

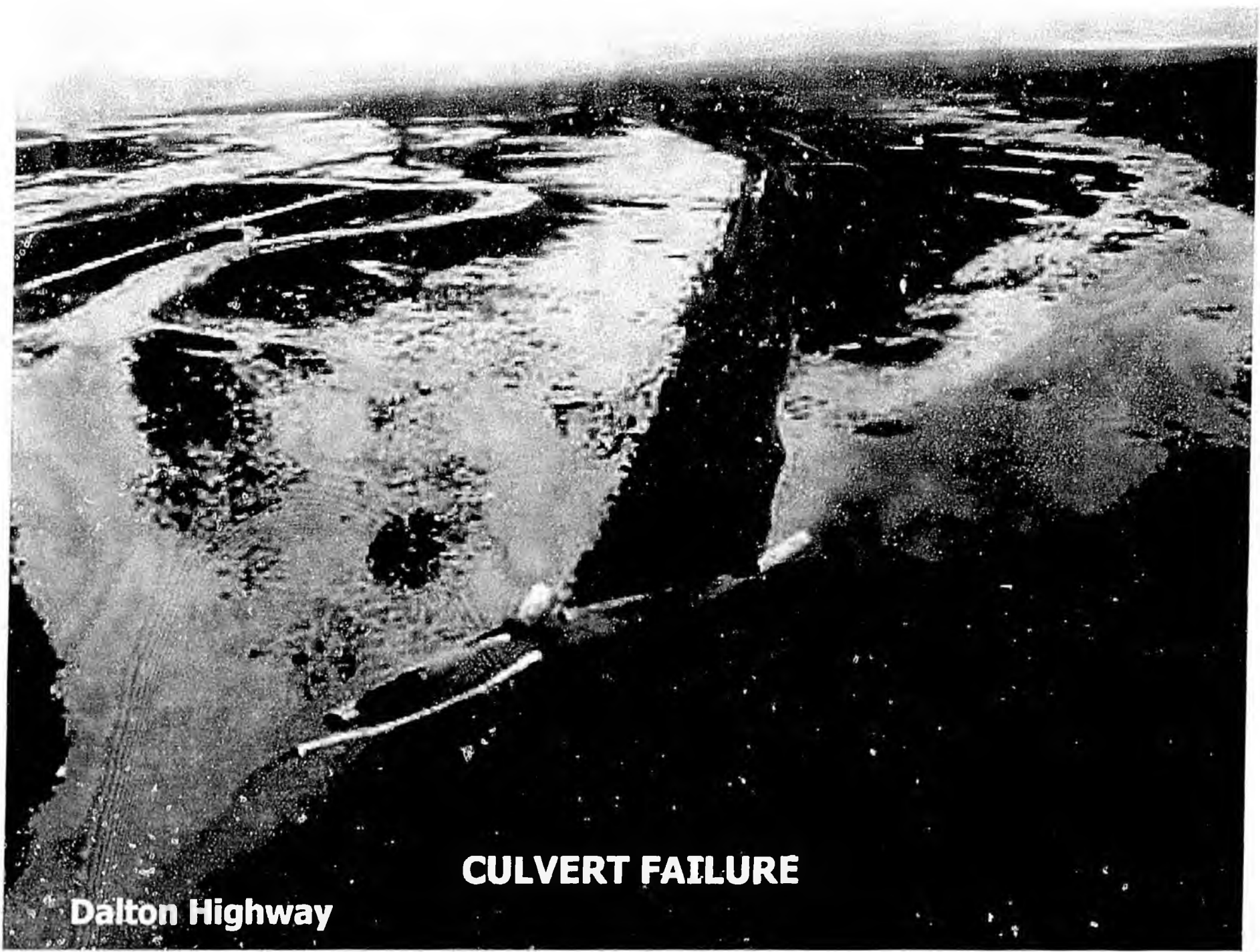
SB

40001

SFIN

FILE

7/23/04



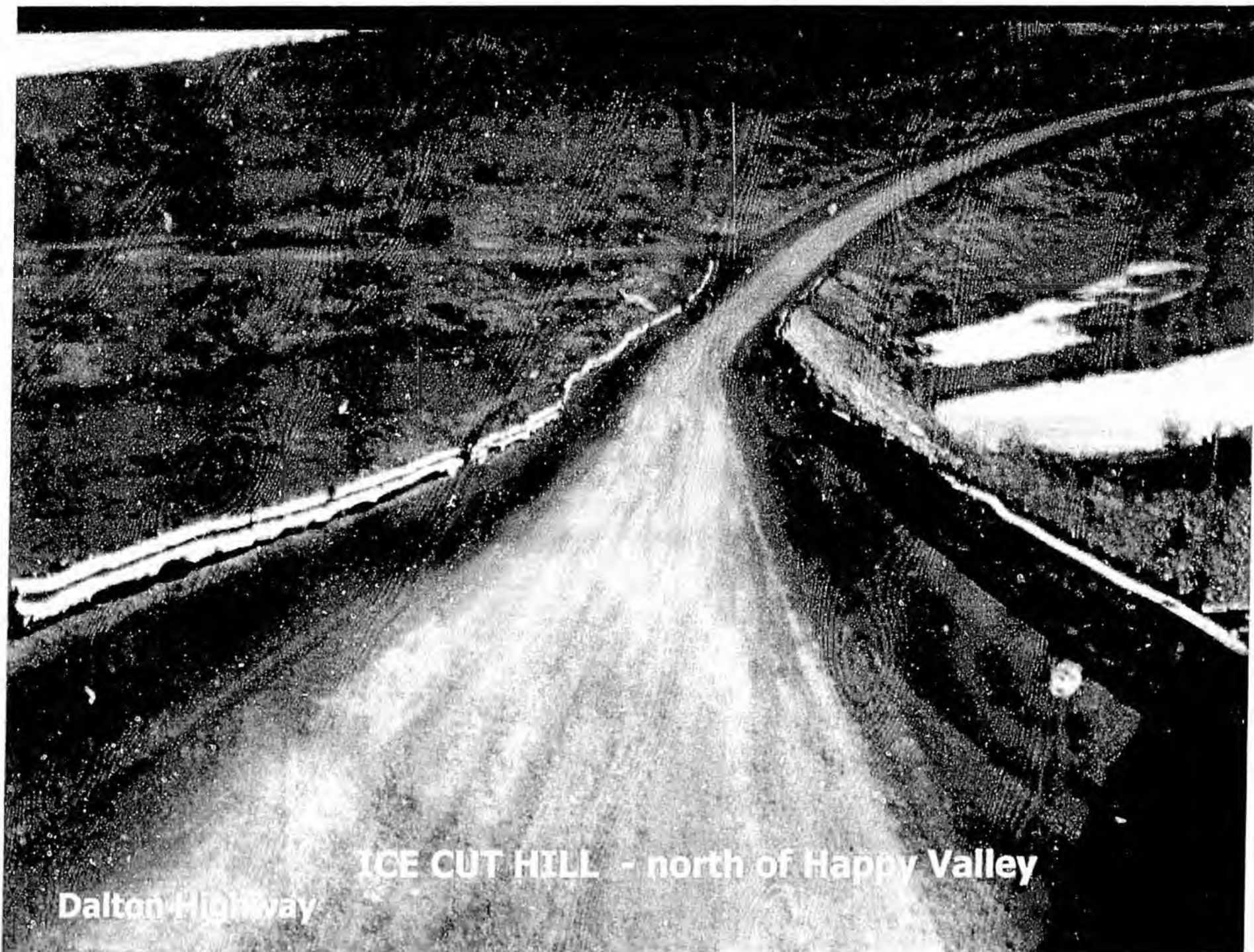
Dalton Highway

CULVERT FAILURE



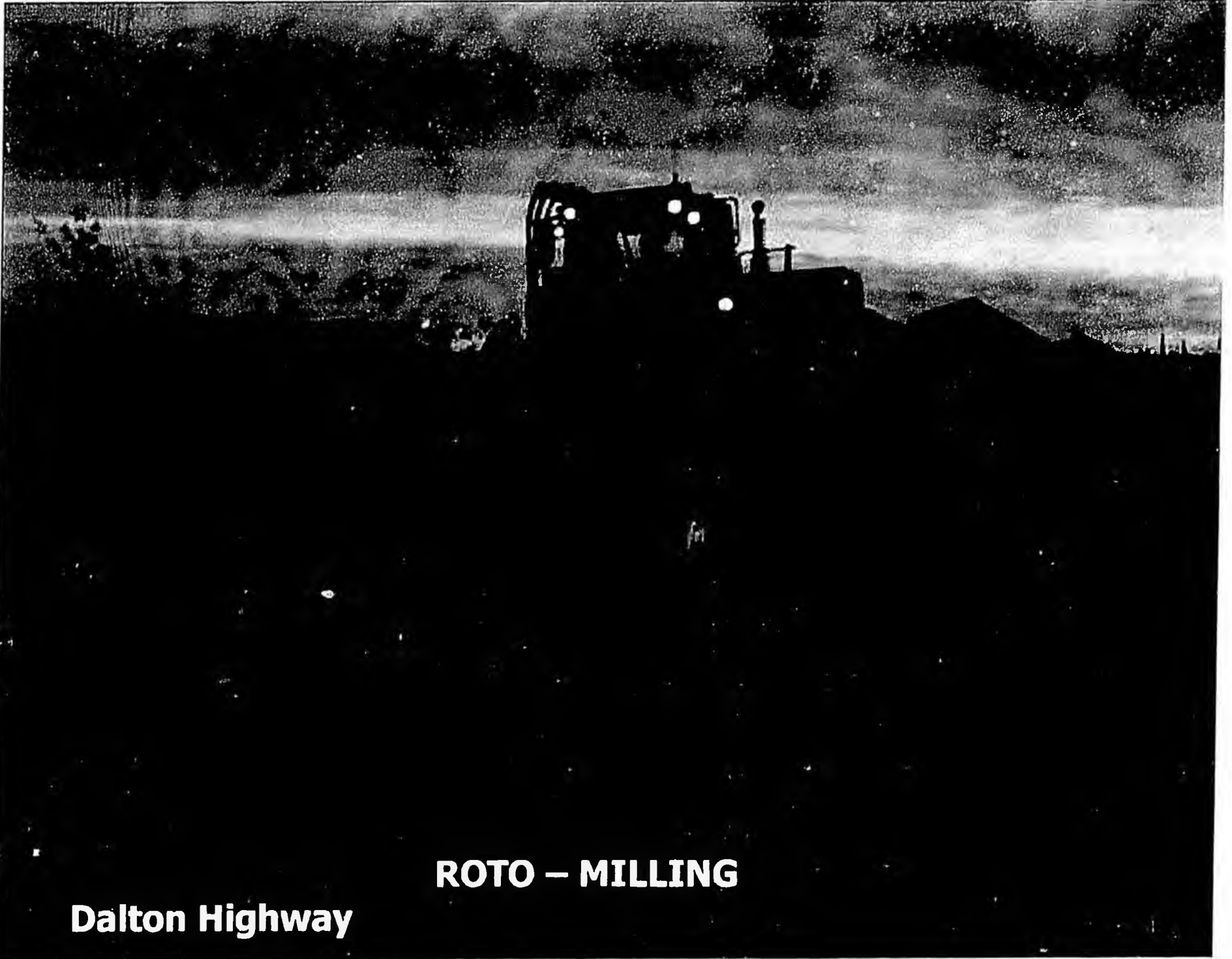
21 MILE HILL

Dalton Highway



ICE CUT HILL - north of Happy Valley

Dalton Highway



Dalton Highway

ROTO – MILLING

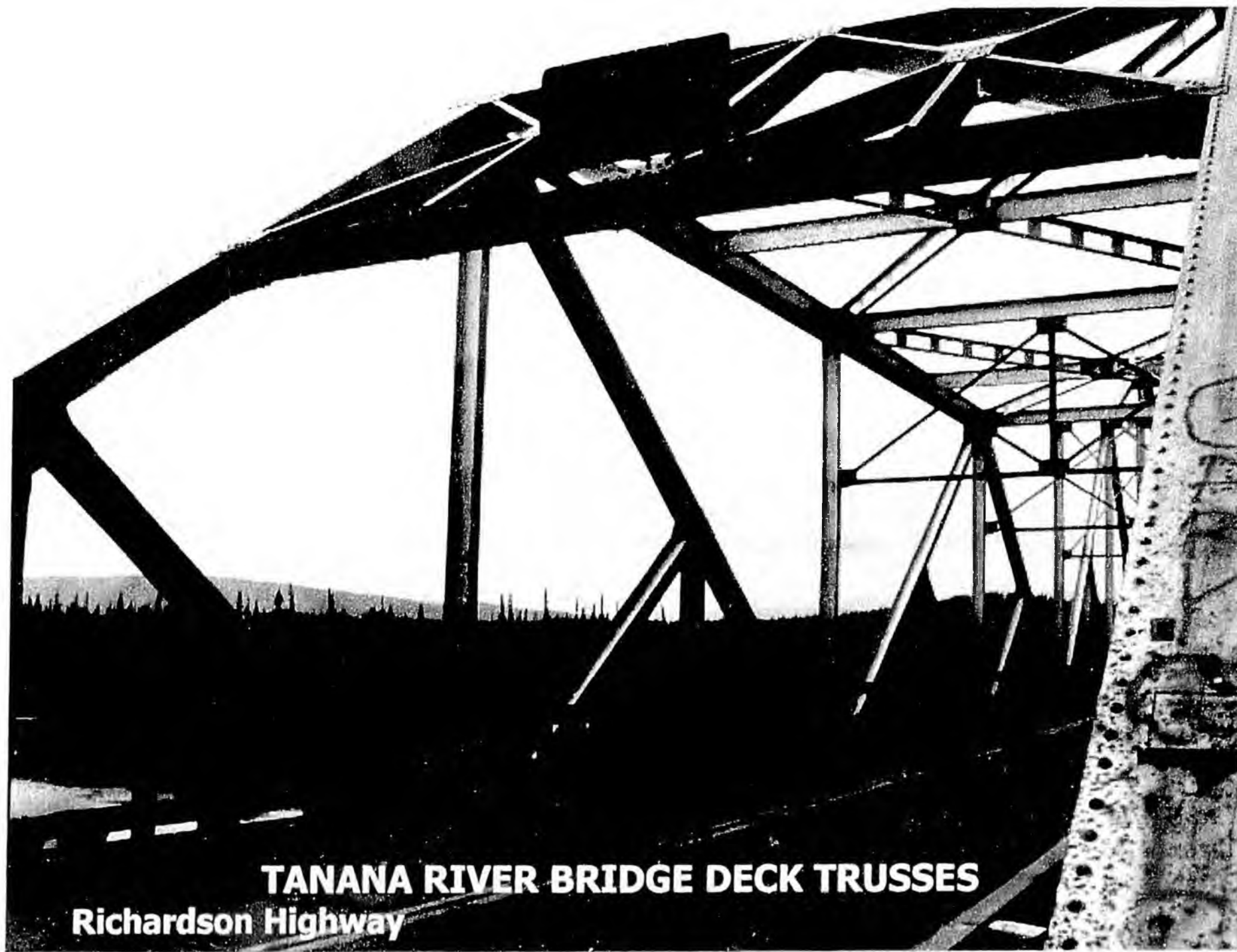


BEAR CREEK LOOKING EAST

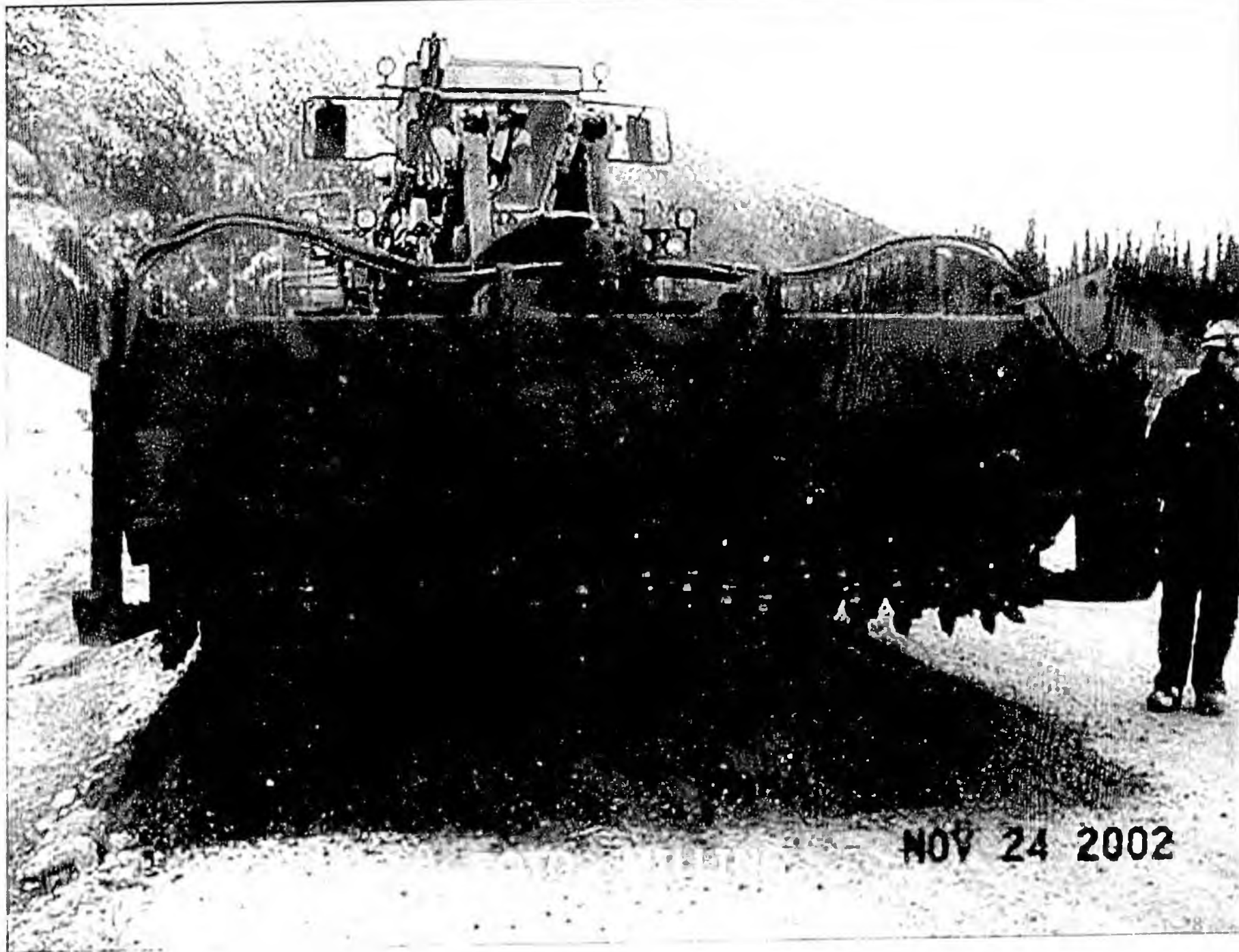
Richardson Highway

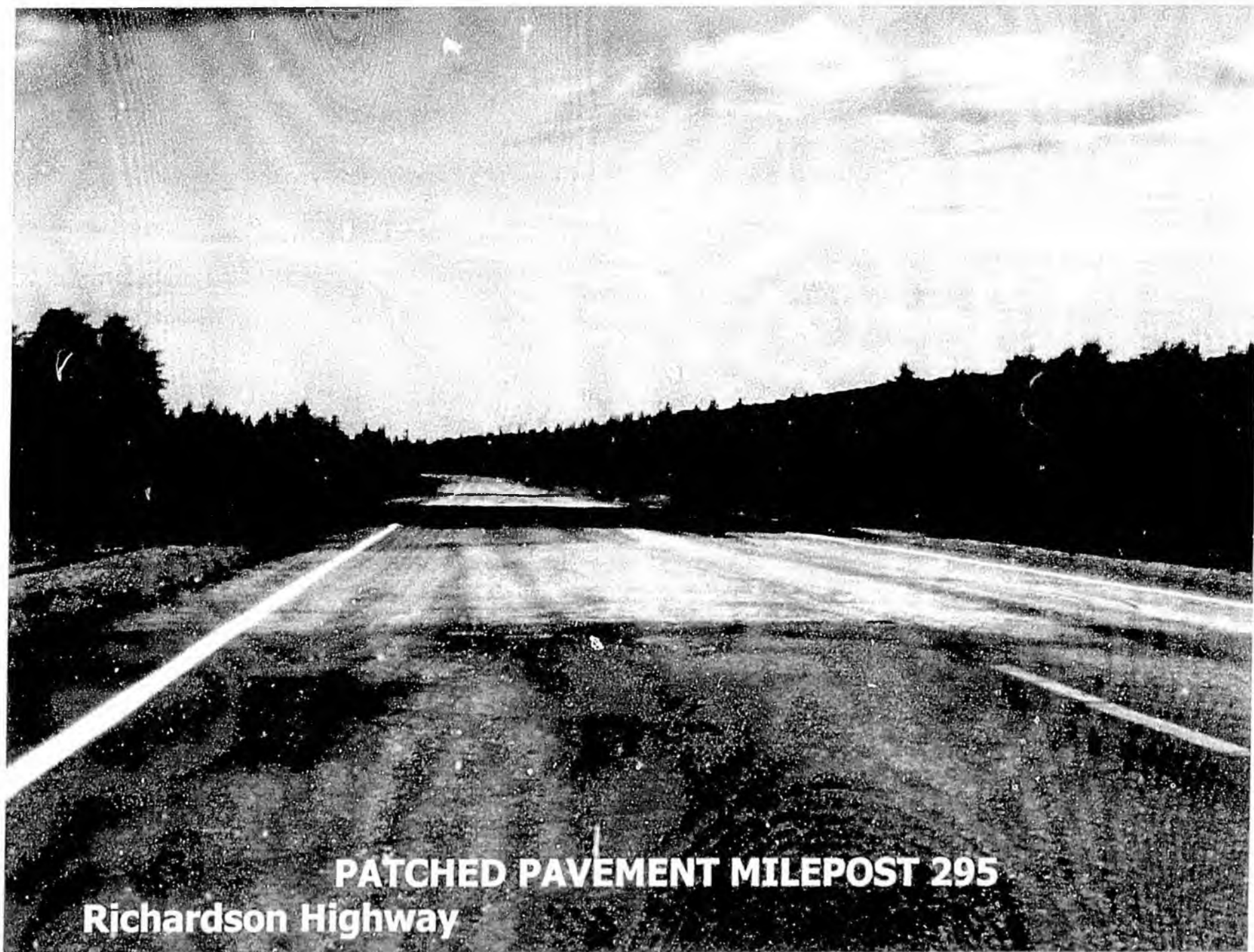


Richardson Engineering Services Ltd. SUNDAY 8 47

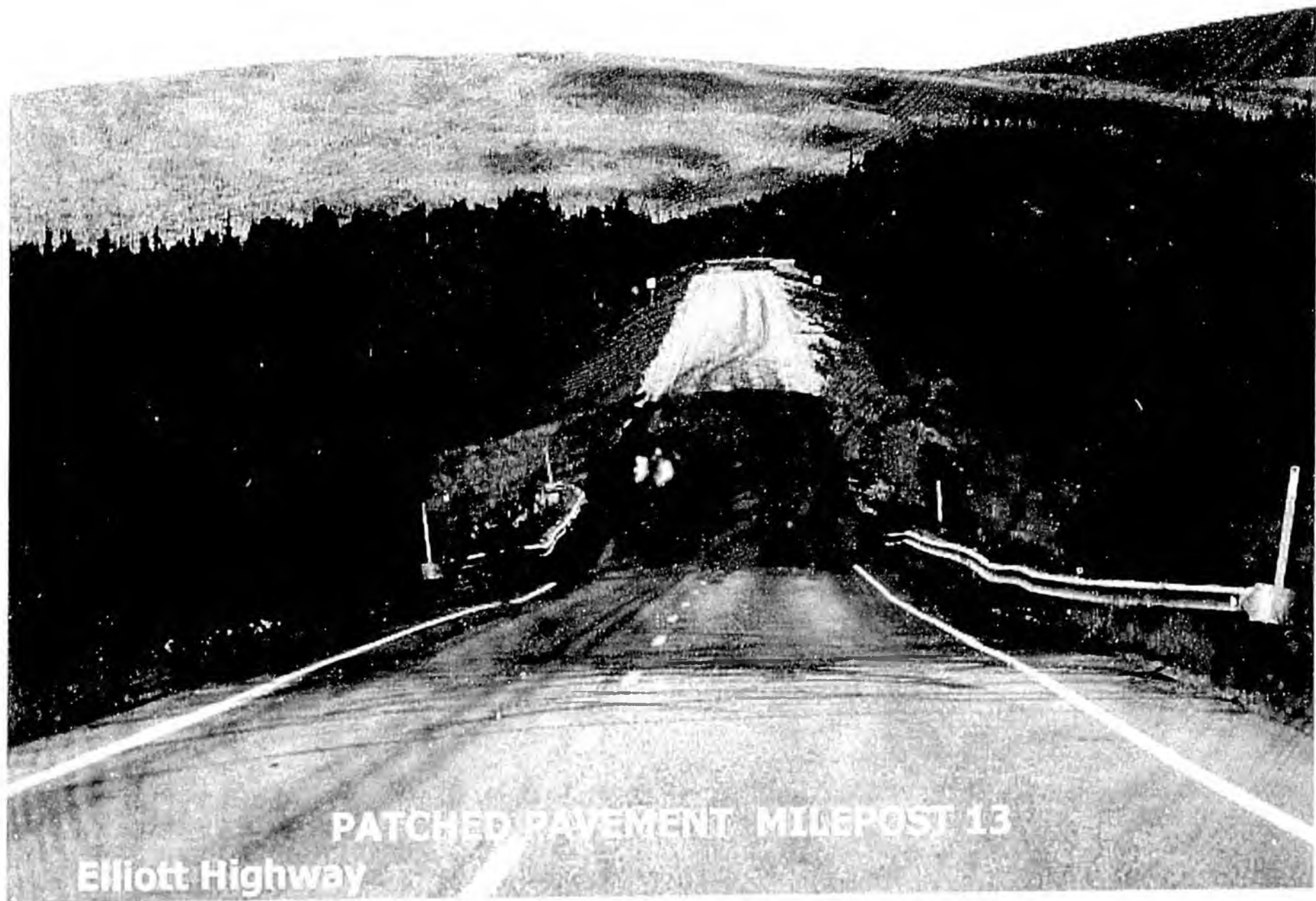


TANANA RIVER BRIDGE DECK TRUSSES
Richardson Highway



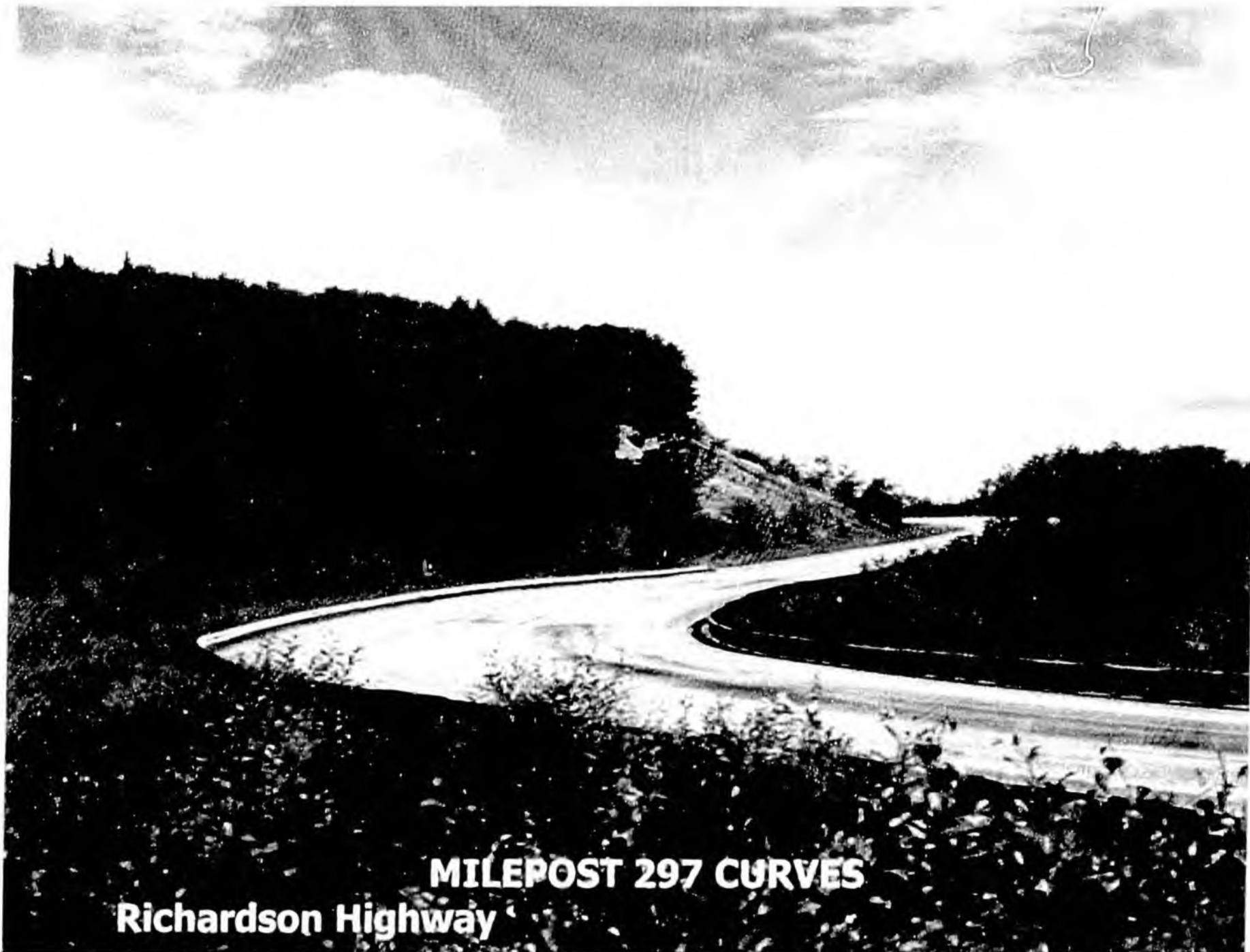


PATCHED PAVEMENT MILEPOST 295
Richardson Highway

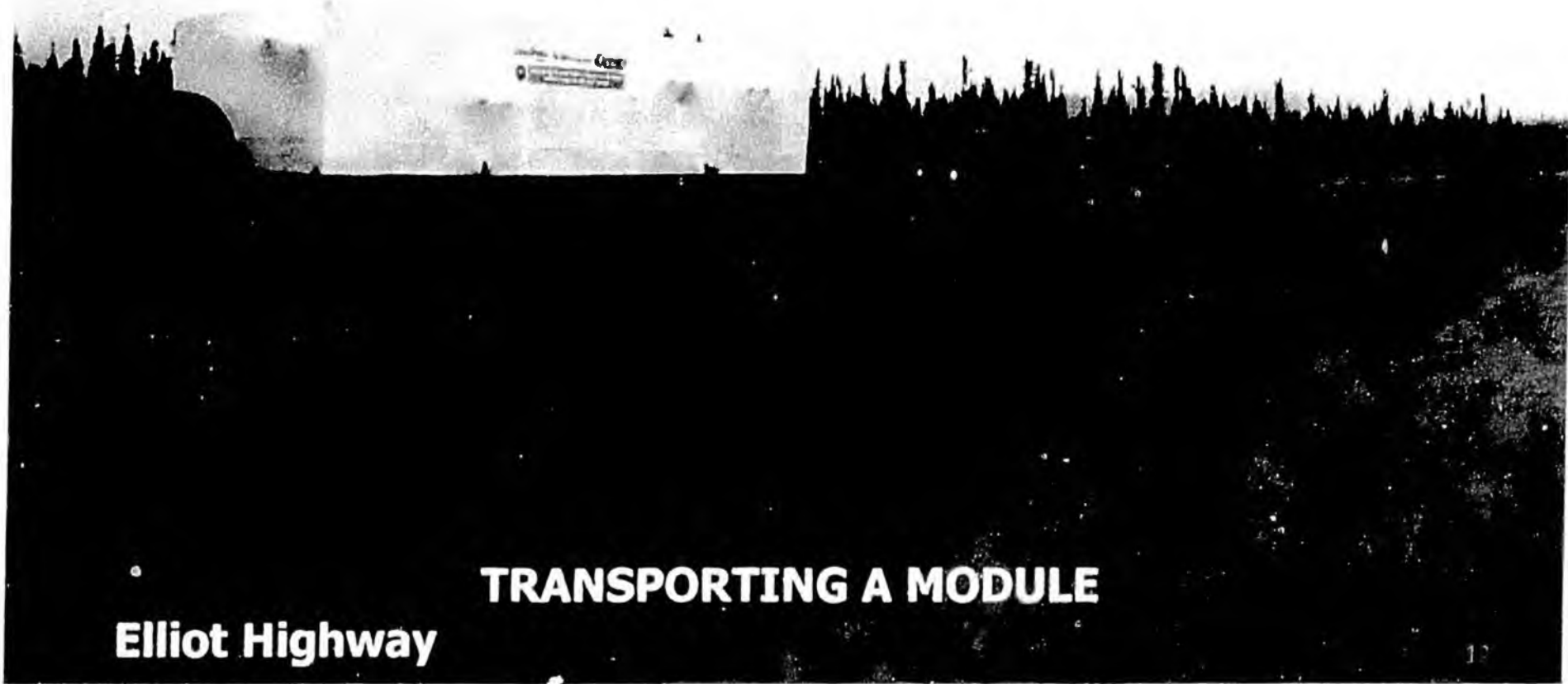


PATCHED PAVEMENT MILEPOST 13

Elliott Highway



MILEPOST 297 CURVES
Richardson Highway



TRANSPORTING A MODULE

Elliot Highway

AGIA

The Alaska Gasline Inducement Act

Gas Pipeline Implementation

ON FILE

AGIA Gas Pipeline Implementation


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

Conformance with License


