

**HB**

**417**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
MAY 06 2004  
SENATE FINANCE  
COMMITTEE

DATE: 04/29/04

FURTHER:

DATE TURNED  
IN TO OFFICE: 6 May 2004

Finance Committee considered

HOUSE BILL NO. 417

## HB 417 AK NATURAL GAS DEV. AUTHORITY INITIATIVE

"An Act amending the definition of 'project' in the Act establishing the Alaska Natural Gas Development Authority; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

| Department | Date | Fiscal | Indet. | Zero. | FN# |
|------------|------|--------|--------|-------|-----|
|            |      |        |        |       |     |
|            |      |        |        |       |     |
|            |      |        |        |       |     |
|            |      |        |        |       |     |
|            |      |        |        |       |     |

**PREVIOUS FISCAL NOTE(S):**

| Department | Date    | Fiscal | Indet. | Zero | FN# |
|------------|---------|--------|--------|------|-----|
| Revenue    | 2/15/04 |        | *      | ✓    | #1  |
|            |         |        |        |      |     |
|            |         |        |        |      |     |
|            |         |        |        |      |     |
|            |         |        |        |      |     |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| <i>[Signature]</i>              | ✓       |             |        |       |
| <i>[Signature]</i>              |         |             | ✓      |       |
| <i>[Signature]</i>              |         |             | ✓      |       |
| <i>[Signature]</i>              | X       |             |        |       |
| <i>[Signature]</i>              |         |             | ✓      |       |
| COCHAIR: <i>[Signature]</i>     | ✓       |             |        |       |
| COCHAIR: <i>[Signature]</i>     | ✓       |             |        |       |

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 417  
(H) Publish Date: 2/23/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Natural Gas Dev Auth Initiative RDU AK Natural Gas Dev Authority  
Component AK Natural Gas Dev Authority  
Sponsor Representative Chenault  
Requester House Oil & Gas Committee Component No. 2708

**Expenditures/Revenues (Thousands of Dollars)**

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

| OPERATING EXPENDITURES | FY 2005    | FY 2006    | FY 2007    | FY 2008    | FY 2009    | FY 2010    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |      |      |      |      |      |      |
|-----------------------------|------|------|------|------|------|------|
| <b>CAPITAL EXPENDITURES</b> | **** | **** | **** | **** | **** | **** |
|-----------------------------|------|------|------|------|------|------|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE (Thousands of Dollars)**

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

\*\*\*\* This legislation would change the responsibility of the Alaska Natural Gas Development Authority from reviewing the economic viability of a gas pipeline from Prudhoe Bay to Valdez and a spur from Glennallen to the Southcentral gas distribution grid to including the review of the economic viability of a gas line to tidewater at a point on Cook Inlet.

Since the Alaska Natural Gas Development Authority is already reviewing the economic viability of a spur to the Southcentral gas distribution grid, it is uncertain if additional funds will be necessary to expand that review to include to tidewater at a point on Cook Inlet.

Prepared by: Steve Porter, Deputy Commissioner Phone (907) 465-2365  
Division Department of Revenue Date/Time 2/15/04 8:18 PM  
Approved by: Steve Porter, Deputy Commissioner Date 2/15/2004  
Agency Department of Revenue

# STATE OF ALASKA

REPRESENTATIVE  
MIKE CHENAULT

Interim:  
145 Main St. Loop, Second Floor  
Kenai, Alaska 99611  
(907) 283-7223  
Fax: (907) 283-3075



HOUSE OF REPRESENTATIVES

Official Business

Session:  
Capitol Building, Room 432  
Juneau, Alaska 99801-1182  
(907) 465-3779  
Toll Free: (800) 469-3779  
Fax: (907) 465-2833

## Sponsor Statement House Bill 417

(Revised 4-18-04)

The Alaska Natural Gas Development Authority (ANGDA) was enacted by a vote of the people in the 2002 General Election.

The initiative defined a narrow point of delivery limited to "tidewater on Prince William Sound".

House Bill 417 amends the definition of project to include the alternative delivery point of tidewater in Cook Inlet.

Cook Inlet has the infrastructure to receive, process and ship Alaska Natural Gas with minimum development and environmental impact at the terminus.

