

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 2, 2024

1:02 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative George Rauscher, Vice Chair
Representative Thomas Baker
Representative Kevin McCabe
Representative Dan Saddler
Representative Stanley Wright
Representative Jennie Armstrong
Representative Donna Mears
Representative Maxine Dibert

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 222

"An Act relating to the Alaska permanent fund and the income and investments of the fund; relating to the permanent fund dividend; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 222

SHORT TITLE: PERMANENT FUND/AIDEA FUND INVESTMENTS

SPONSOR(S): REPRESENTATIVE(S) SUMNER

01/16/24	(H)	PREFILE RELEASED 1/8/24
01/16/24	(H)	READ THE FIRST TIME - REFERRALS
01/16/24	(H)	RES, FIN
02/02/24	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE JESSE SUMNER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, presented HB 222.

Cody Rice, House Majority Staff
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation, titled "Gas Pipeline (HB 222)," during the hearing on HB 222.

DEVEN MITCHELL, Executive Director
Alaska Permanent Fund Corporation
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: During the hearing on HB 222, answered questions.

ACTION NARRATIVE

[1:02:23 PM](#)

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Mears, Armstrong, Dibert, McCabe, Saddler, Baker, and McKay were present at the call to order. Representatives Wright and Rauscher arrived as the meeting was in progress.

HB 222-PERMANENT FUND/AIDEA FUND INVESTMENTS

[1:03:31 PM](#)

CHAIR MCKAY announced that the only order of business would be HOUSE BILL NO. 222, "An Act relating to the Alaska permanent fund and the income and investments of the fund; relating to the permanent fund dividend; and providing for an effective date."

[1:03:43 PM](#)

REPRESENTATIVE JESSE SUMNER, Alaska State Legislature, as the prime sponsor, presented HB 222. He spoke from the sponsor statement [provided in the committee packet], which read as follows [original punctuation provided]:

HB 222 addresses critical aspects related to the Alaska Permanent Fund, its income, investments, and the distribution of permanent fund dividends.

The proposed amendments to AS 37.13.120 seek to direct the investment of fund assets towards achieving a 25 percent ownership share of a natural gas pipeline

originating on the North Slope. This investment is intended to yield long-term benefits for the state and its residents.

The amendments to AS 37.13.145 aim to provide flexibility in appropriating funds for dividends, ensuring fair distribution to eligible individuals and allowing for adjustments based on available income.

Additionally, the bill includes provisions related to the mental health trust fund and sets conditions for its effective date based on the construction and completion of a natural gas pipeline originating on the North Slope.

Overall, this bill aims to optimize the management and utilization of the Alaska Permanent Fund for the benefit of the state and its citizens.

REPRESENTATIVE SUMNER added that HB 222 would allow a dividend statute that could be followed without endangering the "owners reserve account" while investing in that pipeline. The bill would then provide for an ongoing statutory dividend that can be complied with. Given the gas situation in Southcentral Alaska, it is especially pressing [the legislature] consider this. As provided in the effective date and conditionals language, the bill would do absolutely nothing if the gas pipeline isn't built. When companies engage in large capital projects or expansion of business it is common for them to reduce or eliminate their dividends to shareholders for a period so they can grow and then return larger dividends in the future. In the same way, the permanent fund can be invested and dividends returned to Alaskans in the form of secure cheap gas as well as cash dividends from the investment.

[1:06:45 PM](#)

REPRESENTATIVE SUMNER spoke from the sectional analysis [provided in the committee packet] titled "HB222 Sectional Analysis Version A," which read as follows [original punctuation provided]:

Section 1: This section adds a new subsection to AS 37.13.120, directing the Alaska Permanent Fund Corporation to invest fund assets to achieve a 25 percent ownership share of a natural gas pipeline originating on the North Slope.

Section 2: This section amends AS 37.13.145(b) to allow the legislature to appropriate from the earnings reserve account to the dividend fund an amount necessary to distribute a dividend of up to \$1,000 to each eligible individual.

Section 3: This section further amends AS 37.13.145(b) to allow the legislature to appropriate 50 percent of the income available for distribution to the dividend fund, instead of a fixed amount.

Section 4: Amends AS 37.13.145(c) to provide for the appropriation from the earnings reserve account to the principal of the fund in order to offset the effect of inflation on the fund's principal.

