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THE PRESIDENT'S ALASKA NATURAL GAS TRANSPORTATION ACT WAIVER RECOMMENDATION

HEARINGS BEFORE THE COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE NINETY-SEVENTH CONGRESS FIRST SESSION

ON

S.J. Res. 115

**JOINT RESOLUTION TO APPROVE THE PRESIDENT'S RECOM-
MENDATION FOR A WAIVER OF LAW PURSUANT TO THE
ALASKA NATURAL GAS TRANSPORTATION ACT OF 1976**

OCTOBER 22, 23, AND 26, 1981

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SUMMARY
OF
THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM
AND
THE WAIVER OF LAW
PROPOSED BY THE PRESIDENT
ON
OCTOBER 15, 1981

October 27, 1981

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Summary

Alaska Natural Gas Transportation System

The Alaska Natural Gas Transportation System (ANGTS) will be a 4,800 mile pipeline stretching from Prudhoe Bay, across Canada to terminals in Illinois and California. The ANGTS will provide a vital transportation link connecting 26 trillion cubic feet of natural gas at Prudhoe Bay -- 13 percent of our nation's total proven gas reserves -- and over 100 trillion cubic feet of potential gas reserves in Alaska to markets in the lower 48 states. It will be the largest privately financed construction project in history.

The ANGTS will:

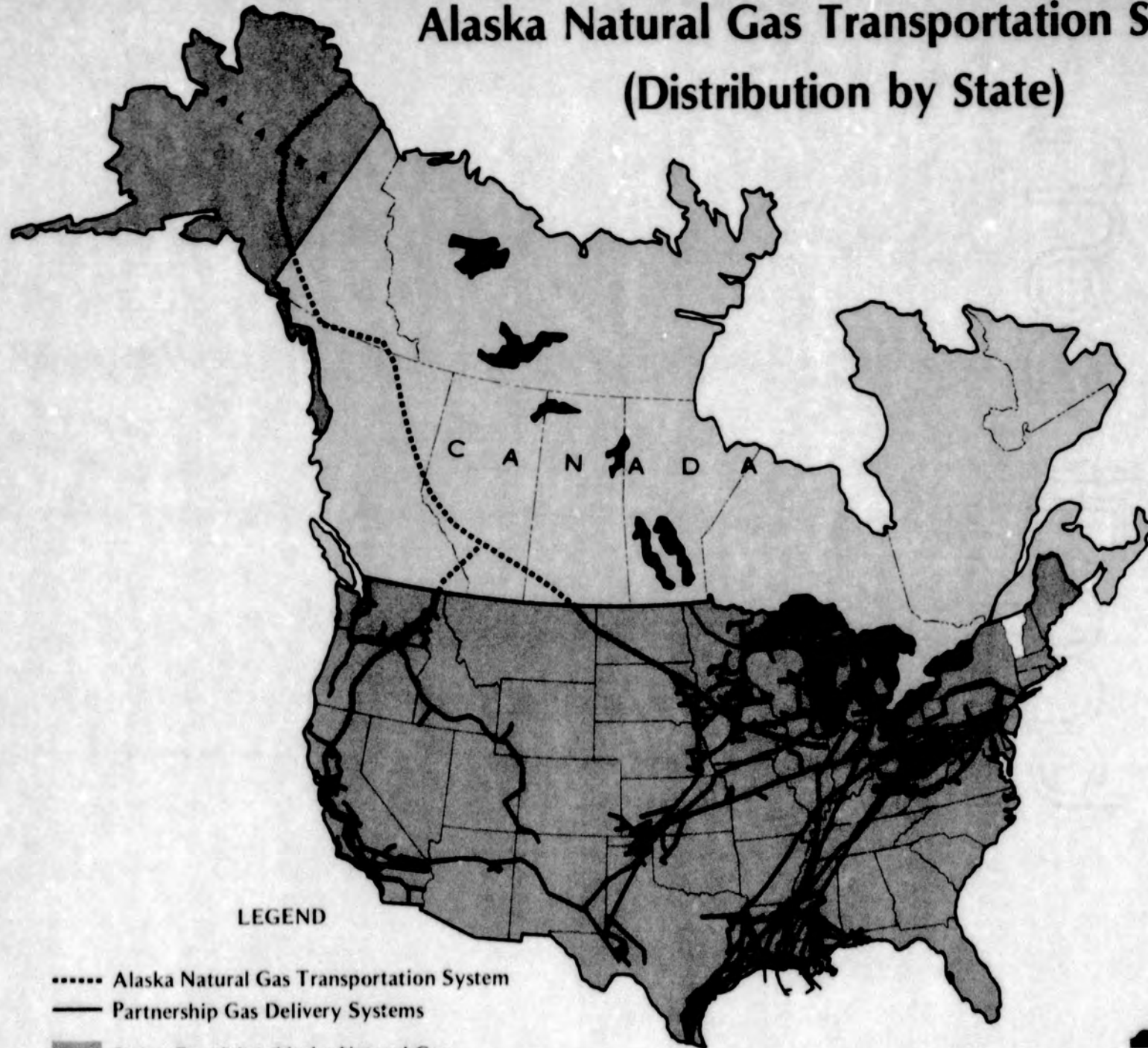
- provide natural gas that will be needed in the 1980's and thereafter;
- provide a lower cost energy alternative to foreign oil;
- enhance U.S. national security by reducing our dependence on foreign oil;
- stimulate the development of additional natural gas reserves in Alaska;
- create jobs for U.S. workers; and
- improve U.S. balance of payments.

Waiver of Law

In order to remove obstacles to private financing of the ANGTS, the President has transmitted to the Congress a waiver of law designed to:

- strengthen the financial base of the project by permitting both debt and equity participation in the ANGTS by the Alaska North Slope producers;
- authorize the FERC to approve, at its discretion, tariffs which will provide lenders with adequate assurances of debt and/or equity repayment;

Alaska Natural Gas Transportation System (Distribution by State)



LEGEND

- Alaska Natural Gas Transportation System
- Partnership Gas Delivery Systems
- States Receiving Alaska Natural Gas

- include the conditioning plant that is required for the natural gas to be transportable as part of the ANGTS; and
 - allow the FERC to expedite the issuance of final project approvals.
- Affirmative Congressional action on the waiver proposed by the President will remove the obstacles which otherwise preclude private sector financing of the ANGTS and will help this nation to achieve greater energy independence and security.
- The waiver will not authorize construction of the ANGTS to begin without final FERC certificates of public convenience and necessity issued pursuant to and in accordance with the provisions of the Natural Gas Act and the Alaska Natural Gas Transportation Act of 1976.

I. Project Description

- The Alaska Natural Gas Transportation System (ANGTS) will be a 4800 mile pipeline that will transport natural gas from Prudhoe Bay through Alaska (745 miles) and Canada (2,013 miles) to the lower 48 states (2,042 miles).

- The ANGTS will have an initial capacity of 2.0 billion cubic feet (Bcf) of gas per day and can be expanded to transport 3.2 Bcf of gas per day. At 2.0 Bcf per day, the ANGTS will supply over four percent of our Nation's daily natural gas requirements.

- About 70 percent of the gas transported through the ANGTS will go to the Midwest, the East and the South and about 30 percent to the West.