Having a second point of delivery expands the economic scope of the Pipeline project as well as two separate areas of the state in light of natural or manmade disaster, and weather conditions.

# LEGAL SERVICES

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

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

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

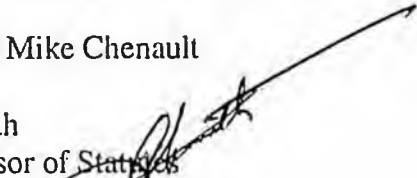
## MEMORANDUM

February 3, 2004

**SUBJECT:** House Bill 417, amending the definition of "project" in the Act establishing the Alaska Natural Gas Development Authority -- sectional analysis (Work Order No. 23-LS1494A)

**TO:** Representative Mike Chenault

**FROM:** Jack Chenoweth  
Assistant Revisor of Statistics



Chris Koski has asked for preparation of a sectional analysis for this bill.

The 2002 initiative that establishes the Alaska Natural Gas Development Authority and defines its powers and duties directs the Authority to evaluate and develop a North Slope natural gas pipeline project. The initiative supplies a definition of the term "project" to include delivery of the gas to a point on tidewater on Prince William Sound. **Bill section 1** amends that definition to add the alternative of delivery to tidewater at a point on Cook Inlet.

**Bill section 2** gives the measure an immediate effective date.

JBC:med  
04-129.med

# CITY OF KENAI

*" Oil Capital of Alaska "*

210 FIDALGO AVE., SUITE 200 KENAI, ALASKA 99611-7794  
TELEPHONE 907-283-7535  
FAX 907-283-3014



February 9, 2004

Governor Frank Murkowski  
State of Alaska  
P.O. Box 110001  
Juneau, Alaska 99811-0001

RE: **SENATE BILL 247 - RESOLUTION OF SUPPORT**  
**City of Kenai**

Dear Governor Murkowski:

At their regular meeting of February 4, 2004, the Kenai City Council unanimously passed their Resolution No. 2004-08, supporting the passage of Senate Bill 247 to amend the Natural Gas Development Authority Act of 2002.

As expressed in the body of the resolution, which is enclosed for your information, the Alaska Natural Gas Development Authority (ANGDA) was established to evaluate and attempt to develop an "all-Alaska" LNG project to "maximize jobs for Alaskans, revenues for the Alaskan treasury, and access to gas for Alaskans." With this mission, the City of Kenai believes the best route for the ANGDA LNG project follows the disturbed rights-of-way of the Railbelt from Fairbanks to tidewater in the Cook Inlet.

Additionally, economics will decide the success or failure of this project and giving the LNG project its best chance for success, the ANGDA should base its decisions on sound project economics, which should include a detailed comparative analysis of the Railbelt route option from Fairbanks to tidewater in the Cook Inlet Basin versus the Valdez route.

Thanking you in advance for your consideration.

CITY OF KENAI

A handwritten signature in cursive script that reads "James C. Bookey, III".

James C. Bookey, III  
Vice Mayor

clf

Enclosure

cc: Members of the Alaska Legislature  
Alaska Natural Gas Development Authority

Suggested by: City Council

**CITY OF KENAI**

**RESOLUTION NO. 2004-08**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, SUPPORTING THE PASSAGE OF SENATE BILL 247 TO AMEND THE NATURAL GAS DEVELOPMENT AUTHORITY ACT OF 2002.

WHEREAS, 70 percent of Alaska's population resides within the Railbelt region that extends from southern regions of the Kenai Peninsula Borough to Fairbanks North Star Borough; and,

WHEREAS, the economies and communities of the Kenai Peninsula Borough, the Cook Inlet basin, and the Railbelt region rely on plentiful supplies of natural gas to provide reasonably priced heat and electricity for home and business use; and,

WHEREAS, current proven reserves of natural gas are insufficient to address long-term supply requirements for the Railbelt region; and,

WHEREAS, Proposition 3 was passed in the 2002 general election and established the Alaska Natural Gas Development Authority (ANGDA) to evaluate and attempt to develop an "all-Alaska" LNG pipeline project from the North Slope to Valdez, with provisions to develop a spur pipeline from Glennallen to the Cook Inlet basin; and,