Section 5: Amends AS 37.13.145(d) to specify that income earned from specific sources related to the Alaska Permanent Fund shall be deposited into the Alaska capital income fund.

Section 6: Amends AS 37.13.300(b) to outline the duties of the Alaska Permanent Fund Corporation regarding the mental health trust fund.

Section 7: Amends AS 37.13.300(c) to specify that net income from the mental health trust fund may not be included in the computation of the amount available for distribution or appropriation under certain sections.

Section 8: Amends AS 43.23.025(a) to outline the process for determining the value of each permanent fund dividend for a given year.

Sections 9-11: These sections outline conditional effects based on the construction and completion of a natural gas pipeline originating on the North Slope.

Section 12: Specifies the effective date of the Act.

[1:09:14 PM](#)

Cody Rice, House Majority Staff, Alaska State Legislature, provided a PowerPoint presentation titled "Gas Pipeline (HB 222)," dated 2/2/24. He related that his professional

background includes many years in oil and gas, including the Division of Oil and Gas [Department of Natural Resources], Department of Revenue Tax Division, Wood Mackenzie, and UBS. He noted that a potential gas pipeline has been discussed since about 1970, with almost every iteration discussing the question of whether there would be State of Alaska equity participation.

MR. RICE began his presentation with slide 2, "Why Invest," which read as follows [original punctuation provided with some formatting changes]:

Rationale for equity investment in the Alaska gas pipeline

- Today, proponents of state involvement cite three main reasons for the state to participate in ownership or financing of an Alaska Gas Pipeline project:
 - It would be a good investment with a healthy rate of return and minimal risk.
 - Alaska should control its own financial destiny and development of its resources.
 - State involvement would enhance the project's feasibility—that is, the pipeline would stand a better chance of getting built sooner if the state was a financial partner.

MR. RICE added that the state would have a seat at the table and a say in the discussions and the commercial negotiations that are made, including potentially accelerating a project as well as the straight dollars that the project might make.

[1:11:12 PM](#)

MR. RICE spoke from slide 3, "State Equity Participation in the Alaska Gas Pipeline," which read as follows [original punctuation provided with some formatting changes]:

Wood Mackenzie Cost Estimates

- Wood Mackenzie Cost Estimates (\$2019 Real)¹:
 - \$9.2 Bn - Gas Treatment Plant (GTP)
 - \$12.7 Bn - Gas Pipeline
 - \$16.8 Bn - Liquefaction/LNG
- Wood Mackenzie Cost Estimates (\$2024 CPI [Consumer Price Index] - adjusted):

- \$11.2 Bn - GTP
 - \$15.5 Bn - Pipeline
 - \$20.5 Bn - Liquefaction
- Assuming 70 [percent] debt funding, a 25 [percent] equity stake in the \$15.5 Bn pipeline would cost ~ \$1.2 Bn in equity and ~ \$235 MM [million]/yr in debt service at 7.75 [percent] interest²

1: Alaska LNG Competitiveness Analysis 2022

2: 30 [percent] equity in \$15.5 Bn pipelines = \$4.7 Bn; 25 [percent] share of \$4.7 Bn = \$1.2 Bn; Outstanding debt on the State 25 [percent] share would be ~ \$2.7 Bn

MR. RICE allowed that the CPI is only one way of looking at what today's costs might be and that the Alaska Gasline Development Corporation (AGDC) likely has its view on how these costs have or haven't accelerated. He said the bill as proposed directs the permanent fund to take a 25 percent equity stake in the pipeline and that most scenarios look to some variation of 70 percent debt funding.

[1:13:08 PM](#)

MR. RICE displayed slide 4, "Returns on Equity," and addressed whether this would be a reasonable investment for the state to make. The compound annual growth rate (CAGR) for the permanent fund from its inception in 1978 to 2023 is 9.24 percent, he specified. The Federal Energy Regulatory Commission (FERC) regulated return on equity (ROE) for major gas pipelines ranges from 10-14 percent, with the bias being towards the higher end for larger more risky projects, which the Alaska LNG project would be. The ROE from a 25 percent investment in the pipeline portion of this project could reasonably be assumed to be relatively in the ballpark of what the permanent fund has earned on average over the last 30 plus years.