II. Project Participants

Alaska Pipeline and Conditioning Plant Segments

- Alaskan Northwest Natural Gas Transportation Company, a consortium comprised of affiliates or subsidiaries of the following ten major natural gas companies: Northwest Energy Company; American Natural Resources Company; Pacific Gas and Electric Company; InterNorth, Inc.; Pacific Lighting Corporation; Panhandle Eastern Corporation; The Columbia Gas System, Inc.; Texas Eastern Corporation; United Energy Resources, Inc.; and, TransCanada Pipelines Limited.

- The three principal North Slope producers -- Arco, Exxon, and Sohio.

- The Engineering/Project Management Contractors are Fluor Engineers and Constructors for the Alaskan pipeline segment and Ralph M. Parsons Company for the gas conditioning plant. Assisting in this effort are Gulf Interstate Engineering, Michael Baker, Jr., Inc., Northern Technical Services, Inc., R&M Consultants, Inc., Morrison-Kudsen, Reading and Bates Corporation, Peter Kiewit and Sons, Curran-Houston Inc., a subsidiary of Sedco, Inc., and Green Construction Company.

Canadian Segment

- Foothills Pipe Lines (Yukon) Ltd., which is owned equally by NOVA (formerly the Alberta Gas Trunkline Company Limited) and Westcoast Transmission Company, Limited, both major natural gas pipelines in Canada.

Lower 48 Segment

- Eastern Leg -- Northern Border Pipeline Company, a consortium comprised of four major U.S. and one Canadian natural gas transmission companies.

- Western Leg -- Pacific Gas and Electric Company and Pacific Gas Transmission Company.

III. Project History

- In 1968 the largest single discovery of oil and natural gas on the North American continent was made at Prudhoe Bay on the North Slope of Alaska.

- Between 1974 and 1976 three separate and competing gas company consortia, including Alaskan Northwest, applied to the Federal Power Commission (FPC) for authority to build a pipeline to transport Alaskan gas to the lower 48 states. Over two years of formal evidentiary hearings at the FPC produced over 45,000 pages of testimony and over 1,000 exhibits.

- The Alaska Natural Gas Transportation Act was enacted in 1976 to expedite the decision-making process, to delegate to the President the responsibility for selecting the best Alaskan gas transportation system and sponsors to design, construct and operate that system, to expedite agency decisions, to limit and expedite judicial review, and to provide a mechanism whereby laws preventing the financing and expeditious construction of the ANGTS could be waived by Congress.

- On May 1, 1977, the FPC recommended that the President select from two overland pipeline proposals that would transport Alaskan gas across Canada to the lower 48 states.

- On July 1, 1977, various Federal agencies submitted comments to the President supportive of the Alaskan Northwest proposal.

- On July 4, 1977, the National Energy Board of Canada unanimously recommended certification of the Canadian portion of the route proposed by Alaskan Northwest and Foothills.

- On August 3, 1977, the U.S. Senate ratified the Transit Pipeline Treaty between the U.S. and Canada which protects the ANGTS from discriminatory pricing or other unfair treatment in Canada.

- On September 20, 1977, the U.S. and Canada signed an "Agreement on Principles" which established the terms and conditions that would apply to the ANGTS.

- On September 22, 1977, the President issued his Decision selecting the Alaskan Northwest proposal as the most efficient, economic, and cost-effective means to bring Alaska gas to the lower 48 states. This Decision specified certain terms and conditions which would apply to the ANGTS including: (1) a requirement that the Alaskan North Slope producers have no equity position in the ANGTS; and (2) a prohibition against any tariff which requires payment prior to completion and commissioning of the system.

- On November 2, 1977, Congress approved the President's Decision (H.J. Res. 621, P.L. 95-158).

- On December 16, 1977, the Federal Energy Regulatory Commission (successor to the FPC) issued a conditional certificate to Alaskan Northwest.

- On April 12, 1978 the Canadian Parliament enacted the Northern Pipeline Act which ratified the July 4, 1977 decision of the Canadian National Energy Board certifying the Canadian segment of the ANGTS, and established the Northern Pipeline Agency to monitor construction of the Canadian segment.

- On November 9, 1978 the Natural Gas Policy Act of 1978 was signed into law, which law established the wellhead price of Prudhoe Bay gas and provided that the price of Prudhoe Bay gas would be rolled-in with the prices paid by pipelines for gas from other sources for resale by such pipelines.

- In May 1979, Congress allowed the President's Reorganization Plan No. 1 of 1979 to take effect, which established the Office of the Federal Inspector to coordinate issuance of all necessary governmental approvals and to monitor construction of the U.S. segments of the ANGTS.

- On June 13, 1980, the FERC authorized Northwest Alaskan to import through the western leg pre-built facilities of the ANGTS up to 300,000 Mcf of natural gas per day purchased from Pan-Alberta Gas, Ltd. for delivery to southern California markets.

- On June 20, 1980 Alaskan Northwest and the major Prudhoe Bay gas producers - Arco, Exxon, and Sohio - entered into an agreement to fund jointly the design and engineering of the Alaskan pipeline and conditioning plant segments.

- On June 20, 1980, the FERC authorized Northwest Alaskan to import through the eastern leg pre-built facilities of the ANGTS up to an average of 800,000 Mcf of natural gas per day purchased from Pan-Alberta Gas, Ltd. for delivery to Eastern, Midwestern and Southern markets.

- In July 1980, Congress passed a concurrent resolution (S. Con. Res. 104) expressing the "sense of the Congress that the System remains an essential part of securing this Nation's energy future and, as such, enjoys the highest level of Congressional support for its expeditious construction and completion by the end of 1985." (See Appendix E).

- On July 18, 1980 President Carter sent a letter to Prime Minister Trudeau of Canada stating that the United States "stands ready to take appropriate additional steps necessary for completion of the ANGTS. . ." and that President Carter "would be prepared at the appropriate time to initiate action before the U.S. Congress to remove any impediment as may exist under present law." (See Appendix D).

IV. Construction to Date

- Construction of 1,000 miles of the ANGTS in the lower 48 states and 500 miles in southern Canada, or 30 percent of the total pipeline mileage, is now either complete or underway. This portion of the system is being pre-built to import over 1 billion cubic feet per day of Canadian gas to U.S. markets pending Alaskan gas deliveries. Deliveries of up to 300,000 Mcf per day through the Western Leg to southern California markets commenced on October 1, 1981. Deliveries of up to 975,000 Mcf per day through the Eastern Leg, including subsequently authorized volumes of other importers, to Midwestern, Eastern and Southern markets will commence in the fall of 1982.

- Canadian authorizations for the export of Canadian gas through the pre-built facilities and construction of such facilities were issued only after the Congress passed a resolution expressing support for the project (S. Con. Res. 104) and after Canada received assurances from the U.S., reflected in the letter from President Carter to Prime Minister Trudeau, that the entire ANGTS would be built and that steps would be taken in the U.S. to permit Canada to commence billing for the Canadian segment when it was completed and ready to operate.

V. Other Major Regulatory Approvals Already Secured And Other Developments

- FERC has approved the Alaskan Northwest and Northern Border partnership agreements.

- FERC has established the Alaskan pipeline segment's design specifications.
- FERC has established the incentive rate of return mechanism which will reward Alaskan Northwest if it completes the project under budgeted cost but penalize it for cost overruns.
- FERC has approved the tariffs under which Alaskan Northwest will render service. The FERC approved tariff permits Alaskan Northwest to charge a rate which will recover actual operating and maintenance expenses, current taxes, and debt service, including interest and scheduled debt retirement upon completion and commissioning of the pipeline segments of the ANGTS, before gas is actually transported or before completion of the gas conditioning plant. Thus, billing could commence prior to completion of the gas conditioning facility and/or before gas is available for transport.
- The Department of the Interior has issued the right-of-way grant across all federal lands.

