

HB

40001

HFIN

FILE

8/4/08

25-GH3056(L)
Bullard/Kane
8/4/08

adopted M/D

CS FOR HOUSE BILL NO. 4001(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making supplemental appropriations, capital appropriations, and other
2 appropriations; making appropriations to capitalize funds; and providing for an
3 effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** DEPARTMENT OF REVENUE. (a) The sum of \$50,000,000 is appropriated
6 from the general fund to the Alaska Gasline Inducement Act reimbursement fund
7 (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under
8 AS 43.90.110(a)(1).

9 (b) The sum of \$25,000,000 is appropriated from the general fund to the Department
10 of Revenue, Alaska Natural Gas Development Authority, for the in-state gas pipeline
11 segment.

12 (c) The sum necessary to pay each qualified resident a \$1,200 resource rebate and to
13 pay related administrative costs is appropriated from the general fund to the Department of
14 Revenue for the Alaska resource rebate program and related administrative costs for the fiscal

1 year ending June 30, 2009.

2 * **Sec. 2. ALASKA ENERGY AUTHORITY.** (a) The sum of \$600,000 is appropriated from
3 the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Alaska
4 Energy Authority for power cost equalization payments for the fiscal year ending June 30,
5 2008.

6 (b) The sum of \$9,000,000 is appropriated from the general fund to the Alaska Energy
7 Authority for payment of power cost equalization for the fiscal year ending June 30, 2009.

8 * **Sec. 3. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** The amount
9 necessary, estimated to be \$1,900,000, is appropriated from the general fund to the
10 Department of Health and Social Services, division of public assistance, to implement
11 provisions of the Alaska resource rebate program relating to continued eligibility for certain
12 assistance programs and veterans' benefits and to pay for related administrative costs for the
13 fiscal year ending June 30, 2009.

14 * **Sec. 4. ALASKA HOUSING FINANCE CORPORATION.** The sum of \$60,000,000 is
15 appropriated from the general fund to the Alaska energy efficient home grant fund
16 (AS 18.56.410) for grants under AS 18.56.410 by the Alaska Housing Finance Corporation.

17 * **Sec. 5. FUEL PURCHASE ASSISTANCE.** (a) The sum of \$5,500,000 is appropriated
18 from the general fund to the bulk fuel revolving loan fund (AS 42.45.250(a)).

19 (b) The sum of \$5,300,000 is appropriated from the general fund to the bulk fuel
20 bridge loan fund (AS 29.60.660(a)).

21 (c) The sum of \$110,000 is appropriated from the bulk fuel bridge loan fund
22 (AS 29.60.660(a)) to the Department of Commerce, Community, and Economic Development
23 for operating costs for administering the bulk fuel bridge loan program for the fiscal year
24 ending June 30, 2009.

25 * **Sec. 6. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.** (a) The
26 sum of \$29,600,000 is appropriated from the general fund to the Department of
27 Transportation and Public Facilities for reconstruction of the Dalton Highway from milepost
28 175 to milepost 209.

29 (b) The sum of \$23,300,000 is appropriated from the general fund to the Department
30 of Transportation and Public Facilities for reconstruction and repair of the Dalton Highway
31 culverts from milepost 260 to milepost 321.

1 (c) The sum of \$18,000,000 is appropriated from the general fund to the Department
2 of Transportation and Public Facilities for material site development and corridor surveys and
3 design starts for gas line infrastructure.

4 * Sec. 7. SHARED TAXES. The amount necessary, estimated to be \$100,000, to pay to
5 municipalities that amount of aviation fuel tax proceeds to which they would have been
6 entitled under AS 43.40.010(e) for aviation fuel taxes that would have been due under
7 AS 43.40.010 during the fiscal year ending June 30, 2009, but were not collected during a
8 suspension of motor fuel taxes imposed under AS 43.40.010 is appropriated from the general
9 fund to the Department of Revenue for the fiscal year ending June 30, 2009, for payment to
10 municipalities of the amounts to which they would have been entitled under AS 43.40.010(e)
11 had not the motor fuel tax been suspended.

12 * Sec. 8. DEPARTMENT OF NATURAL RESOURCES. The sum of \$5,500,000 is
13 appropriated from the general fund to the Department of Natural Resources for gas pipeline
14 implementation.

15 * Sec. 9. LAPSE. (a) The appropriations made in secs. 1(a), 4, 5(a), and 5(b) of this Act are
16 for the capitalization of funds and do not lapse.

17 (b) The appropriations made in secs. 1(b), 6, and 8 of this Act are for capital projects
18 and lapse under AS 37.25.020.

19 * Sec. 10. RETROACTIVITY. Section 2(a) of this Act is retroactive to June 30, 2008.

20 * Sec. 11. CONTINGENCY. The appropriation made in sec. 7 of this Act is contingent on
21 the passage by the Twenty-Fifth Alaska State Legislature and enactment into law of a bill that
22 suspends the motor fuel tax imposed under AS 43.40.010.

23 * Sec. 12. This Act takes effect immediately under AS 01.10.070(c).

8/4/08

25-GH3056M
Kurtz/Kane
8/4/08

replaced

CS FOR HOUSE BILL NO. 4001(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
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Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

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1 "An Act making supplemental appropriations, capital appropriations, and other
2 appropriations; making appropriations to capitalize funds; and providing for an
3 effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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6 the general fund to the Alaska Gasline Inducement Act reimbursement fund
7 (AS 43.90.400(a)) for the natural gas pipeline project construction inducement under
8 AS 43.90.110(a)(1).

9 * Sec. 2. ALASKA ENERGY AUTHORITY. (a) The sum of \$600,000 is appropriated from
10 the power cost equalization and rural electric capitalization fund (AS 42.45.100) to the Alaska
11 Energy Authority for power cost equalization payments for the fiscal year ending June 30,
12 2008.

13 (b) The amount necessary, estimated to be \$100,000,000, is appropriated from the
14 general fund to the Alaska Energy Authority for payment of power cost equalization and

1 related administrative costs for the fiscal year ending June 30, 2009.

2 * Sec. 3. DEPARTMENT OF REVENUE. The sum necessary to pay each qualified resident
3 a \$1,000 resource rebate and to pay related administrative costs is appropriated from the
4 general fund to the Department of Revenue for the Alaska resource rebate program and
5 related administrative costs for the fiscal year ending June 30, 2009.

6 * Sec. 4. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. (a) The amount
7 necessary, estimated to be \$1,800,000, is appropriated from the general fund to the
8 Department of Health and Social Services, division of public assistance, to implement
9 provisions of the Alaska resource rebate program relating to continued eligibility for certain
10 assistance programs and veterans' benefits and to pay for related administrative costs for the
11 fiscal year ending June 30, 2009.

12 (b) The amount necessary, estimated to be \$10,100,000, to pay the maximum benefits
13 allowed under the state implementation of the federal low-income heating and energy
14 assistance program and the Alaska heating assistance program is appropriated from the
15 general fund to the Department of Health and Social Services for the energy assistance
16 programs for the fiscal year ending June 30, 2009.

17 * Sec. 5. ALASKA HOUSING FINANCE CORPORATION. The sum of \$60,000,000 is
18 appropriated from the general fund to the Alaska energy efficient home grant fund
19 (AS 18.56.410) for grants under AS 18.56.410 by the Alaska Housing Finance Corporation.

20 * Sec. 6. FUEL PURCHASE ASSISTANCE. (a) The sum of \$5,500,000 is appropriated
21 from the general fund to the bulk fuel revolving loan fund (AS 42.45.250(a)).

22 (b) The sum of \$5,300,000 is appropriated from the general fund to the bulk fuel
23 bridge loan fund (AS 29.60.660(a)).

24 (c) The sum of \$110,000 is appropriated from the bulk fuel bridge loan fund
25 (AS 29.60.660(a)) to the Department of Commerce, Community, and Economic Development
26 for operating costs for administering the bulk fuel bridge loan program for the fiscal year
27 ending June 30, 2009.

28 * Sec. 7. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
29 DEVELOPMENT. The sum of \$147,600 is appropriated from the general fund to the
30 Department of Commerce, Community, and Economic Development, Regulatory
31 Commission of Alaska, for additional duties related to recalculating power cost equalization

1 levels for the fiscal year ending June 30, 2009.

2 * **Sec. 8. DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.** (a) The
3 sum of \$29,600,000 is appropriated from the general fund to the Department of
4 Transportation and Public Facilities for reconstruction of the Dalton Highway from milepost
5 175 to milepost 209.

6 (b) The sum of \$23,300,000 is appropriated from the general fund to the Department
7 of Transportation and Public Facilities for reconstruction and repair of the Dalton Highway
8 culverts from milepost 260 to milepost 321.

9 (c) The sum of \$18,000,000 is appropriated from the general fund to the Department
10 of Transportation and Public Facilities for material site development and corridor surveys and
11 design starts for gas line infrastructure.

12 * **Sec. 9. LAPSE.** (a) The appropriations made in secs. 1, 5, 6(a), and 6(b) of this Act are for
13 the capitalization of funds and do not lapse.

14 (b) The appropriations made in sec. 8 of this Act are for capital projects and lapse
15 under AS 37.25.020.

16 * **Sec. 10. RETROACTIVITY.** Section 2(a) of this Act is retroactive to June 30, 2008.

17 * **Sec. 11.** This Act takes effect immediately under AS 01.10.070(c).

8/4/08
Failed 2/8

1

25-GH4059\C.4
Kane
8/1/08

AMENDMENT

by Rep. Gara

OFFERED IN THE HOUSE
TO: CSHB 4003(CRA)

1 Page 1, line 5, following "fuel;":

2 Insert "making a special appropriation to the renewable energy grant fund;"

3

4 Page 3, following line 8:

5 Insert a new bill section to read:

6 "* Sec. 5. FUND TRANSFER. (a) The sum of \$150,000,000 is appropriated from the
7 general fund to the renewable energy grant fund (AS 42.45.045).

8 (b) It is the intent of the legislature that the

9 (1) \$50,000,000 a year mentioned in sec. 1(b), ch. 31, SLA 2008, is a
10 guideline and not a cap on appropriations to the renewable energy grant fund (AS 42.45.045);
11 and

12 (2) Alaska Energy Authority may consider qualified projects that cost more
13 than \$50,000,000."

14

15 Renumber the following bill sections accordingly.

16

17 Page 3, following line 17:

18 Insert a new bill section to read:

July 1, 2009

19 "* Sec. 8. Section 5 of this Act takes effect ~~August 20, 2008.~~"

20

21 Renumber the following bill section accordingly.

22

23 Page 3, line 18:

24 Delete "This"

1

Insert "Except as provided in sec. 8 of this Act, this"

2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 8-⁴~~1~~-08

Amendment: HB 4001 L

#1

MEMBER

Favor

Oppose

| MEMBER | Favor | Oppose |
|----------|-------|--------|
| GARA | ✓ | |
| HAWKER | | ✓ |
| JOULE | — | — |
| KELLY | | ✓ |
| NELSON | | ✓ |
| STOLTZE | | ✓ |
| THOMAS | | ✓ |
| CRAWFORD | ✓ | |
| FOSTER | | ✓ |
| | | |
| CHENAULT | | ✓ |
| MEYER | | ✓ |

Yea 2

Nay 8

8/4/00 Failed 3/7

2

AMENDMENT

by Representative Crawford

on HB4001A

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offered in the House Finance Committee

add

ALASKA ENERGY AUTHORITY. The sum of \$2,000,000 is appropriated to the Alaska Energy Authority for environmental, engineering, and related feasibility studies for the Chakachamna Hydroelectric project.

Chakachamna Hydroelectric Project (S1.7B) (CHP)



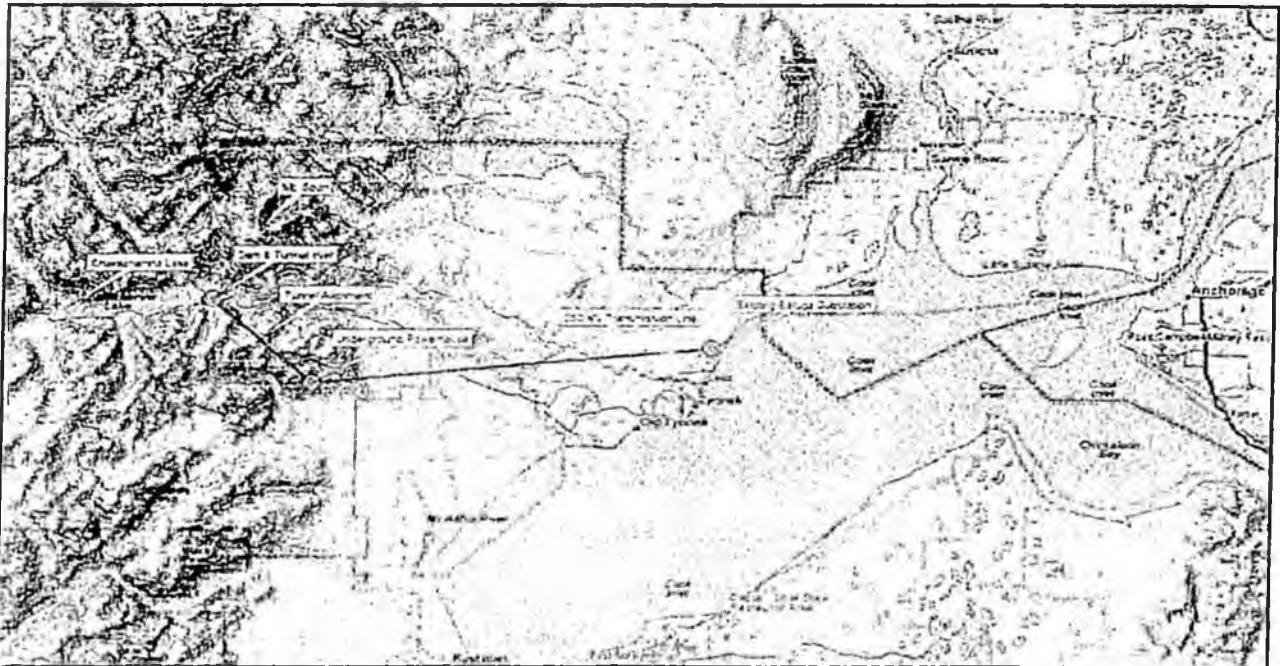
TDX Power has been granted a preliminary permit by the FERC to evaluate the Chakachamna Hydroelectric Project (CHP). This proposed 330 MW hydro facility has been investigated for more than 60 years, and TDX Power believes it has tremendous potential to provide up to 1/3 of the rail belt grid's electric needs. The proposed CHP will have minimal environmental impact and offers the potential for long term, predictably priced power from a renewable energy resource.

Some specific details about the project include:

- The CHP would include 330MW of hydroelectric generating capacity and would produce 1.6 billion kwh per year. Currently, the rail belt grid consumes roughly 5 billion kwh per year.
- The CHP would harness the energy through the inter basin transfer of water from Chakachamna Lake by way of a 10-mile hard-rock tunnel to an underground powerhouse that would discharge to the McArthur River, in the neighboring valley. A small diversion dam, inlet structure, and fish passage facility would be located at the outlet of Lake Chakachamna. (see attached map)

- The total head would be approximately 1,100 feet, and the powerhouse elevation would be near sea level.
- Most of the utilities are looking to bring on new generation in the next eight years, which coincides with the approximate horizon in which Chakachamna could come on line.
- Power from the CHP would be clean and renewable, and would provide a firm, fixed and predictable cost for energy to the rail belt grid. Current generation costs are heavily weighted towards the cost of natural gas.

TDX Power is conducting meetings with state and federal agencies as well as NGO's as part of the preliminary licensing process to develop a project work scope. An initial engineering design and cost analysis will be complete in the early spring of 2008, at which time TDX Power will make a decision on whether or not to continue development efforts in support of the CHP.



The proposed CHP is located approximately 85 miles west of Anchorage and only 42 miles from the Chugach Electric Association (CEA) Beluga substation that feeds power to the "railbelt" grid system.

For questions or further information on the CHP, please contact:

Eric Yould – Project Director
(907) 278-2312 - Telephone
eyould@tdxpower.com - Email



June 26, 2008

Honorable Paul Seaton, Representative
Alaska State Legislature
345 W. Sterling Highway, Suite 102B
Homer, AK 99603

Subject: Chakachamna Hydropower

Dear Representative Seaton:

As you know, TDX Power has obtained a Federal Energy Regulatory Commission preliminary permit to evaluate the hydropower potential of the Chakachatna River on the west side of Cook Inlet.

Chakachamna hydropower has the potential of providing a major portion of the Railbelt's electric needs. If on-line today, the 330-megawatt Chakachamna would be capable of meeting approximately a third of the electrical needs from Homer to Fairbanks. Unfortunately developing such a project is time consuming and costly. If all goes well, we anticipate it will cost in excess of \$20 million and as much as five years to obtain licenses and other approvals for the Chakachamna project, and another \$1.7 billion (2008 dollars) to construct the project over a four-year period.

TDX Power had anticipated first-year funding for field studies of approximately \$2.7 million (See Table 1). However, while we have already committed significant funds to initiate the field investigations, we have found it necessary to limit our program to just those studies depicted in Table 2. We are about \$2 million short of the amount of funding needed to keep the project on schedule. We are in the meantime in negotiations with a potential joint venture partner that will be capable of fully funding the ongoing investigations.

You have asked how the Legislature might help keep this project moving forward in the most expeditious manner. TDX requests State matching funding of \$2 million to assist in the current field investigation program. Not only would State assistance lower the overall cost of Chakachamna power but it would also provide information useful to nearby geothermal and wind resource development in which the State has expressed interest.

We envision that TDX Power and its partners would receive an equity return only on funds we invest directly in Chakachamna. There would be no return on any "debt financing" or, if the State chose, to the partnership for any State contribution. The State could choose to forego repayment of state contributions, in which case the benefit of lower cost power would flow straight through to consumers, or the State could establish a repayment schedule.

4300 B Street, Suite 402 Anchorage, AK 99503

(907) 762-8450 (907) 278-2332 fax

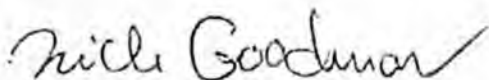
In fact, the Bradley Lake hydropower project was financed partially from a \$200 million equity contribution from the State and the balance from the revenue bond market (approximately \$150 million). Any State funding for Chakachamna could be handled in the same fashion as for Bradley Lake

The State could either contribute directly to the project's development (equity or loan), or it could fund a particular portion of the project, such as the transmission lines and access roads. As I mentioned earlier, other renewable energy development could benefit as well. In addition to Chakachamna, the State is considering development of Mt. Spurr geothermal that is contiguous to Chakachamna, and there is also a significant wind resource in the general area.

Any State assistance at this stage of project development would help keep Chakachamna on a timely track, and ultimately would help to lower the cost of power from the project. Any future equity contributions would further lower the cost of Chakachamna power.

I hope this information is helpful. Please feel free to contact me at 243-9963 or Eric Yould, our Chakachamna Program Director, at 745-8367.

