experience that is relevant to the purpose, powers, and duties of the corporation.  
 31 Members of the board serve staggered seven-year terms. A member may be removed

1 from office by the governor only for cause. A removal by the governor must be in  
 2 writing, must state the reason for the removal, and must be made available to the  
 3 public. A vacancy shall be filled in the same manner as the original appointment.

4 (c) Notwithstanding AS 39.05.055, the terms of the initially appointed  
 5 members of the board shall be set by the governor to be two years for one member,  
 6 three years for one member, five years for one member, and seven years for two  
 7 members.

8 (d) The members of the board described in (a) of this section receive \$400  
 9 compensation for each day spent on official business of the corporation and may be  
 10 reimbursed by the corporation for actual and necessary expenses at the same rate paid  
 11 to members of state boards under AS 39.20.180.

12 **Sec. 31.25.030. Meetings of board.** (a) The board shall elect a chair, secretary,  
 13 and treasurer from among its membership at each annual meeting. A majority of the  
 14 members constitutes a quorum for organizing the board, conducting its business, and  
 15 exercising the powers of the corporation. The board shall meet at the call of the chair.  
 16 The board shall meet at least once every three months.

17 (b) The board may meet and transact business by electronic media if

18 (1) public notice of the time and locations where the meeting will be  
 19 held by electronic media has been given in the same manner as if the meeting were  
 20 held in a single location;

21 (2) participants and members of the public in attendance can hear and  
 22 have the same right to participate in the meeting as if the meeting were conducted in  
 23 person; and

24 (3) copies of pertinent reference materials, statutes, regulations, and  
 25 audio-visual materials are reasonably available to participants and to the public.

26 (c) A meeting by electronic media as provided in this section has the same  
 27 legal effect as a meeting in person.

28 (d) For the purposes of this chapter, public notice of 24 hours or more is  
 29 adequate notice of a meeting of the board at which the issuance of corporation bonds  
 30 is authorized.

31 **Sec. 31.25.035. Minutes of meetings.** The board shall keep minutes of each

1 meeting and send certified copies to the governor and to the Legislative Budget and  
2 Audit Committee.

3 **Sec. 31.25.040. Administration of affairs.** The board shall manage the assets  
4 and business of the corporation and may adopt, amend, and repeal bylaws and  
5 regulations governing the manner in which the business of the corporation is  
6 conducted and the manner in which its powers are exercised. The board shall delegate  
7 supervision of the administration of the corporation to the executive director,  
8 appointed in accordance with AS 31.25.045.

9 **Sec. 31.25.045. Executive director.** The corporation shall employ an  
10 executive director, who may not be a member of the board. The executive director  
11 shall be appointed by the board and serves at the pleasure of the board.

12 **Sec. 31.25.050. Legal counsel.** The corporation shall retain an attorney as  
13 legal counsel for the corporation. The attorney retained by the corporation shall advise  
14 the corporation in legal matters and represent it in suits.

15 **Sec. 31.25.060. Employment of personnel.** The board may appoint other  
16 officers and engage professional and technical advisors as independent contractors.  
17 The executive director may hire employees of the corporation and engage professional  
18 and technical advisors under contract with the corporation. The board shall prescribe  
19 the duties and compensation of corporation personnel, including the executive  
20 director.

21 **Sec. 31.25.065. Personnel exempt from State Personnel Act.** The personnel  
22 of the corporation are exempt from AS 39.25.

23 **Sec. 31.25.070. Purpose.** The corporation shall, to the fullest extent possible,

24 (1) advance an in-state natural gas pipeline as described in the July 1,  
25 2011, project plan prepared under former AS 38.34.040 by the corporation while a  
26 subsidiary of the Alaska Housing Finance Corporation and the Joint In-State Gasline  
27 Development Team, with modifications determined by the corporation to be necessary  
28 to construct and operate an in-state natural gas pipeline in a safe, prudent, economical,  
29 and efficient manner, for the purpose of making natural gas available to Fairbanks, the  
30 Southcentral region of the state, and other communities in the state at the lowest rates  
31 possible;

1 (2) endeavor to develop natural gas pipelines to deliver natural gas to  
2 public utility and industrial customers in areas of the state to which the natural gas  
3 may be delivered at commercially reasonable rates; and

4 (3) endeavor to develop natural gas pipelines to provide shippers  
5 access to natural gas produced in the state for transport at commercially reasonable  
6 rates.

7 **Sec. 31.25.080. Powers and duties.** (a) In addition to other powers granted in  
8 this chapter, the corporation may

9 (1) determine the form of ownership and the operating structure of an  
10 in-state natural gas pipeline developed by the corporation and may enter into  
11 agreements with other persons for joint ownership, joint operation, or both of an in-  
12 state natural gas pipeline;

13 (2) plan, finance, construct, develop, acquire, maintain, and operate a  
14 pipeline system, including pipelines, compressors, storage facilities, and other related  
15 facilities, equipment, and works of public improvement, in the state to facilitate  
16 production, transportation, distribution, and delivery of natural gas or other related  
17 natural resources to the point of consumption or to the point of distribution for  
18 consumption;

19 (3) lease or rent facilities, structures, and properties to another for the  
20 purpose of facilitating the production, transportation, distribution, and delivery of  
21 natural gas or other related natural resources to the point of consumption or to the  
22 point of distribution for consumption;

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

28 (5) acquire, by purchase, lease, or gift, land, structures, real or personal  
29 property, an interest in property, a right-of-way, a franchise, an easement, or other  
30 interest in land, or an interest in or right to capacity in any pipeline system determined  
31 to be necessary or convenient for the development, financing, construction, or

1 operation of an in-state natural gas pipeline project or part of an in-state natural gas  
2 pipeline project;

3 (6) transfer or otherwise dispose of all or part of an in-state natural gas  
4 pipeline project developed by the corporation or transfer or otherwise dispose of an  
5 interest in an asset of the corporation;

6 (7) provide transportation of natural gas as a contract carrier;

7 (8) provide light, water, security, and other services for property of the  
8 corporation;

9 (9) conduct hearings to gather and develop data consistent with the  
10 purpose and powers of the corporation;

11 (10) for the purposes of this chapter, subpoena witnesses; the superior  
12 court may compel obedience to the corporation's subpoena in the same manner as  
13 prescribed for obedience to a subpoena issued by the court;

14 (11) advocate for new pipeline capacity before the Federal Energy  
15 Regulatory Commission;

16 (12) make and execute agreements, contracts, and other instruments  
17 necessary or convenient in the exercise of the powers and functions of the corporation  
18 under this chapter, including contracts with any person, firm, corporation,  
19 governmental agency, or other entity;

20 (13) sue and be sued in its own name;

21 (14) adopt an official seal;

22 (15) adopt bylaws for the regulation of its affairs and the conduct of its  
23 business and adopt regulations and policies in connection with the performance of its  
24 functions and duties;

25 (16) employ fiscal consultants, engineers, attorneys, appraisers, and  
26 other consultants and employees that may, in the judgment of the corporation, be  
27 required and fix and pay their compensation from funds available to the corporation;

28 (17) procure insurance against any loss in connection with its  
29 operation;

30 (18) borrow money as provided in this chapter to carry out its  
31 corporate purposes and issue its obligations as evidence of borrowing;

1 (19) include in a borrowing the amounts necessary to pay financing  
2 charges, interest on the obligations for a period not exceeding one year after the date  
3 on which the corporation estimates funds will otherwise be available to pay the  
4 interest, consultant, advisory, and legal fees, and other expenses that are necessary or  
5 incident to the borrowing;

6 (20) receive, administer, and comply with the conditions and  
7 requirements of any appropriation, gift, grant, or donation of property or money;

8 (21) do all acts and things necessary, convenient, or desirable to carry  
9 out the powers expressly granted or necessarily implied in this chapter;

10 (22) invest or reinvest, subject to its contracts with noteholders and  
11 bondholders, any money or funds held by the corporation, including funds in the in-  
12 state natural gas pipeline fund (AS 31.25.100), in any obligations or other securities or  
13 investments in which banks or trust companies in the state may legally invest funds  
14 held in reserves or sinking funds or any funds not required for immediate  
15 disbursement, and in certificates of deposit or time deposits secured by obligations of,  
16 or guaranteed by, the state or the United States.

17 (b) The corporation shall establish a schedule of reasonable fees and collect  
18 fees, rentals, and other charges for use of the facilities of the corporation.

19 (c) The corporation may not commit to a project that requires state financial  
20 participation unless the commitment to the project is made contingent on the  
21 legislature's sanctioning the project through the appropriation of necessary funds and  
22 the enactment of that appropriation.

23 (d) If commitments to acquire firm transportation capacity are received in an  
24 open season conducted by the corporation, the corporation shall, within 10 days after  
25 accepting and executing the written commitments received during the open season,  
26 report the results of the open season to the president of the senate and the speaker of  
27 the house of representatives and inform the public of the results of the open season  
28 through publication on the Internet website of the corporation and in a press release or  
29 other announcement to the media. The results made public must include the name of  
30 each prospective shipper, the amount of capacity allocated, and the period of the  
31 commitment.

1 (e) In this section, "in-state natural gas pipeline" has the meaning given in  
2 AS 38.34.099.

3 **Sec. 31.25.090. Interagency cooperation; confidentiality.** (a) The  
4 corporation may have access to information of departments, agencies, and public  
5 corporations of the state that is directly related to the planning, design, construction, or  
6 operation of the in-state natural gas pipeline. The corporation shall avoid duplicating  
7 studies, plans, and designs that have already been provided or obtained by other state  
8 entities. All departments, agencies, and public corporations of the state shall cooperate  
9 with and may provide information, services, facilities, and loans to the corporation  
10 upon its request and, except for requests from the Alaska Gasline Inducement Act  
11 coordinator (AS 43.90.250), give priority to requests of the corporation.