VI. Current Project Status

- Alaskan Northwest and Fluor have assembled a team of highly experienced design and pipeline engineers, cost estimators, cost engineers, and environmental and other experts representing every discipline necessary for designing, engineering, constructing, and controlling the cost of the ANGTS.
- Collectively, Alaskan Northwest, Fluor and their consultants have spent over three years and more than 1,000,000 workhours in the design and engineering of the Alaskan pipeline segment, including extensive, highly technical field programs to ensure the correct design, and over one year in preparing a detailed schedule and capital cost estimate for this segment.
- A similar effort is also being made in the design and engineering of the conditioning plant.
- The final Alaskan pipeline design and engineering work is approximately 34 percent complete. All preconstruction field programs will be approximately 70 percent complete by the end of the year.

VII. ANGTS Capital Costs

- The ANGTS capital costs in 1980 dollars total \$23 billion as follows: (1) \$3.6 billion for the gas conditioning plant; (2)

\$10.8 billion for the Alaskan pipeline segment; (3) \$5.8 billion (U.S.) for the Canadian pipeline segment; and, (4) \$2.8 billion for the Eastern and Western Legs in the lower 48 states. Of this \$23 billion, the pre-build phase of construction is estimated to cost \$1.7 billion.

- In "as spent" dollars the range of capital costs that must be financed is between \$36 billion and \$45 billion excluding the amounts for the pre-build facilities. These figures are derived by adjusting the 1980 capital cost estimate for inflation and interest rates. The range of U.S. inflation and interest rates assumed are from 7 percent to 11 percent and 10 percent to 14 percent respectively.

VIII. Marketability of Alaskan Gas

- The 20 year average cost of Alaskan gas to consumers will range from \$4.65 to \$5.10 per MMBtu compared to an average cost of oil over this same time period of \$8.91 per MMBtu. In constant dollars the delivered cost ranges from approximately \$9.20 to \$9.35 per million Btu's in the first year to \$2.75 to \$3.20 per million Btu's in the twentieth year. This dramatic decline in the cost of Alaskan gas occurs because of the amortization of the investment over the project life.

- The factors which will be most influential in determining a market for Alaskan gas are real world oil prices, the demand for and availability of natural gas supplies in 1986-87 and thereafter, and the method by which Alaskan gas is priced to compete with oil.

- Alaskan gas will become an increasingly better buy than imported oil because as the real price of oil increases, the real price for Alaskan gas will decrease.

- Rising real prices of oil make Alaskan gas - the price of which is not linked to oil prices - a better buy than supplementary gas supplies whose prices are linked to oil prices.

- By 1987, when Alaskan gas will be available, the continuing decline of conventional lower 48 gas supplies will have created a strong demand for gas supplies.

- Under complete natural gas deregulation the price of Alaskan gas will adjust to the marketplace and be saleable. The price of Alaskan gas can be adjusted if necessary through use of a levelized tariff and/or gas producer/shipper contractual provisions to assure the marketability of Alaskan gas.

IX. National Benefits

Domestic Gas Supply

- The ANGTS will provide a transportation system capable of delivering 26 trillion cubic feet, 13% of all U.S. proven domestic gas reserves, to U.S. consumers in 48 states.
- The ANGTS will provide needed incentives for the exploration and development of up to 100-200 trillion cubic feet of additional potential natural gas reserves in Alaska.
- Natural gas provided by the ANGTS will be needed to meet demand for gas in the late 1980's and thereafter.

Offset Foreign Oil

- At the initial delivery levels of 2 billion cubic feet of gas per day, the ANGTS will offset the need to import 400,000 barrels of foreign oil per day for the next 25 to 30 years.
- The ANGTS can be easily expanded to deliver 3.2 billion cubic feet gas per day which would offset a total of 600,000 barrels of foreign oil per day.
- The ANGTS will reduce adverse balance of payments by saving over \$7 billion in foreign payments for oil in the first year and additional billions thereafter.
- The ANGTS will enhance the nation's security by reducing our dependence on uncertain foreign oil supplies. Alaskan gas will not be subject to OPEC price increases or embargo.

U.S. Economy

- The ANGTS will create jobs for U.S. workers and orders for U.S. businesses. Construction of the Alaskan pipeline segment and conditioning plant will require a peak work force of 16,000 workers.
- The ANGTS will produce a net national economic benefit of \$40-90 billion. This is the present market value of Alaskan gas minus the cost of delivering such gas, and does not include indirect benefits such as increased energy independence, improved balance of payments, the creation of jobs, or the cost savings that would result from preventing a repeat of the economic dislocation caused by the curtailment of industrial gas customers.

International Relations

- Construction of the 4800 mile ANGTS through Alaska and Canada will strengthen the U.S. relationship with Canada and provide a basis for continuing cooperation with Canada on energy and other areas of mutual interest between our two countries.
- ANGTS will demonstrate to the rest of the world the U.S. commitment to the development of domestic sources of energy.

X. Remaining Regulatory Approvals

- Alaskan Northwest must file with and secure FERC approval of: (1) a private financing plan and related materials including a cost of service and marketability study which demonstrates the continued economic viability of the ANGTS; (2) amendments to its prior approved tariff which conform to the financing plan; and, (3) assuming Congressional approval of the proposed waiver, an application for a certificate for the gas conditioning plant and the related tariff.
- Northern Border and Pacific Gas Transmission must secure FERC approval to complete the non-pre-built portions of the U.S. Eastern and Western Legs.
- The shippers of Alaskan gas must secure FERC approval of tariffs which permit them to flow through to their customers the wellhead sales price of Alaskan gas and the conditioning and transportation charges to be paid by them under the FERC and the Canadian National Energy Board approved tariffs.
- Under the standards of the Natural Gas Act the FERC must examine a number of factors in determining whether to issue the above approvals. For example, the FERC must find that the project is economically feasible, that the project can be financed on terms and conditions acceptable to the Commission and that the proposed tariffs are just and reasonable and in the public interest. Congressional approval of the proposed waiver will not relieve FERC of these responsibilities.

XI. ANGTS Financing

- In May 1981, Alaskan Northwest and the Prudhoe Bay producers agreed to approach the financial community with a financing plan embodying the following concepts:
 - ° For purposes of financing, the "as spent" cost of the Alaskan pipeline would be \$21 billion and the plant would be \$6 billion. In addition, a pre-committed completion assurance pool of \$3 billion would be formed.