Best Regards,



Nicholas Goodman
Chief Executive Officer

Table 1
2008 Field Program
Chakachamna Hydropower Project
FERC Licensing

| <u>Cost Estimate Summary</u> | | |
|-------------------------------------------|----------------------------------------|--------------------|
| Task | Subtask Name | Total Costs |
| Task 1 – Program Mgt. | Project Management | 193,282 |
| | Communication & Coordination | 881 |
| | Logistics | 640,627 |
| | QA/QC | 33,571 |
| Program Management Subtotal | | \$868,361 |
| Task 2 – Hydrology | Historical Data Evaluation | 4,979 |
| | Stream Gaging Program | 177,751 |
| | Chakachamna Lake Inflow | 5,486 |
| | Chakachamna/McArthur Water Balance | 21,391 |
| | Groundwater Studies | 36,053 |
| Hydrology Subtotal | | \$245,660 |
| Task 3 – Fisheries | Historical Data Evaluation | 14,100 |
| | Lake Bathymetry/Bioacoustics | 195,171 |
| | Didson Sonar Program | 294,894 |
| | Salmon telemetry | 301,517 |
| | Salmon Escapement | 143,113 |
| | Lake Test Netting/General Recon. | 106,721 |
| | Downstream Aquatics Study | 136,553 |
| | Instream Flow Data Needs Assessment | 88,551 |
| | Data Management | 39,643 |
| Fisheries Subtotal | | \$1,320,263 |
| Task 4 – Wetlands | Recon & Background Data Compilation | 48,085 |
| | Design Study of Reduction in Ash Soils | 21,500 |
| | Wetland Hydrology Study Concepts | 32,624 |
| Wetlands Subtotal | | \$102,209 |
| Task 5 – Wildlife | Raptor Nesting Surveys | 21,505 |
| | Breeding Waterbird and Landbird Survey | 101,126 |
| Wildlife Subtotal | | \$122,631 |
| Task 6 – Data Mgt/GIS/Map | Data Management and GIS | 41,363 |
| | Base Mapping | 30,106 |
| | Data Architecture Development Maint. | 38,907 |
| Data Management & GIS Subtotal | | \$110,376 |
| TOTAL ESTIMATED COST | | \$2,769,500 |

Table 2

Chakachamna 2008 Curtailed FERC Licensing Program

| Task Description and Justification | Details | Estimated Cost |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>Acquire seamless QuickBird imagery for project area</p> <hr/> <p>Needed to plan 2009 environmental baseline projects</p> | <p>Current high-quality (approximately 1-meter resolution) imagery will provide the basis for environmental studies that need to be conducted for the project. Existing imagery in the project area is variable and is low resolution that is not sufficient for environmental studies. In addition, glacial extent, stream courses, and other physical features have changed since existing imagery was obtained.</p> | <p>\$35,000</p> |
| <p>Develop topographic mapping of the project area.</p> <hr/> <p>Needed as part of base mapping for planning for 2009 environmental baseline projects, and to develop better understanding of hydrology and wetlands in the Trading Bay area</p> | <p>High resolution (approximately 5-foot contours) topography will be important for evaluating hydrology and wetlands, particularly in the relatively flat portion of the project area above Trading Bay. Readily available topography in the project area is at a course scale that is not useful for environmental baseline study needs.</p> | <p>\$100,000</p> |
| <p>Conduct a detailed literature review</p> <hr/> <p>Needed to assess the status of existing data and identify data gaps</p> | <p>A historical data evaluation for the project area and review of other pertinent literature related to hydrology, fish, wildlife, and wetlands will be critical for developing comprehensive environmental studies for the project area.</p> | <p>\$7,000</p> |
| <p>GIS base mapping and mapping of current stream channels</p> <hr/> <p>Needed to plan 2009 studies to evaluate hydrology, fish, wildlife, and wetlands</p> | <p>Development of comprehensive base mapping will be important for field studies and analysis. Developing mapping of the current stream channels will be important for hydrology and wetlands studies and will be useful for evaluating stream channel changes over time.</p> | <p>\$30,000</p> |
| <p>GIS and field mapping of distributary channels in Trading Bay</p> <hr/> <p>Needed to begin developing basic understanding of the hydrologic regime of Trading Bay</p> | <p>The distributary channels that flow into the Trading Bay State Game Refuge have changed since the original mapping took place and would be affected by a decrease in flow in the Chakachamna River. Ground mapping will help distinguish between upwelling (clear water) and overflow channels and identify fish habitat</p> | <p>\$10,000</p> |
| <p>Conduct fish sampling in Chakachamna Lake</p> | <p>A preliminary evaluation of salmon spawning locations in the Chakachamna</p> | <p>\$45,000</p> |

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>Needed as part of the Federal Energy Regulatory Commission (FERC) licensing process to locate salmon spawning locations</p> | <p>Lake fluctuation zone will help focus fish baseline studies in subsequent years.</p> | |
| <p>Conduct fall fish sampling in downstream habitats</p> <p>Needed as part of the FERC licensing process to evaluate fish use of the Chakachatna and McArthur rivers and tributaries</p> | <p>This task will build on work conducted in the 1980s and help develop a sampling approach for future sampling efforts in the downstream project area.</p> | <p>\$45,000</p> |
| <p>Initiate study to evaluate presence of ash soils in wetlands in Trading Bay region</p> <p>Needed as part of FERC and U.S. Army Corps of Engineers wetlands permitting process</p> | <p>Standard methods for delineating wetlands require analysis of soils on-site. Ash soils do not display features typically used to determine whether wetland soils exist. This task would determine whether ash soils exist there and, if so, install equipment in saturated soils to determine whether the key morphological features are displayed in the saturated ash soils there or not. Several years' data are better for answering this question.</p> | <p>\$45,000</p> |
| <p>Design study to understand link between stream and wetland hydrology</p> <p>Needed to evaluate the potential affect of hydrologic changes on the wetlands in Trading Bay State Game Refuge</p> | <p>Conducting site visits in 2008 would allow the study to be planned over the winter so it could be initiated immediately upon breakup in 2009. This study would be done in conjunction with hydrologic studies initiated in 2008.</p> | <p>\$33,000</p> |
| <p>Conduct fall aerial surveys for birds and mammals</p> <p>Needed to begin assessing the distribution of wildlife, particularly in the Trading Bay State Game Refuge</p> | <p>The redistribution of water from the Chakachatna to the McArthur River may affect wildlife (i.e., migratory waterfowl, moose, bears) in the Trading Bay area if hydrologic changes occur. This study will begin to evaluate baseline wildlife distributions</p> | <p>\$40,000</p> |
| <p>FERC Licensing Contractor to develop Scope of Work and coordinate with State and Federal Agencies</p> | <p>Work required as part of the FERC Integrated Licensing Process</p> | <p>\$110,000</p> |
| <p>Engineer of record to conduct critical assessment of geotechnical features that will impact project features</p> | <p>Assess Mt Spurr volcanic issues as well as the influences of Barrier, Blockade Shamrock and McArthur glaciers on the project. Determine Maximum Credible Earthquake potential of Castle Mountain fault</p> | <p>\$230,000</p> |

2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 8-⁴~~22~~-08

Amendment: HB 4001 - #2

MEMBER

Favor

Oppose

| MEMBER | Favor | Oppose |
|----------|-------|--------|
| HAWKER | | ✓ |
| JOULE | — | |
| KELLY | | ✓ |
| NELSON | ✓ | |
| STOLTZE | | ✓ |
| THOMAS | | ✓ |
| CRAWFORD | ✓ | |
| FOSTER | | ✓ |
| GARA | ✓ | |
| | | |
| MEYER | | ✓ |
| CHENAULT | | ✓ |

Yea 3

Nay 7

8/4/08
Failed 3/7

3

AMENDMENT

by Representative Crawford

on HB4001A

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offered in the House Finance Committee

add

MUNICIPALITY OF ANCHORAGE. The sum of \$3,750,000 is appropriated to the Municipality of Anchorage for construction of a gas to energy power plant at the Anchorage Regional Landfill.



**MUNICIPALITY OF ANCHORAGE
SOLID WASTE SERVICES
ANCHORAGE REGIONAL LANDFILL
GAS-TO-ENERGY PROJECT**

The Municipality of Anchorage Solid Waste Services Department owns and operates the Anchorage Regional Landfill (ARL), located at Hiland Road and the Glenn Highway in Eagle River, Alaska. The landfill is designed and operated in compliance with the Resource Conservation and Recovery Act (RCRA), Subtitle D, which governs landfills accepting non-hazardous, municipal solid waste. The landfill has operated continuously since November 1987, and currently accepts approximately 1,300 tons of municipal solid waste per day. The landfill has a capacity to accept approximately 20 million tons of refuse over its design life. Through 2007, the landfill had accepted approximately 6.5 million tons of waste. The expected remaining life of the facility is 35 years.

Organic wastes placed in the landfill decompose anaerobically over time, producing landfill gas which is typically a mixture of methane (50%), Carbon dioxide (50%) and other minor trace compounds. The gas has a typical energy value of approximately 500 BTUs per cubic foot. By comparison, commercial natural gas contains approximately 1,000 BTUs per cubic foot. In 2006, the Municipality constructed a gas collection and control system at the landfill to comply with Clean Air Act standards. This system currently collects approximately 1,100 cubic feet of landfill gas per minute (cfm), which is currently flared for destruction.

Landfill gas is commonly collected from landfills for beneficial use projects including electrical power generation, direct heat production, fuel production and other projects. The USEPA Landfill Methane Outreach Program maintains a database of nearly 400 landfill sites in the U.S. which have active beneficial use projects. Over 85% of these projects typically include electrical power generation using internal combustion engines as the prime mover of the system.

Prior to construction of the collection system, Solid Waste Services conducted a feasibility study of potential beneficial uses of landfill gas to be collected from ARL. The study considered a variety of alternatives including power generation, introduction into the commercial natural gas distribution system, and building heat projects. On-site electrical power generation using internal combustion-powered generators proved to be the most economical alternative for use of landfill gas at ARL in this study. At the current gas production level, ARL could support a generating facility with a capacity of 3.5 to 4 megawatts.

As part of this study, a model was developed to predict the likely gas generation volumes over the life of the landfill. According to this model, ARL will continue to

produce landfill gas at the current production rate or greater for the next 60 years. Gas production will peak in 2043, the projected date for closure of the landfill. For approximately 20 years, landfill gas production of greater than 2000 cfm is anticipated, allowing the generating capacity to double the current output for that period.

Solid Waste Services proposes to construct the gas-to-energy power plant on a parcel of land within the landfill, adjacent to the current gas collection building. The plant will initially include two internal combustion landfill gas driven generator sets, switch gear and other powerhouse controls. The system will be housed in a metal frame building designed with adequate floor space to add 2 additional generator sets for minimal additional cost. Waste heat recovery will also be included to reduce energy consumption at landfill support facilities. The estimated capital cost for construction of this system is \$7.5 million.

Construction of the facility could commence in early 2009, and be in production before the end of 2009. The project would be developed using a design-build-operate contract. The Municipality would retain ownership of the facility and provide gas to the system.

Power from the plant would be purchased by Anchorage Municipal Light and Power for direct sale to military installations adjacent to the landfill. Landfill gas power meets the criteria established by the Department of Defense in its mandate that installations meet renewable energy consumption goals by 2010. Alternatively Matanuska Electric Association has expressed interest in purchasing power from this facility as part of the generation capacity portfolio they are developing in anticipation of the end of their power purchase agreement with Chugach Electric Association.

2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 8/4/08

Amendment: # 4001 | # 3

| MEMBER | Favor | Oppose |
|----------|-------|--------|
| JOLE | | |
| KELLY | | ✓ |
| NELSON | ✓ | |
| STOLTZE | | ✓ |
| THOMAS | | ✓ |
| CRAWFORD | ✓ | |
| FOSTER | | ✓ |
| GARA | ✓ | |
| HAWKER | | ✓ |
| | | |
| CHENAULT | | ✓ |
| MEYER | | ✓ |

Yea 3

Nay 7

3/4/08

Withdrawn

4

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 4001

BY REPRESENTATIVE Nelson

1

2 Offered in the House Finance Committee

3 Add:

4 ALASKA ENERGY AUTHORITY. The sum of \$25,000,000 is appropriated from the general
5 fund to the Alaska Energy Authority for grants to electrical utilities for the implementation of
6 metering programs for the purpose of energy conservation within their communities.

7

AMENDMENT

Offered in: Finance Committee
To: HB 4001

By: Representative Mary Nelson

Agency:

**Department of Commerce, Community and Economic Development
Alaska Energy Authority**

Project:

Pre paid power meter grants

Amount:

\$25,000,000

Funding Source:

General Fund

Explanation:

The sum of \$25,000,000 is appropriated from the general fund to the Alaska Energy Authority for grants to electrical utilities for the implementation of metering programs for the purpose of energy conservation within their communities.

This program would have the combined effect of improving administrative effectiveness for small utilities in terms of PCE reporting while also encouraging responsible consumption and home economics of individual consumers.

Insert new section with following intent language:

It is the intent of the legislature that this grant be administered in such a manner that the state pays half with the local utility paying the other half.

Napakiak Ircinraq Power Company

P.O. Box 34030

Napakiak, AK 99634

907-589-2227

July 08, 2008

*Honorable Gov. Sarah Palin
Alaska State Capital Building
P.O. Box 110001
Juneau, AK 99811-001*

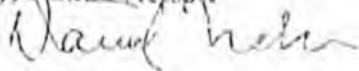
Dear Ms Palin:

We have talked about pre-pay electric meters for some time since finding out from the one of the village near Napakiak who we heard use to have probably worst accounts receivables. I have contacted their bookkeeper from time to time she tells me all the customers began conserving electricity as their daily responsibility to disconnect unnecessary electric appliances this became as a sort of a game to slow down the use of electricity they would decide how much they would pay many of the customers actually have less amount of electricity to pay this saves them money also helps the generators take less load and save fuel.

The utility has no accounts receivable's I believe they are able to lower cost of electricity they have funds available to make repairs and purchase fuel giving the State less dependency. This system works I think it will even be better with wind energy support.

I thought sharing this idea would help the State Live. Conservation program put money into pre-pay systems this will be one of the programs that will ensure sustainable village power companies.

Sincerely, Daniel Nelson



*Cc.
Senator Lyman Hoffman
Rep. Mary Nelson*

Kwethluk Incorporated

P.O. Box 110 Kwethluk, AK 99621 Phone: (907) 757-6613 Fax: 757-6212

July 10, 2008

Honorable Sarah Palin
Alaska State Capitol Building
P.O. Box 110001
Juneau, AK 99811-001

Dear Honorable Sarah Palin:

We are writing in support of state funding for pre-pay electric meters. We have several communities that have been using the meters – some for many years. And, have found that the pre-pay meters contribute to energy conservation and to the sustainability of electric utilities.

Residents in communities with pre-pay meters report that the devices help them to conserve power and save money. Watching your own money run backwards on the pre-pay system is a valuable incentive to actively manage power usage. Residents with the regular meters say they sometimes pass the 500 kWh limit paid by PCE before they know it. For people with such meters, it is hard to know when you have passed the 500 kWh until it is too late. With a pre-pay meter, you always know when you pass the limit.

We have also heard that the pre-pay meters help utilities use less fuel because their customers all use less power. This lowers the overall load on the generators which saves fuel costs.

The pre-pay meters also guarantee collections from our customers. It is often hard to collect from friends and family in a small community and to turn off their power. The pre-pay customers now decide when and how much to pay and we would no longer have to deal with collection problems.

The village has also told us that the customers like the pre-pay system because they can save energy and are now in control. There are no longer large bills to pay at the end of the month.

We hope you will put money into the energy program for pre-pay meters as an energy conservation measure and as a tool to ensure sustainability of our people.

Sincerely,
Kwethluk, Incorporated



George Guy,
Business Manager

cc: Senator Lyman Hoffman
Representative Mary Nelson ✓

City of Napaskiak
P O Box 6109
Napaskiak, Alaska 99559
Phone 1-907-737-7626
Fax 1-907-737-7412

Napaskiak Utility (electric)
P O Box 6078
Napaskiak, Alaska 99559
Phone 1-907-737-7432
Fax 1-907-737-7989

Honorable Sarah Palin
Alaska State Capitol Building
P O Box 110001
Juneau, Alaska 99811-001

Sen. Lyman Hoffman
State Capital Building
Room 518
Juneau, Alaska 99801

Rep. Mary Nelson
State Cap. Building
Room 518
Juneau, Alaska 99801

July 14, 2008

Dear Honorable Legislators,

We are writing in support of state funding for pre-pay electric meters. We have talked with several communities that have been using the meters – some for many years. We have found that the pre-pay meters contribute to energy conservation and to the sustainability of electric utilities.

Residents in communities with pre-pay meters report that the devices help them to conserve power and save money. Watching your own money run backwards on the pre-pay system is a valuable incentive to actively manage power usage. Residents with the regular meters say they sometimes pass the 500 kWh limit paid by PCE before they know it. For people with such meters, it is hard to know when you have passed the 500 kWh until it is too late. With a pre-pay meter, you always know when you pass the limit.

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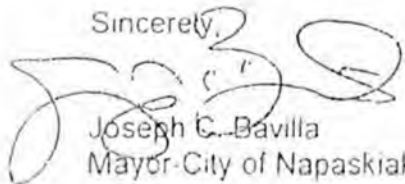
The villages have also told us that the customers like the pre-pay system because they can save energy and are now in control. There are no longer large bills to pay at the end of the month.

We hope you will put money into the energy program for pre-pay meters as an energy conservation measure and as a tool to ensure sustainability of our power company.

We are also declaring declaration for emergency fuel purchase assistance for fall fuel delivery due to financial ability to pay by our members in the community for up-coming fuel delivery prices and hope this pre-pay metering system solves the problem when it is funded. Last year of 2007, we bought 60,000 gallons of fuel for \$183,819.06 and the same fuel order for 60,000 gallons is for \$277,830.00 that is huge increase. Without any assistance from the great State of Alaska, we looking at huge increase in community with the kwh rates from 60 cents as of now to most likely above 60 cents a kwh and most likely some of the residents that don't have the financial ability to pay will definitely will be hurt financially to buy other essential needs in personal needs, such as, food, clothing, gas, etc

Having a loan to buy fuel is another thing, it does not help the community nor the utility in a way to hire from the community, we only send out payments out of town that decreases the financial status to buy more fuel for future use and inability to hire from community due to financial situation

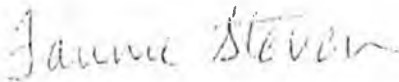
Sincerely,



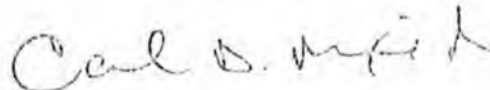
Joseph C. Bavilla
Mayor-City of Napaskiak
P O Box 6109
Napaskiak, Alaska 99559



Noah Okoviak
Chairman-Utility Advisory Board
P O Box 6078
Napaskiak, Alaska 99559



Fannie Steven
City Clerk-City of Napaskiak



Carl Maxie Sr
Manager-Napaskiak Utility (electric)

Cc. file

Clauissa Quinlan
Marsh Creek Energy Systems

[REDACTED]

From: Del Conrad [dconrad@rafs.net]
Sent: Friday, June 06, 2008 9:44 AM
To: Sen. Donny Olson; Rep. Mary Nelson
Subject: Rural Energy Issues for Special Session:
Follow Up Flag: Follow up
Flag Status: Red

Dear Senator Olson and Representative Nelson:

First, I want to thank you for your support for the Bulk Fuel Bridge Loan program in the last regular session. It is becoming increasingly clear that this resource will be much needed in the coming year.

While I understand that you are currently occupied with AGIA, the Governor's call for a special session to address energy needs following the AGIA session presents an opportunity to make meaningful impacts on energy cost and availability in rural Alaska and I wanted to give you my perspective as someone who is closely involved with rural energy issues.

As we are all aware, fuel costs are increasing significantly. Initial spring deliveries are showing a 30% increase over fall deliveries to the same locations. AVEC is reporting an 85% increase in their fuel cost. This increase is having a significant impact on the ability of communities to purchase fuel for heating and electric generation. We are already seeing new communities applying to the Bridge Loan program and communities currently in the program showing significant increases in their financial need.

Based on these factors and the Governor's willingness to invest in energy assistance, I suggest the following:

- Given the increased cost of fuel and the likelihood that more communities will require funding:
 - The Bulk Fuel Bridge Loan fund should be increased \$2.7 million to \$5 million dollars.
 - The maximum loan limit should be increased from \$500,000 to \$750,000
 - The administrative fee associated with program should be increased by \$150,000 to account for the increased cost of the program
- Any energy assistance program should include language that designates the funds to go first to pay off short term fuel loans to the AEA Bulk Fuel Revolving Loan program or the Bulk Fuel Bridge Loan program. This will help ensure that funds are available in the loan program while still providing assistance to rural communities. Presently many communities assign their revenue sharing to pay off these debts. By including this language it will simplify the paperwork and help keep the loan programs whole.
- Administrative competence is often difficult in small communities, and anything we can do to help that is an important step. Accordingly, I would encourage state grants for the installation of pre-paid meter systems for independent electric utilities.

- Similarly, training in spill response, fuel handling and tank farm operations will all help ensure that fuel losses due to spills are minimized. While AEA provides this training thru AVTEC in Seward, having grants available to provide training in village will compensate for the high rate of turnover amongst village fuel operators.
- Direct payments to residents for energy assistance provide short term relief, but should only be used as a stop gap if other actions are in place to structurally change the cost of energy in rural Alaska.
 - Any kind of Debit/Credit card will be of little use to rural residents, so subsidies should either be in the form of direct cash payments or payments to utilities and fuel companies on behalf of residents.
- Into the mid-term, the only way to effectively use alternative energy is to stretch wires between communities, allowing us to maximize energy sources such as hydro, wind and geothermal and spread the benefits across rural Alaska. Creating single site energy sources creates diseconomies in capital investment, operating expense and administration. Only by allowing the cost of generation plants to be spread over many meters can they be optimized. While alternative energy sources are being developed, inter-village transmission lines improve the economics of rural Alaska by centralizing generation and therefore reducing maintenance costs, reducing fuel use per kilowatt hour (since larger generators are more efficient than smaller ones), reducing fuel handling costs and risks by building one large fuel farm instead of several small ones, and improves administrative costs by allowing for centralized billing and collection.

