

HB

290

Correction of Changes introduced in Drafting

Amendment 1

Issue

In drafting the House Special Committee on Oil and Gas committee substitute, changes were made to the proposed amendment language dropping the phrase, "that individually consume" and replacing it with "in which the consumption by customers is". Additionally, the phrase "and each request for service by a public utility" was also dropped.

Resolution

Restoring the dropped phrases was agreed to by all working group members.

Affect of this Amendment

These changes restore the language in the bill to conform with the original amendment language.

CS Section 1 on Royalty in Value vs. Royalty in Kind

Amendment 2

Issue

The Chairman of the House Special Committee on Oil and Gas introduced this section as an amendment, with the stated intention of providing explicit direction to the commissioner of the Department of Natural Resources to consider whether royalty oil or gas to be taken in kind may be necessary to meet present or projected intrastate domestic or industrial demand, and to require legislative approval, by law, before the commissioner takes any action toward the taking or disposal of royalty oil or gas.

Resolution

The working group participants concur that the CSHB 290 (O&G) section 1 language related to policy direction for the commissioner is duplicative of existing statutory requirements in AS 38.05.182, and AS 38.05.183(d). The working group participants also agreed that the language in part "b" has unintended consequences which could prohibit the DNR commissioner from performing any act related to the taking and disposition of royalties, including accepting state royalty checks from producers without an explicit act of law. This was agreed to be untenable and the working group participants agreed to recommend that section 1 of the CS be deleted from the bill.

Affect of this Amendment

The amended language removes section 1 from the current CS.

JPO Issue

Amendment 3

Issue

The administration believed the bill's original language modifying AS 38.35.120, the Right of Way Leasing Act, introduced unnecessary ambiguity regarding the state pipeline coordinators office's oversight of the LNG plant and marine terminal.

Additional concerns had been raised by Yukon Pacific Corporation that the bill's original language in this same section would in some way prejudice their existing right of way lease for the Anderson Bay site.

Sponsor Group Concern

The sponsor group's intent in the bill's original language was to exclude the LNG plant and marine terminal only from the common carriage covenant requirement under the Right of Way Leasing Act, and not to modify any currently existing regulatory oversight, or to affect any existing right of way lease.

Resolution

The Department of Law has drafted language which resolves the concern to the satisfaction of all parties: the administration (SPCO), the sponsor group, and Yukon Pacific Corp.

Affect of this Amendment

The amended language removes the requirement for the LNG plant and marine terminal to be in common carriage under the Right of Way Leasing Act, without affecting the SPCO's delegated authority under the Act.

Intrastate tariff methodology

Amendment 4 (?)

Issue

The Regulatory Commission of Alaska (RCA) believes that intrastate tariffs for the gas pipeline should be calculated utilizing the tariff methodology from the Public Utilities Act (42.05), which is a different methodology than that provided for by the Pipeline Act (AS 42.06). According to the RCA, a utility ratemaking methodology will result in more affordable tariffs for the intrastate transportation of gas than will the Pipeline Act ratemaking methodology.

Sponsor Group Concern

The sponsor group believes that this requirement creates a regulatory hybrid which reduces the clarity and certainty intended in this legislation. The underlying statutory requirements for tariffs under both the Public Utilities Act and the Pipeline Act are the same. AS 42.05.381(a) under the Public Utilities Act, and AS 42.06.370(a) under the Pipeline Act, both impose the identical requirement that tariff rates be "just and reasonable".

The sponsor group believes the appropriate time for the detailed determination of what should or should not be allowed in an intrastate tariff will be when filed tariffs are before the RCA for its consideration as to whether they are just and reasonable. This section of the bill needlessly creates uncertainty about the intended regulatory regime.

Resolution

The working group was unable to develop a consensus on this issue, and the House Resource Committee working group chairwoman decided it for them.

Affect of this Amendment

The amended language removes section 8 from the current CS.



Valdez Office:
 P.O. Box 188, Valdez, AK 99688
 Phone: (907) 835-5460 / Fax: (907) 835-5410
 Email: afervdz@alaska.net
 www.alaska.net/~afervdz

Fairbanks Office:
 P.O. Box 82718, Fairbanks, AK 99708
 Phone: (907) 479-8946
 Email: ross@mosquitonet.com

February 21, 2000

TO: All Members, House Resources Committee

FR: Ross Coen

RE: House Bill 290

Dear Members of the House Resources Committee,

I am writing with regard to House Bill 290 in order to call your attention to what my organization believes to be a minor and altogether fixable fault in the bill. The Alaska Forum for Environmental Responsibility is a statewide, non-profit group that seeks to hold both government and industry accountable to the laws designed to safeguard Alaska's environment.

In Section 7, Paragraph 16 of HB 290, the definition for "stranded gas pipeline" specifically excludes "marine terminal facilities...including pollution control equipment[.]" I believe that this passage means the following: if this bill passes in its current form and the proposed natural gas pipeline is built by the ANS Sponsor Group then the marine terminal and spill response activities would be exempt from any regulation or oversight by the coordinated state agencies in the Joint Pipeline Office.

One could argue that this minor language in only one House Bill could not possibly grant such a monumental exemption, but it appears nevertheless to set a dangerous precedent as to what the state may regulate and what it may not. You might call it the proverbial first step down that slippery slope.

It is my understanding that the proponents of HB 290 have argued for this exemption because (1) by excluding the marine terminal you would decrease the gas' transportation costs, thereby increasing state revenue; and (2) the Joint Pipeline Office is charged with regulating only pipelines, not facilities. Both points are fallacious.

First, Roger Marks with the Department of Revenue has testified that the state may include regulatory authority on marine terminal oversight while not affecting the transportation costs of the gas. Second, both Bill Britt, the State Pipeline Coordinator, and Mike Barnhill with the Attorney General's office have testified that the state's regulatory authority is expressly defined as to include both pipelines and facilities. A claim to the contrary is not only erroneous, but ignores the more than 25-year history of the Valdez Marine Terminal.

I respectfully request that the House Resources Committee amend HB 290 to remove this exemption found in Section 7, Paragraph 16. Careful oversight of not only the gas pipeline but of all related facilities is necessary to ensure the safe operation of this industry so vital to Alaska's economic future.

Thank you,

Ross Coen

Alaska State Legislature

House Resources Committee

COPY

Co-Chair Beverly Masek
(907) 465-3715
FAX (907) 465-4822
Capitol Building, Room 124
Juneau, Alaska 99801



Co-Chair Bill Hudson
(907) 465-6890
FAX (907) 465-2273
Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery,
Representatives Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, Reggie Joule, Mary Kapsner

February 20, 2000

John Shively
Commissioner, Department of Natural Resources
400 Willoughby Ave
Juneau, AK 99801

Dear Commissioner Shively,

During the House Special Committee on Oil & Gas (O&G) hearing on Thursday, February 17, amendments were made to HB 290 Stranded Gas Pipeline Carriers that fall under your authority. The chairman stated that he was advised by legislative legal counsel of potential constitutional problems with the amendment numbered 2.B (attached for your review). The O&G committee adopted this amendment.

The amendment effects AS 38.05.182 by requiring the Commissioner of the Department of Natural Resources to consider whether the royalty oil and gas taken in kind may be necessary to meet the state's present and projected intrastate domestic and industrial needs. It further requires the Commissioner to obtain Legislative approval by law prior to accepting the state's royalty in kind or in value.

Please accept this letter as a courtesy call as well as an invitation to address the House Resources Committee tomorrow, Monday, February 21 at 1:00 p.m., with your comments on any section of CSHB 290(O&G).

You may contact my committee staff, Lorali Meier, at 465-3715 with questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Masek".

Beverly Masek
Co-Chairman, House Resources Committee

Attachments

Bill Text



Stranded Gas Act

(1998)

BILL ID: SCS CSHB 393(FIN)

