

**SPONSOR SUBSTITUTE FOR 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, Gattis, Reinbold, Holmes, Tammie Wilson, Thompson**

**Introduced: 1/30/13**

**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 and its subsidiaries exempt from inspection as**  
6 **a public record; relating to the Joint In-State Gasline Development Team; relating to**  
7 **the Alaska Housing Finance Corporation; relating to the price of the state's royalty gas**  
8 **for certain contracts; relating to judicial review of a right-of-way lease or an action or**  
9 **decision related to the development or construction of an oil or gas pipeline on state**  
10 **land; relating to the lease of a right-of-way for a gas pipeline transportation corridor,**  
11 **including a corridor for a natural gas pipeline that is a contract carrier; relating to the**  
12 **cost of natural resources, permits, and leases provided to the Alaska Gasline**

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

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

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

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

1 (1) the Alaska Gasline Development Corporation, in its new placement as an  
 2 independent public corporation of the state, shall be treated for all purposes as the transfer of a  
 3 corporation within the state and not as the creation of a new entity by the State of Alaska;

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (b) Members of the board shall be appointed by the governor and are subject  
 28 to confirmation by the legislature. When appointing a member to the board, the  
 29 governor shall consider an individual's expertise and experience in natural gas pipeline  
 30 construction, operation and marketing; finance; large project management; and other  
 31 expertise and experience that is relevant to the purpose, powers, and duties of the

1 corporation. Members of the board serve staggered seven-year terms. A member may  
 2 be removed from office by the governor only for cause. A removal by the governor  
 3 must be in writing, must state the reason for the removal, and must be made available  
 4 to the public. A vacancy shall be filled in the same manner as the original  
 5 appointment.

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

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

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

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

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

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

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

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

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

1 is authorized.

2 (e) An affirmative vote of at least three members of the board is required to  
3 approve

4 (1) the sale and issuance of bonds;

5 (2) the sale or other disposition of a substantial asset or substantial  
6 amount of the assets of the corporation; the corporation shall adopt a regulation that  
7 defines a substantial asset and a substantial amount of assets for the purposes of this  
8 paragraph;

9 (3) the ownership structure for a pipeline project of which the  
10 corporation is a participant;

11 (4) an action committing the corporation to an additional natural gas  
12 pipeline project; and

13 (5) action on other matters identified in a regulation adopted by the  
14 corporation as being subject to this subsection.

15 **Sec. 31.25.035. Minutes of meetings.** The board shall keep minutes of each  
16 meeting and send certified copies to the governor and to the Legislative Budget and  
17 Audit Committee.

18 **Sec. 31.25.040. Administration of affairs.** (a) The board shall manage the  
19 assets and business of the corporation and may adopt, amend, and repeal bylaws and  
20 regulations governing the manner in which the business of the corporation is  
21 conducted and the manner in which its powers are exercised. The board shall delegate  
22 supervision of the administration of the corporation to the executive director,  
23 appointed in accordance with AS 31.25.045.

24 (b) The board shall adopt and publish procedures to govern the procurement  
25 by the corporation of supplies, services, professional services, and construction.

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

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

1           **Sec. 31.25.060. Employment of personnel.** The board may appoint other  
2 officers and engage professional and technical advisors as independent contractors.  
3 The executive director may hire employees of the corporation and engage professional  
4 and technical advisors under contract with the corporation. The board shall prescribe  
5 the duties and compensation of corporation personnel, including the executive  
6 director.

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

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

10                   (1) advance an in-state natural gas pipeline as described in the July 1,  
11 2011, project plan prepared under former AS 38.34.040 by the corporation while a  
12 subsidiary of the Alaska Housing Finance Corporation, with modifications determined  
13 by the corporation to be appropriate to develop, finance, construct, and operate an in-  
14 state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the  
15 purpose of making natural gas available to Fairbanks, the Southcentral region of the  
16 state, and other communities in the state at the lowest rates possible;

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

20                   (3) endeavor to develop natural gas pipelines that offer commercially  
21 reasonable rates for shippers and access for shippers who produce natural gas in the  
22 state.

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

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

29                   (2) plan, finance, construct, develop, acquire, maintain, and operate a  
30 pipeline system, including pipelines, compressors, storage facilities, and other related  
31 facilities, equipment, and works of public improvement, in the state to facilitate

1 production, transportation, and delivery of natural gas or other related natural  
2 resources to the point of consumption or to the point of distribution for consumption;

3 (3) lease or rent facilities, structures, and properties;

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

9 (5) acquire, by purchase, lease, or gift, land, structures, real or personal  
10 property, an interest in property, a right-of-way, a franchise, an easement, or other  
11 interest in land, or an interest in or right to capacity in a pipeline system determined to  
12 be necessary or convenient for the development, financing, construction, or operation  
13 of an in-state natural gas pipeline project or part of an in-state natural gas pipeline  
14 project;

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

18 (7) elect to provide transportation of natural gas as a contract carrier,  
19 common carrier, or otherwise;

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

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

24 (10) advocate for new pipeline capacity before the Federal Energy  
25 Regulatory Commission;

26 (11) make and execute agreements, contracts, and other instruments  
27 necessary or convenient in the exercise of the powers and functions of the corporation  
28 under this chapter, including a contract with a person, firm, corporation, governmental  
29 agency, or other entity;

30 (12) sue and be sued in its own name;

31 (13) adopt an official seal;

1                   (14) adopt bylaws for the regulation of its affairs and the conduct of its  
2 business and adopt regulations and policies in connection with the performance of its  
3 functions and duties;

4                   (15) employ fiscal consultants, engineers, attorneys, appraisers, and  
5 other consultants and employees that may, in the judgment of the corporation, be  
6 required and fix and pay their compensation from funds available to the corporation;

7                   (16) procure insurance against a loss in connection with its operation;

8                   (17) borrow money as provided in this chapter to carry out its  
9 corporate purposes and issue its obligations as evidence of borrowing;

10                  (18) include in a borrowing the amounts necessary to pay financing  
11 charges, interest on the obligations for a period not exceeding one year after the date  
12 on which the corporation estimates funds will otherwise be available to pay the  
13 interest, consultant, advisory, and legal fees, and other expenses that are necessary or  
14 incident to the borrowing;

15                  (19) receive, administer, and comply with the conditions and  
16 requirements of an appropriation, gift, grant, or donation of property or money;

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

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

26                  (b) The corporation may not develop or construct a natural gas pipeline that is  
27 a competing natural gas pipeline project for purposes of AS 43.90.440 unless the  
28 project for which a license is issued under AS 43.90 has been abandoned or is no  
29 longer receiving the inducements in AS 43.90.110(a).

30                  (c) The corporation shall establish a schedule of reasonable fees and collect  
31 fees, rentals, and other charges for use of the facilities of the corporation.