12 (b) Upon request by the corporation, a state entity shall provide water, sand  
13 and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the  
14 corporation at the usual and customary rates, except as provided in (d) of this section.  
15 Review of and action on a request shall be conducted and taken as provided in  
16 AS 38.34.020. In this subsection, "state entity" means a state department, authority, or  
17 other administrative unit of the executive branch of state government, a public  
18 university, or a public corporation of the state.

19 (c) That part of the cost of providing, under (b) of this section, water, sand and  
20 gravel, or other nonhydrocarbon natural resources, or of entering into a lease or  
21 issuing a permit, that is borne by the corporation for an in-state natural gas pipeline  
22 project that is owned in whole or in part by the corporation may not be included in the  
23 rate base in a proceeding under AS 42 or before the Federal Energy Regulatory  
24 Commission.

25 (d) Notwithstanding any contrary provision of law, the Department of Natural  
26 Resources shall grant the corporation a right-of-way lease under AS 38.35 for the gas  
27 pipeline transportation corridor at no appraisal or rental cost if

28 (1) a complete right-of-way lease application under AS 38.35.050 is  
29 submitted;

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

1 (3) the corporation that submits the application for the right-of-way  
2 lease agrees to be bound by the right-of-way lease covenants set out in AS 38.35.121.

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

7 (f) The corporation may enter into confidentiality agreements necessary to  
8 acquire or provide information to carry out its functions. If a state agency determines  
9 that a law or provision of a contract to which the state agency is a party requires the  
10 state agency to preserve the confidentiality of the information and that delivering the  
11 information to the corporation would violate the confidentiality provision of that law  
12 or contract, the state agency

13 (1) shall identify the applicable law or contract provision to the  
14 corporation; and

15 (2) may require the corporation to obtain the consent of the person who  
16 has the right to waive the confidentiality of the information under the applicable law  
17 or contract provision before the state agency transfers the information to the  
18 corporation.

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

28 (h) The conduct of and results from field studies and other technical  
29 information developed or obtained by the corporation relating to the development,  
30 financing, construction, or operation of an in-state natural gas pipeline project by the  
31 corporation are confidential and not subject to disclosure under AS 40.25.110. The

1 corporation may waive the confidentiality of the information described in this  
 2 subsection, except for information acquired from another person that is subject to a  
 3 confidentiality agreement, if the waiver is in the best interest of the state and will  
 4 facilitate the development, financing, or construction of an in-state natural gas  
 5 pipeline.

6 **Sec. 31.25.100. In-state natural gas pipeline fund.** The in-state natural gas  
 7 pipeline fund is established in the corporation and consists of money appropriated to  
 8 it. Unless otherwise provided by law, money appropriated to the fund lapses into the  
 9 general fund on the day this section is repealed. Interest and other income received on  
 10 money in the fund shall be separately accounted for and may be appropriated to the  
 11 fund. The corporation may use money appropriated to the fund without further  
 12 appropriation for the planning, designing, financing, development, construction, and  
 13 operation of an in-state natural gas pipeline.

14 **Sec. 31.25.110. International borrowing.** (a) For the purpose of obtaining  
 15 access to international capital markets to borrow money, the corporation may

16 (1) establish, or cause to be established, subsidiary corporations  
 17 incorporated in the state or in another state, or under the laws of a foreign jurisdiction;

18 (2) invest in corporations established under this section;

19 (3) issue bonds and borrow money for investments in corporations  
 20 established under this section;

21 (4) borrow from corporations established under this section;

22 (5) guarantee the obligations of corporations established under this  
 23 section; or

24 (6) enter into agreements with corporations established under this  
 25 section or with other persons.

26 (b) In exercising a power under this section, the corporation may not subject  
 27 its assets to risk of loss through foreign currency exchange.

28 (c) A guarantee under this section constitutes a bond of the corporation as  
 29 defined in AS 31.25.390.

30 **Sec. 31.25.120. Creation of subsidiaries.** The corporation may create  
 31 subsidiary corporations for the purpose of planning, constructing, and financing in-

1 state natural gas pipeline projects; for the purpose of aiding in the planning,  
2 construction, and financing of in-state natural gas pipeline projects; or for the purpose  
3 of marketing the state's royalty share of natural gas production. A subsidiary  
4 corporation created under this section may be incorporated under AS 10.20.146 -  
5 10.20.166. The corporation may transfer assets of the corporation to a subsidiary  
6 created under this section. A subsidiary created under this section may borrow money  
7 and issue bonds as evidence of that borrowing and has all the powers of the  
8 corporation that the corporation grants to it. Unless otherwise provided by the  
9 corporation, the debts, liabilities, and obligations of a subsidiary corporation created  
10 under this section are not the debts, liabilities, or obligations of the corporation.

11 **Sec. 31.25.130. Administrative procedure; regulations.** (a) Except for  
12 AS 44.62.310 - 44.62.319 (Open Meetings Act), AS 44.62 (Administrative Procedure  
13 Act) does not apply to this chapter. The corporation shall make available to members  
14 of the public copies of the regulations adopted under (b) - (e) of this section. Within 45  
15 days after adoption, the chair of the board shall submit a regulation adopted under (b) -  
16 (e) of this section to the chair of the Administrative Regulation Review Committee  
17 under AS 24.20.400 - 24.20.460.

18 (b) The board may adopt regulations by motion or by resolution or in any  
19 other manner permitted by its bylaws.

20 (c) The board may adopt regulations to carry out the purposes of this chapter.

21 (d) Except as provided in (e) of this section, at least 15 days before the  
22 adoption, amendment, or repeal of a regulation, the board shall give public notice of  
23 the proposed action by posting notice on the corporation's Internet website and on the  
24 Alaska Online Public Notice System and by mailing a copy of the notice to every  
25 person who has filed a request for notice of proposed regulations with the board or the  
26 corporation. The public notice must include a statement of the time, place, and nature  
27 of the proceedings for the adoption, amendment, or repeal of the regulation and must  
28 include an informative summary of the proposed subject of the regulation. On the date  
29 and at the time and place designated in the notice, the board shall give each interested  
30 person or an authorized representative, or both, the opportunity to present statements,  
31 arguments, or contentions in writing and shall give members of the public an

1 opportunity to present oral statements, arguments, or contentions for a total period of  
 2 at least one hour. The board shall consider all relevant matter presented to it before  
 3 adopting, amending, or repealing a regulation. At a hearing under this subsection, the  
 4 board may continue or postpone the hearing to a time and place that it determines. A  
 5 regulation that is adopted, or its amendment or repeal, may vary in content from the  
 6 informative summary specified in this subsection if the subject matter of the  
 7 regulation, or its amendment or repeal, remains the same and the original notice was  
 8 written to ensure that members of the public are reasonably notified of the proposed  
 9 subject of the board's action in order for them to determine whether their interests  
 10 could be affected by the board's action on that subject.

11 (e) A regulation or order of repeal may be adopted as an emergency regulation  
 12 or order of repeal if the board makes a finding in its order of adoption or repeal,  
 13 including a statement of the facts that constitute the emergency, that the adoption of  
 14 the regulation or order of repeal is necessary for the immediate preservation of the  
 15 orderly operation of the corporation's bonding programs. Upon adoption of an  
 16 emergency regulation, the board shall, within 10 days after adoption, give notice of the  
 17 adoption in accordance with (d) of this section. An emergency regulation adopted  
 18 under this subsection does not remain in effect more than 120 days unless the board  
 19 complies with (d) of this section during the 120-day period.

20 (f) A regulation adopted under (b) - (e) of this section becomes effective  
 21 immediately upon its adoption by the board, unless otherwise specifically provided by  
 22 the order of adoption.

23 **Sec. 31.25.140. Exemption from the State Procurement Code and the**  
 24 **Executive Budget Act; corporation finances.** (a) The corporation and its subsidiaries  
 25 are exempt from the provisions of AS 36.30 (State Procurement Code) and AS 37.07  
 26 (Executive Budget Act).

27 (b) To further ensure effective budgetary decision making by the legislature,  
 28 the board shall

29 (1) annually review the corporation's assets, including the assets of the  
 30 in-state natural gas pipeline fund under AS 31.25.100, to determine whether assets of  
 31 the corporation exceed an amount required to fulfill the purposes of the corporation as

1 defined in this chapter; in making its review, the board shall determine whether, and to  
 2 what extent, assets in excess of the amount required to fulfill the purposes of the  
 3 corporation during the next fiscal year are available without

4 (A) breaching any agreement entered into by the corporation;

5 (B) materially impairing the operations or financial integrity of  
 6 the corporation; or

7 (C) materially affecting the ability of the corporation to fulfill  
 8 the purposes of the corporation as defined in this chapter;

9 (2) specifically identify in the corporation's assets the amounts that the  
 10 board believes are necessary to meet the requirements of (1)(C) of this subsection; and

11 (3) present to the legislature by January 10 of each year a complete  
 12 accounting of all assets of the corporation, including assets of the in-state natural gas  
 13 pipeline fund under AS 31.25.100, and a report of the review and determination made  
 14 under (1) and (2) of this subsection; the accounting shall be audited by an independent  
 15 outside auditor.

## 16 **Article 2. Bonds and Notes.**

17 **Sec. 31.25.150. Federal taxation of interest on bonds and bond anticipation**  
 18 **notes.** If the interest on bonds or bond anticipation notes of the corporation becomes  
 19 taxable under the income tax laws of the United States, the legislature may appropriate  
 20 an amount sufficient to pay the outstanding principal of and interest on the bonds or  
 21 bond anticipation notes. Nothing in this section creates a debt or liability of the state.

22 **Sec. 31.25.160. Bonds and notes.** (a) The corporation may, by resolution,  
 23 issue bonds and bond anticipation notes to provide funds to carry out its purposes.