00 SENATE CS FOR CS FOR HOUSE BILL NO. 393(FIN)
 01 "An Act relating to contracts with the state establishing payments in lieu of
 02 other taxes by a qualified sponsor or qualified sponsor group for projects to
 03 develop stranded gas resources in the state; providing for the inclusion in the
 04 contracts of terms making certain adjustments regarding royalty value and the
 05 timing and notice of the state's right to take royalty in kind or in value from
 06 projects to develop stranded gas resources in the state; relating to the effect of
 07 the contracts on municipal taxation; and providing for an effective date."
 08 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
 09 * Section 1. FINDINGS. The legislature finds that
 10 (1) a vast quantity of gas in Alaska is stranded from commercial development
 11 because of the cost associated with providing access to markets for that gas; on
 12 North Slope alone, between the Colville and Canning Rivers, approximately 35 trillion c
 13 discovered gas resources are stranded in this way;
 14 (2) because of the high cost of providing access to markets for North Slope
 15 gas, exploration efforts there have historically focused on oil; if the infrastru
 16 cture to provide market access for North Slope gas were economically available, it is poss
 17 ible that gas exploration efforts would be initiated that could lead to the discovery and c
 18 discovery of significantly greater gas resources than have been discovered so far;
 19 (3) maintaining production operations, whether for oil, gas, or both, enhances
 20 the opportunities for oil and gas exploration and development on the North Slope;
 21 (4) large areas of the state, encompassing a number of geologic provinces and
 22 basins, do not have oil and gas production and still remain largely unexplored fo
 23 r exploration for gas in some of these areas might be facilitated if infrastructure
 24 economically available to provide access for the gas to markets;
 25 (5) Alaskans may desire a portion of the gas from a transportation project for
 26 in-state uses; however, it is unlikely that markets will develop within the state
 27 more than a relatively small proportion of the volume of stranded gas already dis
 28 covered on the North Slope; therefore, the primary need for gas infrastructure for approxima
 29 te a decade will be to provide access to markets outside the state;
 30 (6) currently the principal mode anticipated for stranded North Slope gas to
 31 access markets outside the state is a gas pipeline to an ice-free Alaska port whe
 32 re it would be turned into liquefied natural gas and exported using specially designed
 33 tankers;
 34 (7) the size of the capital expenditure needed to get North Slope gas to marke
 35 ts by way of a liquefied natural gas project requires long-term contracts for gas or
 36 approximately 14,000,000 metric tons a year of liquefied natural gas; to be successful, a North
 37 Slope liquefied natural gas project needs to reach this full annual volume in not more
 38 than a decade from the commencement of commercial operations;
 39 (8) for a North Slope liquefied natural gas project to become economically
 40 viable and competitive, the estimated costs of constructing such a project must b
 41 e reduced significantly; reducing the financial risk associated with the project would als
 42 o improve the project's chances of becoming economically viable and competitive;
 43 (9) the state has contracted an extensive financial analysis of the
 44 commercialization of North Slope gas; this analysis, performed by a recognized ex
 45 pert in petroleum economics, Dr. Pedro Van Meurs, indicates that changes in the local, st
 46 ate, and federal tax structure may be necessary to make commercialization of North Slope g
 47 as resources economically viable;
 48 (10) although the state can do little now to reduce expected construction cost
 49 s, the state can reduce some of the financial risk associated with a North Slope liq
 50 ued natural gas project or other stranded gas development projects by specifying with as much
 51 precision as possible the state taxes and royalties that would apply to such a project thro
 52 ughout its life;
 53 (11) the state could improve the economics and competitiveness of a stranded
 54 gas development project by adjusting the timing of the state's receipt of its sha
 55 re of the economic rent of the project; the present fiscal regime is front-end loaded, whic
 56 h means that the state and local governments take a significant part of their shares of the ec
 57 onomic rent of a project early in the life of the project, even before the project starts to ge
 58 nerate a cash stream; the state and local governments could improve the economics of a stranded
 59 gas development project by taking more of their shares of the economic rent of a proj

14 the life of the project;

15 (12) the state's present fiscal regime, as it would apply to a stranded gas
16 development project, is also regressive to the extent that it is insensitive to
17 profitability of the project, so that, in times of low profitability, the state
18 governments would take an excessive amount of the economic rent of the project,
19 times of high profitability, they would take an inadequate amount of the economic
20 project; the state and local governments could improve the economics of a stranded
21 development project by making the overall fiscal system less regressive and more
22 to the relative profitability of a project;

23 (13) establishing a fiscal regime applicable to a specific stranded gas
24 development project under a long-term contract with the state, where payments would
25 in lieu of other taxes, would

26 (A) enable the state to create a fiscal regime that is less front-end
27 loaded and less regressive for a project without rewriting the tax laws for gas
28 being developed and produced;

29 (B) enable the state to customize the timing and burden of its fiscal
30 regime to fit the economic circumstances of a particular stranded gas development
31 project;

01 (C) reduce the financial risk of the project by reducing uncertainty
02 about the fiscal terms applicable to the project;

03 (14) authorizing the state, through the executive branch, to develop a contract
04 establishing the fiscal regime that would apply to a qualified stranded gas development
05 if it were built will result in contracts that are an exercise of the legislature
06 that is consistent with art. IX, sec. 1, Constitution of the State of Alaska;

07 (15) authorizing the state, through the executive branch, to develop a contract
08 establishing a fiscal regime that reduces the risks and improves the economics of
09 gas development project will result in contracts that are an exercise of the legislature
10 under art. IX, sec. 4, Constitution of the State of Alaska, to create tax exempt
11 law and is consistent with the legislature's responsibility under art. VIII, sec.
12 Constitution of the State of Alaska, to provide for the utilization, development,
13 conservation of all natural resources belonging to the state for the maximum benefit
14 people;

15 (16) stranded gas development projects are a matter of statewide interest
16 because they are an important potential source of revenue to the state, job opportunities
17 for the people of the state, and gas for use by communities throughout the state;

18 (17) to the extent permissible under the Constitution of the United States and
19 the Constitution of the State of Alaska, the legislature intends that state residents
20 businesses share in and not be excluded from the opportunities stemming from the
21 development of the state's gas resources; and

22 (18) good faith efforts by qualified sponsors, qualified sponsor groups, and
23 contractors of qualified sponsors and qualified sponsor groups that enter into a
24 contract developed under this Act to undertake voluntary actions to provide employment
25 opportunities for Alaska residents and opportunities for Alaska businesses are in
26 the interests of the state.

27 * Sec. 2. INTENT. (a) The legislature intends that contracts developed under
28 provide stable fiscal terms that encourage the development of stranded gas projects
29 otherwise might not be developed under the prevailing tax and royalty regime. The
30 legislature further intends that any fiscal term agreed to in a contract developed under this
31 Act other than taxes will fully and fairly compensate the people of the state for the severance
01 production, and sale of natural resources belonging to the people of the state, for the
02 effects and the risks that a project may impose on the state, and for the value of
03 infrastructure that may be provided by the state to a project, including all the
04 benefits of civilized society that may be provided by the state to the sponsors of a project.

05 (b) The legislature intends that, in order to provide the stable fiscal terms that
06 encourage development of stranded gas projects, any contract developed under this
07 Act shall express whether the state intends to be bound to the full extent allowed by the
08 Constitution of the State of Alaska; however, the legislature further intends that the terms of
09 any contract developed under this Act will not be binding on or enforceable against the state
10 or any party to the contract unless the governor is authorized to execute the contract
11 by the legislature.

12 (c) The legislature intends that a qualified sponsor or qualified sponsor group
13 or a contractor of a qualified sponsor or qualified sponsor group that enters into a contract
14 developed under this Act relating to a stranded gas project will, with respect to
15 the contract, voluntarily

16 (1) undertake reasonable measures to hire Alaska residents to perform work
17 that they are qualified to perform on a competitive basis;

18 (2) assist Alaska residents who are capable of being qualified and who make
19 a good faith effort to obtain the requisite training required for employment; and
20 (3) use reasonable efforts to contract with qualified Alaska businesses when
21 their performance is competitive with regard to price, quality, and availability.

22 * **Sec. 3.** AS 43 is amended by adding a new chapter to read:

23 **Chapter 82. Development of Alaska Stranded Gas.**

24 **Article 1. Contracts for Payments in Lieu of Other Taxes.**

25 **Sec. 43.82.010. Purpose.** The purpose of this chapter is to

26 (1) encourage new investment to develop the state's stranded gas
27 resources by authorizing establishment of fiscal terms related to that new invest
28 without significantly altering tax and royalty methodologies and rates on existin
29 and gas infrastructure and production;

30 (2) allow the fiscal terms applicable to a qualified sponsor or the
31 members of a qualified sponsor group, with respect to a qualified project, to be
01 to the particular economic conditions of the project and to establish those fisca
02 in advance with as much certainty as the Constitution of the State of Alaska allc
03 and

04 (3) maximize the benefit to the people of the state of the development
05 of the state's stranded gas resources.

06 **Sec. 43.82.020. Contracts for payments in lieu of other taxes and for**
07 **royalty adjustments.** The commissioner may, under this chapter, negotiate terms f
08 inclusion in a proposed contract with a qualified sponsor or qualified sponsor gr
09 providing for

10 (1) periodic payment in lieu of one or more taxes that otherwise would
11 be imposed by the state or a municipality on the qualified sponsor or members of
12 qualified sponsor group as a consequence of the sponsor's or group's participatio
13 an approved qualified project under this chapter; and

14 (2) certain adjustments regarding royalty under AS 43.82.220.

15 **Article 2. Qualification and Application Procedures.**

16 **Sec. 43.82.100. Qualified project.** Based on information available to the
17 commissioner, the commissioner may determine that a proposal for new investment i
18 a qualified project under this chapter only if the project

19 (1) is a project for the export of liquefied natural gas;

20 (2) would produce at least 500,000,000,000 cubic feet of stranded gas
21 within 20 years from the commencement of commercial operations; and

22 (3) is capable, subject to applicable commercial regulation and technical
23 and economic considerations, of making gas available to meet the reasonably
24 foreseeable demand in this state for gas within the economic proximity of the prc

25 **Sec. 43.82.110. Qualified sponsor or qualified sponsor group.** The
26 commissioner may determine that a person or group is a qualified sponsor or quali
27 sponsor group if the person or a member of the group

28 (1) intends to own an equity interest in a qualified project, intends to
29 commit gas that it owns to a qualified project, or holds the permits that the dep
30 determines are essential to construct and operate a qualified project; and

31 (2) meets one or more of the following criteria:

01 (A) owns a working interest in at least 10 percent of the
02 stranded gas proposed to be developed by a qualified project;

03 (B) has the right to purchase at least 10 percent of the stranded
04 gas proposed to be developed by a qualified project;

05 (C) has the right to acquire, control, or market at least 10
06 percent of the stranded gas proposed to be developed by a qualified project;

07 (D) has a net worth equal to at least 33 percent of the estimated
08 cost of constructing a qualified project;

09 (E) has an unused line of credit equal to at least 25 percent of
10 the estimated cost of constructing a qualified project.

