

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: CSHB 4(RES)  
Fiscal Note Number: 1  
(H) Publish Date: 3/4/13

Identifier: HB004-REV-AHFC-AGDC-02-04-13  
Title: IN-STATE GASLINE DEVELOPMENT CORP  
Sponsor: HAWKER, CHENAULT  
Requester: House Resources

Department: Department of Revenue  
Appropriation: Alaska Housing Finance Corporation  
Allocation: Alaska Gasline Development Corporation  
OMB Component Number: 2986

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

|                               | FY2014                  | Included in               | Out-Year Cost Estimates |            |            |            |            |
|-------------------------------|-------------------------|---------------------------|-------------------------|------------|------------|------------|------------|
|                               | Appropriation Requested | Governor's FY2014 Request | FY 2015                 | FY 2016    | FY 2017    | FY 2018    | FY 2019    |
| <b>OPERATING EXPENDITURES</b> | <b>FY 2014</b>          | <b>FY 2014</b>            |                         |            |            |            |            |
| Personal Services             |                         | 1,212.1                   |                         |            |            |            |            |
| Travel                        |                         |                           |                         |            |            |            |            |
| Services                      |                         | 2,422.2                   |                         |            |            |            |            |
| Commodities                   |                         |                           |                         |            |            |            |            |
| Capital Outlay                |                         |                           |                         |            |            |            |            |
| Grants & Benefits             |                         |                           |                         |            |            |            |            |
| Miscellaneous                 |                         |                           |                         |            |            |            |            |
| <b>Total Operating</b>        | <b>0.0</b>              | <b>3,634.3</b>            | <b>0.0</b>              | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

## Fund Source (Operating Only)

|                |            |                |            |            |            |            |            |
|----------------|------------|----------------|------------|------------|------------|------------|------------|
| 1061 CIP Rcpts |            | 3,634.3        |            |            |            |            |            |
| <b>Total</b>   | <b>0.0</b> | <b>3,634.3</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

## Positions

|           |  |     |  |  |  |  |  |
|-----------|--|-----|--|--|--|--|--|
| Full-time |  | 7.0 |  |  |  |  |  |
| Part-time |  |     |  |  |  |  |  |
| Temporary |  |     |  |  |  |  |  |

|                           |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|
| <b>Change in Revenues</b> |  |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|--|

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 330,000.0

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? /

## Why this fiscal note differs from previous version:

Initial version of fiscal note. This initial fiscal note incorporates the fiscal impacts of all state agencies affected by its implementation.

|              |  |        |                     |
|--------------|--|--------|---------------------|
| Prepared By: | Frank Richards, Manager Pipeline Eng. and Government Affairs | Phone: | (907)330-6352       |
| Division:    | Alaska Gasline Development Corporation                       | Date:  | 02/02/2013 04:30 PM |
| Approved By: | Dan Fauske, President AGDC                                   | Date:  | 02/02/13            |
|              | Department of Revenue  |        |                     |

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSHB 4(RES)

**Analysis**

This omnibus bill allows the Alaska Gasline Development Corporation (AGDC) to continue its statutory mission of delivering natural gas from Alaska's North Slope to Fairbanks and Southcentral Alaska. In its current form, the bill does the following:

- Creates an in-state natural gas pipeline fund;
- Creates a new independent state corporation and moves AGDC as a subsidiary of the Alaska Housing Finance Corporation to the new independent corporation;
- Makes certain information provided to or created by the Alaska Gasline Development Corporation exempt from inspection as a public record;
- Exempts property of a project developed by AGDC from property taxes before commencement of commercial operations;
- Exempts a pipeline owned by AGDC from common-carrier restrictions;
- Limits the review of natural gas transportation contracts by the Regulatory Commission of Alaska;
- Modifies the Alaska Natural Gas Development Authority statutes to allow it to act as a gas marketing entity for AGDC;

This legislation will have a fiscal impact for the following state agencies:

**Department of Natural Resources**

- State Pipeline Coordinators Office
- Office of History and Archaeology
- Division of Geological and Geophysical Surveys
- Division of Mining, Land and Water

**Department of Environmental Conservation**

- Division of Environmental Health - Air Quality
- Division of Environmental Health - Drinking Water
- Division of Environmental Health - Food Safety and Sanitation
- Division of Environmental Health - Solid Waste Management
- Division of Spill Prevention and Response - Contaminated Sites
- Division of Spill Prevention and Response - Industry Preparedness & Pipeline Operations
- Division of Spill Prevention and Response - Prevention and Emergency Response Program
- Division of Water

**Department of Transportation & Public Facilities**

- Statewide Engineering and Design Services

See attachment for budget details for each agency.

| Department    | FY14           | FY14           | FY15           | FY16           | FY17            | FY18            | FY19           |
|---------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|
| AGDC          | 3,283.3        | 3,634.3        | 4,495.4        | 4,495.4        | 4,495.4         | 4,495.4         | 4,495.4        |
| ANGDA         | 775.0          |                | 825.0          | 700.0          | 400.0           | 400.0           | 400.0          |
| DOL           | 102.3          |                | 136.4          | 136.4          | 136.4           | 136.4           | 136.4          |
| DNR           |                |                | 670.3          | 2,434.4        | 2,786.7         | 2,786.7         | 408.9          |
| DEC           | 290.8          |                | 410.6          | 808.0          | 2,428.1         | 2,594.6         | 2,617.1        |
| DOT&PF        | 711.8          |                | 690.8          | 690.8          | 690.8           | 690.8           | 690.8          |
| <b>Total:</b> | <b>5,163.2</b> | <b>3,634.3</b> | <b>7,228.5</b> | <b>9,265.0</b> | <b>10,937.4</b> | <b>11,103.9</b> | <b>8,748.6</b> |

# Fiscal Note Attachment

File Name: HB004-DOR-AHFC-2-1-13  
Title: In State Gasline Development Corp.  
Sponsor: Representative Hawker; Representative Chenault

## Alaska Gasline Development Corporation

### Component 2986

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>base<br>budget for<br>FY14 | Out-Year Cost Estimates |                |                |                |                |
|-------------------------------|------------------------------------|---|-------------------------|----------------|----------------|----------------|----------------|
|                               |                                    |   | FY15                    | FY16           | FY17           | FY18           | FY19           |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                        | <b>FY14</b>   | <b>FY15</b>             | <b>FY16</b>    | <b>FY17</b>    | <b>FY18</b>    | <b>FY19</b>    |
| Personal Services             | 3,283.3                            | 1,212.1   | 4,495.4                 | 4,495.4        | 4,495.4        | 4,495.4        | 4,495.4        |
| Travel                        |                                    |   |                         |                |                |                |                |
| Services                      |                                    | 2,422.2   |                         |                |                |                |                |
| Commodities                   |                                    |   |                         |                |                |                |                |
| Capital Outlay                |                                    |   |                         |                |                |                |                |
| Grants, Benefits              |                                    |   |                         |                |                |                |                |
| Miscellaneous                 |                                    |   |                         |                |                |                |                |
| <b>TOTAL OPERATING</b>        | <b>3,283.3</b>                     | <b>3,634.3</b>  | <b>4,495.4</b>          | <b>4,495.4</b> | <b>4,495.4</b> | <b>4,495.4</b> | <b>4,495.4</b> |
| <b>Positions</b>              | <b>23</b>                          | <b>7</b>  | <b>30</b>               | <b>30</b>      | <b>30</b>      | <b>30</b>      | <b>30</b>      |

This bill creates an In-state Natural Gas Pipeline Fund but does not capitalize the fund. Assuming the fund is capitalized, AGDC will begin to utilize the fund during FY2014.