1 (d) If commitments to acquire firm transportation capacity are received in an  
2 open season conducted by the corporation, the corporation shall, within 10 days after  
3 accepting and executing the written commitments received during the open season,  
4 report the results of the open season to the president of the senate and the speaker of  
5 the house of representatives and inform the public of the results of the open season  
6 through publication on the Internet website of the corporation and in a press release or  
7 other announcement to the media. The results made public must include the name of  
8 each prospective shipper, the amount of capacity allocated, and the period of the  
9 commitment.

10 **Sec. 31.25.090. Confidentiality; interagency cooperation.** (a) The  
11 corporation may have access to information of departments, agencies, and public  
12 corporations of the state that is directly related to the planning, financing,  
13 development, acquisition, maintenance, construction, or operation of an in-state  
14 natural gas pipeline. The corporation shall avoid duplicating studies, plans, and  
15 designs that have already been provided or obtained by other state entities. All  
16 departments, agencies, and public corporations of the state shall cooperate with and  
17 shall provide information, services, facilities, and loans to the corporation upon its  
18 request and, except for requests from the Alaska Gasline Inducement Act coordinator  
19 (AS 43.90.250), give priority to requests of the corporation.

20 (b) Upon request by the corporation, a state entity shall provide water, sand  
21 and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the  
22 corporation at the usual and customary rates, except as provided in (d) of this section.  
23 Review of and action on a request shall be conducted and taken as provided in AS  
24 38.34.020. In this subsection, "state entity" means a state department, authority, or  
25 other administrative unit of the executive branch of state government, a public  
26 university, or a public corporation of the state.

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

1 Commission.

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

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

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

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

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

15 (f) The corporation may enter into confidentiality agreements necessary to  
16 acquire or provide information to carry out its functions. If a state agency determines  
17 that a law or provision of a contract to which the state agency is a party requires the  
18 state agency to preserve the confidentiality of the information and that delivering the  
19 information to the corporation would violate the confidentiality provision of that law  
20 or contract, the state agency shall

21 (1) identify the applicable law or contract provision to the corporation;  
22 and

23 (2) obtain the consent of the person who has the right to waive the  
24 confidentiality of the information under the applicable law or contract provision before  
25 the state agency transfers the information to the corporation.

26 (g) Information acquired or provided by the corporation under a  
27 confidentiality agreement is not subject to disclosure under AS 40.25.110. The  
28 corporation may enter into confidentiality agreements with a public agency, as defined  
29 in AS 40.25.220, to allow release of confidential information. The portions of the  
30 records and files of a public agency bound by a confidentiality agreement that reflect,  
31 incorporate, or analyze information subject to a confidentiality agreement under this

1 subsection are not public records. Confidentiality agreements entered into under this  
 2 subsection are valid and binding against all parties in accordance with the terms of the  
 3 confidentiality agreement.

4 (h) The conduct of and results from field studies and other technical  
 5 information; trade secrets; and information that discloses the particulars of a business  
 6 or the affairs of a private enterprise, investor, advisor, consultant, counsel, or manager  
 7 developed or obtained by the corporation relating to the development, financing,  
 8 construction, or operation of an in-state natural gas pipeline project by the corporation  
 9 are confidential and not subject to disclosure under AS 40.25.110. The corporation  
 10 may waive the confidentiality of the information described in this subsection, except  
 11 for information acquired from another person that is subject to a confidentiality  
 12 agreement, if the waiver is consistent with the interests of the state and will facilitate  
 13 the development, financing, or construction of an in-state natural gas pipeline.

14 **Sec. 31.25.100. In-state natural gas pipeline fund.** The in-state natural gas  
 15 pipeline fund is established in the corporation and consists of money appropriated to  
 16 it. Unless otherwise provided by law, money appropriated to the fund lapses into the  
 17 general fund on the day this section is repealed. Interest and other income received on  
 18 money in the fund shall be separately accounted for and may be appropriated to the  
 19 fund. The corporation may use money appropriated to the fund without further  
 20 appropriation for the planning, financing, development, acquisition, maintenance,  
 21 construction, and operation of an in-state natural gas pipeline.

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

- 24 (1) invest in corporations established under this section;  
 25 (2) issue bonds and borrow money for investments in corporations  
 26 established under this section;  
 27 (3) borrow from corporations established under this section;  
 28 (4) guarantee the obligations of corporations established under this  
 29 section; or  
 30 (5) enter into agreements with corporations established under this  
 31 section or with other persons.

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

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

5 **Sec. 31.25.120. Creation of subsidiaries; sale of natural gas by a**  
6 **subsidiary.** (a) The corporation may create subsidiary corporations for the purpose of  
7 developing, constructing, operating, and financing in-state natural gas pipeline  
8 projects; for the purpose of aiding in the development, construction, operation, and  
9 financing of in-state natural gas pipeline projects; or for the purpose of acquiring the  
10 state's royalty share of natural gas, natural gas from the North Slope, and natural gas  
11 from other regions of the state, including the state's outer continental shelf, and  
12 making that natural gas available to markets in the state or for export. A subsidiary  
13 corporation created under this section may be incorporated under AS 10.20.146 -  
14 10.20.166. The corporation may transfer assets of the corporation to a subsidiary  
15 created under this section. A subsidiary created under this section may borrow money  
16 and issue bonds as evidence of that borrowing and has all the powers of the  
17 corporation that the corporation grants to it. Unless otherwise provided by the  
18 corporation, the debts, liabilities, and obligations of a subsidiary corporation created  
19 under this section are not the debts, liabilities, or obligations of the corporation.

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

27 **Sec. 31.25.130. Administrative procedure; regulations.** (a) Except for AS  
28 44.62.310 - 44.62.319 (Open Meetings Act), AS 44.62 (Administrative Procedure Act)  
29 does not apply to this chapter. The corporation shall make available to members of the  
30 public copies of the regulations adopted under (b) - (e) of this section. Within 45 days  
31 after adoption, the chair of the board shall submit a regulation adopted under (b) - (e)

1 of this section to the chair of the Administrative Regulation Review Committee under  
2 AS 24.20.400 - 24.20.460.

3 (b) The board may adopt regulations by motion or by resolution or in another  
4 manner permitted by its bylaws.

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

6 (d) Except as provided in (e) of this section, at least 15 days before the  
7 adoption, amendment, or repeal of a regulation, the board shall give public notice of  
8 the proposed action by posting notice on the corporation's Internet website and on the  
9 Alaska Online Public Notice System and by mailing a copy of the notice to every  
10 person who has filed a request for notice of proposed regulations with the board or the  
11 corporation. The public notice must include a statement of the time, place, and nature  
12 of the proceedings for the adoption, amendment, or repeal of the regulation and must  
13 include an informative summary of the proposed subject of the regulation. On the date  
14 and at the time and place designated in the notice, the board shall give each interested  
15 person or an authorized representative, or both, the opportunity to present statements,  
16 arguments, or contentions in writing and shall give members of the public an  
17 opportunity to present oral statements, arguments, or contentions for a total period of  
18 at least one hour. The board shall consider all relevant matter presented to it before  
19 adopting, amending, or repealing a regulation. At a hearing under this subsection, the  
20 board may continue or postpone the hearing to a time and place that it determines. A  
21 regulation that is adopted, or its amendment or repeal, may vary in content from the  
22 informative summary specified in this subsection if the subject matter of the  
23 regulation, or its amendment or repeal, remains the same and the original notice was  
24 written to ensure that members of the public are reasonably notified of the proposed  
25 subject of the board's action in order for them to determine whether their interests  
26 could be affected by the board's action on that subject.

