

HB

4

<TARGET><BILL>HB 4</BILL><SUBJECT>HB
4</SUBJECT><COMM>HFIN28</COMM></TARGET>

Adopted 3/29/13

28-LS0021\R.8
Bullock
3/29/13

AMENDMENT 1

OFFERED IN THE HOUSE

BY REPRESENTATIVE STOLTZE

TO: CSSSHB 4(FIN), Draft Version "R"

1 Page 4, line 23, following "state":

2 Insert ", except that the commissioner of natural resources and the commissioner of
3 revenue may not be designated to serve on the board unless the project for which a license is
4 issued under AS 43.90 has been abandoned or is no longer receiving the inducements in
5 AS 43.90.110(a) or the commissioner of natural resources and the commissioner of revenue
6 are no longer signatories on a valid contract under AS 43.90."

7

8 Page 12, lines 14 - 20:

9 Delete "The conduct of and results from field studies and other technical information;
10 trade secrets; and information that discloses the particulars of a business or the affairs of a
11 private enterprise, investor, advisor, consultant, counsel, or manager developed or obtained by
12 the corporation relating to the development, financing, construction, or operation of an in-
13 state natural gas pipeline project by the corporation that, if disclosed, could cause commercial
14 or competitive harm or damage are confidential and not subject to AS 40.25.110."

15 Insert "Information and trade secrets of the corporation are confidential and not
16 subject to AS 40.25 if the corporation determines that disclosure would cause commercial or
17 competitive harm or damage to the corporation. Information that discloses the particulars of a
18 business or the affairs of a private enterprise, investor, advisor, consultant, counsel, or
19 manager that is developed or obtained by the corporation and related to the development,
20 financing, construction, or operation of an in-state natural gas pipeline project by the
21 corporation is confidential and not subject to AS 40.25."

22

23 Page 38, line 29, following "state;":

1 Insert "and"

2

3 Page 39, lines 4 - 6:

4 Delete "; and"

5 (7) order an expansion of an in-state natural gas pipeline or order an
6 open season under the terms provided for an expansion or open season in this chapter"

7

8 Page 39, line 17:

9 Delete "90"

10 Insert "30"

11

12 Page 43, line 14:

13 Delete "an approved"

14 Insert "a"

15

16 Page 43, line 15, following "parties":

17 Insert ", and the formation of the precedent agreement or related contract was not
18 affected by unlawful market activity or unfair dealing as described in (b)(1) of this section"

Adopted
4.1.13

28-LS0021\R.12
Bullock
3/30/13

AMENDMENT

#2

OFFERED IN THE HOUSE

BY REPRESENTATIVES AUSTERMAN AND

TO: CSSSHB 4(FIN), Draft Version "R"

EDGMON

1 Page 7, line 10, following "gas":

2 Insert ", including propane and other hydrocarbons associated with natural gas other
3 than oil,"

4

5 Page 7, line 12, following the second occurrence of "gas":

6 Insert ", including propane and other hydrocarbons associated with natural gas other
7 than oil,"

8

9 Page 7, line 13, following "gas":

10 Insert ", including propane and other hydrocarbons associated with natural gas other
11 than oil,"

12

13 Page 7, line 16, following "gas":

14 Insert ", including propane and other hydrocarbons associated with natural gas other
15 than oil,"

16

17 Page 13, line 21, following "state":

18 Insert ", including the delivery of natural gas, including propane and other
19 hydrocarbons associated with natural gas other than oil, to coastal communities in the state,"

4-1-13

28-LS0021\R.15
Bullock
4/1/13

AMENDMENT

#3

OFFERED IN THE HOUSE

BY REPRESENTATIVE STOLTZE

TO: CSSSHB 4(FIN), Draft Version "R"

- 1 Page 47, line 9:
- 2 Delete "period not longer than six months"
- 3 Insert "for a period not longer than 90 days"

Failed

KAWABAKI

AMENDMENT #4

OFFERED IN THE HOUSE

TO: CSSH B 4(FIN)

1 Page 1, line 3, following "fund;":

2 Insert "relating to a natural gas pipeline from Cook Inlet to Fairbanks;"

3

4 Page 3, line 2:

5 Delete "and"

6

7 Page 3, line 12:

8 Delete "state."

9 Insert "state; and

10 (4) The Alaska Gasline Development Corporation construct a natural gas
11 pipeline to deliver Cook Inlet natural gas to Fairbanks and other communities between Cook
12 Inlet and Fairbanks that do not have access to a natural gas pipeline, as the first phase in the
13 development of an in-state natural gas pipeline."

14

15 Page 7, following line 11:

16 Insert a new paragraph to read:

17 "(2) notwithstanding (1) of this section, before constructing a natural
18 gas pipeline to serve the Southcentral region of the state and other communities of the
19 state, the corporation shall construct a natural gas pipeline to deliver Cook Inlet
20 natural gas to Fairbanks and other communities between Cook Inlet and Fairbanks that
21 do not have access to a natural gas pipeline;"

22

23 Renumber the following paragraphs accordingly.

1

2 Page 10, following line 15:

3 Insert a new subsection to read:

4 "(f) Before constructing a natural gas pipeline to serve the Southcentral region
5 of the state and other communities of the state, the corporation shall plan, construct,
6 and finance a natural gas pipeline to deliver natural gas from Cook Inlet to Fairbanks
7 and to communities between Cook Inlet and Fairbanks that do not have access to a
8 natural gas pipeline."

Failed
#5 2/9

AMENDMENT

OFFERED BY REP GARIA

OFFERED IN THE HOUSE

TO: CSSSHB 4(FIN), Draft Version "R"

1 Page 35, line 26:

2 Delete "AS 42.08.320(b) - (d)"

3 Insert "AS 42.08.320(b) - (c)"

4

5 Page 42, lines 25 - 29:

6 Delete "(1) conclude that a precedent agreement or related contract negotiated at arm's
7 length between the parties is just and reasonable unless the commission finds that unlawful
8 market activity affected the rate or unfair dealing, such as fraud or duress, affected the
9 formation of the contract;

10 (2)"

11

12 Page 43, lines 6 - 15:

13 Delete all material.

14

15 Reletter the following subsection accordingly.

16

17 Page 43, line 16:

18 Delete "If a precedent agreement or related contract is not arm's length, the"

19 Insert "The"

20

21 Page 43, lines 18 - 21:

22 Delete "normally applied under AS 42.06.140. If the commission is reviewing a
23 precedent agreement under (c)(2) of this section, the commission may consider the in-state

- 1 natural gas pipeline carrier's approved recourse tariff, including the cost data underlying that
- 2 tariff"
- 3 Insert "applied under AS 42.06.140"

Failed

28-LS0021\R:10
Bullock
3/30/13

AMENDMENT #6

OFFERED BY Rep. Gava

OFFERED IN THE HOUSE

TO: CSSH B 4(FIN), Draft Version "R"

1 Page 1, line 3, following "fund;":

2 Insert "**allowing the legislature to consider disallowing an in-state natural gas**
3 **pipeline project;**"

4

5 Page 10, following line 15:

6 Insert a new subsection to read:

7 "(f) The corporation or other person may not start construction of an in-state
8 natural gas pipeline developed by the corporation without presenting details of the
9 project to the legislature. The legislature shall have 60 days during a legislative
10 session to decide whether to disallow the project as proposed."

AMENDMENT #7 OFFERED BY Rep. Gara

OFFERED IN THE HOUSE

TO: CSSH B 4(FIN), Draft Version "R"

1 Page 1, line 3, following "fund;":

2 Insert "requiring legislative approval for the transfer of certain interests in an in-
3 state natural gas pipeline project;"

4

5 Page 7, line 21, following "may":

6 Insert ", subject to (f) of this section,"

7

8 Page 8, line 10, following "(6)":

9 Insert "subject to (f) of this section,"

10

11 Page 10, following line 15:

12 Insert a new subsection to read:

13 "(f) The corporation may not enter into an agreement with another person for
14 joint ownership of an in-state natural gas pipeline developed by the corporation or
15 transfer or otherwise dispose of all or part of an in-state natural gas pipeline project
16 developed by the corporation without legislative approval."

AMENDMENT

#8

OFFERED BY Rep. Gara

OFFERED IN THE HOUSE

TO: CSSSHB 4(FIN), Draft Version "R"

1 Page 36, lines 27 - 30:

2 Delete all material.

3

4 Reletter the following subsections accordingly.

5

6 Page 37, lines 1 - 3:

7 Delete "and that an in-state natural gas pipeline is required by present or future public
8 convenience and necessity in (c) of this section"

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 4, 2013

FURTHER REFERRALS:

Date of Committee Action: April 1, 2013

The FINANCE Committee considered:

SSHB 4

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 4

"An Act relating to the Alaska Gasline Development Corporation; making the Alaska Gasline Development Corporation, a subsidiary of the Alaska Housing Finance Corporation, an independent public corporation of the state; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation and its subsidiaries exempt from inspection as a public record; relating to the Joint In-State Gasline Development Team; relating to the Alaska Housing Finance Corporation; relating to the price of the state's royalty gas for certain contracts; relating to judicial review of a right-of-way lease or an action or decision related to the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way for a gas pipeline transportation corridor, including a corridor for a natural gas pipeline that is a contract carrier; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to procurement by the Alaska Gasline Development Corporation; relating to the review by the Regulatory Commission of Alaska of natural gas transportation contracts; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline project developed by the Alaska Gasline Development Corporation; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline that provides transportation by contract carriage; relating to the Alaska Natural Gas Development Authority; relating to the procurement of certain services by the Alaska Natural Gas Development Authority; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

HB 4 IN-STATE GASLINE DEVELOPMENT CORP

Recommends it be replaced with [] HCS or [] CS for SSHB 4 (FIN)
 For Senate Bills with new title: [] Technical Title [] New Title: HCK [] Same Title [] New Title

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

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

NEW FISCAL NOTES				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	HFC (Fund Cap)	✓		
	HFC (Various)	✓		

PREVIOUS FISCAL NOTES				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

Signing with recommendations		Printed Last Name	DP	DNP	NR	AM
		Gole				✓
	(alternate)	Kavanagh				✗
		Holmes	X			
		Munoz	✓			
		Neumaier	✓			
		Thompson	✓			
		Edgmon			X	
		T. Wilson	✓			
		COSTELLO	X			
Chair:		Stoltz			X	
Chair:		AUSTERLOMAN	X			

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 4
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB4-Fund Cap-In-State Gas Pipeline4-1-13
Title: IN-STATE GASLINE DEVELOPMENT CORP
Sponsor: HAWKER, CHENAULT
Requester: House Finance

Department: Fund Capitalization
Appropriation: Caps spent as duplicated funds
Allocation: In-state Natural Gas Pipeline Fund
OMB Component Number: 3019

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous	225,000.0							
Total Operating	225,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1213 AHCC	225,000.0							
Total	225,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
---------------------------	--	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 25,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

This fiscal note capitalizes the In-State Natural Gas Pipeline Fund with \$225 million AHCC Receipts. The FY14 Capital costs reflect the Governor's Request for \$25 million AHCC Receipts.

Prepared By: Co-Chair Representative Austerman Phone: (907)465-6258
House Finance Committee Date: 04/01/2013
Co-Chair Representative Stoltze
House Finance Committee

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 4
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB004-Revenue-AHFC-3-19-13
Title: IN-STATE GASLINE DEVELOPMENT CORP
Sponsor: HAWKER, CHENAULT
Requester: House Finance
Department: Various
Appropriation: Various
Allocation: Various
OMB Component Number:

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Travel							
Services	1,104.9	2,422.2	1,908.1	4,069.6	6,042.0	6,208.5	3,853.2
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Fund Source (Operating Only)

1061 CIP Rcpts	(3,634.3)	3,634.3					
1178 temp code	8,797.5		7,228.5	9,265.0	10,937.4	11,103.9	8,748.6
Total	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Positions

Full-time	31.0	7.0	39.0	50.0	63.0	64.0	56.0
Part-time							
Temporary							

Change in Revenues							
---------------------------	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 25,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

Updated version - This revised fiscal note reflects the fiscal impact to all agencies effected by HB4. It includes a fund source change from CIP Receipts to a duplicated fund source from the new In-State Natural Gas Pipeline Fund and the FY14 Capital costs included in the Governor's Request for \$25 million AHCC Receipts.

Prepared By: Co-Chair Representative Austerman Phone: (907)465-6258
House Finance Committee Date: 03/27/2013
Co-Chair Representative Stoltze
House Finance Committee

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 004

Analysis

This omnibus bill allows the Alaska Gasline Development Corporation (AGDC) to continue its statutory mission of delivering natural gas from Alaska's North Slope to Fairbanks and Southcentral Alaska. In its current form, the bill does the following:

- Creates an in-state natural gas pipeline fund;
- Creates a new independent state corporation and moves AGDC as a subsidiary of the Alaska Housing Finance Corporation to the new independent corporation;
- Makes certain information provided to or created by the Alaska Gasline Development Corporation exempt from inspection as a public record;
- Exempts property of a project developed by AGDC from property taxes before commencement of commercial operations;
- Exempts a pipeline owned by AGDC from common-carrier restrictions;
- Limits the review of natural gas transportation contracts by the Regulatory Commission of Alaska;
- Modifies the Alaska Natural Gas Development Authority statutes to allow it to act as a gas marketing entity for AGDC;

This legislation will have a fiscal impact for the following state agencies:

Department of Law

Regulatory Affairs and Public Advocacy Section

Department of Natural Resources

State Pipeline Coordinators Office

Office of History and Archaeology

Division of Geological and Geophysical Surveys

Division of Mining, Land and Water

Department of Environmental Conservation

Division of Environmental Health - Air Quality

Division of Environmental Health - Drinking Water

Division of Environmental Health - Food Safety and Sanitation

Division of Environmental Health - Solid Waste Management

Division of Spill Prevention and Response - Contaminated Sites

Division of Spill Prevention and Response - Industry Preparedness & Pipeline Operations

Division of Spill Prevention and Response - Prevention and Emergency Response Program

Division of Water

Department of Transportation & Public Facilities

Statewide Engineering and Design Services

See attachment for budget details for each agency.

Department	FY14	FY14	FY15	FY16	FY17	FY18	FY19
AGDC	4,058.3	3,634.3	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
DOL	102.3		136.4	136.4	136.4	136.4	136.4
DNR			670.3	2,434.4	2,786.7	2,786.7	408.9
DEC	290.8		410.6	808.0	2,428.1	2,594.6	2,617.1
DOT&PF	711.8		690.8	690.8	690.8	690.8	690.8
Total:	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Fiscal Note Attachment

File Name: HB004CSSS(RES)-REV- AHFC-AGDC 3-25-13
Title: In State Gasline Development Corp.
Sponsor: Representative Hawker; Representative Chenault

Alaska Gasline Development Corporation

Component 2986

	FY14 Appropriation Requested	Included in Governor's base budget for FY14	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Travel							
Services		2,422.2					
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	4,058.3	3,634.3	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Positions	25	7	32	32	32	32	32

This bill creates an In-state Natural Gas Pipeline Fund but does not capitalize the fund. Assuming the fund is capitalized, AGDC will begin to utilize the fund during FY2014.

The total project costs for AGDC to project sanction, including prior year appropriations, are \$400 million. Other state agency needs through FY19 (as detailed in this attachment) are an additional \$27 million. AGDC would reimburse agencies for their costs through reimbursable service agreements. Capital expenditures from the In-state Natural Gas Pipeline Fund and additional appropriations are anticipated according to the following schedule (in million \$):

AGDC total project cost to project sanction:	\$400,000.0
*Agencies need through construction (FY14 - FY19):	<u>\$27,000.0</u>
	\$427,000.0
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	\$355,000.0
FY14 Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	\$330,000.0

** Includes cost for AGDC, DEC, DNR, DOT/PF and LAW and assumes costs beyond FEL 3 and through FY19.*

Acquisition of Natural Gas

An AGDC gas marketing subsidiary will pursue natural gas purchases and could act as a gas consolidator for gas sales contracts. The subsidiary will evaluate the natural gas reserves purchased to meet aggregated electric utility needs. The role of an AGDC subsidiary would be one of a gas marketer and would also include the negotiation of gas contracts with entities interested in an aggregated approach to contractual negotiations. Staff will include a natural gas marketing manager and a natural gas marketing analyst.

To continue the project, AGDC will need 25 additional staff to be added during FY 2014 at an average annual fully-loaded cost of approximately \$145,158 per year.

Positions	Position description	Salary only
1	President	\$375,000
2	Vice President	\$285,000
3	Director, Administrative Services	\$120,000
4	Controller	\$95,000
5	Financial Accounting Manager	\$73,000
6	Financial Accountant	\$57,000
7	Financial Accountant	\$57,000
8	Financial Accountant	\$57,000
9	Accounts Payable Manager	\$71,000
10	A/P Clerk	\$43,000
11	A/P Clerk	\$43,000
12	Community Relations Representative	\$49,000
13	Stakeholder Engagement	\$57,000
14	Admin Support	\$43,000
15	Admin Support	\$43,000
16	Procurement Manager	\$73,000
17	Risk Manager	\$73,000
18	Human Resources	\$73,000
19	Payroll Manager	\$71,000
20	IT/IS Manager	\$73,000
21	Desktop Support	\$57,000
22	Desktop Support	\$57,000
23	Network Supervisor	\$57,000
24	Gas Marketing Manager	\$125,000
25	Gas Marketing Analyst	\$90,000

The operating budget costs identified (personal services) will be expended in support of the capital budget items in each of the subsequent fiscal years.