The total project costs for AGDC to project sanction, including prior year appropriations, are \$400 million. Other state agency needs through FY19 (as detailed in this attachment) are an additional \$27 million. AGDC would reimburse agencies for their costs through reimbursable service agreements. Capital expenditures from the In-state Natural Gas Pipeline Fund and additional appropriations are anticipated according to the following schedule (in million \$):

|  |                     |
|--|---------------------|
| AGDC total project cost to project sanction:       | \$400,000.0         |
| *Agencies need through construction (FY14 - FY19): | <u>\$27,000.0</u>   |
|  | <b>\$427,000.0</b>  |
| Prior year appropriations:                         | <u>(\$72,000.0)</u> |
| Funding needed:                                    | <b>\$355,000.0</b>  |
| FY14 Governor's Capital:                           | <u>-\$25,000.0</u>  |
| Funds needed to project sanction/construction:     | <b>\$330,000.0</b>  |

*\* Includes cost for AGDC, ANGDA, DEC, DNR, DOT/PF and LAW and assumes costs beyond FEL 3 and through FY19.*

To continue the project, AGDC will need 23 additional staff to be added during FY 2014 at an average annual fully-loaded cost of approximately \$156,500 per year.

| Positions | Position description               | Salary only |
|-----------|------------------------------------|-------------|
| 1         | President                          | \$375,000   |
| 2         | Vice President                     | \$285,000   |
| 3         | Director, Administrative Services  | \$120,000   |
| 4         | Controller                         | \$95,000    |
| 5         | Financial Accounting Manager       | \$73,000    |
| 6         | Financial Accountant               | \$57,000    |
| 7         | Financial Accountant               | \$57,000    |
| 8         | Financial Accountant               | \$57,000    |
| 9         | Accounts Payable Manager           | \$71,000    |
| 10        | A/P Clerk                          | \$43,000    |
| 11        | A/P Clerk                          | \$43,000    |
| 12        | Community Relations Representative | \$49,000    |
| 13        | Stakeholder Engagement             | \$57,000    |
| 14        | Admin Support                      | \$43,000    |
| 15        | Admin Support                      | \$43,000    |
| 16        | Procurement Manager                | \$73,000    |
| 17        | Risk Manager                       | \$73,000    |
| 18        | Human Resources                    | \$73,000    |
| 19        | Payroll Manager                    | \$71,000    |
| 20        | IT/IS Manager                      | \$73,000    |
| 21        | Desktop Support                    | \$57,000    |
| 22        | Desktop Support                    | \$57,000    |
| 23        | Network Supervisor                 | \$57,000    |

The operating budget costs identified (personal services) will be expended in support of the capital budget items in each of the subsequent fiscal years.

Total AGDC expenditures are budgeted in the following categories:

|                         |                      |
|-------------------------|----------------------|
| Project Plan Completion | \$ 30,000,000        |
| Commercial Operations   | 13,825,000           |
| Pipeline Engineering    | 93,784,000           |
| Facilities Engineering  | 182,962,000          |
| Support Activities      | 79,429,000           |
| <b>Total</b>            | <b>\$400,000,000</b> |

**Project Plan Completion:** Completion of the project plan required by HB 369 and delivered to the Legislature in July, 2011 including all preliminary engineering and commercial analysis up to that point. This coincides with the stage gate at the end of FEL-1.

**Commercial Operations:** Advance commercial discussions with potential shippers and markets. Develop agreements to allow for the future development of this project. Engage and work with the Prudhoe Bay operations & owners on numerous integration issues.

**Pipeline Engineering, Environmental & Permitting:** Advance pipeline route data collection and design, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for regulatory permits preparation prior to construction.

**Facilities Engineering, Environmental & Permitting:** Advance preliminary and front-end engineering development, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for permits preparation prior to construction.

**AGDC Support Activities:** Home office activities to support the commercial and engineering development of the project including all external affairs, accounting, budget, legal, records management and managerial oversight activities.

# Alaska Natural Gas Development Authority

**Component Number 2708**

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |              |              |              |              |
|-------------------------------|------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|
|                               |                                    |  | FY15                    | FY16         | FY17         | FY18         | FY19         |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                        | <b>FY14</b>                                  | <b>FY15</b>             | <b>FY16</b>  | <b>FY17</b>  | <b>FY18</b>  | <b>FY19</b>  |
| Personal Services             | 350.0                              |  | 350.0                   | 350.0        | 350.0        | 350.0        | 350.0        |
| Travel                        |                                    |  |                         |              |              |              |              |
| Services                      | 425.0                              |  | 475.0                   | 350.0        | 50.0         | 50.0         | 55.0         |
| Commodities                   |                                    |  |                         |              |              |              |              |
| Capital Outlay                |                                    |  |                         |              |              |              |              |
| Grants, Benefits              |                                    |  |                         |              |              |              |              |
| Miscellaneous                 |                                    |  |                         |              |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>775.0</b>                       | <b>0.0</b>                                   | <b>825.0</b>            | <b>700.0</b> | <b>400.0</b> | <b>400.0</b> | <b>400.0</b> |
| <b>Positions</b>              | <b>2</b>                           |  | <b>2</b>                | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     |

## Acquisition of Natural Gas

ANGDA will pursue natural gas purchases and finalize any gas sales contracts. ANGDA will continue to evaluate the natural gas reserves purchased to meet aggregated electric utility needs. Staff will include a natural gas marketing manager and a natural gas marketing analyst.

## Alaska Stand Alone Pipeline - Open Season

ANGDA has bid in the Alaska Standalone Pipeline (ASAP) preliminary Expression of Interest and will continue to participate as a potential shipper on behalf of the utilities if requested. Continued interest by the rail belt utilities can be assessed as additional information progresses forward. The role of ANGDA would be one of a gas marketer and would also include the negotiation of gas contracts with entities interested in an aggregated approach to contractual negotiations.

## Royalty Gas

Negotiate with potential shippers to be serviced as part of the ASAP project and possible counterparties to Alaska royalty gas agreements.

## Department of Natural Resources

**In the preparation of this fiscal note certain assumptions have been made:**

- 1) Participating State agencies will provide separate fiscal notes.
- 2) Schedule assumptions are based on AGDC's currently proposed schedule.
- 3) Construction oversight begins in FY2016 and continues through FY2017 and FY2018. Operational oversight begins in FY2019. The cost estimate for these activities is for DNR only and does not include estimates for other State agencies.
- 4) Assume a two and one half-year construction schedule segregated into four geographic areas.
- 5) Assume SPCO will administer material sales within the right-of-way and the material sites after initial sale.

### STATE PIPELINE COORDINATOR'S OFFICE

#### State Pipeline Coordinator's Office

**Component Number 1191**

|                               | FY14                    | Included in             | Out-Year Cost Estimates |                |                |                |              |
|-------------------------------|-------------------------|-------------------------|-------------------------|----------------|----------------|----------------|--------------|
|                               | Appropriation Requested | Governor's FY14 Request | FY15                    | FY16           | FY17           | FY18           | FY19         |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>             | <b>FY14</b>             |                         |                |                |                |              |
| Personal Services             |                         |                         | 520.5                   | 1,961.1        | 2,256.9        | 2,256.9        | 329.6        |
| Travel                        |                         |                         | 10.0                    | 200.0          | 250.0          | 250.0          | 25.0         |
| Services                      |                         |                         | 4.0                     | 70.0           | 76.5           | 76.5           | 15.0         |
| Commodities                   |                         |                         | 7.0                     | 20.0           | 20.0           | 20.0           | 7.0          |
| Capital Outlay                |                         |                         |                         |                |                |                |              |
| Grants, Benefits              |                         |                         |                         |                |                |                |              |
| Miscellaneous                 |                         |                         |                         |                |                |                |              |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>              | <b>0.0</b>              | <b>541.5</b>            | <b>2,251.1</b> | <b>2,603.4</b> | <b>2,603.4</b> | <b>376.6</b> |

#### POSITIONS

8            8            8

Costs include SPCO expenses to coordinate the participation of DNR divisions in pre-construction permitting and work associated with AGDC's development of plans and processes required by the State Lease, lease compliance and the preparation and issuance of Notices to Proceed (NTP).

Eight new long-term, non-permanent (LTNP) Natural Resource Specialist (NRS) III (range 18) positions will be created in FY2016 and will exist through FY2018. All remaining positions will be partial use of existing SPCO positions, FY2015 through FY2019.

Travel would be for public meetings, public hearings, agency coordination and monitoring of contractors performing field work and compliance oversight. Other, contractual and supply costs include aerial photos, satellite imagery, field supplies, maps, office space, telephones, core service charges and related expenses.