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

Regulator Commercial Developments and Conditions

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



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



Examples of expertise needed:

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

Budget

1. Conformance with license provisions	\$7,500,000
2. Monitor commercial developments and conditions	\$6,500,000
3. Oversight & Environmental Permit Coordination	<u>\$1,000,000</u>
Total	\$15,000,000

7/23/08

DALTON HIGHWAY



PROJECT STATUS
2006 - 2009

DALTON HIGHWAY INFORMATION

- **Dalton Highway – 414 Miles**
- **Built to secondary road standards and completed in 1975**
- **The State took over maintenance in 1978**
- **Intense truck traffic; over 50% of traffic is heavy trucks**
- **32 Bridges**
- **Hundreds of culverts**
- **7 Maintenance Camps**
- **6 Main Airports**
- **Poor road geometry, blind curves, steep grades up to 12%**
- **30% has been reconstructed to a 32 foot hard surface with improved shoulders, drainage and turn out areas**
- **Reconstruction is needed to meet current design standards**



DALTON HIGHWAY



DALTON HIGHWAY INFORMATION

➤ **Maintenance issues include:**

Permafrost subsidence

Increasing gravel surfacing wear

Seeps and springs in cut slopes create icing problems

Lack of embankments high enough to prevent snow drifting



DALTON HIGHWAY



SUMMARY

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



DALTON HIGHWAY



SUMMARY

- **Users desire continued improvements**
- **Arctic landscape is underlain by permafrost, fine-grained soils, and offers limited sources of road building materials**
- **Extreme Arctic climate, avalanche dangers and temperatures frequently near 60 below zero in winter compound operation of highway**
- **This is not just a regional priority highway; it is of Statewide significance**
- **Potential gas development further amplifies need for continued investment in this highway**
- **The Alaska Truckers Association continues to plea for improvements**



DALTON HIGHWAY



FUTURE CHALLENGES

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