Total AGDC expenditures are budgeted in the following categories:

Project Plan Completion	\$ 30,000,000
Commercial Operations	13,825,000
Pipeline Engineering	93,784,000
Facilities Engineering	182,962,000
Support Activities	79,429,000
Total	\$400,000,000

Project Plan Completion: Completion of the project plan required by HB 369 and delivered to the Legislature in July, 2011 including all preliminary engineering and commercial analysis up to that point. This coincides with the stage gate at the end of FEL-1.

Commercial Operations: Advance commercial discussions with potential shippers and markets. Develop agreements to allow for the future development of this project. Engage and work with the Prudhoe Bay operations & owners on numerous integration issues.

Pipeline Engineering, Environmental & Permitting: Advance pipeline route data collection and design, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for regulatory permits preparation prior to construction.

Facilities Engineering, Environmental & Permitting: Advance preliminary and front-end engineering development, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for permits preparation prior to construction.

AGDC Support Activities: Home office activities to support the commercial and engineering development of the project including all external affairs, accounting, budget, legal, records management and managerial oversight activities.

Department of Natural Resources

In the preparation of this fiscal note certain assumptions have been made:

- 1) Participating State agencies will provide separate fiscal notes.
- 2) Schedule assumptions are based on AGDC's currently proposed schedule.
- 3) Construction oversight begins in FY2016 and continues through FY2017 and FY2018. Operational oversight begins in FY2019. The cost estimate for these activities is for DNR only and does not include estimates for other State agencies.
- 4) Assume a two and one half-year construction schedule segregated into four geographic areas.
- 5) Assume SPCO will administer material sales within the right-of-way and the material sites after initial sale.

STATE PIPELINE COORDINATOR'S OFFICE

State Pipeline Coordinator's Office

Component Number 1191

OPERATING EXPENDITURES	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			520.5	1,961.1	2,256.9	2,256.9	329.6
Travel			10.0	200.0	250.0	250.0	25.0
Services			4.0	70.0	76.5	76.5	15.0
Commodities			7.0	20.0	20.0	20.0	7.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	541.5	2,251.1	2,603.4	2,603.4	376.6

POSITIONS

8 8 8

Costs include SPCO expenses to coordinate the participation of DNR divisions in pre-construction permitting and work associated with AGDC's development of plans and processes required by the State Lease, lease compliance and the preparation and issuance of Notices to Proceed (NTP).

Eight new long-term, non-permanent (LTNP) Natural Resource Specialist (NRS) III (range 18) positions will be created in FY2016 and will exist through FY2018. All remaining positions will be partial use of existing SPCO positions, FY2015 through FY2019.

Travel would be for public meetings, public hearings, agency coordination and monitoring of contractors performing field work and compliance oversight. Other, contractual and supply costs include aerial photos, satellite imagery, field supplies, maps, office space, telephones, core service charges and related expenses.

STATE PIPELINE COORDINATOR'S OFFICE POSITIONS:

Listed below, by year, are the new and existing positions in Anchorage needed for pre-construction permitting /plan development and preparation of the NTPs. Existing positions used for the project will be assigned to work on a part time basis. New positions specific to the project will be classified as LTNP and will not extend beyond construction. Another option that will be considered is the use of contractors versus hiring LTNP employees. All contract support would be managed by permanent SPCO employees.

SPCO FY2015

- One Natural Resource Specialist (NRS) IV (range 21)
- One Natural Resource Manager (NRM) III (range 22)
- Two Natural Resource Specialist (NRS) III (range 18)
- One Information Officer III (PIO) (range 20)
- One Engineer IV (range 27)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 3 months
- Administrative Support

SPCO FY2016

Pipeline construction oversight begins in FY2016. Because the activity is ramping up in FY2016, the estimated costs are lower than in FY2017 and FY2018.

- Eleven Natural Resource Specialist (NRS) III (range 18) - **eight of the eleven are new, long-term, non-permanent positions**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2017 and FY2018

Pipeline construction continues in FY2017 and FY2018:

- Eleven Natural Resource Specialist (NRS) III (range 18) - **eight of the eleven are new, long-term, non-permanent positions created in FY2016**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2019 and FY2020

Operational oversight and lease administration will require:

- Two Natural Resource Specialist (NRS) III (range 18)
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III(PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 1 month
- Administrative Support

DIVISION OF MINING, LAND AND WATER

Component Number 3002

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	96.5	***	***	***	***

Assumptions:

- 1) DNR/DMLW will be required to supervise, review and approve a title report prepared by SPCO regarding State owned lands in the pipeline ROW.
- 2) DNR will not be required to transfer title of any State lands to DOT/PF.
- 3) DNR/DMLW will not be responsible for title or ROW acquisitions from entities other than DNR managed lands including lands owned by private persons, boroughs, the university, mental health trust, ANCSA corporations, native allotments, and the federal government.
- 4) DNR/DMLW will review and approve all land surveys associated with granting an in-state gasoline ROW and developing an in-state gasoline across State land.

- 5) DNR/DMLW will participate in the ROW planning effort to some degree across State land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF. DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible State agencies with efforts to extricate the ROW from the LDAs.
- 6) SPCO will issue AS 38.35 ROW across lands to DOT/PF, and SPCO will be responsible for issuance of the majority of the land use permits and material sales necessary within the ROW, but that DNR/DMLW will be required to issue some land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (beyond FY2016).

The costs to DMLW would include expenses during FY2015 for providing assistance during the development team's planning efforts and pre-application meetings as well as costs associated with materials sales and permitting, as necessary, during the construction of the gasline.

DMLW has concluded that costs for FY2016 and beyond are indeterminate as the necessity, number and size of the permits or material sales outside the ROW are not known at this time. This budget does not include any estimated funding needed for DMLW for fiscal years 2016-2020.

DMLW FY2015

- One Natural Resource Manager (NRM) III (Range 22), 3 months for the supervision, review and approval of a title report prepared by SPCO staff.
- One Land Surveyor (LS) II (Range 22), 2 months for review and approval of all land surveys associated with granting an in-state gasline ROW.
- One Natural Resource Specialist (NRS) III (Range 18), 3 months for participation in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs.

Travel will be for planning and attending public meetings, as well as survey review and approval.

DMLW FY2016 and beyond

Indeterminate fiscal impact for FY2016 and beyond as the necessity, number and size of the permits or material sales are not known at this time. DMLW would utilize a Natural Resource Specialist (NRS) II - (Range 16) - at a rate of approximately \$96,250 per year for issuance of land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance.

OFFICE OF HISTORY & ARCHAEOLOGY

Component Number 451

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			30.3	30.3	30.3	30.3	30.3
Travel			2.0	2.0	2.0	2.0	2.0
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	32.3	32.3	32.3	32.3	32.3

The Office of History and Archaeology anticipates using one archaeologist for review and monitoring of the cultural resource project program. OHA estimates utilizing the position for three months and some travel costs needed for site visits.

- One Archeologist II (range 18), 3 months

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Component Number 1031

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services				66.6	66.6	66.6	
Travel				11.1	11.1	11.1	
Services				68.0	68.0	68.0	
Commodities				5.3	5.3	5.3	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	151.0	151.0	151.0	0.0

The Division of Geological and Geophysical Surveys (DGGS) cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route.

DGGS will use the following personnel in Fairbanks for management of geohazards project related studies and review of existing information. Travel and services will be for associated site visits, data gathering, and lab analyses.

- One Geologist IV (range 21), 2 months
- One Geologist III (range 19), 4 months
- One student Intern, 6 months

Department of Environmental Conservation

Summary of Cost for DEC

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services	244.9	0.0	229.3	689.8	1,959.4	2,1115.8	2,086.9
Travel	8.2	0.0	14.2	24.4	109.4	119.4	117.0
Services	22.7	0.0	159.6	71.3	230.3	350.4	351.7
Commodities	15.0	0.0	7.5	22.5	129.0	9.0	61.5
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	290.8	0.0	410.6	808.0	2,428.1	2,594.6	2,617.1

Positions: 2 0 3 6 19 20 20

Division of Environmental Health

Division of Environmental Health - Air Quality Component Number 2061

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services	40.9		13.5	23.9	12.8	28.9	
Travel	3.2		3.2	2.4	2.4	2.4	
Services	10.5		143.9	1.4	0.8	33.7	
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	54.6	0.0	160.6	27.7	16.0	65.0	0.0

Positions: 0 0 0 0 0 0 0

The primary impact of this bill on the Division of Air Quality is the fee authority for permitting for the Alaska Gasline Development Corporation. The bill also exempts air quality permits required under the federal Clean Air Act from certain provisions related to permit appeals. This provision is helpful in preventing conflicts with regards to the Division's federally approved permitting program.

HB 4 would require pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The Division assumes four construction applications in FY2015. This includes one Prevention of Significant Deterioration (PSD) permit and three Minor Source Specific (MSS) permits. Operation permits and compliance reviews would begin in FY2017.

Personal Services:

The Division assumes pre-application assistance will be provided by current staff (Environmental Program Manager III, and Environmental Program Specialist III) in FY2014 and current staff will provide oversight of term contracts in FY2015 through FY2018.

Travel:

Program staff will do a limited amount of traveling to manage this program, such as project site trips.

Services:

Much of the work effort will be completed by term contractors, with oversight by current staff. The majority of contractual work effort would be provided in FY2015.

Division of Environmental Health - Drinking Water

Component Number		2066					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services					100.5	120.7	120.7
Travel					15.0	15.0	15.0
Services					8.0	9.2	9.2
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	131.5	145.4	145.4
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Drinking Water component will be the requirement to perform engineered plan and record drawing submittal reviews, provide construction approvals, followed by operation approvals, for the water systems needed to support the labor camps. These water systems will also require routine compliance monitoring for public health protection.

Personal Services:

The Department will add one position to this component, an Environmental Engineer I, to review engineered plans for water systems and to provide construction approvals and operation approvals for the water systems needed to support the labor camps. This position will be filled for ten months the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide on-site reviews and compliance monitoring of the water systems for public health protection.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Food Safety & Sanitation

Component Number	2343						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services					82.3	98.7	98.7
Travel					15.0	15.0	15.0
Services					6.9	7.9	7.9
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	112.2	122.1	122.1
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Food Safety & Sanitation will be an increase in the permitting and inspecting of labor camp kitchens and public accommodations.

Personal Services:

Ensuring these camps and facilities are permitted and inspected requires additional staffing. The Department will add one position to this component, an Environmental Health Officer III, to inspect and permit labor camp kitchens and public facilities. This position will be filled for ten months the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance, inspect the labor camps and public facilities, and staff training and certification.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Solid Waste Management

Component Number 2344

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services					89.8	107.8	107.8
Travel					15.0	15.0	15.0
Services					7.4	8.5	8.5
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	120.2	131.8	131.8
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Solid Waste Management component will be an increase in permitting the solid waste treatment facilities and landfills

associated with pipeline construction. These facilities pose a high risk to human health and the environment. They are authorized to operate either by permit or plan approval, which allows the Solid Waste Program to ensure that these facilities meet the design and operational standards in the regulations. After an authorization is issued, the Program further assesses compliance with the regulations by conducting on-site inspections of these facilities.

Personal Services:

The Department will add one position to this component, an Environmental Program Specialist IV, to inspect solid waste treatment facilities and landfills. This position will be filled for ten months in the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance and compliance monitoring to the labor camps, as well as training and certification of staff.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Spill Prevention & Response - Contaminated Sites

Component Number 2386

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			11.8	87.7	87.7	87.7	87.7
Travel				6.0	6.0	6.0	6.0
Services			0.7	5.2	5.2	5.2	5.2
Commodities			7.5				
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	20.0	98.9	98.9	98.9	98.9
Positions:	0	0	1	1	1	1	1

The Contaminated Sites component of the Division of Spill Prevention and Response would be required to research sites located within the proposed pipeline right-of-way and participate in the development of the Environmental Impact Statement. During construction of the pipeline, the

program would conduct inspections, assessments and possibly cleanup oversight activities associated with contaminated soil and groundwater which may occur as a result of oil and hazardous substance releases at construction camps and other pipeline support infrastructure. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs an Environmental Program Specialist II, range 16, to research sites located within the proposed pipeline right-of-way, prepare input to the Environmental Impact Statements and conduct inspections.

Travel:

Travel will be required to conduct research and inspection activities will be necessary.

Services:

The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new position identified.

Division of Spill Prevention & Response - Industry Preparedness & Pipeline Operations

Component Number		1922					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services				278.7	278.7	364.4	364.4
Travel				5.0	6.0	6.0	6.0
Services				16.7	22.7	22.7	22.7
Commodities				15.0		7.5	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	315.4	307.4	400.6	393.1
Positions:	0	0	0	2	2	3	3

The Industry Preparedness and Pipeline Operations component would be required to conduct contingency plan reviews, inspections, spill exercises and plan modifications/renewals as warranted. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs one Technical Engineer/Architect II, range 25, and an Environmental Engineer II, range 23 in FY2016 to review designs, contingency plans, exercises and plan modifications for

Services:

The program assumes one Incident Management Team size response annually, annual training, and additional leased space for eight new positions in field camps or field offices in nearby communities. The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new positions identified above as well as personal protection equipment for Arctic weather to be used during inspections. Additionally, the program will require the purchase of four vehicles in FY2017, two staged in Anchorage and two staged in Fairbanks to conduct inspections of the pipeline, camps and for use in emergency responses. Wear and tear on these vehicles is expected to be high with an accelerated replacement schedule, therefore in FY2019; the program will purchase two replacement vehicles.

Division of Water - Water Quality

Component Number		2062					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	204.0		204.0	204.0	438.2	438.2	438.2
Travel	5.0		5.0	5.0	20.0	20.0	20.0
Services	12.2		12.2	12.2	46.3	46.3	46.3
Commodities	15.0				15.0		
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	236.2	0.0	221.2	221.2	519.5	504.5	504.5
Positions:	2	0	2	2	4	4	4

HB 4 would require approval for wastewater treatment systems constructed in conjunction with the development of the pipeline. The Department would be responsible for permitting multiple wastewater discharges from sinks and showers, drinking water treatment plants, domestic treatment plants, dewatering activities and stormwater. The Division will start project planning in 2014 and require two permitting positions. Construction will start in 2017 and require one engineering and one compliance position. Plan reviews and compliance inspections would occur during construction, with periodic inspections post construction. Assumptions are based on the proposed gasline schedule.

Personal Services:

The Division of Water would need an Environmental Program Specialist IV, range 20, and an Environmental Program Specialist III, range 18, to write permits. Beginning in FY2017, one

Environmental Engineer I, range 22 would be needed to review plans and one Environmental Program Specialist IV, range 20, would be needed to conduct inspections.

Travel:

Division staff will need to travel to attend meetings, trainings and conduct inspections.

Services:

Department of Law would be consulted as needed.

Commodities:

Includes one-time set up costs for two positions in FY2014 and two positions in FY2017.

Department of Transportation and Public Facilities

The Department's positions will manage the Utility Permit process for the Gas Line. The positions will issue utility permits and monitor Gas Line construction to ensure the highway asset is protected and that traffic safety and federal eligibility are maintained.

AGDC's July 1, 2011 Project Plan has nearly 70% of the Gas Line within the Department's Dalton, Elliot, and Parks Highway Right-of-Way (ROW). The importance of these transportation corridors to Alaska's transportation future cannot be overstated. A Utility Permit(s) issued by the Department will be the mechanism for permitting the construction and operation of the Gas Line within the ROW's and across several major bridges. The Department will assign conditions within the Utility Permit to ensure: safety to the traveling public during construction; traffic improvements are constructed to allow for safe ingress and egress for construction related traffic; the structural integrity of Alaska's highway assets is maintained or improved, and sufficient spatial distance is allowed for future expansion of highway infrastructure with the 75-100 year lifespan of the Gas Line within the existing ROW.

If a utility is permitted and built in the state's ROW, and that ROW becomes necessary for future highway improvement; the state bears the cost of relocating that utility. It is DOT&PF's responsibility to ensure the line's use of the state's ROW does not impact future anticipated highway needs. Specifically for the Parks Highway corridor between the Gas Line's Willow departure and at least Talkeetna Junction, the 75-100 year horizon identifies a four lane divided highway section as the safe and efficient highway section. A four lane limited access facility will occupy most of the existing ROW, so the Gas Line must be outside of that planned highway, or federal eligibility will be in jeopardy for future improvements requiring additional ROW or relocation of the Gas Line. Other highway alignments may have similar ROW constraints.

Statewide Engineering and Design

Component Number 2357

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	364.3		364.3	364.3	364.3	364.3	364.3
Travel	45.0		45.0	45.0	45.0	45.0	45.0
Services	280.0		280.0	280.0	280.0	280.0	280.0
Commodities	22.5		1.5	1.5	1.5	1.5	1.5
TOTAL OPERATING	711.8	0.0	690.8	690.8	690.8	690.8	690.8

Positions: 3 3 3 3 3 3

An Engineer/Architect IV, Range 26, will serve as the technical expert, manage consultant activities, oversee regional staff who will be issuing permits and authorizations, oversee construction management consultants, documentation for continued federal eligibility, and coordination of utility permit conditions. An Environmental Impact Analysis Manager II, Range 22, will oversee work done in the ROW to insure compliance with federal and state requirements, ensure our processes provide for rapid permitting decisions and no delays in construction. An Administrative Assistant, Range 12, will assist with the day to day activities of the two professionals.

Travel:

Staff travel for coordinated meetings, on-site inspections, surveying and associated duties.

Services:

Contractual services include costs for core services, small contracts and consultation with the Department of Law and lease space.

Commodities:

One-time costs to set up a new position are included in the first year only. Routine supplies are included in out years.