11 **Sec. 43.82.120. Applications.** (a) A qualified sponsor or qualified spons
12 group may submit to the department an application for development of a contract
13 under AS 43.82.020 evidencing that the requirements of AS 43.82.100 and 43.82.110
14 are met. The application must be submitted in the manner and form and contain th
15 information required by the department.

16 (b) Along with an application submitted under (a) of this section, an appl
17 shall submit a proposed project plan for a qualified project that contains the fo
18 information based on the information known to the applicant at the time of
19 application:

20 (1) a description of the work accomplished as of the date of the
21 application to further the project;

22 (2) a schedule of proposed development activity leading to the
23 projected commencement of commercial operations of the project;
24 (3) a description of the development activity proposed to be
25 accomplished under the proposed project plan;
26 (4) a description of each lease or property that the applicant believes
27 to contain the stranded gas that would be developed if the project was built;
28 (5) a description of the methods and terms under which the applicant
29 is prepared to make gas available to meet the reasonably foreseeable demand in th
30 state for gas within the economic proximity of the project during the term of the
31 proposed contract, including proposed pipeline transportation and expansion rules
01 pipeline transportation is a part of the proposed project;
02 (6) a detailed description of options to mitigate the increased demand
03 for public services and other negative effects caused by the project;
04 (7) a detailed description of options for the safe management and
05 operation of the project once it is constructed;
06 (8) other information that the commissioner of revenue, in consultation
07 with the commissioner of natural resources, considers necessary to make a
08 determination that
09 (A) the work accomplished as of the date of application, the
10 schedule of proposed development activity, and the development activity
11 proposed to be accomplished under the proposed project plan reflect a proposal
12 for diligent development on the part of the applicant;
13 (B) the proposed project plan does not materially conflict with
14 the obligations of a lessee to the state under a lease or under a pool, unit, or
15 other agreement with the state; and
16 (C) the proposed project plan describes satisfactory methods and
17 terms for accommodating reasonably foreseeable demand for gas in this state
18 within the economic proximity of the project during the term of the proposed
19 contract.
20 (c) The requirements of (b) of this section do not diminish the obligator
21 a qualified sponsor or member of a qualified sponsor group to the state or restri
22 authority of the commissioner of revenue or the commissioner of natural resources
23 under any other law or agreement relating to a plan of development for a lease, g
24 or unit.

25 **Sec. 43.82.130. Qualified project plan.** A proposed project plan submitted
26 under AS 43.82.120 may be approved as a qualified project plan under AS 43.82.140
27 if the proposed project plan
28 (1) reflects a proposal for diligent development of the project on the
29 part of the applicant;
30 (2) does not materially conflict with the obligations of a lessee to the
31 state under a lease or under a pool, unit, or other agreement with the state; and
01 (3) describes satisfactory methods and terms for making gas available
02 to meet the reasonably foreseeable demand in this state for gas within the econom
03 proximity of the project during the term of the proposed contract.

04 **Sec. 43.82.140. Review of applications and determination of qualifications**
05 (a) The commissioner shall review an application submitted under AS 43.82.120 to
06 determine whether the provisions of AS 43.82.100 concerning a qualified project a
07 AS 43.82.110 concernin, a qualified sponsor or qualified sponsor group have been
08 met. The commissioner may approve an application only if those provisions have b
09 met.
10 (b) If the commissioner approves an application under (a) of this section,
11 commissioner and the commissioner of natural resources shall review the proposed
12 project plan submitted with the application to determine whether the provisions c
13 AS 43.82.130 have been met. The commissioner may approve the proposed project
14 plan as a qualified project plan only if the commissioner of natural resources cc
15 in the approval.
16 (c) The commissioner shall send to the applicant written notice of and the
17 reasons for the determinations made under (a) and (b) of this section.

18 **Sec. 43.82.150. Actions challenging determinations on applications.** (a)
19 Only an applicant under AS 43.82.120 who is aggrieved by a determination of the
20 commissioner of revenue or the commissioner of natural resources under AS 43.82.1
21 may seek judicial review of the determination.
22 (b) The only grounds for judicial review of a determination made under
23 AS 43.82.140 are
24 (1) failure to follow the qualification and application procedures set ou
25 in AS 43.82.100 - 43.82.180; or

30 (1) the terms should, in conjunction with other factors such as cost
31 reduction of the project, cost overrun risk reduction of the project, increased f
01 certainty, and successful marketing, improve the competitiveness of the approved
02 qualified project in relation to other development efforts aimed at supplying the
03 market;

04 (2) the terms should accommodate the interests of the state, affected
05 municipalities, and the project sponsors under a wide range of economic conditior
06 potential project structures, and marketing arrangements;

07 (3) the state's and affected municipalities' combined share of the
08 economic rent of the approved qualified project under the contract should be rela
09 progressive; that is, the state's and affected municipalities' combined annual st
10 the economic rent of the approved qualified project generally should not increase
11 there are decreases in project profitability, or decrease when there are increase
12 project profitability;

13 (4) the state's and affected municipalities' combined share of the
14 economic rent of the approved qualified project under the contract should be rela
15 lower in the earlier years than in the later years of the approved qualified proj

16 (5) the terms should allow the project sponsors to retain a share of the
17 economic rent of the approved qualified project that is sufficient to compensate
18 sponsors for risks under a range of economic circumstances;

19 (6) the terms should provide the state and affected municipalities with
20 a significant share of the economic rent of the approved qualified project, when
21 discounted to present value, under favorable price and cost conditions;

22 (7) the method for calculating the periodic payment in lieu of certain
23 taxes under the contract should be clear and unambiguous; and

24 (8) while cost calculations for the approved qualified project under the
25 contract should be based on amounts that closely approximate actual costs, agreed
26 upon formulas reflecting reasonable economic assumptions should be used if possib
27 promote administrative certainty and efficiency.

28 (c) Except as provided in (b) of this section, the commissioner's discreti
29 under this section in developing proposed terms for a contract under AS 43.82.020
30 not limited to consideration of the economic rent of the approved qualified proje

31 **Sec. 43.82.220. Contract terms relating to royalty.** (a) Notwithstanding
01 contrary provisions of AS 38, the commissioner of natural resources, with the
02 concurrence of the commissioner of revenue and the affected parties holding a sta
03 lease or unit agreement, may develop proposed terms for inclusion in a contract u
04 AS 43.82.020 that modify the timing and notice provisions of the applicable oil a
05 gas leases and unit agreements pertaining to the state's rights to receive its ro
06 gas in kind or in value if

07 (1) the viability of the approved qualified project depends on long-term
08 gas purchase and sale agreements;

09 (2) certainty over time regarding the quantity of royalty gas that the
10 state may be taking in kind is needed to secure the long-term purchase and sale
11 agreements;

12 (3) the specified period of the state's commitment to take its royalty
13 share in value or in kind does not exceed the term of the purchase and sale
14 agreements; and

15 (4) the modification does not impair the ability of the approved
16 qualified project or the state to meet the reasonably foreseeable demand in this
17 for gas within economic proximity of the project during the term of the contract
18 developed under AS 43.82.020.

19 (b) Notwithstanding any contrary provisions of AS 38, the commissioner of
20 natural resources, with the concurrence of the commissioner of revenue and the
21 affected parties holding a state lease or unit agreement, may develop proposed te
22 for inclusion in a contract under AS 43.82.020 that establish a valuation method
23 the state's royalty share of the gas production from an approved qualified projec

24 (c) The commissioner of revenue shall include any proposed terms relating
25 royalty developed in accordance with this section in the proposed contract under
26 AS 43.82.400.

27 (d) Nothing in this chapter permits modification of the state's rights tha
28 to timing, notice, and rights to receive oil royalty in kind or in value under oi
29 leases or unit agreements.

30 **Sec. 43.82.230. Contract terms relating to hiring of Alaska residents and**
31 **contracting with Alaska businesses.** (a) The commissioner shall include in a
01 contract under AS 43.82.020 a term requiring the qualified sponsor or qualified
02 sponsor group and contractors of the qualified sponsor or qualified sponsor group

03 comply with all valid federal, state, and municipal laws relating to hiring Alaska
 04 residents and contracting with Alaska businesses to work in the state on the approved
 05 qualified project and not to discriminate against Alaska residents or Alaska businesses.
 06 Within the constraints of law, the commissioner shall also include in a contract
 07 AS 43.82.020 a term that requires the qualified sponsor or qualified sponsor group
 08 contractors of the qualified sponsor or qualified sponsor group to employ Alaska
 09 residents and to contract with Alaska businesses to work in the state on the approved
 10 qualified project to the extent the residents and businesses are available, competitively
 11 priced, and qualified.

12 (b) The commissioner shall include in a contract under AS 43.82.020 a term
 13 requiring the qualified sponsor or qualified sponsor group and contractors of the
 14 qualified sponsor or qualified sponsor group to

15 (1) advertise for available positions in newspapers in the location where
 16 the work is to be performed and in other publications distributed throughout the state
 17 including in rural areas; and

18 (2) use Alaska job service organizations located throughout the state
 19 and not just in the location where the work is to be performed in order to notify
 20 Alaskans of work opportunities on the approved qualified project.

21 (c) Subject to the voluntary agreement of the qualified sponsor, the
 22 commissioner may include a term in the contract providing for incentives to encourage
 23 training and hiring of Alaska residents.

24 (d) This section does not create or abridge individual rights and does not
 25 a private right of action for any person.

26 (e) For purposes of this section,

27 (1) "Alaska business" means a firm or contractor that

28 (A) has held an Alaska business license for the preceding 12
 29 months;

30 (B) maintains, and has maintained for the preceding 12 months,
 31 a place of business in the state that competently and professionally deals in
 01 supplies, services, or construction of the nature required for the approved
 02 qualified project; and

03 (C) is

04 (i) a sole proprietorship and the proprietor is an Alaska
 05 resident;

06 (ii) a partnership and more than 50 percent of the
 07 partnership interest is held by Alaska residents;

08 (iii) a limited liability company and more than 50
 09 percent of the membership interest is held by Alaska residents;

10 (iv) a corporation that has been incorporated in the state
 11 or is authorized to do business in the state; or

12 (v) a joint venture and a majority of the venturers
 13 qualify as Alaska businesses under this paragraph;

14 (2) "Alaska job service organizations" means those offices maintained
 15 by the state and recommended by the Department of Labor whose functions are to assist
 16 the unemployed or underemployed in finding employment;

17 (3) "Alaska resident" means a natural person who

18 (A) receives a permanent fund dividend under AS 43.23; or

19 (B) is registered to vote under AS 15 and qualifies for a
 20 resident fishing, hunting, or trapping license under AS 16;

21 (4) "available," as applied to an Alaska resident or Alaska business,
 22 means that the resident or business is available for employment at the time required
 23 and is located anywhere in the state, not just in the area of the state where the work
 24 is to be performed;

25 (5) "qualified," as applied to an Alaska resident or Alaska business,
 26 means that the resident or business possesses the requisite education, training,
 27 certification, or experience to perform the work necessary for a particular position
 28 to perform a particular service.

29 **Sec. 43.82.240. Use of an independent contractor.** (a) The commissioner
 30 may use an independent contractor to assist in the evaluation of an application or
 31 the development of contract terms under AS 43.82.200. The commissioner may
 01 condition the development of a contract under AS 43.82.020 on an agreement by the
 02 applicant to reimburse the state for the expenses of an independent contractor under
 03 this section.

04 (b) An independent contractor selected under this section must sign an
 05 agreement regarding confidentiality and disclosures consistent with the determinations
 06 made under AS 43.82.310 before the contractor may review information that is

07 determined confidential under AS 43.82.310.

08 (c) Selection of an independent contractor under this section is not subje
09 AS 36.30 (State Procurement Code).

10 **Sec. 43.82.250. Term of contract; effective date.** The term of a contract
11 developed under AS 43.82.020 may be for no longer than is necessary to develop th
12 stranded gas that is subject to the contract; however, the term of the contract n
13 exceed 35 years from the commencement of commercial operations of the approved
14 qualified project.

15 **Sec. 43.82.260. Change of parties to an application or a contract;
16 assignment of interests.** (a) A qualified sponsor or member of a qualified spons
17 group may assign an interest in or add or withdraw a party to an application unde
18 AS 43.82.120 only if the commissioner has

19 (1) made a finding that the assignment, addition, or withdrawal is
20 consistent with the requirements of AS 43.82.110; and

21 (2) given prior written approval for the assignment, addition, or
22 withdrawal.

23 (b) A contract developed under this chapter may provide for the assignment
24 to or withdrawal of a qualified sponsor or member of a qualified sponsor group.

25 (c) Upon being added to an application under this section, a party becomes
26 qualified sponsor or a member of a qualified sponsor group, as appropriate, for t
27 relevant project.

28 (d) The commissioner may not unreasonably withhold approval under (a) of
29 this section, but may condition the approval in any way reasonably necessary to p
30 the fiscal interests of the state and to further the purposes of this chapter.

31 (e) For purposes of this section, an assignment includes a transfer of stc
01 a partnership interest in a manner that changes control of a qualified sponsor or
02 member of a qualified sponsor group.

03 **Sec. 43.82.270. Project plans and work commitments.** A contract under
04 AS 43.82.020 must include the qualified project plan approved under AS 43.82.140
05 and provisions for updating the plan at reasonable intervals until the commence
06 of commercial operations of the approved qualified project. The commissioner of
07 revenue, in consultation with the commissioner of natural resources, may, as a te
08 in a contract under AS 43.82.020, include work commitments or other obligations i
09 the contract to be accomplished before the commencement of commercial operations
10 of the approved qualified project.

11 **Article 4. Requests for Information; Confidentiality;
12 Disclosure of Information.**

13 **Sec. 43.82.300. Requests for information.** The commissioner of revenue or
14 the commissioner of natural resources may request from an applicant information t
15 the respective commissioner determines is necessary to perform the respective
16 commissioner's responsibilities under AS 43.82.140. If the application is approv
17 under AS 43.82.140, the respective commissioner shall require the successful appl
18 to provide financial, technical, and market information regarding the qualified p
19 that the respective commissioner determines is necessary for the purpose of devel
20 contract terms for the qualified project under AS 43.82.200. If requested inform
21 is not provided, the commissioner of revenue may not continue to review the
22 application under AS 43.82.140 or develop the contract under AS 43.82.200 -
23 43.82.270, as applicable.

24 **Sec. 43.82.310. Disclosure of information; confidentiality.** (a) An appli
25 may request confidential treatment of information that the applicant provides und
26 AS 43.82.300 by clearly identifying the information and the reasons supporting th
27 request for confidential treatment. The commissioner of revenue or the commissi
28 of natural resources, as appropriate, shall keep the information confidential unt
29 commissioner determines whether the requirements of (b) of this section are met.
30 the commissioner of revenue or the commissioner of natural resources has not made
31 a determination under (b) of this section within 14 days after receiving a reques
01 confidential treatment, the request is considered denied. If the appropriate
02 commissioner determines that the information does not meet the requirements of (b
03 of this section or if the commissioner fails to make a determination within 14 da
04 commissioner shall return the information and any copies of it at the request of
05 applicant. If the commissioner of revenue or the commissioner of natural resour
06 as appropriate, returns information under this subsection, the commissioner shall
07 review of the application or cease contract development under AS 43.82.200 -
08 43.82.270, as appropriate, unless the commissioner determines that the returned
09 information is unnecessary to make a determination on the application or to devel
10 contract terms under AS 43.82.200 - 43.82.270.

11 (b) If requested by the applicant, information provided to the commissione
12 revenue or the commissioner of natural resources under AS 43.82.300 shall be kept
13 confidential if the commissioner receiving the information determines, upon an
14 adequate showing by the applicant, that the information

15 (1) is a trade secret or other proprietary research, development, or
16 commercial information that the applicant treats as confidential;

17 (2) affects the applicant's competitive position; and

18 (3) has commercial value that may be significantly diminished by
19 public disclosure or that public disclosure is not in the long-term fiscal intere
20 state.

21 (c) Information determined to be confidential under (b) of this section is
22 confidential under that subsection only so long as is necessary to protect the
23 competitive position of the applicant, to prevent the significant diminution of t
24 commercial value of the information, or to protect the long-term fiscal interests
25 state. The commissioner of revenue or the commissioner of natural resources, as
26 appropriate, may not release information that the commissioner has previously
27 determined to be confidential under (b) of this section without providing the app
28 notice and an opportunity to be heard.

29 (d) Notwithstanding the limitation in (c) of this section, the Department
30 Revenue and the Department of Natural Resources may provide to one another, to th
31 Department of Law, to the legislature, and to the Office of the Governor any
01 information provided under AS 43.82.300 relevant to the implementation of this
02 chapter or to the enforcement of state or federal laws. Information that is excl
03 under this subsection that was determined to be confidential under (b) of this se
04 remains confidential except as provided in (c) of this section. The portions of
05 records and files of the Department of Revenue, the Department of Natural Resourc
06 the Department of Law, the legislature, and the Office of the Governor that refle
07 incorporate, or analyze information that is determined to be confidential under (c
08 this section are not public records except as provided in (c) of this section.

09 (e) Notwithstanding the limitation in (c) of this section, information tha
10 determined to be confidential under (b) of this section shall be disclosed on req
11 the commissioner of revenue, the commissioner of natural resources, or the attor
12 general to a legislator; to the legislative auditor; and, as directed by the chai
13 chair of the Legislative Budget and Audit Committee, to the director of legislati
14 to the permanent employees of those divisions who are responsible for evaluating
15 under AS 43.82.020, and to agents or contractors of the legislative auditor or th
16 legislative finance who are engaged to evaluate a contract under AS 43.82.020. I
17 that is determined to be confidential under (b) of this section may also be discl
18 commissioner of revenue or the commissioner of natural resources to an independe
19 contractor under AS 43.82.240 or to a municipal advisory group established under
20 AS 43.82.510. Before confidential information is disclosed under this subsection
21 receiving the information must sign an appropriate confidentiality agreement.

22 (f) If the commissioner of revenue chooses to develop a contract under
23 AS 43.82.020, the portions of the records and files of the Department of Revenue,
24 Department of Natural Resources, the Department of Law, and a municipal advisory
25 group established under AS 43.82.510 that reflect, incorporate, or analyze inform
26 that is relevant to the development of the position or strategy of the commissio
27 revenue, the commissioner of natural resources, or the attorney general with resp
28 to a particular provision that may be incorporated into the contract are not publ
29 records until the commissioner of revenue gives public notice under AS 43.82.410
30 the commissioner's preliminary findings and determination under AS 43.82.400.

31 Nothing in this subsection

01 (1) makes a record or file of the Department of Revenue, the
02 Department of Natural Resources, or the Department of Law a public record that
03 otherwise would not be a public record under AS 09.25.100 - 09.25.220;

04 (2) affects the confidentiality provisions of (a) - (e) of this section;

05 (3) abridges a privilege recognized under the laws of this state, whether
06 at common law or by statute or by court rule.

07 **Article 5. Contract Review, Approval, and Termination.**

08 **Sec. 43.82.400. Preliminary findings and determination regarding the**

09 **contract.** (a) If the commissioner develops a proposed contract under AS 43.82.2
10 43.82.270, the commissioner shall

11 (1) make preliminary findings and a determination that the proposed
12 contract terms are in the long-term fiscal interests of the state and further the
13 of this chapter; and

14 (2) prepare a proposed contract that includes those terms and shall

15 submit the contract to the governor.

16 (b) To make the preliminary findings and determination required by (a)(1)
17 this section, the commissioner shall compare the projected public revenue anticip
18 from the approved qualified project with the estimated operating and capital cost
19 the additional state and municipal services anticipated to arise from the constru
20 and operation of the approved qualified project. The commissioner shall address
21 reasonably foreseeable effects of the proposed contract on the public revenue.

22 (c) In conjunction with the making of preliminary findings and determinati
23 required by (a)(1) of this section, the commissioner shall describe the principal
24 including the projected price of gas, projected production rate or volume of gas,
25 projected recovery, development, construction, and operating costs, upon which th
26 determination made under (a)(1) of this section is based. If the commissioner ha
27 previously submitted a proposed contract to the governor, the commissioner shall
28 describe any material differences between the terms of the currently proposed cor
29 and the previously proposed contract.

30 **Sec. 43.82.410. Notice and comment regarding the contract.** The
31 commissioner shall

01 (1) give reasonable public notice of the preliminary findings and
02 determination made under AS 43.82.400;

03 (2) make copies of the proposed contract, the commissioner's
04 preliminary findings and determination, and, to the extent the information is not
05 required to be kept confidential under AS 43.82.310, the supporting financial,
06 technical, and market data, including the work papers, analyses, and recommendati
07 of any independent contractors used under AS 43.82.240 available to the public ar
08 to

09 (A) the presiding officer of each house of the legislature;

10 (B) the chairs of the finance and resources committees of the
11 legislature; and

12 (C) the chairs of the special committees on oil and gas, if any,
13 of the legislature;

14 (3) offer to appear before the Legislative Budget and Audit Committee
15 to provide the committee a review of the commissioner's preliminary findings and
16 determination, the proposed contract, and the supporting financial, technical, ar
17 market data; if the Legislative Budget and Audit Committee accepts the commissi
18 offer, the committee shall give notice of the committee's meeting to the public a
19 members of the legislature; if the financial, technical, and market data that is
20 provided must be kept confidential under AS 43.82.310, the commissioner may not
21 release the confidential information during a public portion of a committee meeti
22 and

23 (4) establish a period of at least 30 days for the public and members
24 of the legislature to comment on the proposed contract and the preliminary findin
25 and determination made under AS 43.82.400.

26 **Sec. 43.82.420. Coordination of public and legislative review.** To the ext
27 practicable, the commissioner shall coordinate the public comment opportunity
28 provided under AS 43.82.410(4) with a review by the Legislative Budget and Audit
29 Committee under AS 43.82.410(3).

30 **Sec. 43.82.430. Final findings, determination, and proposed amendments;
31 execution of the contract.** (a) Within 30 days after the close of the public con
01 period under AS 43.82.410(4), the commissioner of revenue shall

02 (1) prepare a summary of the public comments received in response to
03 the proposed contract and the preliminary findings and determination;

04 (2) after consultation with the commissioner of natural resources, if
05 appropriate, and with the pertinent municipal advisory group established under
06 AS 43.82.510, prepare a list of proposed amendments, if any, to the proposed cont
07 that the commissioner of revenue determines are necessary to respond to public
08 comments;

09 (3) make final findings and a determination as to whether the proposed
10 contract and any proposed amendments prepared under (2) of this subsection meet t
11 requirements and purposes of this chapter.

12 (b) After considering the material described in (a) of this section and se
13 the agreement of the other parties to the proposed contract regarding any propose
14 amendments prepared under (a) of this section, if the commissioner determines the
15 contract is in the long-term fiscal interests of the state, the commissioner shal
16 the contract to the governor.

17 (c) The commissioner's final findings and determination under (a) of this
18 section are final agency decisions under this chapter.

19 **Sec. 43.82.435. Legislative authorization.** The governor may transmit a
20 contract developed under this chapter to the legislature together with a request
21 authorization to execute the contract. A contract developed under this chapter is
22 binding upon or enforceable against the state or other parties to the contract unless
23 the governor is authorized to execute the contract by law. The state and the other parties
24 to the contract may execute the contract within 60 days after the effective date of the
25 law authorizing the contract.

26 **Sec. 43.82.440. Judicial review.** A person may not bring an action
27 challenging the constitutionality of a law authorizing a contract enacted under
28 AS 43.82.435 or the enforceability of a contract executed under a law authorizing a
29 contract enacted under AS 43.82.435 unless the action is commenced within 120 days
30 after the date that the contract was executed by the state and the other parties to the
31 contract.

01 **Sec. 43.82.445. Administrative termination of a contract.** (a) The
02 commissioner shall include terms in a contract developed under AS 43.82.020 that
03 provide for administrative termination of a party's rights under the procedures and
04 conditions set out in this section if the party has

05 (1) ceased to meet the requirements of AS 43.82.110 as a qualified
06 sponsor or qualified sponsor group;

07 (2) intentionally or fraudulently misrepresented, in whole or in part,
08 material facts or circumstances upon which the contract was made;

09 (3) failed to comply with a condition or material term of the contract
10 or a provision of this chapter; or

11 (4) failed to comply with the approved qualified project plan or any
12 updated project plan.

13 (b) Before administrative termination of a contract under this section, the
14 commissioner shall give notice to the parties of the commissioner's intent to terminate
15 the contract and an opportunity to be heard. The commissioner may also provide to the
16 parties an opportunity to cure any deficiency that is the basis for the termination.
17 The commissioner determines that curing the deficiency is appropriate under the
18 circumstances.

19 (c) Notwithstanding (a) and (b) of this section, the commissioner may not
20 administratively terminate a contract after the party has committed full project
21 funding except as provided in (e) of this section.

22 (d) A party to a contract who is affected by the commissioner's action to
23 terminate under (a) of this section may file an appeal with the superior court under
24 Alaska Rules of Appellate Procedure.

25 (e) The commissioner may provide terms and conditions in a contract
26 developed under AS 43.82.020 upon which a party's rights under the contract may be
27 administratively terminated after the party commits full project funding.

28 **Article 6. Municipal Participation.**

29 **Sec. 43.82.500. Obligation to share payments with municipalities.** If the
30 commissioner develops a contract under AS 43.82.020 that includes terms that extend
31 a party to the contract, and the property, gas, products, and activities associated
01 with the approved qualified project that is subject to the contract, from a municipal
02 assessment in accordance with AS 29.45.810 or AS 29.46.010(b), or AS 43.82.200 or
03 AS 43.82.210, the commissioner shall include a term in the contract that the party pay
04 a portion of the periodic payments due under the contract to the revenue-affected
05 municipality.

06 **Sec. 43.82.505. Payments to economically affected municipalities.** If the
07 commissioner executes a contract under AS 43.82.020 that will produce one or more
08 economically affected municipalities, the commissioner shall include a term in the
09 contract that provides for a portion of the periodic payments to the economically
10 affected municipalities under the principles in AS 43.82.520.

11 **Sec. 43.82.510. Municipal advisory group.** (a) If the commissioner approves
12 an application and proposed project plan under AS 43.82.140 and decides to develop
13 a contract under AS 43.82.020 and 43.82.200, the commissioner shall notify each
14 revenue-affected municipality and economically affected municipality.

15 (b) The mayor of a municipality notified by the commissioner under (a) of
16 this section may appoint one representative to a municipal advisory group in relation
17 to the application.

18 (c) Each municipal advisory group serves until a final action is taken on
19 the application for which the group was appointed.

20 (d) Each municipal advisory group shall elect a chair.

21 **Sec. 43.82.520. Duties of the commissioner of revenue in relation to**
22 **municipal participation.** (a) The commissioner shall meet with each municipal

23 advisory group periodically to report on the development of the contract provisio
24 affect the municipalities.

25 (b) In developing a contract under AS 43.82.200 - 43.82.270, the commissio
26 shall ensure that each revenue-affected municipality and economically affected
27 municipality receives a fair and reasonable share of the payments provided under
28 AS 43.82.210 in accordance with the following principles:

29 (1) the share of the payments to revenue-affected municipalities should
30 be given priority over payments to economically affected municipalities with due
31 regard to the anticipated size of the tax base that the contract would exempt fro
01 municipal taxation by revenue-affected municipalities;

02 (2) the share of the payments to municipalities should be determined
03 with due regard to the anticipated economic and social burdens that would be impo
04 on the municipality by construction and operation of the project;

05 (3) the respective shares of the total payments to the state and to
06 municipalities should be fixed in a manner to ensure that their respective intere
07 aligned;

08 (4) to the extent practicable, the periodic amounts paid to each of the
09 municipalities should be stable and predictable; and

10 (5) to the extent practicable, the provisions for sharing payments with
11 municipalities should be consistent with the principles established in AS 43.82.2

12 (c) In establishing the municipal shares under (b) of this section, the
13 commissioner shall consult with the pertinent municipal advisory group.

14 Article 7. Miscellaneous Provisions.

15 **Sec. 43.82.600. Governing law.** If a provision of this chapter conflicts w
16 another provision of state or municipal law, the provision of this chapter govern

17 **Sec. 43.82.610. Regulations.** The commissioner of revenue, the commissione
18 of natural resources, and the commissioner of labor may adopt regulations to carr
19 their respective duties under this chapter.

20 **Sec. 43.82.620. Procedures for collection of amounts due; security.** (a)
21 The commissioner may adopt procedures for the collection of amounts due the state
22 under a contract developed under AS 43.82.020, including the collection of intere
23 penalties.

24 (b) The commissioner may require a party to a contract developed under
25 AS 43.82.020 to provide security sufficient to guarantee amounts due under the
26 contract.

27 **Sec. 43.82.630. Reports and audits.** The commissioner may require pericdic
28 reports from and may at reasonable intervals conduct audits and inspect the books
29 a party that has entered into a contract developed under AS 43.82.020 to ensure
30 compliance with the provisions of this chapter and the regulations adopted under
31 chapter and of the terms of the contract.

01 **Sec. 43.82.640. Annual report of the commissioner of labor.** On an annual
02 basis, the commissioner of labor shall prepare and present to the legislature a
03 comprehensive report on each party to a contract with the state developed under
04 AS 43.82.020, and its contractors, regarding the state residency of the employees
05 working in this state on the approved qualified project that is subject to the cc
06 The commissioner of labor shall use state databases, including data from the quar
07 reports by a party to the contract developed under AS 43.82.020 and its contracto
08 unemployment insurance purposes, to determine state residency of employees regard
09 compliance with AS 43.82.230.

10 Article 8. General Provisions.

11 **Sec. 43.82.900. Definitions.** In this chapter, unless the context requires
12 otherwise,

13 (1) "affected municipality" means an economically affected
14 municipality or a revenue-affected municipality;

15 (2) "commencement of commercial operations" means the start of
16 regular deliveries of marketable products from an approved qualified project;

17 (3) "cubic foot of gas" means the quantity of gas contained in a volume
18 of one cubic foot at a standard temperature of 60 degrees Fahrenheit and a standa
19 absolute pressure of 14.65 pounds per square inch;

20 (4) "economically affected municipality" means a municipality the
21 commissioner of revenue determines will be reasonably required to provide additic
22 public services under the terms proposed in an application approved under
23 AS 43.82.140(a); the commissioner may consider historical data from construction
24 the Trans Alaska Pipeline System, and information submitted by a municipality in
25 making the determination;

26 (5) "economic proximity" means the distance within which a person

27 may be willing to design, construct, and operate a gas line to provide service to
28 consumer;

29 (6) "economic rent" means the estimated total gross revenue less
30 estimated total costs for a qualified project over the term of a contract under
31 AS 43.82.020, measured in undiscounted nominal dollars; for purposes of this
01 paragraph, total costs do not include a rate of return on capital, financing cost
02 payments to governments;

03 (7) "full project funding" means full approval by a party to a contract
04 under AS 43.82.020 for the expenditure of the capital necessary for construction
05 operation of the approved qualified project that is subject to the contract;

06 (8) "gas" has the meaning given in AS 43.55.900;

07 (9) "group" means two or more persons;

08 (10) "lease or property" has the meaning given in AS 43.55.900;

09 (11) "periodic payment" means payment made in lieu of one or more
10 other taxes under a contract under AS 43.82.020;

11 (12) "revenue-affected municipality" means a municipality that the
12 commissioner of revenue reliably expects will be restricted from imposing a tax,
13 portion of a tax, as a result of implementation of a contract developed under this
14 chapter;

15 (13) "stranded gas" means gas that is not being marketed due to
16 prevailing costs or price conditions as determined by an economic analysis by the
17 commissioner for a particular project.

18 **Sec. 43.82.990. Short title.** This chapter may be cited as the Alaska Stra
19 Gas Development Act.

20 * **Sec. 4.** AS 29.10.200 is amended by adding new paragraphs to read:

21 (54) AS 29.45.810 (exemption from municipal taxation);

22 (55) AS 29.46.010(b) (exemption from municipal assessment).

23 * **Sec. 5.** AS 29.45 is amended by adding a new section to read:

24 **Sec. 29.45.810. Exemption from municipal taxation.** (a) A party to a
25 contract approved by the legislature as a result of submission of a proposed cont
26 developed under AS 43.82 or as a result of acts by the legislature in implementin
27 purposes of AS 43.82, and the property, gas, products, and activities associated
28 the approved qualified project that is subject to the contract, are exempt, as sp
29 in the contract, from all taxes identified in the contract that would be levied a
30 collected by a municipality under state law as a consequence of the participatio
31 the party in the approved qualified project.

01 (b) This section applies to home rule and general law municipalities.

02 * **Sec. 6.** AS 29.46.010 is amended by adding a new subsection to read:

03 (b) Notwithstanding (a) of this section, a party to a contract approved by
04 legislature as a result of submission of a proposed contract developed under AS 4
05 or as a result of acts by the legislature in implementing the purposes of AS 43.8
06 exempt, as specified in the contract, from assessment under this chapter against
07 property associated with the approved qualified project that is subject to the co

08 * **Sec. 7.** AS 36.30.850(b) is amended by adding a new paragraph to read:

09 (38) contracts between the commissioner of revenue and an independent
10 contractor under AS 43.82.240.

11 * **Sec. 8.** AS 43.20.072 is amended by adding a new subsection to read:

12 (h) A taxpayer that has signed a contract approved by the legislature as a
13 of submission of a proposed contract developed under AS 43.82 or as a result of a
14 by the legislature in implementing the purposes of AS 43.82, providing for paymen
15 in lieu of the tax under this chapter and that has nexus with the state solely as
16 result of the taxpayer's participation in the approved qualified project that is
17 to the contract or would not, but for such participation, be engaged in the produ
18 of oil or gas from a lease or property in this state or engaged in the transport
19 oil or gas by pipeline in this state, is not required to file a return under this
20 unless required to do so by the contract.

21 * **Sec. 9.** AS 43.20.073 is amended by adding a new subsection to read:

22 (h) A corporation that has signed a contract approved by the legislature a
23 result of submission of a proposed contract developed under AS 43.82 or as a resu
24 of acts by the legislature in implementing the purposes of AS 43.82, providing fo
25 payments in lieu of the tax under this chapter and that has nexus with the state
26 as the result of the corporation's participation in the approved qualified projec
27 subject to the contract is not required to file a return under this section unles
28 to do so by the contract.

29 * **Sec. 10. SEVERABILITY.** Under AS 01.10.030, if any provision of this Act, c
30 application of a provision of this Act to any person or circumstance, is held inv

31 remainder of this Act and the application to other persons or circumstances is not
01 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

Bill Root:

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BASIS Last Updated 12/31/98

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 290

1 Page 1, line 1:

2 Following "relating to":

3 Insert "oil and gas, to the sale and disposition of state royalty oil and gas,"

4 Following "carriers":

5 Insert ","

6 Page 1, following line 4:

7 Insert a new bill section to read:

8 **** Section 1.** AS 38.05.182 is amended to read:

9 **Sec. 38.05.182. Royalty on natural resources.** (a) Any royalty provided for
10 in AS 38.05.135 - 38.05.181 may be taken in kind rather than in money if the
11 commissioner determines that the taking in kind would be in the best interest of the
12 state. However, royalties on oil and gas shall be taken in kind unless the
13 commissioner determines that the taking in money would be in the best interest of the
14 state. In making a determination under this subsection about whether to
15 recommend that royalties on oil and gas be taken in kind or in money, the
16 commissioner shall give specific consideration as to whether the royalty oil and
17 gas taken in kind may be necessary to meet the state's present and projected
18 intrastate domestic and industrial needs.