27 (e) A regulation or order of repeal may be adopted as an emergency regulation  
28 or order of repeal if the board makes a finding in its order of adoption or repeal,  
29 including a statement of the facts that constitute the emergency, that the adoption of  
30 the regulation or order of repeal is necessary for the immediate preservation of the  
31 orderly operation of the corporation's bonding programs. Upon adoption of an

1 emergency regulation, the board shall, within 10 days after adoption, give notice of the  
 2 adoption in accordance with (d) of this section. An emergency regulation adopted  
 3 under this subsection does not remain in effect more than 120 days unless the board  
 4 complies with (d) of this section during the 120-day period.

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

8 **Sec. 31.25.140. Exemption from the State Procurement Code and the**  
 9 **Executive Budget Act; corporation finances.** (a) The corporation and its subsidiaries  
 10 are exempt from the provisions of AS 36.30 (State Procurement Code) and AS 37.07  
 11 (Executive Budget Act).

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

14 (1) annually review the corporation's assets, including the assets of the  
 15 in-state natural gas pipeline fund under AS 31.25.100, to determine whether assets of  
 16 the corporation exceed an amount required to fulfill the purposes of the corporation as  
 17 defined in this chapter; in making its review, the board shall determine whether, and to  
 18 what extent, assets in excess of the amount required to fulfill the purposes of the  
 19 corporation during the next fiscal year are available without

20 (A) breaching an agreement entered into by the corporation;

21 (B) materially impairing the operations or financial integrity of  
 22 the corporation; or

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

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

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

1 **Article 2. Bonds and Notes.**

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

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

9 (b) The principal of and interest on the bonds or notes are payable from  
10 corporation funds. Bond anticipation notes may be payable from the proceeds of the  
11 sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the  
12 event bond or bond anticipation note proceeds are not available, from other funds or  
13 assets of the corporation. Bonds or notes may be additionally secured by a pledge of a  
14 grant or contribution from the federal government, or a corporation, association,  
15 institution, or person, or a pledge of money, income, or revenue of the corporation  
16 from any source.

17 (c) Bonds or bond anticipation notes may be issued in one or more series and  
18 shall be dated, bear interest at the rate or rates a year or within the maximum rate, be  
19 in the denomination, be in the form, either coupon or registered, carry the conversion  
20 or registration provisions, have the rank or priority, be executed in the manner and  
21 form, be payable from the sources in the medium of payment and place or places  
22 within or outside the state, be subject to authentication by a trustee or fiscal agent, and  
23 be subject to the terms of redemption with or without premium, as the resolution of the  
24 corporation may provide. Bond anticipation notes shall mature at the time or times that  
25 are determined by the corporation. Bonds shall mature at a time, not exceeding 50  
26 years from their date, that is determined by the corporation. Before the preparation of  
27 definitive bonds or bond anticipation notes, the corporation may issue interim receipts  
28 or temporary bonds or bond anticipation notes, with or without coupons, exchangeable  
29 for bonds or bond anticipation notes when the definitive bonds or bond anticipation  
30 notes have been executed and are available for delivery.

31 (d) Bonds or bond anticipation notes may be sold in the manner and on the

1 terms the corporation determines.

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

6 (f) In a resolution of the corporation authorizing or relating to the issuance of  
7 bonds or bond anticipation notes, the corporation has power by provisions in the  
8 resolution that will constitute covenants of the corporation and contracts with the  
9 holders of the bonds or bond anticipation notes

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

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

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

17 (4) to covenant as to establishment of reserves or sinking funds and the  
18 making of provision for and the regulation and disposition of the reserves or sinking  
19 funds;

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

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

25 (7) to covenant as to the issuance of additional bonds or notes or as to  
26 limitations on the issuance of additional bonds or notes and the incurring of other  
27 debts;

28 (8) to covenant as to the payment of the principal of or interest on the  
29 bonds or notes, as to the sources and methods of the payment, as to the rank or priority  
30 of the bonds or notes with respect to a lien or security, or as to the acceleration of the  
31 maturity of the bonds or notes;

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

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

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

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

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

15 (14) to covenant as to the custody of any of its properties or  
16 investments, the safekeeping and insurance of its properties or investments, and the  
17 use and disposition of insurance money;

18 (15) to covenant as to the time or manner of enforcement or restraint  
19 from enforcement of any rights of the corporation arising by reason of or with respect  
20 to nonpayment or violation of the terms of an agreement to which the corporation is a  
21 party or with respect to which the corporation has enforcement rights;

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

28 (17) to vest in a trustee or trustees within or outside the state the  
29 property, rights, powers, and duties in trust as the corporation may determine, which  
30 may include any or all of the rights, powers, and duties of a trustee appointed by the  
31 holders of the bonds or notes, and to limit or abrogate the right of the holders of the

1 bonds or notes of the corporation to appoint a trustee under this chapter or limit the  
2 rights, powers, and duties of the trustee;

3 (18) to pay the costs or expenses incident to the enforcement of the  
4 bonds or notes or of the provisions of the resolution or of a covenant or agreement of  
5 the corporation with the holders of its bonds or notes;

6 (19) to agree with a corporate trustee, which may be a trust company  
7 or bank having the powers of a trust company within or outside the state, as to the  
8 pledging or assigning of revenue or funds to which or in which the corporation has any  
9 rights or interest; the agreement may further provide for other rights and remedies  
10 exercisable by the trustee as may be proper for the protection of the holders of the  
11 bonds or notes of the corporation and not otherwise in violation of law and may  
12 provide for the restriction of the rights of an individual holder of bonds or notes of the  
13 corporation;

14 (20) to appoint and provide for the duties and obligations of any  
15 paying agent or paying agents, or other fiduciaries as the resolution may provide  
16 within or outside the state;

17 (21) to limit the rights of the holders of the bonds or notes to enforce a  
18 pledge or covenant securing bonds or notes;

19 (22) to make covenants other than and in addition to the covenants  
20 expressly authorized in this section, of like or different character, and to make  
21 covenants to do or refrain from doing acts and things as may be necessary, or as may  
22 be convenient and desirable, to better secure bonds or notes or that, in the absolute  
23 discretion of the corporation, would tend to make bonds or notes more marketable,  
24 notwithstanding that the covenants, acts, or things may not be enumerated in this  
25 section.