24 (b) The principal of and interest on the bonds or notes are payable from  
 25 corporation funds. Bond anticipation notes may be payable from the proceeds of the  
 26 sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the  
 27 event bond or bond anticipation note proceeds are not available, from other funds or  
 28 assets of the corporation. Bonds or notes may be additionally secured by a pledge of a  
 29 grant or contribution from the federal government, or a corporation, association,  
 30 institution, or person, or a pledge of money, income, or revenue of the corporation  
 31 from any source.

1 (c) Bonds or bond anticipation notes may be issued in one or more series and  
2 shall be dated, bear interest at the rate or rates a year or within the maximum rate, be  
3 in the denomination, be in the form, either coupon or registered, carry the conversion  
4 or registration provisions, have the rank or priority, be executed in the manner and  
5 form, be payable from the sources in the medium of payment and place or places  
6 within or outside the state, be subject to authentication by a trustee or fiscal agent, and  
7 be subject to the terms of redemption with or without premium, as the resolution of the  
8 corporation may provide. Bond anticipation notes shall mature at the time or times that  
9 are determined by the corporation. Bonds shall mature at a time, not exceeding 50  
10 years from their date, that is determined by the corporation. Before the preparation of  
11 definitive bonds or bond anticipation notes, the corporation may issue interim receipts  
12 or temporary bonds or bond anticipation notes, with or without coupons, exchangeable  
13 for bonds or bond anticipation notes when the definitive bonds or bond anticipation  
14 notes have been executed and are available for delivery.

15 (d) Bonds or bond anticipation notes may be sold in the manner and on the  
16 terms the corporation determines.

17 (e) If an officer whose signature or a facsimile of whose signature appears on  
18 any bonds or notes or coupons attached to them ceases to be an officer before the  
19 delivery of the bond, note, or coupon, the signature or facsimile is valid the same as if  
20 the officer had remained in office until delivery.

21 (f) In any resolution of the corporation authorizing or relating to the issuance  
22 of bonds or bond anticipation notes, the corporation has power by provisions in the  
23 resolution that will constitute covenants of the corporation and contracts with the  
24 holders of the bonds or bond anticipation notes

25 (1) to pledge to any payment or purpose all or any part of its revenue  
26 to which its right then exists or may thereafter come into existence, the money derived  
27 from the revenue, and the proceeds of any bonds or notes;

28 (2) to covenant against pledging all or any part of its revenue or  
29 against permitting or suffering a lien on the revenue of its property;

30 (3) to covenant as to the use and disposition of payments of principal  
31 or interest received by the corporation on investments held by the corporation;

1 (4) to covenant as to establishment of reserves or sinking funds and the  
2 making of provision for and the regulation and disposition of the reserves or sinking  
3 funds;

4 (5) to covenant with respect to or against limitations on a right to sell  
5 or otherwise dispose of property of any kind;

6 (6) to covenant as to bonds and notes to be issued, and their  
7 limitations, terms, and condition, and as to the custody, application, and disposition of  
8 the proceeds of the bonds and notes;

9 (7) to covenant as to the issuance of additional bonds or notes or as to  
10 limitations on the issuance of additional bonds or notes and the incurring of other  
11 debts;

12 (8) to covenant as to the payment of the principal of or interest on the  
13 bonds or notes, as to the sources and methods of the payment, as to the rank or priority  
14 of the bonds or notes with respect to a lien or security, or as to the acceleration of the  
15 maturity of the bonds or notes;

16 (9) to provide for the replacement of lost, stolen, destroyed, or  
17 mutilated bonds or notes;

18 (10) to covenant against extending the time for the payment of bonds  
19 or notes or interest on the bonds or notes;

20 (11) to covenant as to the redemption of bonds or notes and privileges  
21 of their exchange for other bonds or notes of the corporation;

22 (12) to covenant to create or authorize the creation of special funds of  
23 money to be held in pledge or otherwise for operating expenses, payment or  
24 redemption of bonds or notes, reserves, or other purposes, and as to the use and  
25 disposition of the money held in the funds;

26 (13) to establish the procedure, if any, by which the terms of any  
27 contract or covenant with or for the benefit of the holders of bonds or notes may be  
28 amended or abrogated, the amount of bonds or notes the holders of which must  
29 consent to amendment or abrogation, and the manner in which the consent may be  
30 given;

31 (14) to covenant as to the custody of any of its properties or

1 investments, the safekeeping and insurance of its properties or investments, and the  
2 use and disposition of insurance money;

3 (15) to covenant as to the time or manner of enforcement or restraint  
4 from enforcement of any rights of the corporation arising by reason of or with respect  
5 to nonpayment or violation of the terms of any agreement to which the corporation is a  
6 party or with respect to which the corporation has enforcement rights;

7 (16) to provide for the rights, liabilities, powers, and duties arising  
8 upon the breach of any covenant, condition, or obligation, and to prescribe the events  
9 of default and the terms and conditions on which any or all of the bonds, notes, or  
10 other obligations of the corporation become or may be declared due and payable  
11 before maturity and the terms and conditions on which a declaration and its  
12 consequences may be waived;

13 (17) to vest in a trustee or trustees within or outside the state the  
14 property, rights, powers, and duties in trust as the corporation may determine, which  
15 may include any or all of the rights, powers, and duties of any trustee appointed by the  
16 holders of any bonds or notes, and to limit or abrogate the right of the holders of any  
17 bonds or notes of the corporation to appoint a trustee under this chapter or limit the  
18 rights, powers, and duties of the trustee;

19 (18) to pay the costs or expenses incident to the enforcement of the  
20 bonds or notes or of the provisions of the resolution or of any covenant or agreement  
21 of the corporation with the holders of its bonds or notes;

22 (19) to agree with any corporate trustee, which may be any trust  
23 company or bank having the powers of a trust company within or outside the state, as  
24 to the pledging or assigning of revenue or funds to which or in which the corporation  
25 has any rights or interest; the agreement may further provide for other rights and  
26 remedies exercisable by the trustee as may be proper for the protection of the holders  
27 of any bonds or notes of the corporation and not otherwise in violation of law and may  
28 provide for the restriction of the rights of an individual holder of bonds or notes of the  
29 corporation;

30 (20) to appoint and provide for the duties and obligations of any  
31 paying agent or paying agents, or other fiduciaries as the resolution may provide

1 within or outside the state;

2 (21) to limit the rights of the holders of any bonds or notes to enforce  
3 any pledge or covenant securing bonds or notes;

4 (22) to make covenants other than and in addition to the covenants  
5 expressly authorized in this section, of like or different character, and to make  
6 covenants to do or refrain from doing acts and things as may be necessary, or as may  
7 be convenient and desirable, to better secure bonds or notes or that, in the absolute  
8 discretion of the corporation, would tend to make bonds or notes more marketable,  
9 notwithstanding that the covenants, acts, or things may not be enumerated in this  
10 section.

11 **Sec. 31.25.170. Independent financial advisor.** In negotiating the private sale  
12 of bonds or bond anticipation notes to an underwriter, the corporation may retain a  
13 financial advisor. A financial advisor retained under this section must be independent  
14 from the underwriter.

15 **Sec. 31.25.180. Validity of any pledge.** The pledge of assets or revenue of the  
16 corporation to the payment of the principal of or interest on any obligations of the  
17 corporation is valid and binding from the time the pledge is made, and the assets or  
18 revenue are immediately subject to the lien of the pledge without physical delivery or  
19 further act. The lien of any pledge is valid and binding against all parties having  
20 claims of any kind in tort, contract, or otherwise against the corporation, regardless of  
21 whether those parties have notice of the lien of the pledge. This section does not  
22 prohibit the corporation from selling assets subject to any pledge, except that any sale  
23 may be restricted by the trust agreement or resolution providing for the issuance of the  
24 obligations.

25 **Sec. 31.25.190. Capital reserve funds.** (a) For the purpose of securing any  
26 one or more issues of its obligations, the corporation may establish one or more  
27 special funds, called "capital reserve funds," and shall pay into those capital reserve  
28 funds

29 (1) any money appropriated and made available by the state for the  
30 purpose of any of those funds;

31 (2) any proceeds of the sale of its obligations, to the extent provided in

1 the resolution or resolutions of the corporation authorizing their issuance; and

2 (3) any other money that may be made available to the corporation for  
3 the purposes of those funds from any other source.

4 (b) All money held in a capital reserve fund, except as provided in this section,  
5 shall be used as required, solely for the payment of the principal of obligations or of  
6 the sinking fund payments with respect to those obligations; the purchase or  
7 redemption of obligations; the payment of interest on obligations; or the payment of  
8 any redemption premium required to be paid when those obligations are redeemed  
9 before maturity. However, money in any fund may not, at any time, be withdrawn  
10 from the fund in an amount that would reduce the amount of that fund to less than the  
11 capital reserve requirement set out in (c) of this section, except for the purpose of  
12 making, with respect to those obligations, payment, when due, of principal, interest,  
13 redemption premiums, and the sinking fund payments for the payment of which other  
14 money of the corporation is not available. Any income or interest earned by, or  
15 increment to, a capital reserve fund, because of the investment of the fund or any other  
16 amounts in it, may be transferred by the corporation to other funds or accounts of the  
17 corporation to the extent that the transfer does not reduce the amount of the capital  
18 reserve fund below the capital reserve fund requirement.

19 (c) If the corporation decides to issue obligations secured by a capital reserve  
20 fund, the obligations may not be issued if the amount in the capital reserve fund is less  
21 than a percentage, not exceeding 10 percent of the principal amount of all of those  
22 obligations secured by that capital reserve fund then to be issued and then outstanding  
23 in accordance with their terms, as may be established by resolution of the corporation  
24 (called the "capital reserve fund requirement"), unless the corporation, at the time of  
25 issuance of the obligations, deposits in the capital reserve fund from the proceeds of  
26 the obligations to be issued or from other sources, an amount that, together with the  
27 amount then in the fund, would not be less than the capital reserve fund requirement.

