

CS FOR HOUSE BILL NO. 394(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/22/24

Referred: Rules

Sponsor(s): HOUSE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Regulatory Commission of Alaska and regulation of the service**
2 **of natural gas storage and liquefied natural gas import facilities; relating to records of**
3 **the Regulatory Commission of Alaska; relating to rates established by the Regulatory**
4 **Commission of Alaska; and providing for an effective date."**

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

6 * **Section 1.** AS 42.05.141 is amended by adding new subsections to read:

7 (g) Except as provided in AS 42.05.711(q), (s), and (w), the commission shall
8 regulate under this chapter the service of natural gas storage and the service of
9 liquefied natural gas storage, including storage furnished by operating a natural gas
10 storage facility that is part of a

11 (1) pipeline facility operated by a pipeline carrier; or

12 (2) natural gas pipeline facility operated by a natural gas pipeline
13 carrier.

14 (h) In (g) of this section, "natural gas pipeline carrier," "natural gas pipeline

1 facility," "pipeline carrier," and "pipeline facility" have the meanings given in
2 AS 42.06.630.

3 * **Sec. 2.** AS 42.05.381(k) is amended to read:

4 (k) The cost to the utility of storing gas in a gas storage facility or storing
5 liquefied natural gas in a liquefied natural gas storage facility that is allowed in
6 determining a just and reasonable rate shall reflect the

7 **(1)** reduction in cost attributable to any exemption from a payment due
8 under AS 38.05.096 or 38.05.180(u), as applicable, and the value of a tax credit that
9 the owner of the gas storage facility received under AS 43.20.046 or 43.20.047, as
10 applicable; ~~the~~ [. THE] commissioner may request the

11 **(A)** [(1)] commissioner of natural resources to report the value
12 of the exemption from a payment due under AS 38.05.096 or 38.05.180(u), as
13 applicable, that the gas storage facility received; and

14 **(B)** [(2)] commissioner of revenue to report information on the
15 amount of tax credits claimed under AS 43.20.046 and 43.20.047, as
16 applicable, for the gas storage facility or liquefied natural gas storage facility;

17 **(2) fair market value of oil and gas fields, drilling rigs, production**
18 **platforms, wells, and similar assets used for gas storage or liquefied natural gas**
19 **storage and a fair return on the fair market value of those assets;**

20 **(3) costs related to the dismantlement, removal, and restoration of**
21 **a gas storage facility or liquefied natural gas storage facility** [. IN THIS
22 SUBSECTION, "GAS STORAGE FACILITY" HAS THE MEANING GIVEN IN
23 AS 31.05.032].

24 * **Sec. 3.** AS 42.05.381 is amended by adding new subsections to read:

25 (p) For rate-making purposes, the commission shall consider the investment of
26 a public utility in a liquefied natural gas import or export facility as utility property,
27 even if the liquefied natural gas import or export facility is exempt from regulation by
28 the commission. In this subsection,

29 (1) "investment" includes an investment in land used to connect to a
30 liquefied natural gas import or export facility used by the public utility to render
31 service to the public;

1 (2) "liquefied natural gas import or export facility" includes a facility
2 used to receive, unload, load, store, transport, gasify, liquefy, or process natural gas.

3 (q) In (k) of this subsection, "gas storage facility" has the meaning given in
4 AS 31.05.032(e).

5 * **Sec. 4.** AS 42.05 is amended by adding a new section to article 5 to read:

6 **Sec. 42.05.505. Records of gas storage facilities.** Records held by the
7 commission related to the finances of a gas storage facility, a liquefied natural gas
8 storage facility, or a public utility providing the service of natural gas storage,
9 including financial statements and financial assurance agreements, are confidential
10 and are not public records under AS 40.25.100 - 40.25.295 (Alaska Public Records
11 Act). The commission may disclose information from a record subject to this section
12 only to a state or federal agency if the commission determines that disclosure of the
13 information is necessary for the commission to complete its duties.

14 * **Sec. 5.** AS 42.05.711(q) is amended to read:

15 (q) The service of natural gas storage furnished by operating a natural gas
16 storage facility that is [(1) PART OF A PIPELINE FACILITY OPERATED BY A
17 PIPELINE CARRIER, (2) PART OF A NATURAL GAS PIPELINE FACILITY
18 OPERATED BY A NATURAL GAS PIPELINE CARRIER, OR (3)] part of a North
19 Slope natural gas pipeline facility operated by a North Slope natural gas pipeline
20 carrier is exempt from this chapter. In this subsection, ["NATURAL GAS PIPELINE
21 CARRIER," "NATURAL GAS PIPELINE FACILITY,"] "North Slope natural gas
22 pipeline carrier [,]" **and** "North Slope natural gas pipeline facility [,]" ["PIPELINE
23 CARRIER," AND "PIPELINE FACILITY"] have the meanings given in
24 AS 42.06.630.

25 * **Sec. 6.** AS 42.05.711 is amended by adding a new subsection read:

26 (w) A liquefied natural gas import facility under the jurisdiction of the Federal
27 Energy Regulatory Commission is exempt from this chapter.

28 * **Sec. 7.** AS 42.06.140 is amended by adding new subsections to read:

29 (c) The commission shall regulate under AS 42.05 the service of natural gas
30 and liquefied natural gas storage, including storage furnished by operating a natural
31 gas storage facility that is part of a

- 1 (1) pipeline facility operated by a pipeline carrier; or
 2 (2) natural gas pipeline facility operated by a natural gas pipeline
 3 carrier.

4 (d) In this section,

5 (1) "service of liquefied natural gas storage" means the operation of a
 6 liquefied natural gas storage facility; "service of liquefied natural gas storage" does
 7 not include the storage of liquefied natural gas

8 (A) owned by or contractually obligated to the owner, operator,
 9 or manager of the liquefied natural gas storage facility; or

10 (B) for which the price of storage is not separately itemized;

11 (2) "service of natural gas storage" means the operation of a natural
 12 gas storage facility primarily or exclusively for the benefit of third-party customers,
 13 and not for the benefit of the owner, operator, or manager of the natural gas storage
 14 facility; "service of natural gas storage" does not include the storage of natural gas

15 (A) owned by or contractually obligated to the owner, operator,
 16 or manager of the natural gas storage facility; or

17 (B) for which the price of storage is not separately itemized.

18 * **Sec. 8.** AS 42.06.370 is amended by adding a new subsection to read:

19 (d) The following costs related to a pipeline carrier shall be considered when
 20 determining a just and reasonable rate under this chapter:

21 (1) costs related to the dismantlement, removal, and restoration of a
 22 pipeline;

23 (2) the costs, at fair market value, of oil and gas fields, drilling rigs,
 24 production platforms, wells, and similar assets used for gas storage or liquefied natural
 25 gas storage, and a fair return on the fair market value of those assets.

26 * **Sec. 9.** AS 42.06.445(a) is amended to read:

27 (a) Except as provided in (b), [AND] (c), and (g) of this section, or prohibited
 28 from disclosure under state or federal law, records in the possession of the commission
 29 are open to public inspection at reasonable times.

30 * **Sec. 10.** AS 42.06.445 is amended by adding a new subsection to read:

31 (g) Records held by the commission related to the finances of a pipeline

1 carrier, including financial statements and financial assurance agreements, are
2 confidential and are not public records under AS 40.25.100 - 40.25.295 (Alaska Public
3 Records Act). The commission may disclose information from a record subject to this
4 subsection only to a state or federal agency if the commission determines that
5 disclosure of the information is necessary for the commission to complete its duties.

6 * **Sec. 11.** AS 42.05.990(10)(B) and 42.05.990(11)(B) are repealed.

7 * **Sec. 12.** This Act takes effect immediately under AS 01.10.070(c).