**STATE PIPELINE COORDINATOR'S OFFICE POSITIONS:**

Listed below, by year, are the new and existing positions in Anchorage needed for pre-construction permitting /plan development and preparation of the NTPs. Existing positions used for the project will be assigned to work on a part time basis. New positions specific to the project will be classified as LTNP and will not extend beyond construction. Another option that will be considered is the use of contractors versus hiring LTNP employees. All contract support would be managed by permanent SPCO employees.

**SPCO FY2015**

- One Natural Resource Specialist (NRS) IV (range 21)
- One Natural Resource Manager (NRM) III (range 22)
- Two Natural Resource Specialist (NRS) III (range 18)
- One Information Officer III (PIO) (range 20)
- One Engineer IV (range 27)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 3 months
- Administrative Support

**SPCO FY2016**

Pipeline construction oversight begins in FY2016. Because the activity is ramping up in FY2016, the estimated costs are lower than in FY2017 and FY2018.

- Eleven Natural Resource Specialist (NRS) III (range 18) – **eight of the eleven are new, long-term, non-permanent positions**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

**SPCO FY2017 and FY2018**

Pipeline construction continues in FY2017 and FY2018:

- Eleven Natural Resource Specialist (NRS) III (range 18) – **eight of the eleven are new, long-term, non-permanent positions created in FY2016**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

**SPCO FY2019 and FY2020**

Operational oversight and lease administration will require:

- Two Natural Resource Specialist (NRS) III (range 18)
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III(PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 1 month
- Administrative Support

**DIVISION OF MINING, LAND AND WATER**

Component Number 3002

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |             |             |             |             |
|-------------------------------|------------------------------------|--|-------------------------|-------------|-------------|-------------|-------------|
|                               |                                    |  | FY15                    | FY16        | FY17        | FY18        | FY19        |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                        | <b>FY14</b>                                  | <b>FY15</b>             | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> | <b>FY19</b> |
| Personal Services             |                                    |  | 93.5                    | ***         | ***         | ***         | ***         |
| Travel                        |                                    |  | 2.0                     |             |             |             |             |
| Services                      |                                    |  | 1.0                     |             |             |             |             |
| Commodities                   |                                    |  |                         |             |             |             |             |
| Capital Outlay                |                                    |  |                         |             |             |             |             |
| Grants, Benefits              |                                    |  |                         |             |             |             |             |
| Miscellaneous                 |                                    |  |                         |             |             |             |             |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>96.5</b>             | <b>***</b>  | <b>***</b>  | <b>***</b>  | <b>***</b>  |

Assumptions:

- 1) DNR/DMLW will be required to supervise, review and approve a title report prepared by SPCO regarding State owned lands in the pipeline ROW.
- 2) DNR will not be required to transfer title of any State lands to DOT/PF.
- 3) DNR/DMLW will not be responsible for title or ROW acquisitions from entities other than DNR managed lands including lands owned by private persons, boroughs, the university, mental health trust, ANCSA corporations, native allotments, and the federal government.
- 4) DNR/DMLW will review and approve all land surveys associated with granting an in-state gasline ROW and developing an in-state gasline across State land.

- 5) DNR/DMLW will participate in the ROW planning effort to some degree across State land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF. DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible State agencies with efforts to extricate the ROW from the LDAs.
- 6) SPCO will issue AS 38.35 ROW across lands to DOT/PF, and SPCO will be responsible for issuance of the majority of the land use permits and material sales necessary within the ROW, but that DNR/DMLW will be required to issue some land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (beyond FY2016).

The costs to DMLW would include expenses during FY2015 for providing assistance during the development team's planning efforts and pre-application meetings as well as costs associated with materials sales and permitting, as necessary, during the construction of the gasline.

DMLW has concluded that costs for FY2016 and beyond are indeterminate as the necessity, number and size of the permits or material sales outside the ROW are not known at this time. This budget does not include any estimated funding needed for DMLW for fiscal years 2016-2020.

#### **DMLW FY2015**

- One Natural Resource Manager (NRM) III (Range 22), 3 months for the supervision, review and approval of a title report prepared by SPCO staff.
- One Land Surveyor (LS) II (Range 22), 2 months for review and approval of all land surveys associated with granting an in-state gasline ROW.
- One Natural Resource Specialist (NRS) III (Range 18), 3 months for participation in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs.

Travel will be for planning and attending public meetings, as well as survey review and approval.

#### **DMLW FY2016 and beyond**

Indeterminate fiscal impact for FY2016 and beyond as the necessity, number and size of the permits or material sales are not known at this time. DMLW would utilize a Natural Resource Specialist (NRS) II – (Range 16) – at a rate of approximately \$96,250 per year for issuance of land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance.

**OFFICE OF HISTORY & ARCHAEOLOGY**

Component Number 451

|                               | FY14 Appropriation Requested | Included in Governor's FY14 Request | Out-Year Cost Estimates |             |             |             |             |
|-------------------------------|------------------------------|-------------------------------------|-------------------------|-------------|-------------|-------------|-------------|
|                               | <b>FY14</b>                  | <b>FY14</b>                         | <b>FY15</b>             | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> | <b>FY19</b> |
| <b>OPERATING EXPENDITURES</b> |                              |                                     |                         |             |             |             |             |
| Personal Services             |                              |                                     | 30.3                    | 30.3        | 30.3        | 30.3        | 30.3        |
| Travel                        |                              |                                     | 2.0                     | 2.0         | 2.0         | 2.0         | 2.0         |
| Services                      |                              |                                     |                         |             |             |             |             |
| Commodities                   |                              |                                     |                         |             |             |             |             |
| Capital Outlay                |                              |                                     |                         |             |             |             |             |
| Grants, Benefits              |                              |                                     |                         |             |             |             |             |
| Miscellaneous                 |                              |                                     |                         |             |             |             |             |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                   | <b>0.0</b>                          | <b>32.3</b>             | <b>32.3</b> | <b>32.3</b> | <b>32.3</b> | <b>32.3</b> |

The Office of History and Archaeology anticipates using one archaeologist for review and monitoring of the cultural resource project program. OHA estimates utilizing the position for three months and some travel costs needed for site visits.

- One Archeologist II (range 18), 3 months

**DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS**

Component Number 1031

|                               | FY14 Appropriation Requested | Included in Governor's FY14 Request | Out-Year Cost Estimates |              |              |              |             |
|-------------------------------|------------------------------|-------------------------------------|-------------------------|--------------|--------------|--------------|-------------|
|                               | <b>FY14</b>                  | <b>FY14</b>                         | <b>FY15</b>             | <b>FY16</b>  | <b>FY17</b>  | <b>FY18</b>  | <b>FY19</b> |
| <b>OPERATING EXPENDITURES</b> |                              |                                     |                         |              |              |              |             |
| Personal Services             |                              |                                     |                         | 66.6         | 66.6         | 66.6         |             |
| Travel                        |                              |                                     |                         | 11.1         | 11.1         | 11.1         |             |
| Services                      |                              |                                     |                         | 68.0         | 68.0         | 68.0         |             |
| Commodities                   |                              |                                     |                         | 5.3          | 5.3          | 5.3          |             |
| Capital Outlay                |                              |                                     |                         |              |              |              |             |
| Grants, Benefits              |                              |                                     |                         |              |              |              |             |
| Miscellaneous                 |                              |                                     |                         |              |              |              |             |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                   | <b>0.0</b>                          | <b>0.0</b>              | <b>151.0</b> | <b>151.0</b> | <b>151.0</b> | <b>0.0</b>  |

The Division of Geological and Geophysical Surveys (DGGS) cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route.

DGGS will use the following personnel in Fairbanks for management of geohazards project related studies and review of existing information. Travel and services will be for associated site visits, data gathering, and lab analyses.

- One Geologist IV (range 21), 2 months
- One Geologist III (range 19), 4 months
- One student Intern, 6 months

## Department of Environmental Conservation

### Summary of Cost for DEC

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |              |                |                |                |
|-------------------------------|------------------------------------|--|-------------------------|--------------|----------------|----------------|----------------|
|                               | FY14                               | FY14   | FY15                    | FY16         | FY17           | FY18           | FY19           |
| <b>OPERATING EXPENDITURES</b> |                                    |  |                         |              |                |                |                |
| Personal Services             | 244.9                              | 0.0  | 229.3                   | 689.8        | 1,959.4        | 2,1115.8       | 2,086.9        |
| Travel                        | 8.2                                | 0.0  | 14.2                    | 24.4         | 109.4          | 119.4          | 117.0          |
| Services                      | 22.7                               | 0.0  | 159.6                   | 71.3         | 230.3          | 350.4          | 351.7          |
| Commodities                   | 15.0                               | 0.0  | 7.5                     | 22.5         | 129.0          | 9.0            | 61.5           |
| Capital Outlay                | 0.0                                | 0.0  | 0.0                     | 0.0          | 0.0            | 0.0            | 0.0            |
| Grants, Benefits              | 0.0                                | 0.0  | 0.0                     | 0.0          | 0.0            | 0.0            | 0.0            |
| Miscellaneous                 | 0.0                                | 0.0  | 0.0                     | 0.0          | 0.0            | 0.0            | 0.0            |
| <b>TOTAL OPERATING</b>        | <b>290.8</b>                       | <b>0.0</b>                                   | <b>410.6</b>            | <b>808.0</b> | <b>2,428.1</b> | <b>2,594.6</b> | <b>2,617.1</b> |
| <b>Positions:</b>             | <b>2</b>                           | <b>0</b>                                     | <b>3</b>                | <b>6</b>     | <b>19</b>      | <b>20</b>      | <b>20</b>      |

## Division of Environmental Health

### Division of Environmental Health - Air Quality Component Number 2061

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14 Request | Out-Year Cost Estimates |             |             |             |            |
|-------------------------------|------------------------------------|---|-------------------------|-------------|-------------|-------------|------------|
|                               | FY14                               | FY14                                      | FY15                    | FY16        | FY17        | FY18        | FY19       |
| <b>OPERATING EXPENDITURES</b> |                                    |   |                         |             |             |             |            |
| Personal Services             | 40.9                               |   | 13.5                    | 23.9        | 12.8        | 28.9        |            |
| Travel                        | 3.2                                |   | 3.2                     | 2.4         | 2.4         | 2.4         |            |
| Services                      | 10.5                               |   | 143.9                   | 1.4         | 0.8         | 33.7        |            |
| Commodities                   |                                    |   |                         |             |             |             |            |
| Capital Outlay                |                                    |   |                         |             |             |             |            |
| Grants, Benefits              |                                    |   |                         |             |             |             |            |
| Miscellaneous                 |                                    |   |                         |             |             |             |            |
| <b>TOTAL OPERATING</b>        | <b>54.6</b>                        | <b>0.0</b>                                | <b>160.6</b>            | <b>27.7</b> | <b>16.0</b> | <b>65.0</b> | <b>0.0</b> |
| <b>Positions:</b>             | <b>0</b>                           | <b>0</b>                                  | <b>0</b>                | <b>0</b>    | <b>0</b>    | <b>0</b>    | <b>0</b>   |

The primary impact of this bill on the Division of Air Quality is the fee authority for permitting for the Alaska Gasline Development Corporation. The bill also exempts air quality permits required under the federal Clean Air Act from certain provisions related to permit appeals. This provision is helpful in preventing conflicts with regards to the Division's federally approved permitting program.

HB 4 would require pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The Division assumes four construction applications in FY2015. This includes one Prevention of Significant

Deterioration (PSD) permit and three Minor Source Specific (MSS) permits. Operation permits and compliance reviews would begin in FY2017.

Personal Services:

The Division assumes pre-application assistance will be provided by current staff (Environmental Program Manager III, and Environmental Program Specialist III) in FY2014 and current staff will provide oversight of term contracts in FY2015 through FY2018.

Travel:

Program staff will do a limited amount of traveling to manage this program, such as project site trips.

Services:

Much of the work effort will be completed by term contractors, with oversight by current staff. The majority of contractual work effort would be provided in FY2015.

**Division of Environmental Health - Drinking Water**

| <b>Component Number</b>       | <b>2066</b>                        |  |                         |             |              |              |              |
|-------------------------------|------------------------------------|--|-------------------------|-------------|--------------|--------------|--------------|
|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |             |              |              |              |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                        | <b>FY14</b>                                  | <b>FY15</b>             | <b>FY16</b> | <b>FY17</b>  | <b>FY18</b>  | <b>FY19</b>  |
| Personal Services             |                                    |  |                         |             | 100.5        | 120.7        | 120.7        |
| Travel                        |                                    |  |                         |             | 15.0         | 15.0         | 15.0         |
| Services                      |                                    |  |                         |             | 8.0          | 9.2          | 9.2          |
| Commodities                   |                                    |  |                         |             | 8.0          | 0.5          | 0.5          |
| Capital Outlay                |                                    |  |                         |             |              |              |              |
| Grants, Benefits              |                                    |  |                         |             |              |              |              |
| Miscellaneous                 |                                    |  |                         |             |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>0.0</b>              | <b>0.0</b>  | <b>131.5</b> | <b>145.4</b> | <b>145.4</b> |
| <b>Positions:</b>             | <b>0</b>                           | <b>0</b>                                     | <b>0</b>                | <b>0</b>    | <b>1</b>     | <b>1</b>     | <b>1</b>     |

The primary impact of this bill on the Division of Environmental Health, Drinking Water component will be the requirement to perform engineered plan and record drawing submittal reviews, provide construction approvals, followed by operation approvals, for the water systems needed to support the labor camps. These water systems will also require routine compliance monitoring for public health protection.

Personal Services:

The Department will add one position to this component, an Environmental Engineer I, to review engineered plans for water systems and to provide construction approvals and operation approvals for the water systems needed to support the labor camps. This position will be filled for ten months

the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

**Travel:**

Travel will be required to provide on-site reviews and compliance monitoring of the water systems for public health protection.

**Services:**

Contractual services include costs for training registrations and small contracts.

**Commodities:**

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

**Division of Environmental Health - Food Safety & Sanitation**

| <b>Component Number</b>       | <b>2343</b>                        |  |                         |             |              |              |              |
|-------------------------------|------------------------------------|--|-------------------------|-------------|--------------|--------------|--------------|
|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |             |              |              |              |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                        | <b>FY14</b>                                  | <b>FY15</b>             | <b>FY16</b> | <b>FY17</b>  | <b>FY18</b>  | <b>FY19</b>  |
| Personal Services             |                                    |  |                         |             | 82.3         | 98.7         | 98.7         |
| Travel                        |                                    |  |                         |             | 15.0         | 15.0         | 15.0         |
| Services                      |                                    |  |                         |             | 6.9          | 7.9          | 7.9          |
| Commodities                   |                                    |  |                         |             | 8.0          | 0.5          | 0.5          |
| Capital Outlay                |                                    |  |                         |             |              |              |              |
| Grants, Benefits              |                                    |  |                         |             |              |              |              |
| Miscellaneous                 |                                    |  |                         |             |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>0.0</b>              | <b>0.0</b>  | <b>112.2</b> | <b>122.1</b> | <b>122.1</b> |
| <b>Positions:</b>             | <b>0</b>                           | <b>0</b>                                     | <b>0</b>                | <b>0</b>    | <b>1</b>     | <b>1</b>     | <b>1</b>     |

The primary impact of this bill on the Division of Environmental Health, Food Safety & Sanitation will be an increase in the permitting and inspecting of labor camp kitchens and public accommodations.

**Personal Services:**

Ensuring these camps and facilities are permitted and inspected requires additional staffing. The Department will add one position to this component, an Environmental Health Officer III, to inspect and permit labor camp kitchens and public facilities. This position will be filled for ten months the



first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance, inspect the labor camps and public facilities, and staff training and certification.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

**Division of Environmental Health - Solid Waste Management**

**Component Number 2344**

|                               | FY14 Appropriation Requested | Included in Governor's FY14 Request | Out-Year Cost Estimates |            |              |              |              |
|-------------------------------|------------------------------|-------------------------------------|-------------------------|------------|--------------|--------------|--------------|
|                               | FY14                         | FY14                                | FY15                    | FY16       | FY17         | FY18         | FY19         |
| <b>OPERATING EXPENDITURES</b> |                              |                                     |                         |            |              |              |              |
| Personal Services             |                              |                                     |                         |            | 89.8         | 107.8        | 107.8        |
| Travel                        |                              |                                     |                         |            | 15.0         | 15.0         | 15.0         |
| Services                      |                              |                                     |                         |            | 7.4          | 8.5          | 8.5          |
| Commodities                   |                              |                                     |                         |            | 8.0          | 0.5          | 0.5          |
| Capital Outlay                |                              |                                     |                         |            |              |              |              |
| Grants, Benefits              |                              |                                     |                         |            |              |              |              |
| Miscellaneous                 |                              |                                     |                         |            |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                   | <b>0.0</b>                          | <b>0.0</b>              | <b>0.0</b> | <b>120.2</b> | <b>131.8</b> | <b>131.8</b> |

**Positions:** 0 0 0 0 1 1 1

The primary impact of this bill on the Division of Environmental Health, Solid Waste Management component will be an increase in permitting the solid waste treatment facilities and landfills associated with pipeline construction. These facilities pose a high risk to human health and the environment. They are authorized to operate either by permit or plan approval, which allows the Solid Waste Program to ensure that these facilities meet the design and operational standards in the regulations. After an authorization is issued, the Program further assesses compliance with the regulations by conducting on-site inspections of these facilities.

Personal Services:

The Department will add one position to this component, an Environmental Program Specialist IV, to inspect solid waste treatment facilities and landfills. This position will be filled for ten months in

the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance and compliance monitoring to the labor camps, as well as training and certification of staff.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

**Division of Spill Prevention & Response - Contaminated Sites**

**Component Number 2386**

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |             |             |             |             |
|-------------------------------|------------------------------------|--|-------------------------|-------------|-------------|-------------|-------------|
|                               | <b>FY14</b>                        | <b>FY14</b>                                  | <b>FY15</b>             | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> | <b>FY19</b> |
| <b>OPERATING EXPENDITURES</b> |                                    |  |                         |             |             |             |             |
| Personal Services             |                                    |  | 11.8                    | 87.7        | 87.7        | 87.7        | 87.7        |
| Travel                        |                                    |  |                         | 6.0         | 6.0         | 6.0         | 6.0         |
| Services                      |                                    |  | 0.7                     | 5.2         | 5.2         | 5.2         | 5.2         |
| Commodities                   |                                    |  | 7.5                     |             |             |             |             |
| Capital Outlay                |                                    |  |                         |             |             |             |             |
| Grants, Benefits              |                                    |  |                         |             |             |             |             |
| Miscellaneous                 |                                    |  |                         |             |             |             |             |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>20.0</b>             | <b>98.9</b> | <b>98.9</b> | <b>98.9</b> | <b>98.9</b> |

**Positions:** 0 0 1 1 1 1 1

The Contaminated Sites component of the Division of Spill Prevention and Response would be required to research sites located within the proposed pipeline right-of-way and participate in the development of the Environmental Impact Statement. During construction of the pipeline, the program would conduct inspections, assessments and possibly cleanup oversight activities associated with contaminated soil and groundwater which may occur as a result of oil and hazardous substance releases at construction camps and other pipeline support infrastructure. This fiscal note assumes that construction of an in-state gasoline would begin in FY2017.

Personal Services:

The program needs an Environmental Program Specialist II, range 16, to research sites located within the proposed pipeline right-of-way, prepare input to the Environmental Impact Statements and conduct inspections.

Travel:

Travel will be required to conduct research and inspection activities will be necessary.

Services:

The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new position identified.

**Division of Spill Prevention & Response - Industry Preparedness & Pipeline Operations**

**Component Number 1922**

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |              |              |              |              |
|-------------------------------|------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|
|                               |                                    |  | FY14                    | FY15         | FY16         | FY17         | FY18         |
| <b>OPERATING EXPENDITURES</b> |                                    |  |                         |              |              |              |              |
| Personal Services             |                                    |  |                         | 278.7        | 278.7        | 364.4        | 364.4        |
| Travel                        |                                    |  |                         | 5.0          | 6.0          | 6.0          | 6.0          |
| Services                      |                                    |  |                         | 16.7         | 22.7         | 22.7         | 22.7         |
| Commodities                   |                                    |  |                         | 15.0         |              | 7.5          |              |
| Capital Outlay                |                                    |  |                         |              |              |              |              |
| Grants, Benefits              |                                    |  |                         |              |              |              |              |
| Miscellaneous                 |                                    |  |                         |              |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>0.0</b>              | <b>315.4</b> | <b>307.4</b> | <b>400.6</b> | <b>393.1</b> |

**Positions:** 0      0      0      2      2      3      3

The Industry Preparedness and Pipeline Operations component would be required to conduct contingency plan reviews, inspections, spill exercises and plan modifications/renewals as warranted. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs one Technical Engineer/Architect II, range 25, and an Environmental Engineer II, range 23 in FY2016 to review designs, contingency plans, exercises and plan modifications for the gas pipeline. An Environmental Program Specialist III, range 18, will be needed in FY2018 to inspect and issue renewals as warranted.

Travel:

Travel to conduct inspections, permitting, and preparedness activities will be necessary.

Services:

The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for each new position identified above.

**Division of Spill Prevention & Response - Prevention & Emergency Response Program**

**Component Number 2064**

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |              |                |                |                |
|-------------------------------|------------------------------------|--|-------------------------|--------------|----------------|----------------|----------------|
|                               |                                    |  | FY14                    | FY15         | FY16           | FY17           | FY18           |
| <b>OPERATING EXPENDITURES</b> |                                    |  |                         |              |                |                |                |
| Personal Services             |                                    |  |                         | 95.5         | 869.4          | 869.4          | 869.4          |
| Travel                        |                                    |  | 6.0                     | 6.0          | 30.0           | 40.0           | 40.0           |
| Services                      |                                    |  | 2.8                     | 35.8         | 133.0          | 216.9          | 251.9          |
| Commodities                   |                                    |  |                         | 7.5          | 90.0           |                | 60.0           |
| Capital Outlay                |                                    |  |                         |              |                |                |                |
| Grants, Benefits              |                                    |  |                         |              |                |                |                |
| Miscellaneous                 |                                    |  |                         |              |                |                |                |
| <b>TOTAL OPERATING</b>        | <b>0.0</b>                         | <b>0.0</b>                                   | <b>8.8</b>              | <b>144.8</b> | <b>1,122.4</b> | <b>1,126.3</b> | <b>1,221.3</b> |
| <b>Positions:</b>             | <b>0</b>                           | <b>0</b>                                     | <b>0</b>                | <b>1</b>     | <b>9</b>       | <b>9</b>       | <b>9</b>       |

The Preparedness and Emergency Response Program would be required to increase inspection activities for pipeline camps, preparedness planning as well as response activities associated with the pipeline. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

**Personal Services:**

The program needs one Environmental Program Specialist III, range 18, beginning in FY2016 to review and comment on permit activities for the pipeline camps. Eight Environmental Program Specialist III, range 18 positions (four stationed in Fairbanks and four stationed in Anchorage) will be needed in FY2017 for preparedness planning and to address response activities associated with pipeline camps during the construction and operational phases along the right-of-way.

**Travel:**

Travel to conduct inspections, permitting, and preparedness activities will be necessary.

**Services:**

The program assumes one Incident Management Team size response annually, annual training, and additional leased space for eight new positions in field camps or field offices in nearby communities. The Department of Law would be consulted as needed.

**Commodities:**

The Division would incur one time set-up costs for the new positions identified above as well as personal protection equipment for Arctic weather to be used during inspections. Additionally, the program will require the purchase of four vehicles in FY2017, two staged in Anchorage and two staged in Fairbanks to conduct inspections of the pipeline, camps and for use in emergency

responses. Wear and tear on these vehicles is expected to be high with an accelerated replacement schedule, therefore in FY2019; the program will purchase two replacement vehicles.