28 (d) In computing the amount of a capital reserve fund for the purpose of this  
29 section, securities in which all or a portion of the funds are invested shall be valued at  
30 par or, if purchased at less than par, at amortized costs as the term is defined by  
31 resolution of the corporation authorizing the issue of the obligations, or by some other

1 reasonable method established by the corporation by resolution. Valuation on a  
2 particular date shall include the amount of any interest earned or accrued to that date.

3 (e) The chair of the corporation shall annually, not later than January 2, make  
4 and deliver to the governor and chairs of the house and senate finance committees a  
5 certificate stating the sum, if any, required to restore any capital reserve fund to the  
6 capital reserve fund requirement. The legislature may appropriate that sum, and the  
7 corporation shall deposit all sums appropriated by the legislature during the then  
8 current fiscal year for the restoration in the proper capital reserve fund. Nothing in this  
9 section creates a debt or liability of the state.

10 **Sec. 31.25.200. Remedies.** A holder of obligations or coupons attached to  
11 them issued under of this chapter, and a trustee under any trust agreement or resolution  
12 authorizing the issuance of the obligations, except as restricted by a trust agreement or  
13 resolution, either at law or in equity,

14 (1) may enforce all rights granted under this chapter, under the trust  
15 agreement or resolution, or under any other contract executed by the corporation under  
16 this chapter; and

17 (2) may enforce and compel the performance of all duties required by  
18 this chapter or by the trust agreement or resolution to be performed by the corporation  
19 or by any officer of the corporation.

20 **Sec. 31.25.210. Negotiable instruments.** All obligations and interest coupons  
21 attached to them are negotiable instruments under the laws of this state, subject only to  
22 any applicable provisions for registration.

23 **Sec. 31.25.220. Obligations eligible for investment.** Obligations issued under  
24 this chapter are securities in which all public officers and public bodies of the state and  
25 its political subdivisions and all insurance companies, trust companies, banking  
26 associations, investment companies, executors, administrators, trustees, and other  
27 fiduciaries may properly and legally invest funds, including capital in their control or  
28 belonging to them. Those obligations may be deposited with any state or municipal  
29 officer of any agency or political subdivision of the state for any purpose for which the  
30 deposit of bonds, notes, or obligations of the state is authorized by law.

31 **Sec. 31.25.230. Refunding obligations.** (a) The corporation may provide for

1 the issuance of refunding obligations for the purpose of refunding any obligations then  
 2 outstanding that have been issued under this chapter, including the payment of any  
 3 redemption premium on them and any interest accrued or to accrue to the date of  
 4 redemption of the obligations. The issuance of the obligations, the maturities and other  
 5 details of them, the rights of the holders of them, and the rights, duties, and obligations  
 6 of the corporation with respect to them are governed by the provisions of this chapter  
 7 that relate to the issuance of obligations, insofar as those provisions may be  
 8 appropriate.

9 (b) Refunding obligations may be sold or exchanged for outstanding  
 10 obligations issued under this chapter and, if sold, the proceeds may be applied, in  
 11 addition to any other authorized purposes, to the purchase, redemption, or payment of  
 12 the outstanding obligations. Pending the application of the proceeds of refunding  
 13 obligations, with any other available funds, to the payment of the principal of, accrued  
 14 interest on, and any redemption premium on the obligations being refunded and, if so  
 15 provided or permitted in the resolution authorizing the issuance of the refunding  
 16 obligations or in the trust agreement securing them, to the payment of any interest on  
 17 the refunding obligations and any expenses in connection with the refunding, the  
 18 proceeds may be invested in direct obligations of, or obligations the principal of and  
 19 the interest on which are unconditionally guaranteed by, the United States that mature  
 20 or that will be subject to redemption, at the option of the holders of them, not later  
 21 than the respective dates when the proceeds, together with the interest accruing on  
 22 them, will be required for the purposes intended.

23 **Sec. 31.25.240. Credit of state not pledged.** (a) Obligations issued under this  
 24 chapter do not constitute a debt, liability, or obligation of the state or of any political  
 25 subdivision of the state or a pledge of the faith and credit of the state or of a political  
 26 subdivision but are payable solely from the revenue or assets of the corporation. Each  
 27 obligation issued under this chapter shall contain on its face a statement that the  
 28 corporation is not obligated to pay the obligation or the interest on the obligation  
 29 except from the revenue or assets of the corporation and that neither the faith and  
 30 credit nor the taxing power of the state or of any political subdivision of the state is  
 31 pledged to the payment of the principal of or the interest on the obligation. This

1 subsection applies to all debt, obligations, and liabilities of the corporation regardless  
 2 of how the debt, obligations, or liabilities are created, including by contract, tort, or  
 3 bond or note issuance. Except as provided in this subsection, a person may not bring  
 4 suit against the state or any part or subdivision of the state or against the corporation  
 5 or a subsidiary corporation of the corporation other than the corporation in the courts  
 6 of the state to enforce or seek a remedy with respect to a debt, obligation, or liability  
 7 of the corporation. The corporation may waive, in whole or in part, the application of  
 8 this subsection to the corporation with respect to a debt, obligation, or liability of the  
 9 corporation. To be effective, a waiver by the corporation must be in writing and shall  
 10 only have effect to the extent provided in the writing.

11 (b) Expenses incurred by the corporation in carrying out the provisions of this  
 12 chapter are payable from funds provided under this chapter and liability may not be  
 13 incurred by the corporation in excess of those funds.

### 14 **Article 3. General Provisions.**

15 **Sec. 31.25.250. Officers not liable.** A member or other officer of the  
 16 corporation is not subject to personal liability or accountability because of having  
 17 executed or issued any obligation.

18 **Sec. 31.25.260. Tax exemption.** (a) The exercise of the powers granted by this  
 19 chapter is, in all respects, for the benefit of the people of the state, for their well-being  
 20 and prosperity, and for the improvement of their social and economic conditions, and  
 21 the corporation is not required to pay a tax or assessment on any property owned by  
 22 the corporation under the provisions of this chapter or on the income from it, including  
 23 state taxes levied or authorized under AS 43.56.010(a) and local taxes under  
 24 AS 43.56.010(b) as provided in AS 43.56.020.

25 (b) All obligations issued under this chapter are declared to be issued by a  
 26 body corporate and public of the state and for an essential public and governmental  
 27 purpose, and the obligations, and the interest and income on and from the obligations,  
 28 and all fees, charges, funds, revenue, income, and other money pledged or available to  
 29 pay or secure the payment of the obligations, or interest on the obligations, are exempt  
 30 from taxation except for transfer, inheritance, and estate taxes.

31 **Sec. 31.25.270. Annual report.** (a) The corporation shall prepare and transmit

1 annually a report to the governor accounting for the efficient discharge of all  
 2 responsibility assigned by law or by directive to the corporation. The corporation shall  
 3 notify the legislature that the report is available.

4 (b) By January 10 of each year, the board shall publish a report of the  
 5 corporation for distribution. The board shall notify the governor, the legislature, and  
 6 the public that the report is available. The report shall be written in easily  
 7 understandable language. The report must include a financial statement audited by an  
 8 independent outside auditor, a comparison of the corporation's performance with the  
 9 goals of the corporation, and any other information the board believes would be of  
 10 interest to the governor, the legislature, and the public. The annual income statement  
 11 and balance sheet of the corporation shall be published in at least one newspaper in  
 12 each judicial district. The board may also publish other reports it considers desirable to  
 13 carry out its purpose.

14 **Sec. 31.25.390. Definitions for AS 31.25.010 - 31.25.390.** In AS 31.25.010 -  
 15 31.25.390, unless the context clearly indicates a different meaning,

16 (1) "board" means the board of directors of the corporation;

17 (2) "bond" or "obligation" means a bond, bond anticipation note, or  
 18 other note of the corporation authorized to be issued by the corporation under this  
 19 chapter;

20 (3) "corporation" means the Alaska Gasline Development Corporation;

21 (4) "governmental agency" means any department, division, public  
 22 agency, political subdivision, or other public instrumentality of the state or the federal  
 23 government.

24 \* **Sec. 4.** AS 36.30.850(b) is amended by adding new paragraphs to read:

25 (46) contracts by the Alaska Natural Gas Development Authority  
 26 under AS 41.41.070(d);

27 (47) the Alaska Gasline Development Corporation (AS 31.25) and  
 28 subsidiaries of the Alaska Gasline Development Corporation.

29 \* **Sec. 5.** AS 38.05.180(bb)(1) is amended to read:

30 (1) "gas or electric utility" includes an electric cooperative organized  
 31 under AS 10.25, a municipal utility, and a gas or electric utility regulated under

1 AS 42.05; [PROVIDED THAT,] if the contract gas is transmitted to consumers  
 2 through a pipeline and the gas utility either owns the pipeline or is related in  
 3 ownership to the owner of the pipeline, then the gas utility qualifies as a "gas or  
 4 electric utility" within the meaning of this paragraph only if it is bound or agrees to be  
 5 bound by the covenants set out in AS 38.35.120 **or 38.35.121, as applicable**;

6 \* **Sec. 6.** AS 38.34.099 is repealed and reenacted to read:

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

8 (1) "Alaska Gasline Development Corporation" means the corporation  
 9 created under AS 31.25.010;

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

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

17 \* **Sec. 7.** AS 38.35.100(d) is amended to read:

18 (d) The commissioner shall include in a conditional lease each requirement  
 19 and condition of the covenants established under AS 38.35.120 **or 38.35.121, as**  
 20 **applicable**. The commissioner may also require that the lessee agree to additional  
 21 conditions that the commissioner finds to be in the public interest. In place of the  
 22 covenant established under AS 38.35.120(a)(9), the commissioner shall require the  
 23 lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner,  
 24 directly or indirectly, its interest in a conditional right-of-way lease or a pipeline  
 25 subject to the conditional lease, unless the commissioner, after considering the public  
 26 interest and issuing written findings to substantiate a decision to allow the transfer,  
 27 authorizes the transfer. The commissioner shall also require the lessee to agree not to  
 28 allow the transfer of control of the lessee without the approval of the commissioner; as  
 29 used in this subsection, "transfer of control of the lessee" means the transfer of 30  
 30 percent or more, in the aggregate, of ownership interest in the lessee in one or more  
 31 transactions to one or more persons by one or more persons.