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

30 **Sec. 31.25.180. Validity of pledge.** The pledge of assets or revenue of the  
31 corporation to the payment of the principal of or interest on an obligation of the

1 corporation is valid and binding from the time the pledge is made, and the assets or  
 2 revenue are immediately subject to the lien of the pledge without physical delivery or  
 3 further act. The lien of the pledge is valid and binding against all parties having claims  
 4 of any kind in tort, contract, or otherwise against the corporation, regardless of  
 5 whether those parties have notice of the lien of the pledge. This section does not  
 6 prohibit the corporation from selling assets subject to a pledge, except that the sale  
 7 may be restricted by the trust agreement or resolution providing for the issuance of the  
 8 obligations.

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

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

14 (2) proceeds of the sale of its obligations, to the extent provided in the  
 15 resolution or resolutions of the corporation authorizing their issuance; and

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

18 (b) All money held in a capital reserve fund, except as provided in this section,  
 19 shall be used as required, solely for the payment of the principal of obligations or of  
 20 the sinking fund payments with respect to those obligations; the purchase or  
 21 redemption of obligations; the payment of interest on obligations; or the payment of a  
 22 redemption premium required to be paid when those obligations are redeemed before  
 23 maturity. However, money in a fund may not, at any time, be withdrawn from the fund  
 24 in an amount that would reduce the amount of that fund to less than the capital reserve  
 25 requirement set out in (c) of this section, except for the purpose of making, with  
 26 respect to those obligations, payment, when due, of principal, interest, redemption  
 27 premiums, and the sinking fund payments for the payment of which other money of  
 28 the corporation is not available. Income or interest earned by, or increment to, a capital  
 29 reserve fund, because of the investment of the fund or other amounts in it, may be  
 30 transferred by the corporation to other funds or accounts of the corporation to the  
 31 extent that the transfer does not reduce the amount of the capital reserve fund below

1 the capital reserve fund requirement.

2 (c) If the corporation decides to issue obligations secured by a capital reserve  
3 fund, the obligations may not be issued if the amount in the capital reserve fund is less  
4 than a percentage, not exceeding 10 percent of the principal amount of all of those  
5 obligations secured by that capital reserve fund then to be issued and then outstanding  
6 in accordance with their terms, as may be established by resolution of the corporation  
7 (called the "capital reserve fund requirement"), unless the corporation, at the time of  
8 issuance of the obligations, deposits in the capital reserve fund from the proceeds of  
9 the obligations to be issued or from other sources, an amount that, together with the  
10 amount then in the fund, would not be less than the capital reserve fund requirement.

11 (d) In computing the amount of a capital reserve fund for the purpose of this  
12 section, securities in which all or a portion of the funds are invested shall be valued at  
13 par or, if purchased at less than par, at amortized costs as the term is defined by  
14 resolution of the corporation authorizing the issue of the obligations, or by some other  
15 reasonable method established by the corporation by resolution. Valuation on a  
16 particular date shall include the amount of interest earned or accrued to that date.

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

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

28 (1) may enforce all rights granted under this chapter, under the trust  
29 agreement or resolution, or under another contract executed by the corporation under  
30 this chapter; and

31 (2) may enforce and compel the performance of all duties required by

1 this chapter or by the trust agreement or resolution to be performed by the corporation  
2 or by an officer of the corporation.

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

6 **Sec. 31.25.220. Obligations eligible for investment.** Obligations issued under  
7 this chapter are securities in which all public officers and public bodies of the state and  
8 its political subdivisions and all insurance companies, trust companies, banking  
9 associations, investment companies, executors, administrators, trustees, and other  
10 fiduciaries may properly and legally invest funds, including capital in their control or  
11 belonging to them. Those obligations may be deposited with a state or municipal  
12 officer of an agency or political subdivision of the state for any purpose for which the  
13 deposit of bonds, notes, or obligations of the state is authorized by law.

14 **Sec. 31.25.230. Refunding obligations.** (a) The corporation may provide for  
15 the issuance of refunding obligations for the purpose of refunding obligations then  
16 outstanding that have been issued under this chapter, including the payment of the  
17 redemption premium on them and interest accrued or to accrue to the date of  
18 redemption of the obligations. The issuance of the obligations, the maturities and other  
19 details of them, the rights of the holders of them, and the rights, duties, and obligations  
20 of the corporation with respect to them are governed by the provisions of this chapter  
21 that relate to the issuance of obligations, insofar as those provisions may be  
22 appropriate.

23 (b) Refunding obligations may be sold or exchanged for outstanding  
24 obligations issued under this chapter and, if sold, the proceeds may be applied, in  
25 addition to other authorized purposes, to the purchase, redemption, or payment of the  
26 outstanding obligations. Pending the application of the proceeds of refunding  
27 obligations, with other available funds, to the payment of the principal of, accrued  
28 interest on, and any redemption premium on the obligations being refunded and, if so  
29 provided or permitted in the resolution authorizing the issuance of the refunding  
30 obligations or in the trust agreement securing them, to the payment of any interest on  
31 the refunding obligations and any expenses in connection with the refunding, the

1 proceeds may be invested in direct obligations of, or obligations the principal of and  
 2 the interest on which are unconditionally guaranteed by, the United States that mature  
 3 or that will be subject to redemption, at the option of the holders of them, not later  
 4 than the respective dates when the proceeds, together with the interest accruing on  
 5 them, will be required for the purposes intended.

6 **Sec. 31.25.240. Credit of state not pledged.** (a) Obligations issued under this  
 7 chapter do not constitute a debt, liability, or obligation of the state or of a political  
 8 subdivision of the state or a pledge of the faith and credit of the state or of a political  
 9 subdivision of the state but are payable solely from the revenue or assets of the  
 10 corporation. Each obligation issued under this chapter shall contain on its face a  
 11 statement that the corporation is not obligated to pay the obligation or the interest on  
 12 the obligation except from the revenue or assets of the corporation and that neither the  
 13 faith and credit nor the taxing power of the state or of any political subdivision of the  
 14 state is pledged to the payment of the principal of or the interest on the obligation.  
 15 This subsection applies to all debt, obligations, and liabilities of the corporation  
 16 regardless of how the debt, obligations, or liabilities are created, including by contract,  
 17 tort, or bond or note issuance. Except as provided in this subsection, a person may not  
 18 bring suit against the state or a political subdivision of the state other than the  
 19 corporation in the courts of the state to enforce or seek a remedy with respect to a  
 20 debt, obligation, or liability of the corporation.

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

### 24 **Article 3. General Provisions.**

25 **Sec. 31.25.250. Limitation on personal liability.** A member of the board or  
 26 other officer of the corporation or a subsidiary of the corporation is not subject to  
 27 personal liability or accountability because the member or officer executed or issued  
 28 an obligation.

29 **Sec. 31.25.260. Tax exemption.** (a) The exercise of the powers granted by this  
 30 chapter is, in all respects, for the benefit of the people of the state, for their well-being  
 31 and prosperity, and for the improvement of their social and economic conditions, and

1 the corporation is not required to pay a tax or assessment on any property owned by  
 2 the corporation under the provisions of this chapter or on the income from it, including  
 3 state taxes levied or authorized under AS 43.56.010(a) and local taxes under AS  
 4 43.56.010(b) as provided in AS 43.56.020.