Department of Law

CSSSHB 4 relates to creation of the Alaska Gasline Development Corporation (AGDC public corporation or new AGDC) as a public corporation, with corporate powers and duties. It establishes a fund for moneys appropriated by the legislature for use by the corporation, authorizes establishment of subsidiary corporations, gives power to issue revenue bonds and establish capital reserve funds, provides tax exemptions and establishes reporting requirements. The intent of the bill is that the existing Alaska Gasline Development Corporation (existing AGDC), a subsidiary of

Alaska Finance Housing Corporation (AHFC), and all of its assets and liabilities, would be merged or transferred into the new AGDC public corporation. It also transitions the Alaska Natural Gas Development Corporation (ANGDA) from a stand-alone public corporation into a subsidiary of the new AGDC public corporation. The purpose of the new AGDC is to advance the in-state natural gas pipeline under the project plan that was prepared by the existing AGDC.

CSSSHB 4, in part, amends Title 42 by adding a new chapter AS 42.08, which require the review and investigation of certain contracts, and/or disputes arising under the Act. The Attorney General, under AS 44.23.020(e), has the right to participate as a party in such proceedings to ensure the public interest is represented. The Regulatory Affairs and Public Advocacy Section within the Department of Law will need at least 1 FTE PAUA I position to meet the increased demand on the section's time and resources to participate in such proceedings. Funding for the position is requested for 3/4 of FY14, and full funding in out years.

The Department of Law does not anticipate any additional fiscal impacts from this legislation.

Component Number		2091					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	87.5		116.6	116.6	116.6	116.6	116.6
Travel	0.4		0.6	0.6	0.6	0.6	0.6
Services	12.0		16.0	16.0	16.0	16.0	16.0
Commodities	2.0		2.7	2.7	2.7	2.7	2.7
Capital Outlay	0.4		0.5	0.5	0.5	0.5	0.5
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	102.3	0.0	136.4	136.4	136.4	136.4	136.4
Positions:	1		1	1	1	1	1

Department of Commerce, Community, and Economic Development

This bill makes the Alaska Gasline Development Corporation (AGDC) an independent public corporation of the State, establishes the in-state natural gas pipeline fund, and locates the AGDC under the Department of Commerce, Community, and Economic Development for administrative purposes. The bill exempts the AGDC from the Executive Budget Act (AS37.07), the Alaska Procurement code (AS36.30), and the State Personnel Act (AS39.25). As a result of these exemptions, administrative support services from the department to AGDC are not expected for these functions.

If the AGDC is further exempted from the Uniform Accounting Act (AS37.05), then it is anticipated that no administrative services support from the department will be necessary. Therefore, no fiscal or regulatory impact is anticipated for Administrative Services from this legislation.

The bill also establishes regulation by the Regulatory Commission of Alaska (RCA) of natural gas transportation contracts, of an in-state natural gas pipeline project developed by the AGDC, and of an in-state natural gas pipeline that provides transportation by contract carriage and provides guidance for that regulation.

If HB4 is enacted it is expected that the RCA will adopt changes to regulations in 3 AAC 47 and 3 AAC 48.

Chapter 47.020 - 47.070 Regulatory Cost Charges will be amended to include regulatory cost charges for in-state natural gas pipelines (AS 42.08.370).

Chapter 48.600 - 48.6661 Practice and Procedure will be amended to establish the requirements for the form of application and the information to be contained in an application for a certificate of public convenience and necessity to provide contract carriage (AS 42.08.330).

The July 1, 2015 date by which the RCA would adopt, amend, or repeal regulations is an estimated date. In accordance with AS 42.05.175(e), the RCA would work to adopt, amend, or repeal regulations no later than 730 days after a rule-making proceeding is initiated.

With the availability of the Utility Finance Analyst III and Utility Engineering Analyst III positions approved and funded in the FY2013 budget, the RCA anticipates zero fiscal impact from this legislation.

Component Number	1028 and 2417		Out-Year Cost Estimates				
	FY14 Appropriation Requested	Included in Governor's FY14 Request	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Positions:	0		0	0	0	0	0

HB 4 In-State Gasline Development Corporation Fiscal Analysis

	Included in FY14 Governor's Request	FY14 Appropriation Request	FY14 TOTAL	FY15 Base	FY15 New	FY15 TOTAL	FY16 Base	FY16 New	FY16 TOTAL	FY17 Base	FY17 New	FY17 TOTAL	FY18 Base	FY18 New	FY18 TOTAL	FY19 Base	FY19 New	FY19 TOTAL
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT																		
Alaska Gasline Development Corporation	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4	0.0	4,895.4	4,895.4	0.0	4,895.4
TOTAL	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4	0.0	4,895.4	4,895.4	0.0	4,895.4
Commercial Operations		2	2	2		2	2		2	2		2	2		2	2		2
Pipeline & Facilities Engineering		0	0	0		0	0		0	0		0	0		0	0		0
Support Activities	7	23	30	30		30	30		30	30		30	30		30	30		30
TOTAL	7	25	32	32	0	32	32	0	32	32	0	32	32	0	32	32	0	32

DEPARTMENT OF ENVIRONMENTAL CONSERVATION																		
Environmental Health - Air Quality		54.6	54.6	54.6	106.0	160.6	160.6	-132.9	27.7	27.7	-11.7	16.0	16.0	49.0	65.0	65.0	-65.0	0.0
Environmental Health - Drinking Water		0.0	0.0	0.0		0.0	0.0		0.0	0.0	131.5	131.5	131.5	13.9	145.4	145.4		145.4
Environmental Health - Food Safety & Sanitation		0.0	0.0	0.0		0.0	0.0		0.0	0.0	112.2	112.2	112.2	9.9	122.1	122.1		122.1
Environmental Health - Solid Waste Management		0.0	0.0	0.0		0.0	0.0		0.0	0.0	120.2	120.2	120.2	11.6	131.8	131.8		131.8
Spill Prevention & Response		0.0	0.0	0.0	20.0	20.0	20.0	78.9	98.9	98.9		98.9	98.9		98.9	98.9		98.9
Spill Prevention & Response		0.0	0.0	0.0		0.0	0.0	315.4	315.4	315.4	-8.0	307.4	307.4	93.2	400.6	400.6	-7.5	393.1
Spill Prevention & Response		0.0	0.0	0.0	8.8	8.8	8.8	136.0	144.8	144.8	977.6	1,122.4	1,122.4	3.9	1,126.3	1,126.3	95.0	1,221.3
Division of Water		236.2	236.2	236.2	-15.0	221.2	221.2	221.2	221.2	221.2	298.3	519.5	519.5	-15.0	504.5	504.5		504.5
TOTAL	0.0	290.8	290.8	290.8	119.8	410.6	410.6	397.4	808.0	808.0	1,620.1	2,428.1	2,428.1	166.5	2,594.6	2,594.6	22.5	2,617.1
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		2	2	2	1	3	3	3	6	6	13	19	19	1	20	20		20
TOTAL	0	2	2	2	1	3	3	3	6	6	13	19	19	1	20	20	0	20

DEPARTMENT OF LAW																		
Regulatory Affairs		102.3	102.3	102.3	34.1	136.4	136.4		136.4	136.4		136.4	136.4		136.4	136.4		136.4
TOTAL	0.0	102.3	102.3	102.3	34.1	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4
Support Activities		1	1	1		1	1		1	1		1	1		1	1		1
TOTAL	0	1	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1

DEPARTMENT OF NATURAL RESOURCES																		
State Pipeline Coordinators Office			0.0	0.0	541.5	541.5	541.5	1,709.6	2,251.1	2,251.1	352.3	2,603.4	2,603.4	0	2,603.4	2,603.4	-2,226.8	376.6
Office of History and Archaeology				0.0	32.3	32.3	32.3		32.3	32.3		32.3	32.3		32.3	32.3		32.3
Division of Geological and Geophysical Surveys		0	0.0	0.0		0.0	0.0	151	151.0	151.0		151.0	151.0		151.0	151.0	-151	0.0
Division of Mining, Land and Water			0.0	0.0	96.5	96.5	96.5	-96.5	0.0	0.0		0.0	0.0		0.0	0.0		0.0
TOTAL	0.0	0.0	0.0	0.0	670.3	670.3	670.3	1,764.1	2,434.4	2,434.4	352.3	2,786.7	2,786.7	0.0	2,786.7	2,786.7	-2,377.8	408.9
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities			0	0		0	0	8	8	8		8	8		8	8		8
TOTAL	0	0	0	0	0	0	0	8	8	8	0	8	8	0	8	8	0	8

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES																		
Statewide Engineering & Design		711.8	711.8	711.8	-21.0	690.8	690.8		690.8	690.8		690.8	690.8		690.8	690.8		690.8
TOTAL	0.0	711.8	711.8	711.8	-21.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		3	3	3		3	3		3	3		3	3		3	3		3
TOTAL	0	3	3	3	0	3	3	0	3	3	0	3	3	0	3	3	0	3

GRAND TOTAL	3,634.3	5,163.2	8,797.5	8,797.5	-1,569.0	7,228.5	7,228.5	2,036.5	9,265.0	9,265.0	1,672.4	10,937.4	10,937.4	166.5	11,103.9	11,103.9	-2,355.3	8,748.6
CUMULATIVE TOTAL			8,797.5			16,026.0			25,291.0			36,228.4		47,332.3				56,080.9
Commercial Operations	0	2	2	2	0	2	2	0	2	2	0	2	2	0	2	2	0	2
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	7	29	36	36	1	37	37	11	48	48	13	61	61	1	62	62	-8	54
POSITION GRAND TOTAL	7	31	38	38	1	39	39	11	50	50	13	63	63	1	64	64	-8	56

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 4(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES HAWKER AND CHENAULT, Millett, Johnson, Neuman, Hughes, Olson, Gattis, Reinbold, Holmes, Tammie Wilson, Thompson

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Gasline Development Corporation; establishing the**
2 **Alaska Gasline Development Corporation as an independent public corporation of the**
3 **state; establishing and relating to the in-state natural gas pipeline fund; making certain**
4 **information provided to or by the Alaska Gasline Development Corporation and its**
5 **subsidiaries exempt from inspection as a public record; relating to the Joint In-State**
6 **Gasline Development Team; relating to the Alaska Housing Finance Corporation;**
7 **relating to judicial review of a right-of-way lease or an action or decision related to the**
8 **development or construction of an oil or gas pipeline on state land; relating to the lease**
9 **of a right-of-way for a gas pipeline transportation corridor, including a corridor for a**
10 **natural gas pipeline that is a contract carrier; relating to the cost of natural resources,**
11 **permits, and leases provided to the Alaska Gasline Development Corporation; relating**
12 **to procurement by the Alaska Gasline Development Corporation; relating to the review**

1 by the Regulatory Commission of Alaska of natural gas transportation contracts;
 2 relating to the regulation by the Regulatory Commission of Alaska of an in-state natural
 3 gas pipeline project developed by the Alaska Gasline Development Corporation; relating
 4 to the regulation by the Regulatory Commission of Alaska of an in-state natural gas
 5 pipeline that provides transportation by contract carriage; repealing the statutes
 6 relating to the Alaska Natural Gas Development Authority and making conforming
 7 changes; exempting property of a project developed by the Alaska Gasline Development
 8 Corporation from property taxes before the commencement of commercial operations;
 9 and providing for an effective date."

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

11 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
 12 to read:

13 **LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that

14 (1) an in-state natural gas pipeline developed by the Alaska Gasline
 15 Development Corporation is required for public convenience and necessity;

16 (2) the development of a natural gas pipeline by the Alaska Gasline
 17 Development Corporation is in the best interest of the state;

18 (3) making the Alaska Gasline Development Corporation an independent
 19 public corporation of the State of Alaska located for administrative purposes under the
 20 Department of Commerce, Community, and Economic Development will enhance the ability
 21 of the Alaska Gasline Development Corporation to accomplish its purposes.

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

23 (1) the Alaska Gasline Development Corporation, in its new placement as an
 24 independent public corporation of the state, shall be treated for all purposes as the transfer of a
 25 corporation within the state and not as the creation of a new entity by the State of Alaska;

26 (2) to the maximum extent permitted by law, in developing a natural gas
 27 pipeline, the Alaska Gasline Development Corporation shall procure services, labor, products,
 28 and natural resources from qualified businesses located in the state, including organizations

1 owned by Alaska Natives and municipal organizations directly affected by the project, if
2 those persons are competitive; and

3 (3) the Alaska Gasline Development Corporation shall, to the maximum
4 extent permitted by law,

5 (A) hire qualified residents from throughout the state for management,
6 engineering, construction, operations, maintenance, and other positions for a natural
7 gas pipeline project;

8 (B) establish hiring facilities in the state or use existing hiring facilities
9 in the state; and

10 (C) use, as far as practicable, the job centers and associated services
11 operated by the Department of Labor and Workforce Development and an Internet-
12 based labor exchange system operated by the state.

13 * **Sec. 2.** AS 18.56.086 is amended to read:

14 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
15 subsidiary corporations for the purpose of financing or facilitating the financing of
16 school construction, facilities for the University of Alaska, facilities for ports and
17 harbors, the acquisition, development, management, or operation of affordable
18 housing, prepayment of all or a portion of a governmental employer's share of
19 unfunded accrued actuarial liability of retirement systems, or other capital projects. [A
20 SUBSIDIARY CORPORATION MAY ALSO BE CREATED FOR THE PURPOSE
21 OF PLANNING, CONSTRUCTING, AND FINANCING IN-STATE NATURAL
22 GAS PIPELINE PROJECTS OR FOR THE PURPOSE OF AIDING IN THE
23 PLANNING, CONSTRUCTION, AND FINANCING OF IN-STATE NATURAL
24 GAS PIPELINE PROJECTS.] A subsidiary corporation created under this section
25 may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer
26 assets of the corporation to a subsidiary created under this section. A subsidiary
27 created under this section may borrow money and issue bonds as evidence of that
28 borrowing, and has all the powers of the corporation that the corporation grants to it.
29 However, a subsidiary created for the purpose of financing or facilitating the financing
30 of prepayment of a governmental employer's share of unfunded accrued actuarial
31 liability of retirement systems may borrow money and issue bonds only if the state

1 bond rating is the equivalent of AA- or better and subject to AS 37.15.903. [A
2 SUBSIDIARY CORPORATION CREATED FOR THE PURPOSE OF PLANNING,
3 CONSTRUCTING, AND FINANCING IN-STATE NATURAL GAS PIPELINE
4 PROJECTS OR FOR THE PURPOSE OF AIDING IN THE PLANNING,
5 CONSTRUCTION, OR FINANCING OF IN-STATE NATURAL GAS PIPELINE
6 PROJECTS IS EXEMPT FROM AS 36.30, INCLUDING AS 36.30.015(d) AND (f).]

7 Unless otherwise provided by the corporation, the debts, liabilities, and obligations of
8 a subsidiary corporation created under this section are not the debts, liabilities, or
9 obligations of the corporation.

10 * **Sec. 3.** AS 31 is amended by adding a new chapter to read:

11 **Chapter 25. Alaska Gasline Development Corporation.**

12 **Article 1. Organization, Administration, and Powers.**

13 **Sec. 31.25.010. Structure.** The Alaska Gasline Development Corporation is a
14 public corporation and government instrumentality located for administrative purposes
15 in the Department of Commerce, Community, and Economic Development, but
16 having a legal existence independent of and separate from the state. The corporation
17 may not be terminated as long as it has bonds, notes, or other obligations outstanding.
18 Upon termination of the corporation, its rights and property pass to the state.

19 **Sec. 31.25.020. Governing body.** (a) The corporation shall be governed by a
20 board of directors consisting of

21 (1) five public members; and

22 (2) two individuals designated by the governor that are each the head
23 of a principal department of the state, except that the commissioner of natural
24 resources and the commissioner of revenue may not be designated to serve on the
25 board unless the project for which a license is issued under AS 43.90 has been
26 abandoned or is no longer receiving the inducements in AS 43.90.110(a) or the
27 commissioner of natural resources and the commissioner of revenue are no longer
28 signatories on a valid contract under AS 43.90.

29 (b) Public members of the board shall be appointed by the governor and are
30 subject to confirmation by the legislature. When appointing a public member to the
31 board, the governor shall consider an individual's expertise and experience in natural

1 gas pipeline construction, operation and marketing; finance; large project
2 management; and other expertise and experience that is relevant to the purpose,
3 powers, and duties of the corporation. Public members of the board serve staggered
4 five-year terms. A public member serves at the pleasure of the governor. A vacancy
5 shall be filled in the same manner as the original appointment.

6 (c) Notwithstanding AS 39.05.055, the terms of the initially appointed public
7 members of the board shall be set by the governor to be two years for two members,
8 three years for two members, and five years for one member.

9 (d) The public members of the board receive \$400 compensation for each day
10 spent on official business of the corporation and may be reimbursed by the corporation
11 for actual and necessary expenses at the same rate paid to members of state boards
12 under AS 39.20.180.

13 **Sec. 31.25.030. Meetings of board.** (a) The board shall elect a chair, secretary,
14 and treasurer from among its membership at each annual meeting. A majority of the
15 members constitutes a quorum for organizing the board, conducting its business, and
16 exercising the powers of the corporation. The board shall meet at the call of the chair.
17 The board shall meet at least once every three months.

18 (b) The board may meet and transact business by electronic media if

19 (1) public notice of the time and locations where the meeting will be
20 held by electronic media has been given in the same manner as if the meeting were
21 held in a single location;

22 (2) participants and members of the public in attendance can hear and
23 have the same right to participate in the meeting as if the meeting were conducted in
24 person; and

25 (3) copies of pertinent reference materials, statutes, regulations, and
26 audio-visual materials are reasonably available to participants and to the public.

27 (c) A meeting by electronic media as provided in this section has the same
28 legal effect as a meeting in person.

29 (d) For the purposes of this chapter, public notice of 24 hours or more is
30 adequate notice of a meeting of the board at which the issuance of corporation bonds
31 is authorized.