Once again, thank you both for your assistance this last legislative session. Please feel free to contact me either by email at this address or on my cell phone at (907) 227-1498.

Best regards,

Del Conrad
CEO
Rural Alaska Fuel Services, Inc.

2007 HOUSE FINANCE COMMITTEE VOTE SHEET

DATE: 8/4/08

Amendment: # 4001

5

conceptual for labor

MEMBER

Favor

Oppose

| MEMBER | Favor | Oppose |
|----------|-------|--------|
| KELLY | | ✓ |
| NELSON | ✓ | |
| STOLTZE | — | |
| THOMAS | | ✓ |
| CRAWFORD | — | |
| FOSTER | ✓ | |
| GARA | ✓ | |
| HAWKER | | ✓ |
| JOULE | — | |
| MEYER | | ✓ |
| CHENAULT | | ✓ |

Yea

3

Nay

5

8/3/08

Suzanne Cunningham

From: Wheeler, Dennis A (RCA) [dennis.wheeler@alaska.gov]
Sent: Sunday, August 03, 2008 1:05 PM
To: Suzanne Cunningham
Cc: Sara Fisher-Goad; Ryder, Amanda (CED); Wilde, Ann (RCA); Pickett, Bob (RCA)
Subject: CSHB 4005\M

Importance: High

Suzanne - the addition of commercial customers into the calculation will slow us down in two respects - calculation of the base rate (AS 42.45.110(c)(2)) and calculation of the actual rate (AS 42.45.110(b)). Our fiscal note asks for two new positions, which will help - but it takes time to staff up and also rework the spreadsheets and databases we use. It appears that the section 4 amendment to the base rate calculation (AS 42.45.110(c)(2)) creates two base rates - one for residential and one for commercial. That will generate significant retooling and ongoing work over the effective life of the provision. I do not see the RCA being able to implement this fully by October 1, if the goal is to have this reflected a base rate change in utility bills issued on or just after October 1, especially with respect to modifying the tariffs of all the regulated utilities. It will take us to the end of the year to staff up and train, given this added component. We would recommend making the provisions regarding commercial customers effective January 1.

From: Aves Thompson [mailto:aves@aktrucks.org]
Sent: Friday, August 01, 2008 1:38 PM
To: Rep. Kevin Meyer; 'Rep Bill Stoltz'; Rep. Bill Thomas; Rep. Harry Crawford; Rep. Les Gara;
Rep. Mary Nelson; Rep. Mike Chenault; Rep. Mike Hawker; Rep. Mike Kelly; Rep. Reggie Joule;
Rep. Richard Foster
Cc: Randall Ruaro
Subject: CSHB 4005 Fuel Tax Suspension

The Alaska Trucking Association supports the suspension of the motor fuel tax for the short term to help address current high fuel prices. While this suspension will not return prices to earlier more reasonable levels, we do feel that it can be one piece of a larger plan to provide Alaskans with reliable, affordable energy supplies.

Aves Thompson
Executive Director
Alaska Trucking Association
907.276.1149 phone
907.240.0114 cell
www.aktrucks.org

Please post.

From: Connie Fredenberg [mailto:conniefredenberg@mtaonline.net]
Sent: Friday, August 01, 2008 1:36 PM
To: Rep. Mike Chenault; Rep. Kevin Meyer; Rep. Bill Stoltze; Rep. Richard Foster; Rep. Mike Hawker; Rep. Mike Kelly; Rep. Bill Thomas; Rep. Harry Crawford; Rep. Les Gara; Rep. Reggie Joule; Rep. Mary Nelson
Subject: *****SPAM***** Comments on House Bil No. 4005

Dear Legislators,

I have worked with rural electric utilities for the past 5 years. I am in support of HB 4005, which addresses changes to the Power Cost Equalization Program, but have a few general suggestions based upon my experience.

I would suggest leaving the 500 kWh limit for residents in place. Changing the eligible hours during the summer and winter will create a reporting confusion for many utilities and increase the reviewing burden on the AEA.

Raising the limit to 700 kWh will also discourage conservation and increase fuel consumption by the utility. This is not the direction we should be going.

Communities that have installed pre-pay metering systems rarely have ratepayers that exceed the 500 kWh limit because ratepayers are very aware of their energy consumption. Assisting rural utilities to get pre-pay electric meters will provide far more benefits to both ratepayers and utilities in the long run than raising the limit to 700 kWh.

I strongly support raising the ceiling for the PCE subsidy. The maximum amount (\$.3765/kWh) has been reached by some utilities while their fuel costs continue to rise to unprecedented levels with no relief in sight. Some utilities I work with are very reluctant to raise their rates, as should happen with such fuel cost increases, because their ratepayers already struggle to pay the current rates.

Thank you for addressing this most pressing issue.

Sincerely,

Connie Fredenberg

David Lean
516 Bennington Dr
Fairbanks, AK 99709
590-3850

Aug 1, 2008

Representative Mike Chenault
Alaska House of Representatives
800-469-3779
Fax-907-465-2833

Dear Representative Chenault:

I strongly support HB4001 for additional funding for maintenance and improvement of the Dalton & Elliott Highways. A portion of my livelihood depends on the condition of these roads. I work for a trucking company that uses these roads to serve a number of customers. Road conditions, both general and seasonal, are a personal concern with regards to coworker safety and economic viability of my employer.

Best wishes in getting this bill passed.

David Lean

Please post.

From: Harry McDonald [mailto:hmcDonald@carlile.biz]
Sent: Friday, August 01, 2008 10:49 AM
To: Rep. Mike Chenault
Subject: HB and SB 4001

To All Legislators,

I am writing with my support of HB and SB 4001, an act making supplemental and capital appropriations.

Of particular importance to me is the Gas Pipeline Infrastructure Preparation section, page 2 lines 18-24, and page 3 lines 1-5. The highways and bridge that are being considered for repair and construction are critical infrastructure aspects for the transportation corridor of Alaska.

These roads have always been in need of attention for Alaska's longevity purposes as well as supporting the infrastructure this state is going to require for the reason of a gas line construction. Without sufficient improvements to our highways and bridges, movement of supplies and material will not be sufficient to maintain an economic attraction in terms of supply and demand for a sustainable construction project of this size.

I ask that you support the \$130 million appropriation for capital expenditures related to transportation and infrastructure as written in HB and SB 4001.

Thanks for your consideration,

Harry McDonald
907-276-7797

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

3132 CHANNEL DRIVE
PO Box 112500
JUNEAU, ALASKA 99811-2500

FAX: (907) 586-8385
PHONE: (907) 465-3900

July 30, 2008

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
50 Front Street, Suite 203
Ketchikan AK 99901

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
716 W. 4th Ave., Suite 530B
Anchorage AK 99501-2133

Dear Senators Stedman and Hoffman:

This letter is in response to questions posed by the Senate Finance Committee during the hearing on Senate Bill 4001 on July 23, 2008. Enclosed is a comparison of Haines vs. Skagway as the preferred port of entry for gas pipeline equipment and pipe. As discussed in committee, the Department is completing a "Cost Estimating Overview." This will include the determination of an inflation factor to be applied to projects. It is anticipated this will be completed by mid-October. Copies will be forwarded to you, for distribution to your committee members, as soon as complete. We will be happy to provide briefings to you and any member of your committee at that time as well.

The need for the funding in SB 4001 is critical for the Department to be successful in our goal to have the routes prepared for moving modules, pipe and equipment prior to start of gasline construction. Road closures, pilot cars and detours during construction will increase the cost to the builders as well to the state's construction projects. We need to start now in order to be ready for gasline construction to begin in 2015/2016.

The short timeframe within which to complete road upgrade projects increases the importance of spreading the work out as much as possible. Starting construction in 2009 will gain an additional construction season. This gets projects underway immediately and prevents these same projects from being coupled together with other work in future years. We want to have a level approach to letting these contracts so as to not create a huge spike in work and overheat the construction segment of the economy.

Developing a workforce to construct highway projects and seamlessly transition into pipeline construction is an additional factor in starting projects now. The sooner there are projects needing operators, mechanics, laborers etc.; the more there will be workers looking to start the training necessary to work on these types of projects.

"Providing for the well-being of people and goods and the interests of state resources."


Sen. Stedman & Sen. Hoffman

Page 2

July 30, 2008

If you need additional information, do not hesitate to contact me or Deputy Commissioner Frank Richards at 465-3900.

Sincerely,


FOR Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

Enclosure: Haines vs. Skagway as Point of Entry

cc: Frank Richards, Deputy Commissioner of Highways & Public Facilities, DOT&PF
Nancy Slagle, Director, Division of Administrative Services, DOT&PF
Mary Siroky, Legislative Liaison, DOT&PF

WHY USE HAINES VS. SKAGWAY AS THE POINT OF ENTRY FOR CONSTRUCTION OF THE NATURAL GAS PIPELINE

The Department does not have estimates for a comparison of cost differences between bringing the Haines Highway vs. Klondike Highway (Skagway) up to the standards necessary to support gasline construction. Below is a discussion of the information the department considered and why it reasons gas pipeline freight will be shipped through Haines.

Both highways have bridges needing replacement in anticipation of the volume of truck traffic and module movements anticipated during construction. The Haines Highway has substantially more miles of substandard road than the Klondike Highway. Regardless of gasline construction, DOT&PF plans to upgrade the substandard portions of the Haines Highway and the Chilkat River Bridge as well as the Klondike Highway's Captain William Moore Bridge. These upgrades are part of the Department's long term goal of modernizing all National Highway System routes.

Skagway has significant issues making it less practical as a port of entry for gasline construction. The port is very busy during the summer tourism season¹ with up to 15,000 pedestrians walking in and around the port area. The port has a mix of vessels including cruise ships, Alaska Marine Highway System ferries and commercial freight operations shipping gold concentrate from Yukon area mines. In discussions this June with the Assistant Deputy Minister for the Yukon Department of Highways and Public Works, he anticipates up to 10 major mines going into production in the next few years, with concentrate being hauled to the ore dock in Skagway. This will add significant traffic to an already busy port. Finally, the grade up and over the Klondike Highway pass is much steeper than on the Haines Highway and would pose a significant challenge to heavy pipe hauling and module moving.

In 2003, Flour International produced a gasline logistics report for BP Exploration selecting Haines as the "port of entry" for 460 miles of the project's pipe based on these same factors. This information, as well as lengthy discussions with logistics experts who have consulted with the Producers, has repeatedly emphasized Haines rather than Skagway as the preferred port of entry.

Based on the above discussion, upgrade of the Haines Bridge is being proposed now. The department anticipates funding the upgrade of the Captain William Moore Bridge after 2012 with federal bridge funding.

¹ Summer tourist season begins at the end of April and extends through September.



ASSOCIATED GENERAL CONTRACTORS of ALASKA

July 30, 2008

Representative Mike Chenault
145 Main St. Loop # 223
Kenai, AK 99611

Dear Representative Chenault:

I'd like to take this opportunity to voice support for many of the provisions in HB 4001

Although I can't speak for all of the items in the appropriations bill, the Dalton and Haines Highway projects under the Department of Transportation have been identified in the recently "Transportation Infrastructure Study". This study is an update of a draft report done in 2005.

Many of these projects have been designed with federal funds, and are in the long queue waiting federal funding for construction. Funding through this appropriation will allow these projects to proceed sooner and be under construction next summer, rather than displacing projects in the STIP.

Also important is funding for preconstruction for a number of projects. Preconstruction funding allows design and permitting work to proceed in advance of an appropriation for construction. This results in "shelf ready" projects and improves ability of DOT to stay ahead of the curve.

In order to maximize Alaskan hire on the future Gas Line project, it is important that we expand our Alaskan workforce through training in the skill sets needed. Fitting hand in hand with an appropriation for construction projects for gas line readiness is an appropriation for workforce development. It does little good to put effort into workforce development if we can't provide jobs for the apprentices entering the workplace.

Thank you for your time and consideration.

John MacKinnon
Executive Director
Associated General Contractors

ANCHORAGE
800 SOUTH TROON STREET • ANCHORAGE, AK 99518
TELEPHONE (907) 561-5374 • FAX (907) 562-6118
<http://alaska.agc.org>
Email: info@agcak.org

FAIRBANKS
P.O. BOX 60005 • FAIRBANKS, AK 99706
TELEPHONE (907) 452-1809 • FAX (907) 456-8599
Email: fairbanksagc@acsalaska.net



ASSOCIATED GENERAL CONTRACTORS of ALASKA

July 30, 2008

Representative Mike Chenault
145 Main St. Loop # 223
Kenai, AK 99611

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John MacKinnon
Executive Director
Associated General Contractors

ANCHORAGE
6005 SUTHERON STREET • ANCHORAGE, AK 99518
TELEPHONE (907) 561-7374 • FAX (907) 562-6118
<http://www.agc-ak.org>
Email: info@agc-ak.org

FAIRBANKS
P.O. BOX 60005 • FAIRBANKS, AK 99706
TELEPHONE (907) 452-1809 • FAX (907) 456-8599
Email: fairbanks@agc-ak.org

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000
Reference No: 46875

AP/AL: Appropriation
Category: Development

Project Type: Planning

Location: Statewide
House District: Statewide (HD 1-40)

Contact: Jerry Burnett
Contact Phone: (907)465-2312

Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

This project will cover work on right-of-way, preliminary engineering, permitting, planning, and design of a 370 mile spur line from Delta Junction to Beluga. This request will help fund the costs of outside experts and consultants.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|--------------|--------|--------|--------|--------|--------|--------------|
| Gen Fund | \$25,000,000 | | | | | | \$25,000,000 |
| Total: | \$25,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,000,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|----------|----------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

\$4,000,000 sec. 10, ch. 29, SLA 2008

Project Description/Justification:

Alaska residents need new sources of low cost energy. The gas pipeline from the Alaska North Slope to Alberta presents an opportunity for that energy. The spur line could bring North Slope gas to many Alaska residents beyond those that live along the pipeline route.

This CIP request would provide expertise and advice to the Alaska Natural Gas Development Authority (ANGDA) regarding construction of a spur line from Delta Junction to Southcentral Alaska. More specifically:

Ensure that all right-of-way issues are adequately resolved and permissions in place as expeditiously as possible;

Review and advise on aspects of gasline project engineering and design to ensure feasibility and integrity of the take-off point design;

Develop contract and bonding documents for aggregation of utility gas needs;

Evaluate capacity requirements to support LNG;

Develop joint venture partnership documents, financing plan, request certificate of public convenience and necessity.

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000
Reference No: 46875

- Provide consultation and assistance obtaining any state or federal permits associated with the spur line segment; and
- Purchase propane on North Slope for "pilot" project and tank rental.

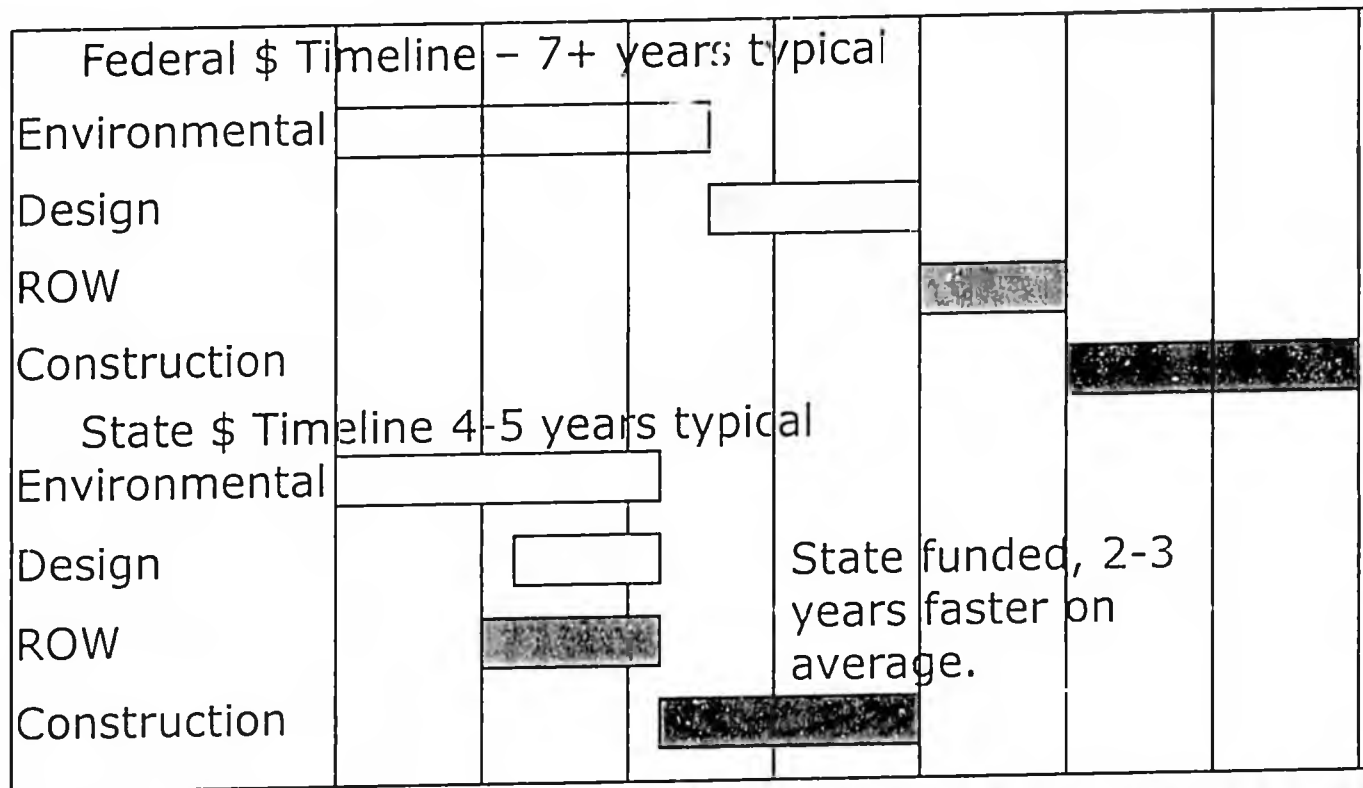
Why this Project is Needed Now: The timing of an open season for a mainline project is short. The initial open season will occur in calendar year 2010. It is imperative that the spur line be positioned to offer transportation service at the same time the open season for the mainline is conducted. This work is expected to begin in FY09. The expenditure of funds is expected to continue through FY13.