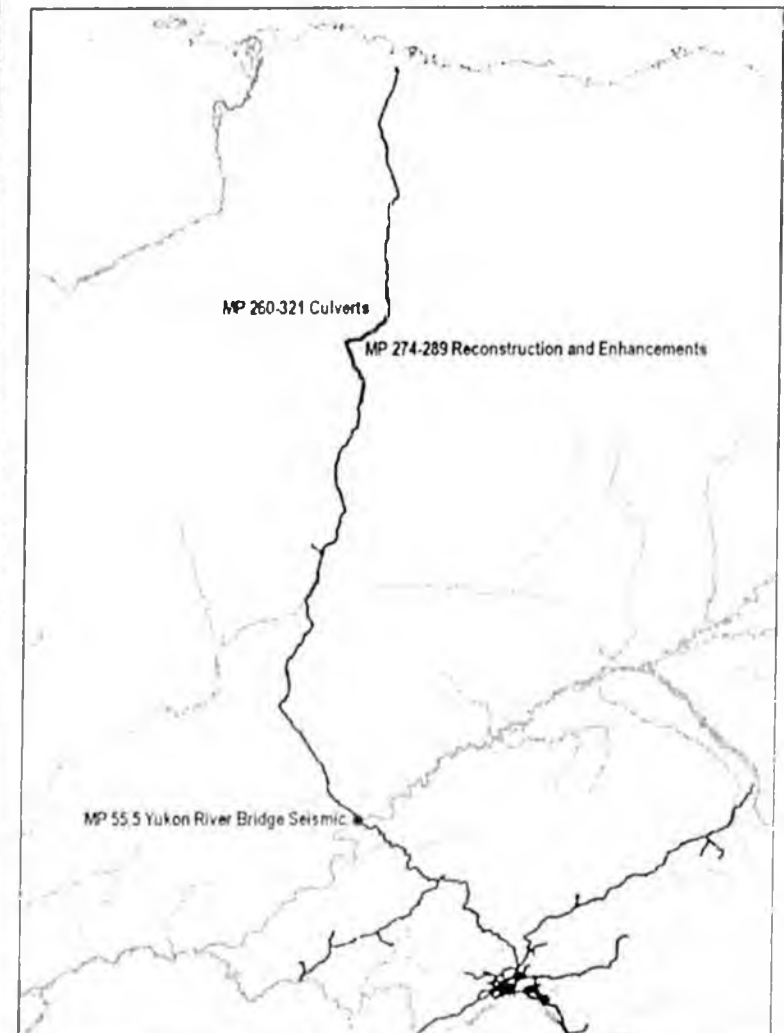
DALTON HIGHWAY



STIP PROJECTS

FUNDED THROUGH CONSTRUCTION

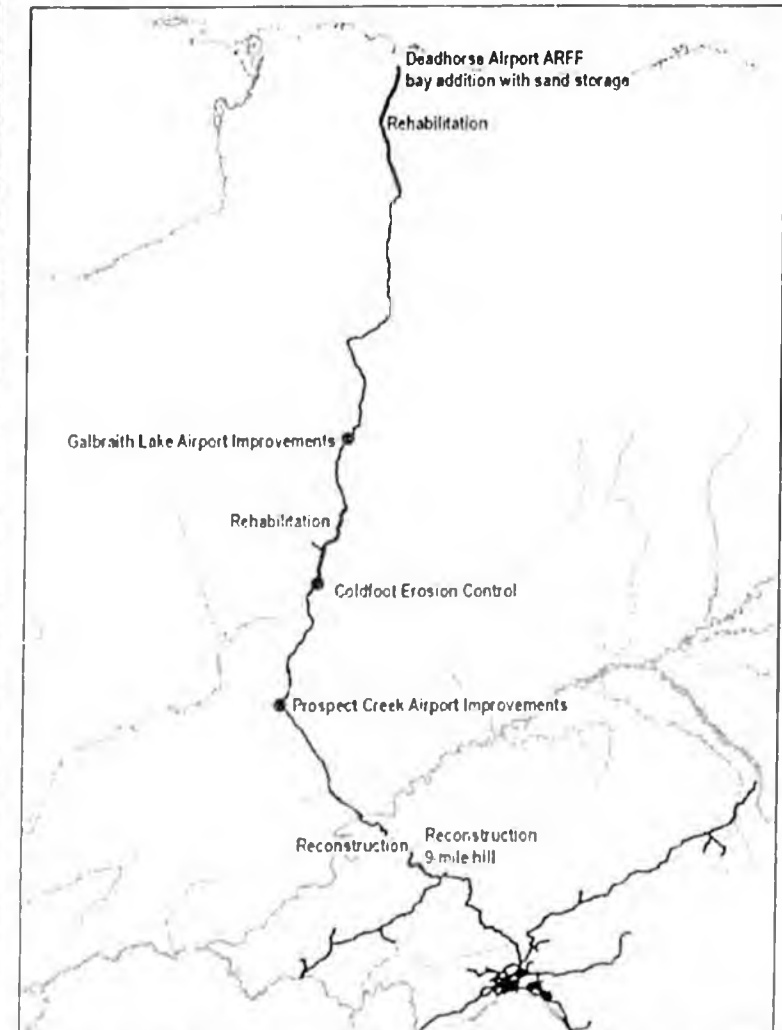
- **MP 55.5 Yukon River Bridge Seismic (\$2.0 M)**
Estimated Construction 2009
- **MP 274-289 (\$25.3 M)**
Reconstruction and Enhancements
Estimated Construction 2009



Needed Projects

NO IDENTIFIED FUNDING

- **MP 11-18 Reconstruction (\$20.0 M)**
- **MP 362-414 Rehabilitation (\$53.3 M)**
- **Coldfoot Erosion Control (\$6.5 M)**
- **Deadhorse Airport (\$5.7 M)**
 - ARFF Bay Addition with Sand Storage**
- **Deadhorse Airport Apron Repair (\$7.0 M)**
- **Galbraith Lake Airport Improvements (\$7.2 M)**
- **Prospect Creek Airport Improvements (\$5.6 M)**



HB / SB 4001

APPROPRIATIONS

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



COMPLETED FY 06

M&O MAJOR MAINTENANCE

COST

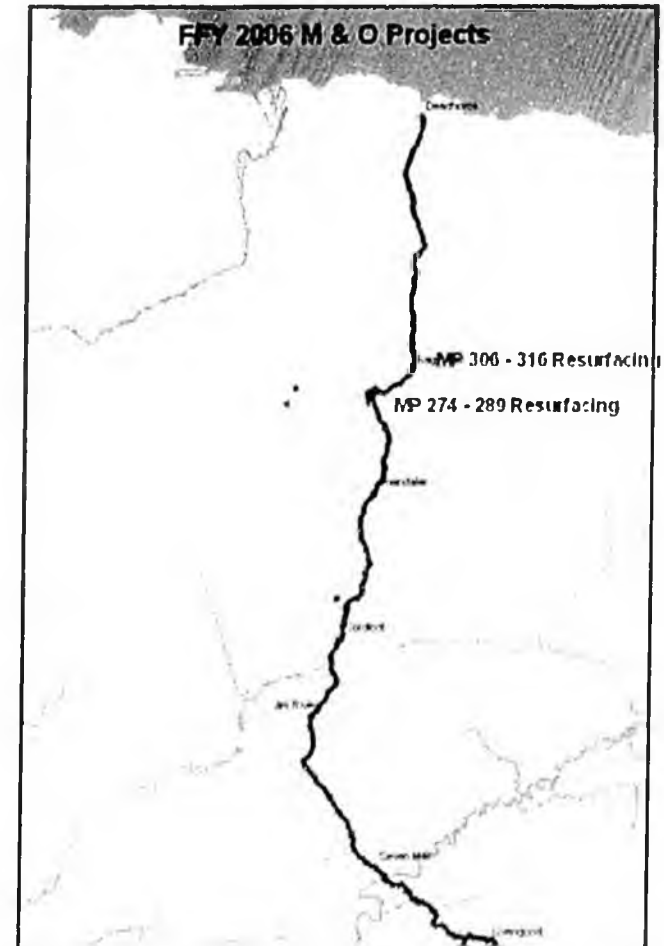
\$6 million in State Funding in FY06

MP 274 - 289

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

MP 306 - 316

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



IMPROVES 24 MILES!



COMPLETED FY 07

M&O MAJOR MAINTENANCE

COST

\$9 million in State Funding in FY07

MP 90 - 175

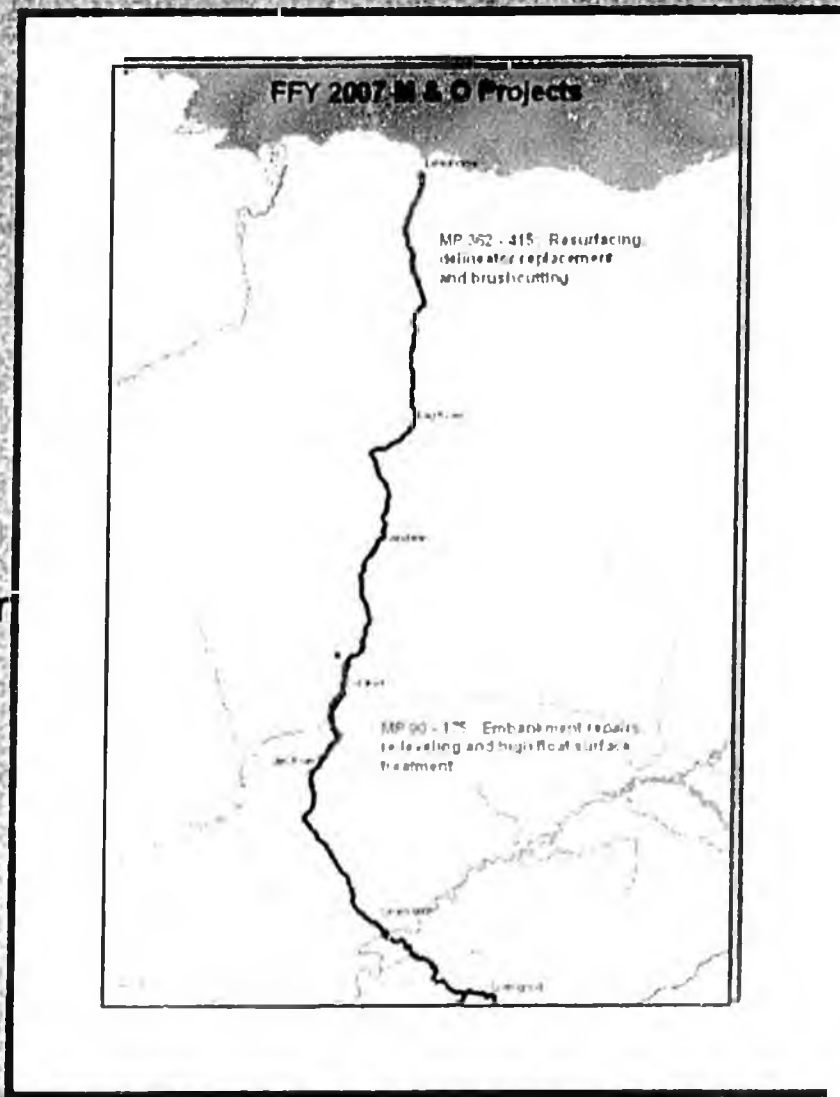
Perform spot high float surface repairs, embankment repairs due to differential settlement and hauling and placing slope fill for stabilization.

MP 237-263

Work includes resurfacing.

MP 362 - 415

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



IMPROVES 138 MILES!



FY 08

M&O MAJOR MAINTENANCE

COST

\$9 million in State Funding in FY08

MP 28-56

Widen, culvert, brushcutting and resurfacing

MP 70

Multi-plate culvert replacement

MP 175 - 209

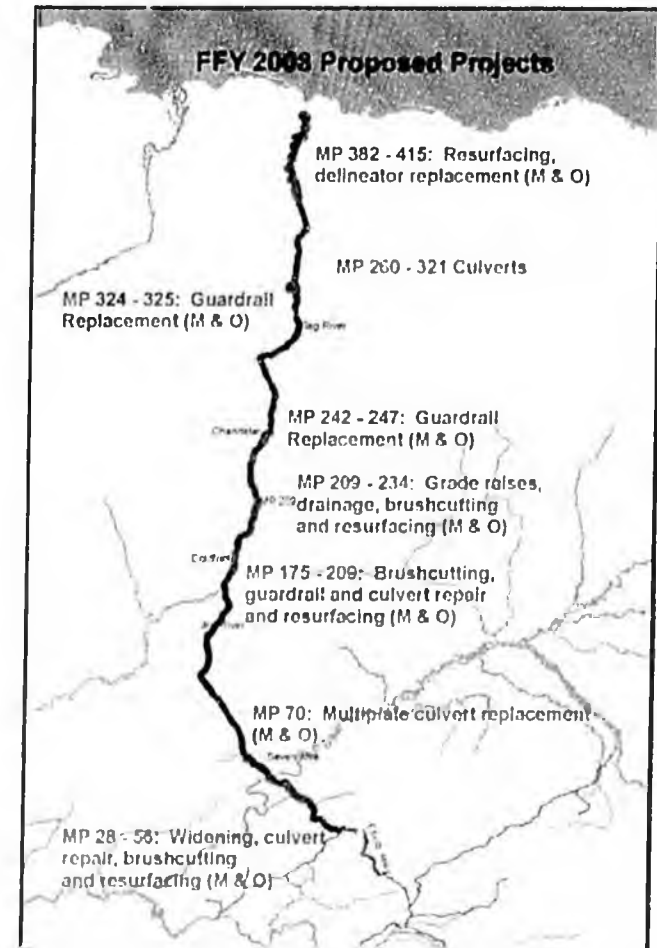
Brushcutting, guardrail, culverts and resurfacing

MP 209 - 234

Grade, drainage, brushcutting, resurfacing

MP 362 - 415 and 242 - 247

Guardrail replacement



FY09 M&O

PROPOSED PROJECTS

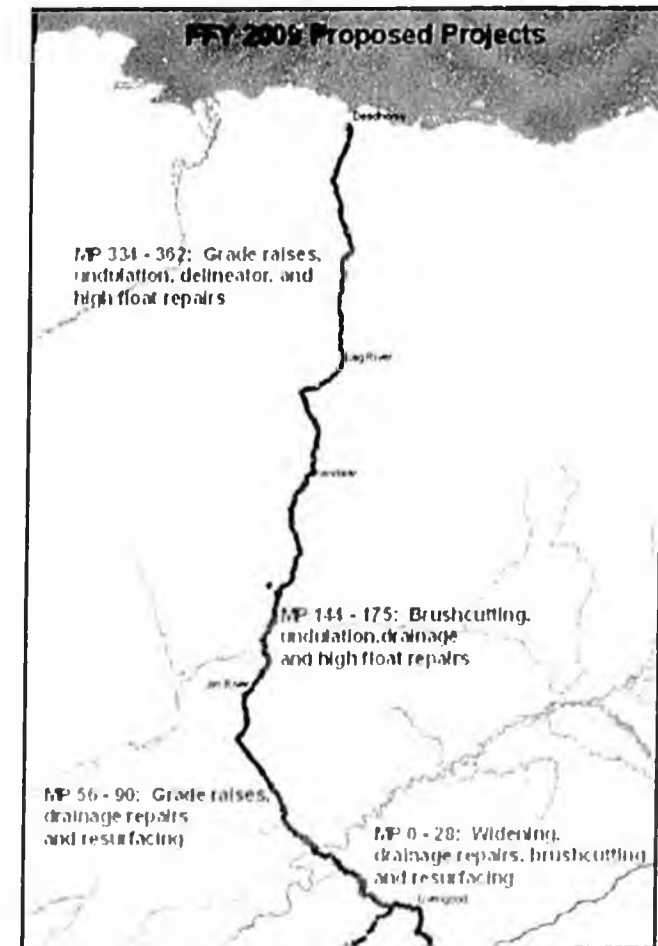
Cost

\$5 M Capital Budget

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

\$14.0 M GO Bond

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



IMPROVES 121 MILES!



COMPLETED PROJECTS

CONSTRUCTION

2006

- MP 18-22 Reconstruction (\$3.8 M) Fed
- MP 414 Erosion Control (\$1.8 M)

2007

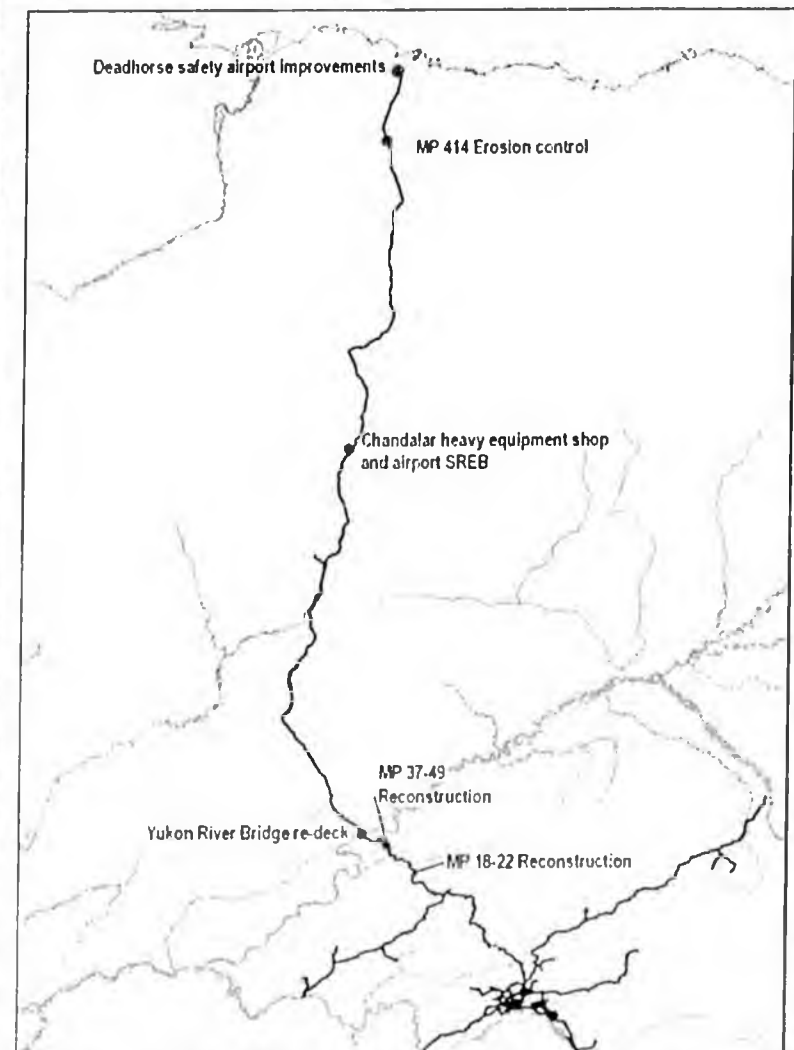
- MP 37-49 Reconstruction (\$15.5 M) Fed
- Yukon River Bridge Redeck (\$2.9 M) Fed
- MP 57 Yukon Crossing

Intermodal Facilities (\$1.4 M) Fed

- Chandalar Heavy Equipment Shop and Airport SREB (\$3.0 M) GF/Fed

2008

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



STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

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

FAX: (907) 586-8365
PHONE: (907) 465-3900

July 30, 2008

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

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

Dear Senators Stedman and Hoffman:

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

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

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

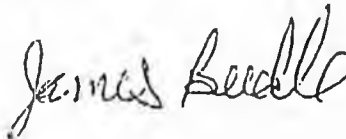
Developing a workforce to construct highway projects and seamlessly transition into pipeline construction is an additional factor in starting projects now. The sooner there are projects needing operators, mechanics, laborers etc.; the more there will be workers looking to start the training necessary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

Providing for the safe movement of people and goods and the delivery of state services

July 30, 2008

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

Sincerely,



FOR

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

Enclosure: Haines vs. Skagway as Point of Entry

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

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

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

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

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

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

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

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

7/22/08 and 7/23/08

Project 1

Gasline Workforce Scholarship Program

FY2009 Request: \$4,500,000
Reference No: 46871

AP/AL: Appropriation
Category: Education
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2013

Project Type: Construction
Contact: Guy Bell
Contact Phone: (907)465-2700

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

No previous funding has been provided for this project.

Project Description/Justification:

Gasline Workforce Scholarship Program \$4,500,000
(AGIA Training Strategic Plan Strategy 4.2f)

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

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

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

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

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

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

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

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

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

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

(AGIA Training Strategic Plan Strategy 1.2a)

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

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

Pipeline Training Program Administrator Range 23F

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

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

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

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

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

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

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

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

Gasline Workforce Development

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

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

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

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

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

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

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

Funding:

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

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

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

Enhancement to the Federal Alaska Pipeline Worker Training Project.

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

to journey level advancement.

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

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

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

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

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

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

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

Brief Summary and Statement of Need:

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

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

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

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

Additional Information / Prior Funding History:

No previous funding has been provided for this project.

Project Description/Justification:

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

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

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

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

Gas Pipeline Implementation

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

AP/AL: Appropriation
Category: Natural Resources
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2013

Project Type: Planning
Contact: Leta Simons
Contact Phone: (907)465-3379

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

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

Project Description/Justification:

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

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

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

Gas Pipeline Implementation

FY2009 Request: \$15,000,000

Reference No: 46873

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

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

Project 5

Capitalization of the Alaska Gasline Inducement Act Reimbursement Fund
FY2009 Request: \$164,000,000
Reference No: 46874

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

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

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

7/22/08

Project 6

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000

Reference No: 46875

AP/AL: Appropriation

Project Type: Planning

Category: Development

Location: Statewide

Contact: Jerry Burnett

House District: Statewide (HD 1-40)

Contact Phone: (907)465-2312

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

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

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

Project Description/Justification:

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

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

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

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000

Reference No: 46875

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

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

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

7/23/08

Project 7

Gas Pipeline Infrastructure Preparation

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

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

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

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

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

AP/AL: Allocation

Project Type: Construction

Category: Transportation

Location: Statewide

Contact: Frank Richards

House District: Statewide (HD 1-40)

Contact Phone: (907)465-3900

Estimated Project Dates: 07/01/2008 - 06/30/2011

Appropriation: Gas Pipeline Infrastructure Preparation

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

Project Description/Justification:

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

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

Project Justification

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

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

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

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

Project Description and Cost Estimates

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

Dalton Highway

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

Elliott Highway

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

Alaska/Richardson Highways

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

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

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

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

Haines Highways

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

Dalton Highway Reconstruction

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

AP/AL: Allocation
Category: Transportation
Location: Statewide
House District: Statewide (HD 1-40)
Estimated Project Dates: 07/01/2008 - 06/30/2011
Appropriation: Gas Pipeline Infrastructure Preparation

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

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

Project Description/Justification:

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

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

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

Project Justification:

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

Dalton Highway Reconstruction

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

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

Project Description and Cost Estimates:

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

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

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

AP/AL: Allocation Project Type: Construction

Category: Transportation

Location: Haines

Contact: Frank Richards

House District: Cordova/Southeast Islands (HD 5) Contact Phone: (907)465-3900

Estimated Project Dates: 07/01/2008 - 06/30/2012

Appropriation: Gas Pipeline Infrastructure Preparation

Brief Summary and Statement of Need:

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

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

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

Operating & Maintenance Costs:

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

Additional Information / Prior Funding History:

Project Description/Justification:

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

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

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

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

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

Project Description and Cost Estimate:

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

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

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

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

Brief Summary and Statement of Need:

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

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

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

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

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

Project Description/Justification:
Surface Machinery Simulators
 (AGIA Training Strategic Plan Strategy 4.5b)

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

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

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

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

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

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

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

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

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

Matanuska -
Susitna

7/22/08

Costs Associated with Governor's Bills--Fourth Special Session, July 2008
(\$ millions)

AGIA Appropriation Bill (HB 4001)		General Funds	Other
Department			
Education	Gasline Workforce Scholarship Program	4.50	
Labor	Gasline Workforce Development	34.80	
Grants	Alaska Works Partnership Gasline Workforce Development	2.29	
Natural Resources	Gas Pipeline Implementation	15.00	
Revenue	Gas Pipeline: spur Line Segment	25.00	
DOT/PF	Preconstruction - Dallon, Elliott, Richardson, Alaska and Haines Highways	31.00	
DOT/PF	Dallon Highway Reconstruction	75.40	
DOT/PF	Haines Highway: MP21 to 25.3 Reconstruction	23.50	
University	University of Alaska Gasline Workforce Development	<u>1.07</u>	
	Subtotal	\$ 212.56	\$ -
	AGIA Reimbursement Fund Capitalization (HB 4001)		
	Reappropriate the FY06 GF deposit to AHFC Subsidiary Saving Account	300.00	
	Appropriate interest earnings on the deposit to the AHFC Savings Account	<u>36.00</u>	
	Appropriate from the General Fund	<u>164.00</u>	
	Subtotal	\$ 500.00	\$ -
	TOTAL	\$ 712.56	\$ -
Resource Rebate Program (HB 4002 and HB 4003)			
Department	Fiscal Notes	General Funds	Other
Revenue	Resource Rebate	799.15	
Revenue	Administrative Costs	0.85	
DHSS	Hold Harmless (Offset Public Assistance Impacts)	<u>10.70</u>	
	TOTAL	\$ 810.70	\$ -
Power Cost Equalization Program (HB 4003)			
Department		General Funds	Other
Commerce	FY06 Supplemental (from PCE Endowment)		0.60
Commerce	FY09 Supplemental	<u>9.00</u>	
	TOTAL	\$ 9.00	\$ 0.60
Fuel Tax Suspension (HB 4004 and HB 4002)			
Department		General Funds	Other
Revenue	Revenue Loss due to suspending the motor fuel tax	36.58	
Revenue	Municipal proceeds entitled	<u>0.10</u>	
	TOTAL	\$ 36.68	\$ -
Grand Total		\$ 1,568.93	\$ 0.60

8/6/08

Senate Finance Working Numbers

		FY08	FY09	
	AGIA Funding			
Sec 1(a)	Alaska Gas Pipeline Development Fund		\$ 30,000,000	\$10.0 mill transferred to AGIA Sec 1(b)
Sec 9	LB&A review of AGPD Fund			
	PCE			
Sec 2	PCE Payments & AEA Administration	\$ 600,000	\$ 107,000,000	\$93.0 mill of FY09 is contingent on passage of SB4002
Sec 8 (a)	RCA Admin		\$ 147,600	
	Dividend			@ \$ 500.00 per indiv
Sec 3	Distribution & DOR Administration		\$ 310,100,000	
Sec 4	DHSS Hold Harmless		\$ 2,139,300	
Sec 5	Heating Fuel Rebate Program Rebates & AEA Administration		\$ 360,000,000	
Sec 6	AHFC Home Energy Rebate Program		\$ 50,000,000	
Sec 7 (a)	Bulk Fuel Revolving Loan Program Capitalization		\$ 5,000,000	
Sec 7 (b)	Bulk Fuel Bridge Loan Program Capitalization		\$ 5,300,000	
Sec 7 (c)	DCCED Admin		\$ 110,000	
Sec 7 (d)	AVEC Bulk Fuel Loan Loan Authorization		\$ 20,000,000	
Sec 8 (b)	N. Slope Borough Fuel		\$ 1,550,000	670 Homes at \$2.51 est subsidy
Sec 10	Renewable Energy Fund Appropriation for Alternative Energy Amendment		\$ 50,000,000	
	Total SB4001 Appropriations	\$ 600,000	\$ 941,346,900	

8/6/08

Senate Home Energy Rebate Analysis

	850/\$3.00	100/\$3.00		16.1/.05	Total
	Oil	Gas Enstar	Fbxs	Electric	
1 Avg Annual Consumption	1300 gals	167	167 Mcf	20,400	
2 Amount Eligible for Rebate	950	100	100	16,100 kWh	(2300 kWh per month for 7 months)
3 % of Annual Consumption Subsidized	65%	60%	60%	79%	
Unit Costs					
4 2008 Average	\$ 5.51	\$ 8.57	\$ 23.35	\$ 0.12	
5 2009 Projection	\$ 6.00	\$ 11.14	\$ 23.35	\$ 0.12	
6 Weighted Average (for 7 Month Prog)	\$ 5.72	\$ 9.67	\$ 23.35	\$ 0.12	
7 Proposed Consumer Price Ceiling	\$ 3.00	\$ 3.00	\$ 3.00	N/A	
8 Resulting Subsidy Per Unit	\$ 2.72	\$ 6.67	\$ 20.35	\$ 0.05	
9 % of Unit Cost Subsidized	47.6%	69.0%	87.2%	42.7%	
Per Household Costs					
10 Annual Unsubsidized Energy Costs	\$ 7,482	\$ 1,646	\$ 3,899	\$ 2,387	
11 Estimated Program Subsidy	\$ 2,312	\$ 667	\$ 2,035	\$ 805	
12 Annual Costs Net of Subsidy	\$ 5,170	\$ 979	\$ 1,864	\$ 1,582	
13 % of Annual Costs Subsidized	30.9%	40.5%	52.2%	33.7%	
14 Estimated Households Eligible	115,303	116,000	469	5,339	
BTU Equivalents					
15 Net HH Costs per Mill BTUs	\$ 28.92	\$ 5.77	\$ 11.00	\$ 22.72	
Program Costs (\$ mills)					
16 Sept - Dec 2008	\$ 152,332	\$ 44,222	\$ 545	\$ 2,456	\$ 199,555
17 Jan - Mar 2009	\$ 114,249	\$ 33,167	\$ 409	\$ 1,842	\$ 149,666
18 Total FY 09	\$ 266,580	\$ 77,389	\$ 954	\$ 4,298	\$ 349,221

Leta Simons

7/22/08

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

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

25-GS3056\O

Kane

8/5/08

CS FOR SENATE BILL NO. 4001(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act making appropriations, including supplemental appropriations; amending
2 appropriations; and providing for an effective date."