1 (e) An affirmative vote of at least four members of the board is required to
2 approve

3 (1) the sale and issuance of bonds;

4 (2) the sale or other disposition of a substantial asset or substantial
5 amount of the assets of the corporation; the corporation shall adopt a regulation that
6 defines a substantial asset and a substantial amount of assets for the purposes of this
7 paragraph;

8 (3) the ownership structure for a pipeline project of which the
9 corporation is a participant;

10 (4) an action committing the corporation to an additional natural gas
11 pipeline project; and

12 (5) action on other matters identified in a regulation adopted by the
13 corporation as being subject to this subsection.

14 **Sec. 31.25.035. Minutes of meetings.** The board shall keep minutes of each
15 meeting and send certified copies to the governor and to the Legislative Budget and
16 Audit Committee.

17 **Sec. 31.25.040. Administration of affairs.** (a) The board shall manage the
18 assets and business of the corporation and may adopt, amend, and repeal bylaws and
19 regulations governing the manner in which the business of the corporation is
20 conducted and the manner in which its powers are exercised. The board shall delegate
21 supervision of the administration of the corporation to the executive director,
22 appointed in accordance with AS 31.25.045.

23 (b) The board shall adopt and publish procedures to govern the procurement
24 by the corporation of supplies, services, professional services, and construction. The
25 procurement procedures must provide for an Alaska veterans' preference that is
26 consistent with the Alaska veterans' preference in AS 36.30.175.

27 **Sec. 31.25.045. Executive director.** The corporation shall employ an
28 executive director who may not be a member of the board. The executive director shall
29 be appointed by the board and serves at the pleasure of the board.

30 **Sec. 31.25.050. Legal counsel.** The corporation shall retain legal counsel to
31 advise the corporation in legal matters and represent it in litigation.

1 **Sec. 31.25.060. Employment of personnel.** The board may appoint other
 2 officers and engage professional and technical advisors as independent contractors.
 3 The executive director may hire employees of the corporation and engage professional
 4 and technical advisors under contract with the corporation. The board shall prescribe
 5 the duties and compensation of corporation personnel, including the executive
 6 director.

7 **Sec. 31.25.065. Personnel exempt from State Personnel Act.** The personnel
 8 of the corporation are exempt from AS 39.25.

9 **Sec. 31.25.070. Purpose.** The corporation shall, to the fullest extent possible,

10 (1) advance an in-state natural gas pipeline as described in the July 1,
 11 2011, project plan prepared under former AS 38.34.040 by the corporation while a
 12 subsidiary of the Alaska Housing Finance Corporation, with modifications determined
 13 by the corporation to be appropriate to develop, finance, construct, and operate an in-
 14 state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the
 15 purpose of making natural gas, including propane and other hydrocarbons associated
 16 with natural gas other than oil, available to Fairbanks, the Southcentral region of the
 17 state, and other communities in the state at the lowest rates possible;

18 (2) endeavor to develop natural gas pipelines to deliver natural gas,
 19 including propane and other hydrocarbons associated with natural gas other than oil, to
 20 public utility and industrial customers in areas of the state to which the natural gas,
 21 including propane and other hydrocarbons associated with natural gas other than oil,
 22 may be delivered at commercially reasonable rates; and

23 (3) endeavor to develop natural gas pipelines that offer commercially
 24 reasonable rates for shippers and access for shippers who produce natural gas,
 25 including propane and other hydrocarbons associated with natural gas other than oil, in
 26 the state.

27 **Sec. 31.25.080. Powers and duties.** (a) In addition to other powers granted in
 28 this chapter, the corporation may

29 (1) determine the form of ownership and the operating structure of an
 30 in-state natural gas pipeline developed by the corporation and may enter into
 31 agreements with other persons for joint ownership, joint operation, or both of an in-

1 state natural gas pipeline;

2 (2) plan, finance, construct, develop, acquire, maintain, and operate a
3 pipeline system, including pipelines, compressors, storage facilities, and other related
4 facilities, equipment, and works of public improvement, in the state to facilitate
5 production, transportation, and delivery of natural gas or other related natural
6 resources to the point of consumption or to the point of distribution for consumption;

7 (3) lease or rent facilities, structures, and properties;

8 (4) exercise the power of eminent domain and file a declaration of
9 taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is
10 necessary for an in-state natural gas pipeline; the exercise of powers by the
11 corporation under this paragraph may not exceed the permissible exercise of the
12 powers by the state;

13 (5) acquire, by purchase, lease, or gift, land, structures, real or personal
14 property, an interest in property, a right-of-way, a franchise, an easement, or other
15 interest in land, or an interest in or right to capacity in a pipeline system determined to
16 be necessary or convenient for the development, financing, construction, or operation
17 of an in-state natural gas pipeline project or part of an in-state natural gas pipeline
18 project;

19 (6) transfer or otherwise dispose of all or part of an in-state natural gas
20 pipeline project developed by the corporation or transfer or otherwise dispose of an
21 interest in an asset of the corporation;

22 (7) elect to provide transportation of natural gas as a contract carrier,
23 common carrier, or otherwise;

24 (8) provide light, water, security, and other services for property of the
25 corporation;

26 (9) conduct hearings to gather and develop data consistent with the
27 purpose and powers of the corporation;

28 (10) advocate for new pipeline capacity before the Federal Energy
29 Regulatory Commission;

30 (11) make and execute agreements, contracts, and other instruments
31 necessary or convenient in the exercise of the powers and functions of the corporation

1 under this chapter, including a contract with a person, firm, corporation, governmental
2 agency, or other entity;

3 (12) sue and be sued in its own name;

4 (13) adopt an official seal;

5 (14) adopt bylaws for the regulation of its affairs and the conduct of its
6 business and adopt regulations and policies in connection with the performance of its
7 functions and duties;

8 (15) employ fiscal consultants, engineers, attorneys, appraisers, and
9 other consultants and employees that may, in the judgment of the corporation, be
10 required and fix and pay their compensation from funds available to the corporation;

11 (16) procure insurance against a loss in connection with its operation;

12 (17) borrow money as provided in this chapter to carry out its
13 corporate purposes and issue its obligations as evidence of borrowing;

14 (18) include in a borrowing the amounts necessary to pay financing
15 charges, interest on the obligations for a period not exceeding one year after the date
16 on which the corporation estimates funds will otherwise be available to pay the
17 interest, consultant, advisory, and legal fees, and other expenses that are necessary or
18 incident to the borrowing;

19 (19) receive, administer, and comply with the conditions and
20 requirements of an appropriation, gift, grant, or donation of property or money;

21 (20) do all acts and things necessary, convenient, or desirable to carry
22 out the powers expressly granted or necessarily implied in this chapter;

23 (21) invest or reinvest, subject to its contracts with noteholders and
24 bondholders, money or funds held by the corporation, including funds in the in-state
25 natural gas pipeline fund (AS 31.25.100), in obligations or other securities or
26 investments in which banks or trust companies in the state may legally invest funds
27 held in reserves or sinking funds or funds not required for immediate disbursement,
28 and in certificates of deposit or time deposits secured by obligations of, or guaranteed
29 by, the state or the United States.

30 (b) Upon commencement of construction of an in-state natural gas pipeline,
31 the corporation shall analyze potential natural gas pipelines connecting to industrial,

1 residential, or utility customers in other regions of the state. If the corporation finds
2 that a natural gas pipeline analyzed under this subsection is in the best interest of the
3 state and can meet the needs of industrial, residential, or utility customers at
4 commercially reasonable rates, the corporation may finance, construct, or operate the
5 natural gas pipeline as necessary. When developing or constructing a connecting line,
6 the corporation shall, to the maximum extent feasible, use existing land, structures,
7 real or personal property, rights-of-way, easements, or other interests in land acquired
8 by the corporation.

9 (c) The corporation may not develop or construct a natural gas pipeline that is
10 a competing natural gas pipeline project for purposes of AS 43.90.440 unless the
11 project for which a license is issued under AS 43.90 has been abandoned or is no
12 longer receiving the inducements in AS 43.90.110(a).

13 (d) The corporation shall establish a schedule of reasonable fees, rental rates,
14 and other charges, and collect fees, rentals, and other charges for use of the facilities
15 of the corporation.

16 (e) If commitments to acquire firm transportation capacity are received in an
17 open season conducted by the corporation, the corporation shall, within 10 days after
18 accepting and executing the written commitments received during the open season,
19 report the results of the open season to the president of the senate and the speaker of
20 the house of representatives and inform the public of the results of the open season
21 through publication on the Internet website of the corporation and in a press release or
22 other announcement to the media. The results made public must include the name of
23 each prospective shipper, the amount of capacity allocated, and the period of the
24 commitment.

25 **Sec. 31.25.090. Confidentiality; interagency cooperation.** (a) The
26 corporation shall have access to information of departments, agencies, and public
27 corporations of the state that is directly related to the planning, financing,
28 development, acquisition, maintenance, construction, or operation of an in-state
29 natural gas pipeline. The corporation shall avoid duplicating studies, plans, and
30 designs that have already been provided or obtained by other state entities. All
31 departments, agencies, and public corporations of the state shall cooperate with and

1 shall provide information, services, and facilities to the corporation upon its request
2 and, except for requests from the Alaska Gasline Inducement Act coordinator
3 (AS 43.90.250), give priority to requests of the corporation.

4 (b) Upon request by the corporation, a state entity shall provide water, sand
5 and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the
6 corporation at the usual and customary rates, except as provided in (d) of this section.
7 Review of and action on a request shall be conducted and taken as provided in
8 AS 38.34.020. In this subsection, "state entity" means a state department, authority, or
9 other administrative unit of the executive branch of state government, a public
10 university, or a public corporation of the state.

11 (c) That part of the cost of providing, under (b) of this section, water, sand and
12 gravel, or other nonhydrocarbon natural resources, or of entering into a lease or
13 issuing a permit, that is borne by the corporation for an in-state natural gas pipeline
14 project that is owned in whole or in part by the corporation may not be included in the
15 rate base in a proceeding under AS 42 or before the Federal Energy Regulatory
16 Commission.

17 (d) Notwithstanding any contrary provision of law, the Department of Natural
18 Resources shall grant the corporation a right-of-way lease under AS 38.35 for the gas
19 pipeline transportation corridor at no appraisal or rental cost if

20 (1) a complete right-of-way lease application under AS 38.35.050 is
21 submitted;

22 (2) the lease application is made the subject of notice and other
23 reasonable and appropriate publication requirements under AS 38.35.070; and

24 (3) the corporation submits the application for the right-of-way lease
25 and agrees to be bound by those right-of-way lease covenants set out in

26 (A) AS 38.35.120 for an in-state natural gas pipeline that the
27 corporation intends to be a common carrier; or

28 (B) AS 38.35.121 for an in-state natural gas pipeline that the
29 corporation intends to be a contract carrier.

30 (e) After approval by the commissioner of natural resources, a right-of-way
31 lease received by the corporation under (d) of this section may be transferred to a

1 successor in interest under the same terms and conditions applicable to the right-of-
2 way lease granted to the corporation.

3 (f) The corporation may enter into confidentiality agreements necessary to
4 acquire or provide information to carry out its functions. If a state agency determines
5 that a law or provision of a contract to which the state agency is a party requires the
6 state agency to preserve the confidentiality of the information and that delivering the
7 information to the corporation would violate the confidentiality provision of that law
8 or contract, the state agency shall

9 (1) identify the applicable law or contract provision to the corporation;
10 and

11 (2) obtain the consent of the person who has the right to waive the
12 confidentiality of the information under the applicable law or contract provision before
13 the state agency transfers the information to the corporation.

14 (g) The portions of records containing information acquired or provided by the
15 corporation under a confidentiality agreement are not subject to AS 40.25. The
16 corporation may enter into confidentiality agreements with a public agency, as defined
17 in AS 40.25.220, to allow release of confidential information. The portions of the
18 records and files of a public agency bound by a confidentiality agreement that reflect,
19 incorporate, or analyze information subject to a confidentiality agreement under this
20 subsection are not public records. Confidentiality agreements entered into under this
21 subsection are valid and binding against all parties in accordance with the terms of the
22 confidentiality agreement.

23 (h) Information and trade secrets of the corporation are confidential and not
24 subject to AS 40.25 if the corporation determines that disclosure would cause
25 commercial or competitive harm or damage to the corporation. Information that
26 discloses the particulars of a business or the affairs of a private enterprise, investor,
27 advisor, consultant, counsel, or manager that is developed or obtained by the
28 corporation and related to the development, financing, construction, or operation of an
29 in-state natural gas pipeline project by the corporation is confidential and not subject
30 to AS 40.25. The corporation may waive the confidentiality described in this
31 subsection, except for information that is confidential under another provision of state

1 law or under a federal law or regulation and except for information acquired from
 2 another person that is subject to a confidentiality agreement, if the waiver is consistent
 3 with the interests of the state and will facilitate the development, financing, or
 4 construction of an in-state natural gas pipeline. On the date that the in-state natural gas
 5 pipeline project becomes operational, the corporation shall make available, upon
 6 request under AS 40.25, records that were exempt from AS 40.25 under this
 7 subsection or (g) of this section, unless the corporation determines that

8 (1) maintaining the confidentiality of the information is necessary to
 9 protect the economic interests of the corporation or the state; or

10 (2) disclosure of the information will violate another provision of state
 11 law, a federal law or regulation, or the terms of a confidentiality agreement or other
 12 agreement to which the corporation is a party or that is binding on the corporation.

13 **Sec. 31.25.100. In-state natural gas pipeline fund.** The in-state natural gas
 14 pipeline fund is established in the corporation and consists of money appropriated to
 15 it. The corporation shall determine fund management and may contract with the
 16 Department of Revenue for fund management. Unless otherwise provided by law,
 17 money appropriated to the fund lapses into the general fund on the day this section is
 18 repealed. Interest and other income received on money in the fund shall be separately
 19 accounted for and may be appropriated to the fund. The corporation may use money
 20 appropriated to the fund without further appropriation for the cost of managing the
 21 fund and for the planning, financing, development, acquisition, maintenance,
 22 construction, and operation of an in-state natural gas pipeline.

23 **Sec. 31.25.120. Creation of subsidiaries.** The corporation may create
 24 subsidiary corporations for the purpose of developing, constructing, operating, and
 25 financing in-state natural gas pipeline projects; for the purpose of aiding in the
 26 development, construction, operation, and financing of in-state natural gas pipeline
 27 projects; or for the purpose of acquiring the state's royalty share of natural gas, natural
 28 gas from the North Slope, and natural gas from other regions of the state, including the
 29 state's outer continental shelf, and making that natural gas available to markets in the
 30 state, including the delivery of natural gas, including propane and other hydrocarbons
 31 associated with natural gas other than oil, to coastal communities in the state, or for

1 export. A subsidiary corporation created under this section may be incorporated under
2 AS 10.20.146 - 10.20.166. The corporation may transfer assets of the corporation to a
3 subsidiary created under this section. A subsidiary created under this section may
4 borrow money and issue bonds as evidence of that borrowing and has all the powers of
5 the corporation that the corporation grants to it. Unless otherwise provided by the
6 corporation, the debts, liabilities, and obligations of a subsidiary corporation created
7 under this section are not the debts, liabilities, or obligations of the corporation.

8 **Sec. 31.25.130. Administrative procedure; regulations.** (a) Except for
9 AS 44.62.310 - 44.62.319 (Open Meetings Act), AS 44.62 (Administrative Procedure
10 Act) does not apply to this chapter. The corporation shall make available to members
11 of the public copies of the regulations adopted under (b) - (e) of this section. Within 45
12 days after adoption, the chair of the board shall submit a regulation adopted under (b) -
13 (e) of this section to the chair of the Administrative Regulation Review Committee
14 under AS 24.20.400 - 24.20.460.

15 (b) The board may adopt regulations by motion or by resolution or in another
16 manner permitted by its bylaws.

17 (c) The board may adopt regulations to carry out the purposes of this chapter.

18 (d) Except as provided in (e) of this section, at least 15 days before the
19 adoption, amendment, or repeal of a regulation, the board shall give public notice of
20 the proposed action by posting notice on the corporation's Internet website and on the
21 Alaska Online Public Notice System and by mailing a copy of the notice to every
22 person who has filed a request for notice of proposed regulations with the board or the
23 corporation. The public notice must include a statement of the time, place, and nature
24 of the proceedings for the adoption, amendment, or repeal of the regulation and must
25 include an informative summary of the proposed subject of the regulation. On the date
26 and at the time and place designated in the notice, the board shall give each interested
27 person or an authorized representative, or both, the opportunity to present statements,
28 arguments, or contentions in writing and shall give members of the public an
29 opportunity to present oral statements, arguments, or contentions for a total period of
30 at least one hour. The board shall consider all relevant matter presented to it before
31 adopting, amending, or repealing a regulation. At a hearing under this subsection, the

1 board may continue or postpone the hearing to a time and place that it determines. A
 2 regulation that is adopted, or its amendment or repeal, may vary in content from the
 3 informative summary specified in this subsection if the subject matter of the
 4 regulation, or its amendment or repeal, remains the same and the original notice was
 5 written to ensure that members of the public are reasonably notified of the proposed
 6 subject of the board's action in order for them to determine whether their interests
 7 could be affected by the board's action on that subject.

8 (e) A regulation or order of repeal may be adopted as an emergency regulation
 9 or order of repeal if the board makes a finding in its order of adoption or repeal,
 10 including a statement of the facts that constitute the emergency, that the adoption of
 11 the regulation or order of repeal is necessary for the immediate preservation of the
 12 orderly operation of the corporation's bonding programs. Upon adoption of an
 13 emergency regulation, the board shall, within 10 days after adoption, give notice of the
 14 adoption in accordance with (d) of this section. An emergency regulation adopted
 15 under this subsection does not remain in effect more than 120 days unless the board
 16 complies with (d) of this section during the 120-day period.