19 (b) Before taking any action with regard to the taking and disposition of
20 royalties on oil and gas, the [THE] commissioner shall submit a proposed
21 determination to take royalty [IN MONEY] to the legislature at the first opportunity
22 during a current session or, if the legislature is not in session, at the next regular
23 session. The legislature, [WITHIN 60 DAYS OR] by the adjournment of the session,
24 [WHICHEVER COMES SOONER,] may approve [REVOKE] the proposed

1 determination by law. If the legislature does not approve the proposed
2 determination, the commissioner may not implement the determination as
3 submitted [CONCURRENT RESOLUTION]."

4 Page 1, line 5:

5 Delete "** Section 1."

6 Insert "** Sec. 2."

7 Renumber the following bill sections accordingly.

Alaska State Legislature

House Resources Committee

Co-Chair Beverly Masek
(907) 465-3715
FAX (907) 465-4822
Capitol Building, Room 124
Juneau, Alaska 99801



Co-Chair Bill Hudson
(907) 465-6890
FAX (907) 465-2273
Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery, Representatives: Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, John Cowdery, Reggie Joule, and Mary Kapsner

MEMORANDUM

DATE: February 18, 2000

TO: Jack Chenoweth,
Legislative Legal Services

FROM: Representative Beverly Masek *B.M. by Jim*
Co-Chairman, House Resources Committee

RE: Amended Section 1 of HB 290

During the House Special Committee on Oil & Gas hearing on Thursday, February 17, the chairman indicated potential problems with his offered amendment 1-LS1269\A.5 regarding 38.05.181 Royalty on natural resources.

Please provide a written response on the potential problems with that language by 9:00 a.m. Monday, February 21. The House Resources Committee must explore this issue in Monday's hearing.

Thank you.

LEGAL SERVICES**DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 485-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 21, 2000

SUBJECT: Response to your inquiry in your memo of February 18 re amendment A.5 to HB 290

TO: Representative Beverly Masek, Co-Chair
House Resources Committee

FROM: Jack Chenoweth *JBC lmb*
Assistant Revisor of Statutes

I don't know what representation House Special Oil & Gas Committee Chair Jim Whitaker made last Thursday concerning "potential problems" with amendment A.5 to House Bill 290. The amendment revises AS 38.05.182, a section of the Alaska Land Act (AS 38.05) that deals with the manner in which the state takes and disposes of its royalty share on various natural resources.

AS 38.05.182(b) as it is in effect today authorizes the legislature to involve itself in decisions affecting the form of the taking of royalty oil and gas. The legislature's involvement raises two questions: (1) whether the legislature may involve itself in the decision may constitute a violation of the "separation of powers" doctrine, and (2) whether the legislature may disapprove, by adoption of a concurrent resolution, a proposed taking of royalty oil and gas in money presents a question on how the legislature may engage in making law. Clearly legislative action taken as described in the second provision would, if challenged, be regarded as unconstitutional. Binding legislative action by adoption of a resolution is precluded by the decision in State v. ALIVE Voluntary, 606 P.2d 769 (Alaska 1980).

Amendment A.5, adopted, as I understand by the Oil & Gas Committee, eliminates the use of the resolution to express legislative disapproval and substitutes a requirement that the legislature act by law--that is, by the adoption of a bill--to approve a proposal by the commissioner of natural resources to take royalty oil and gas in money. Maintaining legislative involvement in acting to approve or reject a proposed decision of the commissioner still presents the "separation of powers" objection that exists in the current unamended statute. How the courts would dispose of the question I cannot say, but I did call attention to it when the amendment was under consideration, and I suspect it is to that discussion that the Oil and Gas Special Committee Chairman had reference.

JBC:lmb
00-008.lmb

ANS LNG Sponsor Group -- CSHB-290 Testimony
House Resources Committee
2/21/2000

Co-Chairman Masek, Co-Chairman Hudson, members of the committee, for the record, my name is Michael Hurley. I work for ARCO Alaska, Inc in the ANS Gas Commercialization Group in Anchorage, and am currently assigned to manage the commercial regulatory efforts for the Alaska North Slope LNG Sponsor Group.

We appreciate the opportunity today to express our views on the House Special Committee on Oil and Gas committee substitute for HB-290.

For the last year and a half the sponsor group, comprised of ARCO Alaska, BP Amoco, Foothills Pipe Lines Ltd., Phillips Petroleum and Marubeni Corporation, has been actively pursuing the development of a new design for a market viable LNG export project. Crucial to the viability of this project is the development of a commercial regulatory regime, which will provide the regulatory certainty our long term customers require. Additionally, this bill was designed to meet the needs of the state and federal regulators for adequate access and commercial oversight.

As originally envisioned HB-290 was intended to accomplish 3 goals: first to provide clarity about the regulatory jurisdiction of the Regulatory Commission of Alaska (RCA) with respect to an LNG export project which would also supply intrastate gas transportation needs; second to limit the current common carriage provisions in the Right of Way Leasing Act and the Pipeline Act for an LNG export project to intrastate gas transportation; and third to develop a fair and equitable process for determining intrastate capacity needs for the system.

The current committee substitute before you, in large measure, accomplishes those goals, but has raised several concerns that limit our support for the current CS.

Section 1 of the CS addresses gas royalty issues between the state and gas producers which are outside of the commercial regulatory structure for an LNG export project. And while these issues may, or may not, be legitimate policy questions for the state, we believe their inclusion in this legislation detracts from the clarity and certainty of commercial regulation this legislation was designed to achieve. Thus, we would respectfully suggest that this section be deleted from this bill, and if warranted, considered in independent legislative action.

The second section of the CS deals with the Right of Way Leasing Act, and is only intended to clarify that the current statutory common carriage requirement should apply only to intrastate gas shipments.

The third and fourth sections of the CS clarify that a North Slope natural gas pipeline system's intrastate shipments would be regulated under the Pipeline Act (AS 42.06), rather than under the Utilities Act (AS 42.05).

In section 5, a new subsection is added to the Pipeline Act creating procedures, within RCA's existing pipeline certification process, for determining the amount of pipeline capacity which should initially be set aside for intrastate transportation.

That process sets out distinct criteria for capacity for Local Distribution Companies (LDCs) which must submit their gas purchase contracts to the RCA under current regulations, and for large industrial gas users who must provide written commitments to transport intrastate gas volumes, supported by take or pay purchase commitments with stranded gas producers.

Likewise, in section 6 of the CS, expansions of a stranded gas pipeline may be ordered by the Commission only if such requests for additional intrastate capacity are supported by firm commitments.

Section 7 allows the RCA to consider allowing a reservation or similar charge for firm intrastate transportation in the intrastate tariff, which it must approve.

Section 8 of the CS, which was added to the bill in the House Special Committee on Oil and Gas, requires that intrastate tariffs be designed as if the pipeline were regulated under the Public Utilities Act. We believe that this requirement creates a regulatory hybrid which reduces the clarity and certainty intended in this legislation.

Contrary to popular belief, the underlying statutory requirements for tariffs under both the Public Utilities Act and the Pipeline Act are the same. AS 42.05.381(a) under the Public Utilities Act, and AS 42.06.370(a) under the Pipeline Act, both impose the identical requirement that tariff rates be "just and reasonable".

We believe that the appropriate time for the detailed determination of what should or should not be allowed in an intrastate tariff will be when filed tariffs are before the RCA for its consideration as to whether they are just and reasonable. And we believe that the RCA has the flexibility under their current statutory standard to protect the public interest. Thus, we would respectfully suggest that this section be deleted from this bill because it needlessly creates uncertainty about the intended regulatory regime.

Finally, section 9 of the bill adds several definitions of terms referred to in other sections of the bill, in an effort to increase the clarity and understanding of the other sections.

In summary we believe sections 1 and 8 of the CS should be removed from the bill. They detract from the intent of providing clarity in the regulatory regime for the project.

I would like to thank the co-chairs and the committee for your sponsorship of this important piece of legislation, and for this opportunity to express our views on the House Oil and Gas committee substitute for HB-290, and I'd be happy to address any questions at this time, or at your convenience.

Alaska State Legislature

House Resources Committee

Co-Chair Beverly Masek
(907) 465-3715
FAX (907) 465-4822
Capitol Building, Room 124
Juneau, Alaska 99801



Co-Chair Bill Hudson
(907) 465-6890
FAX (907) 465-2273
Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery, Representatives: Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, John Cowdery, Reggie Joule, and Mary Kapsner

SPONSOR STATEMENT

CSHB 290(O&G)

"An Act relating to oil and gas, to the sale and disposition of state royalty oil and gas, to pipeline carriers of natural gas produced from the North Slope of Alaska, and to the intrastate regulation by the Regulatory Commission of Alaska of pipelines and pipeline facilities of that natural gas."

Before a North Slope natural gas pipeline project can proceed, certain amendments to existing state statutes are required. These changes are intended: 1) to apply to all potential North Slope natural gas pipeline projects, 2) to clarify respective state and federal jurisdictions in regulating such projects, 3) to be complementary to a non-discriminatory federal process which will apply to any export volumes of North Slope natural gas, 4) to provide for local (in state) gas transportation and sales, and 5) to provide needed exemption from public utility designation for a North Slope natural gas pipeline project.