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

4 * **Section 1. DEPARTMENT OF REVENUE.** (a) The sum of \$30,000,000 is appropriated
5 from the general fund to the gas pipeline development fund (AS 43.98.030).

6 (b) The sum of \$10,000,000 is appropriated from the gas pipeline development fund
7 (AS 43.98.030) to the Alaska Gasline Inducement Act reimbursement fund (AS 43.90.400(a))
8 for the natural gas pipeline project construction inducement under AS 43.90.110(a)(1).

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

13 (b) The sum of \$14,000,000 is appropriated from the general fund to the Alaska
14 Energy Authority for power cost equalization payments for the fiscal year ending June 30,

1 2009.

2 (c) The amount necessary, estimated to be \$107,000,000, is appropriated from the
3 general fund to the Alaska Energy Authority for power cost equalization payments and related
4 administrative costs for the fiscal year ending June 30, 2009.

5 * **Sec. 3. DEPARTMENT OF REVENUE.** The amount necessary to pay a \$500 resource
6 rebate to all eligible individuals and related administrative costs, estimated to be
7 \$310,100,000, is appropriated from the general fund to the Department of Revenue for the
8 Alaska resource rebate program and related administrative costs for the fiscal year ending
9 June 30, 2009.

10 * **Sec. 4. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** The sum of
11 \$2,100,000 is appropriated from the general fund to the Department of Health and Social
12 Services, division of public assistance, to implement provisions of the Alaska resource rebate
13 program relating to continued eligibility for certain assistance programs and veterans' benefits
14 and to pay for related administrative costs for the fiscal year ending June 30, 2009.

15 * **Sec. 5. ALASKA ENERGY AUTHORITY.** The sum of \$360,000,000 is appropriated
16 from the general fund to the Alaska Energy Authority for emergency relief payments
17 authorized under the Alaska resource rebate program and related administrative costs for the
18 fiscal year ending June 30, 2009.

19 * **Sec. 6. ALASKA HOUSING FINANCE CORPORATION.** The sum of \$50,000,000 is
20 appropriated from the general fund to the Alaska energy efficient home grant fund
21 (AS 18.56.410) for grants under AS 18.56.410 by the Alaska Housing Finance Corporation.

22 * **Sec. 7. FUEL PURCHASE ASSISTANCE.** (a) The sum of \$5,000,000 is appropriated
23 from the general fund to the bulk fuel revolving loan fund (AS 42.45.250(a)).

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

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

30 (d) Subject to sec. 13(c) of this Act, the sum of \$20,000,000 is appropriated from the
31 general fund to the Alaska Energy Authority for a loan authorized under AS 44.83.080, to be

1 made on or before June 30, 2009, to the Alaska Village Electric Cooperative to purchase bulk
2 fuel for power generation.

3 (e) Amounts received by the Alaska Energy Authority repaying principal and interest
4 of a loan created under (d) of this section shall be deposited in the general fund.

5 * Sec. 8. DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC
6 DEVELOPMENT. (a) The sum of \$147,600 is appropriated from the general fund to the
7 Department of Commerce, Community, and Economic Development, Regulatory
8 Commission of Alaska, for additional duties related to recalculating power cost equalization
9 levels for the fiscal year ending June 30, 2009.

10 (b) The sum of \$1,550,000 is appropriated from the general fund to the Department of
11 Commerce, Community, and Economic Development for payment as a grant under
12 AS 37.05.315 to the North Slope Borough to offset the cost of fuel provided by the borough
13 to its residents for the fiscal year ending June 30, 2009.

14 * Sec. 9. FEDERAL AND OTHER PROGRAM RECEIPTS. Section 35(a), ch. 29, SLA
15 2008, is amended to read:

16 (a) Federal receipts, designated program receipts as defined in
17 AS 37.05.146(b)(3), information services fund program receipts as defined in
18 AS 44.21.045(b), receipts of the University of Alaska as described in
19 AS 37.05.146(b)(2), receipts of commercial fisheries test fishing operations under
20 AS 37.05.146(c)(21), corporate receipts of the Alaska Housing Finance Corporation,
21 corporate receipts of the Alaska Aerospace Development Corporation, Exxon Valdez
22 oil spill trust receipts as defined in AS 37.05.146(b)(4), receipts of the Alaska Fire
23 Standards Council under AS 37.05.146(b)(5), the balance of the gas pipeline
24 development fund (AS 43.98.030), and the balance of the renewable energy fund
25 (AS 42.45.045), that exceed the amounts appropriated by ch. 29, SLA 2008, and a
26 version of SB 4001, Twenty-Fifth Alaska State Legislature, [THIS ACT] are
27 appropriated conditioned on compliance with the program review provisions of
28 AS 37.07.080(h).

29 * Sec. 10. FUND TRANSFER. The sum of \$50,000,000 is appropriated from the general
30 fund to the renewable energy grant fund (AS 42.45.045).

31 * Sec. 11. LAPSE. The appropriations made in secs. 1, 6, 7(a), 7(b), and 10 of this Act are

1 for the capitalization of funds and do not lapse.

2 * **Sec. 12. RETROACTIVITY.** Section 2(a) of this Act is retroactive to June 30, 2008.

3 * **Sec. 13. CONTINGENCIES.** (a) The appropriations made in secs. 3 - 5 and 8(b) of this
4 Act are contingent on the passage by the Twenty-Fifth Alaska State Legislature and
5 enactment into law of a bill that establishes an Alaska resource rebate program consisting of a
6 payment added to the 2008 permanent fund dividend and emergency energy relief.

7 (b) Section 2(c) of this Act is contingent on the passage by the Twenty-Fifth Alaska
8 State Legislature and enactment into law of a bill that amends the power cost equalization
9 program (AS 42.45.100 - 42.45.150).

10 (c) The appropriation made in sec. 7(d) of this Act is contingent on the Alaska Village
11 Electric Cooperative's entering into an agreement with the Alaska Energy Authority that

12 (1) the loan under sec. 7(d) of this Act shall be repaid within one year; and

13 (2) interest on the loan under sec. 7(d) of this Act shall be charged at a rate
14 equal to the percentage of the average weekly yield of municipal bonds for the 12 months
15 preceding the date of the loan using the municipal bond yield rates reported in the 30-year
16 revenue index of The Bond Buyer.

17 * **Sec. 14.** This Act takes effect immediately under AS 01.10.070(c).

7/22-23/08

Kr

PRESENTING

Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor

EDUCATION (deed)

Larry Ledoux Commissioner, Department of Education and Early Development
Diane Barrans, Executive Director, Postsecondary Education Commission,
Department of Education

LABOR (dlab)

Clark Bishop, Commissioner, Department of Labor and Workforce Development
Guy Bell, Assistant Commissioner and Director, Division of Administrative
Services, Department of Labor and Workforce Development
Fred Esposito, Director, Alaska Vocational Technical Center (AVTEC),
Department of Labor and Workforce Development (TELE)

NATURAL RESOURCES (ddnr)

Tom Irwin, Commissioner, Department of Natural Resources
-Leta Simons, Director, Division of Support Services, DNR
Kevin Banks, Director, Division of Oil & Gas, DNR (TELE)
Antony Scott, Commercial Analyst, Division of Oil and Gas, DNR (TELE)

REVENUE (drev)

Pat Galvin, Commissioner, Department of Revenue

Harold C. Heinze, Chief Executive Officer, Alaska Natural Gas Pipeline
Authority (ANGDA) (TELE)

Jerry Burnett, Director, Division of Administrative Services, Revenue

TRANSPORTATION (ddot)

Frank Richards, Deputy Commissioner of Highways & Public Facilities,
Department of Transportation and Public Facilities (TELE)
Nancy Slagle, Director, Division of Administrative Services, DOTPF (TELE)
Jeff Ottensen, Director, Division of Program Development, DOTPF (TELE)

University

Teleconference for questions:

Pete Kelly, Director, State Relations, University of Alaska

Fred Villa, University of Alaska

7/23/08

Prepared Testimony of Harold Heinze of ANGDA

Before Senate Finance on July 22, 2008

The ANGDA gas spur line project links Delta Junction to the Cook Inlet area through Glennallen. It is integral to the delivery of North Slope gas for in-state utility use from either the AGIA licensee TC Alaska or the producer sponsored Denali pipeline projects.

Strong legislative support and funding has allowed ANGDA to: (1) acquire a conditional state right-of-way between Palmer & Glennallen, (2) conduct field wetland delineation between Beluga & Delta Junction, and (3) publish a myriad of focused studies on in-state gas issues.

ANGDA's strategy has focused on an aggressive time line of activities to assure that the in-state gas needs will be understood and that local utilities will have the best opportunity to participate in the FERC open season of the "big pipeline". In the first quarter of 2009, ANGDA will have the information to conduct a negotiated in-state open season to allow early interaction with the design and contract terms of either of the "big pipeline" project proposals. Alaska's gas needs will only represent 5% of the bigger project and the local utilities are greatly advantaged by being considered up-front as one of the anchor tenants.

With the passage of AGIA the competitive pressure will accelerate the pace of preparations for the FERC open season. Legislative action now on the ANGDA appropriation request of \$25 million will maintain a leadership position to get North Slope gas to Alaskans under the best fiscal terms and under the most favorable timeline.