[1:15:26 PM](#)

MR. RICE moved to slide 5, "Portfolio Management," and discussed how this would affect the permanent fund asset allocation. He explained that the allowable investments are outlined in statute [AS 37.13.120(c)], which specifies that Alaskan investments are preferred over other investments assuming they have similar risk and return profile [to other non-Alaskan opportunities]. While this project could have a similar return profile, he stated, the

risk is a whole other question. Currently, Alaska constitutes only \$540 million, less than 1 percent, of the entire permanent fund [portfolio]; a 25 percent equity in the Alaska gas pipeline would move the Alaska portion of the permanent fund to just over 2 percent of the overall portfolio. This proposed investment could also reasonably be included in two other investment categories: 1) private equity [with a target of 16 percent of the APFC portfolio], which currently is at \$14.6 Bn [19 percent]; and 2) private income and infrastructure [with a target of 9 percent of the APFC portfolio], which currently is at \$6.7 Bn [8.6 percent]. In both cases this would not wildly swamp the current investments in those investment classes. Mr. Rice surmised that the permanent fund professional investors would have thoughts on this.

[1:17:13 PM](#)

MR. RICE concluded his PowerPoint presentation with slide 6, "Summary," which read as follows [original punctuation provided with some formatting changes]:

State equity participation in a gas pipeline has been studied for >40 years by numerous consultants and investment banks

25 [percent] share of the pipeline would likely cost the State ~ \$1.2 Bn in cash and ongoing debt service of ~ \$235 MM/yr at 7.75 [percent] interest

Regulated gas pipeline returns on equity are comparable or higher (10 - 14 [percent]) than historical average returns from APFC (9.2 [percent])

A 1 [percent] increase in returns on \$1 Bn invested over 30 years is ~ +\$5.4 Bn undiscounted and ~ +\$350MM NPV₁₀

[Fiscal Year 2025] [Constitutional Budget Reserve (CBR)] balance ~ \$2.4Bn

[Fiscal Year 2025] [Earning Reserve Account (ERA)] balance ~ \$7.2Bn

[1:18:33 PM](#)

CHAIR MCKAY asked whether the diameter of the pipe for the Alaska LNG project would be 44 inches.

REPRESENTATIVE SUMNER offered his belief that the envisioned diameter would be 42 inches.

CHAIR MCKAY asked whether Mr. Rice is talking about a pipe of 42 inches diameter.

MR. RICE replied that the assumptions he presented are based on the Wood Mackenzie study that was produced for AGDC, so it is based on AGDC's assumptions. The pipe scenarios that have been discussed over the years have varied, he added, but generally 42 inches is a reasonable estimate.

[1:19:39 PM](#)

CHAIR MCKAY said the sale price of the gas would be a key variable in this. He inquired about the assumption used for the sale price of the gas.

MR. RICE responded that he has assumed the price of gas that's estimated in the Wood Mackenzie study because it seemed reasonable to him. It's lower than the current weighted average cost of gas in Cook Inlet or the prevailing value that is published on the Department of Revenue Tax Division's web site, which is based on the average of the contracts with the major utilities which he believes is around \$8 per metric million British thermal units (MM BTU). He offered his belief that the cost estimated in this study is \$5.70-\$6.70 delivered into Southcentral.

[1:20:36 PM](#)

CHAIR MCKAY stated that under the Alaska LNG project, a good portion of the gas would be exported, and gas would be available for local consumption [from offtakes along the pipeline]. He asked whether the pipeline would be terminated in Nikiski.

REPRESENTATIVE SUMNER answered that, as proposed, HB 222 references the definition of gas pipeline under AS 31.25.390, which states "means the main natural gas pipeline from the outlet flange of the gas treatment plant on the North Slope to the inlet flange of the liquefied natural gas plant located in the Southcentral region of the state, which shall have offtake points along the pipeline for deliveries of gas in the state". He said he assumes that would be in Nikiski unless there is a change in the permits.

[1:21:58 PM](#)

CHAIR MCKAY inquired about the total cost in [CPI-adjusted] dollars [for the GTP, the pipeline, and the liquefaction].

MR. RICE answered that it's a tough question because it's not actually representative of the entire cost of the pipeline, but the [total] cost displayed here is about \$46-\$47 billion.

CHAIR MCKAY stated that that is the last number he heard from the Alaska LNG [project].

MR. RICE responded that that does not include owners' cost or potential contingency for cost overruns, both of which can be a substantial portion of this cost. Responding further to Chair McKay, he confirmed that he is basing his economics on approximately \$46 billion.

[1:23:07 PM](#)

REPRESENTATIVE ARMSTRONG asked whether the Wood Mackenzie model that predicts a doubling of Alaska's LNG export by 2027 considers how the prices of LNG might change with all that natural gas coming online.

MR. RICE confirmed that it does. He related that Wood Mackenzie has a team which produces a complicated supply-demand model based on LNG projects globally that the team expects to go forward and has a forward forecast for pricing.

[1:23:53 PM](#)

REPRESENTATIVE ARMSTRONG asked why a pipeline hasn't yet happened after so many decades of discussion and what makes right now and this scenario different.

MR. RICE replied that he thinks various projects have fallen by the wayside for different reasons, but that the overarching challenge to the project has been lack of commercial agreement, the economics, and the unique size, scale, and scope of a project like this.

REPRESENTATIVE SUMNER pointed out that until very recently the project didn't have all permits nor authorization to blowdown gas on the North Slope.

CHAIR MCKAY added that there have been many reasons for why things didn't happen and that there have been different scopes

for this project, one which went from the North Slope to Chicago and one that was worked on in the 1990s by Yukon Pacific.

[1:25:26 PM](#)

REPRESENTATIVE SADDLER recalled Mr. Rice's statement that HB 222 would do nothing unless the pipeline happened. He observed that Section 1 of HB 222 would take effect in July 2024 regardless of any other decisions or activity, and that Section 1 directs the fund to invest fund assets to achieve a 25 percent ownership share. He asked whether he is correct that that would have an effect even if there is no construction or certification as existing.

REPRESENTATIVE SUMNER confirmed that that is correct in that it would have that direction for the Alaska Permanent Fund Corporation. If there is not a project to invest in then the APFC simply cannot invest, so it would have no effect if the project doesn't happen. It does have the effect of saying that [the state] has committed or is willing to commit these funds for the pipeline. He noted that the contingent language in Section 9 is a repealer if it doesn't happen in the next 10 years, and that Sections 10 and 11 have the conditional language for if construction begins and when construction ends.

REPRESENTATIVE SADDLER observed that the language [in Section 1] states that "the board shall invest" in "a natural gas pipeline". He noted that there are several different [pipeline] iterations and proposals and therefore suggested the language be tightened up for what the board is exactly directed to do.

[1:27:58 PM](#)

REPRESENTATIVE MEARS [in reference to slide 3] stated that CPI is nothing compared to what has happened in the construction industry in the last few years, such as supply challenges. She said the slide doesn't have enough data on what the costs would be now for the complete project. She further stated that other data is needed, such as the state's cashflow over time depicted in graphs and charts.

MR. RICE replied that this would be an equity investment over a relatively short period before construction or at construction. That equity investment would be around \$1.2 billion depending on actual inflation for these specific categories. While this project is incredibly complex, of global scale, and requires the generation of custom engineering estimates, CPI is a reasonable

place to start as a rough estimate. Regarding ongoing costs, the \$235 million a year in debt service would be a consistent cost over the life of that loan, the same as how a mortgage would remain consistent.

[1:30:03 PM](#)

CHAIR MCKAY asked whether it is relevant here that a current legislature cannot bind a future legislature on spending money.

REPRESENTATIVE SUMNER answered that the Alaska Permanent Fund Corporation can be directed by statute. As a separate instrumentality of the state, APFC will follow statutory direction unless direction is changed. So [passage of HB 222] would not be binding a future legislature, it would be binding the APFC.

CHAIR MCKAY surmised that if this legislature passed HB 222, the 34th Alaska State Legislature could repeal it.

REPRESENTATIVE SUMNER concurred. The 34th Legislature could also ignore the statutory provisions that are being introduced for the dividend, he opined, which has happened over recent years.

CHAIR MCKAY stated he isn't trying to find reasons to not do this, rather he is testing how it would work.

MR. RICE noted that the permanent fund investment allocation for allowable investments has been changed by the legislature multiple times since inception. In its original incarnation the APFC was only allowed to invest in fixed income assets, which are relatively safe but relatively low earning.

[1:32:48 PM](#)

REPRESENTATIVE RAUSCHER asked whether a legal [opinion] was prepared for the bill and could it be shared with the committee.

REPRESENTATIVE SUMNER confirmed that a legal [opinion] was prepared. He said he would provide it to the committee.

CHAIR MCKAY surmised that the legal opinion said the bill's provisions were okay.

[1:33:31 PM](#)

REPRESENTATIVE SADDLER said his recollection of history is that after debates about whether to invest in Alaska projects or to seek the greatest return based on the prudent investor rule, the decision was made to not invest in Alaska and to instead create the Alaska Industrial Development and Export Authority (AIDEA) to create jobs and finance projects to help the Alaska economy. He requested the sponsor to address how that decision might be impacted by HB 222.

REPRESENTATIVE SUMNER responded that Alaska has built few structures since building the oil pipeline. While the "banana republic resource export trap" has generated lots of revenue for the state, he opined, Alaska's economy needs to be diversified. He said he personally is more interested in the in-state gas aspect of the gas pipeline to provide a cheap and reliable source of energy that will help the state move up the value-added chain and have other manufacturing potential. Just taking a share of the resource and applying it to government spending and to dividends, he further opined, will consume that surplus without making those investments and will be regretted down the line.

MR. RICE pointed out that current statutory authority provides preference to Alaska investments assuming they have similar risk and return profiles. So, he continued, the legislature has previously decided that that should be a priority.

[1:37:07 PM](#)

CHAIR MCKAY asked how much [equity investment] for this project would come from the private sector.

REPRESENTATIVE SUMNER replied that 75 percent of the equity investment would be from the private sector. About 70 percent debt financing is envisioned and of the remaining 30 percent of the financing, 75 percent would be from the private sector and 25 percent would be from the APFC. This would still have to pencil out in somebody's book in the private sector for this to happen, he advised.

[1:38:05 PM](#)

CHAIR MCKAY concluded that permanent fund money would help support the Alaska LNG project.

MR. RICE answered that that is a fair summary. Roughly 70 percent of the approximately \$15.5 billion would be debt funded;

the state's obligation would be for [one-fourth] of the equity and [one-fourth] of the debt.

REPRESENTATIVE SUMNER added that the APFC isn't being told it can't invest in the rest of the project and isn't being directed to invest in the entirety of the project. The APFC is being directed to invest in just the natural gas pipeline portion.

[1:39:07 PM](#)

CHAIR MCKAY asked whether the APFC has ever invested in any significant projects in Alaska before and, if so, whether there is an example of that working out well.

MR. RICE replied that currently the Alaska permanent fund is invested in Alaska at about \$540 million. He said the Alaska permanent fund is invested through various private equity vehicles in several LNG projects and gas pipelines globally, specifically through "subsidiaries of Blackstone." He offered his belief that the Alaska permanent fund is invested through various private equity funds in "the Pluto Project by Woodside" and is a substantial investor in Spain's natural gas pipelines. So, he continued, the Alaska permanent fund has experience and a record of investing in public infrastructure projects and specifically natural gas projects.

CHAIR MCKAY proffered that it isn't a bizarre idea that the APFC should consider investing in [the Alaska LNG project].

[1:40:31 PM](#)

REPRESENTATIVE MCCABE said it seems that every iteration of the pipeline over the past 45 years has had a 25 percent ownership for the state. He asked whether he is correct in understanding that HB 222 would give the Alaska Permanent Fund Corporation the "ability" to invest in [a natural gas pipeline].

REPRESENTATIVE SUMNER responded that he would describe it as a "requirement" in HB 222 to invest in [a natural gas pipeline], so it would be a fund source for this 25 percent of the project. More certainty on funding a \$1.2 billion project would help advance the project, he opined, as compared to it being a question of whether the state might invest up to 25 percent.

[1:41:48 PM](#)

REPRESENTATIVE MCCABE asked what is being done currently with the gas that is produced along with the oil drilling on the North Slope. He maintained that it is stranded gas because there is no way to transport it from the North Slope

MR. RICE answered that describing North Slope gas as stranded is accurate. He said the last time he checked, approximately 6 billion cubic feet (BCF) of gas per day was being reinjected into the Prudhoe Bay reservoir for pressure maintenance, and according to Representative Sumner it is a higher amount than that. One challenge is that a gas offtake must be allowed by the Alaska Oil and Gas Conservation Commission (AOGCC); Rule 9 must be modified to have a major gas sale. Functionally there is more gas than would be needed for this pipeline for the 30-year project, but it will take many reservoir engineers to understand how that can be drawn down to ensure that the benefit of both the oil and the gas is maximized.