- The debt/equity ratio for all capital investment would be 75:25.
 - The investment limits of all participating companies would be defined from the outset. As a group, the transmission companies would provide equity in an amount not to exceed \$5.25 billion. As a group, the producer companies would provide equity in an amount not to exceed \$2.25 billion.
 - The Alaskan Northwest partners would own 70 percent of the pipeline and the plant, and the producing companies would own 30 percent of the pipeline and the plant. Equity commitments to the completion assurance pool would be made on the same 70:30 ratio.
 - Debt funds (pipeline and plant) would be sought on a project credit basis. The transmission group would be responsible for arranging for \$15.75 billion in project debt. The producer group would be responsible for arranging for \$6.75 billion in additional project debt. The debt which the producers would be responsible for arranging would be accorded terms and conditions equivalent to those accorded other project debt.
 - Each company's participation would be subject to satisfaction of conditions precedent, namely;
 - The conditioning plant will be included as part of the Alaska segment of the ANGTS.
 - All debt and equity participants will issue firm commitments, acceptable to all other participants, prior to construction of the pipeline or plant.
 - All necessary governmental approvals and authorizations will be issued and accepted by the participants.
 - All parties are assured that the project is economically viable.
 - All parties are assured that the Canadian segment will be financed and completed without U.S. company involvement.
- On the basis of the agreement reached by Alaskan Northwest and the producers, the first formal presentation of an ANGTS financing plan was made in May 1981 to four major U.S. commercial bank lenders -- Bank of America, N.T.&S.A., The Chase Manhattan

Bank, N.A., Citibank, N.A., and Morgan Guaranty Trust Company of New York.

- On August 28, 1971 the four-bank coordinating group advised the partnership of the results of its preliminary assessment of the financing concepts. This group concluded that: (1) the project can be privately financed without government guarantees or participation; and, (2) that there are funds available on a world-wide basis sufficient to provide debt support for the project within a range of \$12-18 billion. However, the banks further concluded that certain modifications to the approach to financing which the partnership and the producing companies proposed were necessary as follows:

- Because of the greater financial requirements and the more difficult circumstances in which this project must be financed, it is incumbent that all project beneficiaries contribute more to realize the substantial benefits of the huge Alaska energy resource.
- Credit support will be required of the participating companies during the construction phase of the project. The banks concluded that the completion pool of funds concept would not be acceptable to lenders as a basis for debt support during construction and that some degree of debt repayment assurance during the pre-completion phase would be required, involving a combination of (1) acceptable debt assumption arrangements by the sponsors and producers and (2) acceptable billing commencement provisions prior to completion of the overall system.
- After completion, and when the ANGTS is operational pursuant to satisfactory tariff and tracking arrangements, the credit of the project itself will provide adequate assurances of debt service to the extent that the sponsoring companies will not be obliged to a continuing pledge of corporate credit.

- The banks have advised that the waiver proposal is critical to provide the necessary credit support -- indeed the absolute minimum -- required to raise the necessary funds from the private sector for completion of the ANGTS.

- Constructing and implementing a financing plan for the project cannot be accomplished in the absence of affirmative action by both Houses of the Congress on the waiver request. If the waiver is not permitted, private financing is impossible.

XII. Proposed Waiver of Law

On October 15, 1981, President Reagan transmitted to Congress a proposed waiver of law (see Appendices A, B and C) which would accomplish four specific purposes, all of which are necessary predicates to private sector financing of the ANGTS:

- permit both debt and equity participation in the project by the Prudhoe Bay producers;
- include the conditioning plant within the ANGTS;
- permit the FERC, in its discretion, to approve tariffs which would provide lenders with sufficient assurances of debt and/or equity repayment to warrant their advancing the enormous sums needed for private financing; and,
- enable the FERC to expedite the issuance of a final certificate.

A. Public Law 95-158 -- The President's Decision

1. Producer Participation

The President's Decision prohibits producer equity participation in the ANGTS. The proposed waiver would permit the Prudhoe Bay producers to own an equity interest in the project, while maintaining protection against any theoretical anticompetitive conduct.

Justification

- The President's Decision assumed that the producers would participate in the financing of the pipeline.

- The producers' financial participation is needed to help ensure a timely, cost effective completion of the ANGTS. The producers are willing to be responsible for substantial debt and equity financing requirements.

- The concern that producer participation in the ownership of the pipeline might give rise to potential competitive abuse is adequately protected by the proposed waiver:

- The producers' equity position will be limited to a minority interest.

- Section 13 of the ANGTS requires that the FERC condition its certificate to prevent discriminatory treatment.
- The proposed waiver provides that the FERC, after consultation with the Attorney General, must find that producer participation will not create or maintain a situation inconsistent with the antitrust laws or create restrictions on access to the ANGTS or restrictions on capacity expansions.

2. Conditioning Plant

The President's Decision did not include a conditioning plant in the ANGTS. The proposed waiver would include a conditioning plant in the ANGTS and the ANGTS certificate subject to all terms and conditions of the President's Decision except that the incentive rate of return mechanism would not apply to it.

Justification

- Conditioning facilities are essential to permit Alaskan gas to be delivered to the lower 48 states. The ANGTS has special conditioning requirements for the gas to be transported through the system. Circumstances in Alaska are unique and gas processing costs in Alaska are much greater than the processing costs that normally occur in the lower 48 states.

- The producers' willingness to make a substantial financial commitment to the project is predicated on the inclusion of the conditioning plant as a part of the ANGTS to permit a recovery of costs associated with constructing and operating the plant, plus a reasonable return on invested capital pursuant to a FERC approved tariff.

- Application of the incentive rate of return mechanism to the conditioning plant would substantially delay issuance of a final certificate. However, the actual construction costs will be reviewed by the Federal Inspector and only prudently incurred plant costs will be recovered in rates.

3. Billing Commencement

The President's Decision prohibits any tariff which would require the purchaser or ultimate consumer to pay any charge with respect to the ANGTS at any time prior to completion and commissioning of the entire pipeline system.

The waiver proposed by the President would permit the FERC to approve a tariff permitting billing to commence for the gas conditioning plant, the Alaskan pipeline segment, or the Canadian segment of the ANGTS upon their individual and separate completion and commissioning, but not before a target operation date established by the FERC, in consultation with the Federal Inspector, as the most likely date for the transportation system to begin operation.

In the case of the Alaskan pipeline segment and the conditioning plant, the FERC would be authorized to permit recovery of actual operating and maintenance expenses, taxes and debt service, including interest and scheduled debt retirement. A return of or on equity would not be permitted until gas flows. Recovery of the full cost of service (including a return of and on equity) would be permitted for the Canadian segment.

Justification

- It is unlikely that a segment would be completed and commissioned without the other segments also being completed and commissioned on the target operation date established by the FERC.

- The U.S. sponsors will not receive a return of or on equity until the entire system operates.
- The project sponsors and regulatory authorities will assure coordinated construction. The U.S. and Canadian monitoring authorities have stated that they will do everything in their power to ensure that all facilities associated with delivery of Prudhoe Bay gas are completed simultaneously and that gas will begin to flow immediately upon their completion.
- The most difficult portions of the project will be constructed first. Segments are expected to be completed together. All civil work in Alaska will be done prior to pipeline construction. Construction schedules for the gas conditioning plant and the Alaskan and the Canadian pipeline segments will be coordinated among the various responsible companies and regulatory authorities.

- The request that billing be permitted to commence for each of the three individual segments of the ANGTS upon their separate completion and commissioning and after a date set by the FERC as the most likely date for the entire ANGTS to commence operation represents a fair sharing of risks between investors and consumers.

- Consumers would not pay for the ANGTS as it is being constructed. The ANGTS would be considered as three projects: the gas conditioning plant, the Alaska pipeline segment, and the Canadian pipeline segment. Charges for any segment could not begin until (1) the segment was completed and declared ready to operate by the appropriate governmental entity, and (2) a date certain established by the FERC as the most likely date for the entire (all three segments) ANGTS to commence operation. Accordingly, in no event would consumers be charged before November 1986, which is the currently projected date for completion of the entire ANGTS.
- The consumer risk in the unlikely event of a delay is minimal because it is so widely dispersed. While the proposed waiver could require consumers to pay some of the costs of a portion of the system pending the delivery of gas, this risk will be spread over literally millions of households and commercial and industrial establishments. The average residential consumer would pay only 32 cents, 80 cents, or 98 cents per month after the target operation date depending on which segment was delayed.
- The project sponsors would continue to incur significant risk:
 - No charges could be made for any segment that is not completed and commissioned. Investors in a segment bear the loss associated with its noncompletion;
 - U.S. sponsors do not receive a return of or on equity until gas flows;
 - No charges can be made until the target operation date set by the FERC.
- Segmentation of the total system for purposes of billing commencement is necessary to attract extensive financial participation.

- The waiver honors a commitment to Canada. In a letter of July 18, 1980 (Appendix D) President Carter advised Prime Minister Trudeau of Canada that he would request the Congress to permit the Canadian sponsoring companies to collect their full cost of service upon completion of their segment. In addition, in July 1980, Congress approved a resolution stating that the ANGTS "enjoys the highest level of Congressional support for its expeditious construction and completion." (Appendix E). Both the congressional resolution and the President's assurances were relied upon by Canada's National Energy Board in its decision to permit new gas exports in support of the pre-build and its authorization of the construction of the pre-build in Canada.

- Congressional approval of the proposed waiver would not relieve the FERC of its statutory responsibilities under the Natural Gas Act to find that the project tariff is in the public interest. Under that Act the Commission would still be required to find that all rates and charges for delivering natural gas to markets in the lower 48 states are just and reasonable.

- Commencement of a minimum bill before the entire pipeline is completed would reduce the finance charges to be borne by consumers when service commences because the consumer would be paying carrying charges as they are incurred instead of having these carrying charges capitalized and paying for them in their rates over the life of the project.

- Consumers have more to lose if the ANGTS is not built. Over the next 25-30 years, U.S. consumers will pay more for their energy requirements if they have to use imported oil instead of Alaskan gas. In addition, the ANGTS will provide a reliable supply of energy to the lower 48 states which will not be subject to OPEC price increases or embargo.

B. Public Law 75-688 -- The Natural Gas Act

1. Evidentiary Hearing Requirement

Section 7(c)(1)(B) of the Natural Gas Act could be interpreted to require the use of formal evidentiary hearings on the ANGTS certificate application. The waiver proposed by the President would give the FERC the option to dispense with formal evidentiary hearings where they are not necessary.

Justification

- If Alaskan gas deliveries are to commence in late 1986, the process of obtaining initial certification pursuant to Section 7 of the Natural Gas Act must not be unduly delayed.

- Given the extensive government scrutiny of the project over the past years, the FERC should not be required to initiate further elaborate hearings if in its judgment to do so would add little or nothing to the already voluminous project record which includes:

- Over two years of formal evidentiary hearings before the Federal Power Commission prior to the President's 1977 Decision;
- one and one half years of hearings, both in Canada and the U.S., before the final "pre-build" authorizations were issued;
- two years of formal rulemaking relating to the project tariff and the Incentive Rate of Return mechanism;
- two years of FERC review of the design specifications for the Alaskan pipeline segment;
- Over one year of review by the FERC and the Office of the Federal Inspector of the cost estimate for the Alaskan pipeline segment.

- Approval of the proposed waiver would not in any way relieve the FERC of its statutory responsibility under the Natural Gas Act to find that construction and operation of the remaining portions of the ANGTS would serve the public interest and that all rates and charges are just and reasonable.

2. Authority to Modify or Rescind Orders

ANGTS costs will be recovered by the project sponsors through tariffs approved by the FERC. The tariffs will govern charges to the shippers by Alaskan Northwest for transportation services as well as subsequent charges by the shippers to their customers. These tariffs are the economic lifeline of the project.

The proposed waiver would ensure the ability of the sponsors to maintain debt service and the shippers to pass through their costs by limiting the authority of the FERC to change project tariffs after initial FERC approval in a manner that would impair the maintenance of debt service or preclude the recovery by shippers of costs associated with the transportation of Alaskan gas.

Justification

- The lenders will not advance the necessary capital to fund the project without assurances that, once approved by the FERC, the tariffs will not be subject to future regulatory action which would impair the recovery of debt.

- The FERC has attempted to provide as much regulatory certainty as possible by approving a tariff that, in the event of a service interruption, would assure a stream of revenues sufficient to service debt and pay operation and maintenance expenses and taxes. However, the FERC recognizes that it could be legally possible for a future Commission to modify this tariff.

- In a recent letter to the Chairman of the House Subcommittee on Fossil and Synthetic Fuels, the General Counsel of the FERC has indicated that both he and the FERC Chairman concur with the assessment that potential lenders to the ANGTS need greater assurances on the matter of regulatory certainty than they have been supplied to date and that, under present law, this assurance cannot be provided by the FERC. Accordingly, both he and the FERC chairman support the waiver proposed by the President.

- The proposed waiver is limited in scope in order to preserve a balance between the assurance of pipeline revenue recovery vital to lenders and the statutory obligation of the FERC to assure just and reasonable rates. This waiver would only prevent changes to the tariffs which would impair debt service for the ANGTS or preclude the recovery by shippers of costs associated with the purchase and transportation of Alaskan gas. Thus, actual expenses will still be subject to a FERC prudence examination.

3. Regulatory Status as a Natural Gas Company

The provisions of the Natural Gas Act apply to natural gas companies engaged in the transportation of natural gas in interstate commerce. In order to permit Alaskan Northwest to charge its minimum bill when the system is completed and commissioned, Sections 1(b) and 2(6) of the Natural Gas Act need to be waived to the extent that they provide a legal basis for any conclusion other than that Alaskan Northwest will be a natural gas company upon acceptance of the Commission's certificate.

Justification

- The President's Decision specified, and the Commission has found in Order No. 31, that Alaskan Northwest will commence billing when the system is completed and ready to operate.

Accordingly, the waiver is necessary to conform to the President's Decision and the Commission's order implementing that Decision.

4. Export and Import Authority

Section 3 of the Natural Gas Act requires government approval prior to the import or export of natural gas to or from the United States. The President proposes to waive this section to the extent any further authorization would be required for the export of Alaskan gas into Canada and the import of such gas into the lower 48 states.

Justification

This waiver would permit the export and import of Alaskan gas through the ANGTS without obtaining approval pursuant to Section 3 of the Natural Gas Act. Inasmuch as the President has already approved the export of Alaskan gas to Canada and the import of Alaskan and Canadian gas to the U.S. associated with the project, further governmental approvals are not necessary.

C. Public Law 94-163 -- The Energy Policy and Conservation Act

Section 103 of the Energy Policy and Conservation Act requires government approval prior to the export of natural gas from the United States. The President proposes to waive this section to the extent it would require further authorization for the export of Alaskan gas into Canada.

Justification

The proposed waiver would permit the export of Alaskan gas without obtaining approval pursuant to Section 103 of EPCA. Inasmuch as the President has already approved the export of Alaskan gas to Canada associated with the project, further governmental approvals are not necessary.

XIII. Conclusion

The ANGTS sponsors have worked diligently and ceaselessly over the last seven years to provide a transportation system to bring much needed natural gas from Alaska to the lower 48 states.

The ANGTS can be built in a timely and cost-effective manner. The need for this vital transportation link is without question and its benefits are substantial. But time is critical.