WHEREAS, the underlying premise of Proposition 3 that established ANGDA is an "all-Alaska" LNG project will "maximize jobs for Alaskans, revenues for the Alaskan treasury, and access to gas for Alaskans"; and,

WHEREAS, the City of Kenai believes, under this premise, the best route for the ANGDA LNG project follows the disturbed rights-of-way of the Railbelt from Fairbanks to tidewater in the Cook Inlet; and,

WHEREAS, a Railbelt route would help to preserve existing utility and industrial infrastructure and would promote new development in rural areas and communities along the Railbelt route by providing access to new supplies of low cost power, heat and raw materials necessary to new value-added industries; and,

WHEREAS, it is the position of the City of Kenai that economics will decide the success or failure of this project; and,

WHEREAS, to give the LNG project its best chance for success, ANGDA should base its decisions on sound project economics, which should include a detailed comparative analysis of the Railbelt route option from Fairbanks to tidewater in the Cook Inlet Basin versus the Valdez route; and,

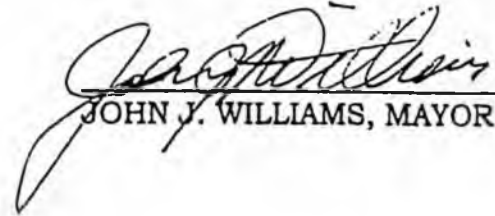
WHEREAS, Senate Bill 247 has been introduced in the Alaska State Legislature and, upon passage, would require both the Valdez route and the Railbelt route to tidewater in the Cook Inlet undergo a full design and cost evaluation before a final route is chosen.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

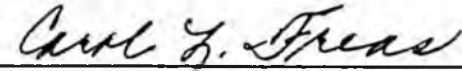
Section 1: The Kenai City Council supports and endorses the passage of Senate Bill 247; and,

Section 2: Copies of this resolution shall be forwarded to all members of the Alaska State Legislature, the Honorable Governor Frank Murkowski and the Alaska Natural Gas Development Authority.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this fourth day of February, 2004.

  
\_\_\_\_\_  
JOHN J. WILLIAMS, MAYOR

ATTEST:

  
\_\_\_\_\_  
Carol L. Freas, City Clerk

clf

Introduced by: Mayor  
Date: 01/20/04  
Action: Adopted  
Vote: 9 Yes, 0 No

**KENAI PENINSULA BOROUGH  
RESOLUTION 2004-008**

**A RESOLUTION SUPPORTING THE PASSAGE OF SENATE BILL 247, WHICH  
AMENDS THE NATURAL GAS DEVELOPMENT AUTHORITY ACT OF 2002**

- WHEREAS,** 70 percent of Alaska's population resides within the Railbelt region that extends from southern regions of the Kenai Peninsula Borough to Fairbanks North Star Borough; and
- WHEREAS,** the economies and communities of the Kenai Peninsula Borough, the Cook Inlet Basin, and the Railbelt region rely on plentiful supplies of natural gas to provide reasonably priced heat and electricity for home and business use; and
- WHEREAS,** current proven reserves of natural gas are insufficient to address long-term supply requirements for the Railbelt region; and
- WHEREAS,** Proposition 3 was passed in the 2002 general election that established the Alaska Natural Gas Development Authority (ANGDA) to evaluate and attempt to develop an "all-Alaska" LNG pipeline project from the North Slope to Valdez, with provisions to develop a spur pipeline from Glennallen to the Cook Inlet Basin; and
- WHEREAS,** the underlying premise of Proposition 3 that established ANGDA is that an "all-Alaska" LNG project will "maximize jobs for Alaskans, revenues for the Alaskan treasury, and access to gas for Alaskans"; and
- WHEREAS,** the Kenai Peninsula Borough believes that under this premise, the best route for the ANGDA LNG project follows the disturbed rights-of-way of the Railbelt from Fairbanks to tidewater in Cook Inlet; and
- WHEREAS,** a Railbelt route would help to preserve existing utility and industrial infrastructure, and would promote new development in rural areas and communities along the Railbelt route by providing access to new supplies of low cost power, heat and raw materials necessary to new value-added industries; and
- WHEREAS,** it is the position of the Kenai Peninsula Borough that economics will decide the success or failure of this project; and
- WHEREAS,** to give the LNG project its best chance for success, ANGDA should base its decisions on sound project economics, which should include a detailed comparative analysis of the Railbelt route option from Fairbanks to tidewater in the Cook Inlet Basin versus the Valdez route; and