The requested \$25 million appropriation funds contractor efforts to complete the pre-build preparations related to:

- Route survey and options for rights-of-way acquisition
- Design of access roads & field preparation
- Preliminary pipeline and facility design
- Project management to include a finalized Project Execution Plan
- Logistics planning to include preparation of pipe yards & port improvements
- Materials specifications, materials take-off list, and options on long-lead items
- Finalization of financing and bonding for the project

Past ANGDA funding includes:

Total operating budget expenditures of \$1.6 million total over 5 years

Total capital appropriations of \$11.5 million (includes \$4 million just available)

With \$4.5 million capital appropriation spent or committed at this time

Remaining \$7.0 million capital appropriation is authorized, but not committed at this time is planned for contracting over the next year:

- TAPS proximity design
- Feasibility of high-density plastic pipe as an interim link between Delta Junction and Fairbanks
- Recalibration of cost estimates and project schedule
- LDIR data acquisition
- Preparation of spur line project EIS
- Identification of & engagement with value added industrial companies
- Gas purchase agreements
- Contract and bonding documents for aggregation of utility gas needs
- Local gas take-off point design and preliminary NGL "straddle plant" designs
- Joint venture partnership documents, initial financing plan, request for Certificate of Necessity (demonstrate fit, willing, and able), and letter agreement with shippers
- Design of feeder pipelines from Gubik, Nenana, Point Thomson, Yukon Flats, and Copper River basins
- Propane Distribution Project - Propane purchase on North Slope for "pilot" project & tank rental
- Public outreach

Tues., July 22

SB 4001
Rules/Gov

cap/ AGIA
Supplemental approp.

25-653056/A

SB 4002
Rules/Gov.

Resource Rebate program 25-654057/A

Ø FN#1 ADM
\$ FN#2 HES
\$ FN#3 REV

*

SB 4003
Rules/Gov

Supp approp. Rebate
AEA
REV
HES

25-654059/A

SB 4004
Rules/Gov

Suspend Motor Fuel Tax

25-654060/A

\$ FN#1 REV

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

SARAH PALIN, GOVERNOR

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
TELEPHONE: (907) 465-4660
FAX: (907) 465-3008

July 29, 2008

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801-1182

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801-1182

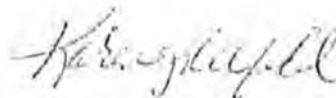
Dear Senator Stedman and Senator Hoffman:

This letter is in response to questions posed by the Senate Finance Committee during the hearing on Senate Bill 4001, AGIA related appropriations, on July 22, 2008. Specifically, the committee asked that I provide a summary of the estimated expenditures by fiscal year and the priority for funding for each of the requests.

Enclosed is a spreadsheet that estimates expenditures by fiscal year for each of the requested appropriations. The administration's interest in requesting capital appropriations is to have the resources necessary to advance the gas pipeline. The requests include the reimbursements required through the partnership with the successful AGIA licensee, managing the implementation of the gas pipeline, training Alaskans for gas pipeline jobs, and building the infrastructure that will support the construction of the gas pipeline. Lack of resources could result in delays to the projects which would have a negative impact on the timely construction of the gas pipeline.

Thank you for your consideration of the appropriations in SB 4001. Please let me know if you have additional questions.

Sincerely,



Karen J. Rehfeld
Director

Enclosure

cc: The Honorable Mike Chenault, Co-Chair, House Finance Committee
The Honorable Kevin Meyer, Co-Chair, House Finance Committee
Kelly Goode, Legislative Director, Office of the Governor

AGIA Appropriation Requests	Funding Priority	Governor's FY08 Full Request	Estimated Expenditures by Fiscal Year (in thousands)					6-year total
			FY09	FY10	FY11	FY12	FY13	
HB/SB 4001 Revenue - AGIA Reimbursement Fund	1	\$500,000.0	\$500,000.0					\$500,000.0
Natural Resources - Gas Pipeline Implementation	2	\$16,000.0	\$5,550.0	\$3,200.0	\$2,175.0	\$2,175.0	\$1,900.0	\$15,000.0
Revenue - AK Natural Gas Development Authority Gas Pipeline: Spur Line Segment	3	\$25,000.0	\$25,000.0					\$25,000.0
Labor - Gasline Workforce Development	4	\$34,800.00	\$6,960.00	\$6,960.00	\$6,960.00	\$6,960.00	\$6,960.00	\$34,800.00
Transportation - Dalton Highway Reconstruction	5	\$75,400.0	\$75,400.0					\$75,400.0
Transportation - Preconstruction-Dalton, Elliott, Richardson, Alaska & Haines Highways	6	\$31,000.0	\$31,000.0					\$31,000.0
Transportation - Haines Highway Reconstruction/Chilkat River Bridge Replacement	7	\$23,500.0	\$23,500.0					\$23,500.0
Education - Gasline Workforce Scholarship Program	8	\$4,500.0	\$900.0	\$900.0	\$900.0	\$900.0	\$900.0	\$4,500.0
University of Alaska - Gasline Workforce Equipment	9	\$1,072.0	\$1,072.0					\$1,072.00
Alaska Works Partnership Pipeline Training Center Equipment	10	\$2,287.5	\$2,287.5					\$2,287.50
TOTAL HB/SB 4001		\$712,559.5	\$671,669.5	\$11,060.0	\$10,035.0	\$10,035.0	\$9,760.0	\$712,559.5

pertains to all 4 bills 4001-4004

7/23/08

Alaska Department of Revenue
Preliminary FY 2008 Revenues as of 7/23/2008
All amounts in \$ Millions

General Purpose Unrestricted Revenues

Oil and Gas

Property Taxes	\$	81.5
Corporate Income Taxes		605.8
Production Taxes		5,939.9
<i>Surcharges</i>		10.1
Royalties (Including Bonuses and Interest)		2,446.7
Subtotal	\$	9,073.9

Non- Oil and Gas

Taxes	\$	442.5
Charges for Services		26.7
Fines and Forfeitures		9.3
Licenses and Permits		40.6
Rents and Royalties		16.6
Other		24.9
Investment		235.6
Subtotal	\$	796.2

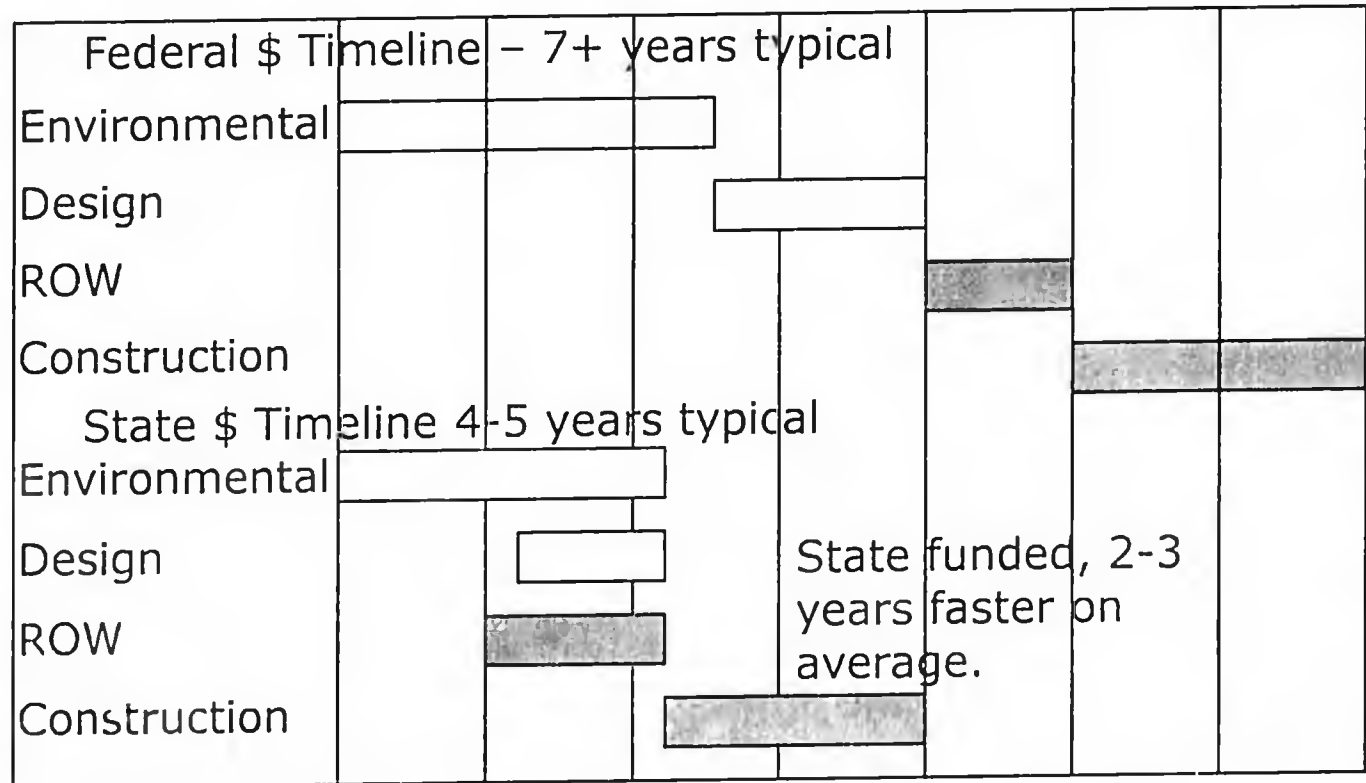
Total General Purpose Unrestricted **\$ 9,870.1**

General Purpose Unrestricted revenue for FY 2008 will be in the range of \$9.7 billion - \$10.1 billion.

NOTE: Amounts are preliminary because certain adjustments to data in the Alaska State Accounting System (AKSAS) have yet to be made. These include certain accruals that may increase or decrease the actual revenue reported in the Fall 2008 Revenue Sources Book.

STATE FUNDS ADVANTAGES

Years



**2008 SENATE FINANCE
COMMITTEE ATTENDANCE**

DATE: 7/23/08

Circle Meeting Chair: Stedman Hoffman

Hoffman

	MEMBER	PRESENT	ABSENT
XFD	SEN. DYSON	X	
XKE	SEN. ELTON	X	
XJT	SEN. THOMAS	X	
XBS	SEN. STEDMAN	X	
XLH	SEN. HOFFMAN		X
XDO	SEN. OLSON	<i>on line</i>	
XCH	SEN. HUGGINS	X	

*Fullman
RU*

2008 SENATE FINANCE
COMMITTEE ATTENDANCE

DATE: 7-22-08

Circle Meeting Chair: Stedman Hoffman

Hoffman

MEMBER

PRESENT

ABSENT

XFD	SEN. DYSON	X	
XKE	SEN. ELTON	X	
XJT	SEN. THOMAS		
XBS	SEN. STEDMAN	X	
XLH	SEN. HOFFMAN		
XDO	SEN. OLSON		
XCH	SEN. HUGGINS	X	