Line Item Expenditures: Services \$25,000,000 for contracting out the right-of-way, engineering, financing, permitting, and design of a spur line.

| AGIA Appropriation Requests | Funding Priority | Governor's FY09 Full Request | Estimated Expenditures by Fiscal Year (in thousands) | | | | | |
|-------------------------------------------------------------------------------------------|------------------|------------------------------------|------------------------------------------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| | | | FY09 | FY10 | FY11 | FY12 | FY13 | 6-year total |
| HB/SB 4001 | | | | | | | | |
| Revenue - AGIA Reimbursement Fund | 1 | \$500,000.0 | \$500,000.0 | | | | | \$500,000.0 |
| Natural Resources - Gas Pipeline Implementation | 2 | \$15,000.0 | \$5,550.0 | \$3,200.0 | \$2,175.0 | \$2,175.0 | \$1,900.0 | \$15,000.0 |
| Revenue - AK Natural Gas Development Authority Gas Pipeline: Spur Line Segment | 3 | \$25,000.0 | \$25,000.0 | | | | | \$25,000.0 |
| Labor - Gasline Workforce Development | 4 | \$34,800.00 | \$6,960.00 | \$6,960.00 | \$6,960.00 | \$6,960.00 | \$6,960.00 | \$34,800.00 |
| Transportation - Dalton Highway Reconstruction | 5 | \$75,400.0 | \$75,400.0 | | | | | \$75,400.0 |
| Transportation - Preconstruction-Dalton, Elliott, Richardson, Alaska & Haines Highways | 6 | \$31,000.0 | \$31,000.0 | | | | | \$31,000.0 |
| Transportation - Haines Highway Reconstruction/Chilkat River Bridge Replacement | 7 | \$23,500.0 | \$23,500.0 | | | | | \$23,500.0 |
| Education - Gasline Workforce Scholarship Program | 8 | \$4,500.0 | \$900.0 | \$900.0 | \$900.0 | \$900.0 | \$900.0 | \$4,500.0 |
| University of Alaska - Gasline Workforce Equipment | 9 | \$1,072.0 | \$1,072.0 | | | | | \$1,072.00 |
| Alaska Works Partnership Pipeline Training Center Equipment | 10 | \$2,287.5 | \$2,287.5 | | | | | \$2,287.50 |
| TOTAL HB/SB 4001 | | \$712,559.5 | \$671,669.5 | \$11,060.0 | \$10,035.0 | \$10,035.0 | \$9,760.0 | \$712,559.5 |

STATE FUNDS ADVANTAGES

Years



AGIA

The Alaska Gasline Inducement Act

Gas Pipeline Implementation



NOIA Gas Pipeline Implementation

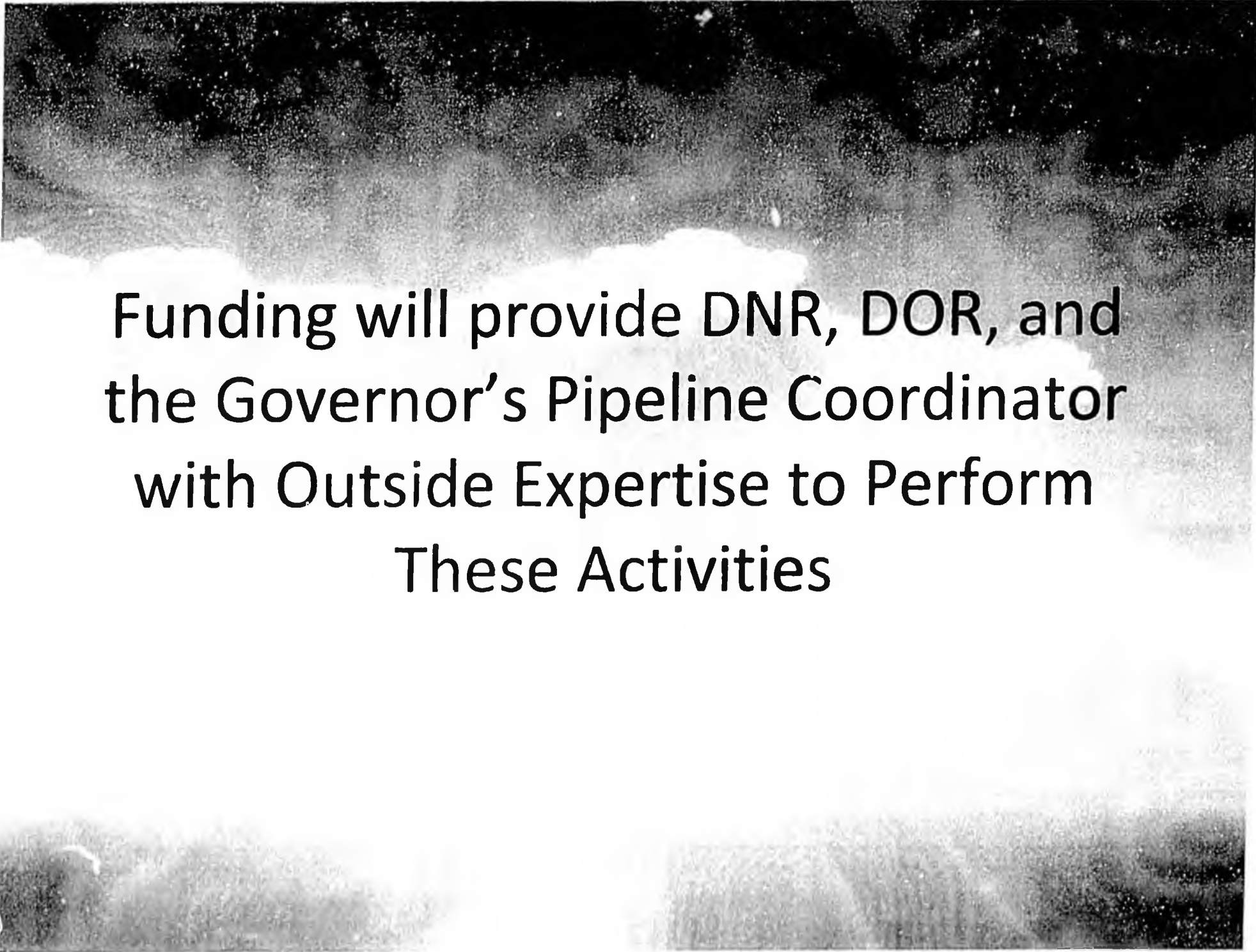
- DNR, DOR, and the Governor's Office have roles in achieving a successful project
 - Monitor TC Alaska activities to ensure that it fulfills its license obligations
 - Work to ensure that the first open season is successful.
 - Monitor and audit pipeline expenditures.
 - Facilitate the issuance of environmental permits and other government approvals.

Conformance with License

- TC Alaska required to diligently pursue its work plan. A team will be assembled to ensure that it does so.
- The experts and team that is working to ensure compliance with the License terms will also seek out ways to work with TC Alaska to help ensure a successful open season.

Development and Conditions

- Implement AGIA's upstream inducements:
 - Royalty Valuation and RIV/RIK switching regulations
 - Possible fiscal certainty regulations
- Determine possible additional state inducements to help ensure success of the first open season
 - Resource assessments, manage State's relationship with TC Alaska, ongoing assessment of project costs and economic conditions
 - Examination of Alaska's gas fiscal regime



Funding will provide DNR, DOR, and
the Governor's Pipeline Coordinator
with Outside Expertise to Perform
These Activities

Key areas of expertise:

• Values and ratemaking

- Policies of the FERC, RCA, and NEB
- Gas pipeline access
- Engineering and Project costs
- Project Economics
- Federal loan guarantees
- Project management
- Worldwide gas investment opportunities
- Pipeline development accounting
- Environmental oversight
- Project management

Budget

1. Conformance with license provisions \$7,500,000

2. Monitor commercial developments
and conditions \$6,500,000

3. Oversight & Environmental Permit Coordination \$1,000,000

Total \$15,000,000

State of Alaska - Department of Natural Resources - Gas Pipeline Work
 Funding Overview - AGIA, ROW/Permitting and other Gasline Appropriations
 As of: 7-11-2008

| AGIA - Specific Appropriations | Authorized | Spent | Obligated | Balance | Notes |
|------------------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|---------------|
| AR 40757 - Gas Pipeline Analysis SLA07/Ch 6, no lapse (capital) (GF) | <u>\$6,550,000.00</u> | <u>\$6,414,764.55</u> | <u>\$135,235.45</u> | <u>\$0.00</u> | O&G |
| AR 38191 - FY08 RSA from Law for Valuation Expert (IA) | <u>\$2,500,000.00</u> | <u>\$1,666,667.00</u> | <u>\$833,333.00</u> | <u>\$0.00</u> | O&G |
| Right-of-Way and other Gasline Appropriations | | | | | |
| AR 37991 - Risk Analysis - SLA04/CH159, lapse 2009 (GF) | <u>\$1,580,000.00</u> | <u>\$1,425,799.83</u> | <u>\$0.00</u> | <u>\$154,200.17</u> | O&G |
| AR 37992 - ROW/Permitting SLA04/CH159, lapse 2009 (GF) | <u>\$3,900,000.00</u> | <u>\$907,612.18</u> | <u>\$26,572.04</u> | <u>\$2,965,815.78</u> | Comm Oil Duct |
| AR37931 - Risk Analysis & Royalty Issues, SLA05/CH3, lapse 6/2009 (GF) | <u>\$2,500,000.00</u> | <u>\$2,125,913.66</u> | <u>\$374,086.15</u> | <u>\$0.19</u> | O&G |
| TOTAL - AGIA/ROW/Risk Analysis | <u>\$17,030,000.00</u> | <u>\$12,540,757.22</u> | <u>\$1,369,226.64</u> | <u>\$3,120,016.14</u> | |
| Appropriations to Commissioner's Office for Gasline Workload | | | | | |
| AR37996-CommWorkload SLA05/CH6, lapse 2010 (GF) | <u>\$150,000.00</u> | <u>\$105,000.00</u> | <u>\$0.00</u> | <u>\$45,000.00</u> | Comm Off |
| AR37936-Comm Workload, SLA05/CH3, lapse 2010 (GF) | <u>\$50,000.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$50,000.00</u> | Comm Off |
| TOTAL Comm Off | <u>\$200,000.00</u> | <u>\$105,000.00</u> | <u>\$0.00</u> | <u>\$95,000.00</u> | |
| Appropriation to Oil & Gas for Gasline Workload | | | | | |
| AR37995-O&G Increased Workload SLA05/CH6, lapse 2010 | <u>\$2,025,000.00</u> | <u>\$1,531,055.00</u> | <u>\$20,217.00</u> | <u>\$473,728.00</u> | Oil & Gas |
| TOTAL O&G | <u>\$2,025,000.00</u> | <u>\$1,531,055.00</u> | <u>\$20,217.00</u> | <u>\$473,728.00</u> | |

Gasline Workforce Scholarship Program FY2009 Request: \$4,500,000
Reference No: 46871

AP/AL: Appropriation Project Type: Construction
 Category: Education
 Location: Statewide Contact: Guy Bell
 House District: Statewide (HD 1-40) Contact Phone: (907)465-2700
 Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

This request would establish a Gasline Workforce Scholarship Program for recent high school or GED graduates preparing for careers in AGIA-related occupations requiring Associates or Certificate level training and enrolling in programs of a minimum of eight weeks in length and up to two years in length.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|---------------|--------------------|------------|------------|------------|------------|------------|--------------------|
| Gen Fund | \$4,500,000 | | | | | | \$4,500,000 |
| Total: | \$4,500,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,500,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|----------|----------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:
 No previous funding has been provided for this project.

Project Description/Justification:
Gasline Workforce Scholarship Program \$4,500,000
 (AGIA Training Strategic Plan Strategy 4.2f)

This request would establish a scholarship program for recent high school or GED graduates preparing for careers in AGIA-related occupations requiring Associates or Certificate level training and enrolling in programs of a minimum of eight weeks in length and up to two years in length.

Scholarships would be capped at the lesser of student costs to attend (after other non-loan aid) or \$6,000 per year per student for tuition or other education-related expenses such as tools, testing fees tied to industry certification, concurrent (dual) enrollment credits, approved living expenses, etc. Fifty percent of the award will be disbursed on program entry and 50 percent at program midpoint, consistent with federal grants, so long as the student is making satisfactory academic progress.

Eligibility will be limited to the 113 AGIA-related occupations as established by the Alaska Department of Labor and Workforce Development's Research and Analysis section, grouped as follows: Crafts, Equipment Operators, Material Handling, Logistics, Operations, Administration, Camps/catering, Office & Field Engineering, Environmental, and Safety.

Specific credentials will be identified for each scholarship-eligible occupation.

The program will be administered by the Alaska Commission on Postsecondary Education (ACPE). We are proposing to provide approximately 150 scholarships per year and are requesting \$4,500.0 GF over the five-year period. ACPE can manage this program as part of ongoing grants oversight, and forego charging administrative overhead. There may be a minimal cost related to modification of ACPE's grant management system to efficiently accommodate program administration.

The Commissioner of Labor and Workforce Development will develop the rules and procedures for eligibility with review and approval by the Alaska Workforce Investment Board. Rules will include the following:

- Return of funds if student drops out of a program; to keep management simple we will require that the school return any refund due the student to the grant program, and not require return of funds if the student drops after the school refund deadline.
- Distance education program eligibility.
- Requirement that students attend full-time.
- Requiring schools to collect completion and placement rates to document program success.
- Rules to determine whether a program qualifies as AGIA-related.
- Priority for scholarships will be for Alaskans enrolling at publicly funded and accredited postsecondary programs.

Eligible Schools: Any Alaska postsecondary training institution authorized or determined to be exempt from authorization to operate in Alaska by ACPE, and which offers a qualifying program of study. Schools will need to sign a Program Participation Agreement (PPA) indicating their willingness and ability to ensure funds are only disbursed to eligible students and are promptly returned if not used.

Funds disbursement: funds would be disbursed in care of the school upon school certification that the student is enrolled and otherwise eligible.

Preparation: Eligibility is limited to Alaska residents and includes high school diploma or GED and Work Keys scores, or enrollment in a Tech Prep program that is AGIA-related.

Gasline Workforce Development

FY2009 Request: \$34,800,000
Reference No: 46867

AP/AL: Appropriation Project Type: Construction
Category: Education
Location: Statewide Contact: Guy Bell
House District: Statewide (HD 1-40) Contact Phone: (907)465-2700
Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

Funding for a five-year program necessary to implement the strategies from the AGIA Training Plan Steering Committee for skills development in preparation for pipeline occupations.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|---------------|---------------------|------------|------------|------------|------------|------------|---------------------|
| Gen Fund | \$34,800,000 | | | | | | \$34,800,000 |
| Total: | \$34,800,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$34,800,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|----------|----------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

Previous funding for this program includes a federal grant of \$7.5 million for Pipeliner Training and funds approved by the legislature in the FY09 operating and capital budgets.

Project Description/Justification:

Department of Labor and Workforce Development

Job Awareness Program \$750,000

(AGIA Training Strategic Plan Strategy 1.1)

Integrated Job Awareness Program for the Department of Labor and AGIA Job Opportunities to maximize Alaska hire. Approximately 19 percent of Alaska's workforce is nonresident and nonresidents earn approximately \$1.5 billion in Alaska wages.

This program will address the current demand for existing jobs and training opportunities, with a second phase to focus exclusively on AGIA-related job opportunities.

This comprehensive outreach effort will make all Alaskans aware of training opportunities and in-demand occupations. The focus will be on the 113 gasline occupations identified by the Gasline Training Strategic Plan Steering Committee. A variety of media vehicles and resources will be used to reach all Alaskans, from urban areas to rural communities.

Pipeline Administrator \$800,000

(AGIA Training Strategic Plan Strategy 1.2a)

The Pipeline Training Program Administrator will be the Department of Labor and Workforce Development's project manager for implementation of the Alaska Gasline Training Strategic Plan: http://www.labor.state.ak.us/AGIA_teams/docs-combined/agiaweb.pdf

The Administrator will work closely with each agency involved in plan implementation, the gasline licensee, training providers, and private industry to maximize employment of Alaskans on the gasline. This request fulfills strategy 1.2a of the Gasline Strategic Plan.

Pipeline Training Program Administrator Range 23F

- Salary and Benefits \$ 131,900
- Travel, Contractual, Supplies \$ 28,100
- Total \$ 160,000

Adult Basic Education Increase \$2,500,000
(AGIA Training Strategic Plan Strategy 2.5a)

The Adult Basic Education (ABE) program prepares Alaskans for employment by providing instruction in the basic skills of reading, writing, mathematics, and General Educational Development (GED) preparation and testing. In addition to basic skills instruction, ABE provides assistance with basic reading and math components need for trades apprenticeships and job training curriculum. An increase in funding will allow for remediation of basic skills deficiencies with an emphasis on preparation for AGIA-related occupational training programs. In effect, ABE provides developmental reading, writing, and math which would not otherwise be available.

The targeted funding will better meet the current demands of Alaskans wishing to enter post-secondary training and the labor market in AGIA and high-growth industries. The requested increase in funding will result in an increase of 20,830 direct instructional hours.

The state will also realize added value to by reducing attrition in federal and state-funded training programs, which will ultimately place more Alaskans into good jobs.

Alaska Vocational Technical Center Instructional Expansion \$1,500,000
(AGIA Training Strategic Plan Strategy 3.1a)

Expand welding program to offer a second shift structural welding class to train an additional 30 welders a year. Welding Instructor \$100,000 annually.

Upgrade and expand Diesel/Heavy program by incorporating CDL training into existing Diesel/Heavy program, replace key equipment, and improve shop. Heavy/CDL Instructor \$100,000, Instructional Aide \$50,000, Equipment \$50,000 annually.

Gasline Workforce Development

FY2009 Request: \$34,800,000
Reference No: 46867

Gasline Occupations Grant Program \$26,500,000
(AGIA Training Strategic Plan Strategy 3.1c)

Purpose: Competitive grant program promoting public/private education partnerships aimed at youth to develop and implement enhanced career and technical education programs geared toward high-growth jobs (especially relating to gasline occupations), especially in regions with limited economic and employment opportunities.

Time-frame: Multi-year program is needed to ensure adequate development and implementation time, and assist each partnership's ability to incorporate the programs into their on-going efforts for sustainability.

Issue: Career and Technical Education (CTE) is a proven dropout prevention and career building program for youth. School districts need private partners and state funding to provide additional CTE programs.

Process: RFP's will be jointly issued by DOLWD and DEED; school districts will have the ability to develop innovative programs that are relevant to their regions and students. Funding must SUPPLEMENT, not supplant, existing efforts.

Expected Outcomes: Reduced dropout rates, improved test scores, more high school graduates going on to post-secondary training and then becoming employed.

Funding:

| | |
|-------------------------------------------|-----------------------------------|
| 1 PFT DEED/1PFT DOLWD for administration: | \$ 1,025,000 (\$205,000 per year) |
| Travel, Contractual, etc. for staff: | \$ 475,000 (\$95,000 per year) |
| Grants | \$25,000,000 (\$5M per year) |

Note: First year funding may need to be larger as school districts may have to invest in facility development to deliver programs. Flexibility in grants to include capital improvements, equipment and supplies acquisition, to be included in grants process.

Regional Training Centers Gasline Training \$2,000,000
(AGIA Training Strategic Plan Strategy 4.2e)

Enhancement to the Federal Alaska Pipeline Worker Training Project.

The state's focus is on aligning resources to strengthen public-private partnerships for enhanced development and delivery among existing training programs. The idea is to foster a statewide climate of institutional innovation and teaching excellence in strategic locations to capitalize on existing infrastructure, sustainability, and each region's capacity to show significant return on investment. This integrated system will connect an articulated career pathway from high school to post-secondary education and training; transition participants from school to work; incorporate career technical education standards, and use industry-based standards. The integrated career technical education system will "feed" youth and adults with career interest and capability through the system from entry

to journey level advancement.

As young people enter the system through high schools, and through construction, pre-apprenticeship training, and vocational programs, it will be necessary to move them through a series of training steps. These steps are broadly categorized as entry level training, industry based training and occupational training. For those individuals interested in vocational or university based training programs, it is necessary to provide activities that increase math and reading skills to a point where they can successfully participate in training. Once an individual is past the need of intensive support in applied reading and math they enter into industry based training. Training at this level includes post-secondary training, course-related instruction for their apprenticeship, and specific skill development, such as welding to prepare them for working in the industry. The third and final stage of training is in support of skilled professionals, incumbent workers and journeymen. During occupational training workers learn the unique skills required by their position, apprenticeship sponsor or employer. Specialized training on the latest technology or skills necessary to be competitive is the focus of occupational specific training.

Three core areas of expenses including instructional supports such as curriculum development to meet industry training needs, training aides such as classroom videos and tools and equipment, such as classroom tool cribs, will be funded through the supplement to the federal grant. Approximately \$400,000 per year will be allocated to support training programs that lead to employment in gasline related occupations.

Overall the appropriation will support the training of 900 Alaskans in entry level training, 900 Alaskans in industry based training and 700 Alaskans in occupational training for a total of 2,500 participants over the next five years.

Skill Upgrade Training \$750,000
(AGIA Training Strategic Plan Strategy 4.4b)

The Department received a \$7.5 million grant from the U.S. Department of Labor for pipeliner training. The grant included \$150,000 over four years for a Train the Trainer instructor program. With the increasing retirement of baby boomers there is a significant need to supply the next generation of supervisors and trainers. This funding would expand our efforts, enabling increased training of trainers and pipeline occupation supervisors. We anticipate training an additional 60 trainers and 150 supervisors with this funding.

Alaska Works Partnership Gasline Workforce Development FY2009 Request: \$2,287,500
 Reference No: 46870

AP/AL: Appropriation Project Type: Construction
 Category: Education Recipient: Alaska Works Partnership
 Location: Statewide Contact: Guy Bell
 House District: Statewide (HD 1-40) Contact Phone: (907)465-2700
 Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

Alaska Works Partnership (AWP) proposes equipping the Fairbanks pipeline training center with welding stations and other welding training equipment, which will be used to train entry level students to the master pipe welder level, and other essential equipment for comprehensive pipeliner training.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|-------------|--------|--------|--------|--------|--------|-------------|
| Gen Fund | \$2,287,500 | | | | | | \$2,287,500 |
| Total: | \$2,287,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,287,500 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

| Operating & Maintenance Costs: | Amount | Staff |
|--------------------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

No previous funding has been provided for this project.

Project Description/Justification:

Alaska Works Partnership AGIA Equipment List
 (AGIA Training Strategic Plan Strategy 3.1a)

This equipment will increase the capacity of the Pipeline Training Center to train the next generation of pipeline workers for building large diameter cross-country oil and gas pipelines. Trainees require hours of actual hands-on training to learn and demonstrate skills so they can work safely and efficiently. Providing additional equipment for training will help the state assist employers meet the current and anticipated future demand for skilled workers in the pipeline construction industry. Welding shacks, trucks, welding machine positioners and a mobile welding van will increase the number of persons trained in pipeline welding skills at the Fairbanks Pipeline Training Center and in communities along Alaska's transportation system. There is a shortage of sidebooms in Alaska due to increased development and pipeline repair activity on the North Slope and providing one for training will increase the number of persons qualified to operate sidebooms. A tractor trailer will provide trainees opportunities to learn how to safely and efficiently load, unload and transport heavy equipment used for civil and pipeline construction projects. Private employers and trade apprenticeship programs will contribute a match of 25% of the value of each piece of equipment, which includes cash and in-kind resources for insuring, storing and maintaining this equipment for continual use as training equipment.