**Division of Water - Water Quality**

| <b>Component Number</b>       |                                    | <b>2062</b>                                  |                         |              |              |              |              |
|-------------------------------|------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|
|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |              |              |              |              |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                        | <b>FY14</b>                                  | <b>FY15</b>             | <b>FY16</b>  | <b>FY17</b>  | <b>FY18</b>  | <b>FY19</b>  |
| Personal Services             | 204.0                              |  | 204.0                   | 204.0        | 438.2        | 438.2        | 438.2        |
| Travel                        | 5.0                                |  | 5.0                     | 5.0          | 20.0         | 20.0         | 20.0         |
| Services                      | 12.2                               |  | 12.2                    | 12.2         | 46.3         | 46.3         | 46.3         |
| Commodities                   | 15.0                               |  |                         |              | 15.0         |              |              |
| Capital Outlay                |                                    |  |                         |              |              |              |              |
| Grants, Benefits              |                                    |  |                         |              |              |              |              |
| Miscellaneous                 |                                    |  |                         |              |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>236.2</b>                       | <b>0.0</b>                                   | <b>221.2</b>            | <b>221.2</b> | <b>519.5</b> | <b>504.5</b> | <b>504.5</b> |
| <b>Positions:</b>             | <b>2</b>                           | <b>0</b>                                     | <b>2</b>                | <b>2</b>     | <b>4</b>     | <b>4</b>     | <b>4</b>     |

HB 4 would require approval for wastewater treatment systems constructed in conjunction with the development of the pipeline. The Department would be responsible for permitting multiple wastewater discharges from sinks and showers, drinking water treatment plants, domestic treatment plants, dewatering activities and stormwater. The Division will start project planning in 2014 and require two permitting positions. Construction will start in 2017 and require one engineering and one compliance position. Plan reviews and compliance inspections would occur during construction, with periodic inspections post construction. Assumptions are based on the proposed gasoline schedule.

Personal Services:

The Division of Water would need an Environmental Program Specialist IV, range 20, and an Environmental Program Specialist III, range 18, to write permits. Beginning in FY2017, one Environmental Engineer I, range 22 would be needed to review plans and one Environmental Program Specialist IV, range 20, would be needed to conduct inspections.

Travel:

Division staff will need to travel to attend meetings, trainings and conduct inspections.

Services:

Department of Law would be consulted as needed.

Commodities:

Includes one-time set up costs for two positions in FY2014 and two positions in FY2017.

## Department of Transportation and Public Facilities

The Department's positions will manage the Utility Permit process for the Gas Line. The positions will issue utility permits and monitor Gas Line construction to ensure the highway asset is protected and that traffic safety and federal eligibility are maintained.

AGDC's July 1, 2011 Project Plan has nearly 70% of the Gas Line within the Department's Dalton, Elliot, and Parks Highway Right-of-Way (ROW). The importance of these transportation corridors to Alaska's transportation future cannot be overstated. A Utility Permit(s) issued by the Department will be the mechanism for permitting the construction and operation of the Gas Line within the ROW's and across several major bridges. The Department will assign conditions within the Utility Permit to ensure: safety to the traveling public during construction; traffic improvements are constructed to allow for safe ingress and egress for construction related traffic; the structural integrity of Alaska's highway assets is maintained or improved, and sufficient spatial distance is allowed for future expansion of highway infrastructure with the 75-100 year lifespan of the Gas Line within the existing ROW.

If a utility is permitted and built in the state's ROW, and that ROW becomes necessary for future highway improvement; the state bears the cost of relocating that utility. It is DOT&PF's responsibility to ensure the line's use of the state's ROW does not impact future anticipated highway needs. Specifically for the Parks Highway corridor between the Gas Line's Willow departure and at least Talkeetna Junction, the 75-100 year horizon identifies a four lane divided highway section as the safe and efficient highway section. A four lane limited access facility will occupy most of the existing ROW, so the Gas Line must be outside of that planned highway, or federal eligibility will be in jeopardy for future improvements requiring additional ROW or relocation of the Gas Line. Other highway alignments may have similar ROW constraints.

### Statewide Engineering and Design

#### Component Number 2357

|                               | FY14 Appropriation Requested | Included in Governor's FY14 Request | Out-Year Cost Estimates |              |              |              |              |
|-------------------------------|------------------------------|-------------------------------------|-------------------------|--------------|--------------|--------------|--------------|
|                               |                              |                                     | FY15                    | FY16         | FY17         | FY18         | FY19         |
| <b>OPERATING EXPENDITURES</b> | <b>FY14</b>                  | <b>FY14</b>                         | <b>FY15</b>             | <b>FY16</b>  | <b>FY17</b>  | <b>FY18</b>  | <b>FY19</b>  |
| Personal Services             | 364.3                        |                                     | 364.3                   | 364.3        | 364.3        | 364.3        | 364.3        |
| Travel                        | 45.0                         |                                     | 45.0                    | 45.0         | 45.0         | 45.0         | 45.0         |
| Services                      | 280.0                        |                                     | 280.0                   | 280.0        | 280.0        | 280.0        | 280.0        |
| Commodities                   | 22.5                         |                                     | 1.5                     | 1.5          | 1.5          | 1.5          | 1.5          |
| <b>TOTAL OPERATING</b>        | <b>711.8</b>                 | <b>0.0</b>                          | <b>690.8</b>            | <b>690.8</b> | <b>690.8</b> | <b>690.8</b> | <b>690.8</b> |

**Positions:** 3 3 3 3 3 3

An Engineer/Architect IV, Range 26, will serve as the technical expert, manage consultant activities, oversee regional staff who will be issuing permits and authorizations, oversee construction management consultants, documentation for continued federal eligibility, and coordination of utility permit conditions. An Environmental Impact Analysis Manager II, Range 22, will oversee work done in the ROW to insure compliance with federal and state requirements, ensure our processes provide for rapid permitting decisions and no delays in construction. An Administrative Assistant, Range 12, will assist with the day to day activities of the two professionals.

**Travel:**

Staff travel for coordinated meetings, on-site inspections, surveying and associated duties.

**Services:**

Contractual services include costs for core services, small contracts and consultation with the Department of Law and lease space.

**Commodities:**

One-time costs to set up a new position are included in the first year only. Routine supplies are included in out years.

## Department of Law

HB 4 relates to creation of the Alaska Gasline Development Corporation (AGDC public corporation or new AGDC) as a public corporation, with corporate powers and duties. It establishes a fund for moneys appropriated by the legislature for use by the corporation, authorizes establishment of subsidiary corporations, gives power to issue revenue bonds and establish capital reserve funds, provides tax exemptions and establishes reporting requirements. The intent of the bill is that the existing Alaska Gasline Development Corporation (existing AGDC), a subsidiary of Alaska Finance Housing Corporation (AHFC), and all of its assets and liabilities, would be merged or transferred into the new AGDC public corporation. It also transitions the Alaska Natural Gas Development Corporation (ANGDA) from a stand-alone public corporation into a subsidiary of the new AGDC public corporation. The purpose of the new AGDC is to advance the in-state natural gas pipeline under the project plan that was prepared by the existing AGDC.

HB 4, in part, amends Title 42 by adding new sections to Article 5, and adding a new chapter AS 42.08, which require the review and investigation of certain contracts, and/or disputes arising under the Act by the Regulatory Commission of Alaska. The Attorney General, under AS 44.23.020(e), has the right to participate as a party in such proceedings to ensure the public interest is represented. The Regulatory Affairs and Public Advocacy Section within the Department of Law will need at least 1 FTE PAUA I position to meet the increased demand on the section's time and resources to participate in such proceedings.

The Department of Law does not anticipate any further fiscal impacts from this legislation.