Since Congressional approval of the President's Decision in 1977, the ANGTS sponsors both in Canada and the U.S. have spent approximately three-fourths of \$1 billion - all of which is at risk - in the design and engineering of the ANGTS. Large additional capital expenditures and commitments must be made in the coming months to purchase the necessary supplies, materials, and equipment to keep the project on schedule. The Alaskan Northwest partnership cannot justify risking additional substantial sums of money to keep the project on schedule absent the unqualified support of Congress expressed through the approval of the waiver transmitted by the President.

Additionally, the capital markets are not limitless. Project delay results in increased capital costs. The projected total completed cost of the ANGTS is approaching the capacity of the worldwide capital markets successfully to fund the project. If Congress does not act on the waiver this session, the capital costs of the project will escalate even further and the ability to secure adequate funds to complete the ANGTS will be severely jeopardized.

APPENDIX A

TO THE CONGRESS OF THE UNITED STATES:

The Alaska Highway Pipeline route for the Alaska Natural Gas Transportation System was chosen by President Carter and approved by Congress in 1977. There was a strong Congressional endorsement that the pipeline should be built if it could be privately financed. That has been my consistent position since becoming President, as communicated on numerous occasions to our good neighbors in Canada and I am now submitting my formal findings and proposed waiver of law.

As I stated in my message to Prime Minister Trudeau informing him of my decision to submit this waiver:

My Administration supports the completion of this project through private financing, and it is our hope that this action will clear the way to moving ahead with it. I believe that this project is important not only in terms of its contribution to the energy security of North America. It is also a symbol of U.S.-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples. This same spirit can be very important in resolving the other problems we face in the energy area.

This waiver of law, submitted to the Congress under Section 8(g) of the Alaska Natural Gas Transportation Act, is designed to clear away governmental obstacles to proceeding with private financing of this important project. It is critical to the energy security of this country that the Federal Government not obstruct development of energy resources on the North Slope of Alaska. For this reason, it is important that the Congress begin expeditiously to consider and adopt a waiver of those laws that impede private financing of the project.

Ronald Reagan

THE WHITE HOUSE,

October 15, 1981.

FINDINGS AND PROPOSED WAIVER OF LAW

Pursuant to the provisions of the Alaska Natural Gas Transportation Act of 1976 (ANGTA) 15 U.S.C. § 719, et seq., a transportation system to transport Alaska natural gas to consumers in the continental United States was selected and approved by Congress in 1977.

I find that certain provisions of law applicable to the federal actions to be taken under Subsections (a) and (c) of Section 9 of ANGTA require waiver in order to permit expeditious construction and initial operation of the approved transportation system. Accordingly, under the provisions of Section 8(g)(1) of ANGTA, I hereby propose to both Houses of Congress a waiver of the following provisions of law, such waiver to become effective upon approval of a joint resolution under the procedures set forth in Section 8(g)(2), 8(g)(3), and 8(g)(4) of ANGTA.

Waive P.L. 95-158 [Joint Resolution of approval,* pursuant to Section 8(a) of ANGTA, incorporating the President's Decision] in the following particulars:

Section 1, Paragraph 3, and Section 5, Conditions IV-4 and V-1, of the President's Decision, in order to permit producers of Alaska natural gas to participate in the ownership of the Alaska pipeline segment and the gas conditioning plant segment of the approved transportation system; provided, however, that any agreement on producer participation may be approved by the Federal Energy Regulatory Commission only after consideration of advice from the Attorney General and upon a finding by the Federal Energy Regulatory Commission that the agreement will not (a) create or maintain a situation inconsistent with the antitrust laws, or (b) in and of itself create restrictions on access to the Alaska segment of the approved transportation system for nonowner shippers or restrictions on capacity expansion; and

Section 2, Paragraph 3, First Sentence, of the President's Decision, to include the gas conditioning plant in the approved transportation system and in the final certificate to be issued for the system; and the

* See: Executive Office of the President, Energy Policy and Planning, Decision and Report to Congress on the Alaska Natural Gas Transportation System (September 1977) (hereinafter referred to as President's Decision); and see H. J. Res. 621, Pub. L. No. 95-158 (1977), wherein the President's Decision was incorporated and ratified by Congress pursuant to Section 5(a) of ANGTA.

* 15 U.S.C. § 719f nt.

application of Section 5, Condition IV-2 of the President's Decision to the gas conditioning plant; and

Section 5, Condition IV-3, of the President's Decision; provided, however, that such waiver shall not authorize the Federal Energy Regulatory Commission to approve tariffs except as provided herein. The Federal Energy Regulatory Commission may approve a tariff that will permit billing to commence and collection of rates and charges to begin and that will authorize recovery of all costs paid by purchasers of Alaska natural gas for transportation through the system pursuant to such tariffs prior to the flow of Alaska natural gas through the approved transportation system --

- (a) to permit recovery of the full cost of service for the pipeline in Canada to commence --
 - (1) upon completion and testing, so that it is proved capable of operation; and
 - (2) not before a date certain, as determined (in consultation with the Federal Inspector) by the Federal Energy Regulatory Commission in issuing a final certificate for the approved transportation system, to be the most likely date for the approved transportation system to begin operation; and
- (b) to permit recovery of the actual operation and maintenance expenses, actual current taxes and amounts necessary to service debt, including interest and scheduled retirement of debt, to commence --
 - (1) for the Alaska pipeline segment --
 - (A) upon completion and testing of the Alaska pipeline segment so that it is proved capable of operation; and
 - (B) not before a date certain, as determined (in consultation with the Federal Inspector) by the Federal Energy Regulatory Commission in issuing a final certificate for the approved transportation system, to be the most likely date for the approved transportation system to begin operation; and
 - (2) for the gas conditioning plant segment --
 - (A) upon completion and testing of the gas conditioning plant segment so that it is proved capable of operation; and
 - (B) not before a date certain, as determined (in consultation with the Federal Inspector) by the Federal Energy Regulatory Commission in issuing a final certificate for the approved transportation system, to be the most likely date for the approved transportation system to begin operation.

Waive Pub. L. No. 688, 75th Cong., 2nd Sess. [Natural Gas Act]
in the following particulars:

Section 7(c)(1)(B) of the Natural Gas Act to the extent that section can be construed to require the use of formal evidentiary hearings in proceedings related to applications for certificates of public convenience and necessity authorizing the construction or operation of any segment of the approved transportation system; provided, however, that such waiver shall not preclude the use of formal evidentiary hearing(s) whenever the Federal Energy Regulatory Commission determines, in its discretion, that such a hearing is necessary; and

Sections 4, 5, 7, and 16 of the Natural Gas Act to the extent that such sections would allow the Federal Energy Regulatory Commission to change the provisions of any final rule or order approving (a) any tariff in any manner that would impair the recovery of the actual operation and maintenance expenses, actual current taxes, and amounts necessary to service debt, including interest and scheduled retirement of debt, for the approved transportation system; or (b) the recovery by purchasers of Alaska natural gas of all costs related to transportation of such gas pursuant to an approved tariff; and

Sections 1(b) and 2(6) of the Natural Gas Act to the extent necessary to permit the Alaskan Northwest Natural Gas Transportation Company or its successor and any shipper of Alaska natural gas through the Alaska pipeline segment of the approved transportation system to be deemed to be a "natural gas company" within the meaning of the Act at such time as it accepts a final certificate of public convenience and necessity authorizing it to construct or operate the Alaska pipeline segment and the gas conditioning plant segment of the approved transportation system or to ship or sell gas that is to be transported through the approved transportation system; and

Section 3 of the Natural Gas Act as it would apply to Alaska natural gas transported through the Alaska pipeline segment of the approved transportation system to the extent that any authorization would otherwise be required for ---

- (1) the exportation of Alaska natural gas to Canada (to the extent that such natural gas is replaced by Canada downstream from the export); and
- (2) the importation of natural gas from Canada (to the extent that such natural gas replaced Alaska natural gas exported to Canada); and
- (3) the exportation from Alaska into Canada and the importation from Canada into the lower 48 states of the United States of Alaska natural gas.

Waive P.L. 94-163* [Energy Policy and Conservation Act] in the following particulars:

Section 103 as it would apply to Alaska natural gas transported through the Alaska pipeline segment of the approved transportation system to the extent that any authorization would otherwise be required for --

- (1) the exportation of Alaska natural gas to Canada (to the extent that such natural gas is replaced by Canada downstream from the export); and
- (2) the importation of natural gas from Canada (to the extent that such natural gas replaced Alaska natural gas exported to Canada); and
- (3) the exportation from Alaska into Canada and the importation from Canada into the lower 48 states of the United States of Alaska natural gas.

* 42 U.S.C. § 6201, et seq.

APPENDIX B



THE SECRETARY OF ENERGY

WASHINGTON, D.C. 20585

October 15, 1981

Honorable Thomas P. O'Neill, Jr.
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

The President submitted to you this day a proposed waiver of law under Section 8(G) of the Alaska Natural Gas Transportation Act. The enclosed material, a synopsis of the proposed waiver, is submitted by the Administration in support of the President's message. It should accompany the message in your deliberations.

Sincerely,

A handwritten signature in cursive script, reading "James B. Edwards", is written over the typed name.

James B. Edwards
Secretary of Energy

Enclosure:
Synopsis of Waiver

SYNOPSIS OF WAIVER

Producer Ownership Participation

President Carter's 1977 Decision recognized that "(P)roducer participation in the financing of the project is warranted due to the beneficiary status and their financial strength." However, it limited that participation by prohibiting producers from having an equity interest in the project. The prohibition was based upon antitrust concerns, as expressed by the Department of Justice. A more thorough analysis of the antitrust issues reveals that the producers' ability to exert monopoly control over the project, or to inhibit further development of North Slope reserves by controlling the sole transportation available to natural gas markets, would most likely stem from their ability to limit access to the system or restrict its expansion. By requiring the Commission, in consultation with the attorney General, to address the access and expansion issues at the time of the final ANGSTS certificate issuance, the proposed waiver provides sufficient antitrust protection to meet the express concerns.

Conditioning Plant

President Carter's 1977 Decision excludes the conditioning plant from the description of the approved transportation system. The exclusion stems from the original certificate application which requested certification of facilities commencing at the discharge side of the conditioning plant facilities. The system described in the Decision was necessarily limited to the facilities for which certification was requested. As a practical matter, the economic effect of including the conditioning plant in the system is the same as treating the plant as a separately certificated facility and providing a conditioning cost allowance sufficient to provide for the recovery of the gas conditioning cost.

Billing Commencement Date

The proposed waiver is designed to address two interrelated tariff issues which are not dealt with in President Carter's 1977 Decision. Part (a) will enable the Commission to conform the tariff provisions to the tariff approved by the Canadian National Energy Board. The Canadian tariff provides for recovery of the full cost of service for the pipeline in Canada. The proposed waiver recognizes the Canadian decision, while protecting United States natural gas customers from the possibility that the Canadian segment of the pipeline would be completed in advance of the time it would be necessary. Part (b) will enable the Commission to fashion a

tariff that will provide an assured source of revenue for the payment of a minimum bill tariff. Such a tariff could conceivably go into effect in advance of completion and commissioning of all parts of the system. The minimum bill tariff would not go into effect before a date determined by the Commission to be the most likely date for the entire pipeline system to begin operation.

Evidentiary Hearing Requirement

The Natural Gas Act may be construed to require a formal, on the record, evidentiary hearing by the Commission on each application for a certificate of public convenience and necessity to construct or operate any segment of the ANGTS. The proposed waiver simply eliminates the requirement that such a hearing be held, leaving the Commission with discretion to determine whether such a hearing is necessary. The waiver is consistent with the purpose of the 1976 ANGTS to expedite decision-making on the project. The Commission would most likely substitute streamlined rulemaking procedures, with complete opportunity for public participation, on the remaining certificate issues.

Authority to Modify or Rescind Orders

The proposed waiver is intended to assure lenders for the project that the income stream which serves as security for their loans will not be reduced below the level necessary to retire the principal of the loan and to pay the interest thereon. It would accomplish this purpose by precluding the Commission from changing the rules of the game, so to speak, in a manner which would undercut the security of the loan. This objective would be achieved by withdrawing from the Commission its authority under the Natural Gas Act to change the project tariffs in such a manner as to reduce project revenues below the level necessary to service project debt.

Regulatory Status as a "Natural Gas Company"

This waiver is technical in nature.

Import and Export Authority

This waiver is technical in nature.

APPENDIX C

TELEGRAM FROM
PRESIDENT REAGAN TO PRIME MINISTER TRUDEAU

Dear Pierre,

In view of the importance which you attach to this question, I wanted to advise you in advance of our public announcement that I have decided to submit for Congressional approval the full package of waivers requested by the sponsors of the Alaska Natural Gas Transmission System. My recommendation to the House and Senate will be submitted later today. It is the view of the project sponsors that this package of waivers will facilitate the completion of the Alaska Natural Gas Transmission System under private financing. As I made clear during our previous discussions of this matter, my Administration supports the completion of this project through private financing, and it is our hope that this action will clear the way to moving ahead with it. I believe that this project is important not only in terms of its contribution to the energy security of North America, it is also a symbol of US-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples. This same spirit can be very important in resolving the other problems we face in the energy area.

Sincerely,

/s/

Ronald Reagan.

APPENDIX D

JULY 18, 1980

Office of the White House Press Secretary

THE WHITE HOUSETEXT OF A LETTER FROM THE
PRESIDENT TO THE
PRIME MINISTER OF CANADA

July 18, 1980

Dear Mr. Prime Minister:

Since you last wrote to me in March, the United States Government has taken a number of major steps to ensure that the Alaska Natural Gas Transportation System is completed expeditiously.

Most significantly, the Department of Energy has acted to expedite the Alaskan project. The North Slope Producers and Alaskan segment Sponsors have signed a joint statement of intention on financing and a cooperative agreement to manage and fund continued design and engineering of the pipeline and conditioning plant. The Federal Energy Regulatory Commission recently has certified the Eastern and Western legs of the System.

The United States also stands ready to take appropriate additional steps necessary for completion of the ANCTS. For example, I recognize the reasonable concern of Canadian project sponsors that they be assured recovery of their investment in a timely manner if, once project construction is commenced, they proceed in good faith with completion of the Canadian portions of the project and the Alaskan segment is delayed. In this respect, they have asked that they be given confidence that they will be able to recover their cost from U.S. shippers once Canadian regulatory certification that the entire pipeline in Canada is prepared to commence service is secured. I accept the view of your government that such assurances are materially important to insure the financing of the Canadian portion of the system.