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

11 **Sec. 31.25.270. Annual report.** (a) The corporation shall prepare and transmit  
 12 annually a report to the governor accounting for the efficient discharge of all  
 13 responsibility assigned by law or by directive to the corporation. The corporation shall  
 14 notify the legislature that the report is available.

15 (b) By January 10 of each year, the board shall prepare a report of the  
 16 corporation. The board shall notify the governor and the legislature that the report is  
 17 available, and publish notice to the public on the Alaska Online Public Notice System  
 18 under AS 44.62.175 that the report is available on the corporation's Internet website.  
 19 The report shall be written in easily understandable language. The report must include  
 20 a financial statement audited by an independent outside auditor, a comparison of the  
 21 corporation's performance with the goals of the corporation, and any other information  
 22 the board believes would be of interest to the governor, the legislature, and the public.  
 23 The annual income statement and balance sheet of the corporation shall be published  
 24 on the Internet. The board may also publish electronically or in print, at the  
 25 corporation's discretion, other reports it considers desirable to carry out its purpose.

26 **Sec. 31.25.390. Definitions for AS 31.25.010 - 31.25.390.** In AS 31.25.010 -  
 27 31.25.390, unless the context clearly indicates a different meaning,

- 28 (1) "board" means the board of directors of the corporation;  
 29 (2) "bond" or "obligation" means a bond, bond anticipation note, or  
 30 other note of the corporation authorized to be issued by the corporation under this  
 31 chapter;

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

2 (4) "governmental agency" means a department, division, public  
3 agency, political subdivision, or other public instrumentality of the state or the federal  
4 government;

5 (5) "in-state natural gas pipeline" means a natural gas pipeline for  
6 transporting natural gas in the state;

7 (6) "natural gas pipeline" means a total system of pipe and connected  
8 facilities for the transportation, treatment or conditioning, delivery, storage, or further  
9 transportation of natural gas, including all pipe, compressor stations, station  
10 equipment, and all other facilities used or necessary for an integral line of pipe to carry  
11 out the transportation of the natural gas.

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

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

15 (47) the Alaska Gasline Development Corporation (AS 31.25) and  
16 subsidiaries of the Alaska Gasline Development Corporation.

17 \* **Sec. 5.** AS 37.05.146(c)(22) is amended to read:

18 (22) Regulatory Commission of Alaska under AS 42.05, [AND] AS  
19 42.06, and AS 42.08;

20 \* **Sec. 6.** AS 38.05.180(bb)(1) is amended to read:

21 (1) "gas or electric utility" includes an electric cooperative organized  
22 under AS 10.25, a municipal utility, and a gas or electric utility regulated under AS  
23 42.05; [PROVIDED THAT,] if the contract gas is transmitted to consumers through a  
24 pipeline and the gas utility either owns the pipeline or is related in ownership to the  
25 owner of the pipeline, then the gas utility qualifies as a "gas or electric utility" within  
26 the meaning of this paragraph only if it is bound or agrees to be bound by the  
27 covenants set out in AS 38.35.120 or 38.35.121, as applicable;

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

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

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

1 (2) "in-state natural gas pipeline" and "natural gas pipeline" have the  
2 meanings given in AS 31.25.390.

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

4 (d) The commissioner shall include in a conditional lease each requirement  
5 and condition of the covenants established under AS 38.35.120 **or 38.35.121, as**  
6 **applicable**. The commissioner may also require that the lessee agree to additional  
7 conditions that the commissioner finds to be in the public interest. In place of the  
8 covenant established under AS 38.35.120(a)(9), the commissioner shall require the  
9 lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner,  
10 directly or indirectly, its interest in a conditional right-of-way lease or a pipeline  
11 subject to the conditional lease, unless the commissioner, after considering the public  
12 interest and issuing written findings to substantiate a decision to allow the transfer,  
13 authorizes the transfer. The commissioner shall also require the lessee to agree not to  
14 allow the transfer of control of the lessee without the approval of the commissioner; as  
15 used in this subsection, "transfer of control of the lessee" means the transfer of 30  
16 percent or more, in the aggregate, of ownership interest in the lessee in one or more  
17 transactions to one or more persons by one or more persons.

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

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

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

1 kind of pipeline involved, delivered or offered, without unreasonable discrimination,  
 2 that the Regulatory Commission of Alaska shall, after a full hearing with due notice to  
 3 the interested parties and a proper finding of facts, determine to be reasonable in the  
 4 performance of its duties as a common carrier; however, a lessee that owns or operates  
 5 a natural gas pipeline

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

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

30 (2) it will interchange crude oil or natural gas, depending on the kind  
 31 of pipeline involved, with each like common carrier and provide connections and

1 facilities for the interchange of crude oil or natural gas at every locality reached by  
2 both pipelines when the necessity exists, subject to rates and regulations made by the  
3 appropriate state or federal regulatory agency;

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

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

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

17 (6) it shall, notwithstanding any other provision, provide connections  
18 and interchange facilities at state expense at [SUCH] places the state considers  
19 necessary if the state determines to take a portion of its royalty or taxes in oil or  
20 natural gas;

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

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

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

26 (B) promptly repair or remedy [ANY] damage to the leasehold;

27 (C) promptly compensate for [ANY] damage to or destruction  
28 of property for which the lessee is liable resulting from damage to or  
29 destruction of the leasehold or pipeline;

30 (9) it will not transfer, assign, or dispose of, in any manner, directly or  
31 indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-

1 way lease, or [ANY] rights under the lease or a [ANY] pipeline subject to the lease to  
2 a [ANY] person other than another owner of the pipeline (including subsidiaries,  
3 parents, and affiliates of the owners), except to the extent that the commissioner, after  
4 consideration of the protection of the public interest (including whether the proposed  
5 transferee is fit, willing, and able to perform the transportation or other acts proposed  
6 in a manner that will reasonably protect the lives, property, and general welfare of the  
7 people of Alaska), authorizes; the commissioner shall not unreasonably withhold  
8 consent to the transfer, assignment, or disposal;

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

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

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

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

28 (14) it will procure and furnish liability and property damage insurance  
29 from a company licensed to do business in the state or furnish other security or  
30 undertaking upon the terms and conditions the commissioner considers necessary if  
31 the commissioner finds that the net assets of the lessee are insufficient to protect the

1 public from damage for which the lessee may be liable arising out of the construction  
2 or operation of the pipeline.

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

4 (b) **Except as provided for a natural gas pipeline subject to AS 38.35.121,**  
5 **for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas  
6 pipeline valued at \$1,000,000 or more to be valid and of legal effect, it must contain  
7 the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. An  
8 oil or natural gas pipeline right-of-way lease granted under this chapter **and subject to**  
9 **this section** that does not contain the required terms is null and void and without legal  
10 effect and does not vest any interest in state land or any authority in the carrier granted  
11 the lease.