WHEREAS, Senate Bill 247 has been introduced in the Alaska State Legislature that, upon passage, would require that both the Valdez route and the Railbelt route to tidewater in Cook Inlet undergo a full design and cost evaluation before a final route is chosen:

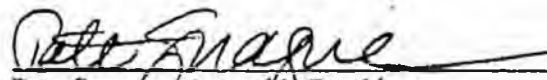
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Assembly supports and endorses the passage of Senate Bill 247.

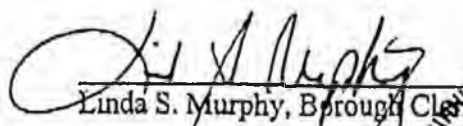
SECTION 2. That copies of this resolution shall be forwarded all members of the Alaska State Legislature, the Honorable Governor Frank Murkowski and the Alaska Natural Gas Development Authority.

SECTION 3. That this resolution shall become effective immediately upon adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 20TH DAY OF JANUARY, 2004.

  
Pete Sprague, Assembly President

ATTEST:

  
Linda S. Murphy, Borough Clerk



**SITE: Kenai**

**COMMITTEE: SFIN**

**DATE: 050604**

**AGENDA :**

HB417:Natural Gas Development Authority

**UPDATE #:**

**DO YOU WANT  
TO TESTIFY?**

**P/R I N T YOUR NAME**

**COMMUNITY**

**REPRESENTING / AFFILIATION**

**Y or N**

| <b>P/R I N T YOUR NAME</b> | <b>COMMUNITY</b> | <b>REPRESENTING / AFFILIATION</b> | <b>DO YOU WANT<br/>TO TESTIFY?<br/>Y or N</b> |
|----------------------------|------------------|-----------------------------------|---|
| ✓ <b>Bill Popp</b>         | Soldotna         | Kenai Peninsula Borough           | <b>Y HB417</b>                                |
|                            |                  |                                   |   |
|                            |                  |                                   |   |



# SENATE COMMITTEE REPORT

DATE: 04/14/04

FURTHER: Finance

DATE TURNED  
IN TO OFFICE: 4-28-04

Resources Committee considered      HOUSE BILL NO. 417

## HB 417 AK NATURAL GAS DEV. AUTHORITY INITIATIVE

"An Act amending the definition of 'project' in the Act establishing the Alaska Natural Gas Development Authority; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
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**Senate Bill:**  
 Same Title  
 New Title

**House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

| Department | Date | Fiscal | Indet. | Zero | FN# |
|------------|------|--------|--------|------|-----|
|            |      |        |        |      |     |
|            |      |        |        |      |     |
|            |      |        |        |      |     |
|            |      |        |        |      |     |
|            |      |        |        |      |     |

**PREVIOUS FISCAL NOTE(S):**

| Department | Date    | Fiscal | Indet. | Zero | FN# |
|------------|---------|--------|--------|------|-----|
| REV        | 2/15/04 |        | ✓      |      | 1   |
|            |         |        |        |      |     |
|            |         |        |        |      |     |
|            |         |        |        |      |     |
|            |         |        |        |      |     |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | DO PASS | DO NOT PASS | NO REC | AMEND |
|---------------------------------|---------|-------------|--------|-------|
| Elton                           |         |             | ✓      |       |
| Dyson                           |         |             | ✓      |       |
| Wagoner                         |         |             | ✓      |       |
| Seekins                         |         |             | ✓      |       |
|                                 |         |             |        |       |
| CHAIR:                          |         |             |        | ✓     |

SENATE FINANCE COMMITTEE

SIGN-IN

HB 417-AK NATURAL GAS DEV. AUTHORITY INITIATIVE

NAME: Steve Porter Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: Deputy Commissioner / Revenue Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions