

HB

177

ADMIN.

AMEND.

BILL SECTION	CORRESPONDING ADMIN. AMENDMENTS
Title	Amendment 1
43.90.010	Amendments 2 & 3 (lines 1-3)
43.90.100	Amendment 3a
43.90.110	Amendment 3 (lines 7-38), 4, and 5
43.90.120	Amendment 6 (lines 1-7)
43.90.130	Amendment 6 (lines 9-16), 7, 8, 9a, 9b, 9c, 10, 11, 11a, 12, 13, 14, 15 (lines 1-10)
43.90.140	Amendment 15 (lines 12-42)
43.90.150	Amendment 15a, 16 (lines 1-12)
43.90.160	Amendment 16 (lines 14-25)
43.90.170	Amendment 17, 18, 19, 20
43.90.180	Amendment 21
43.90.190	Amendment 22
43.90.200	Amendment 23, 24, 25 (lines 1-10), 26 (lines 1-6)
43.90.210	Amendment 25 (lines 12-21)
43.90.220	Amendment 26 (lines 8-29), 27 (lines 1-19)
43.90.230	Amendment 27 (lines 20-41), 28, 29 (lines 1-25), 30 (line 1)
43.90.240	Amendment 29 (lines 27-37), 30 (lines 3-4), 31, 32
43.90.250	Amendment 33 (lines 1-7), 34
43.90.260	Amendment 33 (lines 9-18)
43.90.300	Amendment 35 (lines 1-8), 36, 37 (lines 1-8)
43.90.310	Amendment 35 (lines 11-16), 37 (lines 10-29), 38, 39, 40 (lines 1-20)
43.90.320	Amendment 40 (lines 22-28), 41, 42, 43, 44 (line 1)
43.90.330	Amendment 44 (lines 3-24), 44a (lines 1-15)
43.90.400	Amendment 44 (lines 26-34)
43.90.410	Amendment 44a (lines 17-27)
43.90.420	Amendment 45 (lines 1-5)
43.90.440	Amendment 45 (lines 7-25), 46, 47 (lines 14-27)
43.90.450	Amendment 47 (lines 1-13), 48 (lines 1-5)
43.90.900	Amendment 48 (lines 7-9), 49, 50
43.90.990	Amendment 51
42.45.025	Amendment 52
Uncodified Law	Amendment 53, 54

AMENDMENTS THAT ARE RED-FLAGGED. PRESUMPTION IS THAT THESE ARE THE ONES THAT NEED FURTHER DISCUSSION, EXPLANATION.

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CS FOR HOUSE BILL NO. 177(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Gasline Inducement Act; providing inducements for the**
2 **construction of a natural gas pipeline and shippers that commit to use that pipeline;**
3 **establishing the Alaska Gasline Inducement Act matching contribution fund; providing**
4 **for an Alaska Gasline Inducement Act coordinator; making conforming amendments;**
5 **and providing for an effective date."**

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

7 *** Section 1. AS 43 is amended by adding a new chapter to read:**

8 **Chapter 90. Alaska Gasline Inducement Act.**

9 **Article 1. Inducement to Construction of a Natural Gas Pipeline in this State.**

10 **Sec. 43.90.010. Purpose.** The purpose of this chapter is to encourage
11 expedited construction of a natural gas pipeline that

12 (1) facilitates commercialization of North Slope gas resources in the
13 state;

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1 (2) promotes exploration and development of oil and gas resources on
2 the North Slope;

3 (3) maximizes benefits to the people of the state from the development
4 of oil and gas resources in the state; and

5 (4) encourages oil and gas lessees and other persons in the state to
6 commit natural gas from the North Slope to a gas pipeline system for transportation to
7 markets in this state or elsewhere.

8 Article 2. Alaska Gasline Inducement Act License.

9 Sec. 43.90.100. Gas project. (a) The commissioner of revenue and the
10 commissioner of natural resources, acting jointly, may award an Alaska Gasline
11 Inducement Act license as provided in this chapter. The person awarded a license
12 under this chapter is entitled to the inducement set out in AS 43.90.110.

13 (b) Nothing in this chapter precludes a person from pursuing a gas pipeline
14 project independently from this chapter.

15 Sec. 43.90.110. Natural gas pipeline project construction inducement. (a)
16 Subject to the limitations of this chapter, a license issued under this chapter entitles the
17 licensee or its designated affiliate to receive

18 (1) subject to appropriation, state matching contributions in a total
19 amount not to exceed \$500,000,000, paid to the licensee during the five-year period
20 immediately following the date the license is awarded; the payment period may be
21 extended under an amendment or modification under AS 43.90.210; a payment under
22 this paragraph shall be made according to the following:

23 (A) on or before the close of the first binding open season, the
24 state shall match the licensee's qualified expenditures at the level specified in
25 the license; however, the state's matching contribution may not exceed 50
26 percent of the qualified expenditures incurred before the end of the first
27 binding open season;

28 (B) after the close of the first binding open season, the state
29 shall match the licensee's qualified expenditures at the level specified in the
30 license; however, the state's matching contribution may not be greater than 80
31 percent of the qualified expenditures incurred after the close of the first

1 binding open season;

2 (C) a qualified expenditure is a cost that is incurred after the
3 license is issued under this chapter, is incurred by the licensee or the licensee's
4 designated affiliate, and is directly and reasonably related to obtaining a
5 certificate ^{or amended} of public convenience and necessity from the Federal Energy
6 Regulatory Commission or the Regulatory Commission of Alaska, as
7 appropriate, for development of the project; "qualified expenditure" does not
8 include overhead costs, litigation costs, the cost of an asset or work product
9 acquired by the licensee before the license is issued, civil penalties, criminal
10 penalties, or fines;

11 (2) the benefit of an Alaska Gasline Inducement Act coordinator who
12 has the authority prescribed in AS 43.90.250; and

13 (3) the benefits of coordination with qualified training organizations
14 that prepare individuals for employment in gas pipeline project management,
15 construction, operation, maintenance, and other gas pipeline-related positions.

16 (b) The commissioner of revenue in consultation with the commissioner of
17 natural resources shall adopt regulations for determining whether an expenditure is a
18 qualified expenditure for the purposes of (a) of this section.

19 **Sec. 43.90.120. Request for applications for the license.** (a) The
20 commissioners shall commence a public process to request applications for a license
21 under this chapter as soon as practicable after the effective date of this chapter.

22 (b) The commissioners may use independent contractors to assist them in
23 developing the application and in evaluating the applications received.

24 (c) The provisions of AS 36.30 do not apply to requests for applications under
25 this chapter.

26 **Sec. 43.90.130. Application requirements.** In order to be considered for the
27 license, an applicant shall file an application that is consistent with the terms of the
28 request for applications under AS 43.90.120 and shall

29 (1) file the application by the deadline established by the
30 commissioners in the request for applications;

31 (2) provide a detailed description of a proposed natural gas pipeline

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1 project for transporting natural gas from the North Slope to market, which may
2 include multiple design proposals, including different proposals for pipe diameter,
3 wall thickness, and transportation capacity, and which shall include

4 (A) the route proposed for the natural gas pipeline;

5 (B) the location of receipt and delivery points and the size and
6 design capacity of the proposed natural gas pipeline at the proposed receipt and
7 delivery points, except that this information is not required for in-state delivery
8 points; *< unless the applicant proposes a state receipt & delivery >*

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9 (C) an analysis demonstrating the economic and technical
10 viability of the project;

11 (D) an economically and technically viable work plan, timeline,
12 and associated budget for developing the proposed project and work associated
13 with the project that includes field work, environmental studies, design and
14 engineering, implementing practices for controlling carbon emissions from
15 natural gas systems as established by the United States Environmental
16 Protection Agency, and complying with all applicable state, federal, and
17 international regulatory requirements that affect the proposed project; the
18 applicant shall address the following:

19 (i) if the proposed project involves a pipeline into or
20 through Canada, a detailed description of the applicant's plan to obtain
21 necessary rights-of-way and authorizations in Canada, a description of
22 the transportation services to be provided and a description of rate-
23 making methodologies the applicant will propose to the regulatory
24 agencies, an estimate of rates and charges for all services, ~~and a~~
25 ~~detailed description of all access and tariff terms that the applicant~~
26 ~~would propose to offer;~~

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27 (ii) if the proposed project involves marine
28 transportation of liquefied natural gas, a description of the marine
29 transportation services to be provided and a description of proposed
30 rate-making methodologies; an estimate of rates and charges for all
31 services by third parties; a detailed description of all proposed access

1 and tariff terms for liquefaction services or, if a third party would
2 perform liquefaction services, the identification of that third party and
3 the terms applicable to the liquefaction services; a complete description
4 of the marine segment of the project, including the proposed
5 ownership, control, and cost of liquefied natural gas tankers, the
6 management of shipping services, liquefied natural gas export
7 destination, regasification facilities and pipeline facilities needed for
8 transport to market destinations; the entity or entities that would be
9 required to obtain necessary export permits and licenses or a certificate
10 of public convenience and necessity from the Federal Energy
11 Regulatory Commission for the transportation of liquefied natural gas
12 in interstate commerce if United States markets are proposed; and all
13 rights-of-way or authorizations required from a foreign country;

14 (3) if the proposed project is within the jurisdiction of the Federal
15 Energy Regulatory Commission, commit to

16 (A) conclude, by a date certain that is not later than 36 months
17 after the date the license is issued, a binding open season that is consistent with
18 the requirements of 18 C.F.R. Part 157, Subpart B (Open Seasons for Alaska
19 Natural Gas Transportation Projects) and 18 C.F.R. 157.30 - 157.39;

20 (B) apply for Federal Energy Regulatory Commission approval
21 to use the pre-filing procedures set out in 18 C.F.R. 157.21 by a date certain,
22 and use those procedures before filing an application for a certificate or
23 amended certificate of public convenience and necessity; and

24 (C) apply for a Federal Energy Regulatory Commission
25 certificate or amended certificate of public convenience and necessity to
26 authorize the construction and operation of the proposed project described in
27 this section by a date certain;

28 (4) if the proposed project is within the jurisdiction of the Regulatory
29 Commission of Alaska, commit to

30 (A) conclude, by a date certain that is not later than 36 months
31 after the date the license is issued, a binding open season that is consistent with

1 the requirements of AS 42.06; and

2 (B) apply for a certificate of public convenience and necessity
3 to authorize the construction and operation of the proposed project by a date
4 certain;

5 (5) after the first binding open season, commit to assess the market
6 demand for additional pipeline capacity at least every two years through public
7 nonbinding solicitations or similar means;

8 (6) commit to expand the proposed project in reasonable engineering
9 increments and on commercially reasonable terms that encourage exploration and
10 development of gas resources in this state; in this paragraph,

11 (A) "commercially reasonable terms" means that, subject to the
12 provisions of (7) of this section, revenue from transportation contracts covers
13 the cost of the expansion, including increased fuel costs, and a reasonable
14 return on capital as authorized by the Federal Energy Regulatory Commission
15 or the Regulatory Commission of Alaska, as applicable, and there is no
16 impairment of the proposed project's ability to recover the costs of existing
17 facilities;

18 (B) "reasonable engineering increments" means the amount of
19 additional capacity that could be added by compression or a pipe addition
20 using a compressor size or pipe size, as applicable, that is substantially similar
21 to the original compressor size and the original pipe size;

22 (7) make a commitment that the applicant

23 (A) will propose and support the recovery of mainline capacity
24 expansion costs, including fuel costs, from all mainline system users through
25 rolled-in rates as provided in (B) and (C) of this paragraph or through a
26 combination of incremental and rolled-in rates as provided in (D) of this
27 paragraph;

28 (B) will propose and support the recovery of mainline capacity
29 expansion costs, including fuel costs, from all mainline system users through
30 rolled-in rates; an applicant is obligated under this subparagraph only if the
31 rolled-in rates would increase the rates

1 (i) not described in (ii) of this subparagraph by not more
2 than 15 percent above the initial maximum recourse rates for capacity
3 acquired before commercial operations commence; in this sub-
4 subparagraph, "initial maximum recourse rates" means the highest cost-
5 based rates for any specific transportation service set by the Federal
6 Energy Regulatory Commission, the Regulatory Commission of
7 Alaska, or the National Energy Board of Canada, as appropriate, when
8 the pipeline commences commercial operations;

9 (ii) by not more than 15 percent above the negotiated
10 rate for pipeline capacity on the date of commencement of commercial
11 operations where the holder of the capacity is not an affiliate of the
12 owner of the pipeline project; for the purposes of this sub-
13 subparagraph, "negotiated rate" means the rate in a transportation
14 service agreement that provides for a rate that varies from the otherwise
15 applicable cost-based rate, or recourse rate, set out in a gas pipeline's
16 tariff approved by the Federal Energy Regulatory Commission, the
17 Regulatory Commission of Alaska, or the National Energy Board of
18 Canada, as appropriate; or

19 (iii) for capacity acquired in an expansion after
20 commercial operations commence, to a level that is not more than 115
21 percent of the volume-weighted average of all rates collected by the
22 project owner for pipeline capacity on the date commercial operations
23 commence;

24 (C) will, if recovery of mainline capacity expansion costs,
25 including fuel costs, through rolled-in rate treatment would increase the rates
26 for capacity described in (B) of this paragraph, propose and support the partial
27 roll-in of mainline expansion costs, including fuel costs, to the extent that rates
28 acquired before commercial operations commence do not exceed the levels
29 described in (B) of this paragraph;

30 (D) may, for the recovery of mainline capacity expansion costs,
31 including fuel costs, that, under rolled-in rate treatment, would result in rates

1 that exceed the level in (B) of this paragraph, propose and support the recovery
 2 of those costs through any combination of incremental and rolled-in rates;
 3 (E) will not enter into a negotiated rate agreement that would
 4 preclude the applicant from collecting from any shipper, including a shipper
 5 with a negotiated rate agreement, the rolled-in rates that are required to be
 6 proposed and supported by the applicant under (B) of this paragraph or the
 7 partial rolled-in rates that are required to be proposed and supported by the
 8 applicant under (C) of this paragraph;

9 (8) state how the applicant proposes to deal with a North Slope gas
 10 treatment plant regardless of whether that plant is part of the applicant's proposal, and,
 11 to the extent that the plant will be owned entirely or in part by the applicant, commit to
 12 seek certificate authority from the Federal Energy Regulatory Commission if the
 13 proposed project is engaged in interstate commerce or from the Regulatory
 14 Commission of Alaska if the project is not engaged in interstate commerce; for a
 15 North Slope gas treatment plant that will be owned entirely or in part by the applicant,
 16 for rate-making purposes, commit to value previously owned assets that are part of the
 17 gas treatment plant at net book value; describe the gas treatment plant, including its
 18 design, engineering, construction, ownership, and plan of operation, the identity of any
 19 third party that will participate in the ownership or operation of the gas treatment
 20 plant, and the means by which the applicant will work to minimize the effect of the
 21 costs of the facility on the tariff;

22 (9) propose a percentage and total dollar amount for the state's
 23 matching contribution under AS 43.90.110(1)(A) and (B), to be specified in the
 24 license;

25 (10) commit to propose and support rates for the proposed project and
 26 for any North Slope gas treatment plant that the applicant may own, in whole or in
 27 part, that are based on a capital structure for rate-making that consists of not less than
 28 70 percent debt;

29 (11) describe the means for preventing or managing cost overruns for
 30 the proposed project, and the measures for minimizing the effect from any overruns;

31 (12) commit to provide a minimum of five delivery points of natural

1 gas in this state;

2 (13) commit to offer firm transportation service to delivery points in
3 this state as part of the tariff regardless of whether any shippers bid successfully in a
4 binding of n season for firm transportation service to delivery points in this state, and
5 commit to offer distance-sensitive rates to delivery points in this state consistent with
6 18 C.F.R. 157.34(c)(8);

7 (14) commit to establish a local headquarters in this state for the
8 proposed project;

9 (15) to the extent permitted by law, commit to

10 (A) hire qualified residents from throughout the state for
11 management, engineering, construction, operations, maintenance, and other
12 positions on the proposed project;

13 (B) contract with businesses located in the state;

14 (C) establish hiring facilities or use existing hiring facilities in
15 the state; and

16 (D) use, as far as is practicable, the job centers and associated
17 services operated by the Department of Labor and Workforce Development
18 and an Internet-based labor exchange system operated by the state;

19 (16) waive the right to appeal the issuance of a license to another
20 applicant or to appeal the determination under AS 43.90.180(b) that no application
21 merits the issuance of a license;

22 (17) commit to negotiate, before construction, a project labor
23 agreement; in this paragraph, "project labor agreement" means a comprehensive
24 collective bargaining agreement between the licensee or its agent and the appropriate
25 labor representatives to ensure expedited construction with labor stability for the
26 project by qualified residents of the state;

27 (18) commit that the state matching contribution received by the
28 licensee may not be included in the applicant's rate base and shall be used as a credit
29 against the licensee's cost of service;

30 (19) provide a detailed description of the applicant and other entities
31 participating with the applicant in the application and the project proposed by the

1 applicant; and persons the applicant intends to involve in the construction and
2 operation of the proposed project; the description must include the nature of the
3 affiliation for each person, the commitments by the person to the applicant, and other
4 information relevant to the commissioners' evaluation of the readiness and ability of
5 the applicant to complete the project presented in the application; and

6 (20) otherwise demonstrate the readiness and ability to perform the
7 activities specified in the application, including following the detailed work plan,
8 timeline, and operation within the associated budget.

9 **Sec. 43.90.140. Initial application review; additional information requests;**
10 **complete applications.** (a) The commissioners shall review each application filed
11 under AS 43.90.130 to determine whether it is consistent with the terms of the request
12 for applications and meets the requirements in AS 43.90.130. The commissioners shall
13 reject an application that does not meet the terms of the request for applications or the
14 requirements in AS 43.90.130.

15 (b) The commissioners may request additional information relating to the
16 application.

17 (c) If, within the time specified by the commissioners, the applicant fails to
18 provide the additional information requested under (b) of this section, or submits
19 additional information that is not responsive, the application shall be rejected.

20 (d) For an application not rejected under this section, the commissioners shall
21 make a determination that the application, including any requested additional
22 information, ~~is complete.~~

23 **Sec. 43.90.150. Proprietary information and trade secrets.** (a) At the
24 request of the applicant, information submitted under this chapter that the applicant
25 identifies and demonstrates is proprietary or is a trade secret is confidential and not
26 subject to public disclosure under AS 40.25, unless the applicant is granted a license
27 under this chapter. After a license is awarded, all information submitted by the
28 licensee under this chapter, and retained for the purposes of this chapter, shall be made
29 public.

30 (b) If the commissioners determine that the information submitted by the
31 applicant is not proprietary or is not a trade secret, the commissioners shall notify the

applicant and return the information at the request of the applicant.

(c) An applicant that challenges the award of a license or the process for making the award shall be considered to have consented to the disclosure of all of the information submitted under this chapter by the applicant making challenge, including information held confidential under (a) of this section.

(d) In this section, "proprietary" means that the information is treated by the applicant as confidential and the public disclosure of that information would adversely affect the competitive position of the applicant, or materially diminish the commercial value of the information to the applicant.

Sec. 43.90.160. Notice, review, and comment. (a) The commissioners shall publish notice and provide a 60-day period for public review and comment on all applications determined complete under AS 43.90.140.

(b) Applications received under this chapter are not subject to public disclosure under AS 40.25 until the commissioners publish notice under this section. However, information that the commissioners have determined is confidential under AS 43.90.150 may not be made public even after the notice is published under (a) of this section, except as provided in AS 43.90.150. If information is held confidential under AS 43.90.150, the applicant shall provide a summary of the confidential information that is satisfactory to the commissioners, and the commissioners shall make the summary of the confidential information available to the public.

(c) Information provided by an applicant to the commissioners under this chapter, including information determined by the commissioners to be confidential under AS 43.90.150, shall be disclosed to the legislative auditor, the fiscal analyst who serves as head of the legislative finance division, agents and contractors of the legislative auditor and the fiscal analyst, and members of the legislature, on request and after the individual making the request signs a confidentiality agreement prepared by the commissioners.

Sec. 43.90.170. Application evaluation and ranking. (a) The commissioners shall evaluate all applications determined to be complete under AS 43.90.140, consider public comments received under AS 43.90.160(a); and rank each application according to the net present value of the anticipated cash flow to the state from the

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1 applicant's project proposal using the factors in (b) of this section and weighted by the
2 project's likelihood of success based on the commissioners' assessment of the factors
3 listed in (c) of this section.

4 (b) When evaluating the net present value of anticipated cash flow to the state
5 from the applicant's project proposal, the commissioners shall use an undiscounted
6 value and, at a minimum, discount rates of two, six, and eight percent, and consider

7 (1) how quickly the applicant proposes to begin construction of the
8 proposed project and how quickly the project will commence commercial operation;

9 (2) the net back value of the gas determined by the destination market
10 value of the gas and estimated transportation and treatment costs;

11 (3) the ability of the applicant to prevent or reduce project cost
12 overruns that would increase the tariff;

13 (4) the initial design capacity of the applicant's project and the extent
14 to which the design can accommodate low-cost expansion; and

15 (5) other factors found by the commissioners to be relevant to the
16 evaluation of the net present value of the anticipated cash flow to the state, including
17 the value of state income tax or equivalent payment in lieu of tax and supplemental
18 profit-sharing to the state if contractually stipulated.

19 (c) When evaluating the project's likelihood of success, the commissioners
20 shall consider

21 (1) the reasonableness, specificity, and feasibility of the applicant's
22 work plan, timeline, and budget required to be submitted under AS 43.90.130,
23 including the applicant's plan to manage cost overruns, insulate shippers from the
24 effect of cost overruns, and encourage shippers to participate in the first binding open
25 season;

26 (2) the financial resources of the applicant;

27 (3) the ability of the applicant to comply with the proposed
28 performance schedule;

29 (4) the applicant's organization, experience, accounting and operational
30 controls, technical skills or the ability to obtain them, necessary equipment or the
31 ability to obtain the necessary equipment;

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- 1 (5) the applicant's record of
2 (A) performance on projects not licensed under this chapter;
3 (B) integrity and good business ethics; and
4 (6) other evidence and factors found by the commissioners to be
5 relevant to the evaluation of the project's likelihood of success.

6 (d) In this section, "net present value" means the discounted value of a future
7 stream of cash flow.

8 **Sec. 43.90.180. Notice to the legislature of intent to issue license; denial of**
9 **license.** (a) If, after consideration of public comments received under AS 43.90.160(a)
10 and evaluation of complete applications under AS 43.90.170, the commissioners
11 determine that an application proposes a project that will sufficiently maximize the
12 benefits to the people of this state and merits issuance of a license under this chapter,
13 the commissioners shall

14 (1) issue a determination, with written findings addressing the basis for
15 the determination; the determination becomes a final agency action in accordance with
16 AS 43.90.190;

17 (2) publish notice of intent to issue a license under this chapter with
18 written findings addressing the basis for the determination; and

19 (3) submit the determination along with the findings, supporting
20 documentation, and a copy of the notice published under (2) of this subsection to the
21 presiding officer of each house of the legislature for action as provided in
22 AS 43.90.190.

23 (b) If, after the evaluation of complete applications under AS 43.90.170, the
24 commissioners determine that no application sufficiently maximizes the benefits to the
25 people of this state and merits issuance of a license under this chapter, the
26 commissioners shall issue a written finding that addresses the basis for that
27 determination.

28 (c) The commissioners' determination under this (b) of this section is a final
29 agency action.

30 **Sec. 43.90.190. Legislative approval; issuance of license.** (a) After the
31 presiding officer of each house of the legislature receives a determination from the

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1 commissioners under AS 43.90.180, the rules committee of each house of the
2 legislature shall introduce a bill in the committee's respective chamber that provides
3 for the approval of the license proposed to be issued by the commissioners.

4 (b) If a bill approving the issuance of the license passes the legislature within
5 90 days after the last date a presiding officer receives a determination by the
6 commissioners under AS 43.90.180, the commissioners shall issue the license as soon
7 as practicable after the effective date of the Act approving the issuance of the license.

8 (c) Notwithstanding a legislative rule that prohibits the carryover of a bill after
9 the end of a special session or after the end of a regular session of a legislature, a bill
10 introduced under (a) of this section that is not passed or not withdrawn, defeated,
11 vetoed, or indefinitely postponed shall be carried over to any subsequent regular or
12 special legislative session convened during the 90-day period described in (b) of this
13 section in the same reading or status it was in at the time of adjournment. However, a
14 bill introduced under (a) of this section may not be carried over to the first regular
15 session of a legislature. *Carryover Rule*

16 (d) If the legislature fails to approve the issuance of the license, the
17 commissioners

- 18 (1) ~~may not issue the license that the legislature failed to approve~~; and
- 19 (2) may request new applications for a license under AS 43.90.120.

20 **Sec. 43.90.200. Certification by regulatory authority and project sanction.**

21 (a) A licensee that is awarded a certificate of public convenience and necessity from a
22 regulatory agency with jurisdiction over the project shall accept the certificate when
23 all rights of administrative appeal relating to the certificate have expired.

24 (b) If, ~~at the time the certificate is awarded~~, the licensee has credit support
25 sufficient to finance construction of the project through ownership of rights to produce
26 and market gas resources, firm transportation commitments, or government financing,
27 the licensee shall sanction the project within one year after the effective date of the
28 certificate of public convenience and necessity issued by the regulatory agency with
29 jurisdiction over the project.

30 (c) If, ~~at the time the certificate is awarded~~, the licensee does not have credit
31 support sufficient to finance construction of the project through ownership of rights to

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1 produce and market gas resources, firm transportation commitments, or government
2 financing, the licensee shall sanction the project within five years after the effective
3 date of the certificate of public convenience and necessity issued by the regulatory
4 agency with jurisdiction over the project.

5 (d) If the licensee fails to sanction the project timely as required under this
6 section, the licensee shall, upon request by the state,

7 (1) seek approval from the Federal Energy Regulatory Commission or
8 the Regulatory Commission of Alaska, as applicable, to abandon to the state or the
9 state's designee; and *#32*
and transfer the certificate

10 (2) assign to the state or the state's designee all project data,
11 engineering designs, contracts, permits, and other data related to the project that are
12 acquired by the licensee during the term of the license before the date of the
13 abandonment or transfer.

14 (e) The transfer of any certificate of public convenience and necessity or
15 transfer under (d) of this section as a result of failure to comply with (a), ^(b)~~(b)~~, ~~or (c)~~ of
16 this section is at no cost to the state or the state's designee. *NO*

17 (f) In this section, "time the certificate is awarded" means the date after which
18 all rights of administrative appeal relating to the certificate have expired. *The effective date of the certificate*

19 **Sec. 43.90.210. Amendment of or modification to the project plan.** Subject
20 to the approval of the commissioners, a licensee may amend or modify its project plan
21 if the amendments or modifications improve the net present value of the project to the
22 state, are necessary because of an order issued by the Alaska Oil and Gas
23 Conservation Commission, or are necessary as a result of changed circumstances
24 outside the licensee's control and not reasonably foreseeable before the license was
25 issued. An amendment or modification approved under this section must be consistent
26 with the requirements in AS 43.90.130 and, except for an amendment or modification
27 required because of an order by the Alaska Oil and Gas Commission, may not
28 diminish the net present value to the state of the project or the likelihood of success for
29 the project. *Conservation* *#33*

30 **Sec. 43.90.220. Records, reports, conditions, and audit requirements.** (a) A
31 licensee shall maintain complete and accurate records of all expenditures and

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1 commitments of state contributions received under this chapter, including receipts and
2 records showing the payment or cost of purchased items and services, the names and
3 addresses of the sellers and service providers, and the dates of service or delivery.

4 (b) Upon reasonable notice, the commissioners may audit the records, books,
5 and files of the entity receiving the state money or making the expenditures and
6 commitments under this chapter.

7 (c) With respect to information relating to the project, the commissioners may
8 ~~conduct hearings or other investigative inquiries, compel the attendance of witnesses~~
9 ~~and production of documents, and require the licensee to furnish information and~~
10 ~~documents relating to the project in hard copy or electronic format.~~

11 (d) After a license has been issued and ~~so long as the terms of the license~~ *until canceled*
12 ~~continue to apply,~~ the licensee shall allow the commissioners to

13 (1) have a representative present at all meetings of the licensee's
14 governing body and meetings of equity holders that relate to the project;

15 (2) receive all relevant notices and information sent to the governing
16 body and equity holders;

17 (3) enjoy the same access to information about the licensee as the
18 governing body members and equity owners receive; and

19 (4) receive relevant reports or information from the licensee that the
20 commissioners reasonably request.

21 (e) A licensee shall maintain the records and reports required under this
22 section for seven years from the date the licensee receives state money under this
23 chapter.

24 **Sec. 43.90.230. License violations; damages.** (a) A licensee is in violation of
25 the license if the commissioners determine that the licensee has

26 (1) committed money received from the state under this chapter for an
27 expenditure that is not a qualified expenditure under AS 43.90.110;

28 (2) substantially departed from the specifications set out in the
29 application without state approval of a project plan amendment or modification under
30 AS 43.90.210;

31 (3) violated any provision of this chapter or any other provision of

1 state or federal law material to the license; or

2 (4) otherwise violated a material term of the license.

3 (b) The commissioners shall provide written notice to the licensee identifying
4 a license violation. The commissioners and the licensee have 90 days after the date the
5 notice is issued to resolve the violation informally.

6 (c) The commissioners may suspend disbursement of state matching
7 contributions to the licensee beginning on the date that the notice of violation issued
8 under (b) of this section is sent to the licensee. The commissioners may resume
9 disbursement on the date that the commissioners determine that the violation is cured.

10 (d) If the commissioners and the licensee are unable to resolve the violation
11 within the time specified in (b) of this section, the commissioners shall provide the
12 licensee with notice that the violation has not been cured and provide the opportunity
13 for the licensee to be heard. If after notice and hearing the commissioners determine
14 that the violation has not been cured, the commissioners shall issue a written decision
15 that is a final administrative action for purposes of appeal to the superior court in the
16 state.

17 (e) If the determination issued under (d) of this section finds an unresolved
18 violation, the commissioners may impose one or more of the following remedies:

19 (1) discontinuation of state matching contributions under this chapter;

20 (2) recoupment of state money that the licensee has received under this
21 chapter to date, with interest, regardless of whether the licensee has expended or
22 committed that money;

23 (3) license revocation;

24 (4) assignment to the state or the state's designee of all project data,
25 engineering designs, contracts, permits, and other data relating to the project that are
26 acquired by the licensee during the term of the license; and

27 (5) any other remedies provided by law or in equity.

28 (f) If the license is revoked under (e) of this section, the licensee

29 (1) may not submit an application for the license in the event a request
30 for applications is issued under AS 43.90.120 after the date of revocation; and

31 (2) shall deliver to the state all project data, engineering designs,

1 contracts, rights-of-way, and other work product of the licensee that is related to the
2 licensed project.

3 **Sec. 43.90.240. Abandonment of project.** (a) If the commissioners and the
4 licensee agree that the project is uneconomic, the project shall be abandoned, the
5 inducement provided for in AS 43.90.110 terminated, and the state and the licensee no
6 longer have an obligation under this chapter with respect to the license except for
7 requirements imposed on the licensee under (f) of this section and AS 43.90.220.

8 (b) If the commissioners or the licensee determine the project is uneconomic
9 and the other party disagrees, the disagreement shall be settled by arbitration
10 administered by the American Arbitration Association under the substantive and
11 procedural laws of this state, and judgment on the award rendered by the arbitrators
12 may be entered in a superior court in the state. In the event of arbitration, each party
13 shall select an arbitrator from the American Arbitration Association's National Roster
14 and the two arbitrators shall appoint a third arbitrator from the American Arbitration
15 Association's National Roster who shall serve as the chair of the three-member
16 arbitration panel. If the arbitration panel determines that the project is

17 (1) uneconomic, the state and the licensee no longer have any
18 obligation under this chapter with respect to the license, except for requirements
19 imposed on the licensee under (f) of this section and AS 43.90.220; or

20 (2) not uneconomic, the obligations of the licensee and the state
21 continue as provided under this chapter and the license.

22 (c) The arbitration panel in (b) of this section shall make a determination that
23 the project is uneconomic only if the panel finds that the party claiming the project is
24 uneconomic has proven by a preponderance of the evidence that the

25 (1) project does not have credit support sufficient to finance
26 construction of the project through firm transportation commitments, government
27 assistance, or other sources of financing; and

28 (2) predicted costs of transportation at a 100 percent load factor, when
29 deducted from predicted gas sales revenue using publicly available predictions of
30 future gas prices, would result in a producer rate of return that is below the rate
31 typically accepted by a prudent oil and gas exploration and production company for

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1 incremental upstream investment that is required to produce and deliver gas to the
2 project.

3 ~~(d) In an appeal of a final determination rendered by the arbitrators under (b)~~
4 of this section, the person making the appeal has the burden of proof.

5 (e) If the state makes a payment to the licensee under AS 43.90.440, the
6 license is considered abandoned, and the state and the licensee no longer have any
7 obligations under this chapter with respect to the license, except that the licensee must
8 comply with the

9 (1) requirements imposed on the licensee under AS 43.90.220
10 regarding state money received by the licensee before the license was considered
11 abandoned; and

12 (2) requirements of AS 43.90.440.

13 (f) If the commissioners and the licensee agree that the project is uneconomic
14 or an arbitration panel makes a final determination that the project is uneconomic, the
15 licensee shall deliver to the state or the state's designee all engineering designs,
16 contracts, permits, and other data relating to the project that are acquired by the
17 licensee during the term of the license upon reimbursement by the state of the net
18 amount of expenditures incurred and paid by the licensee that are qualified
19 expenditures for the purposes of AS 43.90.110.

20 **Sec. 43.90.250. Alaska Gasline Inducement Act coordinator.** (a) There is
21 created in the office of the governor the position of Alaska Gasline Inducement Act
22 coordinator. Administrative support for the position shall be provided by the office of
23 the governor. The position shall continue until one year after commencement of
24 commercial operations of the project.

25 (b) The governor shall appoint a person to the position of Alaska Gasline
26 Inducement Act coordinator. The initial appointment is subject to confirmation by the
27 legislature and an appointment is subject to reconfirmation by the legislature during
28 the first regular legislative session after a general election at which a governor is
29 elected. The individual serving as the Alaska Gasline Inducement Act coordinator may
30 be removed from the position at the discretion of the governor.

31 (c) The Alaska Gasline Inducement Act coordinator is entitled to receive an

1 annual salary equal to Step A, Range 28, of the salary schedule set out in
2 AS 39.27.011(a) for Juneau.

3 (d) The Alaska Gasline Inducement Act coordinator shall, in conjunction with
4 the commissioners,

5 (1) coordinate expeditious performance of all activities by state
6 agencies for the project;

7 (2) ensure compliance by state agencies with the provisions of this
8 chapter; and

9 (3) coordinate with the Office of the Federal Coordinator for Alaska
10 Natural Gas Transportation Projects (29 U.S.C. 720d) for natural gas transportation
11 projects in the state.

12 **Sec. 43.90.260 Expedited review and action by state agencies.** (a) A review
13 conducted and action taken by a state agency relating to the project shall be expedited
14 in a manner consistent with the completion of the necessary approvals in accordance
15 with this chapter.

16 (b) Notwithstanding any contrary provision of law, a state agency may not
17 include in any project certificate, right-of-way, permit, or other authorization issued to
18 the licensee a term or condition that is not required by law if the coordinator
19 determines that the term or condition would prevent or impair in any significant
20 respect the expeditious construction and operation or expansion of the project.

21 (c) Unless required by law, a state agency may not add to, amend, or brogate
22 a certificate, right-of-way, permit, or other authorization issued to a licensee if the
23 coordinator determines that the action would prevent or impair in any significant
24 respect the expeditious construction, operation, or expansion of the project.

25 **Article 3. Resource Inducement.**

26 **Sec. 43.90.300. Qualification for resource inducement.** (a) Notwithstanding
27 any contrary provision of law, a lessee or other person that demonstrates to the
28 satisfaction of the commissioners that the person has committed to acquire firm
29 transportation capacity in the first binding open season of the project is qualified to
30 receive the resource inducement set out in AS 43.90.310 and 43.90.320 for gas
31 produced on the North Slope and shipped in firm transportation capacity acquired in

1 the first binding open season of the project. The inducement in AS 43.90.310 is
2 contractual.

3 (b) A gas producer receiving a voucher under AS 43.90.330 is qualified to
4 receive the resource inducement in AS 43.90.310 and 43.90.320 for the gas shipped in
5 the firm transportation capacity described in the voucher for the period described in
6 AS 43.90.330;

7 **Sec. 43.90.310. Royalty inducement.** (a) Before the start of the first binding
8 open season to be conducted by the licensee, the commissioner of natural resources
9 shall adopt regulations that provide a method to determine the monthly value of the
10 state's royalty share of gas production and provide terms under which the state will
11 exercise its right to switch between taking its royalty in value or in kind for gas
12 committed for firm transportation in the first binding open season of the project or
13 shipped in the firm transportation capacity described in a voucher received by the gas
14 producer under AS 43.90.330. The regulations must

15 (1) minimize retroactive adjustments to the monthly value of the state's
16 royalty share of gas production;

17 (2) provide a method for establishing a fair market value for each
18 component of the state's royalty gas that is based on pricing data from reliable and
19 widely available industry trade publications and that uses appropriate adjustments to
20 reflect

21 (A) deductions for actual and reasonable transportation costs
22 for the state's royalty gas, including a reasonable share of the costs associated
23 with unused capacity commitments on gas pipelines from the North Slope to
24 the first destination market with reasonable market liquidity;

25 (B) location differentials between the destination markets
26 where North Slope gas could be sold;

27 (C) reasonable and actual costs for gas processing; and

28 (D) deductions permitted under the 1980 Royalty Settlement
29 Agreement for Prudhoe Bay gas; and

30 (3) establish terms under which the state will exercise its authority to
31 switch between taking its royalty gas in value and in kind to ensure that the state's

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actions do not unreasonably

(A) cause the lessee or other person to bear disproportionate transportation costs with respect to the state's royalty gas;

(B) interfere with the lessee's or other person's long-term marketing of its production.

(b) If a lessee or other person qualified for resource inducement under AS 43.90.300 agrees under (c) of this section, the lessee or other person is entitled to elect whether

(1) to calculate its gas royalty obligation under the regulations adopted under (a) of this section for natural gas transported on a firm contract negotiated during the project's first binding open season or under the methodology set out in the existing leases from which the gas is produced, and

(A) upon the request of the lessee, the commissioner of natural resources shall contractually amend the existing lease to effect the election under this paragraph and incorporate into the lease terms of the relevant regulation as fixed contract terms; and

(B) the election under this subsection remains in effect until new regulations are adopted as a result of a review under (d) of this section, at which time, a lessee or other person qualified under AS 43.90.300 may change its election under this paragraph; upon the request of the lessee, the commissioner of natural resources shall contractually amend the lease to incorporate as fixed contract terms the relevant revised regulatory provisions;

or

(2) to enter into a contract with the state that amends the existing lease terms by

(A) extending the required period of notice that the state must provide before exercising the state's right to switch between taking its royalty in value or in kind for gas committed for firm transportation in the first binding open season of the project; or

~~(B) eliminating the ability of the state to take its royalty in kind for gas in the quantity and volume committed to the firm transportation~~

1 capacity acquired during the first binding open season of the project, if the
2 person entitled to this election agrees to provide gas for in-state residential and
3 commercial uses at the delivery points described in the license at the same
4 value as would be received by the state if the state receives its royalty in value
5 with the corresponding distance-sensitive transportation charges; if the lessee
6 or other person exercising this election fails to adequately supply the in-state
7 gas requirements, after reasonable notice, or if the contract effectively prevents
8 the state from exercising its rights with other lessees to switch between taking
9 its royalty in value or in kind because of various unit agreements among
10 lessees, the election is considered to terminate, and the provisions of the
11 original lease relating to the state's taking its royalty gas in kind or in value
12 apply.

13 (c) To claim the inducement under (b) of this section, a lessee or other
14 qualified person shall agree, on an application form provided by the Department of
15 Natural Resources, that the lessee or person, and the lessee's or person's affiliates,
16 successors, assigns, and agents will not protest or appeal a filing by the licensee to roll
17 in expansion costs of the mainline up to a level that is required in AS 43.90.130(7).
18 The agreement not to protest may not preclude the lessee or other qualified person, or
19 the affiliates, successors, assigns, and agents of the lessee or other qualified person,
20 from protesting a filing to roll in mainline expansion costs that licensee is not required
21 to propose and support under AS 43.90.130(7).

22 (d) The commissioner of natural resources shall provide for review of the
23 regulations adopted under (a) of this section at least every two years after the
24 commencement of commercial operations to determine whether the regulations
25 continue to minimize retroactive adjustments to the monthly value of the state's
26 royalty share of gas production under current conditions; the commissioner shall
27 amend the regulations when the requirement is not being met.

28 (e) No provision of this chapter precludes the election set out in (b) of this
29 section, nor may the commissioner of natural resources assert any provision of any
30 existing lease or unit agreement as precluding the elections set out in (b) of this
31 section.

1 **Sec. 43.90.320. Gas production tax exemption.** (a) If a person qualified for
2 resource inducement under AS 43.90.300 agrees under (c) of this section, the person is
3 entitled to an annual exemption from the state's gas production tax in an amount equal
4 to the difference between the amount of the person's gas production tax obligation
5 calculated under the gas production tax in effect during that tax year and the amount of
6 the person's gas production tax obligation calculated under the gas production tax in
7 effect at the start of the first binding open season held under this chapter. If the
8 difference is less than zero, the gas production tax exemption is zero.

9 (b) The exemption under this section may be applied within the 10 years
10 immediately following commencement of commercial operations and only applied to
11 production taxes that are levied on North Slope gas shipped through firm
12 transportation capacity the person acquired during the first binding open season or
13 shipped in the firm transportation capacity described in a voucher received by the gas
14 producer under AS 43.90.330.

15 (c) The person claiming the exemption under this section shall agree that the
16 person and the person's affiliates, successors, ~~assigns, and agents~~ will not protest or
17 appeal a filing by the licensee to roll in mainline expansion costs up to the level that
18 the licensee is required to propose and support under AS 43.90.130(7); the agreement
19 required under this subsection may not preclude the person or the person's affiliates,
20 successors, assigns, and agents, from protesting a filing to roll in mainline expansion
21 costs that the licensee is not required to propose and support under AS 43.90.130(7).

22 **Sec. 43.90.330. Inducement vouchers.** (a) A person that acquires firm
23 transportation capacity in the first binding open season of the project, that does not
24 hold an oil and gas lease on the North Slope, and that is not an affiliate of a person that
25 holds an oil and gas lease on the North Slope, may apply to the commissioners for a
26 voucher under this section. A voucher issued by the commissioners must describe the
27 firm transportation capacity in the project to which the voucher is applicable.

28 (b) A voucher issued by the commissioners under this section entitles the
29 holder of the voucher to the resource inducements in AS 43.90.310 and 43.90 0 for
30 gas shipped in the firm transportation capacity acquired by the person applying for the
31 voucher during the first binding open season of the project and described in the

1 voucher. The voucher may be transferred to a gas producer that has a binding
2 obligation to sell gas to the person transferring the voucher under a gas purchase
3 agreement.

4 (c) A gas producer holding a voucher may claim the resource inducements for
5 gas shipped through the firm transportation capacity described in the voucher and only
6 on gas that is produced and delivered to the purchaser on the North Slope. A gas
7 producer may claim the resource inducements under this subsection until the earlier of
8 the termination of the binding gas purchase agreement or the expiration of the
9 inducements by operation of law.

10 Article 4. Miscellaneous Provisions.

11 **Sec. 43.90.400. Alaska Gasline Inducement Act matching contribution**
12 **fund; disbursements; audits.** (a) There is established in the general fund an Alaska
13 Gasline Inducement Act matching contribution fund. The fund consists of money
14 appropriated to it by the legislature for disbursement to pay the state's matching
15 contributions under AS 43.90.110. Money appropriated to the fund may be spent for
16 the purposes of the fund without further appropriation. Appropriations to the fund do
17 not lapse under AS 37.25.010, but remain in the fund for future disbursements.
18 Nothing in this subsection creates a dedicated fund.

19 (b) The Department of Revenue shall manage the fund, and may invest money
20 in the fund so as to yield competitive market rates as provided in AS 37.10.071.
21 Income earned on the fund shall be accounted for separately and may be appropriated
22 annually to the fund.

23 (c) The commissioners shall adopt regulations that provide for application to
24 receive matching contributions for qualified expenditures as provided under
25 AS 43.90.110, and that provide for periodic audits of the use of money disbursed as
26 matching contributions under this chapter.

27 (d) Within 10 days after the convening of each regular session of the
28 legislature, the commissioners shall submit to the legislature a report that lists the
29 disbursements from the fund during the preceding fiscal year with a written
30 justification for each disbursement and the projected amount of money that will be
31 required for contributions in each of the next three fiscal years.

1 **Sec. 43.90.410. Regulations.** The commissioner of revenue may adopt
2 regulations on behalf of the commissioners for the purpose of implementing the
3 provisions of this chapter. The commissioner of revenue and the commissioner of
4 natural resources may change regulations adopted under authority outside of this
5 chapter as necessary to implement the provisions of this chapter.

6 **Sec. 43.90.420. Statute of limitations.** A person may not bring a judicial
7 action challenging the constitutionality of this chapter or a license issued under this
8 chapter unless the action is commenced in a court of the state of competent
9 jurisdiction within 90 days after the date that a license is issued.

10 **Sec. 43.90.430. Interest.** When a payment due to the state under this chapter
11 becomes delinquent, the payment bears interest at the rate applicable to a delinquent
12 tax under AS 43.05.225.

13 **Sec. 43.90.440. Licensed project assurances.** (a) Except as otherwise
14 provided in this chapter, the state grants a licensee assurances that the licensee has
15 exclusive enjoyment of the inducement provided under this chapter before the
16 commencement of commercial operations. If, before the commencement of
17 commercial operations, the state extends to another person preferential royalty or tax
18 treatment or grant of state money for the purpose of facilitating the construction of a
19 competing natural gas pipeline project in this state, and if the licensee is in compliance
20 with the requirements of the license and with the requirements of state and federal
21 statutes and regulations relevant to the project, the licensee is entitled to payment from
22 the state of an amount equal to three times the total amount of the expenditures
23 incurred and paid by the licensee that are qualified expenditures for the purposes of
24 AS 43.90.110 that the licensee incurred in developing the licensee's project before the
25 date that the state first extended preferential treatment to another person. The payment
26 under this subsection is subject to appropriation. Upon payment by the state of the
27 amount owed under this section, the licensee shall, at no additional cost to the state,
28 assign to the state or the state's designee all engineering designs, contracts, permits,
29 and other data related to the project that were acquired by the licensee during the term
30 of the license.

31 (b) In this section,

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(1) "competing natural gas pipeline project" means a project designed to accommodate throughput of more than 500,000,000 cubic feet a day of North Slope gas to market;

(2) "preferential royalty or tax treatment" does not include

(A) the state's exercise of its right to resolve disputes involving royalties and taxes;

(B) the state's exercise of its right to modify royalties as authorized by law in effect on the effective date of this section; or

(C) the benefits of a large project permit coordinator authorized by a law in effect on the effective date of this section. *or pipeline Co-ordinator*

Sec. 43.90.450. Assignments. (a) A licensee may transfer all or part of the license, including the rights and obligations arising under the license, if, after publishing notice of the proposed transfer, providing notice to the presiding officer of each house of the legislature, and providing a period not less than 30 days for public review and comment,

(1) the transfer is approved in writing in advance by the commissioners; and

(2) the transfer does not increase or diminish the obligations created by the license or diminish the likelihood of success of the project or the net present value of the license to the state.

(b) Notwithstanding the commissioners' approval of a transfer of all or part of a license under (a) of this section, the transferor of the license remains subject to the requirements of AS 43.90.220 regarding all state money received by the licensee before the effective date of the transfer.

(c) A person may transfer that person's rights to the royalty inducement under AS 43.90.310 and the gas production tax exemptions under AS 43.90.320 only in connection with a sale or merger that results in transfer of all the person's assets in the North Slope of this state, along with the person's firm transportation capacity contracts in the project.

(d) Except for the transfer of a voucher to a producer under AS 43.90.330(b), a person receiving a voucher under AS 43.90.330 based on the person's acquisition of

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1 ~~firm transportation capacity in the first binding open season of the project may transfer~~
 2 ~~the voucher only if the transfer is in connection with the permanent assignment by the~~
 3 ~~person of 100 percent of the firm transportation capacity acquired in the first binding~~
 4 ~~open season of the project.~~

5 **Sec. 43.90.460. Conflicting laws.** Nothing in this chapter shall be construed to
 6 repeal or abrogate the administrative, regulatory, or statutory procedures and functions
 7 of state and federal law governing the development and oversight of a project.

8 **Sec. 43.90.470. State pipeline employment development.** The commissioner
 9 of labor and workforce development shall develop a job training program that will
 10 provide training for Alaskans in gas pipeline project management, construction,
 11 operations, maintenance, and other gas pipeline-related positions.

12 **Article 5. General Provisions.**

13 **Sec. 43.90.900. Definitions.** In this chapter, unless the context otherwise
 14 requires,

15 (1) "affiliate" means another person that controls, is controlled by, or is
 16 under common control with a person and includes a division that operates as a
 17 functional unit;

18 (2) "Alaska Gasline Inducement Act coordinator" and "coordinator"
 19 means the person appointed under AS 43.90.250;

20 (3) "commencement of commercial operations" means the first flow of
 21 gas in the project that generates revenue to the owners;

22 (4) "commissioners" means the commissioner of revenue and the
 23 commissioner of natural resources;

24 (5) "control" means the possession of ownership interest or authority
 25 sufficient to, directly or indirectly, and whether acting alone or in conjunction with
 26 others, direct or cause the direction of the management or policies of a company, and
 27 is rebuttably presumed if the voting interest held is 10 percent or more;

28 (6) "equity holder" means the

29 (A) stockholders of a corporation;

30 (B) members of a limited liability company;

31 (C) partners of a partnership;

1 (D) joint venturers of a joint venture;
2 (E) members of a governmental authority and similar persons;

3 or

4 (F) holders of any other entity or person;

5 (7) "gas processing" means the treatment of gas downstream of the
6 point of production to extract natural gas liquids;

7 (8) "governing body" means a corporation's board of directors, a
8 limited liability company's managing members, a partnership's general partners, a joint
9 venturer's joint venturers, a governmental authority's board or council members, and
10 similar entities;

11 (9) "lease" means an oil and gas or gas lease issued by this state;

12 (10) "lessee" means a person that holds a working interest in an oil and
13 gas or gas lease issued by this state;

14 (11) "license" means a license issued under this chapter;

15 (12) "licensee" means the holder of a license issued under this chapter
16 and all affiliates, successors, assigns, and agents of the holder;

17 (13) "North Slope" means that part of the state that lies North of 68
18 degrees North latitude;

19 (14) "North Slope gas" means natural gas produced on the North
20 Slope;

21 (15) "open season" means the process that complies with 18 C.F.R.
22 Part 157, Subpart B (Open Seasons for Alaska Natural Gas Transportation Projects);

23 (16) "project" means a natural gas pipeline project authorized under a
24 license issued under this chapter;

25 (17) "recourse rates" means cost-based rates with a minimum and
26 maximum range that are approved by the Federal Energy Regulatory Commission, the
27 Regulatory Commission of Alaska, or the National Energy Board of Canada, as
28 appropriate, and set out in the pipeline's tariff; "recourse rates" includes only those
29 rates that the pipeline must make available to all shippers;

30 (18) "sanction" means financial commitments to go forward with the
31 project as evidenced by entering into financial commitments of at least

1 \$1,000,000,000 with third parties;

2 (19) "under common control with" has the meaning given "control" in
3 this section;

4 (20) "unit agreement" means an agreement executed by the working
5 interest owners and royalty owners creating the unit.

6 **Sec. 43.90.990. Short title.** This chapter may be cited as the Alaska Gasline
7 Inducement Act.

8 * **Sec. 2.** AS 36.30.850(b) is amended by adding a new paragraph to read:

9 (45) contracts for an arbitration panel to determine whether a project is
10 uneconomic under AS 43.90.240, and contracts for the development of application
11 provisions for licensure and for the evaluation of those applications under AS 43.90.

12 * **Sec. 3.** AS 39.25.110 is amended by adding a new paragraph to read:

13 (41) the Alaska Gasline Inducement Act coordinator appointed under
14 AS 43.90.250.

15 * **Sec. 4.** AS 40.25.120(a) is amended to read:

16 (a) Every person has a right to inspect a public record in the state, including
17 public records in recorders' offices, except

18 (1) records of vital statistics and adoption proceedings, which shall be
19 treated in the manner required by AS 18.50;

20 (2) records pertaining to juveniles unless disclosure is authorized by
21 law;

22 (3) medical and related public health records;

23 (4) records required to be kept confidential by a federal law or
24 regulation or by state law;

25 (5) to the extent the records are required to be kept confidential under
26 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
27 or retain federal assistance;

28 (6) records or information compiled for law enforcement purposes, but
29 only to the extent that the production of the law enforcement records or information

30 (A) could reasonably be expected to interfere with enforcement
31 proceedings;

1 (B) would deprive a person of a right to a fair trial or an
2 impartial adjudication;

3 (C) could reasonably be expected to constitute an unwarranted
4 invasion of the personal privacy of a suspect, defendant, victim, or witness;

5 (D) could reasonably be expected to disclose the identity of a
6 confidential source;

7 (E) would disclose confidential techniques and procedures for
8 law enforcement investigations or prosecutions;

9 (F) would disclose guidelines for law enforcement
10 investigations or prosecutions if the disclosure could reasonably be expected to
11 risk circumvention of the law; or

12 (G) could reasonably be expected to endanger the life or
13 physical safety of an individual;

14 (7) names, addresses, and other information identifying a person as a
15 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the
16 advance college tuition savings program under AS 14.40.803 - 14.40.817;

17 (8) public records containing information that would disclose or might
18 lead to the disclosure of a component in the process used to execute or adopt an
19 electronic signature if the disclosure would or might cause the electronic signature to
20 cease being under the sole control of the person using it;

21 (9) reports submitted under AS 05.25.030 concerning certain
22 collisions, accidents, or other casualties involving boats;

23 (10) records or information pertaining to a plan, program, or
24 procedures for establishing, maintaining, or restoring security in the state, or to a
25 detailed description or evaluation of systems, facilities, or infrastructure in the state,
26 but only to the extent that the production of the records or information

27 (A) could reasonably be expected to interfere with the
28 implementation or enforcement of the security plan, program, or procedures;

29 (B) would disclose confidential guidelines for investigations or
30 enforcement and the disclosure could reasonably be expected to risk
31 circumvention of the law; or

1 (C) could reasonably be expected to endanger the life or
2 physical safety of an individual or to present a real and substantial risk to the
3 public health and welfare;

4 (11) the written notification regarding a proposed regulation provided
5 under AS 24.20.105 to the Department of Law and the affected state agency and
6 communications between the Legislative Affairs Agency, the Department of Law, and
7 the affected state agency under AS 24.20.105;

8 (12) records that are

9 (A) proprietary or a trade secret in accordance with
10 AS 43.90.150:

11 (B) applications that are received under AS 43.90.120 -
12 43.90.140 until notice is published under AS 43.90.160.

13 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 FIRST REQUEST FOR APPLICATIONS FOR THE LICENSE. It is the intent of the
16 legislature that the first request for applications for the license by the commissioners under
17 AS 43.90.120, enacted by sec. 1 of this Act, be issued within 90 days after the effective date
18 of this Act.

19 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 EXPEDITED CONSIDERATION OF COURT CASES. It is the intent of the
22 legislature that the courts of the state, when considering a case related to the development and
23 construction of a natural gas pipeline under this Act or to the commitment of a shipper to
24 acquire firm transportation capacity during the first binding open season for a project
25 developed under this Act, expedite the resolution of the case by giving the case priority over
26 all other civil cases to the extent permitted under the Alaska Rules of Court.

27 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 SEVERABILITY. Under AS 01.10.030, if any provision of this Act, or the application
30 of it to any person or circumstance, is held invalid, the remainder of this Act and the
31 application to other persons or circumstances are not affected.

1

* Sec. 8. This Act takes effect immediately under AS 01.10.070(c).

1 **Guttenberg**
2 **Conceptual Amendment- ask AOGCC and Department of Revenue to analyze impact of**
3 **increasing gas off take rate on oil production**
4 **On HB177 (RES) Work Draft 25-GH1060\K**

5
6 Page 28, line 12

7
8 add

9
10
11 **Sec. 43.90.480**

12
13 The Alaska Oil and Gas Conservation Commission and the Department of Revenue shall
14 jointly develop a report that analyzes the oil production and state oil revenue impacts of
15 increasing the gas off take rates from North Slope fields.

16
17 The report shall be delivered to the presiding officers of each house of the legislature by
18 March 1, 2008.
19

4/20/07

AMENDMENT # 1

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 1, line 4-5- Delete "establishing the gas utility revolving loan fund;"
- 2

Passed

AMENDMENT # 2

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.010- Purpose**

2
3 Page 1, line 12, replace second "of" with "in"
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Rosen

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AMENDMENT # 3

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 Page 2, line 3- replace "from the" with "of"

2

3 Page 2, line 5- insert "state" after "encourages" and delete "in the state"

4

5 **Section 43.90.110 Natural gas pipeline project construction inducement**

6

7 Page 2 Line 16- Page 3, line 8 - Revise (1) and (2) as follows:

8

9 (1) subject to appropriate, state matching contributions in ^{tion} an [a total] amount not to
10 exceed \$500,000,000, paid in total to the licensee over a [during the] five-year period;
11 the payment period may be extended by the commissioners under an amendment or
12 modification of the project plan under AS 43.90.210; the payment period commences on
13 the date of the issuance of the license; [immediately following the date the license is
14 awarded;] payments under this paragraph shall be made according to the following:

15

16 (A) on or before the close of the first binding open season, the state shall match
17 [contribute the amount of] the licensee's qualified expenditures at the [a] level specified
18 in the license; however the state's matching contribution may not be more than [exceed]
19 50 percent of the qualified expenditures incurred before the close [end] of the first
20 binding open season;

21

22 (B) after the close of the first binding open season, the state shall match [may
23 contribute an amount for] the licensee's qualified expenditures at a [the] level specific in
24 the license; however, the state's matching contribution may not be greater than 80 percent
25 of the qualified expenditures incurred after the close of the first open season;

26

27 (C) [a] qualified expenditures are [is a] costs that are [is] incurred after the license
28 is issued under this chapter, [is incurred] by the licensee or the licensee's designated
29 affiliate, and are [is] directly and reasonably related to obtaining a certificate or amended
30 certificate of public convenience and necessity from the Federal Energy Regulatory
31 Commission or the Regulatory Commission of Alaska, as appropriate, for development
32 of the project; [but] in this subparagraph, "qualified expenditures" does not include
33 overhead costs, litigation costs, [the cost of an] assets or work product predating the
34 issuance of the license ,[acquired by the licensee before the license is issued] or civil or
35 criminal penalties, [criminal penalties] or fines; and

36

37 (2) the benefit of an Alaska Gasline Inducement Act coordinator who has the authority
38 prescribed in AS 43.90.250. [; and]

39

40

AMENDMENT # 3a

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 2, line 9- Insert "(a)" between "project." and "The".
- 2
- 3 Page 2, line 12-Insert "(b) Nothing in this section precludes a person's pursuing a
- 4 gas pipeline independently from this chapter."
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4/20/07

AMENDMENT # 4

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

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Page 2, line 13- Delete "(a)"

4/20/07

AMENDMENT # 5

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 3, line 9-14- Delete subsection (3) and subsection (b).
- 2

AMENDMENT # 6

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.120. Request for applications for the license.**

2

3 Page 3, Line 16, insert after "license"- "under this chapter"

4

5 Page 3, Line 18-20, Revise to read: "The commissioners may use independent contractors
6 [,including technical advisors] to advise [them] in developing the provisions for the
7 application for a license and in evaluating [the] applications received under this chapter.

8

9 **Section 43.90.130. Application requirements**

10

11 Page 3, line 25- Delete first sentence and replace with:

12

13 "An application for a license must be consistent with the terms of the request for
14 applications under AS 43.90.120 and must"

15

16 Page 3, line 28, replace "file the application" with "be filed"

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AMENDMENT # 7

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 3, lines 22-24-Delete the rest of the sentence after "chapter"

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4/20/07

AMENDMENT # 8

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 4, line 12- Insert "how the applicant will implement practices for controlling
2 carbon emissions from natural gas systems as established by the United States
3 Environmental Protection Agency" between "engineering," and "and"

4

5 Page 4, line 12-Delete "complying" and insert "how the applicant will comply"

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Table

4/20/07

AMENDMENT # 98

9A

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

NO

Justice Top

9

1 Page 4, line 1, insert semi-colon after "pipeline" and delete remainder of subsection (A)

2
3 Page 4, line 3, delete "the location of" and add "s" to end of "receipt"

4
5 Page 4, line 6, after "points" and before semi-colon, add "unless the application proposes
6 specific in-state delivery points"

7
8 Page 4, line 8-9, revise (C) to read "an analysis demonstrating the project's economic
9 and technical viability [of the project] as required in the request for application;

10
11 Page 4, line 9-14 revise (D) to read "an economically and technically viable work plan,
12 timeline and associated budget for developing the proposed project, including how the
13 applicant will perform [and work associated with the project that includes] field work,
14 environmental studies, design, and engineering, how the applicant will implement
15 practices for controlling carbon emissions from natural gas systems as established by the
16 United States Environmental Protection Agency, and how the applicant will comply [and
17 complying] with all applicable state, federal, and international regulatory requirements
18 that affect the proposed project; the [applicant shall provide] work plan must address the
19 following:

20
21 Page 4, line 16: revise to read "...a [detailed] description in detail of the ..."

22
23 Page 4, line 17- add semi-colon after "Canada"

24
25 Page 4, line 20- add semi-colons after "agencies" and "services", insert "and" after
26 "agencies;"

27
28 Page 4, line 24- insert "marine" after "the" ?

29
30 Page 4, line 24-26- Delete from "pipeline" to "of"

31
32 Page 4, line 28- delete "and" after "services;" then insert "by third parties" after
33 "services;"

34
35 Page 4 line 29- delete "that" and insert "propose" after "would"

36
37 Page 4, line 29-31- delete "including" through "terms"

38
39 Page 4, line 31 delete "a" and replace "party" with "parties"

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AMENDMENT # 90C

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 5, line 1 , delete "the identification of that" and replace with "identify the"
- 2
- 3 Page 5, line 2, replace "party" with "parties" and delete "applicable to the liquefaction
- 4 services" and insert they would offer"
- 5
- 6 Page 5, line 3- delete from "marine" ^{Thur.} to "the"
- 7
- 8 Page 5, line 7- delete semi-colon and replace with ", and"
- 9
- 10 Page 5, line 8- delete "and licenses"
- 11
- 12 Page 5, line 10- insert after "Commission" – " for the transportation of liquefied natural
- 13 gas in interstate commerce if United States markets are proposed;"
- 14
- 15 Page 5, line 12- insert "commit that" before "if"
- 16
- 17 Page 5, line 13- delete "commit to" and insert "the applicant will"
- 18
- 19 Page 5, line 14, delete "is"
- 20
- 21 Page 5, line 20- insert "or amended certificate" after "certificate"
- 22
- 23 Page 5, line 23- insert "or amended certificate" after "certificate"
- 24
- 25 Page 5, line 26- insert "commit ^{to} that" before "if"
- 26
- 27 Page 5, line 27- delete "commit ^{to} that" and insert "the applicant will"
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*Transmitted
with amended*

AMENDMENT # 10

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 Page 6, line 3- insert "commit that" before "after" and delete "commit to" and replace
2 with "the applicant will"

3
4 Page 6, line 10- delete "(7)(A)" and insert "(7)"
5

6 Page 6, line 19, after "and" delete "the original"
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AMENDMENT # 11

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 6, line 20 - page 7 line 8- Delete this section in its entirety and substitute:

2 "Sec. 43.90.130. (7) commit that the applicant

3 A. will propose and support the recovery of mainline capacity expansion
4 costs, including fuel costs, from all mainline system users through rolled-in
5 rates as provided in (B) and (C) of this paragraph or through a
6 combination of incremental and rolled-in rates as provided in (D) of this
7 paragraph;

8 B. will propose and support the recovery of mainline capacity expansion
9 costs, including fuel costs, from all mainline system users through rolled-in
10 rates; an applicant is obligated under this subparagraph only if the
11 rolled-in rates would increase the rates

12 i. not described in (ii) of this subparagraph by not more than 15
13 percent above the initial maximum recourse rates for capacity
14 acquired before commercial operations commence; in this sub-
15 subparagraph, "initial maximum recourse rates" means the
16 highest cost-based rates for any specific transportation service
17 set by the Federal Energy Regulatory Commission, the
18 Regulatory Commission of Alaska, or the National Energy Board
19 of Canada, as appropriate, when the pipeline commences
20 commercial operations;

21 ii. by not more than 15 percent above the negotiated rate for
22 pipeline capacity on the date of commencement of
23 commercial operations where the holder of the capacity is not
24 an affiliate of the owner of the pipeline project; for the purposes
25 of this sub-subparagraph, "negotiated rate" means the rate in a
26 transportation service agreement that provides for a rate that
27 varies from the otherwise applicable cost-based rate, or
28 recourse rate, set out in a gas pipeline's tariff approved by the
29 Federal Energy Regulatory Commission, the Regulatory
30 Commission of Alaska, or the National Energy Board of Canada,
31 as appropriate; or

32 iii. for capacity acquired in an expansion after commercial
33 operations commence, to a level that is not more than 115
34 percent of the volume-weighted average of all rates collected
35 by the project owner for pipeline capacity on the date
36 commercial operations commence;

AMENDMENT # 11a

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 C. will, if recovery of mainline capacity expansion costs, including fuel
2 costs, through rolled-in rate treatment would increase the rates for
3 capacity described in (B) of this paragraph, propose and support
4 the partial roll-in of mainline expansion costs, including fuel costs, to
5 the extent that rates acquired before commercial operations
6 commence do not exceed the levels described in (B) of this
7 paragraph;
- 8 D. may, for the recovery of mainline capacity expansion costs,
9 including fuel costs, that, under rolled-in rate treatment, would
10 result in rates that exceed the level in (B) of this paragraph,
11 propose and support the recovery of those costs through any
12 combination of incremental and rolled-in rates;
- 13 E. agrees not to enter into a negotiated rate agreement that would
14 preclude the applicant from collecting from any shipper, including
15 a shipper with a negotiated rate agreement, the rolled-in rates that
16 are required to be proposed and supported by the applicant
17 under (B) of this paragraph or the partial rolled-in rates that are
18 required to be proposed and supported by the applicant under
19 (C) of this paragraph;"
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AMENDMENT # 12

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 7, line 19- insert a comma after "plant" ; insert "that" after "whether" and delete
- 2 "such a"
- 3
- 4 Page 7, line 20- delete "such a" and insert "that" after "that"
- 5
- 6 Page 7, line 22, insert comma after "commerce"
- 7
- 8 Page 7, line 25, delete "owned" and insert "used" after "previously"
- 9
- 10 Page 7, line 27 – insert semi-colon after "operation"
- 11
- 12 Page 7, line 31, insert "for the state's matching contribution under AS 43.90.110(1)(A)
- 13 and (B)" after "amount"
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AMENDMENT # 13

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 8, line 1- replace comma with semi-colon after "license" and delete remainder of
- 2 sentence.
- 3
- 4 Page 8, line 3- delete "to" after "commit" and insert "that the applicant will" after
- 5 "commit"
- 6
- 7 Page 8, line 7- after "means", delete "for preventing or" and insert "by which the
- 8 applicant plans to"; replace "managing cost overruns for" with "manage overruns in
- 9 costs of"
- 10
- 11 Page 8, line 8- insert "if any," after "project," ; after "measures", delete "for minimizing"
- 12 and insert "that the applicant proposes to mitigate" ; replace "from" with "of"
- 13
- 14 Page 8, line 9, insert "for" after "provide"
- 15
- 16 Page 8, line 22- Replace "award" with "issuance of a license" ; insert "to appeal" after
- 17 "or"
- 18
- 19 Page 8, line 28, insert "matching" after "state"
- 20
- 21 Page 8, line 29- insert comma after "base"
- 22
- 23 Page 8, line 31- replace semi-colon with comma
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AMENDMENT # 14

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 8, line 18-21- Delete section (15) and substitute:
2 (15) to the extent permitted by law, commit to
3 (A) hire qualified residents from throughout the state for
4 management, engineering, construction, operations, maintenance, and
5 other positions on the proposed project;
6 (B) contract with businesses located in the state;
7 (C) establish hiring facilities or use existing hiring facilities in the
8 state; and
9 (D) use, as far as is practicable, the job centers and associated
10 services operated by the Department of Labor and Workforce
11 Development and an Internet-based labor exchange system operated by
12 the state;

13
14
15 Page 8, line 25-27
16 Line 25- delete "prior to" and replace with "before"
17 Line 26- after "agreement" delete "to assure expedited construction and"
18 and replace with "; in this paragraph "project labor agreement means a
19 comprehensive collective bargaining agreement between the licensee or its
20 agent and the appropriate labor representatives to ensure expedited
21 construction with"

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AMENDMENT # 15

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 9, line 1- replace semi-colon with comma
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3 Page 9, line 2- replace semi-colon with comma
4
5 Page 9, line 8, Replace "the readiness and ability" with "that the applicant is ready and
6 able"
7
8 Page 9, line 9- delete "following"
9
10 Page 9, line 10- delete "operation within the"
11
12 **Sec. 43.90.140. Initial application review; additional information requests; complete**
13 **applications.**
14
15 Page 9, line 12- insert "submitted under AS 43.90.120" after "application"
16
17 Page 9, line 13- Replace "meets the requirements" with "is consistent with the terms of";
18 insert "meets" after "and"
19
20 Page 9, line 14- Replace "in" with "of"; Replace "an" with "any"
21
22 Page 9, line 15- Replace "the" with "those terms and"
23
24 Page 9, line 16- Replace "The" with "To evaluate an application not rejected in (a) of this
25 section, the"; insert "from an applicant" after "request"
26
27 Page 9, line 17-18- Insert period after first "application". Delete "from an applicant for
28 the purpose of evaluating an application that is not rejected under (a) of this section."
29
30 Page 9, line 19- Replace "An application shall be rejected if the" with " If, within the
31 time specified by the commissioners, an"; delete "timely"
32
33 Page 9, line 20- Insert "additional" at the beginning of the line; delete "in"
34
35 Page 9, line 21- Delete "answer to a request under (b) of this section"; replace period
36 with comma and insert after comma, "the application will be rejected."
37
38 Page 9, line 22- Replace "The" with "For an application not rejected under (a) or (c) of
39 this section, the"; delete "that an application not"
40
41 Page 9, line 23- Delete "rejected under this section" and insert "that the application"
42 before "including"
43

AMENDMENT # 15a

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.150. Proprietary information and trade secrets.**

2

3 Page 9, line 28- insert comma after "AS 40.25"

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5 Page 9, line 29- replace semi-colon with period; replace "after" with "After"

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7 Page 9, line 30- insert "and retained" before "under"

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AMENDMENT # 16

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 10, line 1- delete "is not" after "or" and before "trade secret"
- 2
- 3 Page 10, line 2- replace "at the" with "on"
- 4
- 5 Page 10, line 3- Replace "An" with "The"; insert "challenges" after "that" and delete
- 6 "protests or appeals"
- 7
- 8 Page 10, line 4 -- Replace "by which the award of a license is made" with "for making the
- 9 award"
- 10
- 11 Page 10, line 6- Replace "protest or appeal" with "challenge"; replace "that is" with
- 12 "held"
- 13
- 14 **Sec. 43.90.160. Notice, review, and comment.**
- 15
- 16 Page 10, line 15- Delete "not public records and are"
- 17
- 18 Page 10, line 20- Replace "this subsection" with "AS 43.90.150"
- 19
- 20 Page 10, line 21- Insert "confidential" before "information"; insert "that is" before
- 21 "satisfactory"; insert comma after first "commissioners"
- 22
- 23 Page 10, line 22- Insert "of the information" after "summary"
- 24
- 25 Page 10, line 27- Replace "upon" with "on"
- 26

AMENDMENT # 17

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 10, line 31- delete "AS 43.90.150"
- 2
- 3 Page 10, line 31 insert: "AS 43.90.140, consider public comments received under AS
- 4 43.90.160(a),"
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4/20/07

AMENDMENT # 18

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 11, line 7- Delete "five" and insert "six" after "two,"
- 2
- 3

AMENDMENT # 19

OFFERED IN THE HOUSE
TO: CSHE 177(O&G)

BY ADMINISTRATION

- 1 Page 11, line 10-Delete "wellhead" and insert "net back".
- 2
- 3 Page 11, line 11-Insert "and treatment" between "transportation" and "costs".
- 4
- 5 Page 11, lines 15-17
- 6 Insert "and" at the end of line 15.
- 7
- 8 Delete "(5) the amount of the contribution by the state under AS
- 9 43.90.110(a)(1)(A) and (B) proposed by the applicant under AS 43.90.130(9); and

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*Seaton
Amn # 2*

4/20/07

AMENDMENT # 20

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 **Sec. 43.90.170. Application evaluation and ranking.**
- 2
- 3 Page 11, line 24-25- Delete "the degree to which the applicant intends to"
- 4
- 5 Page 11, line 25-26- Delete "the plan for encouraging" and insert "encourage" after "and"
- 6 on line 11.
- 7

AMENDMENT # 21

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 **Sec. 43.90.180. Notice to the legislature of intent to issue license; denial of license.**
2
3 Page 12, line 10- Insert "consideration of public comments received under AS 43.90.160
4 and" after "after";
5
6 Page 12, line 11- Delete "consideration of public comments received under AS
7 43.90.160"
8
9 Page 12, line 13- Insert "under this chapter" after "license"
10
11 Page 12, line 18- Delete "a"; replace "that includes" with "under this chapter with
12 written"
13
14 Page 12, line 20- Delete "submit the determination" and insert "forward the notice under
15 (2) of this subsection,"
16
17 Page 12, line 21- Insert "determination under (1) of this subsection," after "and" ; delete
18 "a copy of the notice published under (2) of this subsection"
19
20 Page 12, line 24- After "If" insert ", after evaluation of complete applications under AS
21 43.90.170," ; delete "proposes a project that"
22
23 Page 12, line 26- Insert "under this chapter" after "license" and before the comma ; after
24 "written", delete "notice of" and insert "finding that addresses the basis for" after
25 "determination" insert a period and delete "and the findings on which the determination
26 is based."
27
28 Page 12, line 29- Insert period after "action" and delete "for purposes of appeal to the
29 superior court."
30
31 Page 12, line 30-31, and page 12, line 1- Delete subsection (d)
32

AMENDMENT # 22

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 Page 13, lines 7-¹¹~~13~~- Replace (b) with the following:
2

3 (b) If a bill approving the issuance of the license passes the legislature within 60 days
4 after the last date a presiding officer receives a determination by the commissioners under
5 AS 43.90.180, the commissioners shall issue the license as soon as practicable after the
6 effective date of the Act approving the issuance of the license.
7

8 (c) Notwithstanding the legislative rule that prohibits the carryover of a bill after the end
9 of a special session or after the end of a regular session of the legislature, a bill
10 introduced under (a) of this section that is not passed or not withdrawn, defeated, vetoed
11 or indefinitely postponed, shall be carried over to any subsequent regular or special
12 legislative session convened during the 60-day period described in (b) of this section in
13 the same reading or status it was in at the time of adjournment. However, a bill
14 introduced under (a) of this section may not be carried over to the first regular session of
15 the legislature.
16

17 Page 13, line 13- Insert after "commissioners" the following
18 "(1) may not issue the license that the legislature failed to approve; and
19 (2)"
20
21

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AMENDMENT # 23

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 13, line 17- Insert "administrative" before "appeal"
- 2
- 3

AMENDMENT # 24

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.200. Certification by regulatory authority and project sanction.**

2

3 Page 13, line 15- 16- After "necessity" delete "from a regulatory agency with jurisdiction
4 over the project" and insert "for the project by the Federal Energy Regulatory
5 Commission if the project is engaged in interstate commerce, or the Regulatory
6 Commission of Alaska if the project is not engaged in interstate commerce,"

7

8 Page 13, line 16- Before "all" delete "after" and insert "when"

9

10 Page 13, line 18- After "has" delete "the ability at the time the certificate is awarded"
11 and insert "credit support sufficient"

12

13 Page 13, line 22-23- After "by the" delete "regulatory agency with jurisdiction over the
14 project" and insert "Federal Energy Regulatory Commission or the Regulatory
15 Commission of Alaska, as applicable"

16

17 Page 13, line 24- After "have" delete "the ability at the time the certificate is awarded"
18 and insert "credit support sufficient"

19

20 Page 13, line 28-29 - After "by the" delete "regulatory agency with jurisdiction over the
21 project" and insert "Federal Energy Regulatory Commission or the Regulatory
22 Commission of Alaska, as applicable"

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AMENDMENT # 25

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 14, Lines 6-10- Replace subsections (e) and (f) with the following:
2

3 (e) The transfer of any certificate or material as a result of failure to comply with
4 (a) or (b) of this section is at no cost to the state or the state's designee. A
5 transfer under (c) of this section is at the licensee's net cost.
6

7 (f) For purposes of this section, the effective date of the certificate of public
8 convenience and necessity issued by the Federal Energy Regulatory Commission
9 or the Regulatory Commission of Alaska is the date when all rights of
10 administrative appeal to the certificate have expired.
11

12 Page 14, line 13-Insert "improve the net present value of the project to the state,
13 are necessary because of an order issued by the Alaska Oil and Gas
14 Conservation Commission; or" between "modifications" and "are".
15

16 Page 14, line 16-Insert "except for an amendment or modification required
17 because of an order issued by the Alaska Oil and Gas Conservation
18 Commission," between "and" and "may".
19

20 Page 14, line 17-Insert "project's" between "the" and "likelihood" and delete
21 "for the project".
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AMENDMENT # 20

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 14, line 1- 2- Revise (1) to read: "seek approval from the Federal Energy Regulatory
2 Commission or the Regulatory Commission of Alaska, as applicable, to abandon to the
3 State or the State's designee; and"
4
- 5 Page 14, line 4- After "contracts" delete "and"; after "permits" insert ", and other date
6 related to the project that are"; delete "owned or"
7
- 8 **Sec. 43.90.220. Records, reports, conditions and audit requirements.**
9
- 10 Page 14, line 23- After "records" insert ", books and files"
11
- 12 Page 14, line 24- After "receiving" delete " a contribution from the state under this
13 chapter relating to" and insert "the state money or making the"
14
- 15 Page 14, line 25- After "expenditures," insert "and" ; after "commitments, delete "or
16 contributions" and insert "of money received from the state" ; after "chapter", insert
17 period and delete "and may"
18
- 19 Page 14, line 26- Delete all of (1) and insert "(c) the commissioners may do the
20 following with respect to the information relating to the project:
21
- 22 Page 14, line 27- Delete "(2)" ; insert semi-colon after "inquiries" ; delete "and"
23
- 24 Page 14, line 29-30- Delete "(3)" ; replace "entity" with "licensee" ; after "information",
25 delete and documents relating to the project in hard" and insert "in paper"
26
- 27 Page 14, line 31-Page 15- Line 1- Replace "(c)" with "(d)"; after "and" , delete "so long
28 as the terms of the license continue to apply" and insert "until commencement of
29 commercial operations"
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AMENDMENT # 27

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 15, Line 2- Delete "(1)"
2
3 Page 15, line 3- Delete "meetings of" ; replace semi-colon with comma
4
5 Page 15, line 4- Delete "(2)" ; before "receive" insert "to"
6
7 Page 15, line 5- Replace semi-colon with comma
8
9 Page 15, line 6- Delete "(3)" ; replace "enjoy" with "to receive"
10
11 Page 15, line 7- Replace semi-colon with comma
12
13 Page 15, line 8- Delete "(4)" ; before "receive" insert "to" ; after "receive" insert
14 "additional"
15
16 Page 15, line 10- Change "(d)" to "(e)"
17
18 Page 15, line 11- After "receives" delete "a contribution from the state" and insert "state
19 money"
20 **Sec. 43.90.230. License violations; damages.**
21
22 Page 15, line 15- After "committed" delete "a contribution" and insert "state money"
23
24 Page 15, line 16- After "for" delete "an expenditure that is not a qualified expenditure
25 under" and insert "purpose other than those set out in" ; replace "AS 43.90.110" with
26 "AS 43.90.110(1)"
27
28 Page 15, line 17- After "applications" insert "set out"
29
30 Page 15, line 18- After "of", delete "an" and insert "a project plan" ; after "modification"
31 delete "as required"
32
33 Page 15, line 23- After "provide" delete "a" ; after "licensee" delete "that" and insert
34 "identifying"
35
36 Page 15, line 24- Delete "identifies" and "shall"
37
38 Page 15, line 25- Move "informally" to the end of the sentence after "violation"
39
40 Page 15, line 26- After "state" insert "matching" ; after "contributions" insert "to the
41 licensee beginning"
42

AMENDMENT # 28

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 Page 15, line 27- After "date" insert "that" ; after "notice" delete "in" and insert "of
2 violation issued under"

3
4 Page 15, line 28- Delete "license"

5
6 Page 15, line 30- After "unable" delete "under" and insert "to resolve the violation within
7 the time specified in"

8
9 Page 15, line 31- Delete "to resolve the issue of whether a violation has occurred" ; insert
10 comma after "shall"

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AMENDMENT # 29

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 16, line 1-2- Delete "provide" and replace with "after providing" ; after "notice"
2 delete "that the violation has not been cured and provide the opportunity for the licensee"
3 and insert "and opportunity to be heard, make a written determination regarding the
4 violation."
5
- 6 Page 16, line 2-4- Delete "If after notice and hearing the commissioners determine that
7 the violation has not been cured, the commissioners shall issue a written determination
8 that is the final administrative" and insert "The written determination under this
9 subsection is the final agency"
10
- 11 Page 16, line 5- After "court" insert "in this state"
12
- 13 Page 16, line 6- After "finds" delete "that" and insert "an unresolved" ; add comma after
14 "violation"
15
- 16 Page 16, line 7- Delete "has not been cured"
17
- 18 Page 16, line 9- After "state" insert "matching"
19
- 20 Page 16, line 14- Delete "project data"
21
- 22 Page 16, line 15- Delete "and" ; after "permits" delete "related" and insert ", and other
23 data relating"
24
- 25 Page 16, line 16- Insert "and" after semi-colon
26
- 27 **Sec. 43.90.240. Abandonment of project.**
28
- 29 Page 16, line 25- After "uneconomic," delete the project shall" and insert "and should"
30
- 31 Page 16, line 26-27- Replace "entitlement" with "inducement" ; replace "terminated"
32 with "terminates" ; add comma after "and" ; delete "the state and the licensee no longer
33 have an obligation under this chapter with respect to the license"
34
- 35 Page 16, line 28- Delete "(d)" and replace with "(f)"; after "AS 43.90.220" add a comma
36 and insert "state and the licensee no longer have any obligations under this chapter with
37 respect to the license."
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AMENDMENT # 30

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 16, line 18-23 Delete subsection (f).
- 2
- 3 Page 16, line 31-Delete "its Commercial Arbitration Rules" and insert "the
- 4 substantive and procedural laws of this state".
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AMENDMENT # 31

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 17, line 1- Delete "any court of competent jurisdiction" and insert "in a
2 superior court in the state".

3

4 Page 17 line 11- Insert a new subsections (c) and (d) and renumber the
5 following subsections as (e) and (f):

6

7 "(c) The arbitration panel in (b) of this section shall make a determination
8 that the project is uneconomic only if the panel finds that the party claiming
9 the project is uneconomic has proven by a preponderance of the evidence
10 that the

11

(1) project does not have credit support sufficient to finance
12 construction of the project through firm transportation
13 commitments, government assistance or other sources of
14 financing; and

15

(2) predicted costs of transportation at 100 percent load
16 factor, when deducted from predicted gas sales
17 revenue using publicly available predictions of future gas
18 prices, would result in a producer rate of return that is
19 below the rate typically accepted by a prudent oil and
20 gas exploration and production company for
21 incremental upstream investment that is required to
22 produce and deliver gas to the project.

23

24 (d) In an appeal of a final determination rendered by the arbitrators under (b) of
25 this section, the person making the appeal has the burden of proof."

26

AMENDMENT # 32

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 17, line ~~3~~²- After "arbitrator" insert "from the American Arbitration Association's
- 2 National Roster"
- 3
- 4 Page 17, line 4- Insert hyphen between "three" and "member"
- 5
- 6 Page 17, line 6- After "uneconomic," delete "the project shall be abandoned and"
- 7
- 8 Page 17, line 7- Delete "an obligation" and replace with "any obligations"
- 9
- 10 Page 17, line 8- Delete "(d)" and replace with "(f)"
- 11
- 12 Page 17, line 9- Delete "or"
- 13
- 14 Page 17, line 11- After "continue" insert "as provided" ; delete "the terms of"
- 15
- 16 Page 17, line 20- After "If the", insert "licensee and the state" and delete "commissioners
- 17 and" ; add comma after "agree" ; delete "that the project is uneconomic"
- 18
- 19 Page 17, line 22- After "shall" delete "deliver" and insert "assign"; delete "project data"
- 20
- 21 Page 17, line 23- Delete "and" ; after "permits", delete "related" and insert ", and other
- 22 data relating" ; delete "licensed" ; after "project", delete "on" and insert "that are
- 23 acquired by the licensee during the term of the license upon"
- 24
- 25

AMENDMENT # 33

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 **Sec. 43.90.250. Alaska Gasline Inducement Act coordinator.**
- 2
- 3 Page 18, line 1-4 Delete sentence beginning with "The initial..." and ending with
- 4 "elected"
- 5
- 6 Page 18, line 4- Delete "person" and replace with "individual serving as the Alaska
- 7 Gasline Inducement Act coordinator"
- 8
- 9 **Sec. 43.90.260. Expedited review and action by state agencies.**
- 10
- 11 Page 18, line 18- After "(a)" delete "a review" and insert "All reviews"
- 12
- 13 Page 18, line 19- Change "action" to "actions"; change "the" to "a"
- 14
- 15 Page 18, line 24- Change "a" to "any"; after "if the" insert "Alaska Gasline Inducement
- 16 Act"
- 17
- 18 Page 18, line 28- After "if the" insert "Alaska Gasline Inducement Act"
- 19

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AMENDMENT # 39

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 18, Line 1-4- Delete sentence beginning "The" and ending with "elected."
- 2
- 3 Page 18, Line 4- replace "person" with individual serving as the Alaska Gasline
- 4 Inducement Act coordinator"
- 5
- 6 Page 18, lines 6-17, delete subsection (c).
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AMENDMENT # 35

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 19, line 1, insert "(a)" between "inducement." and "notwithstanding".
- 2
- 3 Page 19, line 8, insert a new subsection (b) that reads:
- 4
- 5 "(b) A gas producer receiving a voucher under AS 43.90.330 is qualified to
- 6 receive the resource inducement in AS 43.90.310 and 43.90.320 for the gas
- 7 shipped in the firm transportation capacity described in the voucher for the
- 8 period described in AS 43.90.330."
- 9
- 10
- 11 Page 19 line 14, insert before period at the end of the sentence the following:
- 12
- 13 "or shipped in the firm transportation capacity described in a voucher received
- 14 by the gas producer under AS 43.90.330."
- 15
- 16 Page 19, line 15- Delete "(b)".
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AMENDMENT # 36

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 19, line 7- delete "and 43.90.320 are" and insert "is"
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AMENDMENT # 37

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.300. Qualification for resource inducement.**

2

3 Page 19, line 2- Delete "the satisfaction"

4

5 Page 19, line 3- Delete "of" ; replace "commissioners" with "commissioners'
6 satisfaction"

7

8 Page 19, line 5-6- Delete "produced on the North Slope and"

9

10 **Sec. 43.90.310. Royalty Inducement.**

11

12 Page 19, line 9- Delete "start" and replace with "beginning"

13

14 Page 19, line 11- After "regulations" delete "that provide" and insert "to establish"

15

16 Page 19, line 12- Delete "provide" and replace with "establish"

17

18 Page 19, line 18- Delete "provide a method for establishing" and replace with "contains
19 provisions to establish"

20

21 Page 19, line 19- Replace "is" with "are"

22

23 Page 19, line 20- After "and" delete "that uses" and insert "use"

24

25 Page 19, line 23- Replace "reasonable" with "fair"

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27 Page 19, line 24- Delete "gas"

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29 Page 19, line 30- After "gas;" insert "and"

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AMENDMENT # 38

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 20, line 3- Delete "qualified"
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3 Page 20, line 5- Delete "long-term marketing by a lessee" and replace with "lessee's"
4
5 Page 20, line 6- Delete "another person" and replace with "other person's long-term
6 marketing"
7
8 Page 20, line 7- Renumber paragraph as "(b)"
9
10 Page 20, line 8- Replace "(d)" with "(c)"
11
12 Page 20, line 9- Delete "whether"
13
14 Page 20, line 13-21- After "produced", delete "with the consent...paragraph; on" and
15 insert ", and (A) upon" delete
16
17 Page 20, line 20- Before "lease" insert "existing"
18
19 Page 20, line 20- Before "incorporate" insert "effect the election under this paragraph
20 and"; after "incorporate", delete "as fixed contract" and insert "into the lease, the" ; after
21 "terms" insert "of"
22
23 Page 20, line 21- After "relevant", delete "revised regulatory provisions; or" and insert
24 "regulations as fixed contract terms; and
25 (B) the election under this subsection remains in effect until new regulations are
26 adopted as a result of a review under (d) of this section, at which time, a lessee or
27 other person qualified under AS 43.90.300 may change its election under this
28 paragraph; upon the request of the lessee, the commissioner of natural resources
29 shall contractually amend the lease to incorporate as fixed contract terms the
30 relevant revised regulatory provisions;"
31
32 Page 20, line 26- Replace "(d)" with "(c)" ; replace "(c)" with "(b)"
33
34 Page 20, line 28- Delete "qualified" ; before "affiliates" insert "lessee's or person's"
35
36 Page 20, line 29- After "agents" insert comma and delete "of the lessee or qualified
37 person"
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AMENDMENT # 39

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 20, line 31- Page 21, line 2- After "AS 43.90.130(7)" put a period and delete
- 2 remainder of ~~sentence~~. to semi-colon

Repeals Samuels
amendment

AMENDMENT # 40

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 21, line 2- Change "the" to "The"
2
- 3 Page 21, line 3-4- Before "affiliates" insert "lessee's or other person's" ; after "agents"
4 delete "of the lessee or other qualified person"
5
- 6 Page 21, line 6- Change "(e)" to "(d)"
7
- 8 Page 21, line 8- After "operations", insert "of the project"
9
- 10 Page 21, line 9-10- After "to", delete "minimize retroactive adjustments to the monthly
11 value of the state's royalty share of gas production" and insert "meet the requirements of
12 (a)(1) of this section"
13
- 14 Page 21, line 10- After "conditions" delete "; the commissioners" and insert ", and"
15 "requirements is" "requirements are"
- 16 Page 21, line 11- Delete "~~replacement is~~" and insert "~~replacements are~~"
17
- 18 Page 21, line 12- Change "(f)" to "(e)" ; replace "(c)" with "(b)"
19
- 20 Page 21, line 14- Replace "(c)" with "(b)"
21
- 22 **Sec. 43.90.320. Gas production tax exemption.**
23
- 24 Page 21, line 27- After "applied" insert "only"
25
- 26 Page 21, line 28- After "project", insert "and" ; after "only", insert "applied"
27
- 28 Page 22, line 7- Replace "person" with "person's"
29

AMENDMENT # 4/1

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.320. Gas production tax exemption.**

2

3 Page 21, line 24-26- after "section" delete "shall be issued...certificated exemption"

4

5 Page 21, line 31-page 22, line 1- After "(c)" delete "The exemption issued under (b) of"
6 and insert "The person claiming the exemption" ; after "this section" delete "must contain"
7 a contractual commitment" and insert "shall agree"

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AMENDMENT # 42

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 21, line 30-Insert "or shipped in the firm transportation capacity described
2 in a voucher received by the gas producer under AS 43.90.330" after "season"
3 and before the period.

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AMENDMENT # 93

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 22, line 1- after "assigns" delete "or" and insert "and"
- 2
- 3 Page 22, line 6- delete "the contractual commitment" and replace with "the agreement"
- 4

AMENDMENT # 44

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

Samuels Amm.

1 Page 22, lines 4-5-Delete these two lines in their entirety.

2

3 Page 22, line 9 -Insert a new section that reads:

4 "Sec. 43.90.330. Inducement vouchers. (a) A person that acquires firm
5 transportation capacity in the first binding open season of the project, that
6 does not hold an oil and gas lease on the North Slope, and that is not an
7 affiliate of a person that holds an oil and gas lease on the North Slope, may
8 apply to the commissioners for a voucher under this section. A voucher
9 issued by the commissioners must describe the firm transportation capacity in
10 the project to which the voucher is applicable.

11 (b) A voucher issued by the commissioners under this section entitles
12 the holder of the voucher to the resource inducements in AS 43.90.310 and
13 43.90.320 for gas shipped in the firm transportation capacity acquired by the
14 person applying for the voucher during the first binding open season of the
15 project and described in the voucher. The voucher may be transferred to a
16 gas producer that has a binding obligation to sell gas to the person
17 transferring the voucher under a gas purchase agreement.

18 (c) A gas producer holding a voucher may claim the resource
19 inducement for gas shipped through the firm transportation capacity
20 described in the voucher and only on gas that is produced and delivered to
21 the purchaser on the North Slope. A gas producer may claim the resource
22 inducements under this subsection until the earlier of the termination of the
23 binding gas purchase agreement or the expiration of the inducements by
24 operation of law."

25

26 Page 22 line 15-16- Delete sentence beginning "Money" and ending
27 "appropriations."

28

29 Page 22, line 17-18- Delete sentence beginning "Nothing" and ending "fund."

30

31 Page 22, line 21- 22- Delete "Income earned on" and insert "Interest received on
32 money in"

33

34 Page 22, line 22- Insert "annually" between "fund" and the period.

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AMENDMENT # 44a

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Sec. 43.90.400. Alaska Gasline Inducement Act matching contribution fund;
2 disbursements; audits.
3
4 Page 22, line 14- After "state's" insert "matching"
5
6 Page 22, line 24- After "receive" insert "matching"
7
8 Page 22, line 25- After "as" insert "matching"
9
10 Page 22, line 28- After "lists" insert "all"
11
12 Page 22, line 29- After "fund", delete "during" and insert "in"
13
14 Page 22, line 31- Delete "required" and replace with "needed" ; after "for" insert
15 "matching"
16
17 **Sec. 43.90.410. Regulations.**
18
19) Revise to read:
20
21 The commissioners [of revenue] may jointly adopt regulations [on behalf of the
22 commissioners] for the purpose of implementing the provisions of this chapter. The
23 commissioner of revenue [and the commissioner of natural resources] may change
24 regulations adopted under existing authority [outside of this chapter] in this title as
25 necessary to implement the provisions of this chapter. The commissioner of natural
26 resources may change regulations adopted under existing authority in AS 38 as necessary
27 to implement the provisions of this chapter.
28

AMENDMENT # 45

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 **Sec. 43.90.420. Statute of limitations.**
- 2
- 3 Page 23, line 8-9- After "court of" insert "the state of" ; delete "in this state"
- 4
- 5 Page 23, line 9- After "license" delete "is" and insert "was"
- 6
- 7 **Sec. 43.90.440. Licensed project assurances.**
- 8
- 9 Page 23, line 15- Add "s" to end of "inducement"
- 10
- 11 Page 23, line 16- After "operations" and insert "of the project"
- 12
- 13 Page 23, line 17- After "operations" and insert "of the project" ; after "royalty," insert
- 14 "or" ; after "tax" insert "treatment"
- 15
- 16 Page 23, line 18- Delete "monetary treatment" and replace with "grant of state money"
- 17
- 18 Page 23, line 19- After "state" insert comma.
- 19
- 20 Page 23, line 26- Delete "additional"
- 21
- 22 Page 23, line 27- Delete "project data"
- 23
- 24 Page 23, line 28- After "contracts", delete "and"; after "permits" insert ", and other data";
- 25 delete "owned or were"
- 26

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AMENDMENT # 46

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 23, line 25- Insert new sentence after "person." that reads as follows:
- 2
- 3 "The payment to the licensee under this subsection is subject to appropriation."
- 4
- 5

AMENDMENT # 47

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

3

1 Page 24, Line ~~2~~ - Insert after "if," the following:

2

3 "after publishing notice of the proposed transfer, providing notice to the
4 presiding officer of each house of the legislature, and providing a period of not
5 less than 30 days for public review and comment,"

6

7 Page 24, line 17-Insert a new subsection (d) :"(d)Except for the transfer of a
8 voucher to a producer under AS 43.90.330(b), a person receiving a voucher
9 under AS 43.90.330 based on the person's acquisition of firm transportation
10 capacity in the first binding open season of the project may transfer the voucher
11 only if the transfer is in connection with the permanent assignment by the person
12 of 100 percent of the firm transportation capacity acquired in the first binding
13 open season of the project."

14 Page ~~25~~, line 30-31- revise subsection (b) to read:

15

23

16 (b) In this section,

17 (1) "competing natural gas pipeline project" means a project designed to
18 accommodate throughput of more than 500,000,000 cubic feet a day of North
19 Slope gas to market;

20

21 (2) "preferential royalty or tax treatment" does not include

22 (A) the state's exercise of its right to modify royalties as authorized
23 by law in effect on the effective date of this section;

24 (B) the state's exercise of its right to modify royalties as authorized
25 by law in effect on the effective date of this section, or

26 (C) the benefits of a large project permit coordinator
27 authorized by a law in effect on the effective date of this section.

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AMENDMENT # 48

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

1 **Sec. 43.90.450. Assignments.**

2

3 Page 24, line 11- Delete "for" and replace with "regarding"

4

5 Page 24, line 16- After "state," delete "along with the person's" and insert "including"

6

7 **Sec. 43.90.900. Definitions.**

8

9 Page 24, line 29- After "person" delete "and" and insert "; affiliate"

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AMENDMENT # 49

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 25, line 5- After "resources" insert "acting jointly"
- 2
- 3 Page 25, line 18- After "means" delete "the" and insert "post-production" ; after "of gas"
- 4 delete "downstream of the point of production"
- 5
- 6 Page 25, line 24- After "or gas" delete "only"
- 7
- 8 Page 25, line 26- After "or gas" delete "only"
- 9
- 10 Page 25, line 30- After "means" delete that part of the state that lies" and insert "the area
- 11 of Alaska"
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AMENDMENT # 50

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 26 lines 1-2 delete definition for "North Slope Gas".
- 2
- 3 Page 26, lines 3-5-Delete the rest of the sentence after "the" and insert "process
- 4 that complies with 18 C.F.R. Part 157 (Open Seasons for Alaska Natural Gas
- 5 Transportation Projects) and 18 C.F.R. 157-30 - 157.39;"
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AMENDMENT # 51

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TO: CSHB 177(O&G)

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Sec. 2.

Page 26, line 23- after "determine" delete "abandonment of a project" and insert
"whether a project is uneconomic"

4/20/07

AMENDMENT # 52

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 28, line 28 through page 30, line 15- Delete Sec. 42.45.025. Gas utility revolving
- 2 loan fund.

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AMENDMENT # 52

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

- 1 Page 28, line 28 through page 30, line 15- Delete Sec. 42.45.025. Gas utility revolving
- 2 loan fund.

AMENDMENT # 53

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

1 Page 30, line 16- Renumber "Sec. 6" as "Sec. 5"

2

3 Page 30, line 22- Insert new Sec. 6 to read as follows:

4

5 EXPEDITED CONSIDERATION OF COURT CASES. It is the intent of the legislature
6 that the courts of the state, when considering a case related to the
7 development and construction of a natural gas pipeline under this Act or to the
8 commitment of a shipper to acquire firm transportation capacity during the first
9 binding open season for a project developed under this Act, expedite the
10 resolution of the case by giving the case priority over all other civil cases to the
11 extent permitted under the Alaska Rules of Court.

12

13 Page 30, line 27-31- Delete Sec. 8.

*Deletes revolving loan fund
reference*

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AMENDMENT # 54

OFFERED IN THE HOUSE
TO: CSHB 177(O&G)

BY ADMINISTRATION

- 1 Page 31, line 1-3- Delete Sec. 9
- 2
- 3 Page 31, line 4-5, Renumber "Sec. 10" as "Sec. 8" and Delete beginning with
- 4 "Except" and ending at "Act,". Change "this" to "This".
- 5
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