Nationally, there is a critical shortage of skilled welders. In an article published in the Wall Street Journal, the American Welding Society (AWS) estimates a shortage of 200,000 welders by the year 2010. The need to begin training Alaska's workforce to meet the existing and future workforce needs can be supplemented through additional dedicated welding booth spaces. Alaska Works Partnership (AWP) proposes equipping the Fairbanks pipeline training center with twenty welding stations, which will be used to train entry level students to the master pipe welder level. All booths would contain a multi-process welding machine, the necessary power and hand tools and environmental fume extraction equipment.

1. In 2008, AWP plans to train Alaska welders on recently received 24" diameter pipe (approximately 3,000 feet of pipe donated by the producers). The large diameter pipe will require additional truck-mounted welding machines, and associated pipeline welding equipment such as magnatech pipeliner orbital welding head and power source, beveling machines, etc. - \$800,000
 2. (1) - Mobile Welding Unit – Welding mobile unit classroom w/ tractor – \$250,000
 3. (3) - Arctic welding shacks for cross-country pipeline welding - \$150,000
 4. (2) - 3500, 4 x 4, Crew Cab, Dual Rear Wheel, 9' bed welding trucks - \$100,000
 5. (1) - 583 Sideboom pipelayer - \$750,000
 6. (1) - Tractor power unit w/ 60 ton, 3-axle lowboy trailer, longer deck w/ load booster - \$275,000
 7. Build and equip health and safety lab at pipeline training center, i.e., confined space rescue equipment, swing stage platforms, ventilation fans and ducts, hazwopper, decontamination set-up, first aid stations, lock out tag out equipment, North Slope Training Consortium training, personal protection equipment, etc. - \$250,000
 8. Equip pipeline training center with necessary classroom equipment, including tables, chairs, desks, cabinets, smart boards, technology systems, office equipment, etc. - \$350,000
 9. Air compressors, space heaters w/ duct, oil spill containment van - \$125,000
- Total - \$3,050,000 less 25% Industry Contribution: \$2,287,500 GF

Gas Pipeline Implementation

FY2009 Request: \$15,000,000
Reference No: 46873

AP/AL: Appropriation Project Type: Planning
Category: Natural Resources
Location: Statewide Contact: Lela Simons
House District: Statewide (HD 1-40) Contact Phone: (907)465-3379
Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

Implementation of the Alaska Gasline Inducement Act (AGIA) will require the retention of outside experts and consultants on certain aspects of gas pipeline project implementation. Specifically, outside experts will be needed to: analyze and advise the state on pipeline engineering and practices; tariffs, cost overruns, federal loan guarantees, royalty valuation methodology, and enforcement. Additionally, it will be necessary to develop and implement a program for project management associated with the AGIA inter-state gas pipeline project, the AGIA Pipeline Coordinator, and oversight of state AGIA license expenditures.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|--------------|--------|--------|--------|--------|--------|--------------|
| Gen Fund | \$15,000,000 | | | | | | \$15,000,000 |
| Total: | \$15,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,000,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

\$6,550,000 in sec. 2(a), ch. 6, SLA 2007

Project Description/Justification:

Provide expertise and advice to the state related to natural gas pipeline or mega-project planning, management, permitting, and construction:

- ? Tariffs and ratemaking;
- ? Policies of the Federal Energy Regulatory Commission, the Regulatory Commission of Alaska, and the Canadian National Energy Board;
- ? Gas pipeline access;
- ? Aspects of gasline project engineering to evaluate design and expansion provisions;
- ? Project economics, cash flow, state fiscal terms, and forecast modeling;
- ? Risk assessment;
- ? Project financing and federal loan guarantees;
- ? Input to project economics and state revenue projections;
- ? Develop and implement program for project management; and
- ? Develop and implement oversight process and for state AGIA license expenditures.

Why this Project is Needed Now: This request will provide funds to implement a gas pipeline contract under AGIA. These funds may be expended directly by the Department of Natural Resources or may be RSA'd to

Gas Pipeline Implementation

FY2009 Request: \$15,000,000
Reference No: 46873

the Department of Revenue, the Department of Law, or the Governor's Office to pay for contracts with outside experts. Implementation of the gas pipeline project is expected to begin in FY 09. The expenditure of these funds is expected to continue through FY 13.

Line Item Expenditures: Services \$15,000,000 -- Funding will pay for outside experts and an Intra-state Gas Pipeline Coordinator to facilitate in-state gas project development.

Project 5

Capitalization of the Alaska Gasline Inducement Act
Reimbursement Fund

FY2009 Request: \$164,000,000
Reference No: 46874

AP/AL: Appropriation

Project Type: Construction

Category: Development

Location: Statewide

Contact: Jerry Burnett

House District: Statewide (HD 1-40)

Contact Phone: (907)465-2312

Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

This reflects the estimated amount necessary to fully capitalize the Alaska Gasline Inducement Act Reimbursement Fund at \$500 million after the reappropriation of approximately \$336 million from the Alaska Housing Finance Corporation.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|---------------|--------|--------|--------|--------|--------|---------------|
| Gen Fund | \$164,000,000 | | | | | | \$164,000,000 |
| Total: | \$164,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$164,000,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| <u>Totals:</u> | 0 | 0 |

Additional Information / Prior Funding History:

\$300 million to AHFC in sec. 14, ch. 13, SLA 2006. This appropriation and all interest earned are reappropriated to the Alaska Gasline Inducement Act Reimbursement Fund.

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000
Reference No: 46875

AP/AL: Appropriation
Category: Development
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2013
Project Type: Planning
Contact: Jerry Burnett
Contact Phone: (907)465-2312

Brief Summary and Statement of Need:

This project will cover work on right-of-way, preliminary engineering, permitting, planning, and design of a 370 mile spur line from Delta Junction to Beluga. This request will help fund the costs of outside experts and consultants.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|--------------|--------|--------|--------|--------|--------|--------------|
| Gen Fund | \$25,000,000 | | | | | | \$25,000,000 |
| Total: | \$25,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,000,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

\$4,000,000 sec. 10, ch. 29, SLA 2008

Project Description/Justification:

Alaska residents need new sources of low cost energy. The gas pipeline from the Alaska North Slope to Alberta presents an opportunity for that energy. The spur line could bring North Slope gas to many Alaska residents beyond those that live along the pipeline route.

This CIP request would provide expertise and advice to the Alaska Natural Gas Development Authority (ANGDA) regarding construction of a spur line from Delta Junction to Southcentral Alaska. More specifically:

- o Ensure that all right-of-way issues are adequately resolved and permissions in place as expeditiously as possible;
- o Review and advise on aspects of gasline project engineering and design to ensure feasibility and integrity of the take-off point design;
- o Develop contract and bonding documents for aggregation of utility gas needs;
- o Evaluate capacity requirements to support LNG;
- o Develop joint venture partnership documents, financing plan, request certificate of public convenience and necessity;

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000
Reference No: 46875

- Provide consultation and assistance obtaining any state or federal permits associated with the spur line segment; and
- Purchase propane on North Slope for "pilot" project and tank rental.

Why this Project is Needed Now: The timing of an open season for a mainline project is short. The initial open season will occur in calendar year 2010. It is imperative that the spur line be positioned to offer transportation service at the same time the open season for the mainline is conducted. This work is expected to begin in FY09. The expenditure of funds is expected to continue through FY13.

Line Item Expenditures: Services \$25,000,000 for contracting out the right-of-way, engineering, financing, permitting, and design of a spur line.

Gas Pipeline Infrastructure Preparation

FY2009 Request: \$129,900,000
Reference No: 46877

AP/AL: Appropriation with Allocations
 Category: Transportation
 Location: Statewide
 House District: Statewide (HD 1-40)
 Estimated Project Dates: 07/01/2008 - 06/30/2012

Project Type: Construction
Contact: Frank Richards
Contact Phone: (907)465-3900

Brief Summary and Statement of Need:

This request is the initial stage of a large scale effort to address highway, airport, bridge, and maintenance facility needs to support the construction of a large diameter natural gas pipeline from the North Slope to the Canadian Border and Midwestern states. The Dalton, Elliott, Richardson, Haines and Alaska Highways will be impacted by the projected increases in heavy truck traffic and the movement of pipe and oversized construction modules.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|---------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| Gen Fund | \$129,900,000 | \$275,000,000 | \$275,000,000 | \$250,000,000 | \$150,000,000 | \$150,000,000 | \$1,229,900,000 |
| Total: | \$129,900,000 | \$275,000,000 | \$275,000,000 | \$250,000,000 | \$150,000,000 | \$150,000,000 | \$1,229,900,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|----------|----------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

Preconstruction - Dalton, Elliott, Richardson, Alaska, and Haines Highways
 FY2009 Request: \$31,000,000
 Reference No: 46878

AP/AL: Allocation
 Category: Transportation
 Location: Statewide
 House District: Statewide (HD 1-4J)
 Estimated Project Dates: 07/01/2008 - 06/30/2011
 Appropriation: Gas Pipeline Infrastructure Preparation

Project Type: Construction

Contact: Frank Richards
 Contact Phone: (907)465-3900

Brief Summary and Statement of Need:

This project is the initial stage of a large scale effort to address highway, airport, bridge, and maintenance facility needs to support the construction of a large diameter natural gas pipeline from the North Slope to the Canadian Border and Midwestern states. The Dalton, Elliott, Richardson, Haines and Alaska Highways will be impacted by the projected increases in heavy truck traffic and the movement of pipe and oversized construction modules.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|--------------|--------------|--------------|--------------|--------|--------|---------------|
| Gen Fund | \$31,000,000 | \$75,000,000 | \$75,000,000 | \$50,000,000 | | | \$231,000,000 |
| Total: | \$31,000,000 | \$75,000,000 | \$75,000,000 | \$50,000,000 | \$0 | \$0 | \$231,000,000 |

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|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

Project Description/Justification:

Large scale investment of state funding is needed if we are to prepare our infrastructure before gas pipeline construction begins. Federal construction funds are inadequate to address this need and the federal project development process is too time-consuming to meet the required schedule.

Improvements needed to handle this expected traffic influx include highway reconstruction to strengthen highway embankments and pavement along selected segments. Widening and realignment will be done where existing shoulders and alignments are inadequate. Passing lanes, truck pullouts and rest areas will be constructed and enlarged. Bridges will also be improved to increase clearances and load capacity. Enlarged maintenance shops and equipment warm storage buildings to accommodate needed snowplows and other heavy equipment will be provided.

Project Justification

This project will initiate design work for construction segments needed to complete highway upgrades. It will address significant problems with embankment and surfacing. It will also address capacity and safety issues associated with substandard width, alignment and steep grades. This project will also fund efforts to secure and develop material sources that are essential for future project construction and highway maintenance, and conduct core drilling and other survey work needed for subsequent project stages. This advance work is essential to shortening project development schedules and enabling critical highway construction to occur prior to gas pipeline start up.

Preconstruction - Dalton, Elliott, Richardson, Alaska, and Haines Highways

FY2009 Request: \$31,000,000
Reference No: 46878

Highway reconstruction projects will focus on the segments of the corridor with the poorest foundations and the greatest pavement and road surface distress. Shoulder widening, realignments, and replacement of failing culverts and other drainage structures will also be addressed. Passing lanes, truck pullouts and rest areas will reduce traffic backups and lessen unsafe passing. Bridge width, height and load bearing capacity will be increased to accommodate gasoline modules and other oversized equipment. Maintenance station improvements will focus on accommodating larger snowplows and shop bays to enhance efficiency and equipment availability.

Project Description and Cost Estimates

While the design estimates below total \$53.5 million, this project funding request is for \$31 million to initiate design to ensure the most time critical projects in this corridor can be completed before gasoline construction begins. Funding will be allocated to the following identified projects with flexibility retained to shift allocations between projects if necessary:

Dalton Highway

- Dalton Highway MP 0 to 9 Reconstruction: This project will reconstruct and widen the embankment and pavement structures and improve drainage.
Design: \$3,000,000
Construction: \$27,000,000 (future funding)
- Dalton Highway MP 18 to 37 Reconstruction: This project will reconstruct and widen the embankment and pavement structures and improve drainage.
Design: \$6,000,000
Construction: \$60,000,000 (future funding)
- Dalton Highway MP 49 to 55 Reconstruction: This project will reconstruct and widen the embankment and pavement structures and improve drainage.
Design: \$2,000,000
Construction: \$18,000,000 (future funding)
- Dalton Highway Material Site Development and Corridor Surveys: This project will conduct corridor surveys and geotechnical investigations for material site development.
Design: \$13,000,000
- Dalton Highway MP 9 to 11 Realign and Reconstruction
Design: \$500,000

Elliott Highway

- Elliott Highway MP 0 to 28 Reconstruction: This project will reconstruct and widen the embankment and pavement structures and improve drainage.
Design: \$6,000,000
Construction: \$43,000,000 (future funding)

Alaska/Richardson Highways

- Alaska/Richardson Highways Passing Lanes: This project will construct passing lanes at approximately 20 locations to accommodate increased truck traffic.
Design: \$4,000,000
Construction: \$60,000,000 (future funding)
- Alaska Highway MP 1235-1256 Rehabilitation: This project will rehabilitate embankment and pavement structures, improve drainage, and widen as necessary.
Design: \$4,500,000
Construction: \$42,000,000 (future funding)

Preconstruction - Dalton, Elliott, Richardson, Alaska, and Haines Highways **FY2009 Request: \$31,000,000**
Reference No: 46878

- Alaska Highway Tok River Bridge (#0506) Replacement: This project will replace the existing narrow truss bridge (253' x 24') with one that can accommodate oversized gasoline modules and construction materials.
Design: \$1,500,000
Construction: \$10,000,000 (future funding)
- Alaska/Richardson Highway Truss Bridge Upgrades: This project will upgrade the Johnson River Bridge, Gerstle River Bridge, Tanana River Bridge at Delta Junction to accommodate oversized gasoline modules and construction materials.
Design: \$2,000,000
Construction: To be determined
- Alaska/Richardson Highways Truck Rest Area Upgrades: This project will construct new and upgrade existing truck rest areas to accommodate increased truck traffic.
Design: \$3,000,000
Construction: \$40,000,000 (future funding)
- Alaska/Richardson Highway Maintenance Facility Improvements: This project will construct new shop facilities and equipment warm storage buildings at Delta Junction and Northway to accommodate snowplows and other road maintenance equipment.
Design: \$1,500,000
Construction: \$12,000,000 (future funding)

Haines Highways

- Haines Highway MP 21 to 25.3 Reconstruction, Realignment and Chilkat River Bridge Replacement: This project will replace and relocate the Chilkat River Bridge and bring the Highway to modern approved standards.
Design: \$6,500,000

Dalton Highway Reconstruction

FY2009 Request: \$75,400,000
Reference No: 46865

AP/AL: Allocation **Project Type: Construction**
Category: Transportation
Location: Statewide **Contact: Frank Richards**
House District: Statewide (HD 1-40) **Contact Phone: (907)465-3900**
Estimated Project Dates: 07/01/2008 - 06/30/2011
Appropriation: Gas Pipeline Infrastructure Preparation

Brief Summary and Statement of Need:

This project is the initial stage of a large scale effort to reconstruct critical segments of this highway prior to construction of the proposed natural gas pipeline. It will address capacity and safety issues associated with substandard width, alignment and steep grades. These conditions are most severe between Fairbanks and the Yukon River, but exist in other areas as well. It will also address significant problems with existing roadway embankment and surfacing.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|---------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Gen Fund | \$75,400,000 | \$200,000,000 | \$200,000,000 | \$200,000,000 | \$150,000,000 | \$150,000,000 | \$975,400,000 |
| Total: | \$75,400,000 | \$200,000,000 | \$200,000,000 | \$200,000,000 | \$150,000,000 | \$150,000,000 | \$975,400,000 |

| | | | | |
|-----------------------------------------------|-------------------------------------------|---------------------------------------|-------------------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input checked="" type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|----------|----------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

Project Description/Justification:

Much of the original highway was constructed with minimal embankment over poor soils and permafrost. In many areas this embankment is no longer sufficient to withstand the anticipated loads of heavy-walled, large-diameter pipe and other construction materials.

Federal construction funds are inadequate to prepare this corridor for projected future traffic. Large scale investment of state funding is needed if we are to address this need before gas pipeline construction begins.

This project includes immediate construction work in three priority areas with design already underway. This project will also fund efforts to secure and develop material sources that are essential for future project construction and highway maintenance, and advance permitting needed for subsequent project stages. This advance work is essential to shortening project development schedules and enabling critical highway construction to occur prior to gas line start up.

Project Justification:

The Dalton Highway Corridor from Fairbanks to Prudhoe Bay is vital to North Slope oil and gas development. This highway a statewide priority, that provides the sole ground transportation link to Alaska's major revenue source. Overland access to these resources is critical to their continued development, to Alyeska Pipeline operation and maintenance and to future gas pipeline construction. Truck traffic is expected to continue to grow as continued oil and gas development requires increasing amounts of drill pipe, materials for production facilities and other supplies. Traffic growth is expected to accelerate significantly with construction of the planned gas pipeline.

Dalton Highway Reconstruction

FY2009 Request: \$75,400,000
Reference No: 46865

Added to this is the steady increase in tourist, recreation and other private vehicle traffic using this route. Traffic conflicts are increasing between experienced corridor users and casual drivers unprepared for the existing narrow roads, light curves, soft embankments, rough surfaces and other heavy truck traffic that must be contended with.

Project Description and Cost Estimates:

This project funding request is for \$75.4 million to ensure the most time critical projects in this corridor can be completed before gas line construction begins.

- Reconstruct the Dalton Highway MP 175 to 209
Design: Completed with federal funds
Construction: \$29,600,000
- Realign and Reconstruct Dalton Highway MP 9 to 11
Design: Currently in progress with Federal funds
Construction: \$22,500,000
- Dalton Highway Culverts MP 260 to 321
Design: Completed with federal funds
Construction: \$23,300,000

Haines Highway: MP 21 to 25.3 Reconstruction, Realignment and Chilkat River Bridge Replacement **FY2009 Request: \$23,500,000**
Reference No: 46866

AP/AL: Allocation **Project Type: Construction**
Category: Transportation
Location: Haines **Contact: Frank Richards**
House District: Cordova/Southeast Islands (HD 5) **Contact Phone: (907)465-3900**
Estimated Project Dates: 07/01/2008 - 06/30/2012
Appropriation: Gas Pipeline Infrastructure Preparation

Brief Summary and Statement of Need:

The Haines Highway provides the shortest link between tidewater and 200 miles of the proposed gasline route. Thus, it is the obvious hauling route for this portion of gasline construction, and depending on logistics could be crucial to construction of the entire gasline. Upgrade of this highway is a statewide priority because it links marine transportation (to Alaska) with the Interior. Federal construction funds are inadequate to complete the upgrade of this corridor. Investment of state funding is needed if we are to address this need before gas pipeline construction begins.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|---------------|---------------------|------------|------------|------------|------------|------------|---------------------|
| Gen Fund | \$23,500,000 | | | | | | \$23,500,000 |
| Total: | \$23,500,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$23,500,000 |

| | | | | |
|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

| Operating & Maintenance Costs: | Amount | Staff |
|--------------------------------|----------|----------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

Project Description/Justification:

Almost half of the gasline haul route from the Haines port to the Canadian border requires an upgrade to modern highway standards. The most pressing deficiency is the aging bridge across the Chilkat River. This project will replace the bridge on a shorter alignment located downstream from the current crossing. The new bridge will provide an ultimate load capacity sufficient for the full range of hauling scenarios during gasline construction.

The project includes highway reconstruction from the crossing (MP 23.8) west to the meet point with the previous upgrade (MP 25.3), so that there is no gap between the new bridge and previously improved highway. Relocation of the bridge also addresses problems with the westbound approach, which has advisory speed posting and a history of vehicle rollovers. The eastbound terminus of this project is in the vicinity of Klukwan, where the highway leaves river elevation and climbs before dropping back to river elevation at the MP 23.8 crossing.

The existing Chilkat River bridge has numerous problems, including narrow deck width (24 feet for 0.1 miles), no shoulders, grade settlement on both approaches (problematic for heavier vehicles) and poor alignment on the westbound approach. Because of limited width, we anticipate that traffic flow on the highway will be temporarily shut down for hauls of large gasline components. While dependent on component width, it will be necessary to stop or delay traffic to prevent conflicts between high speed motorists and a slow-moving haul vehicle that intrudes into the oncoming traffic lane because of width limitations, both for the bridge and connecting segments of roadway.

**Haines Highway: MP 21 to 25.3 Reconstruction,
Realignment and Chilkat River Bridge Replacement**

**FY2009 Request: \$23,500,000
Reference No: 46866**

Project Description and Cost Estimate:

The estimate for reconstruction between MP 21 and 25.3, including replacement of the Chilkat River bridge, is \$23.5 million if completely state-funded. The relocated bridge will be downstream from the existing one, which reduces the crossing distance by a third. Following modern design practices (e.g., extra span length) will minimize the impacts to river resources in this sensitive area. Width of the new bridge will be 39 feet (including railings), and the reconstructed highway will have a pavement width of 36 feet and a forgiving roadside environment.

Use of state funds simplifies this project by removing a federal requirement from the environmental analysis. The federal requirement is referred to as Section 4(f), which mandates intensive analysis and lengthy approval cycles. While federal Section 4(f) requirements would not need to be met, coordination with the Chilkat Bald Eagle Preserve and tribal entities and state and federal permitting requirements still apply to project delivery.

University of Alaska Gasline Workforce Development FY2009 Request: \$1,072,000
 Reference No: 46872

AP/AL: Appropriation Project Type: Construction
 Category: Education
 Location: Statewide Contact: Guy Bell
 House District: Statewide (HD 1-40) Contact Phone: (907)465-2700
 Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

This request would enable acquisition of a machinery simulator package that would support training for any occupation utilizing heavy equipment. This will significantly reduce training cost and expand training opportunities.

| Funding: | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | Total |
|----------|-------------|--------|--------|--------|--------|--------|-------------|
| Gen Fund | \$1,072,000 | | | | | | \$1,072,000 |
| Total: | \$1,072,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,072,000 |

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|-----------------------------------------------|------------------------------------------------------|---------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input checked="" type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | Amount | Staff |
|----------------------|--------|-------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

No previous funding has been provided for this project.

Project Description/Justification:

Surface Machinery Simulators
 (AGIA Training Strategic Plan Strategy 4.5b)

This request funds acquisition of a machinery simulator package to provide training for any occupation utilizing heavy equipment. Simulators offer a major advance in equipment operator training through a completely safe and truly cost-effective "virtual" hands-on training experience, without the high cost of equipment operation, removing equipment from production and the risk of accidents due to operator inexperience. This will significantly reduce training cost and expand training opportunities for trainees in the mining and oil and gas industries. There is significant overlap between occupational skills required for mining and gasline construction, so these simulators will be applicable to both industries.

Base simulator units and equipment modules to be purchased include the following:

| Item | # | Cost | Extension |
|--------------------------------------------|---|----------|------------|
| Base Units | 2 | \$ 275.0 | \$ 550.0 |
| Machine Simulators | | | |
| • Front End Loader | 1 | \$ 85.0 | \$ 85.0 |
| • D-11 Track Dozer | 1 | \$ 85.0 | \$ 85.0 |
| • Excavator | 1 | \$ 120.0 | \$ 120.0 |
| • Haul Truck (Offroad) | 1 | \$ 90.0 | \$ 90.0 |
| • Light Vehicle Package | 1 | \$ 55.0 | \$ 55.0 |
| • Surface Mine Visualizer | 1 | \$ 90.0 | \$ 90.0 |
| Computer Based Training for Each Simulator | 6 | \$ 25.0 | \$ 150.0 |
| Subtotal | | | \$ 1,225.0 |
| Less 25% Industry Contribution | | | (\$ 300.0) |
| Maintenance @ 12% base | | | \$ 147.0 |
| Total General Fund Request | | | \$ 1,072.0 |

Machine simulators were selected based on availability and utility to anticipated employer needs. For instance, we believe that training on a D-11 tracked dozer will be excellent preparation no matter what make or model of dozer a student will encounter. The basics are identical and standardization of operation controls and systems makes changeover between Komatsu and Caterpillar fairly routine.

Included is the light vehicle package for pickup and light truck training as well as forklift and similar light vehicles (less than 15,000 pounds). Also included is the surface mine visualizer to provide the necessary realism to retain student attention and contribute to learning operation on various terrain features.

The request also includes elements we consider essential to preparing our upcoming workforce such as the computer based training packages to increase instructor productivity and permit students statewide to access that portion of the training online thus reducing the amount of time actually spent at the simulator facility. Two base units are included to increase student throughput in anticipation of numerous upcoming construction projects. The request is based on a 25% industry contribution to the equipment's cost.

A five-year maintenance package for the entire system is included.

The simulators will be located in Fairbanks to serve construction related equipment training for mine development, road construction and pipeline workforce development.

In the future we will add modules for such equipment as sidebooms, rotary trenchers and mobile rock drills; these items will have to be developed by the vendor as they do not currently include them in their inventory.

HOUSE COMMITTEE REPO

(11)

Date Referred to Committee: July 9, 2008

FURTHER REFERRALS:

Date of Committee Action: 8/4/08

The FINANCE Committee considered:

HB 4001

HOUSE BILL NO. 4001

APPROP: SUPP/CAP/OTHER RELATED TO AGIA

"An Act making supplemental appropriations, capital appropriations, reappropriations, and other appropriations; making appropriations to capitalize a fund; and providing for an effective date."

Recommends it be replaced with [] HCS or [] CS for HB 4001 (FIN)
 For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ [] Same Title [] New Title

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

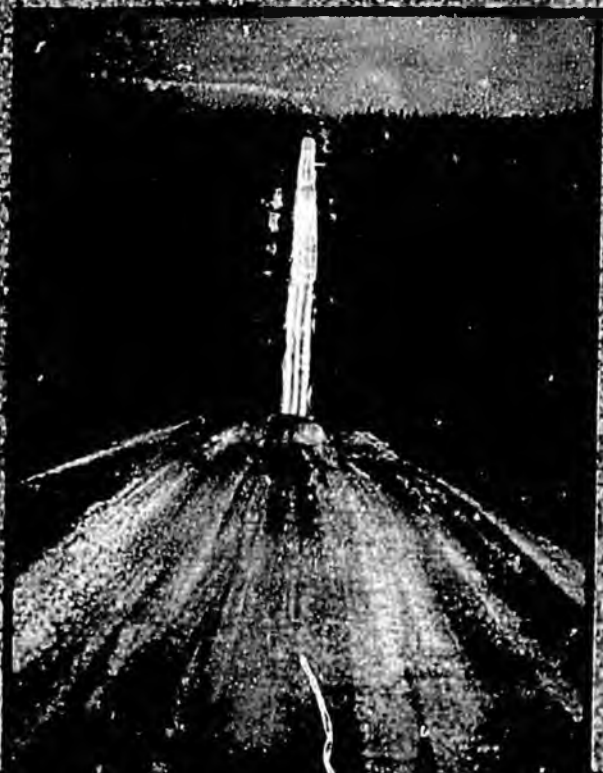
List of Abbrev for Depts.:
 ADM
 CED
 COR
 CRF
 EED
 DEC
 DFG
 GOV
 HSS
 LWF
 LAW
 LEG
 MVA
 DNR
 DPS
 REV
 DOT
 UA

| <u>NEW</u> FISCAL NOTES | | | | |
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| <u>PREVIOUS</u> FISCAL NOTES | | | | |
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| Signing with recommendations | Printed Last Name | DP | DNP | NR | AM |
|------------------------------|-------------------|----|-----|----|----|
| | Hawker | | | * | |
| | Gara CRAWFORD | | | | ✓ |
| | NELSON | | | | ✓ |
| | Thomas | | | ✓ | |
| | STOJICEK KELLY | X | | | |
| | Foster Meyer | X | | X | |
| Chair: | Chumault | ✓ | | | |

DALTON HIGHWAY



DALTON HIGHWAY INFORMATION

- Dalton Highway – 474 Miles
- Built to secondary road standards and completed in 1978
- The State took over maintenance in 1978
- Intense truck traffic, over 50% of traffic is heavy trucks
- 32 Bridges
- Hundreds of culverts
- 7 Maintenance Camps
- 6 Main Airports
- Poor road geometry, blind curves, steep grades up to 12%
- 30% has been reconstructed to a 32 foot hard surface with improved shoulders, drainage and turn out areas
- Reconstruction is needed to meet current design standards



DALTON HIGHWAY INFORMATION

> Maintenance Issues include:

Permafrost subsidence

Increasing gravel surfacing wear

Seeps and springs in cut slopes create icing problems

Lack of embankments high enough to prevent snow drifting



SUMMARY

- The Dalton Highway is vital to our long-term fiscal stability
- Increasing customer satisfaction due to surfacing and drainage improvements
- Traffic has increased over 25% from 2005 to 2007
- Federal construction funds are decreasing while costs are on the rise
- The State assumed maintenance in 1978
- The Highway was opened to the traveling public in 1994
- It is the strategic link to Prudhoe Bay; the 414 mile road is the only ground transportation link to the North Slope



SUMMARY

- Soils don't contain improved materials
- Arctic landscape is underlain by permafrost, fine-grained soils, and offers limited sources of road building materials
- Extreme climate conditions, including large temperature fluctuations frequently near 0° below zero, in winter compound operation of highway
- This is not just a regional priority highway, it is of Statewide significance
- Potential gas development further emphasizes need for continued investment in this highway
- The Alaska Truckers Association continues to plea for improvements



FUTURE CHALLENGES

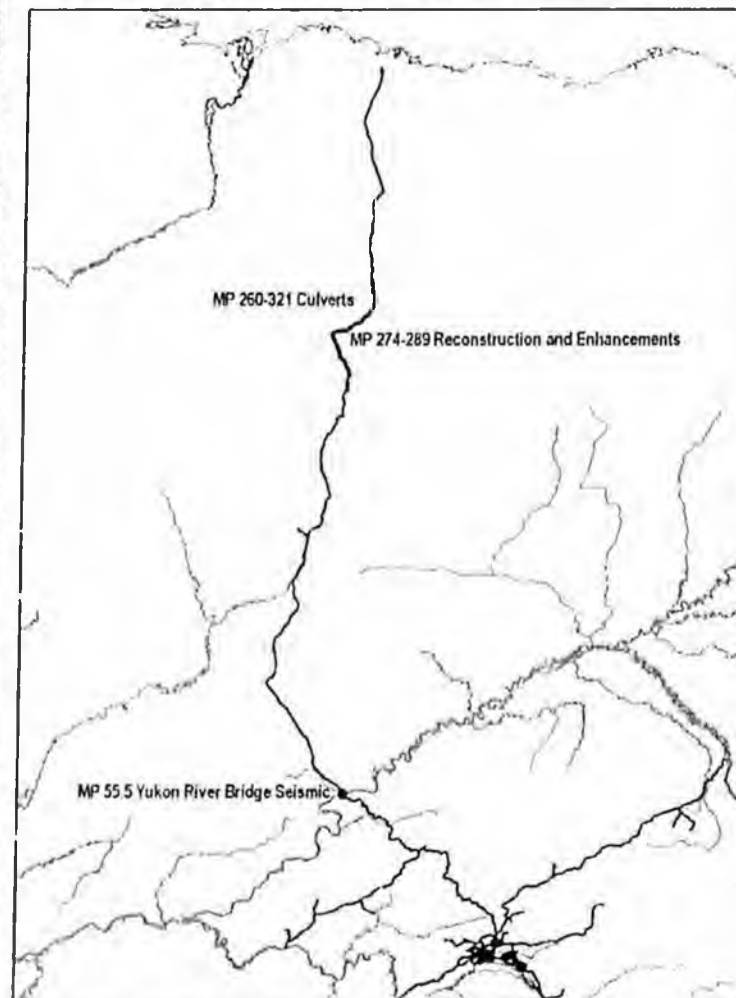
- Federal Funds cannot be used for routine maintenance or gravel stockpiles
- Current STIP funding can address less than 10-20 miles of the Dalton annually
- Construction costs are increasing
- Federal Fiscal Year 2009 likely will have much lower federal funds
- The only way to better accomplish the needed upgrades is to commit additional resources



STIP PROJECTS

FUNDED THROUGH CONSTRUCTION

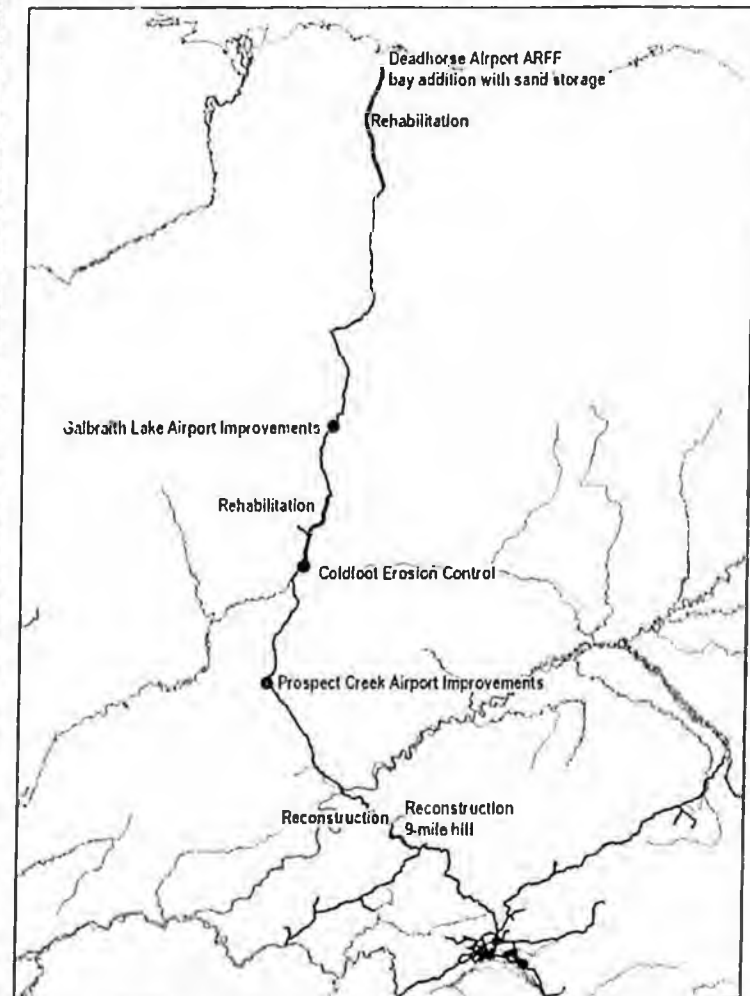
- **MP 55.5 Yukon River Bridge Seismic (\$2.0 M)**
Estimated Construction 2009
- **MP 274-289 (\$25.3 M)**
Reconstruction and Enhancements
Estimated Construction 2009



Needed Projects

NO IDENTIFIED FUNDING

- MP 11-18 Reconstruction (\$20.0 M)
- MP 362-414 Rehabilitation (\$3.3 M)
- Coldfoot Erosion Control (\$6.5 M)
- Deadhorse Airport (\$5.7 M)
 - ARFF Bay Addition with Sand Storage
- Deadhorse Airport Apron Repair (\$7.0 M)
- Galbraith Lake Airport Improvements (\$7.2 M)
- Prospect Creek Airport Improvements (\$5.6 M)



HB / SB 4001

APPROPRIATIONS

- MP 260-321 Dalton Highway Culverts (\$24.0 M)
- MP 9-11 Reconstruction 9-Mile Hill (\$22.0 M)
- MP 175-209 Rehabilitation (\$29.6 M)



COMPLETED FY 06

M&O MAJOR MAINTENANCE

COST

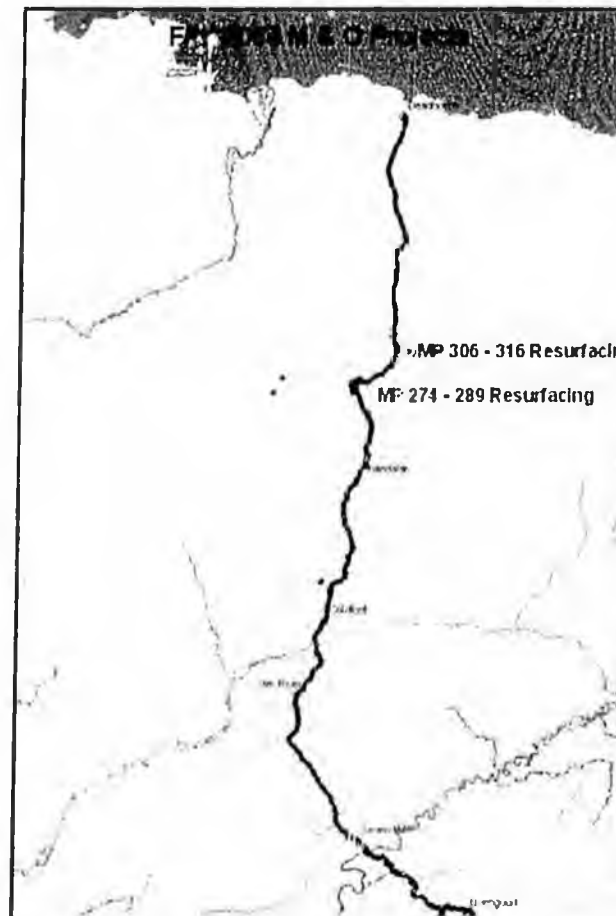
\$6 million in State Funding in FY06

MP 274 - 289

Work includes brushing, hauling, laydown and application of a dust palliative. Also includes brush cutting and delineator replacement.

MP 306 - 316

Work includes crushing, hauling, laydown and application of a dust palliative.



COMPLETED FY 07

M&O MAJOR MAINTENANCE

COST

\$9 million in State Funding in FY 07

MP 00 - 175

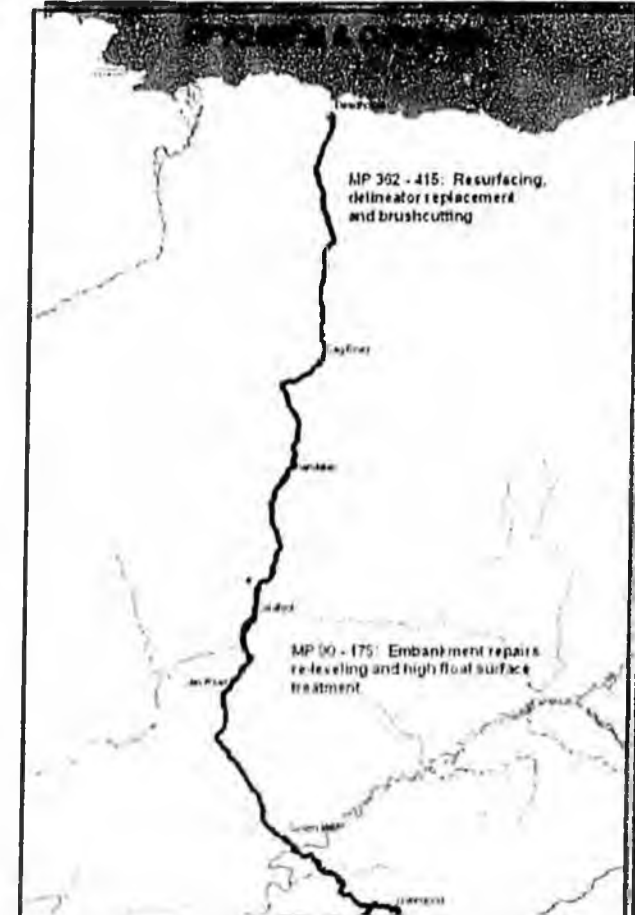
Performs spot high float surface repairs, embankment repairs due to differential settlement and hauling and placing slope fill for stabilization.

MP 237 - 363

Work includes resurfacing.

MP 362 - 415

Work includes crushing, hauling, laydown and application of a dust palliative. Also includes delineator replacement.