**Component Number 2091**

|                               | FY14<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY14<br>Request | Out-Year Cost Estimates |              |              |              |              |
|-------------------------------|------------------------------------|--|-------------------------|--------------|--------------|--------------|--------------|
|                               |                                    |  | FY14                    | FY15         | FY16         | FY17         | FY18         |
| <b>OPERATING EXPENDITURES</b> |                                    |  |                         |              |              |              |              |
| Personal Services             | 87.5                               |  | 116.6                   | 116.6        | 116.6        | 116.6        | 116.6        |
| Travel                        | 0.4                                |  | 0.6                     | 0.6          | 0.6          | 0.6          | 0.6          |
| Services                      | 12.0                               |  | 16.0                    | 16.0         | 16.0         | 16.0         | 16.0         |
| Commodities                   | 2.0                                |  | 2.7                     | 2.7          | 2.7          | 2.7          | 2.7          |
| Capital Outlay                | 0.4                                |  | 0.5                     | 0.5          | 0.5          | 0.5          | 0.5          |
| Grants, Benefits              |                                    |  |                         |              |              |              |              |
| Miscellaneous                 |                                    |  |                         |              |              |              |              |
| <b>TOTAL OPERATING</b>        | <b>102.3</b>                       | <b>0.0</b>                                   | <b>136.4</b>            | <b>136.4</b> | <b>136.4</b> | <b>136.4</b> | <b>136.4</b> |

|                   |          |          |          |          |          |          |          |
|-------------------|----------|----------|----------|----------|----------|----------|----------|
| <b>Positions:</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>1</b> |
|-------------------|----------|----------|----------|----------|----------|----------|----------|



HB 4 In-State Gasline Development Corporation Fiscal Analysis

Fiscal Note No. 1  
CSHB 4(RES)

|  | Included in<br>FY14<br>Governor's<br>Request | FY14<br>Appropriation<br>Request | FY14<br>TOTAL  | FY15 Base      | FY15 New        | FY15<br>TOTAL  | FY16 Base      | FY16 New      | FY16<br>TOTAL  | FY17 Base      | FY17 New      | FY17<br>TOTAL  | FY18 Base      | FY18 New   | FY18<br>TOTAL  | FY19 Base      | FY19 New   | FY19<br>TOTAL  |
|--|--|----------------------------------|----------------|----------------|-----------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|------------|----------------|----------------|------------|----------------|
| <b>DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT</b> |  |                                  |                |                |                 |                |                |               |                |                |               |                |                |            |                |                |            |                |
| Alaska Gasline Development Corporation                             | 3,634.3                                      | 3,283.3                          | 6,917.6        | 6,917.6        | -2,422.2        | 4,495.4        | 4,495.4        |               | 4,495.4        | 4,495.4        |               | 4,495.4        | 4,495.4        |            | 4,495.4        | 4,495.4        |            | 4,495.4        |
| Alaska Natural Gas Development Authority                           |  | 775.0                            | 775.0          | 775.0          | 50.0            | 825.0          | 825.0          | -125.0        | 700.0          | 700.0          | -300.0        | 400.0          | 400.0          |            | 400.0          | 400.0          |            | 400.0          |
| <b>TOTAL</b>   | <b>3,634.3</b>                               | <b>4,058.3</b>                   | <b>7,692.6</b> | <b>7,692.6</b> | <b>-2,372.2</b> | <b>5,320.4</b> | <b>5,320.4</b> | <b>-125.0</b> | <b>5,195.4</b> | <b>5,195.4</b> | <b>-300.0</b> | <b>4,895.4</b> | <b>4,895.4</b> | <b>0.0</b> | <b>4,895.4</b> | <b>4,895.4</b> | <b>0.0</b> | <b>4,895.4</b> |
| Commercial Operations  |  | 2                                | 2              | 2              |                 | 2              | 2              |               | 2              | 2              |               | 2              | 2              |            | 2              | 2              |            | 2              |
| Pipeline & Facilities Engineering                                  |  | 0                                | 0              | 0              |                 | 0              | 0              |               | 0              | 0              |               | 0              | 0              |            | 0              | 0              |            | 0              |
| Support Activities   | 7  | 23                               | 30             | 30             |                 | 30             | 30             |               | 30             | 30             |               | 30             | 30             |            | 30             | 30             |            | 30             |
| <b>TOTAL</b>   | <b>7</b>                                     | <b>25</b>                        | <b>32</b>      | <b>32</b>      | <b>0</b>        | <b>32</b>      | <b>32</b>      | <b>0</b>      | <b>32</b>      | <b>32</b>      | <b>0</b>      | <b>32</b>      | <b>32</b>      | <b>0</b>   | <b>32</b>      | <b>32</b>      | <b>0</b>   | <b>32</b>      |

|   |            |              |              |              |              |              |              |              |              |              |                |                |                |              |                |                |             |                |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|-------------|----------------|
| <b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b> |            |              |              |              |              |              |              |              |              |              |                |                |                |              |                |                |             |                |
| Environmental Health - Air Quality              |            | 54.6         | 54.6         | 54.6         | 106.0        | 160.6        | 160.6        | -132.9       | 27.7         | 27.7         | -11.7          | 16.0           | 16.0           | 49.0         | 65.0           | 65.0           | -65.0       | 0.0            |
| Environmental Health - Drinking Water           |            | 0.0          | 0.0          | 0.0          |              | 0.0          | 0.0          |              | 0.0          | 0.0          | 131.5          | 131.5          | 131.5          | 13.9         | 145.4          | 145.4          |             | 145.4          |
| Environmental Health - Food Safety & Sanitation |            | 0.0          | 0.0          | 0.0          |              | 0.0          | 0.0          |              | 0.0          | 0.0          | 112.2          | 112.2          | 112.2          | 9.9          | 122.1          | 122.1          |             | 122.1          |
| Environmental Health - Solid Waste Management   |            | 0.0          | 0.0          | 0.0          |              | 0.0          | 0.0          |              | 0.0          | 0.0          | 120.2          | 120.2          | 120.2          | 11.6         | 131.8          | 131.8          |             | 131.8          |
| Spill Prevention & Response                     |            | 0.0          | 0.0          | 0.0          | 20.0         | 20.0         | 20.0         | 78.9         | 98.9         | 98.9         |                | 98.9           | 98.9           |              | 98.9           | 98.9           |             | 98.9           |
| Spill Prevention & Response                     |            | 0.0          | 0.0          | 0.0          |              | 0.0          | 0.0          | 315.4        | 315.4        | 315.4        | -8.0           | 307.4          | 307.4          | 93.2         | 400.6          | 400.6          | -7.5        | 393.1          |
| Spill Prevention & Response                     |            | 0.0          | 0.0          | 0.0          | 8.8          | 8.8          | 8.8          | 136.0        | 144.8        | 144.8        | 977.6          | 1,122.4        | 1,122.4        | 3.9          | 1,126.3        | 1,126.3        | 95.0        | 1,221.3        |
| Division of Water                               |            | 236.2        | 236.2        | 236.2        | -15.0        | 221.2        | 221.2        |              | 221.2        | 221.2        | 298.3          | 519.5          | 519.5          | -15.0        | 504.5          | 504.5          |             | 504.5          |
| <b>TOTAL</b>                                    | <b>0.0</b> | <b>290.8</b> | <b>290.8</b> | <b>290.8</b> | <b>119.8</b> | <b>410.6</b> | <b>410.6</b> | <b>397.4</b> | <b>808.0</b> | <b>808.0</b> | <b>1,620.1</b> | <b>2,428.1</b> | <b>2,428.1</b> | <b>166.5</b> | <b>2,594.6</b> | <b>2,594.6</b> | <b>22.5</b> | <b>2,617.1</b> |
| Commercial Operations                           |            |              | 0            | 0            |              | 0            | 0            |              | 0            | 0            |                | 0              | 0              |              | 0              | 0              |             | 0              |
| Pipeline & Facilities Engineering               |            |              | 0            | 0            |              | 0            | 0            |              | 0            | 0            |                | 0              | 0              |              | 0              | 0              |             | 0              |
| Support Activities                              |            | 2            | 2            | 2            | 1            | 3            | 3            | 3            | 6            | 6            | 13             | 19             | 19             | 1            | 20             | 20             |             | 20             |
| <b>TOTAL</b>                                    | <b>0</b>   | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>1</b>     | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>6</b>     | <b>6</b>     | <b>13</b>      | <b>19</b>      | <b>19</b>      | <b>1</b>     | <b>20</b>      | <b>20</b>      | <b>0</b>    | <b>20</b>      |