Existing U.S. law and regulatory practices may cast doubt on this matter. For this reason, and because I remain steadfastly of the view that the expeditious construction of the project remains in the mutual interests of both our countries, I would be prepared at the appropriate time to initiate action before the U.S. Congress to remove any impediment as may exist under present law to providing that desired confidence for the Canadian portion of the line.

Our government also appreciates the timely way in which you and Canada have taken steps to advance your side of this vital energy project. In view of this progress, I can assure you that the U.S. government not only remains committed to the project; I am able to state with confidence that the U.S. government now is satisfied that the entire Alaska Natural Gas Transportation System will be completed. The United States' energy requirements and the current unacceptable level of dependence on oil imports require that the project be completed without delay. Accordingly, I will take appropriate action directed at meeting the objective of completing the project

more

(OVER)

by the end of 1985. I trust these recent actions on our part provide your government with the assurances you need from us to enable you to complete the procedures in Canada that are required before commencement of construction on the prebuild sections of the pipeline.

In this time of growing uncertainty over energy supplies, the U.S. must tap its substantial Alaska gas reserves as soon as possible. The 26 trillion cubic feet of natural gas in Prudhoe Bay represent more than ten percent of the United States total proven reserves of natural gas. Our governments agreed in 1977 that the Alaska Natural Gas Transportation System was the most environmentally sound and mutually beneficial means for moving this resource to market. Access to gas from the Arctic regions of both countries is even more critical today as a means of reducing our dependence on imported petroleum.

Successful completion of this project will underscore once again the special character of cooperation on a broad range of issues that highlights the U.S./Canadian relationship.

I look forward to continuing to work with you to make this vital energy system a reality.

Sincerely,

JIMMY CARTER

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APPENDIX E

96TH CONGRESS
2D SESSION

S. CON. RES. 104

CONCURRENT RESOLUTION

Whereas, the Alaska Natural Gas Transportation System is a critically important energy project that will tap Alaska's North Slope natural gas reserves which constitute more than 10 percent of this Nation's entire proven natural gas reserves;

Whereas, the System, when complete will supply the United States with 5 percent of its annual natural gas demand, displacing over four hundred thousand barrels of oil, thereby greatly reducing this Nation's excessive dependence on foreign oil;

Whereas, the Congress has already expressed its overwhelming support for the System in approving by joint resolution the President's 1977 Decision on the Alaska Natural Gas Transportation System;

Whereas, a portion of the System known as prebuild can be constructed by the end of 1981 to bring Canadian gas to this Nation until the entire system is complete in 1985;

Whereas, prebuild will contribute to completion of the entire System by spreading demand for capital, labor and materials over several years, and will enable this Nation to obtain Canadian natural gas to displace two hundred thousand barrels of foreign oil a day;

Whereas, the Federal Energy Regulatory Commission has issued decisions granting certificates for the prebuild facilities in the United States;

Whereas, the sponsors of the Alaskan segment of the System and the North Slope natural gas producers have entered into an agreement to fund and manage jointly the design, engineering and cost estimation for the Alaskan segment and have made a joint Statement of Intention to work to develop a financing plan for the Alaskan segment with the object of completing construction by the end of 1985: Now, therefore, be it

1 *Resolved by the Senate (the House of Representatives*
 2 *concurring)*, That it is the sense of the Congress that the
 3 System remains an essential part of securing the Nation's
 4 energy future and, as such, enjoys the highest level of con-
 5 gressional support for its expeditious construction and com-
 6 pletion by the end of 1985.

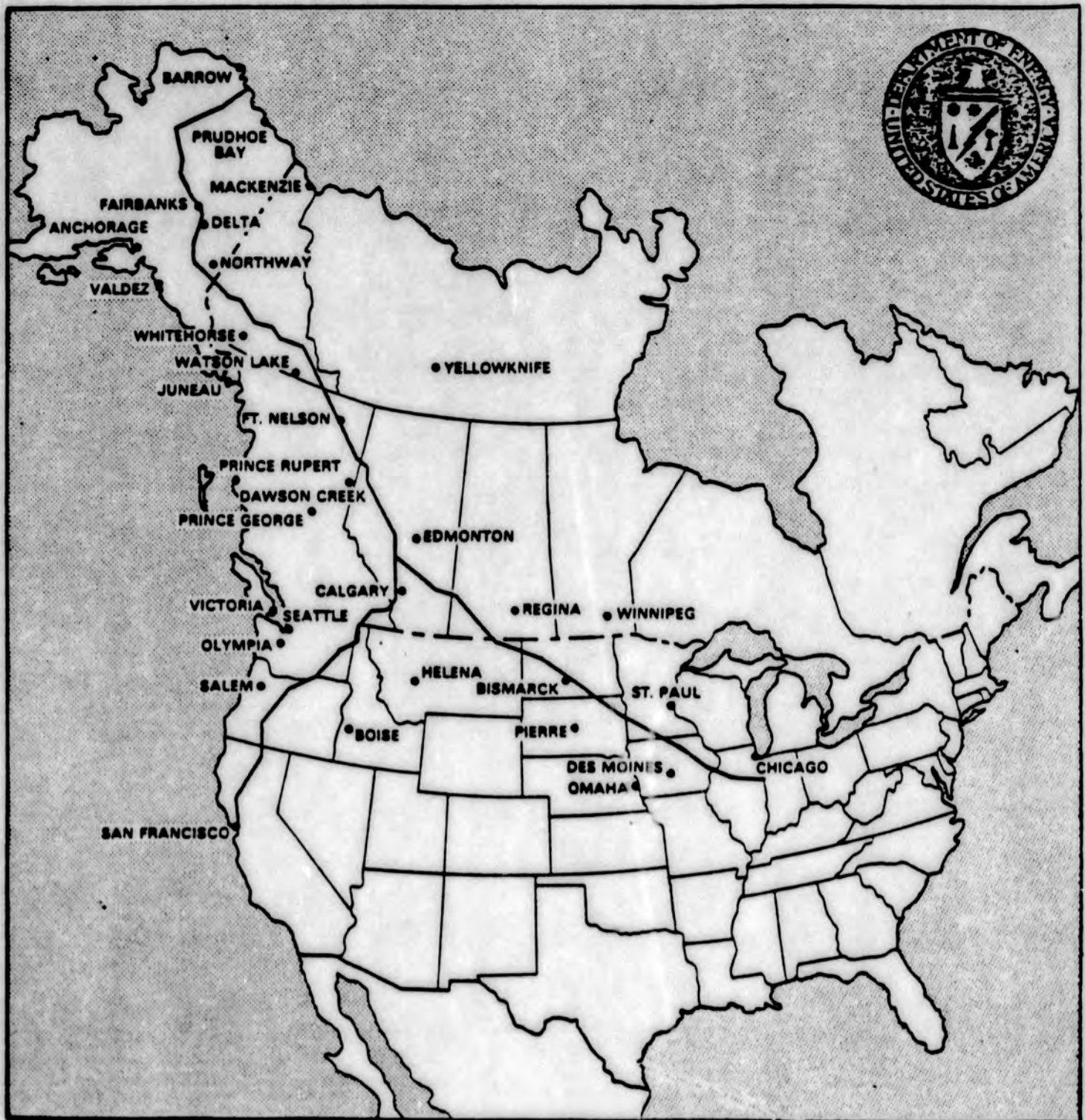
Passed the Senate June 27 (legislative day, June 12),
 1980.

Attest:

Secretary.

APPENDIX F

ALASKA NATURAL GAS TRANSPORTATION SYSTEM



**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**