17 (f) A regulation adopted under (b) - (e) of this section becomes effective
 18 immediately upon its adoption by the board, unless otherwise specifically provided by
 19 the order of adoption.

20 **Sec. 31.25.140. Exemption from the State Procurement Code; application**
 21 **of the Executive Budget Act; corporation finances.** (a) The corporation and its
 22 subsidiaries are exempt from the provisions of AS 36.30 (State Procurement Code).

23 (b) The operating budget of the corporation and a subsidiary of the corporation
 24 are subject to AS 37.07 (Executive Budget Act).

25 (c) To further ensure effective budgetary decision making by the legislature,
 26 the board shall

27 (1) annually review the corporation's assets, including the assets of the
 28 in-state natural gas pipeline fund under AS 31.25.100, to determine whether assets of
 29 the corporation exceed an amount required to fulfill the purposes of the corporation as
 30 defined in this chapter; in making its review, the board shall determine whether, and to
 31 what extent, assets in excess of the amount required to fulfill the purposes of the

1 corporation during the next fiscal year are available without

2 (A) breaching an agreement entered into by the corporation;

3 (B) materially impairing the operations or financial integrity of
4 the corporation; or

5 (C) materially affecting the ability of the corporation to fulfill
6 the purposes of the corporation as defined in this chapter;

7 (2) specifically identify in the corporation's assets the amounts that the
8 board believes are necessary to meet the requirements of (1)(C) of this subsection; and

9 (3) present to the legislature by January 10 of each year a complete
10 accounting of all assets of the corporation, including assets of the in-state natural gas
11 pipeline fund under AS 31.25.100, and a report of the review and determination made
12 under (1) and (2) of this subsection; the accounting shall be audited by an independent
13 outside auditor.

14 **Article 2. Bonds and Notes.**

15 **Sec. 31.25.160. Bonds and notes.** (a) The corporation may, by resolution,
16 issue bonds and bond anticipation notes to provide funds to carry out its purposes.

17 (b) The principal of and interest on the bonds or notes are payable from
18 corporation funds. Bond anticipation notes may be payable from the proceeds of the
19 sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the
20 event bond or bond anticipation note proceeds are not available, from other funds or
21 assets of the corporation. Bonds or notes may be additionally secured by a pledge of a
22 grant or contribution from the federal government, or a corporation, association,
23 institution, or person, or a pledge of money, income, or revenue of the corporation
24 from any source.

25 (c) Bonds or bond anticipation notes may be issued in one or more series and
26 shall be dated, bear interest at the rate or rates a year or within the maximum rate, be
27 in the denomination, be in the form, either coupon or registered, carry the conversion
28 or registration provisions, have the rank or priority, be executed in the manner and
29 form, be payable from the sources in the medium of payment and place or places
30 within or outside the state, be subject to authentication by a trustee or fiscal agent, and
31 be subject to the terms of redemption with or without premium, as the resolution of the

1 corporation may provide. Bond anticipation notes shall mature at the time or times that
2 are determined by the corporation. Bonds shall mature at a time, not exceeding 50
3 years from their date, that is determined by the corporation. Before the preparation of
4 definitive bonds or bond anticipation notes, the corporation may issue interim receipts
5 or temporary bonds or bond anticipation notes, with or without coupons, exchangeable
6 for bonds or bond anticipation notes when the definitive bonds or bond anticipation
7 notes have been executed and are available for delivery.

8 (d) Bonds or bond anticipation notes may be sold in the manner and on the
9 terms the corporation determines.

10 (e) If an officer whose signature or a facsimile of whose signature appears on
11 bonds or notes or coupons attached to them ceases to be an officer before the delivery
12 of the bond, note, or coupon, the signature or facsimile is valid the same as if the
13 officer had remained in office until delivery.

14 (f) In a resolution of the corporation authorizing or relating to the issuance of
15 bonds or bond anticipation notes, the corporation has power by provisions in the
16 resolution that will constitute covenants of the corporation and contracts with the
17 holders of the bonds or bond anticipation notes

18 (1) to pledge to a payment or purpose all or a part of its revenue to
19 which its right then exists or may thereafter come into existence, the money derived
20 from the revenue, and the proceeds of the bonds or notes;

21 (2) to covenant against pledging all or a part of its revenue or against
22 permitting or suffering a lien on the revenue of its property;

23 (3) to covenant as to the use and disposition of payments of principal
24 or interest received by the corporation on investments held by the corporation;

25 (4) to covenant as to establishment of reserves or sinking funds and the
26 making of provision for and the regulation and disposition of the reserves or sinking
27 funds;

28 (5) to covenant with respect to or against limitations on a right to sell
29 or otherwise dispose of property of any kind;

30 (6) to covenant as to bonds and notes to be issued, and their
31 limitations, terms, and condition, and as to the custody, application, and disposition of

1 the proceeds of the bonds and notes;

2 (7) to covenant as to the issuance of additional bonds or notes or as to
3 limitations on the issuance of additional bonds or notes and the incurring of other
4 debts;

5 (8) to covenant as to the payment of the principal of or interest on the
6 bonds or notes, as to the sources and methods of the payment, as to the rank or priority
7 of the bonds or notes with respect to a lien or security, or as to the acceleration of the
8 maturity of the bonds or notes;

9 (9) to provide for the replacement of lost, stolen, destroyed, or
10 mutilated bonds or notes;

11 (10) to covenant against extending the time for the payment of bonds
12 or notes or interest on the bonds or notes;

13 (11) to covenant as to the redemption of bonds or notes and privileges
14 of their exchange for other bonds or notes of the corporation;

15 (12) to covenant to create or authorize the creation of special funds of
16 money to be held in pledge or otherwise for operating expenses, payment or
17 redemption of bonds or notes, reserves, or other purposes, and as to the use and
18 disposition of the money held in the funds;

19 (13) to establish the procedure, if any, by which the terms of a contract
20 or covenant with or for the benefit of the holders of bonds or notes may be amended or
21 abrogated, the amount of bonds or notes the holders of which must consent to
22 amendment or abrogation, and the manner in which the consent may be given;

23 (14) to covenant as to the custody of any of its properties or
24 investments, the safekeeping and insurance of its properties or investments, and the
25 use and disposition of insurance money;

26 (15) to covenant as to the time or manner of enforcement or restraint
27 from enforcement of any rights of the corporation arising by reason of or with respect
28 to nonpayment or violation of the terms of an agreement to which the corporation is a
29 party or with respect to which the corporation has enforcement rights;

30 (16) to provide for the rights, liabilities, powers, and duties arising
31 upon the breach of a covenant, condition, or obligation, and to prescribe the events of

1 default and the terms and conditions on which any or all of the bonds, notes, or other
2 obligations of the corporation become or may be declared due and payable before
3 maturity and the terms and conditions on which a declaration and its consequences
4 may be waived;

5 (17) to vest in a trustee or trustees within or outside the state the
6 property, rights, powers, and duties in trust as the corporation may determine, which
7 may include any or all of the rights, powers, and duties of a trustee appointed by the
8 holders of the bonds or notes, and to limit or abrogate the right of the holders of the
9 bonds or notes of the corporation to appoint a trustee under this chapter or limit the
10 rights, powers, and duties of the trustee;

11 (18) to pay the costs or expenses incident to the enforcement of the
12 bonds or notes or of the provisions of the resolution or of a covenant or agreement of
13 the corporation with the holders of its bonds or notes;

14 (19) to agree with a corporate trustee, which may be a trust company
15 or bank having the powers of a trust company within or outside the state, as to the
16 pledging or assigning of revenue or funds to which or in which the corporation has any
17 rights or interest; the agreement may further provide for other rights and remedies
18 exercisable by the trustee as may be proper for the protection of the holders of the
19 bonds or notes of the corporation and not otherwise in violation of law and may
20 provide for the restriction of the rights of an individual holder of bonds or notes of the
21 corporation;

22 (20) to appoint and provide for the duties and obligations of any
23 paying agent or paying agents, or other fiduciaries as the resolution may provide
24 within or outside the state;

25 (21) to limit the rights of the holders of the bonds or notes to enforce a
26 pledge or covenant securing bonds or notes;

27 (22) to make covenants other than and in addition to the covenants
28 expressly authorized in this section, of like or different character, and to make
29 covenants to do or refrain from doing acts and things as may be necessary, or as may
30 be convenient and desirable, to better secure bonds or notes or that, in the absolute
31 discretion of the corporation, would tend to make bonds or notes more marketable,

1 notwithstanding that the covenants, acts, or things may not be enumerated in this
2 section.

3 **Sec. 31.25.170. Independent financial advisor.** In negotiating the sale of
4 bonds or bond anticipation notes to an underwriter, the corporation may retain a
5 financial advisor. A financial advisor retained under this section must be independent
6 from the underwriter.

7 **Sec. 31.25.180. Validity of pledge.** The pledge of assets or revenue of the
8 corporation to the payment of the principal of or interest on an obligation of the
9 corporation is valid and binding from the time the pledge is made, and the assets or
10 revenue are immediately subject to the lien of the pledge without physical delivery or
11 further act. The lien of the pledge is valid and binding against all parties having claims
12 of any kind in tort, contract, or otherwise against the corporation, regardless of
13 whether those parties have notice of the lien of the pledge. This section does not
14 prohibit the corporation from selling assets subject to a pledge, except that the sale
15 may be restricted by the trust agreement or resolution providing for the issuance of the
16 obligations.

17 **Sec. 31.25.190. Capital reserve funds.** (a) The corporation may not establish
18 a capital reserve fund as described in this section except as expressly authorized by
19 law. The enactment of this section does not express that authorization. Upon
20 enactment of a law expressly authorizing the establishment of a capital reserve fund
21 described in this section and for the purpose of securing one or more issues of its
22 obligations, the corporation may establish one or more special funds, called "capital
23 reserve funds," and shall pay into those capital reserve funds

24 (1) money appropriated and made available by the state for the purpose
25 of any of those funds;

26 (2) proceeds of the sale of its obligations, to the extent provided in the
27 resolution or resolutions of the corporation authorizing their issuance; and

28 (3) other money that may be made available to the corporation for the
29 purposes of those funds from another source.

30 (b) All money held in a capital reserve fund, except as provided in this section,
31 shall be used as required, solely for the payment of the principal of obligations or of

1 the sinking fund payments with respect to those obligations; the purchase or
2 redemption of obligations; the payment of interest on obligations; or the payment of a
3 redemption premium required to be paid when those obligations are redeemed before
4 maturity. However, money in a fund may not, at any time, be withdrawn from the fund
5 in an amount that would reduce the amount of that fund to less than the capital reserve
6 requirement set out in (c) of this section, except for the purpose of making, with
7 respect to those obligations, payment, when due, of principal, interest, redemption
8 premiums, and the sinking fund payments for the payment of which other money of
9 the corporation is not available. Income or interest earned by, or increment to, a capital
10 reserve fund, because of the investment of the fund or other amounts in it, may be
11 transferred by the corporation to other funds or accounts of the corporation to the
12 extent that the transfer does not reduce the amount of the capital reserve fund below
13 the capital reserve fund requirement.

14 (c) If the corporation decides to issue obligations secured by a capital reserve
15 fund, the obligations may not be issued if the amount in the capital reserve fund is less
16 than a percentage, not exceeding 10 percent of the principal amount of all of those
17 obligations secured by that capital reserve fund then to be issued and then outstanding
18 in accordance with their terms, as may be established by resolution of the corporation
19 (called the "capital reserve fund requirement"), unless the corporation, at the time of
20 issuance of the obligations, deposits in the capital reserve fund from the proceeds of
21 the obligations to be issued or from other sources, an amount that, together with the
22 amount then in the fund, would not be less than the capital reserve fund requirement.

23 (d) In computing the amount of a capital reserve fund for the purpose of this
24 section, securities in which all or a portion of the funds are invested shall be valued at
25 par or, if purchased at less than par, at amortized costs as the term is defined by
26 resolution of the corporation authorizing the issue of the obligations, or by some other
27 reasonable method established by the corporation by resolution. Valuation on a
28 particular date shall include the amount of interest earned or accrued to that date.

29 (e) The chair of the corporation shall annually, not later than January 2, make
30 and deliver to the governor and chairs of the house and senate finance committees a
31 certificate stating the sum, if any, required to restore a capital reserve fund to the

1 capital reserve fund requirement. The legislature may appropriate that sum, and the
 2 corporation shall deposit all sums appropriated by the legislature during the then
 3 current fiscal year for the restoration in the proper capital reserve fund. Nothing in this
 4 section creates a debt or liability of the state.

5 **Sec. 31.25.200. Remedies.** A holder of obligations or coupons attached to
 6 them issued under this chapter, and a trustee under a trust agreement or resolution
 7 authorizing the issuance of the obligations, except as restricted by a trust agreement or
 8 resolution, either at law or in equity,

9 (1) may enforce all rights granted under this chapter, under the trust
 10 agreement or resolution, or under another contract executed by the corporation under
 11 this chapter; and

12 (2) may enforce and compel the performance of all duties required by
 13 this chapter or by the trust agreement or resolution to be performed by the corporation
 14 or by an officer of the corporation.

15 **Sec. 31.25.210. Negotiable instruments.** All obligations and interest coupons
 16 attached to them are negotiable instruments under the laws of this state, subject only to
 17 applicable provisions for registration.

18 **Sec. 31.25.220. Obligations eligible for investment.** Obligations issued under
 19 this chapter are securities in which all public officers and public bodies of the state and
 20 its political subdivisions and all insurance companies, trust companies, banking
 21 associations, investment companies, executors, administrators, trustees, and other
 22 fiduciaries may properly and legally invest funds, including capital in their control or
 23 belonging to them. Those obligations may be deposited with a state or municipal
 24 officer of an agency or political subdivision of the state for any purpose for which the
 25 deposit of bonds, notes, or obligations of the state is authorized by law.

26 **Sec. 31.25.230. Refunding obligations.** (a) The corporation may provide for
 27 the issuance of refunding obligations for the purpose of refunding obligations then
 28 outstanding that have been issued under this chapter, including the payment of the
 29 redemption premium on them and interest accrued or to accrue to the date of
 30 redemption of the obligations. The issuance of the obligations, the maturities and other
 31 details of them, the rights of the holders of them, and the rights, duties, and obligations

1 of the corporation with respect to them are governed by the provisions of this chapter
2 that relate to the issuance of obligations, insofar as those provisions may be
3 appropriate.

4 (b) Refunding obligations may be sold or exchanged for outstanding
5 obligations issued under this chapter and, if sold, the proceeds may be applied, in
6 addition to other authorized purposes, to the purchase, redemption, or payment of the
7 outstanding obligations. Pending the application of the proceeds of refunding
8 obligations, with other available funds, to the payment of the principal of, accrued
9 interest on, and any redemption premium on the obligations being refunded and, if so
10 provided or permitted in the resolution authorizing the issuance of the refunding
11 obligations or in the trust agreement securing them, to the payment of any interest on
12 the refunding obligations and any expenses in connection with the refunding, the
13 proceeds may be invested in direct obligations of, or obligations the principal of and
14 the interest on which are unconditionally guaranteed by, the United States that mature
15 or that will be subject to redemption, at the option of the holders of them, not later
16 than the respective dates when the proceeds, together with the interest accruing on
17 them, will be required for the purposes intended.

18 **Sec. 31.25.240. Credit of state not pledged.** (a) Obligations issued under this
19 chapter do not constitute a debt, liability, or obligation of the state or of a political
20 subdivision of the state or a pledge of the faith and credit of the state or of a political
21 subdivision of the state but are payable solely from the revenue or assets of the
22 corporation. Each obligation issued under this chapter shall contain on its face a
23 statement that the corporation is not obligated to pay the obligation or the interest on
24 the obligation except from the revenue or assets of the corporation and that neither the
25 faith and credit nor the taxing power of the state or of any political subdivision of the
26 state is pledged to the payment of the principal of or the interest on the obligation.
27 This subsection applies to all debt, obligations, and liabilities of the corporation
28 regardless of how the debt, obligations, or liabilities are created, including by contract,
29 tort, or bond or note issuance. Except as provided in this subsection, a person may not
30 bring suit against the state or a political subdivision of the state other than the
31 corporation in the courts of the state to enforce or seek a remedy with respect to a

1 debt, obligation, or liability of the corporation.

2 (b) Expenses incurred by the corporation in carrying out the provisions of this
3 chapter are payable from funds provided under this chapter and liability may not be
4 incurred by the corporation in excess of those funds.

5 **Article 3. General Provisions.**

6 **Sec. 31.25.250. Limitation on personal liability.** A member of the board or
7 other officer of the corporation or a subsidiary of the corporation is not subject to
8 personal liability or accountability because the member or officer executed or issued
9 an obligation.

10 **Sec. 31.25.260. Tax exemption.** (a) The exercise of the powers granted by this
11 chapter is, in all respects, for the benefit of the people of the state, for their well-being
12 and prosperity, and for the improvement of their social and economic conditions, and
13 the corporation is not required to pay a tax or assessment on any property owned by
14 the corporation under the provisions of this chapter or on the income from it, including
15 state taxes levied or authorized under AS 43.56.010(a) and local taxes under
16 AS 43.56.010(b) as provided in AS 43.56.020.

17 (b) All obligations issued under this chapter are declared to be issued by a
18 body corporate and public of the state and for an essential public and governmental
19 purpose, and the obligations, and the interest and income on and from the obligations,
20 and all fees, charges, funds, revenue, income, and other money pledged or available to
21 pay or secure the payment of the obligations, or interest on the obligations, are exempt
22 from taxation except for transfer, inheritance, and estate taxes.

23 **Sec. 31.25.270. Annual report.** (a) The corporation shall prepare and transmit
24 annually a report to the governor accounting for the efficient discharge of all
25 responsibility assigned by law or by directive to the corporation. The corporation shall
26 notify the legislature that the report is available.

27 (b) By January 10 of each year, the board shall prepare a report of the
28 corporation. The board shall notify the governor and the legislature that the report is
29 available, and publish notice to the public on the Alaska Online Public Notice System
30 under AS 44.62.175 that the report is available on the corporation's Internet website.
31 The report shall be written in easily understandable language. The report must include

1 a financial statement audited by an independent outside auditor and any other
 2 information the board believes would be of interest to the governor, the legislature,
 3 and the public. The annual income statement and balance sheet of the corporation shall
 4 be published on the Internet. The board may also publish electronically or in print, at
 5 the corporation's discretion, other reports it considers desirable to carry out its
 6 purpose.

7 **Sec. 31.25.390. Definitions for AS 31.25.010 - 31.25.390.** In AS 31.25.010 -
 8 31.25.390, unless the context clearly indicates a different meaning,

9 (1) "board" means the board of directors of the corporation;

10 (2) "bond" or "obligation" means a bond, bond anticipation note, or
 11 other note of the corporation authorized to be issued by the corporation under this
 12 chapter;

13 (3) "corporation" means the Alaska Gasline Development Corporation;

14 (4) "governmental agency" means a department, division, public
 15 agency, political subdivision, or other public instrumentality of the state or the federal
 16 government;

17 (5) "in-state natural gas pipeline" means a natural gas pipeline for
 18 transporting natural gas in the state;

19 (6) "natural gas pipeline" means a total system of pipe and connected
 20 facilities for the transportation, treatment or conditioning, delivery, storage, or further
 21 transportation of natural gas, including all pipe, compressor stations, station
 22 equipment, and all other facilities used or necessary for an integral line of pipe to carry
 23 out the transportation of the natural gas.

24 * **Sec. 4.** AS 36.30.850(b) is amended by adding a new paragraph to read:

25 (46) the Alaska Gasline Development Corporation (AS 31.25) and
 26 subsidiaries of the Alaska Gasline Development Corporation.

27 * **Sec. 5.** AS 37.05.146(c)(22) is amended to read:

28 (22) Regulatory Commission of Alaska under AS 42.05, [AND]
 29 AS 42.06, and AS 42.08;

30 * **Sec. 6.** AS 38.05.180(bb)(1) is amended to read:

31 (1) "gas or electric utility" includes an electric cooperative organized

1 under AS 10.25, a municipal utility, and a gas or electric utility regulated under
 2 AS 42.05; [PROVIDED THAT,] if the contract gas is transmitted to consumers
 3 through a pipeline and the gas utility either owns the pipeline or is related in
 4 ownership to the owner of the pipeline, then the gas utility qualifies as a "gas or
 5 electric utility" within the meaning of this paragraph only if it is bound or agrees to be
 6 bound by the covenants set out in AS 38.35.120 or 38.35.121, as applicable;

7 * **Sec. 7.** AS 38.34.099 is repealed and reenacted to read:

8 **Sec. 38.34.099. Definitions.** In this chapter,

9 (1) "Alaska Gasline Development Corporation" means the corporation
 10 created under AS 31.25.010;

11 (2) "in-state natural gas pipeline" and "natural gas pipeline" have the
 12 meanings given in AS 31.25.390.

13 * **Sec. 8.** AS 38.35.100(d) is amended to read:

14 (d) The commissioner shall include in a conditional lease each requirement
 15 and condition of the covenants established under AS 38.35.120 or 38.35.121, as
 16 applicable. The commissioner may also require that the lessee agree to additional
 17 conditions that the commissioner finds to be in the public interest. In place of the
 18 covenant established under AS 38.35.120(a)(9), the commissioner shall require the
 19 lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner,
 20 directly or indirectly, its interest in a conditional right-of-way lease or a pipeline
 21 subject to the conditional lease, unless the commissioner, after considering the public
 22 interest and issuing written findings to substantiate a decision to allow the transfer,
 23 authorizes the transfer. The commissioner shall also require the lessee to agree not to
 24 allow the transfer of control of the lessee without the approval of the commissioner; as
 25 used in this subsection, "transfer of control of the lessee" means the transfer of 30
 26 percent or more, in the aggregate, of ownership interest in the lessee in one or more
 27 transactions to one or more persons by one or more persons.

28 * **Sec. 9.** AS 38.35.120(a) is amended to read:

29 (a) Except as provided for a natural gas pipeline subject to AS 38.35.121,
 30 a [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas
 31 pipeline valued at \$1,000,000 or more may be granted only upon the condition that the

1 lessee expressly covenants in the lease, in consideration of the rights acquired by it
2 under the lease, that

3 (1) it assumes the status of and will perform all of its functions
4 undertaken under the lease as a common carrier and will accept, convey, and transport
5 without discrimination crude oil or natural gas, depending on the kind of pipeline
6 involved, delivered to it for transportation from fields in the vicinity of the pipeline
7 subject to the lease throughout its route both on state land obtained under the lease and
8 on the other land; it will accept, convey, and transport crude oil or natural gas without
9 unjust or unreasonable discrimination in favor of one producer or person, including
10 itself, as against another but will take the crude oil or natural gas, depending on the
11 kind of pipeline involved, delivered or offered, without unreasonable discrimination,
12 that the Regulatory Commission of Alaska shall, after a full hearing with due notice to
13 the interested parties and a proper finding of facts, determine to be reasonable in the
14 performance of its duties as a common carrier; however, a lessee that owns or operates
15 a natural gas pipeline

16 (A) subject to regulation either under 15 U.S.C. 717 et seq.
17 (Natural Gas Act) [THE NATURAL GAS ACT (15 U.S.C. 717 ET SEQ.) OF
18 THE UNITED STATES] or by the state or a political subdivision
19 [SUBDIVISIONS] with respect to rates and charges for the sale of natural gas,
20 is, to the extent of that regulation, exempt from the common carrier
21 requirement in this paragraph;

22 (B) that is a North Slope natural gas pipeline (i) is required to
23 operate as a common carrier only with respect to the intrastate transportation of
24 North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not
25 required to operate as a common carrier as to a liquefied natural gas facility or
26 a marine terminal facility associated with the pipeline, and is not otherwise
27 required to perform its functions under the lease as a common carrier; for
28 purposes of this subparagraph, "North Slope natural gas pipeline" means all the
29 facilities of a total system of pipe, whether owned or operated under a contract,
30 agreement, or lease, used by a carrier for transportation of North Slope natural
31 gas, as defined by AS 42.06.630, for delivery, for storage, or for further

1 transportation, and including all pipe, [PUMP, OR] compressor stations,
2 station equipment, tanks, valves, access roads, bridges, airfields, terminals and
3 terminal facilities, including docks and tanker loading facilities, operations
4 control centers for both the upstream part of the pipeline and the terminal,
5 tanker ballast treatment facilities, fire protection system, communication
6 system, and all other facilities used or necessary for an integral line of pipe,
7 taken as a whole, to carry out transportation, including an extension or
8 enlargement of the line;

9 (2) it will interchange crude oil or natural gas, depending on the kind
10 of pipeline involved, with each like common carrier and provide connections and
11 facilities for the interchange of crude oil or natural gas at every locality reached by
12 both pipelines when the necessity exists, subject to rates and regulations made by the
13 appropriate state or federal regulatory agency;

14 (3) it will maintain and preserve books, accounts, and records and will
15 make those reports that the state may prescribe by regulation or law as necessary and
16 appropriate for purposes of administration of this chapter;

17 (4) it will accord at all reasonable times to the state and its authorized
18 agents and auditors the right of access to its property and records, of inspection of its
19 property, and of examination and copying of records;

20 (5) it will provide connections, as determined by the Regulatory
21 Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the
22 lease, both on state land and other land in the state, for the purpose of delivering crude
23 oil or natural gas, depending on the kind of pipeline involved, to persons (including
24 the state and its political subdivisions) contracting for the purchase at wholesale of
25 crude oil or natural gas transported by the pipeline when required by the public
26 interest;

27 (6) it shall, notwithstanding any other provision, provide connections
28 and interchange facilities at state expense at [SUCH] places the state considers
29 necessary if the state determines to take a portion of its royalty or taxes in oil or
30 natural gas;

31 (7) it will construct and operate the pipeline in accordance with

1 applicable state laws and lawful regulations and orders of the Regulatory Commission
2 of Alaska;

3 (8) it will, at its own expense, during the term of the lease,

4 (A) maintain the leasehold and pipeline in good repair;

5 (B) promptly repair or remedy [ANY] damage to the leasehold;

6 (C) promptly compensate for [ANY] damage to or destruction
7 of property for which the lessee is liable resulting from damage to or
8 destruction of the leasehold or pipeline;

9 (9) it will not transfer, assign, or dispose of, in any manner, directly or
10 indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-
11 way lease, or [ANY] rights under the lease or a [ANY] pipeline subject to the lease to
12 a [ANY] person other than another owner of the pipeline (including subsidiaries,
13 parents, and affiliates of the owners), except to the extent that the commissioner, after
14 consideration of the protection of the public interest (including whether the proposed
15 transferee is fit, willing, and able to perform the transportation or other acts proposed
16 in a manner that will reasonably protect the lives, property, and general welfare of the
17 people of Alaska), authorizes; the commissioner shall not unreasonably withhold
18 consent to the transfer, assignment, or disposal;

19 (10) it will file with the commissioner a written appointment of a
20 named permanent resident of the state to be its registered agent in the state and to
21 receive service of notices, regulations, decisions, and orders of the commissioner; if it
22 fails to appoint an agent for service, service may be made by posting a copy in the
23 office of the commissioner, filing a copy in the office of the lieutenant governor, and
24 mailing a copy to the lessee's last known address;

25 (11) the applicable law of this state will be used in resolving questions
26 of interpretation of the lease;

27 (12) the granting of the right-of-way lease is subject to the express
28 condition that the exercise of the rights and privileges granted under the lease will not
29 unduly interfere with the management, administration, or disposal by the state of the
30 land affected by the lease, and that the lessee agrees and consents to the occupancy
31 and use by the state, its grantees, permittees, or other lessees of any part of the right-

1 of-way not actually occupied or required by the pipeline for the full and safe
 2 utilization of the pipeline, for necessary operations incident to land management,
 3 administration, or disposal;

4 (13) it will be liable to the state for damages or injury incurred by the
 5 state caused by the construction, operation, or maintenance of the pipeline and it will
 6 indemnify the state for the liabilities or damages;

7 (14) it will procure and furnish liability and property damage insurance
 8 from a company licensed to do business in the state or furnish other security or
 9 undertaking upon the terms and conditions the commissioner considers necessary if
 10 the commissioner finds that the net assets of the lessee are insufficient to protect the
 11 public from damage for which the lessee may be liable arising out of the construction
 12 or operation of the pipeline.

13 * **Sec. 10.** AS 38.35.120(b) is amended to read:

14 (b) **Except as provided for a natural gas pipeline subject to AS 38.35.121,**
 15 **for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas
 16 pipeline valued at \$1,000,000 or more to be valid and of legal effect, it must contain
 17 the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. An
 18 oil or natural gas pipeline right-of-way lease granted under this chapter **and subject to**
 19 **this section** that does not contain the required terms is null and void and without legal
 20 effect and does not vest any interest in state land or any authority in the carrier granted
 21 the lease.

22 * **Sec. 11.** AS 38.35 is amended by adding a new section to read:

23 **Sec. 38.35.121. Covenants required to be in a lease to a natural gas**
 24 **pipeline that is a contract carrier.** (a) For a lease of state land for a right-of-way for
 25 which an applicant has applied as a contract carrier under AS 42.08, a noncompetitive
 26 lease of state land for a right-of-way for a natural gas pipeline valued at \$1,000,000 or
 27 more may be granted only on the condition that the lessee expressly covenant in the
 28 lease, in consideration of the rights acquired by it under the lease, that

29 (1) except for the covenants in AS 38.35.120(a)(1), (2), and (5), it will
 30 meet the requirements of AS 38.35.120;

31 (2) it will interchange natural gas and provide connections with each

1 public utility pipeline, common carrier pipeline, or contract carrier pipeline, and
2 facilities for the interchange of natural gas at every locality reached by both pipelines
3 when the necessity exists, as provided in contracts on file with the Regulatory
4 Commission of Alaska;

5 (3) it assumes the status of and will perform all of its functions
6 undertaken under the lease as a contract carrier and, subject to contracts with shippers,
7 will accept, convey, and transport, without discrimination, natural gas delivered to it
8 for transportation from fields in the vicinity of the pipeline subject to the right-of-way
9 lease throughout the pipeline route, both on state land obtained under the lease and on
10 other land, and that, subject to contracts with shippers, it will accept, convey, and
11 transport natural gas without unjust or unreasonable discrimination in favor of itself or
12 one producer or person against another, but will take the natural gas delivered or
13 offered without unreasonable discrimination;

14 (4) it will expand the natural gas pipeline on commercially reasonable
15 terms that, when possible, encourage exploration and development of gas resources in
16 this state without increasing transportation costs for a shipper except as provided for in
17 the contract with the shipper; in this paragraph, "commercially reasonable terms"
18 means terms that produce sufficient revenue from transportation contracts to cover the
19 cost of the expansion, including increased fuel costs and a reasonable return on capital,
20 without impairing the ability of the pipeline to recover the costs of existing facilities;

21 (5) it will not require a shipper to pay a rate in excess of the rates
22 provided for in the contract with that shipper.

23 (b) A contract carrier may offer to a shipper firm transportation service,
24 interruptible transportation service, or both. In this subsection, "firm transportation
25 service" has the meaning given in AS 42.08.900.

26 (c) The lessee may not construct or expand or allow the construction or
27 expansion of a natural gas pipeline under (a) of this section to be a competing natural
28 gas pipeline project unless the project for which a license is issued under AS 43.90 has
29 been abandoned or is no longer receiving the inducements under AS 43.90.110(a). In
30 this subsection,

31 (1) "competing natural gas pipeline project" has the meaning given in

1 AS 43.90.440;

2 (2) "license" has the meaning given in AS 43.90.900.

3 * **Sec. 12.** AS 38.35.140 is amended by adding a new subsection to read:

4 (c) Notwithstanding (a) of this section, a right-of-way lease shall be granted
5 without appraisal or rental costs to the Alaska Gasline Development Corporation
6 created under AS 31.25.010.

7 * **Sec. 13.** AS 38.35.200 is amended by adding new subsections to read:

8 (c) Except as provided for an applicant in (a) of this section and
9 notwithstanding any contrary provision of law, an action or decision of the
10 commissioner or other state officer or agency concerning the issuance or approval of a
11 necessary right-of-way, permit, lease, certificate, license, or other authorization for the
12 planning, financing, acquisition, maintenance, development, construction, or initial
13 operation of a natural gas pipeline by the Alaska Gasline Development Corporation
14 under AS 31.25 that uses a right-of-way subject to this chapter may not be subject to
15 judicial review, except that a claim alleging the invalidity of this subsection must be
16 brought within 60 days after the effective date of this Act, and a claim alleging that an
17 action will deny rights under the Constitution of the State of Alaska must be brought
18 within 60 days following the date of that action. A claim that is not filed within the
19 limitations established in this subsection is barred. A complaint under this subsection
20 must be filed in superior court, and the superior court has exclusive jurisdiction.
21 Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a
22 claim filed under this subsection, the superior court may not grant injunctive relief,
23 including a temporary restraining order, preliminary injunction, permanent injunction,
24 or stay, against the issuance of a necessary right-of-way, permit, lease, certificate,
25 license, or other authorization for the planning, financing, acquisition, maintenance,
26 development, construction, or initial operation of a natural gas pipeline by the Alaska
27 Gasline Development Corporation. In this subsection, "natural gas pipeline" has the
28 meaning given in AS 38.34.099.

29 (d) An appeal of a permitting decision or authorization by the Department of
30 Environmental Conservation under AS 46.03 or AS 46.14 that is made under a
31 program approved or delegated by the United States Environmental Protection Agency

1 is not

2 (1) subject to the limitation in (a) of this section;

3 (2) included in the actions or decisions described in (c) of this section.

4 * **Sec. 14.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

5 (H) Alaska Gasline Development Corporation and subsidiaries
6 of the Alaska Gasline Development Corporation;

7 * **Sec. 15.** AS 39.50.200(b) is amended by adding a new paragraph to read:

8 (64) the board of directors of the Alaska Gasline Development
9 Corporation or the board of directors of a subsidiary of the Alaska Gasline
10 Development Corporation.

11 * **Sec. 16.** AS 40.25.120(a) is amended to read:

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

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

16 (2) records pertaining to juveniles unless disclosure is authorized by
17 law;

18 (3) medical and related public health records;

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

21 (5) to the extent the records are required to be kept confidential under
22 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
23 or retain federal assistance;

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

26 (A) could reasonably be expected to interfere with enforcement
27 proceedings;

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (11) the written notification regarding a proposed regulation provided

1 under AS 24.20.105 to the Department of Law and the affected state agency and
 2 communications between the Legislative Affairs Agency, the Department of Law, and
 3 the affected state agency under AS 24.20.105;

4 (12) records that are

5 (A) proprietary, privileged, or a trade secret in accordance with
 6 AS 43.90.150 or 43.90.220(e);

7 (B) applications that are received under AS 43.90 until notice is
 8 published under AS 43.90.160;

9 **(13) information of the Alaska Gasline Development Corporation**
 10 **created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development**
 11 **Corporation that is confidential by law or under a valid confidentiality**
 12 **agreement.**

13 * **Sec. 17.** AS 42.04.080(a) is amended to read:

14 (a) Except as provided in AS 42.05.171 or AS 42.06.140, when a matter
 15 comes for decision before the commission under AS 42.05, [OR] AS 42.06, **or**
 16 **AS 42.08**, the chair shall appoint a hearing panel composed of three or more members
 17 to hear, or if a hearing is not required, to otherwise consider, and decide the case. The
 18 panel shall exercise the powers of the commission with respect to the matter.

