

SENATE FINANCE COMMITTEE
February 26, 2014
9:14 am

[9:14:16 AM](#)

RECONVENED: CONTINUATION OF RECESSED MEETING ON 2/25/14

CALL TO ORDER

Co-Chair Kelly called the Senate Finance Committee meeting to order at 9:14 am.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair
Senator Kevin Meyer, Co-Chair
Senator Anna Fairclough, Vice-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT

Bill McMahon, Senior Commercial Advisor, ExxonMobil; Dave Van Tuyl, Regional Manager, BP Exploration Alaska; Pat Flood, Supervisor, North Slope Gas Development, ConocoPhillips; Dan Fauske, President Alaska Gasline Development Corporation; Tony Palmer, Vice-President, TransCanada Alaska Interests.

SUMMARY

SB 138 GAS PIPELINE; AGDC; OIL & GAS PROD. TAX

SB 138 was HEARD and HELD in committee for further consideration.

PRESENTATION: THE BUSINESS CASE BEFORE THE LEGISLATURE

#sb138

SENATE BILL NO. 138

"An Act relating to the purposes of the Alaska Gasline Development Corporation to advance to develop a large-diameter natural gas pipeline project, including treatment and liquefaction facilities; establishing the large-diameter natural gas pipeline project fund; creating a subsidiary related to a large-diameter natural gas pipeline project, including treatment and liquefaction facilities; relating to the authority of the commissioner of natural resources to negotiate contracts related to North Slope natural gas projects, to enter into confidentiality agreements in support of contract negotiations and implementation, and to take custody of gas delivered to the state under an election to pay the oil and gas production tax in kind; relating to the sale, exchange, or disposal of gas delivered to the state under an election to pay the oil and gas production tax in kind; relating to the duties of the commissioner of revenue to direct the disposition of revenues received from gas delivered to the state in kind and to consult with the commissioner of natural resources on the custody and disposition of gas delivered to the state in kind; relating to the authority of the commissioner of natural resources to propose modifications to existing state oil and gas leases; making certain information provided to the Department of Natural Resources and the Department of Revenue exempt from inspection as a public record; making certain tax information related to an election to pay the oil and gas production tax in kind exempt from tax confidentiality provisions; relating to establishing under the oil and gas production tax a gross tax rate for gas after 2021; making the alternate minimum tax on oil and gas produced north of 68 degrees North latitude after 2021 apply only to oil; relating to apportionment factors of the Alaska Net Income Tax Act; authorizing a producer's election to pay the oil and gas production tax in kind for certain gas and relating to the authorization; relating to monthly installment payments of the oil and gas production tax; relating to interest payments on monthly installment payments of the oil and gas production tax; relating to settlements between producers and royalty owners for oil and gas production tax; relating to annual statements by producers and explorers; relating to annual production tax values; relating to lease expenditures; amending the definition of gross value

at the 'point of production' for gas for purposes of the oil and gas production tax; adding definitions related to natural gas terms; clarifying that credit may not be taken against the in-kind levy of the oil and gas production tax for gas for purposes of the exploration incentive credit, the oil or gas producer education credit, and the film production tax credit; making conforming amendments; and providing for an effective date."

[9:15:45 AM](#)

^PRESENTATION: THE BUSINESS CASE BEFORE THE LEGISLATURE

[9:15:45 AM](#)

Senator Dunleavy wondered who would be building the pipeline.

DAVE VAN TUYL, REGIONAL MANAGER, BP EXPLORATION ALASKA responded that the pipeline would be built by a host of contractors and experts that build projects of the kind. He related that the project would be managed by the Heads of Agreement (HOA); the group would direct the numerous individuals that would be active in the construction phase of the project.

[9:16:49 AM](#)

Senator Dunleavy wondered if there was an entity that would take sole the lead of the project.

[9:17:12 AM](#)

Mr. Van Tuyl replied that the current lead party was ExxonMobil. He said that the necessary agreements that would govern the construction of the line had yet to be determined.

[9:17:25 AM](#)

Senator Dunleavy probed industry representatives on their likes and dislikes concerning the HOA.

BILL MCMAHON, SENIOR COMMERCIAL ADVISOR, EXXONMOBIL replied that ExxonMobil appreciated the breadth of participation that was currently allowed to the corporation through the

HOA. He expressed pleasure in working with the parties involved.

[9:18:20 AM](#)

Mr. McMahon stated that the members of the HOA had come together in order to craft the agreement and that the process had been constructive. He did not see that the group would have trouble problem solving in the future.

[9:19:03 AM](#)

Mr. Van Tuyl announced that there were many reasons to like the HOA. He stressed that the completion of the HOA was proof that the entities involved would negotiate successfully in the future. He noted that the entities involved represented 98 percent of the known gas on the North Slope. He lauded that the group contained entities that had built successful Liquefied Natural Gas (LNG) mega-projects around the world; a preeminent North American pipeline builder with whom industry had done business in the past, and very importantly, the Alaska Gasline Development Corporation (AGDC). He noted that the price tag for the project was daunting and hoped that the project would be delivered at a competitive cost to supply in the world market.

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Senator Dunleavy wondered if it was anticipated that the project would be the most expensive LNG project in history.

Mr. Van Tuyl replied that he hoped not. He noted that there were other projects in the world of the similar magnitude, but that the objective was to be able to deliver the project at the lowest possible cost.

[9:22:18 AM](#)

PAT FLOOD, SUPERVISOR, NORTH SLOPE GAS DEVELOPMENT, CONOCOPHILLIPS, announced that what ConocoPhillips appreciated most about the HOA was the alignment that it created. He felt that the HOA could create a new and historic relationship between the oil and gas industry and the state. He said that by finding a way to have aligned interests, reduced disputes and reduced tensions could lead

to a new era. He echoed the previous speaker that the cost of the project was intimidating. He believed that the next step in the project was to determine ways to lower the overall cost.

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TONY PALMER, VICE-PRESIDENT, TRANSCANADA ALASKA INTERESTS, reiterated the previous statements by industry representatives. He noted that the fact that the plan to move over 3 billion cubic feet (bcf) per day off of the North Slope dictated that a significant amount of money would need to be spent on the project.

[9:24:52 AM](#)

DAN FAUSKE, PRESIDENT ALASKA GASLINE DEVELOPMENT CORPORATION, (AGDC) appreciated all of the different voices involved in the conversation pertaining to the project. He felt it was important that AGDC never forget that the main objective was to provide affordable gas to Alaskans while cooperating on the development of a big gasline. He shared that the HOA group had been congenial in understanding the mission of AGDC, which did not necessarily equate to their corporate mission. He reiterated that the members were cognizant of AGDC's desire to help facilitate the project and maintain the goal of providing gas to Alaskans.

[9:26:10 AM](#)

Senator Dunleavy asked for clarification regarding take-offs versus straddle plants. He surmised that the straddle plant would provide take-off for propane, which could then be shipped throughout the state. He asked whether propane could be done without a straddle plant.

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Mr. Fauske explained that "straddle plant" was a term used by industry often when production was at a pressure of 2500 pounds per square inch (psi) in a 24 inch pipe, and were hauling mostly liquids. He said that the straddle plant that the corporation had envisioned was an approximately \$250 million structure; one located at Dunbar and another at an end point. He said that the straddle plants had been taken out of the plan due to their volatility.

[9:29:42 AM](#)

Mr. McMahon interjected that the project would take the gas that currently existed at Prudhoe Bay, and potentially Point Thomson, and bring it to a central location on the North Slope. There the carbon dioxide and other impurities would be removed and the gas would be brought down through the state to an LNG plant with a minimum of 5 off-take points that would be a "T" in the line with a valve. He said that what would happen downstream of the valve would need to be customized to the customers that would be taking the gas. He stated that the first thought would be that the pressure would need to be reduced to fit the needs of the customer.

[9:31:34 AM](#)

Mr. Flood agreed with the previous two testifiers.

Mr. Van Tuyl also agreed with the previous testimony.

[9:31:51 AM](#)

Senator Hoffman queried the locations of the delivery points. He likened the issue to the problem 30 years ago of providing sufficient water services in rural Alaska; wells were drilled and were the delivery point for each community, which was better than what had been available before, but still inaccessible to people living far outside well communities. He expressed concern that the delivery points for the project could be unusable to a vast majority of Alaskans. He opined that the state was one of the most resource rich in the world, yet residents paid the highest energy costs. He stressed that the legislation should explicitly state that Alaskans would directly benefit from the gasline.

[9:35:24 AM](#)

Senator Dunleavy thought that the committee had two goals to reach; to provide a large amount of gas in order to lower the price at the pump and to lower energy costs for Alaskans. He wondered whether the idea of propane would be employed or could another dividend be given to Alaskans. He reiterated the concern that a large pipeline could be built that could bring in significant gas revenue, but without cheap energy Alaskans would migrate out of state. He asked

whether there was a contingency plan in place in the event that one of the partners dropped out in the early stages of the project.

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Co-Chair Kelly felt that the bill did not answer the larger questions concerning the specifics of the take-off points.

Mr. Fauske read directly from the HOA document:

To assist in addressing in-state gas demand, the Alaska LNG Project would include at least five in-state offtake points ("Offtake Point(s)"), with the specific locations determined by the Administration in consultation with AGDC. Any Party may deliver gas to an Offtake Point. Any facilities taking gas from an Offtake Point, including facilities associated with odorization, reduction of gas pressure, or control of gas heating value or gas quality, are not part of the Alaska LNG Project and would need to be funded, installed and maintained by third parties.

Mr. Fauske stated that the primary mission, from the perspective of the AGDC, was to get gas to Alaskans. He said that AGDC was exploring a variety of ways with people from Donlin Creek LLC to get the gasline closer to Bethel. He felt that until there was a pipe, with the energy source in it, the discussion concerning how gas got to more people was limited. He believed that getting the pipe within 100 miles of a community was better than 800 miles. He believed that the project might not pencil out favorably due to the small population of the state. He thought that the ability did exist to get the resource closer so that entrepreneurs could start factoring out ways to get the gas to residents.

[9:39:21 AM](#)

Senator Dunleavy restated his question concerning what would happen if a party exited the project prematurely.

Mr. Van Tuyl responded that parties would endeavor to solve the problem before an exit would be considered. He stressed that maintaining the alignment between parties was crucial.

[9:41:19 AM](#)

Co-Chair Kelly wondered about the investment loss that would be incurred if the project imploded. He said that if the state wanted to do business then it would need to assume the natural risk associated with doing so.

Mr. Fauske interjected that it would be unfortunate if the state lost the investment it made, he highlighted that AGDC would not leave the project hanging.

[9:42:30 AM](#)

Co-Chair Kelly noted that any money spent by the state could provide valuable information for AGDC.

[9:42:41 AM](#)

Co-Chair Meyer wondered what about the project ExxonMobil considered different or exciting when compared to other projects.

Mr. McMahon responded that ExxonMobil was very excited about this project due to the strong market and resource base. He stressed that the company's Alaska assets were a key part of their worldwide portfolio. It was believed that the project had good fundamentals, with a proven resource base and a good proximity to the market. He noted the current investment the company had made in Point Thomson for the initial production system would pre-position Point Thomson for major gas sales. He said that the progress that had been recently made on the project had prompted management to transfer responsibility of the project from ExxonMobil Production Company to ExxonMobil Development Company, which is a global organization that executed mega-projects around the world.

[9:46:04 AM](#)

Co-Chair Meyer asked how cost overruns would be avoided on the project.

Mr. Van Tuyl pointed out to the committee that the gasline would be a combination of mega-projects; several multi-billion dollar projects combined. He stated that every company involved would be very disciplined about project management, evaluating costs and risk mitigation at every step. He noted that the cost override for the corporation's current project in Australia was due to a combination of

the labor market, materials, logistics, and the exchange rate. He thought that some of the same challenges would be found in the Alaska project, but steps could be taken to ensure the project was a success.

[9:49:22 AM](#)

Co-Chair Kelly noted that all projects worldwide faced challenges.

[9:49:57 AM](#)

Co-Chair Meyer understood that Mr. Fauske believed that repealing SB 21 would be detrimental to the gasline project moving forward.

Mr. Fauske replied in the affirmative. He stressed that oil was the most important resource in Alaska. He felt that producers would not participate in a gas pipeline project, if the oil market was not attractive for the producers.

[9:51:39 AM](#)

Co-Chair Meyer agreed. He noted that there was more gas to be discovered up north; if industry was not exploring for oil the gas would not be discovered. He declared that oil was king and would be for some time.

[9:52:11 AM](#)

Vice-Chair Fairclough wondered if there were five off-take points that were already identified.

Mr. Fauske responded that he could not speak to the large pipe. He said that one point would be Fairbanks. He stated that there had been conversations with communities along the pipeline corridor. He assured the committee that ADGC's Community Advisory Council was currently very engaged with communities.

[9:53:46 AM](#)

Vice-Chair Fairclough requested that it be very clearly recorded how the off-take points would be determined. She hoped work was being done with AEA on the development of regional plans, as well as the best source of energy for the particular areas where integration would take place.

She asserted that the gas should be deliverable to burner tips, rather than making people travel in order to access affordable gas.

[9:54:41 AM](#)

Vice-Chair Fairclough queried the relationship that TransCanada would have with the state; specifically, the value of the debt to company shareholders and to the people of Alaska.

TONY PALMER, VICE-PRESIDENT, TRANSCANADA ALASKA INTERESTS, responded that TransCanada would finance its involvement in the project either through its balance sheet, or through non-recourse financing on a project basis; the course TransCanada would take would be determined as the company moved closer to a final investment decision. He stated that the corporation carried a debt ratio of 60 percent, which was lower than what was being proposed for the project; the company's equity ratio was approximately 40 percent, rather than the 25 percent proposed for the project. He noted that the corporation had an A minus credit rating and would protect that rating moving forward. He asserted that the corporation was very confident that they would be able to meet their financial obligations for the gasline project. He furthered that the state should be allowed to collect tax revenue from the project as a sovereign. He noted that the proposed capital structure before the committee reflected 75 percent debt and 25 percent equity, which was more debt than most traditional pipeline projects. He said that with a capital structure of 50 percent, or more debt, had a 14 percent return on equity. TransCanada's proposal of 75 percent debt and 12 percent return on equity resulted in a weighted average cost of capital of 6.75 percent. He concluded that TransCanada was comfortable with the risk that it was bearing, relative to the reward.

[10:02:08 AM](#)

Vice-Chair Fairclough queried the support of payment in lieu of taxes in the HOA. She expressed concern that the legislature might not support the elimination of local property tax collection.

Mr. Flood responded that the HOA outlined two things that would be done by the administration and local government; impact payment to off-set project impacts and the payment

of property taxes on a unit throughput basis. He explained that the project participants paid local property taxes based on profit. He stated that the HOA was a roadmap for planning. He stressed that there would be consultation with local governments. He offered that there was not an alternate solution, but a plan. He stressed that there would be continual problem solving.

[10:06:01 AM](#)

Vice-Chair Fairclough highlighted the concern that a local community would value the asset differently than producers.

Mr. Fauske replied that for the As Soon As Possible (ASAP) Project property taxes had been built into the tariff model. He stated that he was not opposed to payment in lieu of taxes (PILT). He said that the issue would need to be discussed in depth with local governments.

[10:08:50 AM](#)

Vice-Chair Fairclough contended that consultation alone was not comforting from a sovereign perspective.

Mr. Van Tuyl interjected that PILT payments were important because investors do not like uncertainty. He believed that the more things could be defined, the easier it would be for industry to make decisions. He noted that Article 9.3.1 of the HOA outlined the proposed property tax PILT:

9.3.1 Subject to consultation by the Administration with local governments:

a. Payments in lieu of property tax ("PILT") would be paid by the Alaska LNG Parties on each component of the Alaska LNG Project. For the Alaska LNG Project, the PILTs would be on a unit rate per throughput basis (e.g., cents per thousand cubic feet, etc.) and could be level or escalating dollar payments for the Alaska LNG Project components.

b. The Parties would establish a series of impact payments to be paid by the Alaska LNG Parties to help offset increased service and other costs borne by the State and local governments during construction of the Alaska LNG Project.

Mr. Van Tuyl stated that in order for the project to be successful it would need to work for all of the parties involved. He understood that consultations would need to be meaningful. He explained that the process that was outlined in the HOA and in SB138 called for negotiations to occur, the fruits of which would be brought back before the legislature.

[10:12:28 AM](#)

Vice-Chair Fairclough referred the questions to ExxonMobil.

Mr. McMahon stated that given the value of property tax on a project of this magnitude, the company expected to discuss property tax in the project enabling agreements. He furthered that when agreements were made on the impact payments that needed to be made during construction, and if a predictable and durable property tax could be formulated that all parties supported, the contract would come back before the legislature for ratification. He stated that he looked forward to having meaningful consultations with the administration.

[10:14:04 AM](#)

Vice-Chair Fairclough stressed that the administration and the legislature had an obligation to protect the best interests of the residents of Alaska.

[10:14:42 AM](#)

Senator Bishop appreciated the industry concern for fiscal certainty; however, it should be understood that Alaskan residents want the same thing. He noted that this was only the beginning of the process to bring the project to fruition; more time would give all parties involved the opportunity to understand further the project's economics. He asked TransCanada to provide a 10 year history of the company's completed pipeline construction projects, and to specify whether they were on budget, under budget or over budget.

Mr. Palmer agreed to provide the information at a later date.

[10:17:32 AM](#)

Senator Olson probed for any backup plan to ensure that investments into the project were protected. He noted that the state was not in a financial position to assume a large amount of risk.

Mr. Flood responded that the project was in its infancy. He remarked LNG projects were generally backed by firm sales and purchase agreements with buyers in Asia, who tended to share some of the risk. He stated that the risk of LNG projects tended to be in the level of return provided and not in terms of an absolute cash loss. He said that the project did not come with a guarantee. He stated that there were ways to recognize and manage risk, but that there was not guarantee.

[10:20:15 AM](#)

Senator Olson surmised that there was no back-up plan to recover Alaska's investment.

Co-Chair Kelly understood that the project was going to be entered into in stages and that every stage would bring the possibility of contracts, or not, and that ultimately before a significant investment was made by the state there would be contracts in place. He said that the Plan B was that the state should not get into a situation where a Plan B would be necessary.

[10:20:49 AM](#)

Mr. Palmer commented that having long term sales contracts where the buyer was taking on significant volume or price risk was a Plan B. He pointed out to the committee that gas pipelines generally went to a single location and that this line was expected to ship overseas.

[10:22:06 AM](#)

Mr. Fauske explained that AGDC could be considered a Plan B if a larger project failed to be built. Not in terms of the amount of revenue that could be generated to the state's treasury, but in terms of getting gas to Alaskans. He said that time should be taken in the preliminary planning.

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Senator Dunleavy wondered how a smaller line could be economical for the state.

Mr. Fauske replied that AGDC's interests were slightly different than the other corporations involved in the HOA. He explained that the interests of the other corporations were based on commercial activity and the best interest of their shareholders. The Alaska Gasline Development Corporation was to beat the price of imported LNG and bring gas to Alaskans at the lowest possible cost.

10:28:33 AM

Vice-Chair Fairclough pointed out that a partner could take an off-ramp not solely based on economics. She said that there could be a number of reasons that a partner might not want to participate in the project anymore.

10:29:34 AM

Senator Olson reminded the committee of the financial failure of the Goose Creek Correctional Facility. He wondered whether this very expensive project was going to pencil out.

Mr. Fauske responded that he was recently asked to focus completely on the current project. He said that AGDC had very clear goals for the project.

10:32:00 AM

Senator Olson remarked the perspective of AGDC was credible. He felt that without a definitive plan to bring the gas to the burner tip, rural Alaskans would not see any benefit from the project. He requested a definitive plan to bring the gas to the burner tip.

Mr. Fauske responded that the cost of doing nothing exceeded the cost of the project. He clarified that the costs in rural Alaska would only continue to increase and that the opportunities to develop resources would become limited. He felt that the costs to rural Alaska would not

be helped without this project. He stressed that, until the source of energy was available, there would continue to be difficulties. Once the source of energy was created, many of those concerns of rural Alaskans would be resolved.

[10:35:07 AM](#)

Co-Chair Kelly felt that the anticipated revenues from the project should be considered over getting gas to the burner tip.

[10:37:45 AM](#)

Vice-Chair Fairclough noted that for the Trans-Alaska Pipeline System (TAPS) a fund had been created for dismantlement and restoration, which had been carried solely on the producers books. She asked if the fund was housed on the producer's balance sheets. She asked what TransCanada did typically in the area of dismantlement and restoration; was there a designated fund, where was the fund housed, and how big was the fund.

[10:39:06 AM](#)

Co-Chair Kelly felt that Vice-Chair Fairclough's question did not speak to the legislation.

Vice-Chair Fairclough believed that her question should be included in the conversation.

Co-Chair Kelly responded that reclamation was not a piece of the MOA, or if it was, only in broad terms.

[10:39:16 AM](#)

Mr. Flood replied that it was not specifically addressed.

[10:39:35 AM](#)

Senator Hoffman remarked that getting gas to Alaskans was a very high priority. He felt that the state's investment of \$9 billion to \$17 billion in the project deserved greater assurances that Alaska would benefit from the project. He wanted more than only an opportunity for delivery to all Alaskans. He asserted that Alaskans were not first hire for the construction of TAPS, and hoped that they would be treated better under this project and requested assurances

in writing. He asked how the project would fare if the state decided not to be a partner.

[10:43:04 AM](#)

Mr. Van Tuyl responded that one of the critical bedrock elements of the HOA was the idea of aligned interest across the value chain for all parties involved. He stated that the host government owned the gas resource and its royalty share. The producers ability to pay the production tax obligation as gas created the 20-25 percent ownership outlined in the HOA. Taking a corresponding equity in the project, the state had the resource ownership, aligned with equity across the board. He said that this created an advantage for the efficient execution of the project because the parties would envision similar solutions to potential problems. He said that not having that sort of alignment could create a situation where parties are on opposite sides of the table on every issue along the way, which created inherent risk. He said that the total cumulative revenues for the state could be \$100 billion, but a 1 percent dispute in valuation could be a billion dollar or more value dispute. Alignment across the value chain in the manner described in the HOA dispels future issues and assists in the likelihood that mutually agreeable commercial solutions would be found.

[10:46:45 AM](#)

Mr. McMahan furthered that reports from the state's consultants had highlighted the advantage of the state's participation in the project. He said that with state participation, taking royalty in-kind and gas as tax, would underpin the alignment under discussion.

[10:47:30 AM](#)

Co-Chair Kelly stated that Alaska's workforce was not ready to contribute to the project. He felt that the state was not ready for a project of this scale.

[10:49:15 AM](#)

Vice-Chair Fairclough felt that there were still important questions to be asked about the dismantlement and restoration fund. She requested a response in writing from the testifiers.

[10:49:45 AM](#)

Vice-Chair Fairclough asked how producers would benefit from the federal tax benefit that accompanied having Alaska involved as a sovereign.

Mr. Flood did not understand that there would be any tax benefit to the producers.

[10:50:40 AM](#)

Vice-Chair Fairclough asked whether producer's federal income tax would be reduced by having 20-25 percent of the value of the project off the table in another government entity.

Mr. McMahon stated that the way the project was envisioned to be structured all of the benefits would flow to the state. ExxonMobil would pay its federal income tax based on its income from the project.

[10:51:23 AM](#)

Vice-Chair Fairclough wondered if the federal loan guarantee to help support the project had expired.

Mr. Van Tuyl understood that under the Alaska Natural Gas Pipeline Act of 2004, there were certain provisions made available in loan guarantees for the project envisioned at the time, which was a pipeline to the Lower 48. He was not aware that the provision would be made available for the ASAP project.

[10:52:38 AM](#)

Mr. Fauske offered to research the issue further to determine whether the provision had reached a sunset date.

[10:53:29 AM](#)

Vice-Chair Fairclough wondered at what point would HOA members apply for an export permit license, and the anticipated wait time for a response from the federal government.

Mr. McMahon responded that the project was currently working on the components of the application.

[10:55:11 AM](#)

Vice-Chair Fairclough explained that the permit application typically lasted 18 months for processing. She noted that Larry Persily, Federal Coordinator, Alaska Natural Gas Transportation Projects had stated that there were multiple projects in line for evaluation. She queried a timeframe for approval of the permit by the Department of Energy (DOE).

Mr. Flood pointed out to the committee that ConocoPhillips currently had an export application in progress, which he expected would happen in an expedited fashion. He said that the project would be a unique proposition in front of DOE, which he believed would be favorable. He relayed that if the state was prepared and had "done its homework" the export license would be secured in plenty of time.

[10:56:40 AM](#)

Co-Chair Kelly asked if the federal loan guarantee program had been available solely for the pipeline to the Lower 48.

Mr. Fauske replied that he would research the amount, and any restrictions that applied to the loan.

[10:57:17 AM](#)

Vice-Chair Fairclough felt that if it was found that there were limitations inside the federal guarantee a letter should be written by the Senate to the federal delegation to request the expansion. She believed that there was a national interest in the revenue stream that would be produced by the gasline.

SB 138 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[10:59:10 AM](#)

The meeting was adjourned at 10:59 a.m.