1 \* **Sec. 8.** AS 38.35.120(a) is amended to read:

2 (a) **Except as provided for a natural gas pipeline subject to AS 38.35.121,**  
 3 **a** [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas  
 4 pipeline valued at \$1,000,000 or more may be granted only upon the condition that the  
 5 lessee expressly covenants in the lease, in consideration of the rights acquired by it  
 6 under the lease, that

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

20 (A) subject to regulation either under **15 U.S.C. 717 et seq.**  
 21 **(Natural Gas Act)** [THE NATURAL GAS ACT (15 U.S.C. 717 ET SEQ.) OF  
 22 THE UNITED STATES] or by the state or **a** political **subdivision**  
 23 [SUBDIVISIONS] with respect to rates and charges for the sale of natural gas,  
 24 is, to the extent of that regulation, exempt from the common carrier  
 25 requirement in this paragraph;

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

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

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

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

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

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

31 (6) it shall, notwithstanding any other provision, provide connections

1 and interchange facilities at state expense at [SUCH] places the state considers  
2 necessary if the state determines to take a portion of its royalty or taxes in oil or  
3 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. 9.** AS 38.35.120(b) is amended to read:

18 (b) **Except as provided for a natural gas pipeline subject to AS 38.35.121,**  
 19 **for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas  
 20 pipeline valued at \$1,000,000 or more to be valid and of legal effect, it must contain  
 21 the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. An  
 22 oil or natural gas pipeline right-of-way lease granted under this chapter **and subject to**  
 23 **this section** 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. 10.** AS 38.35 is amended by adding a new section to read:

27 **Sec. 38.35.121. Covenants required to be in a lease to a natural gas**  
 28 **pipeline that is a contract carrier.** (a) For a lease of state land for a right-of-way for  
 29 which an applicant has applied as a contract carrier under AS 42.08, a noncompetitive  
 30 lease of state land for a right-of-way for a natural gas pipeline valued at \$1,000,000 or  
 31 more may be granted only on the condition that the lessee expressly covenant in the

1 lease, in consideration of the rights acquired by it under the lease, that

2 (1) except for the covenants in AS 38.35.120(a)(1), (2), and (5), it will  
3 meet the requirements of AS 38.35.120;

4 (2) it will interchange natural gas and provide connections with each  
5 public utility pipeline, common carrier pipeline, or contract carrier pipeline, and  
6 facilities for the interchange of natural gas at every locality reached by both pipelines  
7 when the necessity exists, as provided in contracts on file with the Regulatory  
8 Commission of Alaska;

9 (3) it assumes the status of and will perform all of its functions  
10 undertaken under the lease as a contract carrier and, subject to contracts with shippers,  
11 will accept, convey, and transport, without discrimination, natural gas delivered to it  
12 for transportation from fields in the vicinity of the pipeline subject to the right-of-way  
13 lease throughout the pipeline route, both on state land obtained under the lease and on  
14 other land, and that, subject to contracts with shippers, it will accept, convey, and  
15 transport natural gas without unjust or unreasonable discrimination in favor of itself or  
16 one producer or person against another, but will take the natural gas delivered or  
17 offered without unreasonable discrimination;

18 (4) it will expand the natural gas pipeline on commercially reasonable  
19 terms that, when possible, encourage exploration and development of gas resources in  
20 this state without increasing transportation costs for a shipper except as provided for in  
21 the contract with the shipper; in this paragraph, "commercially reasonable terms"  
22 means terms that produce sufficient revenue from transportation contracts to cover the  
23 cost of the expansion, including increased fuel costs and a reasonable return on capital,  
24 without impairing the ability of the pipeline to recover the costs of existing facilities;

25 (5) it will not require a shipper to pay a rate in excess of the rates  
26 provided for in the contract with that shipper.

27 (b) A contract carrier may offer to a shipper firm transportation service,  
28 interruptible transportation service, or both.

29 (c) Expansion under (a) of this section may not cause a pipeline to be a  
30 competing natural gas pipeline project. In this subsection, "competing natural gas  
31 pipeline project" has the meaning given in AS 43.90.440.

1 (d) In this section, "firm transportation service" means service by a natural gas  
 2 pipeline carrier that is not subject to a prior claim by another shipper or another class  
 3 of service and is not subject to reduction unless the overall capacity of the pipeline is  
 4 diminished; service is "firm transportation service" if the service requires the same  
 5 priority as any other class of firm transportation service.

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

7 (c) Notwithstanding (a) of this section, a right-of-way lease shall be granted  
 8 without appraisal or rental costs to the Alaska Gasline Development Corporation  
 9 created under AS 31.25.010.

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

11 (c) Except as provided for an applicant in (a) of this section and  
 12 notwithstanding any contrary provision of law, an action or decision of the  
 13 commissioner or other state officer or agency concerning the issuance or approval of a  
 14 necessary right-of-way, permit, lease, certificate, license, or other authorization for the  
 15 development, construction, or initial operation of a natural gas pipeline by the Alaska  
 16 Gasline Development Corporation under AS 31.25 that uses a right-of-way subject to  
 17 this chapter may not be subject to judicial review, except that a claim alleging the  
 18 invalidity of this subsection must be brought within 60 days after the effective date of  
 19 this Act, and a claim alleging that an action will deny rights under the Constitution of  
 20 the State of Alaska must be brought within 60 days following the date of that action. A  
 21 claim that is not filed within the limitations established in this subsection is barred. A  
 22 complaint under this subsection must be filed in superior court, and the superior court  
 23 has exclusive jurisdiction. Notwithstanding AS 22.10.020(c), except in conjunction  
 24 with a final judgment on a claim filed under this subsection, the superior court may  
 25 not grant injunctive relief, including a temporary restraining order, preliminary  
 26 injunction, permanent injunction, or stay, against the issuance of a necessary right-of-  
 27 way, permit, lease, certificate, license, or other authorization for the development,  
 28 construction, or initial operation of a natural gas pipeline by the Alaska Gasline  
 29 Development Corporation. In this subsection, "natural gas pipeline" has the meaning  
 30 given in AS 38.34.099.

31 (d) An appeal of a permitting decision or authorization by the Department of

1 Environmental Conservation under AS 46.03 or AS 46.14 that is made under a  
 2 program approved or delegated by the United States Environmental Protection Agency  
 3 is not

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

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

6 \* **Sec. 13.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

7 (H) Alaska Gasline Development Corporation and subsidiaries  
 8 of the Alaska Gasline Development Corporation;

9 \* **Sec. 14.** AS 39.50.200(b) is amended by adding a new paragraph to read:

10 (64) the board of directors of the Alaska Gasline Development  
 11 Corporation or the board of directors of a subsidiary of the Alaska Gasline  
 12 Development Corporation.

13 \* **Sec. 15.** AS 40.25.120(a) is amended to read:

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

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

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

20 (3) medical and related public health records;

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

23 (5) to the extent the records are required to be kept confidential under  
 24 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure  
 25 or retain federal assistance;

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

28 (A) could reasonably be expected to interfere with enforcement  
 29 proceedings;

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

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

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

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

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

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

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

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

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

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

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

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

30 (C) could reasonably be expected to endanger the life or  
31 physical safety of an individual or to present a real and substantial risk to the

1 public health and welfare;

2 (11) the written notification regarding a proposed regulation provided  
3 under AS 24.20.105 to the Department of Law and the affected state agency and  
4 communications between the Legislative Affairs Agency, the Department of Law, and  
5 the affected state agency under AS 24.20.105;

6 (12) records that are

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

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

11 **(13) information of the Alaska Gasline Development Corporation**  
12 **created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development**  
13 **Corporation that is confidential by law or under a valid confidentiality**  
14 **agreement.**

15 \* **Sec. 16.** AS 41.41.010(a) is amended to read:

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

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

21 (2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE  
22 SYSTEM;

23 (3) THE OPERATION AND MAINTENANCE OF THE PIPELINE  
24 SYSTEM;

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

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

30 \* **Sec. 17.** AS 41.41.010(b) is amended to read:

31 (b) The authority is a **subsidiary of the Alaska Gasline Development**

1        **Corporation created under AS 31.25.120** [PUBLIC CORPORATION AND AN  
2 INSTRUMENTALITY OF THE STATE WITHIN THE DEPARTMENT OF  
3 REVENUE].

4        \* **Sec. 18.** AS 41.41.010(d) is amended to read:

5                (d) **Acquiring** [THE ACQUISITION OF] natural gas from the North Slope  
6 and other regions of the state, including the Alaska outer continental shelf, and  
7 **providing that natural gas to** [ITS DELIVERY TO MARKETS IN THE STATE  
8 FOR USE BY] markets in the state or **for export from the state** [TO TIDEWATER  
9 FOR SHIPMENT TO MARKET BY THE AUTHORITY] are essential government  
10 functions of the state.

11        \* **Sec. 19.** AS 41.41.010 is amended by adding a new subsection to read:

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

19        \* **Sec. 20.** AS 41.41.020 is repealed and reenacted to read:

20                **Sec. 41.41.020. Authority governing body.** The authority shall be governed  
21 by the board of directors of the Alaska Gasline Development Corporation.

22        \* **Sec. 21.** AS 41.41.060 is amended to read:

23                **Sec. 41.41.060. Compensation of board members; reimbursement of [PER**  
24 **DIEM AND TRAVEL] expenses.** Members of the board **described in**  
25 **AS 31.25.020(a)** are entitled to **compensation and reimbursement as provided in**  
26 **AS 31.25.020(d) when on official business of the authority** [PER DIEM AND  
27 TRAVEL EXPENSES AUTHORIZED FOR BOARDS AND COMMISSIONS  
28 UNDER AS 39.20.180].

29        \* **Sec. 22.** AS 41.41.070(d) is amended to read:

30                (d) In addition to its employees, the authority may contract for and engage the  
31 services of [BOND COUNSEL,] consultants, experts, [AND] financial advisors, **and**

1        **legal counsel, including bond counsel**, the authority considers necessary for the  
 2        purpose of developing information, furnishing advice, or conducting studies,  
 3        investigations, hearings, or other proceedings. **The procurement of services under**  
 4        **this subsection is exempt from AS 36.30, including AS 36.30.015(d) and (f).**

5        \* **Sec. 23.** AS 41.41.090(b) is amended to read:

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

11       \* **Sec. 24.** AS 41.41.150(a) is amended to read:

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

19       \* **Sec. 25.** AS 41.41.200 is amended to read:

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

- 22                      (1) sue and be sued;
- 23                      (2) adopt a seal;
- 24                      (3) adopt, amend, and repeal bylaws and regulations;
- 25                      (4) make and execute contracts and other instruments;
- 26                      (5) in its own name acquire property, lease, rent, convey, or acquire  
 27              real and personal property [; A PROJECT SITE OR PART OF A PROJECT SITE  
 28              MAY BE ACQUIRED BY EMINENT DOMAIN];
- 29                      (6) acquire natural gas supplies;
- 30                      (7) issue bonds and otherwise incur indebtedness in accordance with  
 31              AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

1 (8) accept gifts, grants, or loans from and enter into contracts or other  
 2 transactions regarding gifts, grants, or loans with a federal agency or an agency or  
 3 instrumentality of the state, a municipality, private organization, or other source;

4 (9) enter into contracts or agreements with a federal agency, agency or  
 5 instrumentality of the state, municipality, or public or private individual or entity, with  
 6 respect to the exercise of its powers;

7 (10) charge fees or other forms of remuneration for the use of authority  
 8 properties and facilities;

9 (11) defend and indemnify a current or former member of the board or  
 10 an employee or agent of the authority against the costs, expenses, judgments, and  
 11 liabilities as a result of actions taken in good faith on behalf of the authority; and

12 (12) purchase insurance to protect its assets, services, and employees  
 13 against liabilities that may arise from authority operations and activities.

14 \* **Sec. 26.** AS 41.41.990(2) is amended to read:

15 (2) "board" means the board of directors of the Alaska Gasline  
 16 Development Corporation acting as the board of the Alaska Natural Gas  
 17 Development Authority;

18 \* **Sec. 27.** AS 42.04.080(a) is amended to read:

19 (a) Except as provided in AS 42.05.171 or AS 42.06.140, when a matter  
 20 comes for decision before the commission under AS 42.05, [OR] AS 42.06, or  
 21 AS 42.08, the chair shall appoint a hearing panel composed of three or more members  
 22 to hear, or if a hearing is not required, to otherwise consider, and decide the case. The  
 23 panel shall exercise the powers of the commission with respect to the matter.

24 \* **Sec. 28.** AS 42.05 is amended by adding a new section to read:

25 **Sec. 42.05.433. Review of certain contracts by the commission.** (a) A  
 26 precedent agreement or contract entered into by a public utility with the Alaska  
 27 Gasline Development Corporation or its successors or assigns may contain a covenant  
 28 for the public utility to establish, charge, and collect rates sufficient to meet its  
 29 obligations under the contract. If the precedent agreement associated with the contract  
 30 is approved by the commission under AS 42.08, the rate covenant in the associated  
 31 contract is valid and enforceable.

1 (b) A public utility negotiating to purchase natural gas to be shipped through  
 2 an in-state natural gas pipeline regulated under AS 42.08 shall submit the contract to  
 3 the commission before the contract takes effect.

4 (c) A public utility negotiating to contract for the storage of natural gas  
 5 shipped in an in-state natural gas pipeline regulated under AS 42.08 shall submit the  
 6 contract to the commission before the contract takes effect.

7 (d) The commission shall review and may conduct an investigation and  
 8 hearing to determine whether a contract submitted under (b) or (c) of this section is  
 9 just and reasonable. The review and determination shall be conducted as provided in  
 10 AS 42.08.320(b) - (d). The commission shall either approve the contract as presented  
 11 or, if the commission finds that a contract is not just and reasonable, disapprove the  
 12 contract. Notwithstanding AS 42.05.175, if the commission has not acted within 180  
 13 days after the contract is submitted, the contract shall be considered approved and  
 14 shall take effect immediately. The commission may, by order, extend the 180-day  
 15 review period by the duration of any delay caused by a failure of the public utility to  
 16 submit supplemental information that is available to the public utility. A contract that  
 17 is approved or considered approved under this section is not subject to further review  
 18 by the commission.

19 \* **Sec. 29.** AS 42.05.711 is amended by adding a new subsection to read:

20 (t) An in-state natural gas pipeline subject to AS 42.08 and an in-state natural  
 21 gas pipeline carrier subject to AS 42.08 are exempt from this chapter.

22 \* **Sec. 30.** AS 42.06 is amended by adding a new section to article 7 to read:

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

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

27 **Chapter 08. In-State Pipeline Contract Carrier.**

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

29 **Sec. 42.08.010. Application of chapter; exemption.** (a) This chapter applies  
 30 to the regulation of in-state natural gas pipelines that provide transportation by  
 31 contract carriage.

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

3 **Sec. 42.08.020. Qualification of the Alaska Gasline Development**  
4 **Corporation; findings.** (a) The Alaska Gasline Development Corporation is  
5 financially fit, willing, and able to take the actions, perform the service, and conform  
6 to the requirements of this chapter.

7 (b) The board of directors and the officers of the Alaska Gasline Development  
8 Corporation are managerially fit, willing, and able to manage the Alaska Gasline  
9 Development Corporation and to take the actions, perform the service, and conform to  
10 the requirements of this chapter.

11 (c) The proposed service, construction, and operation of an in-state natural gas  
12 pipeline for which the Alaska Gasline Development Corporation applies for a  
13 certificate under this chapter is required by present and future public convenience and  
14 necessity.

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

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

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

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

24 (1) regulate, under the provisions of this chapter, an in-state natural gas  
25 pipeline that provides transportation by way of contract carriage;

26 (2) require permits for the construction, enlargement in size or  
27 operating capacity, extension, connection and interconnection, operation, or  
28 abandonment of an in-state natural gas pipeline facility under the provisions of this  
29 chapter and subject to the same standards as certification in AS 42.08.330;

30 (3) provide all reasonable assistance to the Department of Law in  
31 intervening in, offering evidence in, and participating in proceedings before an officer,

1 department, board, commission, or court of another state or the United States  
2 involving an in-state natural gas pipeline carrier or an affiliated interest and affecting  
3 the interests of the state.

4 (b) The commission may

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

6 (2) investigate, on complaint or its own motion, disputes related to  
7 rules, regulations, services, practices, and facilities that are not subject to the dispute  
8 resolution provisions in an in-state natural gas pipeline carrier's contracts or tariffs or

9 (A) that relate to an unreasonable diminution in the quantity or  
10 quality in the provision of service to a public utility;

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

13 (C) that have not been resolved by the in-state natural gas  
14 pipeline carrier; and

15 (D) in which it clearly appears from specific facts shown by  
16 affidavit or by verified complaint that immediate injury, loss, or damage will  
17 result to the peace, health, safety, or general welfare of the public from a  
18 violation;

19 (3) adopt regulations that are necessary and proper to the performance  
20 of the duties of the commission under this chapter, including regulations governing  
21 practices and procedures of the commission; regulations adopted by the commission  
22 may not be inconsistent with state law;

23 (4) initiate, intervene in, and appear personally or by counsel and offer  
24 evidence in and participate in, any proceedings before an officer, department, board,  
25 commission, or court of this state involving an in-state natural gas pipeline carrier and  
26 affecting the interests of the state; and

27 (5) appoint a qualified, unbiased, and impartial administrative law  
28 judge with experience in the general practice of law to conduct hearings under this  
29 chapter; the administrative law judge may perform other duties in connection with the  
30 administration of this chapter and other laws; an administrative law judge hired to  
31 conduct hearings under this chapter shall have been admitted to practice law for at

1 least five years immediately before appointment under this paragraph.

2 (c) The commission may not

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

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

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

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

20 **Sec. 42.08.250. Application of Administrative Procedure Act.** (a) The  
21 administrative adjudication procedures of AS 44.62 (Administrative Procedure Act)  
22 do not apply to adjudicatory proceedings of the commission under this chapter, except  
23 that final administrative determinations by the commission are subject to judicial  
24 review under AS 44.62 (Administrative Procedure Act) as provided in AS 42.08.530.

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

27 **Sec. 42.08.260. Annual report.** The commission shall include in its annual  
28 reports under AS 42.05.211 and AS 42.06.220 a review of its activities under this  
29 chapter during the previous fiscal year. The report must address the regulation of in-  
30 state natural gas pipeline facilities in the state as of June 30 of each year and must  
31 contain details about the commission's compliance with the performance measures in

1 this chapter.

2 **Article 3. Contract Review; Contract Carriage Certificate; Open Seasons.**

3 **Sec. 42.08.300. Open seasons.** (a) An in-state natural gas pipeline carrier shall  
4 publish reasonable public notice in advance of an open season. The notice shall  
5 contain the proposed recourse tariff, the proposed form of the precedent agreement,  
6 the proposed form of the firm transportation service agreement, and other information  
7 sufficient to show the proposed route, capacity, operating pressures, in-service date,  
8 quality specifications, and other operating conditions that the pipeline carrier  
9 determines are relevant to an evaluation of the proposed service. The notice shall also  
10 state the methods for awarding capacity and whether presubscription agreements have  
11 been executed. An in-state natural gas pipeline carrier shall provide a mechanism for  
12 providing additional relevant information requested by potential shippers.

13 (b) An open season shall be conducted and firm transportation service shall be  
14 awarded without undue discrimination or preference.

15 (c) An in-state natural gas pipeline carrier shall conduct an open season for  
16 firm transportation service when it has existing uncommitted firm transportation  
17 capacity and has received a request for firm transportation capacity from one or more  
18 potential shippers that meet the pipeline's creditworthiness requirements.

19 (d) An in-state natural gas pipeline carrier shall conduct an open season for an  
20 expansion of its pipeline system when it has received one or more requests for firm  
21 transportation service from potential shippers that meet the pipeline's creditworthiness  
22 requirements and that, in the aggregate, would enable the expansion of the pipeline's  
23 system on a commercially reasonable basis. An expansion of the pipeline system is not  
24 commercially reasonable if the expansion would cause the pipeline to be a competing  
25 natural gas pipeline project as defined in AS 43.90.440.

26 (e) A natural gas pipeline carrier may enter into presubscription agreements  
27 before the start of an open season.

28 **Sec. 42.08.310. Transportation service.** (a) Firm transportation service shall  
29 be made available only through a presubscription agreement or an open season  
30 conducted in accordance with AS 42.08.300.

31 (b) The pipeline carrier shall offer a recourse tariff for firm transportation

1 service. The rates included in the recourse tariff shall be determined on a cost-of-  
 2 service basis. The recourse tariff may not preclude the pipeline carrier from collecting  
 3 rolled-in rates so long as the resulting rate for prior shippers does not exceed the initial  
 4 maximum rate allowable under agreements for capacity.

5 (c) An in-state natural gas pipeline carrier may contract to provide firm  
 6 transportation service on terms and for rates different than those in the recourse tariff.

7 (d) An in-state natural gas pipeline carrier shall provide interruptible  
 8 transportation service through capacity not used for firm transportation service. An in-  
 9 state natural gas pipeline carrier shall establish means for routinely advising potential  
 10 shippers of the availability of interruptible transportation service.

11 **Sec. 42.08.320. Review of certain contracts by the commission.** (a) An in-  
 12 state natural gas pipeline carrier shall submit each of its precedent agreements for firm  
 13 transportation service to the commission. A precedent agreement negotiated with an  
 14 entity that is not a public utility regulated by the commission may be filed under seal.  
 15 Under AS 42.08.400, the commission shall keep confidential a precedent agreement  
 16 filed under seal. Submission of precedent agreements to the commission is permissible  
 17 before construction of an in-state natural gas pipeline and before a request for  
 18 certification under this chapter.

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

21 (1) conclude that any precedent agreement or related contract  
 22 negotiated at arm's length between the parties is just and reasonable unless the  
 23 commission finds that unlawful market activity affected the rate or unfair dealing,  
 24 such as fraud or duress, affected the formation of the contract;

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 not just and reasonable, 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 and the associated firm transportation

1 agreement are not subject to further review by the commission.

2 (c) For purposes of (b)(1) of this section, a precedent agreement or related  
3 contract is arm's length

4 (1) if it incorporates the recourse tariff; or

5 (2) if it does not incorporate the recourse tariff,

6 (A) the precedent agreement or related contract is between two  
7 state-owned parties;

8 (B) the parties are not affiliated; or

9 (C) if the parties are affiliated, the precedent agreement or  
10 related contract is substantially similar to a precedent agreement or related  
11 contract between unaffiliated parties.

12 (d) If a precedent agreement or related contract is not arm's length, the  
13 commission shall determine whether the precedent agreement or related contract is  
14 just and reasonable using the standards normally applied under AS 42.06.140. If the  
15 commission is reviewing a precedent agreement, the natural gas pipeline carrier shall  
16 provide to the commission a cost study that shall be used solely for the purpose of this  
17 subsection. When considering whether to approve a contract as just and reasonable  
18 under this subsection, the commission shall consider the consequences of failing to  
19 approve the contract.

20 **Sec. 42.08.330. Contract carriage certificate.** (a) The owner of an in-state  
21 natural gas pipeline subject to this chapter may not engage in the transportation of  
22 natural gas or undertake the construction of a natural gas pipeline facility for that  
23 purpose, or acquire or operate an in-state natural gas pipeline facility, unless a  
24 certificate of public convenience and necessity by the commission authorizing contract  
25 carriage is in force with respect to that owner. A certificate shall describe the nature  
26 and extent of the authority granted, including, as appropriate for the services involved,  
27 a description of the authorized area and scope of operation for the in-state natural gas  
28 pipeline facility.

29 (b) Application for a certificate shall be made in writing to the commission  
30 and verified under oath. The commission by regulation shall establish the  
31 requirements for the form of the application and the information to be contained in the

1 application. Notice of the application shall be provided to interested parties in the  
2 manner provided by regulation.

3 (c) Within 180 days after receiving an application under this chapter, a  
4 contract carriage certificate shall be issued to a qualified applicant, authorizing, in  
5 whole or in part, the operation, service, construction, or acquisition covered by the  
6 application, if the commission finds that the applicant is fit, willing, and able to do the  
7 acts, perform the proposed service, and conform to the provisions of this chapter and  
8 the requirements of the commission, and that the proposed service, operation,  
9 construction, extension, or acquisition, to the extent authorized by the certificate, is or  
10 will be required by the present or future public convenience and necessity. The  
11 application must be denied if the commission fails to find that the applicant is fit,  
12 willing, and able under this subsection.

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

16 (e) Operating authority may not be transferred by sale or lease of the contract  
17 carriage certificate or by the sale of substantially all of the stock or assets of a pipeline  
18 carrier holding a certificate without prior approval and a best interest of the public  
19 finding by the commission. The commission shall summarily approve a transfer not  
20 involving a substantial change in ownership.

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

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

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

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

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

1 (g) A person holding a certificate issued under this chapter may not abandon  
 2 or permanently discontinue the use of all or a portion of an in-state natural gas pipeline  
 3 without permission and approval by the commission, after due notice and hearing and  
 4 a finding by the commission that continued service is not required by public  
 5 convenience and necessity. Any interested person may file a protest or memorandum  
 6 of opposition to or in support of discontinuance or abandonment with the commission.  
 7 The commission may order the temporary suspension of a service or part of a service.

8 **Sec. 42.08.340. Filing requirements; public inspection.** (a) An in-state  
 9 natural gas pipeline carrier shall file with the commission all recourse tariffs, rules,  
 10 regulations, terms, and conditions pertaining to service provided under the certificate  
 11 and copies of all contracts with shippers that in any way affect or relate to the carrier's  
 12 rates, tariffs, charges, classifications, rules, regulations, terms, and conditions to  
 13 service provided under the certificate. The in-state natural gas pipeline carrier shall  
 14 maintain copies on file at its principal business office and at places designated by the  
 15 commission and make the copies available to, and subject to inspection by, the general  
 16 public on demand. Rules, regulations, terms, and conditions not included in the tariff  
 17 of an in-state natural gas pipeline carrier shall be included in the contract with each  
 18 shipper.

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

26 **Sec. 42.08.350. Uniform system of accounts.** An in-state natural gas pipeline  
 27 carrier operating under this chapter shall maintain its records and accounts in  
 28 accordance with the uniform system of accounts for class A natural gas pipelines in 18  
 29 C.F.R. 201 (Federal Energy Regulatory Commission), as amended.

30 **Sec. 42.08.360. Expansion; dispute resolution.** (a) A contract entered into by  
 31 an in-state natural gas pipeline carrier may provide for expansion unless the expansion

1 would cause the pipeline to be a competing natural gas pipeline project as defined in  
2 AS 43.90.440.

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

5 **Sec. 42.08.370. Regulatory cost charge.** (a) Each year, a person operating an  
6 in-state natural gas pipeline under this chapter shall pay to the commission a  
7 regulatory cost charge if the pipeline for which the charge is assessed is subject to this  
8 chapter and the commission has taken action on the pipeline or certificate under this  
9 chapter during the prior fiscal year. The amount of the regulatory cost charge may not  
10 exceed the sum of the following percentages of gross revenue derived from operations  
11 in the state:

12 (1) 0.7 percent to fund the operations of the commission; and

13 (2) 0.17 percent to fund operations of the public advocacy function  
14 under AS 42.04.070(c) and AS 44.23.020(e) in the Department of Law.

15 (b) The commission shall by regulation establish a method to determine  
16 annually the amount of the regulatory cost charge that will apply to a pipeline  
17 regulated under this chapter. If the amount the commission expects to collect under (a)  
18 of this section, AS 42.05.254(a), and AS 42.06.286(a) exceeds the authorized budgets  
19 of the commission and the Department of Law public advocacy function under  
20 AS 42.04.070(c) and AS 44.23.020(e), the commission shall, by order, reduce the  
21 percentage determined under a regulation adopted under this subsection so that the  
22 total amount of the fees collected approximately equals the authorized budgets of the  
23 commission and the Department of Law public advocacy function under  
24 AS 42.04.070(c) and AS 44.23.020(e) for the fiscal year.