CHAIR MCKAY noted that the AOGCC has approved offtake of gas from the North Slope and most of the gas would come from Point Thomson and Prudhoe Bay.

[1:43:24 PM](#)

REPRESENTATIVE MEARS stated she appreciates the concept of the state investing within itself, and that she realizes what is trying to be done with HB 222 and other bills is to prove to investors that Alaska and its resources are a good investment risk. She asked whether the APFC would currently be able to invest in this project without HB 222.

REPRESENTATIVE SUMNER offered his belief that the answer is yes.

CHAIR MCKAY invited Mr. Deven Mitchell to answer the question.

[1:44:24 PM](#)

DEVEN MITCHELL, Executive Director, Alaska Permanent Fund Corporation (APFC), Department of Revenue, answered that the APFC has looked at HB 222 and many questions were raised as far as the actual anticipated impact on the permanent fund and the size and scope of what the envisioned project might be, of which some questions were answered today. Regarding whether the APFC would currently be able to invest in a project like this today, he said the APFC has some statutory guidance as far as prudence standards, so the APFC has diversification requirements and concentration requirements that would preclude it from being

such a significant investor in any project. Other issues associated with the Alaska natural gas project would also play into that, such as where the project is from a development perspective and the levels of risk that might currently exist. He said APFC's chief investment officer is available to provide the committee with greater guidance on the APFC's investment making process when looking at its current oil and gas exposures and the limits APFC looks at from a diversification perspective and participating in those projects.

[1:47:07 PM](#)

CHAIR MCKAY asked whether Mr. Mitchell sees a problem with the legislature passing a law that the governor signs directing the APFC to invest in an Alaska gas pipeline.

MR. MITCHELL replied that if the APFC is directed by state law to invest in a certain investment, that is what the APFC would do and that is what it does right now.

CHAIR MCKAY asked whether the sponsor has thought about bonds to also help boost this project.

REPRESENTATIVE SUMNER responded that he is simply providing one mechanism here and welcomes debate on it. The source of the funds could be many different things.

MR. RICE added that bonds of various types have been studied and discussed and looked at by various consultants for this purpose.

[1:48:51 PM](#)

CHAIR MCKAY said he would like to have a guidance vote from the people on whether they favor the state doing something like this.

MR. RICE replied that when creating a 175-page document on this some time ago, the Department of Revenue (DOR) surveyed folks within the industry and general citizens. The general population was unanimously in favor of state direct equity participation in the gas pipeline and the industry was unanimously opposed.

CHAIR MCKAY said it is interesting to hear that the industry was unanimously opposed because he keeps hearing that industry wants the state to show skin in the game.

MR. RICE responded that industry was unanimously opposed at that point in time. However, he continued, he cannot speak to today's potential investors because he hasn't had those conversations and opinions have evolved over time.

[1:50:45 PM](#)

REPRESENTATIVE BAKER requested clarification on why the bill proposes to not utilize the Alaska Mental Health Trust.

REPRESENTATIVE SUMNER answered that HB 222 precludes the Alaska Mental Health Trust because there are settlements involved, but it would be a policy decision of whether that is wanted. There may be some small difficulty with the Alaska Permanent Fund Corporation in segregating those assets out, he advised, but he thinks that is a surmountable administrative issue.

[1:51:35 PM](#)

MR. RICE, in response to Representative Mears, related that FERC stands for Federal Energy Regulatory Commission. He said FERC has 100 percent jurisdiction over natural gas pipelines in the U.S. under the [1938] Natural Gas Act (NGA). While this project is relatively unique and more complicated [than other natural gas pipelines], he advised, those would be the peers in the way that the rate of return is determined and regulated by FERC.

[1:52:48 PM](#)

CHAIR MCKAY thanked the sponsor and testifiers for bring forth HB 222. He said he personally appreciates any ideas and proposals to help move Alaska's resource development industry forward and to help monetize stranded assets.

[HB 222 was held over.]

[1:53:51 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 1:53 p.m.