

HB

417

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)
- 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#
REV	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>			✓	
CHAIR: <i>Scott Osan</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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	****	****	****	****	****	****
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CHANGE IN REVENUES ()						
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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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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
Division: Department of Revenue
Approved by: Steve Porter, Deputy Commissioner
Agency: Department of Revenue

Phone (907) 465-2365
Date/Time 2/15/04 8:18 PM
Date 2/15/2004

STATE OF ALASKA

REPRESENTATIVE
MIKE CHENAULT

Official Business

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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.



CITY OF KENAI

" Oil Capital of Alaska "

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TELEPHONE 907-283-7535
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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:

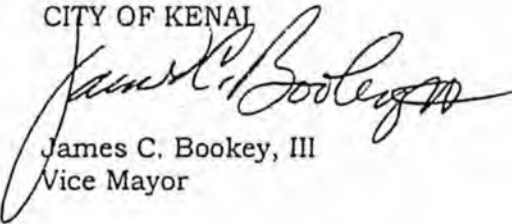
At their regular meeting of February 4, 2004, the Kenai City Council unanimously passed their Resolution No. 2004-08, supporting the passage of Senate Bill 247 to amend the Natural Gas Development Authority Act of 2002.

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


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.

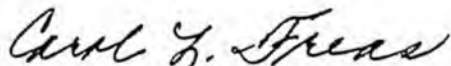
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA:

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

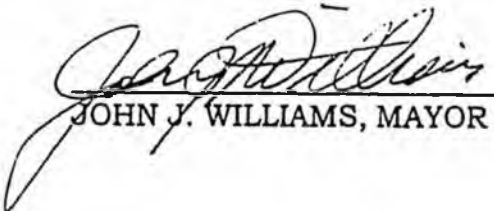
Section 2: Copies of this resolution shall be forwarded to all members of the Alaska State Legislature, the Honorable Governor Frank Murkowski and the Alaska Natural Gas Development Authority.

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

ATTEST:



Carol L. Freas, City Clerk



JOHN J. WILLIAMS, MAYOR

clf

LEGAL SERVICES

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

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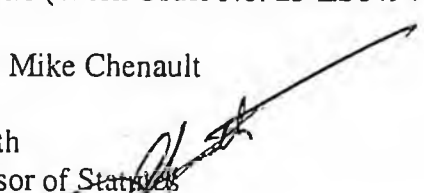
MEMORANDUM

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 Statutes



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

STATE OF ALASKA

REPRESENTATIVE
MIKE CHENAULT

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HOUSE OF REPRESENTATIVES

April 20, 2004

To: Senator Scott Ogan Chair
Senate Resources Committee

From: Representative Mike Chenault 

Re: Request for Hearing HB417

Please consider this a request to schedule HB 417 in Senate Resources Committee as soon as possible.

Any questions can be directed to Sue Wright at 3779. Thank you for your consideration.