25 (c) The commission shall administer the charge imposed under this section.  
26 The Department of Revenue shall collect and enforce the charge imposed under this  
27 section. The Department of Administration shall identify the amount of the operating  
28 budgets of the commission and the Department of Law public advocacy function  
29 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.  
30 The legislature may appropriate an amount equal to the lapsed amount to the  
31 commission and to the Department of Law public advocacy function under

1 AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the  
 2 legislature does so, the commission shall reduce the total regulatory cost charge  
 3 collected for that fiscal year by a comparable amount.

4 (d) The commission may adopt regulations under AS 44.62 (Administrative  
 5 Procedure Act) necessary to administer this section, including procedures and  
 6 requirements for reporting information and a requirement for paying the regulatory  
 7 cost charge in quarterly payments. The Department of Revenue may adopt regulations  
 8 under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed  
 9 information and for collecting required payments.

10 **Sec. 42.08.380. Effect of chapter on taxes and royalties.** Nothing in this  
 11 chapter shall alter the calculation of a production tax under AS 43.55.011 - 43.55.180  
 12 or the calculation of a royalty due for a lease issued under AS 38.05.180.

13 **Article 4. Records; Investigations.**

14 **Sec. 42.08.400. Public records.** (a) Except as provided in (b) and (c) of this  
 15 section or prohibited from disclosure under state or federal law, records in the  
 16 possession of the commission are open to public inspection at reasonable times.

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

20 (c) A record filed with the commission that is a precedent agreement between  
 21 an in-state natural gas pipeline carrier and an unregulated entity is a privileged record  
 22 that is not open to the public for inspection. For a record that relates to a precedent  
 23 agreement, or is or relates to a contract other than a precedent agreement between an  
 24 in-state natural gas pipeline carrier and an unregulated entity, an in-state natural gas  
 25 pipeline carrier shall identify the provisions of the record that contain information that,  
 26 if disclosed, could adversely affect the competitive position of the shipper, and the  
 27 information shall be treated by the commission as confidential.

28 (d) A person may make written objection to the public disclosure of  
 29 information contained in a record filed under this chapter or of information obtained  
 30 by the commission or by the attorney general under this chapter, stating the grounds  
 31 for the objection. When an objection is made, the commission shall order the

1 information withheld from public disclosure if the information adversely affects the  
 2 interest of the person making written objection and disclosure is not required in the  
 3 interest of the public.

4 (e) A commissioner may certify as to all official records of the commission  
 5 under this section and may certify as to all official acts of the commission under this  
 6 chapter.

7 **Sec. 42.08.410. Investigations.** The commission may investigate any matter  
 8 for which an investigation is authorized under this chapter. An investigation may be  
 9 public, nonpublic, or both. In conducting an investigation, the commission may  
 10 compel the attendance and testimony of witnesses and the production of records and  
 11 testimony before the commission or its designee. In the course of an investigation, the  
 12 commission may, subject to AS 44.23.020(e), exclude from attendance at the taking of  
 13 investigative testimony all persons except a person compelled to attend, that person's  
 14 attorney, members of the commission or the commission's staff, and a person  
 15 authorized to transcribe the proceedings.

#### 16 **Article 5. General Provisions.**

17 **Sec. 42.08.510. Designation of service agents.** An in-state natural gas pipeline  
 18 carrier shall file with the commission a written appointment of a named permanent  
 19 resident, which may be a corporation, of this state as its registered agent in this state  
 20 on whom service of all notices, regulations, and requests of the commission may be  
 21 made. The appointment shall specify the address in this state of the appointed agent.  
 22 The address may be changed from time to time by filing a new address in the state  
 23 with the commission. If an in-state natural gas pipeline carrier fails to appoint a  
 24 registered agent, service of notices, regulations, and requests may be made by posting  
 25 a copy in the main office of the commission and filing a copy in the office of the  
 26 lieutenant governor.

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

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

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

5 **Sec. 42.08.540. Joinder of actions.** Under the applicable court rules, appeals  
 6 from orders of the commission and applications for enforcement of orders of the  
 7 commission may be joined. The court may, in the interests of justice, separate the  
 8 actions.

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

10 (1) "commission" means the Regulatory Commission of Alaska  
 11 (AS 42.04.010);

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

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

17 (4) "in-state natural gas pipeline" or "in-state natural gas pipeline  
 18 facility" means a natural gas pipeline that transports natural gas in the state by way of  
 19 contract carriage;

20 (5) "in-state natural gas pipeline carrier" means the owner, including a  
 21 corporation, company, or other entity organized under the laws of the United States or  
 22 of any state, of an in-state natural gas pipeline or an interest in it, or any person,  
 23 including a corporation, company, or other entity organized under the laws of the  
 24 United States or of any state, that transports natural gas as a contract carrier;

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

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

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

31 \* **Sec. 32.** AS 43.56.020 is amended by adding a new subsection to read:

1 (d) Taxable property of a natural gas pipeline project owned or financed by  
 2 the Alaska Gasline Development Corporation or a joint venture, partnership, or other  
 3 entity that includes the Alaska Gasline Development Corporation is exempt from state  
 4 taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized  
 5 under AS 43.56.010(b) before the commencement of commercial operations of that  
 6 natural gas pipeline project. In this subsection, "commencement of commercial  
 7 operations" means the first flow of natural gas in the project that generates revenue to  
 8 the owners of the natural gas pipeline project.

9 \* **Sec. 33.** AS 36.30.850(b)(45); AS 38.34.030, 38.34.040, 38.34.050, 38.34.060;  
 10 AS 41.41.030, 41.41.040, 41.41.050, 41.41.080, and 41.41.100 are repealed.

11 \* **Sec. 34.** Section 1, 2002 Ballot Measure No. 3, is repealed.

12 \* **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to  
 13 read:

14 **TRANSITION AND LEGISLATIVE INTENT.** (a) It is the intent of the legislature  
 15 that a right-of-way lease subject to AS 31.25.090(d), enacted by sec. 3 of this Act,  
 16 AS 38.35.100(d), as amended by sec. 7 of this Act, AS 38.35.120(a), as amended by sec. 8 of  
 17 this Act, AS 38.35.120(b), as amended by sec. 9 of this Act, and AS 38.35.121, enacted by  
 18 sec. 10 of this Act, that is entered into between the commissioner of natural resources and the  
 19 Alaska Gasline Development Corporation before the effective dates of secs. 3 and 7 - 10 of  
 20 this Act be amended as soon as practicable after the effective dates of secs. 3 and 7 - 10 of this  
 21 Act to conform to the requirements of AS 31.25.090(d), enacted by sec. 3 of this Act,  
 22 AS 38.35.100(d), as amended by sec. 7 of this Act, AS 38.35.120(a), as amended by sec. 8 of  
 23 this Act, AS 38.35.120(b), as amended by sec. 9 of this Act, and AS 38.35.121, enacted by  
 24 sec. 10 of this Act.

25 (b) The transition of the Alaska Gasline Development Corporation from a subsidiary  
 26 of the Alaska Housing Finance Corporation to an independent public corporation of the state  
 27 may not disrupt, interfere, or alter the work of the Alaska Gasline Development Corporation.  
 28 The governor shall appoint the board of the Alaska Gasline Development Corporation as soon  
 29 as practicable after the effective date of this Act. It is the intent of the legislature that the  
 30 governor appoint the new board of the Alaska Gasline Development Corporation within 90  
 31 days after the effective date of this Act. The board of the Alaska Housing Finance

1 Corporation shall serve as the board of the Alaska Gasline Development Corporation until the  
2 governor appoints the board of the Alaska Gasline Development Corporation under this  
3 subsection. The board of directors of the Alaska Gasline Development Corporation shall work  
4 with the board of directors of the Alaska Housing Finance Corporation and the commissioner  
5 of commerce, community, and economic development to ensure the smooth transition of the  
6 Alaska Gasline Development Corporation to being an independent public corporation,  
7 including modifying the articles of incorporation of the Alaska Gasline Development  
8 Corporation.

9 (c) It is the intent of the legislature that the transition of the Alaska Gasline  
10 Development Corporation to being an independent public corporation of the state located for  
11 administrative purposes in the Department of Commerce, Community, and Economic  
12 Development be treated for all purposes only as a change of placement within the state and  
13 not as the creation of a new public corporation of the state.

14 (d) It is the intent of the legislature that the Alaska Housing Finance Corporation, the  
15 board of directors of the Alaska Gasline Development Corporation as a subsidiary created  
16 under AS 18.56.086 by the Alaska Housing Finance Corporation, and the commissioner of  
17 commerce, community, and economic development expeditiously amend the articles of  
18 incorporation, the bylaws, and other documents of the Alaska Gasline Development  
19 Corporation to reflect the change in the placement of the Alaska Gasline Development  
20 Corporation from being a subsidiary of the Alaska Housing Finance Corporation to being an  
21 independent public corporation of the state as provided in AS 31.25, enacted by sec. 3 of this  
22 Act.

23 (e) It is the intent of the legislature that the Alaska Housing Finance Corporation and  
24 the commissioner of commerce, community, and economic development coordinate the  
25 transition of the Alaska Gasline Development Corporation to its new placement within the  
26 state as an independent public corporation of the state and assist the newly appointed board of  
27 directors of the Alaska Gasline Development Corporation to ensure that the development of  
28 an in-state natural gas pipeline is not unreasonably delayed because of the change in  
29 placement within the state of the corporation.

30 \* **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to  
31 read:

1 REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of  
2 (1) AS 38.35.120 from "Covenants required to be included in lease" to  
3 "Covenants required to be included in lease to a pipeline that is not a natural gas pipeline  
4 contract carrier"; and  
5 (2) AS 38.35.200 from "Judicial review of decisions of commissioner on  
6 application" to "Judicial review."  
7 \* **Sec. 37.** This Act takes effect immediately under AS 01.10.070(c).