12 \* **Sec. 11.** AS 38.35 is amended by adding a new section to read:

13 **Sec. 38.35.121. Covenants required to be in a lease to a natural gas**  
14 **pipeline that is a contract carrier.** (a) For a lease of state land for a right-of-way for  
15 which an applicant has applied as a contract carrier under AS 42.08, a noncompetitive  
16 lease of state land for a right-of-way for a natural gas pipeline valued at \$1,000,000 or  
17 more may be granted only on the condition that the lessee expressly covenant in the  
18 lease, in consideration of the rights acquired by it under the lease, that

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

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

26 (3) it assumes the status of and will perform all of its functions  
27 undertaken under the lease as a contract carrier and, subject to contracts with shippers,  
28 will accept, convey, and transport, without discrimination, natural gas delivered to it  
29 for transportation from fields in the vicinity of the pipeline subject to the right-of-way  
30 lease throughout the pipeline route, both on state land obtained under the lease and on  
31 other land, and that, subject to contracts with shippers, it will accept, convey, and

1 transport natural gas without unjust or unreasonable discrimination in favor of itself or  
 2 one producer or person against another, but will take the natural gas delivered or  
 3 offered without unreasonable discrimination;

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

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

13 (b) A contract carrier may offer to a shipper firm transportation service,  
 14 interruptible transportation service, or both. In this subsection, "firm transportation  
 15 service" has the meaning given in AS 42.08.900.

16 (c) The lessee may not construct or expand or allow the construction or  
 17 expansion of a natural gas pipeline under (a) of this section to be a competing natural  
 18 gas pipeline project unless the project for which a license is issued under AS 43.90 has  
 19 been abandoned or is no longer receiving the inducements under AS 43.90.110(a). In  
 20 this subsection,

21 (1) "competing natural gas pipeline project" has the meaning given in  
 22 AS 43.90.440;

23 (2) "license" has the meaning given in AS 43.90.900.

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

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

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

29 (c) Except as provided for an applicant in (a) of this section and  
 30 notwithstanding any contrary provision of law, an action or decision of the  
 31 commissioner or other state officer or agency concerning the issuance or approval of a

1 necessary right-of-way, permit, lease, certificate, license, or other authorization for the  
 2 planning, financing, acquisition, maintenance, development, construction, or initial  
 3 operation of a natural gas pipeline by the Alaska Gasline Development Corporation  
 4 under AS 31.25 that uses a right-of-way subject to this chapter may not be subject to  
 5 judicial review, except that a claim alleging the invalidity of this subsection must be  
 6 brought within 60 days after the effective date of this Act, and a claim alleging that an  
 7 action will deny rights under the Constitution of the State of Alaska must be brought  
 8 within 60 days following the date of that action. A claim that is not filed within the  
 9 limitations established in this subsection is barred. A complaint under this subsection  
 10 must be filed in superior court, and the superior court has exclusive jurisdiction.  
 11 Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a  
 12 claim filed under this subsection, the superior court may not grant injunctive relief,  
 13 including a temporary restraining order, preliminary injunction, permanent injunction,  
 14 or stay, against the issuance of a necessary right-of-way, permit, lease, certificate,  
 15 license, or other authorization for the planning, financing, acquisition, maintenance,  
 16 development, construction, or initial operation of a natural gas pipeline by the Alaska  
 17 Gasline Development Corporation. In this subsection, "natural gas pipeline" has the  
 18 meaning given in AS 38.34.099.

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

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

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

25 \* **Sec. 14.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

26 (H) Alaska Gasline Development Corporation and subsidiaries  
 27 of the Alaska Gasline Development Corporation;

28 \* **Sec. 15.** AS 39.50.200(b) is amended by adding a new paragraph to read:

29 (64) the board of directors of the Alaska Gasline Development  
 30 Corporation or the board of directors of a subsidiary of the Alaska Gasline  
 31 Development Corporation.

1 \* **Sec. 16.** AS 40.25.120(a) is amended to read:

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

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

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

8 (3) medical and related public health records;

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

11 (5) to the extent the records are required to be kept confidential under  
12 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure  
13 or retain federal assistance;

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

16 (A) could reasonably be expected to interfere with enforcement  
17 proceedings;

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

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

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

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

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

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

31 (7) names, addresses, and other information identifying a person as a

1 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the  
2 advance college tuition savings program under AS 14.40.803 - 14.40.817;

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

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

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

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

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

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

21 (11) the written notification regarding a proposed regulation provided  
22 under AS 24.20.105 to the Department of Law and the affected state agency and  
23 communications between the Legislative Affairs Agency, the Department of Law, and  
24 the affected state agency under AS 24.20.105;

25 (12) records that are

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

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

30 **(13) information of the Alaska Gasline Development Corporation**  
31 **created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development**

1        **Corporation that is confidential by law or under a valid confidentiality**  
 2        **agreement.**

3        \* **Sec. 17.** AS 41.41.010(a) is amended to read:

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

8                    [(1)] the acquisition [AND CONDITIONING] of natural gas [;

9                    (2) THE DESIGN AND CONSTRUCTION OF THE PIPELINE  
 10            SYSTEM;

11                    (3) THE OPERATION AND MAINTENANCE OF THE PIPELINE  
 12            SYSTEM;

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

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

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

19            (b) The authority is a **subsidiary of the Alaska Gasline Development**  
 20            **Corporation created under AS 31.25.120** [PUBLIC CORPORATION AND AN  
 21            INSTRUMENTALITY OF THE STATE WITHIN THE DEPARTMENT OF  
 22            REVENUE].

23        \* **Sec. 19.** AS 41.41.010(d) is amended to read:

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

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

31            **Sec. 41.41.020. Authority governing body.** The authority shall be governed

1 by the board of directors of the Alaska Gasline Development Corporation.

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

3 **Sec. 41.41.060. Compensation of board members; reimbursement of [PER**  
4 **DIEM AND TRAVEL] expenses.** Members of the board **described in AS**  
5 **31.25.020(a)** are entitled to **compensation and reimbursement as provided in AS**  
6 **31.25.020(d) when on official business of the authority** [PER DIEM AND  
7 TRAVEL EXPENSES AUTHORIZED FOR BOARDS AND COMMISSIONS  
8 UNDER AS 39.20.180].

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

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

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

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

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

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

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

31 **Sec. 41.41.200. Powers of the authority.** In furtherance of its corporate

1 purposes, in addition to its other powers, the authority may

2 (1) sue and be sued;

3 (2) adopt a seal;

4 (3) adopt, amend, and repeal bylaws and regulations;

5 (4) make and execute contracts and other instruments;

6 (5) in its own name acquire property, lease, rent, convey, or acquire  
7 real and personal property [; A PROJECT SITE OR PART OF A PROJECT SITE  
8 MAY BE ACQUIRED BY EMINENT DOMAIN];

9 (6) acquire natural gas supplies;

10 (7) issue bonds and otherwise incur indebtedness in accordance with  
11 AS 41.41.300 - 41.41.410 [IN ORDER TO PAY THE COST OF A PROJECT];

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

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

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

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

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

25 \* **Sec. 26.** AS 41.41.450 is amended to read:

26 **Sec. 41.41.450. Property of the authority.** The authority may acquire, by  
27 purchase, lease, or gift, upon terms that it considers proper, land, structures, real or  
28 personal property rights, rights-of-way, franchises, easements, and other interests in  
29 land it considers necessary or convenient for **the purposes of the corporation** [THE  
30 FINANCING OF THE PROJECT OR A PART OF THE PROJECT].