FY 08

M&O MAJOR MAINTENANCE

COST

\$9 million in State Funding in FY 08

MP 28-56

Widening, culvert brushcutting and resurfacing

MP 70

Multiple culvert replacement

MP 175-209

Brushcutting, guardrail, culverts and

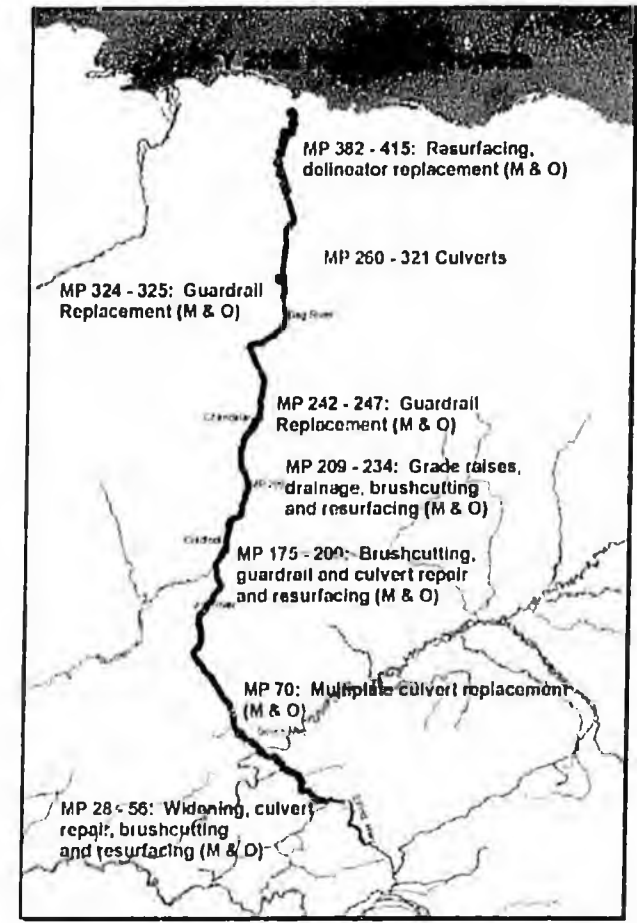
resurfacing

MP 209-234

Grade, drainage, brushcutting, resurfacing

MP 382-415 and 242-247

Guardrail replacement



FY09 M&O

PROPOSED PROJECTS

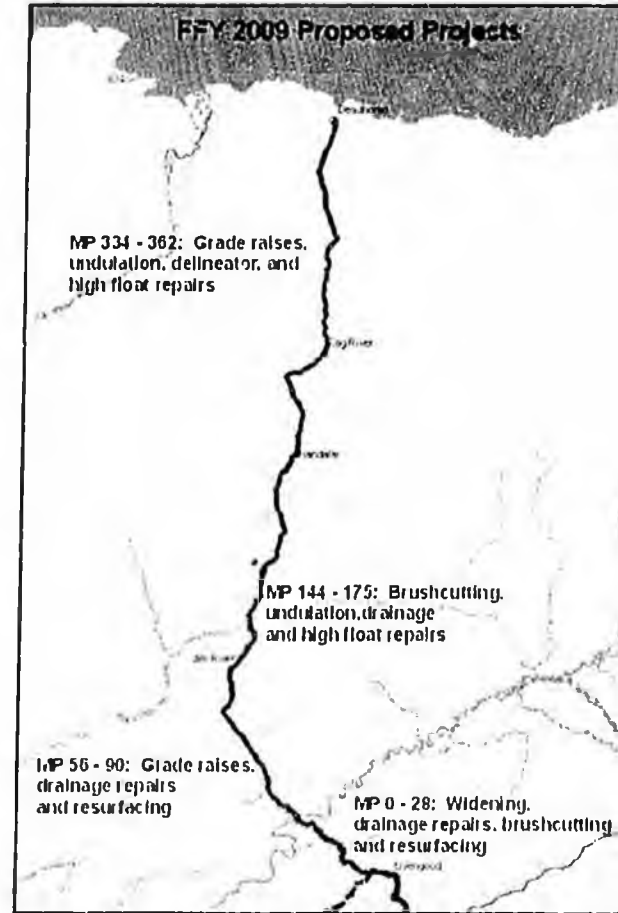
Cost

\$5 M Capital Budget

- * MP 0-28 – Widen, Drainage, Resurface
- * MP 56-90 – Grade, Drainage, Resurface

\$14.0 M GO Bond

- * MP 144-175 – Brushcutting, Undulation, Drainage, High Float Repair
- * MP 334-362 – Grade, Undulation, Delineator, High Float Repair



COMPLETED PROJECTS

CONSTRUCTION

2008

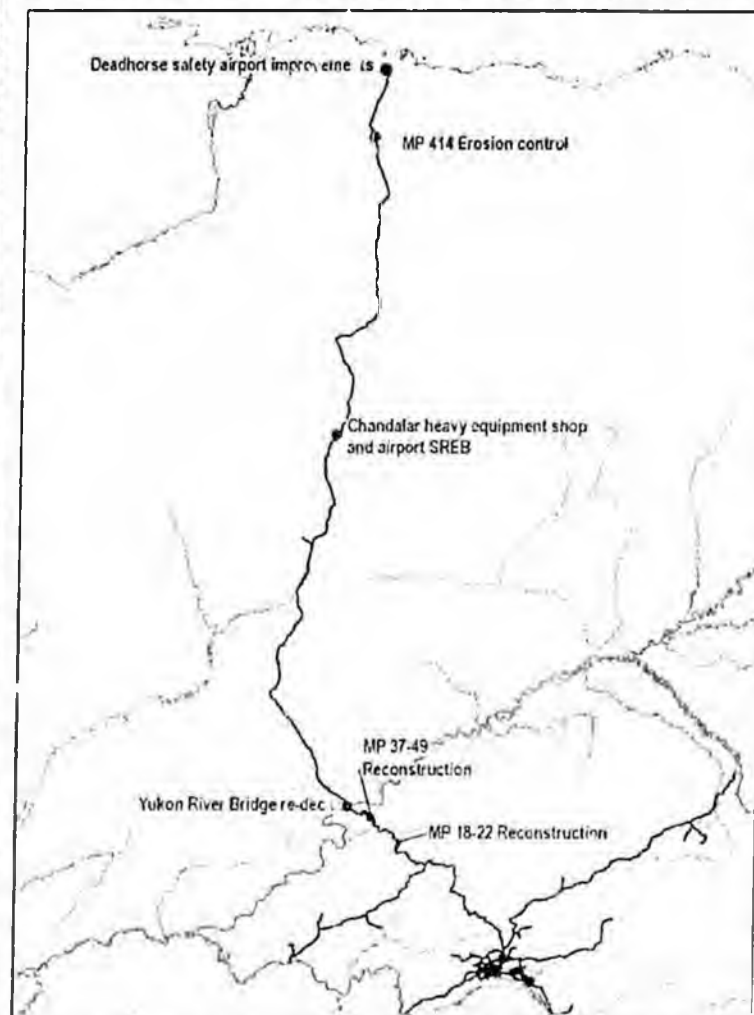
- MP 18-22 Reconstruction (\$3.6 M) Fed
- MP 414 Erosion Control (\$1.8 M)

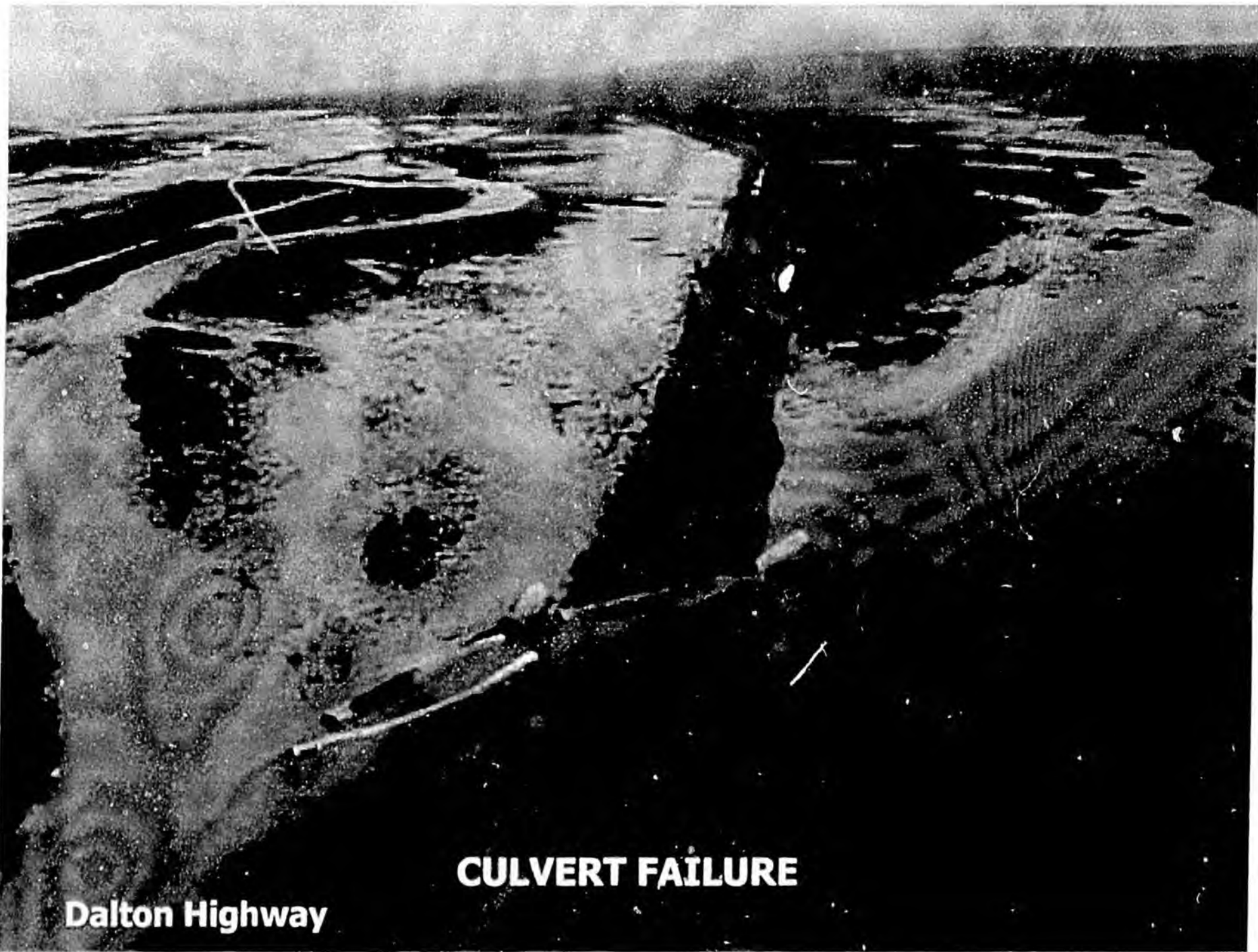
2007

- MP 37-49 Reconstruction (\$15.5 M) Fed
- Yukon River Bridge Redeck (\$2.9 M) Fed
- MP 57 Yukon Crossing
Intermodal Facilities (\$1.4 M) Fed
- Chandalar Heavy Equipment Shop
and Airport SREB (\$3.0 M) GF/Fed

2008

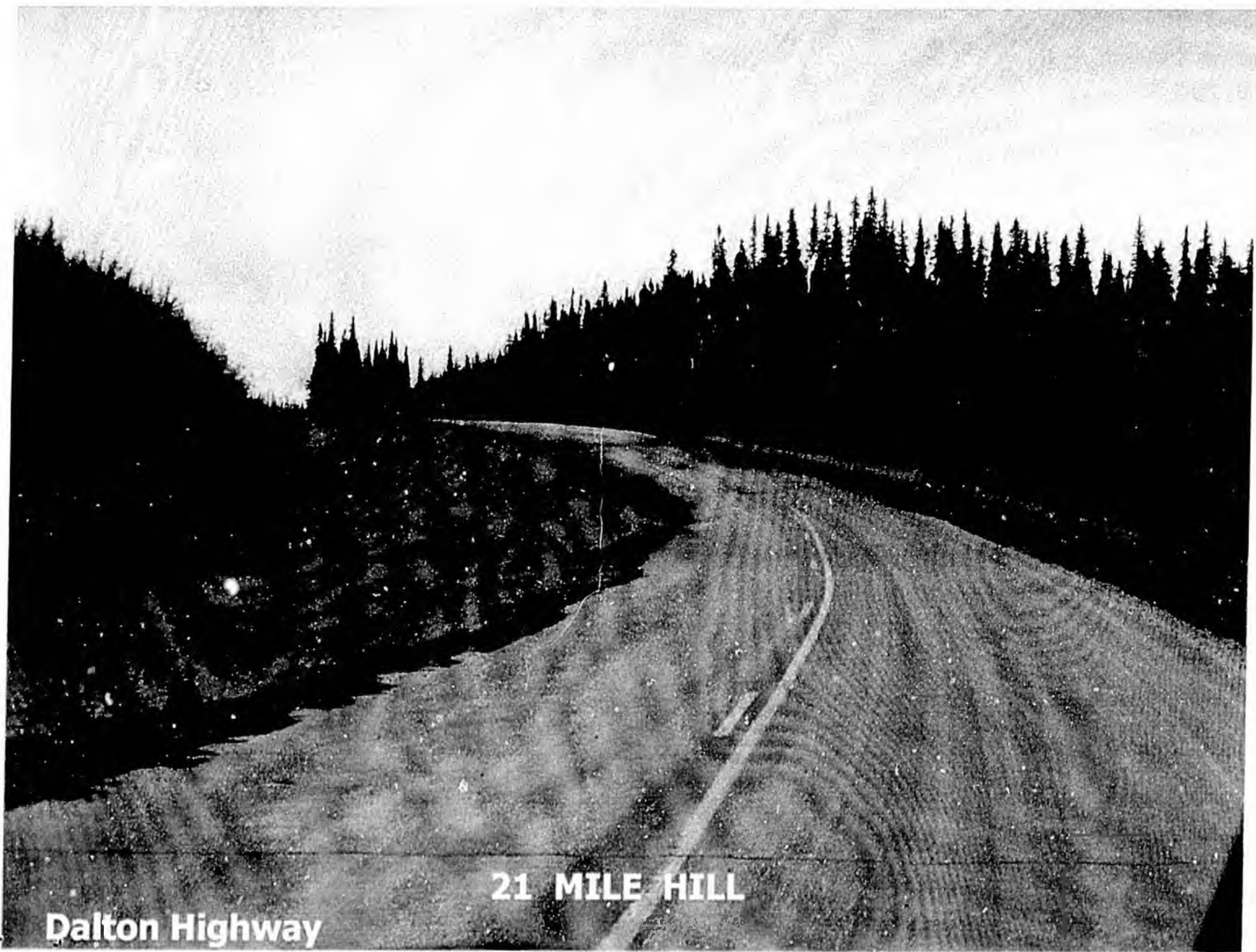
- Deadhorse Airport
Safety Improvements (\$13.5 M) Fed
- Deadhorse Airport
ANICS Antenna Install (\$0.6 M) Fed





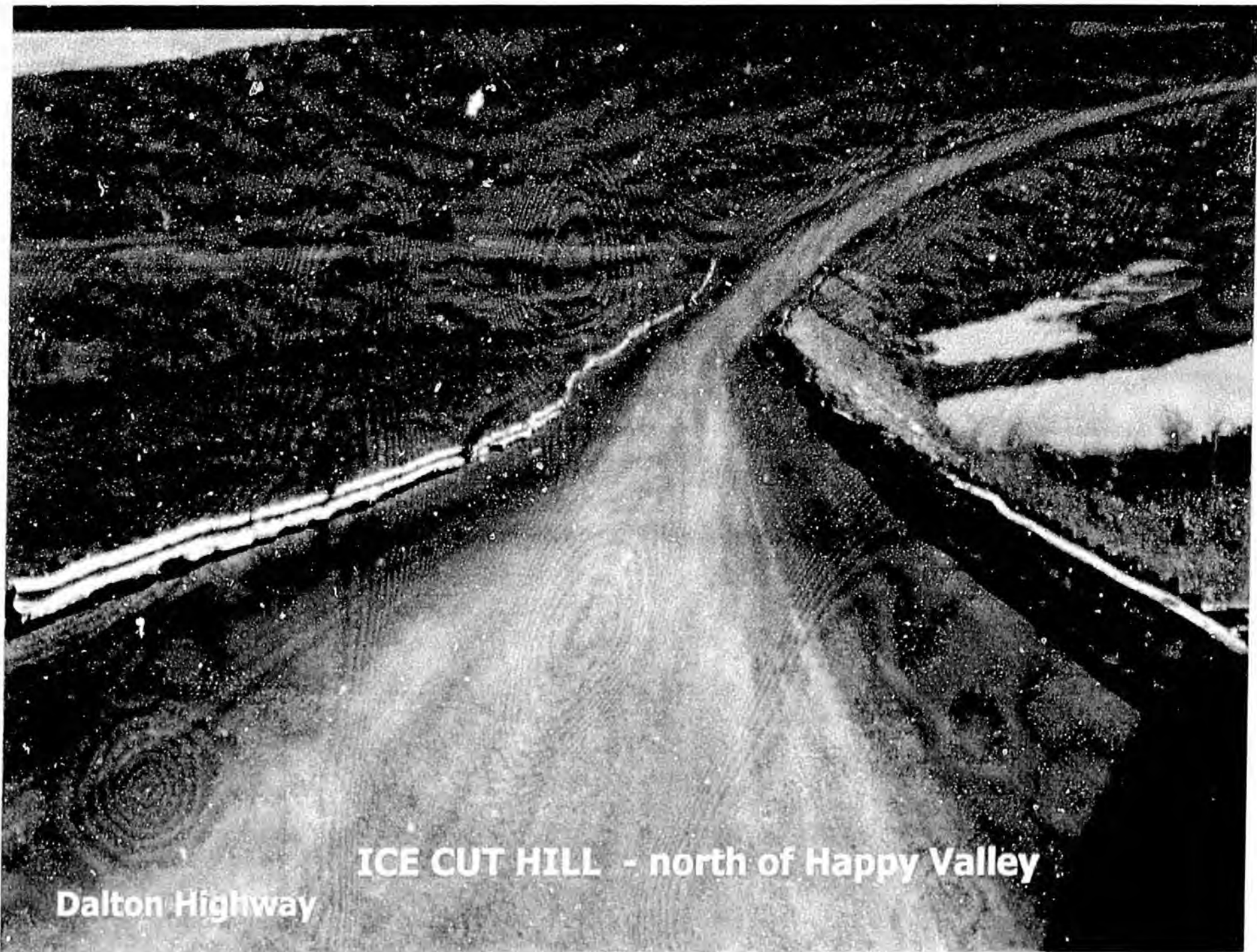
CULVERT FAILURE

Dalton Highway



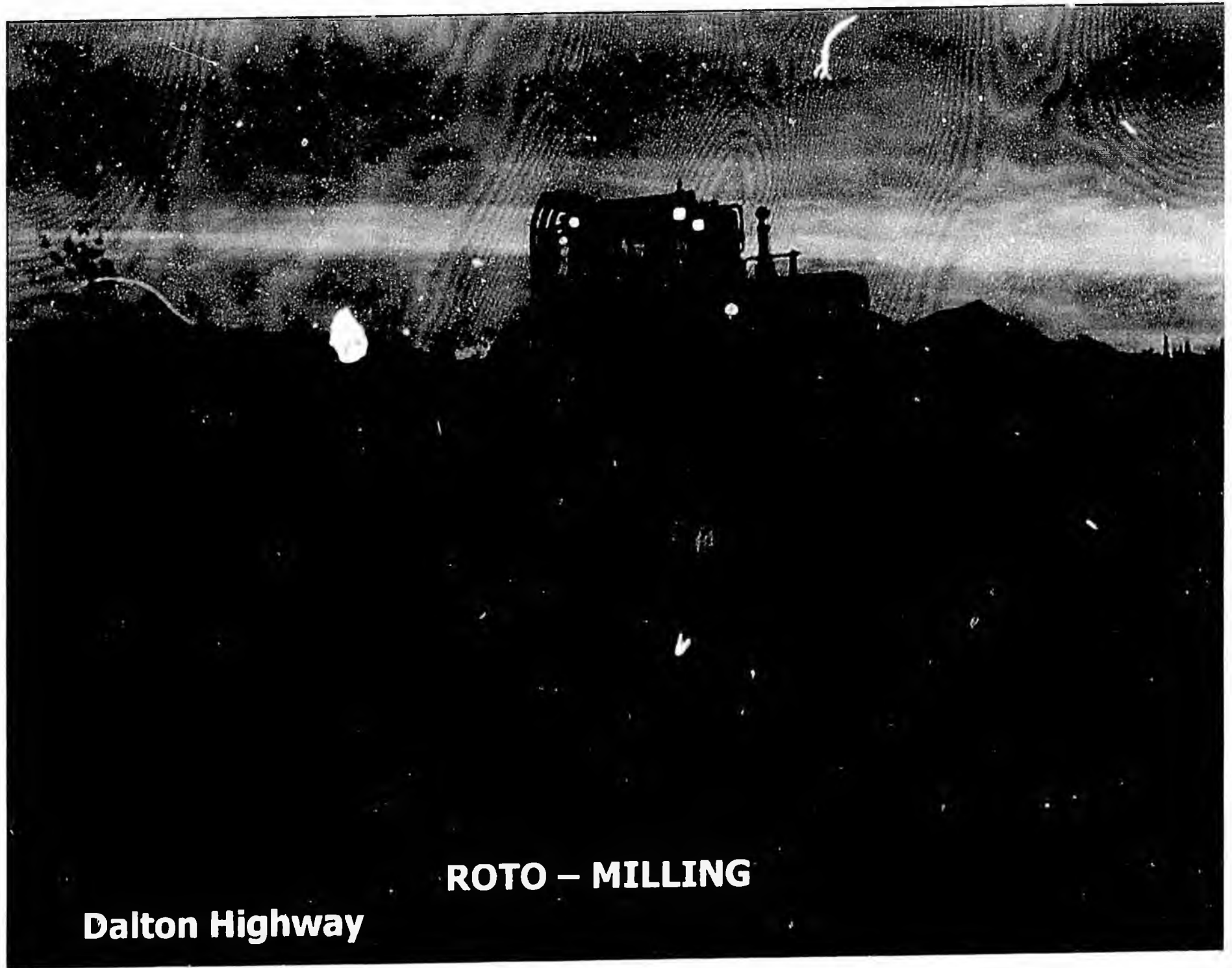
Dalton Highway

21 MILE HILL



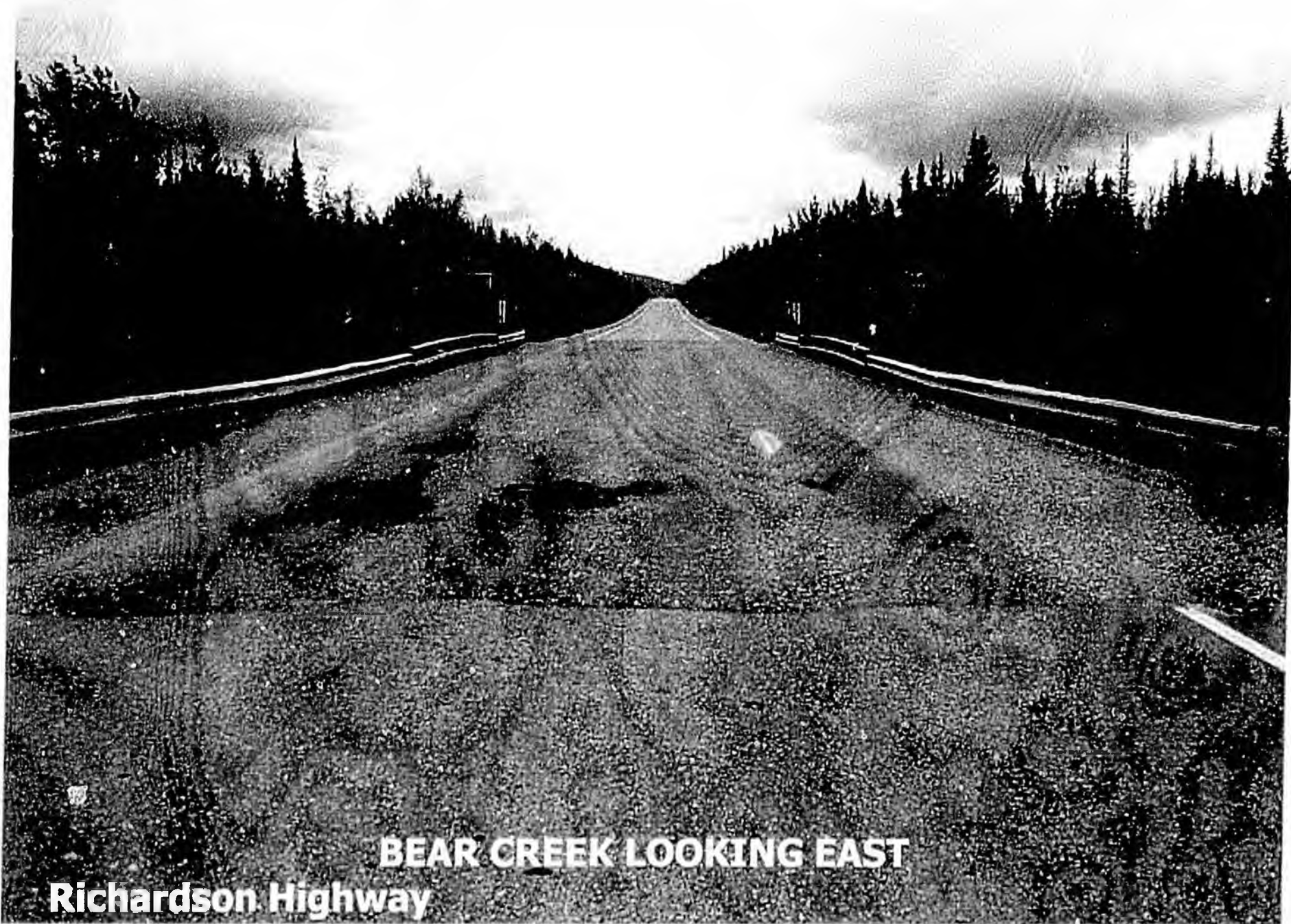
Dalton Highway

ICE CUT HILL - north of Happy Valley



ROTO - MILLING

Dalton Highway



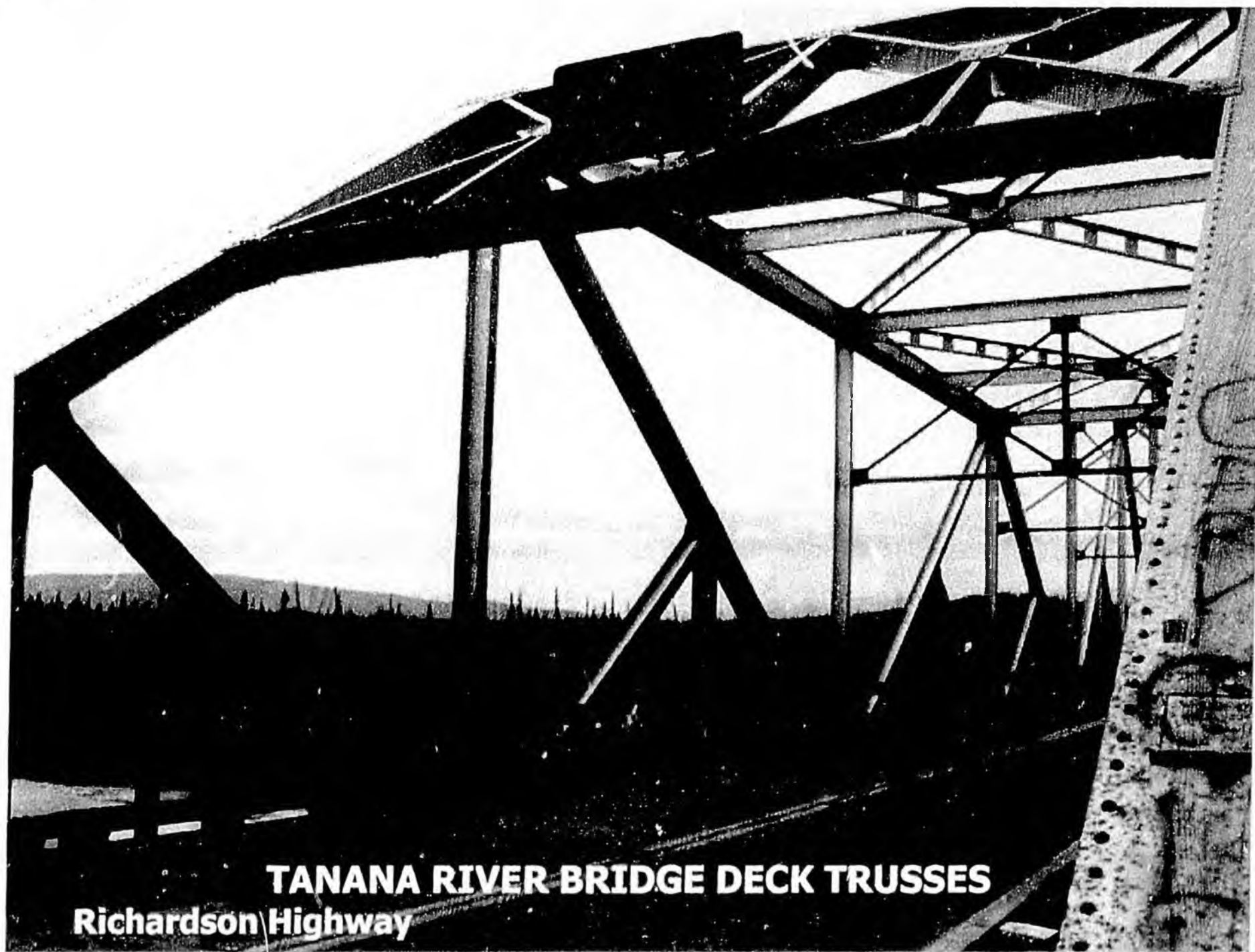
BEAR CREEK LOOKING EAST

Richardson Highway



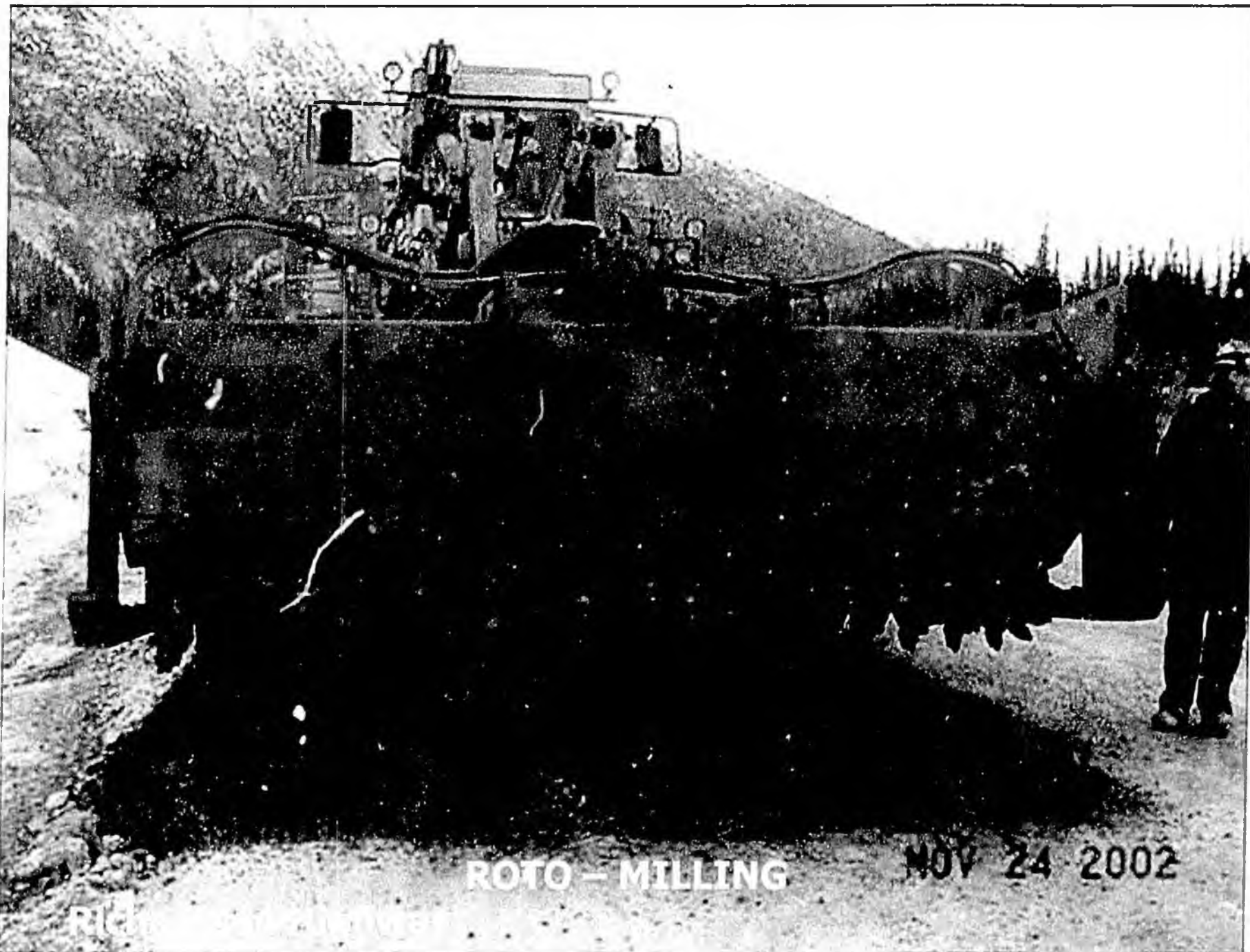
MILEPOST 1268 SURFACE CONDITION

Richardson Highway



TANANA RIVER BRIDGE DECK TRUSSES

Richardson Highway



ROTO - MILLING

NOV 24 2002

RICHMOND

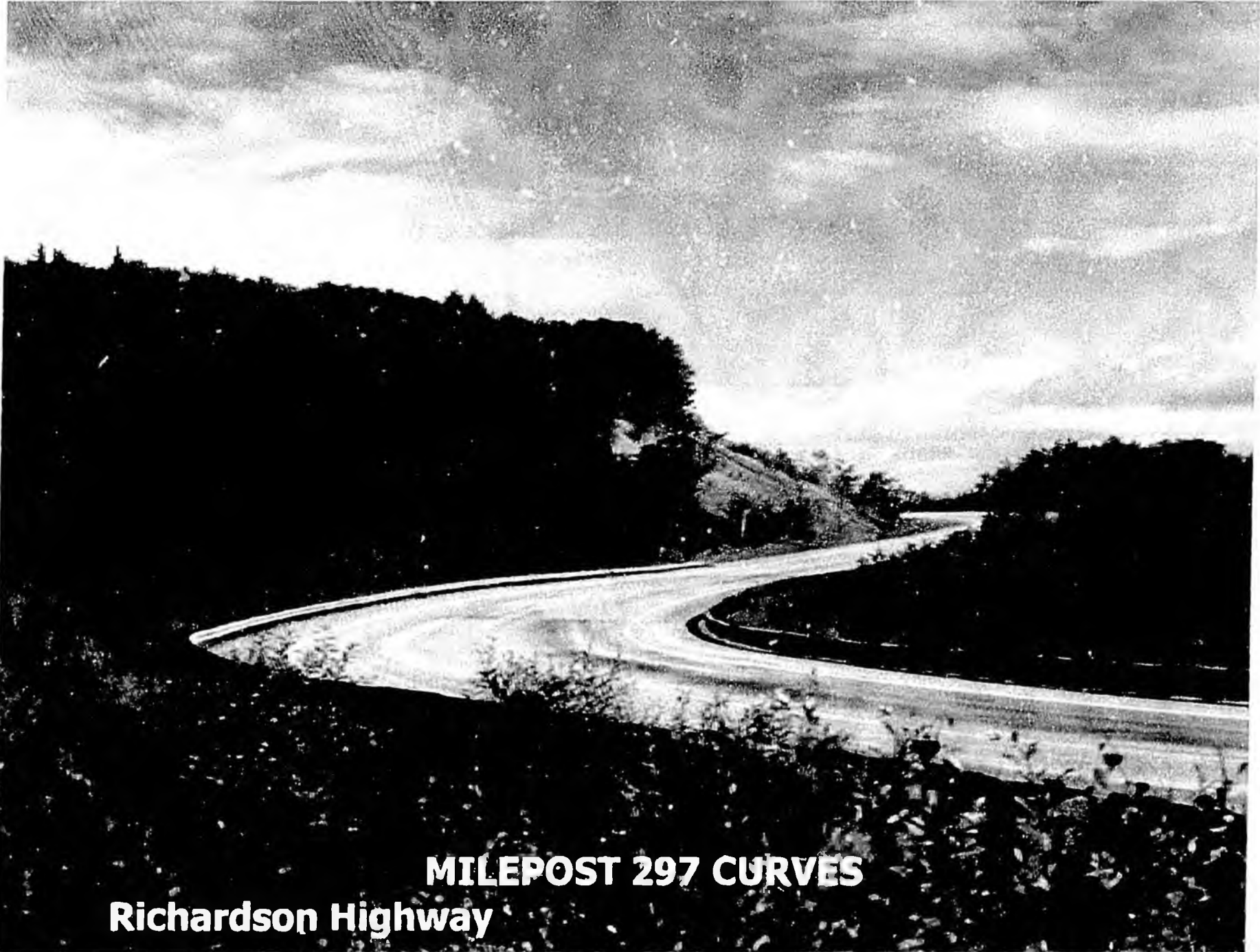


PATCHED PAVEMENT MILEPOST 295
Richardson Highway

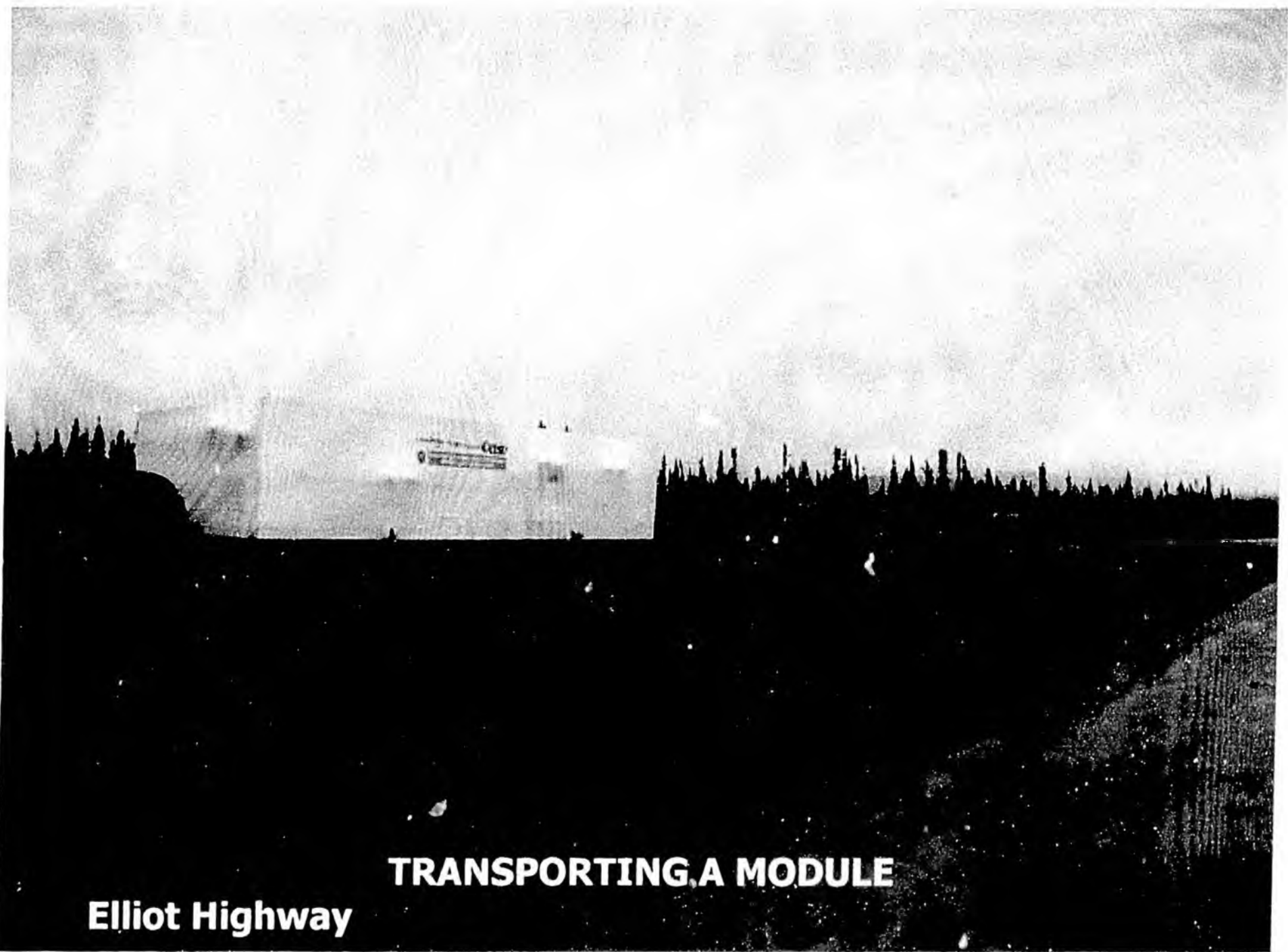


PATCHED PAVEMENT MILEPOST 13

Elliott Highway



MILEPOST 297 CURVES
Richardson Highway



Elliot Highway

TRANSPORTING A MODULE