19 * **Sec. 18.** AS 42.05 is amended by adding a new section to read:

20 **Sec. 42.05.433. Review of certain contracts by the commission.** (a) A
 21 precedent agreement or contract entered into by a public utility with the Alaska
 22 Gasline Development Corporation or its successors or assigns may contain a covenant
 23 for the public utility to establish, charge, and collect rates sufficient to meet its
 24 obligations under the contract. If the precedent agreement associated with the contract
 25 is approved by the commission under AS 42.08, the rate covenant in the associated
 26 contract is valid and enforceable.

27 (b) A public utility negotiating to purchase natural gas to be shipped through
 28 an in-state natural gas pipeline regulated under AS 42.08 shall submit the contract to
 29 the commission before the contract takes effect.

30 (c) A public utility negotiating to contract for the storage of natural gas
 31 shipped in an in-state natural gas pipeline regulated under AS 42.08 shall submit the

1 contract to the commission before the contract takes effect.

2 (d) The commission shall review and may conduct an investigation and
 3 hearing to determine whether a contract submitted under (b) or (c) of this section is
 4 just and reasonable. The review and determination shall be conducted as provided in
 5 AS 42.08.320(b) - (d). The commission shall either approve the contract as presented
 6 or, if the commission finds that a contract is not just and reasonable, disapprove the
 7 contract. Notwithstanding AS 42.05.175, if the commission has not acted within 180
 8 days after the contract is submitted, the contract shall be considered approved and
 9 shall take effect immediately. The commission may, by order, extend the 180-day
 10 review period by the duration of a delay caused by a failure of the public utility to
 11 submit supplemental information that is available to the public utility. A contract that
 12 is approved or considered approved under this section is not subject to further review
 13 by the commission.

14 * **Sec. 19.** AS 42.05.711 is amended by adding a new subsection to read:

15 (t) An in-state natural gas pipeline subject to AS 42.08 and an in-state natural
 16 gas pipeline carrier subject to AS 42.08 are exempt from this chapter.

17 * **Sec. 20.** AS 42.06 is amended by adding a new section to article 7 to read:

18 **Sec. 42.06.601. Exemption.** An in-state natural gas pipeline subject to
 19 AS 42.08 and an in-state natural gas pipeline carrier subject to AS 42.08 are exempt
 20 from this chapter.

21 * **Sec. 21.** AS 42 is amended by adding a new chapter to read:

22 **Chapter 08. In-State Pipeline Contract Carrier.**

23 **Article 1. Application of Chapter; Purpose.**

24 **Sec. 42.08.010. Application of chapter; exemption.** (a) This chapter applies
 25 to the regulation of in-state natural gas pipelines that provide transportation by
 26 contract carriage.

27 (b) An in-state natural gas pipeline subject exclusively to federal jurisdiction
 28 is exempt from this chapter.

29 **Sec. 42.08.020. Qualification of the Alaska Gasline Development**
 30 **Corporation; findings.** (a) The Alaska Gasline Development Corporation is
 31 financially fit, willing, and able to take the actions, perform the service, and conform

1 to the requirements of this chapter.

2 (b) The board of directors and the officers of the Alaska Gasline Development
3 Corporation are managerially fit, willing, and able to manage the Alaska Gasline
4 Development Corporation and to take the actions, perform the service, and conform to
5 the requirements of this chapter.

6 (c) The proposed service, construction, and operation of an in-state natural gas
7 pipeline for which the Alaska Gasline Development Corporation applies for a
8 certificate under this chapter is required by present and future public convenience and
9 necessity.

10 (d) The findings that the Alaska Gasline Development Corporation is
11 financially fit in (a) of this section and managerially fit in (b) of this section and that
12 an in-state natural gas pipeline is required by present or future public convenience and
13 necessity in (c) of this section are conclusive and binding on the commission.

14 (e) The commission shall determine whether a person making application
15 under this chapter is technically fit, willing, and able to take the actions, perform the
16 service, and conform to the requirements in this chapter.

17 **Article 2. Powers and Duties of Regulatory Commission of Alaska.**

18 **Sec. 42.08.220. General powers and duties.** (a) The commission shall

19 (1) regulate, under the provisions of this chapter, an in-state natural gas
20 pipeline that provides transportation by way of contract carriage;

21 (2) require permits for the construction, enlargement in size or
22 operating capacity, extension, connection and interconnection, operation, or
23 abandonment of an in-state natural gas pipeline facility under the provisions of this
24 chapter and subject to the same standards as certification in AS 42.08.330;

25 (3) to the extent necessary to perform the duties of the commission
26 under this chapter, have access to, and may designate its employees, agents, or
27 consultants to inspect and examine, the accounts, financial and property records,
28 books, maps, inventories, appraisals, valuations, and related reports kept by an in-state
29 natural gas pipeline carrier, or kept for an in-state natural gas pipeline carrier by
30 others, that directly affect the interests of the state and directly relate to in-state natural
31 gas pipelines located in the state during normal business hours;

1 (4) provide all reasonable assistance to the Department of Law in
 2 intervening in, offering evidence in, and participating in proceedings before an officer,
 3 department, board, commission, or court of another state or the United States
 4 involving an in-state natural gas pipeline carrier or an affiliated interest and affecting
 5 the interests of the state.

6 (b) The commission may

7 (1) review and approve recourse tariffs filed by an in-state natural gas
 8 pipeline carrier under this chapter;

9 (2) review and approve contracts;

10 (3) investigate on its own motion or after receiving a complaint, a
 11 dispute

12 (A) related to rules, regulations, services, practices, and
 13 facilities that are not subject to the dispute resolution provisions in an in-state
 14 natural gas pipeline carrier's contracts or recourse tariff;

15 (B) presented by a complainant that does not have a contract
 16 with the in-state natural gas pipeline carrier;

17 (C) related to the conduct of an in-state natural gas pipeline
 18 carrier's open season under AS 42.08.300; to resolve the dispute, the
 19 commission may order an expansion of an in-state natural gas pipeline or order
 20 an open season under the terms provided for an expansion or open season in
 21 this chapter or AS 38.35.121(a)(4) and (c); or

22 (D) related to an unreasonable diminution in quantity or quality
 23 in the provision of service to a public utility that

24 (i) is a violation of the in-state natural gas pipeline
 25 carrier's tariff or contract with the public utility;

26 (ii) has not been resolved by the in-state natural gas
 27 pipeline carrier; and

28 (iii) will result in immediate injury, loss, or damage to
 29 the peace, health, safety, or general welfare of the public as clearly
 30 demonstrated by specific facts shown by affidavit or verified
 31 complaint;

1 (4) adopt regulations that are necessary and proper to the performance
 2 of the duties of the commission under this chapter, including regulations governing
 3 practices and procedures of the commission; regulations adopted by the commission
 4 may not be inconsistent with state law;

5 (5) initiate, intervene in, and appear personally or by counsel and offer
 6 evidence in and participate in, proceedings before an officer, department, board,
 7 commission, or court of this state involving an in-state natural gas pipeline carrier and
 8 affecting the interests of the state; and

9 (6) appoint a qualified, unbiased, and impartial administrative law
 10 judge with experience in the general practice of law to conduct hearings under this
 11 chapter; the administrative law judge may perform other duties in connection with the
 12 administration of this chapter and other laws; an administrative law judge hired to
 13 conduct hearings under this chapter shall have been admitted to practice law for at
 14 least five years immediately before appointment under this paragraph.

15 (c) Except with regard to a precedent agreement under AS 42.08.320(a) that is
 16 filed before the issuance of a certificate, consideration of an application for a contract
 17 carriage certificate under AS 42.08.330, and an initial recourse tariff under
 18 AS 42.08.350(a), the commission may extend a timeline required under this chapter if
 19 all parties of record consent to the extension or if, for one time only, before the
 20 timeline expires, the

21 (1) commission reasonably finds that good cause exists to extend the
 22 timeline;

23 (2) commission issues a written order extending the timeline and
 24 setting out its findings regarding good cause; and

25 (3) extension of time is 30 days or less.

26 (d) Except as provided in this chapter, the commission may not

27 (1) require rates, rate design, or tariff rates or regulations;

28 (2) require an in-state natural gas pipeline carrier to make a recourse
 29 tariff filing;

30 (3) order a modification of a contract that is approved, considered
 31 approved, or filed under this chapter; or

1 (4) conduct further review or investigation of a contract that is
2 approved, considered approved, or filed under this chapter.

3 **Sec. 42.08.230. Commission decision-making procedures.** The commission
4 shall comply with AS 42.04.080(a) and expeditiously adjudicate all matters that come
5 before the commission.

6 **Sec. 42.08.240. Publication of reports, orders, decisions, and regulations.**
7 All reports, orders, decisions, and regulations of the commission shall be in writing.
8 The commission shall notify all affected operators of in-state natural gas pipeline
9 facilities and interested parties of reports, orders, decisions, and regulations as they are
10 issued and adopted and, when appropriate, publish them in a manner that will
11 reasonably inform the public or the affected consumers of the services of an in-state
12 natural gas pipeline facility. The commission may set charges for costs of printing or
13 reproducing and furnishing copies of reports, orders, decisions, and regulations. The
14 publication requirement, as it pertains to regulations, does not supersede the
15 requirements of AS 44.62 (Administrative Procedure Act).

16 **Sec. 42.08.250. Application of Administrative Procedure Act.** (a) The
17 administrative adjudication procedures of AS 44.62 (Administrative Procedure Act)
18 do not apply to adjudicatory proceedings of the commission under this chapter, except
19 that final administrative determinations by the commission are subject to judicial
20 review under AS 44.62 (Administrative Procedure Act) as provided in AS 42.08.530.

21 (b) AS 44.62 (Administrative Procedure Act) applies to regulations adopted
22 by the commission.

23 **Sec. 42.08.260. Annual report.** The commission shall include in its annual
24 reports under AS 42.05.211 and AS 42.06.220 a review of its activities under this
25 chapter during the previous fiscal year. The report must address the regulation of in-
26 state natural gas pipeline facilities in the state as of June 30 of each year and must
27 contain details about the commission's compliance with the performance measures in
28 this chapter.

29 **Article 3. Contract Review; Contract Carriage Certificate; Open Seasons.**

30 **Sec. 42.08.300. Open seasons.** (a) An in-state natural gas pipeline carrier shall
31 include in its approved recourse tariff the procedures for conducting open seasons for

1 uncommitted firm transportation service and for expansion. At a minimum, the in-state
2 natural gas pipeline carrier shall publish reasonable public notice in advance of an
3 open season. The notice shall contain the approved recourse tariff, the proposed form
4 of the precedent agreement, the proposed form of the firm transportation service
5 agreement, and other information sufficient to show the proposed route, capacity,
6 operating pressures, in-service date, quality specifications, and other operating
7 conditions that the pipeline carrier determines are relevant to an evaluation of the
8 proposed service. The notice shall also state the methods for awarding capacity and
9 whether presubscription agreements have been executed. An in-state natural gas
10 pipeline carrier shall provide a mechanism for providing additional relevant
11 information requested by potential shippers.

12 (b) An open season shall be conducted and firm transportation service shall be
13 awarded without undue discrimination or preference.

14 (c) An in-state natural gas pipeline carrier shall conduct an open season for
15 firm transportation service when it has existing uncommitted firm transportation
16 capacity and has received a request for firm transportation capacity from one or more
17 potential shippers that meet the pipeline's creditworthiness requirements.

18 (d) An in-state natural gas pipeline carrier shall conduct an open season for an
19 expansion of its pipeline system when it has received one or more requests for firm
20 transportation service from potential shippers that meet the pipeline's creditworthiness
21 requirements and that, in the aggregate, would enable the expansion of the pipeline's
22 system on a commercially reasonable basis. An expansion of the pipeline system is not
23 commercially reasonable if the expansion would cause the pipeline to be a competing
24 natural gas pipeline project as defined in AS 43.90.440 unless the project for which a
25 license is issued under AS 43.90 has been abandoned or is no longer receiving the
26 inducements in AS 43.90.110(a).

27 (e) A natural gas pipeline carrier may enter into presubscription agreements
28 before the start of an open season, but not before an initial recourse tariff is approved.

29 (f) An in-state natural gas pipeline carrier shall file revised recourse rates
30 before conducting an open season under (c) and (d) of this section unless the in-state
31 natural gas pipeline carrier filed revised recourse rates during the immediately

1 preceding two-year period.

2 **Sec. 42.08.310. Transportation service.** (a) Firm transportation service shall
3 be made available only through a presubscription agreement, a recourse tariff, or an
4 open season conducted in accordance with AS 42.08.300.

5 (b) The pipeline carrier shall offer a recourse tariff for firm transportation
6 service. The rates included in the recourse tariff shall be determined on a cost-of-
7 service basis and may be levelized over the depreciation life of the pipeline. The
8 recourse tariff may not preclude the pipeline carrier from collecting rolled-in rates so
9 long as the resulting rate for prior shippers does not exceed the initial maximum rate
10 allowable under agreements for capacity.

11 (c) An in-state natural gas pipeline carrier may contract to provide firm
12 transportation service for rates and containing provisions different than those in the
13 recourse tariff. For purposes of this subsection, "provisions" are limited to those terms
14 and conditions that directly relate to the rate and do not include the general operating
15 terms and conditions of the recourse tariff.

16 (d) An in-state natural gas pipeline carrier shall provide interruptible
17 transportation service through capacity not used for firm transportation service. An in-
18 state natural gas pipeline carrier shall establish means for routinely advising potential
19 shippers of the availability of interruptible transportation service and of uncommitted
20 firm transportation capacity.

21 **Sec. 42.08.320. Review of certain contracts by the commission.** (a) An in-
22 state natural gas pipeline carrier shall submit each of its precedent agreements for firm
23 transportation service and any substantial amendments to the commission. A precedent
24 agreement negotiated with an entity that is not a public utility regulated by the
25 commission may be filed under seal. Under AS 42.08.400, the commission shall keep
26 confidential a precedent agreement filed under seal. Submission of precedent
27 agreements to the commission is permissible before construction of an in-state natural
28 gas pipeline and before a request for certification under this chapter. In this subsection,
29 "substantial amendment" means an amendment that materially changes a rate or term
30 and condition of service.

31 (b) In the review of a precedent agreement submitted under (a) of this section

1 or a related contract submitted under AS 42.05.433(b) or (c), the commission shall

2 (1) conclude that a precedent agreement or related contract negotiated
3 at arm's length between the parties is just and reasonable unless the commission finds
4 that unlawful market activity affected the rate or unfair dealing, such as fraud or
5 duress, affected the formation of the contract;

6 (2) review and may conduct an investigation and hearing to determine
7 whether a contract submitted under (a) of this section is just and reasonable; the
8 commission shall either approve the contract as presented or, if the commission finds
9 that a contract is not just and reasonable, disapprove the contract; if the commission
10 has not acted within 180 days after the submission of a contract, the contract shall be
11 considered approved and shall take effect immediately; a contract that is approved or
12 considered approved under this paragraph and the associated firm transportation
13 service agreement are not subject to further review by the commission.

14 (c) For purposes of (b)(1) of this section, a precedent agreement or related
15 contract is arm's length

16 (1) if it incorporates the approved recourse tariff; or

17 (2) if it does not incorporate the approved recourse tariff,

18 (A) the precedent agreement or related contract is between two
19 state-owned parties;

20 (B) the parties are not affiliated; or

21 (C) if the parties are affiliated, the precedent agreement or
22 related contract is substantially similar to a precedent agreement or related
23 contract between unaffiliated parties, and the formation of the precedent
24 agreement or related contract was not affected by unlawful market activity or
25 unfair dealing as described in (b)(1) of this section.

26 (d) If a precedent agreement or related contract is not arm's length, the
27 commission shall determine whether the precedent agreement or related contract is
28 just and reasonable using the standards normally applied under AS 42.06.140. If the
29 commission is reviewing a precedent agreement under (c)(2) of this section, the
30 commission may consider the in-state natural gas pipeline carrier's approved recourse
31 tariff, including the cost data underlying that tariff. When considering whether to

1 approve a contract as just and reasonable under this subsection, the commission shall
2 consider the consequences of failing to approve the contract.

3 **Sec. 42.08.330. Contract carriage certificate.** (a) The owner of an in-state
4 natural gas pipeline subject to this chapter may not engage in the transportation of
5 natural gas or undertake the construction of a natural gas pipeline facility for that
6 purpose, or acquire or operate an in-state natural gas pipeline facility, unless a
7 certificate of public convenience and necessity by the commission authorizing contract
8 carriage is in force with respect to that owner. A certificate shall describe the nature
9 and extent of the authority granted, including, as appropriate for the services involved,
10 a description of the authorized area and scope of operation for the in-state natural gas
11 pipeline facility.

12 (b) Application for a certificate shall be made in writing to the commission
13 and verified under oath. The commission by regulation shall establish the
14 requirements for the form of the application and the information to be contained in the
15 application. Notice of the application shall be provided to interested parties in the
16 manner provided by regulation.

17 (c) Within 180 days after receiving an application under this chapter, the
18 commission shall issue a contract carriage certificate authorizing, in whole or in part,
19 the operation, service, construction, or acquisition covered by the application to a
20 qualified applicant if the commission finds that the applicant is fit, willing, and able to
21 do the acts, perform the proposed service, and conform to the provisions of this
22 chapter and the requirements of the commission, and that the proposed service,
23 operation, construction, extension, or acquisition, to the extent authorized by the
24 certificate, is or will be required by the present or future public convenience and
25 necessity. The commission may, by order, extend the 180-day period for considering
26 an application by the duration of a delay caused by the failure of the applicant to
27 provide additional information reasonably required by the commission. If, within the
28 180-day period and any extension of the period for considering the application, the
29 commission fails to issue a contract carriage certificate and does not make a finding
30 that the applicant is not fit, willing, and able under this subsection or that the proposed
31 service is not required by public convenience and necessity, the application shall be

1 considered approved and the contract carriage certificate shall take effect immediately.