31 \* **Sec. 27.** AS 41.41.500(a) is amended to read:

1 (a) The authority shall enter into one or more prehire project term agreements  
2 with labor organizations that

3 (1) contain no-strike clauses; and

4 (2) secure timely completion of a [THE] project **of the corporation**  
5 and maximum employment opportunities for state residents.

6 \* **Sec. 28.** AS 41.41.990(2) is amended to read:

7 (2) "board" means the board of directors of the **Alaska Gasline**  
8 **Development Corporation acting as the board of the** Alaska Natural Gas  
9 Development Authority;

10 \* **Sec. 29.** AS 42.04.080(a) is amended to read:

11 (a) Except as provided in AS 42.05.171 or AS 42.06.140, when a matter  
12 comes for decision before the commission under AS 42.05, [OR] AS 42.06, **or AS**  
13 **42.08**, the chair shall appoint a hearing panel composed of three or more members to  
14 hear, or if a hearing is not required, to otherwise consider, and decide the case. The  
15 panel shall exercise the powers of the commission with respect to the matter.

16 \* **Sec. 30.** AS 42.05 is amended by adding a new section to read:

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

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

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

30 (d) The commission shall review and may conduct an investigation and  
31 hearing to determine whether a contract submitted under (b) or (c) of this section is

1 just and reasonable. The review and determination shall be conducted as provided in  
 2 AS 42.08.320(b) - (d). The commission shall either approve the contract as presented  
 3 or, if the commission finds that a contract is not just and reasonable, disapprove the  
 4 contract. Notwithstanding AS 42.05.175, if the commission has not acted within 180  
 5 days after the contract is submitted, the contract shall be considered approved and  
 6 shall take effect immediately. The commission may, by order, extend the 180-day  
 7 review period by the duration of a delay caused by a failure of the public utility to  
 8 submit supplemental information that is available to the public utility. A contract that  
 9 is approved or considered approved under this section is not subject to further review  
 10 by the commission.

11 \* **Sec. 31.** AS 42.05.711 is amended by adding a new subsection to read:

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

14 \* **Sec. 32.** AS 42.06 is amended by adding a new section to article 7 to read:

15 **Sec. 42.06.601. Exemption.** An in-state natural gas pipeline subject to AS  
 16 42.08 and an in-state natural gas pipeline carrier subject to AS 42.08 are exempt from  
 17 this chapter.

18 \* **Sec. 33.** AS 42 is amended by adding a new chapter to read:

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

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

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

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

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

30 (b) The board of directors and the officers of the Alaska Gasline Development  
 31 Corporation are managerially fit, willing, and able to manage the Alaska Gasline

1 Development Corporation and to take the actions, perform the service, and conform to  
2 the requirements of this chapter.

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

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

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

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

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

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

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

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

27 (b) The commission may

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

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

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

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

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

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

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

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

19 (5) appoint a qualified, unbiased, and impartial administrative law  
20 judge with experience in the general practice of law to conduct hearings under this  
21 chapter; the administrative law judge may perform other duties in connection with the  
22 administration of this chapter and other laws; an administrative law judge hired to  
23 conduct hearings under this chapter shall have been admitted to practice law for at  
24 least five years immediately before appointment under this paragraph.

25 (c) The commission may not

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

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

30 **Sec. 42.08.230. Commission decision-making procedures.** The commission  
31 shall comply with AS 42.04.080(a) and expeditiously adjudicate all matters that come

1 before the commission.

2 **Sec. 42.08.240. Publication of reports, orders, decisions, and regulations.**

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

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

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

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

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

26 **Sec. 42.08.300. Open seasons.** (a) An in-state natural gas pipeline carrier shall  
27 publish reasonable public notice in advance of an open season. The notice shall  
28 contain the proposed recourse tariff, the proposed form of the precedent agreement,  
29 the proposed form of the firm transportation service agreement, and other information  
30 sufficient to show the proposed route, capacity, operating pressures, in-service date,  
31 quality specifications, and other operating conditions that the pipeline carrier

1 determines are relevant to an evaluation of the proposed service. The notice shall also  
 2 state the methods for awarding capacity and whether presubscription agreements have  
 3 been executed. An in-state natural gas pipeline carrier shall provide a mechanism for  
 4 providing additional relevant information requested by potential shippers.

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

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

11 (d) An in-state natural gas pipeline carrier shall conduct an open season for an  
 12 expansion of its pipeline system when it has received one or more requests for firm  
 13 transportation service from potential shippers that meet the pipeline's creditworthiness  
 14 requirements and that, in the aggregate, would enable the expansion of the pipeline's  
 15 system on a commercially reasonable basis. An expansion of the pipeline system is not  
 16 commercially reasonable if the expansion would cause the pipeline to be a competing  
 17 natural gas pipeline project as defined in AS 43.90.440 unless the project for which a  
 18 license is issued under AS 43.90 has been abandoned or is no longer receiving the  
 19 inducements in AS 43.90.110(a).

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

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

25 (b) The pipeline carrier shall offer a recourse tariff for firm transportation  
 26 service. The rates included in the recourse tariff shall be determined on a cost-of-  
 27 service basis. The recourse tariff may not preclude the pipeline carrier from collecting  
 28 rolled-in rates so long as the resulting rate for prior shippers does not exceed the initial  
 29 maximum rate allowable under agreements for capacity.

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

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

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

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

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

19 (2) review and may conduct an investigation and hearing to determine  
 20 whether a contract submitted under (a) of this section is just and reasonable; the  
 21 commission shall either approve the contract as presented or, if the commission finds  
 22 that a contract is not just and reasonable, disapprove the contract; if the commission  
 23 has not acted within 180 days after the submission of a contract, the contract shall be  
 24 considered approved and shall take effect immediately; a contract that is approved or  
 25 considered approved under this paragraph and the associated firm transportation  
 26 agreement are not subject to further review by the commission.

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

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

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

31 (A) the precedent agreement or related contract is between two

1 state-owned parties;

2 (B) the parties are not affiliated; or

3 (C) if the parties are affiliated, the precedent agreement or  
4 related contract is substantially similar to a precedent agreement or related  
5 contract between unaffiliated parties.

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

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

23 (b) Application for a certificate shall be made in writing to the commission  
24 and verified under oath. The commission by regulation shall establish the  
25 requirements for the form of the application and the information to be contained in the  
26 application. Notice of the application shall be provided to interested parties in the  
27 manner provided by regulation.