Committee Substitute for House Bill 290 (CSHB 290(O&G)) amends AS 38.05.182 by requiring the Commissioner of the Department of Natural Resources to consider whether the royalty oil and gas taken in kind may be necessary to meet the state's present and projected intrastate domestic and industrial needs. It further requires the Commissioner to obtain Legislative approval by law prior to accepting the state's royalty in kind or in value.

CSHB 290(O&G) will amend the Pipeline Act (AS 42.06) to define a North Slope natural gas pipeline, will clarify that the Regulatory Commission of Alaska's (RCA's) authority in regulating a North Slope natural gas pipeline extends only to the intrastate transportation of gas through such a system, to define a fair, predictable and timely process to identify and dedicate sufficient initial intrastate capacity in a North Slope natural gas pipeline and to establish the criteria for needed pipeline system expansions over the life of a North Slope natural gas pipeline system to accommodate increased demand for in state gas supplies.

CSHB 290(O&G) will amend the Public Utilities Act (AS 42.05) to clarify that North Slope natural gas pipeline systems are exempt from the requirement of operating as a public utility, and will amend the Right-of-Way Leasing Act (AS 38.35) to limit the requirement of common

carriage for North Slope natural gas pipeline systems to the transportation of intrastate gas volumes only.

CSHB 290(O&G) also defines the types of intrastate transportation services that will be available in a North Slope natural gas pipeline system, provides that in its tariff filed with the RCA a North Slope natural gas pipeline carrier may charge separate rates for those services, and may also charge a reservation fee for reserving capacity in a North Slope natural gas pipeline system.

Collectively, these changes are intended to provide greater certainty and predictability in the regulation of North Slope natural gas pipeline systems. This increased certainty will enhance the ability of gas export project sponsors to market Alaska's North Slope natural gas reserves, to compete more effectively with alternative export projects and to attract the large investments required to construct and operate the pipeline and related facilities necessary to condition, transport and export North Slope natural gas reserves.

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SECTIONAL ANALYSIS CSHB 290(O&G)

Section 1:

Amends AS 38.05.182(a) and (b). AS 38.05.182(a) is amended by adding new language which requires the Commissioner of Natural Resources, in making determinations of whether to take the state's royalty on oil and gas in kind or in value, to "give specific consideration as to whether the royalty oil and gas taken in kind may be necessary to meet the state's present and projected intrastate domestic and industrial needs." AS 38.05.180(b) is amended by adding new language forbidding the Commissioner of Natural Resources from "taking any action with regard to the taking and disposition of royalties on oil and gas" without first submitting a proposed determination to take royalty, whether in value or in kind, to the legislature for its prior approval by law. The amendment further provides that if the legislature does not approve the Commissioner's proposed determination, it may not be implemented.

Section 2:

Amends AS 38.35.120(a) by adding a new paragraph (a)(1)(B) that provides that a right-of-way lessee that owns or operates a North Slope natural gas pipeline as a North Slope natural gas pipeline carrier is required to operate as a common carrier only with respect to the intrastate transportation of stranded gas.

Section 3:

Amends AS 42.05.711 by adding a new subsection (n) that exempts the owners or operators of a North Slope natural gas pipeline system from operating as a public utility.

Section 4:

Amends AS 42.06.230(b) to clarify that, with respect to a North Slope natural gas pipeline, the Regulatory Commission of Alaska's (RCA's) jurisdiction and authority extend only to the intrastate transportation of such gas.

Section 5:

Amends AS 42.06.240 by adding a new subsection, (f)(1)-(4), within which:

(f)(1) provides that persons making application for a certificate of public convenience and necessity for a North Slope natural gas pipeline must dedicate a portion of the pipeline's initial capacity sufficient to transport the total volume of North Slope natural gas that has been committed to tendering for firm intrastate transportation services at the time pipeline operations commence;

(f)(2) provides that, upon receipt of an application, the RCA shall issue public notice inviting requests for service by prospective intrastate shippers, and specifies the criteria for a request of service;

(f)(3) defines the criteria by which the RCA will determine the total volume of intrastate transportation of North Slope natural gas required for initial transportation by a North Slope natural gas pipeline and provides the RCA authority to consider peak volumes in its determinations. The provisions of (f)(3) also require the RCA to define in its orders the total volume of intrastate North Slope natural gas that a North Slope natural gas pipeline carrier must accept for intrastate transportation and limits those volumes to volumes substantiated by written commitments and contracts which comply with the requirements of the chapter; and

(f)(4) provides that, upon application by a North Slope natural gas carrier for authority to transport North Slope natural gas within the state in excess of the volume required by the RCA under (3)(B) of this subsection, the RCA shall grant the authority if the transportation of the increased volume is determined to be consistent with public convenience and necessity.

Section 6:

Amends AS 42.06.310 by adding a new subsection which limits the applicability of AS 42.06.310 (c), to the extent a North Slope natural gas pipeline carrier's pipeline does not allow for expanded capacity, and defines the standards which must be met for the RCA to require expansion, enlargement or extension of a North Slope natural gas pipeline system. Those standards include requirements that the person making a request for such expansion, enlargement or extension has made a firm contractual commitment to the North Slope natural gas pipeline carrier to transport the gas, and that the expansion, enlargement or extension will not result in substantial injury, including economic injury, to the North Slope natural gas pipeline facility or its customers; substantial detriment to the services furnished by the North Slope natural gas pipeline facility; or the creation of safety hazards.

Section 7:

Amends AS 42.06.350 by adding a new subsection (c) establishing the right of a North Slope natural gas pipeline carrier to charge separate rates for "firm transportation service" and "interruptible transportation service" under its tariff, providing for the carrier's imposition of a reservation fee for capacity in a North Slope natural gas pipeline as a condition of providing firm transportation, setting limits on the types of costs that may be included in a reservation fee and prohibiting the imposition of reservation fees for interruptible transportation service.

Section 8:

Amends AS 42.06.370 by adding a new subsection (c) specifying that the "rates demanded, observed, charged or collected" by a North Slope natural gas pipeline carrier for intrastate service shall be designed as if that portion of the carrier's pipeline were a public utility regulated under the provisions of AS 42.05, instead of 38.35

Section 9:

Amends AS 42.06.630 by adding new paragraphs (11)-(17), which define certain terms, introduced in CSHB 290(O&G), including:

"capacity"

"firm transportation service"

"interruptible transportation service"

"intrastate"

"North Slope natural gas"

"North Slope natural gas pipeline"; and

"North Slope natural gas pipeline carrier"

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 290

Revision Date/12/7/00 2:25 PM	Dept. Affected	DCED
Title	BRU	RCA
	Pipeline Carriers	Component
Sponsor	House Resources	RCA
Requester	Oil & Gas Committee	Component No. 2417

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	0.0	33.8	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	33.8	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0					
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0					
1003 GF Match	0.0					
1004 GF	0.0					
1005 GF/Program Receipts	0.0					
1037 GF/Mental Health	0.0					
Other (Regulatory Cost Charge)	0.0	33.8	0.0	0.0	0.0	0.0
TOTAL	0.0	33.8	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	0.5					
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 HB 290 is not expected to cause any increase to the agency's FY01 budget. One-half of one Utility Engineering Analyst III position (approximately \$33,800) will be necessary in the FY02 budget to process and analyze the increase in workload due to stranded gas pipeline certification applications. In subsequent fiscal years, these applications will be part of the Commission's ongoing certification workload and are not expected to generate additional costs.

Prepared by: <u>G. Nanette Thompson, Chair</u>	Phone <u>276-6222</u>
Division <u>Regulatory Commission of Alaska</u>	Date/Time <u>2/7/00 2:25 PM</u>
Approved by: <u>Commissioner Deborah B. Sedwick</u>	Date <u>02/07/00</u>
Agency <u>Dept. of Community & Regional Affairs</u>	

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 290

Revision Date/Time: _____ Dept Affected: Natural Resources
 Title: Stranded Gas Pipeline Carriers BRU: Oil & Gas Development
 Component: Pipeline Coordinator
 Sponsor: House Resources Committee
 Requestor: (H)O&G Component No. 1191

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

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: \$ none

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact to the Pipeline Coordinator's Office associated with implementation of this legislation.

Prepared by: Bill Britt *[Signature]* Phone: 271-4412
 Division: State Pipeline Coordinators Office Date: 01-Feb-00
 Approved by Commissioner: John Shively *[Signature]* Date: 2-1-2000
 Agency: Natural Resources

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FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. HB 290

Revision Date/Time (Note if correction)	Jan. 26, 2000	Dept. Affected	Revenue
Title	Stranded gas pipeline carriers regulation	BRU	Revenue Operations
Sponsor	House Resources	Component	Oil and Gas Audit
Requester	House Oil & Gas	Component No.	115

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill clarifies the regulatory environment for a potential North Slope natural gas pipeline, and would not impose any additional costs beyond those necessary for regulation currently. It would not create any revenues either.

Prepared by: Roger Marks
 Division: Oil and Gas Audit
 Approved by Commissioner: Wilson Condon
 Agency: Department of Revenue

Phone: 269-0082
 Date/Time: 26-Jan-00
 Date: 1/26/00

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