|                          |            |              |              |              |             |              |              |            |              |              |            |              |              |            |              |              |            |              |
|--------------------------|------------|--------------|--------------|--------------|-------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| <b>DEPARTMENT OF LAW</b> |            |              |              |              |             |              |              |            |              |              |            |              |              |            |              |              |            |              |
| Regulatory Affairs       |            | 102.3        | 102.3        | 102.3        | 34.1        | 136.4        | 136.4        |            | 136.4        | 136.4        |            | 136.4        | 136.4        |            | 136.4        | 136.4        |            | 136.4        |
| <b>TOTAL</b>             | <b>0.0</b> | <b>102.3</b> | <b>102.3</b> | <b>102.3</b> | <b>34.1</b> | <b>136.4</b> | <b>136.4</b> | <b>0.0</b> | <b>136.4</b> | <b>136.4</b> | <b>0.0</b> | <b>136.4</b> | <b>136.4</b> | <b>0.0</b> | <b>136.4</b> | <b>136.4</b> | <b>0.0</b> | <b>136.4</b> |
| Support Activities       |            | 1            | 1            | 1            |             | 1            | 1            |            | 1            | 1            |            | 1            | 1            |            | 1            | 1            |            | 1            |
| <b>TOTAL</b>             | <b>0</b>   | <b>1</b>     | <b>1</b>     | <b>1</b>     | <b>0</b>    | <b>1</b>     | <b>1</b>     | <b>0</b>   | <b>1</b>     | <b>1</b>     | <b>0</b>   | <b>1</b>     | <b>1</b>     | <b>0</b>   | <b>1</b>     | <b>1</b>     | <b>0</b>   | <b>1</b>     |

|  |            |            |            |            |              |              |              |                |                |                |              |                |                |            |                |                |                 |              |
|--|------------|------------|------------|------------|--------------|--------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|------------|----------------|----------------|-----------------|--------------|
| <b>DEPARTMENT OF NATURAL RESOURCES</b>         |            |            |            |            |              |              |              |                |                |                |              |                |                |            |                |                |                 |              |
| State Pipeline Coordinators Office             |            |            | 0.0        | 0.0        | 541.5        | 541.5        | 541.5        | 1,709.6        | 2,251.1        | 2,251.1        | 352.3        | 2,603.4        | 2,603.4        | 0          | 2,603.4        | 2,603.4        | -2,226.8        | 376.6        |
| Office of History and Archaeology              |            |            |            | 0.0        | 32.3         | 32.3         | 32.3         |                | 32.3           | 32.3           |              | 32.3           | 32.3           |            | 32.3           | 32.3           |                 | 32.3         |
| Division of Geological and Geophysical Surveys |            | 0          | 0.0        | 0.0        |              | 0.0          | 0.0          | 151            | 151.0          | 151.0          |              | 151.0          | 151.0          |            | 151.0          | 151.0          | -151            | 0.0          |
| Division of Mining, Land and Water             |            |            | 0.0        | 0.0        | 96.5         | 96.5         | 96.5         | -96.5          | 0.0            | 0.0            |              | 0.0            | 0.0            |            | 0.0            | 0.0            |                 | 0.0          |
| <b>TOTAL</b>                                   | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>670.3</b> | <b>670.3</b> | <b>670.3</b> | <b>1,764.1</b> | <b>2,434.4</b> | <b>2,434.4</b> | <b>352.3</b> | <b>2,786.7</b> | <b>2,786.7</b> | <b>0.0</b> | <b>2,786.7</b> | <b>2,786.7</b> | <b>-2,377.8</b> | <b>408.9</b> |
| Commercial Operations                          |            |            | 0          | 0          |              | 0            | 0            |                | 0              | 0              |              | 0              | 0              |            | 0              | 0              |                 | 0            |
| Pipeline & Facilities Engineering              |            |            | 0          | 0          |              | 0            | 0            |                | 0              | 0              |              | 0              | 0              |            | 0              | 0              |                 | 0            |
| Support Activities                             |            |            | 0          | 0          |              | 0            | 0            | 8              | 8              | 8              |              | 8              | 8              |            | 8              | 8              |                 | -8           |
| <b>TOTAL</b>                                   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>8</b>       | <b>8</b>       | <b>8</b>       | <b>0</b>     | <b>8</b>       | <b>8</b>       | <b>0</b>   | <b>8</b>       | <b>8</b>       | <b>-8</b>       | <b>0</b>     |

|   |            |              |              |              |              |              |              |            |              |              |            |              |              |            |              |              |            |              |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|--------------|------------|--------------|
| <b>DEPARTMENT OF TRANSPORTATION &amp; PUBLIC FACILITIES</b> |            |              |              |              |              |              |              |            |              |              |            |              |              |            |              |              |            |              |
| Statewide Engineering & Design                              |            | 711.8        | 711.8        | 711.8        | -21.0        | 690.8        | 690.8        |            | 690.8        | 690.8        |            | 690.8        | 690.8        |            | 690.8        | 690.8        |            | 690.8        |
| <b>TOTAL</b>  | <b>0.0</b> | <b>711.8</b> | <b>711.8</b> | <b>711.8</b> | <b>-21.0</b> | <b>690.8</b> | <b>690.8</b> | <b>0.0</b> | <b>690.8</b> | <b>690.8</b> | <b>0.0</b> | <b>690.8</b> | <b>690.8</b> | <b>0.0</b> | <b>690.8</b> | <b>690.8</b> | <b>0.0</b> | <b>690.8</b> |
| Commercial Operations                                       |            |              | 0            | 0            |              | 0            | 0            |            | 0            | 0            |            | 0            | 0            |            | 0            | 0            |            | 0            |
| Pipeline & Facilities Engineering                           |            |              | 0            | 0            |              | 0            | 0            |            | 0            | 0            |            | 0            | 0            |            | 0            | 0            |            | 0            |
| Support Activities  |            | 3            | 3            | 3            |              | 3            | 3            |            | 3            | 3            |            | 3            | 3            |            | 3            | 3            |            | 3            |
| <b>TOTAL</b>  | <b>0</b>   | <b>3</b>     | <b>3</b>     | <b>3</b>     | <b>0</b>     | <b>3</b>     | <b>3</b>     | <b>0</b>   | <b>3</b>     | <b>3</b>     | <b>0</b>   | <b>3</b>     | <b>3</b>     | <b>0</b>   | <b>3</b>     | <b>3</b>     | <b>0</b>   | <b>3</b>     |

|                                   |                |                |                |                |                 |                 |                |                |                 |                |                |                 |                 |                 |                 |                 |                 |                 |
|-----------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>GRAND TOTAL</b>                | <b>3,634.3</b> | <b>5,163.2</b> | <b>8,797.5</b> | <b>8,797.5</b> | <b>-1,569.0</b> | <b>7,228.5</b>  | <b>7,228.5</b> | <b>2,036.5</b> | <b>9,265.0</b>  | <b>9,265.0</b> | <b>1,672.4</b> | <b>10,937.4</b> | <b>10,937.4</b> | <b>166.5</b>    | <b>11,103.9</b> | <b>11,103.9</b> | <b>-2,355.3</b> | <b>8,748.6</b>  |
| <b>CUMULATIVE TOTAL</b>           |                |                | <b>8,797.5</b> |                |                 | <b>16,026.0</b> |                |                | <b>25,291.0</b> |                |                | <b>36,228.4</b> |                 | <b>47,332.3</b> |                 |                 |                 | <b>56,080.9</b> |
| Commercial Operations             | 0              | 2              | 2              | 2              | 0               | 2               | 2              | 0              | 2               | 2              | 0              | 2               | 2               | 0               | 2               | 2               | 0               | 2               |
| Pipeline & Facilities Engineering | 0              | 0              | 0              | 0              | 0               | 0               | 0              | 0              | 0               | 0              | 0              | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Support Activities                | 7              | 29             | 36             | 36             | 1               | 37              | 37             | 11             | 48              | 48             | 13             | 61              | 61              | 1               | 62              | 62              | -8              | 54              |
| <b>POSITION GRAND TOTAL</b>       | <b>7</b>       | <b>31</b>      | <b>38</b>      | <b>38</b>      | <b>1</b>        | <b>39</b>       | <b>39</b>      | <b>11</b>      | <b>50</b>       | <b>50</b>      | <b>13</b>      | <b>63</b>       | <b>63</b>       | <b>1</b>        | <b>64</b>       | <b>64</b>       | <b>-8</b>       | <b>56</b>       |