28 (c) Within 180 days after receiving an application under this chapter, a  
29 contract carriage certificate shall be issued to a qualified applicant, authorizing, in  
30 whole or in part, the operation, service, construction, or acquisition covered by the  
31 application, if the commission finds that the applicant is fit, willing, and able to do the

1 acts, perform the proposed service, and conform to the provisions of this chapter and  
2 the requirements of the commission, and that the proposed service, operation,  
3 construction, extension, or acquisition, to the extent authorized by the certificate, is or  
4 will be required by the present or future public convenience and necessity. The  
5 application must be denied if the commission fails to find that the applicant is fit,  
6 willing, and able under this subsection.

7 (d) The commission may attach to a contract carriage certificate reasonable  
8 terms and conditions that are consistent with the terms of this chapter and are for the  
9 mutual benefit of the in-state natural gas pipeline facility and the public.

10 (e) Operating authority may not be transferred by sale or lease of the contract  
11 carriage certificate or by the sale of substantially all of the stock or assets of a pipeline  
12 carrier holding a certificate without prior approval and a finding by the commission  
13 that the safe and efficient operation of the natural gas pipeline is not impaired by the  
14 transfer. The commission shall summarily approve a transfer not involving a  
15 substantial change in ownership.

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

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

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

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

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

27 (g) A person holding a certificate issued under this chapter may not abandon  
28 or permanently discontinue the use of all or a portion of an in-state natural gas pipeline  
29 without permission and approval by the commission, after due notice and hearing and  
30 a finding by the commission that continued service is not required by public  
31 convenience and necessity. An interested person may file a protest or memorandum of

1 opposition to or in support of discontinuance or abandonment with the commission.  
 2 The commission may order the temporary suspension of a service or part of a service.

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

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

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

25 **Sec. 42.08.360. Expansion; dispute resolution.** (a) A contract entered into by  
 26 an in-state natural gas pipeline carrier may provide for expansion unless the expansion  
 27 would cause the pipeline to be a competing natural gas pipeline project as defined in  
 28 AS 43.90.440 unless the project for which a license is issued under AS 43.90 has been  
 29 abandoned or is no longer receiving the inducements in AS 43.90.110(a).

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

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

8                           (1) 0.7 percent to fund the operations of the commission; and

9                           (2) 0.17 percent to fund operations of the public advocacy function  
 10 under AS 42.04.070(c) and AS 44.23.020(e) in the Department of Law.

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

21           (c) The commission shall administer the charge imposed under this section.  
 22 The Department of Revenue shall collect and enforce the charge imposed under this  
 23 section. The Department of Administration shall identify the amount of the operating  
 24 budgets of the commission and the Department of Law public advocacy function  
 25 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.  
 26 The legislature may appropriate an amount equal to the lapsed amount to the  
 27 commission and to the Department of Law public advocacy function under AS  
 28 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the  
 29 legislature does so, the commission shall reduce the total regulatory cost charge  
 30 collected for that fiscal year by a comparable amount.

31           (d) The commission may adopt regulations under AS 44.62 (Administrative

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

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

9 **Article 4. Records; Investigations.**

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

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

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

25 (d) A person may make written objection to the public disclosure of  
26 information contained in a record filed under this chapter or of information obtained  
27 by the commission or by the attorney general under this chapter, stating the grounds  
28 for the objection. When an objection is made, the commission shall order the  
29 information withheld from public disclosure if the information adversely affects the  
30 interest of the person making written objection and disclosure is not required in the  
31 interest of the public.

1 (e) A commissioner may certify as to all official records of the commission  
2 under this section and may certify as to all official acts of the commission under this  
3 chapter.

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

#### 13 **Article 5. General Provisions.**

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

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

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

29 (b) If an appeal is not taken from a final order of the commission within 10  
30 calendar days after an investigation under AS 42.08.220(b)(2), the commission may  
31 apply to the superior court for enforcement of the order of the commission. The court

1 shall enforce the order by injunction or other process.

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

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

7 (1) "commission" means the Regulatory Commission of Alaska (AS  
8 42.04.010);

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

10 (3) "firm transportation service" means service by a natural gas  
11 pipeline carrier that is not subject to a prior claim by another shipper or another class  
12 of service; service constitutes "firm transportation service" if the service receives the  
13 same priority as any other class of firm transportation service;

14 (4) "in-state natural gas pipeline" or "in-state natural gas pipeline  
15 facility" means a natural gas pipeline that transports natural gas in the state by way of  
16 contract carriage;

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

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

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

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

28 \* **Sec. 34.** AS 43.56.020 is amended by adding a new subsection to read:

29 (d) Taxable property of a natural gas pipeline project owned or financed by  
30 the Alaska Gasline Development Corporation or a joint venture, partnership, or other  
31 entity that includes the Alaska Gasline Development Corporation is exempt from state

1 taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized  
 2 under AS 43.56.010(b) before the commencement of commercial operations of that  
 3 natural gas pipeline project. In this subsection, "commencement of commercial  
 4 operations" means the first flow of natural gas in the project that generates revenue to  
 5 the owners of the natural gas pipeline project.

6 \* **Sec. 35.** AS 36.30.850(b)(45); AS 38.34.030, 38.34.040, 38.34.050, 38.34.060; AS  
 7 41.41.030, 41.41.040, 41.41.050, 41.41.080, 41.41.100, and 41.41.990(4) are repealed.

8 \* **Sec. 36.** Section 1, 2002 Ballot Measure No. 3, is repealed.

9 \* **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to  
 10 read:

11 **TRANSITION AND LEGISLATIVE INTENT.** (a) It is the intent of the legislature  
 12 that a right-of-way lease subject to AS 31.25.090(d), enacted by sec. 3 of this Act, AS  
 13 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this  
 14 Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by sec.  
 15 11 of this Act, that is entered into between the commissioner of natural resources and the  
 16 Alaska Gasline Development Corporation before the effective dates of secs. 3 and 8 - 11 of  
 17 this Act be amended as soon as practicable after the effective dates of secs. 3 and 8 - 11 of this  
 18 Act to conform to the requirements of AS 31.25.090(d), enacted by sec. 3 of this Act, AS  
 19 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of this  
 20 Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by sec.  
 21 11 of this Act.

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

1 with the board of directors of the Alaska Housing Finance Corporation and the commissioner  
2 of commerce, community, and economic development to ensure the smooth transition of the  
3 Alaska Gasline Development Corporation to being an independent public corporation,  
4 including modifying the articles of incorporation of the Alaska Gasline Development  
5 Corporation.

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

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

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

27 \* **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to  
28 read:

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

30 (1) AS 38.35.120 from "Covenants required to be included in lease" to  
31 "Covenants required to be included in lease to a pipeline that is not a natural gas pipeline

1 contract carrier"; and

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

4 \* **Sec. 39.** This Act takes effect immediately under AS 01.10.070(c).