2 (d) The commission may attach to a contract carriage certificate reasonable
3 terms and conditions that are consistent with the terms of this chapter and are for the
4 mutual benefit of the in-state natural gas pipeline facility and the public.

5 (e) Operating authority may not be transferred by sale or lease of the contract
6 carriage certificate or by the sale of substantially all of the stock or assets of a pipeline
7 carrier holding a certificate without prior approval and a finding by the commission
8 that the safe and efficient operation of the natural gas pipeline is not impaired by the
9 transfer. The commission shall summarily approve a transfer not involving a
10 substantial change in ownership.

11 (f) After receiving a complaint or on its own motion, the commission, after
12 notice and hearing and for good cause shown, may amend, modify, suspend, or
13 revoke, in whole or in part, a certificate. Good cause for amendment, modification,
14 suspension, or revocation of a certificate is shown by

15 (1) misrepresentation of a material fact in obtaining the certificate;

16 (2) unauthorized discontinuance or abandonment of all or part of a
17 service that is the subject of the certificate;

18 (3) wilful failure to comply with the provisions of this chapter or a
19 regulation or order of the commission; or

20 (4) wilful failure to comply with a term, condition, or limitation of the
21 certificate.

22 (g) A person holding a certificate issued under this chapter may not abandon
23 or permanently discontinue the use of all or a portion of an in-state natural gas pipeline
24 without permission and approval by the commission, after due notice and hearing and
25 a finding by the commission that continued service is not required by public
26 convenience and necessity. An interested person may file a protest or memorandum of
27 opposition to or in support of discontinuance or abandonment with the commission.
28 The commission may order the temporary suspension of a service or part of a service.

29 **Sec. 42.08.340. Filing requirements; recourse tariffs.** (a) An in-state natural
30 gas pipeline carrier shall file with the commission a complete recourse tariff
31 containing rates, rules, regulations, terms, and conditions pertaining to service

1 provided under the certificate and copies of all contracts with shippers that in any way
2 affect or relate to the carrier's rates, tariffs, charges, classifications, rules, regulations,
3 terms, and conditions to service provided under the certificate.

4 (b) The terms and conditions under which an in-state natural gas pipeline
5 carrier offers its services and facilities to the public shall be governed strictly by the
6 provisions of its currently effective recourse tariff as supplemented and modified by
7 contracts that have been approved by the commission. A legally filed and effective
8 recourse tariff rate, charge, rule, regulation, or condition of service may not be
9 changed except as provided in this chapter. The in-state natural gas pipeline carrier
10 shall maintain copies of its recourse tariff on file at its principal business office and at
11 places designated by the commission and make the copies available to and subject to
12 inspection by the general public on demand.

13 (c) A change in a recourse tariff rate, charge, rule, regulation, or condition of
14 service is not effective until filed under (a) of this section. If more than one recourse
15 tariff rate or charge may reasonably be applied for billing purposes, the recourse tariff
16 rate or charge most advantageous to the shipper shall be used.

17 (d) The commission may reject the filing of all or part of a recourse tariff that
18 is not consistent with this chapter. A recourse tariff rate or provision so rejected is
19 void.

20 (e) Initial and revised recourse tariffs shall be filed in the manner provided in
21 AS 42.08.350.

22 **Sec. 42.08.350. Initial or revised rates.** (a) An in-state natural gas pipeline
23 carrier may not establish or place in effect an initial recourse tariff containing rates,
24 charges, rules, regulations, conditions of service, or practices without providing notice
25 to the commission and to the public at least 30 days before establishing or placing in
26 effect the initial recourse tariff. Notice shall be filed with the commission before an
27 open season and by making the recourse tariff provisions available for public
28 inspection. The notice shall plainly indicate the time when the recourse tariff will go
29 into effect and include a supporting cost model. The commission may prescribe
30 additional requirements for the notice and the form in which the notice must be
31 provided. The commission, for good cause shown, may allow initial recourse tariffs to

1 take effect on less than 30 days' notice under conditions the commission prescribes by
2 order. Submission of a precedent agreement or an associated contract is not subject to
3 this section.

4 (b) The commission shall review the proposed initial recourse tariff and verify
5 that the proposed terms and conditions of service are not unduly discriminatory. The
6 commission also shall review the supporting cost model provided with an initial
7 recourse tariff filing and verify, taking into consideration the expected risks, that the
8 proposed rate of return on equity is within the range of permissible rates of return as
9 determined by the Federal Energy Regulatory Commission in recent decisions related
10 to the construction of natural gas pipelines, that the cost model incorporates a
11 reasonable depreciation methodology and depreciable life, and that the cost model
12 uses a reasonable capital structure. A proposed depreciation methodology, economic
13 life, or capital structure is reasonable if it is commonly accepted or used by the
14 commission or the Federal Energy Regulatory Commission.

15 (c) Upon written complaint or in its own motion, and after reasonable notice,
16 the commission may conduct a hearing to determine whether the initial recourse tariff
17 filed with the commission complies with the requirements in (b) of this section.
18 Pending a hearing the commission may, by order stating the reasons for its action,
19 suspend the operation of the initial recourse tariff for a period not longer than 90 days
20 beyond the time when the initial recourse tariff would otherwise go into effect. An
21 order suspending an initial recourse tariff filing may be vacated if, after investigation,
22 the commission finds that it is in all respects proper. Otherwise the commission shall
23 hold a hearing on the suspended filing and issue its order, before the end of the
24 suspension period, granting or denying the suspended initial recourse tariff.

25 (d) Unless a recourse tariff is denied because it includes a proposed term or
26 condition of service that is unduly discriminatory, includes a proposed rate element
27 that does not comply with (b) of this section, or violates a provision of this chapter, the
28 commission shall approve the initial recourse tariff. If the commission does not issue
29 its ruling within the 90-day period, and the period of suspension, if any, the initial
30 recourse tariff filing shall be considered approved.

31 (e) An in-state natural gas pipeline carrier may not establish or place in effect

1 a revised rate, charge, rule, regulation, condition of service, or practice contained in a
2 recourse tariff before providing notice to the commission and to the public at least 90
3 days before taking the action. After construction or an expansion of the pipeline, and
4 at any time that a carrier files for a revised recourse rate, the carrier shall file a
5 supporting cost study. Notice shall be given by filing with the commission and
6 keeping open for public inspection the revised recourse tariff provisions, which shall
7 plainly indicate the changes to be made in the schedules then in force and the time
8 when the changes will go into effect. The commission may prescribe additional means
9 of giving notice. The commission, for good cause shown, may allow changes to take
10 effect on shorter notice under conditions the commission prescribes by order.
11 Submission of a precedent agreement or an associated contract is not subject to this
12 subsection.

13 (f) The commission shall review a proposed revised recourse tariff in the same
14 manner as the review of a proposed initial recourse tariff under (b) of this section,
15 except that the depreciable life may be adjusted in accordance with the time period
16 between the approval of the recourse tariff and the approval of the revised recourse
17 tariff. The commission shall verify that the carrier is using the same elements that
18 were last approved by the commission. A proposed recourse tariff with a new or
19 revised term or condition of service that is unduly discriminatory shall be denied. The
20 commission also shall deny a revised tariff rate that does not use the previously
21 approved value of the specified rate element, unless the carrier proves that the new
22 value is just and reasonable. If the commission does not issue its ruling within 90
23 days, the revised recourse tariff filing shall be considered approved.

24 (g) A person initiating a change in an existing recourse tariff bears the burden
25 of proving the reasonableness of the change. The in-state natural gas pipeline carrier
26 bears the burden of proving the recourse tariff terms and conditions are not unduly
27 discriminatory.

28 (h) An in-state natural gas pipeline carrier shall provide for separate rates for
29 one or more classes of firm transportation service and for interruptible transportation
30 service in a recourse tariff filed with the commission under (a) of this section. An in-
31 state natural gas pipeline carrier may impose a reservation fee or similar charge for

1 reservation of capacity in an in-state natural gas pipeline as a condition of providing
 2 firm transportation service, but may not impose a reservation fee or similar charge for
 3 reservation of capacity in an in-state natural gas pipeline for interruptible
 4 transportation service.

5 **Sec. 42.08.360. Uniform system of accounts.** An in-state natural gas pipeline
 6 carrier operating under this chapter shall maintain its records and accounts in
 7 accordance with the uniform system of accounts for class A natural gas pipelines in 18
 8 C.F.R. 201 (Federal Energy Regulatory Commission), as amended.

9 **Sec. 42.08.370. Expansion; dispute resolution.** (a) A contract entered into by
 10 an in-state natural gas pipeline carrier may provide for expansion unless the expansion
 11 would cause the pipeline to be a competing natural gas pipeline project as defined in
 12 AS 43.90.440 unless the project for which a license is issued under AS 43.90 has been
 13 abandoned or is no longer receiving the inducements in AS 43.90.110(a).

14 (b) The recourse tariff or a contract filed by an in-state natural gas pipeline
 15 carrier may include a dispute resolution procedure. A dispute resolution procedure
 16 shall

17 (1) provide that notice of a dispute be given to all shippers;

18 (2) culminate in a process that is determined by an independent third
 19 party or panel; and

20 (3) permit the participation of existing shippers and creditworthy
 21 potential shippers that have previously made good faith requests for firm
 22 transportation service; a participant must satisfy the commission's standard for
 23 intervention in an adjudicatory proceeding and demonstrate that the participant has a
 24 property, financial, or other significant interest in the dispute.

25 **Sec. 42.08.380. Regulatory cost charge.** (a) Each year, a person operating an
 26 in-state natural gas pipeline under this chapter shall pay to the commission a
 27 regulatory cost charge if the pipeline for which the charge is assessed is subject to this
 28 chapter and the commission has taken action on the pipeline or certificate under this
 29 chapter during the prior fiscal year. The amount of the regulatory cost charge may not
 30 exceed the sum of the following percentages of gross revenue derived from operations
 31 in the state:

1 (1) 0.7 percent to fund the operations of the commission; and

2 (2) 0.17 percent to fund operations of the public advocacy function
3 under AS 42.04.070(c) and AS 44.23.020(e) in the Department of Law.

4 (b) The commission shall by regulation establish a method to determine
5 annually the amount of the regulatory cost charge that will apply to a pipeline
6 regulated under this chapter. If the amount the commission expects to collect under (a)
7 of this section, AS 42.05.254(a), and AS 42.06.286(a) exceeds the authorized budgets
8 of the commission and the Department of Law public advocacy function under
9 AS 42.04.070(c) and AS 44.23.020(e), the commission shall, by order, reduce the
10 percentage determined under a regulation adopted under this subsection so that the
11 total amount of the fees collected approximately equals the authorized budgets of the
12 commission and the Department of Law public advocacy function under
13 AS 42.04.070(c) and AS 44.23.020(e) for the fiscal year.

14 (c) The commission shall administer the charge imposed under this section.
15 The Department of Revenue shall collect and enforce the charge imposed under this
16 section. The Department of Administration shall identify the amount of the operating
17 budgets of the commission and the Department of Law public advocacy function
18 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.
19 The legislature may appropriate an amount equal to the lapsed amount to the
20 commission and to the Department of Law public advocacy function under
21 AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the
22 legislature does so, the commission shall reduce the total regulatory cost charge
23 collected for that fiscal year by a comparable amount.

24 (d) The commission may adopt regulations under AS 44.62 (Administrative
25 Procedure Act) necessary to administer this section, including procedures and
26 requirements for reporting information and a requirement for paying the regulatory
27 cost charge in quarterly payments. The Department of Revenue may adopt regulations
28 under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed
29 information and for collecting required payments.

30 **Sec. 42.08.390. Effect of chapter on taxes and royalties.** Nothing in this
31 chapter shall alter the calculation of a production tax under AS 43.55.011 - 43.55.180

1 or the calculation of a royalty due for a lease issued under AS 38.05.180.

2 **Article 4. Public Records; Investigations.**

3 **Sec. 42.08.400. Public records.** (a) Except as provided in (b) and (c) of this
4 section or prohibited from disclosure under state or federal law, records in the
5 possession of the commission are open to public inspection at reasonable times.

6 (b) The commission may by regulation classify records received from an in-
7 state natural gas pipeline carrier or in-state natural gas pipeline as privileged records
8 that are not open to the public for inspection.

9 (c) A record filed with the commission that is a precedent agreement between
10 an in-state natural gas pipeline carrier and an unregulated entity is a privileged record
11 that is not open to the public for inspection. For a record that relates to a precedent
12 agreement, or is or relates to a contract other than a precedent agreement between an
13 in-state natural gas pipeline carrier and an unregulated entity, if an in-state natural gas
14 pipeline carrier identifies the provisions of the record that contain information that, if
15 disclosed, could adversely affect the competitive position of the shipper or could cause
16 commercial or competitive harm or damage if disclosed and the commission agrees,
17 the information shall be treated by the commission as confidential.

18 (d) A person may make written objection to the public disclosure of
19 information contained in a record filed under this chapter or of information obtained
20 by the commission or by the attorney general under this chapter, stating the grounds
21 for the objection. When an objection is made, the commission shall order the
22 information withheld from public disclosure if the information adversely affects the
23 interest of the person making written objection and disclosure is not required in the
24 interest of the public.

25 (e) A commissioner may certify as to all official records of the commission
26 under this section and may certify as to all official acts of the commission under this
27 chapter.

28 **Sec. 42.08.410. Investigations.** The commission may investigate any matter
29 for which an investigation is authorized under this chapter. An investigation may be
30 public, nonpublic, or both. In conducting an investigation, the commission may
31 compel the attendance and testimony of witnesses and the production of records and

1 testimony before the commission or its designee. In the course of an investigation, the
 2 commission may, subject to AS 44.23.020(e), exclude from attendance at the taking of
 3 investigative testimony all persons except a person compelled to attend, that person's
 4 attorney, members of the commission or the commission's staff, and a person
 5 authorized to transcribe the proceedings.

6 **Article 5. Accounts, Records, and Reports.**

7 **Sec. 42.08.450. Accounts; records; triennial reports.** (a) To the extent
 8 necessary for the commission to perform the duties of the commission under this
 9 chapter,

10 (1) the commission may by regulation require an in-state natural gas
 11 pipeline carrier or affiliated interest engaged in activities relating to pipelines to
 12 establish and maintain as part of its system of accounts continuing property records
 13 showing, as to property that is actually being used in pipeline activity in this state, the
 14 year of placement in service, original cost, and current location, and, as to a pipeline
 15 system, accounts and records in a manner showing, on a current basis, the original cost
 16 of the system in the state and related reserves for depreciation;

17 (2) the in-state natural gas pipeline carrier shall

18 (A) keep its accounts for its pipeline facilities located in this
 19 state separate from any accounts relating to any other business, including
 20 another pipeline facilities business or a subsidiary business, in which it
 21 engages, directly or indirectly; except as the commission provides, property,
 22 expense, or revenue used in or derived from the other business may not be
 23 considered in establishing the rates and charges of the facility;

24 (B) keep books, accounts, papers, and records required by this
 25 chapter or by regulations adopted by the commission under this chapter in an
 26 office in this state and may not remove them from the state except upon written
 27 authority by the commission; and

28 (C) file a report with the commission that contains an updated
 29 cost study and a calculation of the three-year average actual return on equity;
 30 the report shall be filed every three years after the pipeline begins operations,
 31 within 90 days after the close of the annual accounting period for the in-state

1 natural gas pipeline carrier, or within additional time granted by the
2 commission upon a showing of good cause.

3 (b) The commission shall review the cost study described in (a)(2)(C) of this
4 section and verify that, for the rate elements specified in AS 42.08.350(b), the carrier
5 is using the same elements that were last approved by the commission. If the carrier
6 does not use the correct rate elements in its triennial report, the commission may
7 require the carrier to recalculate and file a corrected report. If, on the date the report
8 described in (a)(2)(C) of this section is delivered, the report reflects that the three-year
9 average actual return on equity exceeds the approved rate of return, the carrier shall,
10 not later than 90 days after the date the report is delivered, deposit an amount equal to
11 the excess in a segregated operating reserve fund. The carrier shall continue to deposit
12 the excess described in this subsection at the times described in this subsection until
13 the amount in the operating reserve fund is equal to 20 percent of the most recent
14 three-year average of the carrier's annual operating costs. The carrier may use money
15 in the operating reserve fund to offset any shortage in the recovery of operating costs
16 set out in another triennial report. If a deposit will cause the operating reserve fund to
17 exceed 20 percent of the most recent three-year average of the carrier's annual
18 operating costs, the amount exceeding 20 percent must be used to reduce, on a
19 volumetric basis, the firm transportation service rates for all shippers for the next
20 three-year period.

21 **Article 6. General Provisions.**

22 **Sec. 42.08.510. Designation of service agents.** An in-state natural gas pipeline
23 carrier shall file with the commission a written appointment of a named permanent
24 resident, which may be a corporation, of this state as its registered agent in this state
25 on whom service of all notices, regulations, and requests of the commission may be
26 made. The appointment shall specify the address in this state of the appointed agent.
27 The address may be changed from time to time by filing a new address in the state
28 with the commission. If an in-state natural gas pipeline carrier fails to appoint a
29 registered agent, service of notices, regulations, and requests may be made by posting
30 a copy in the main office of the commission and filing a copy in the office of the
31 lieutenant governor.

1 **Sec. 42.08.520. Effect of regulations.** Regulations adopted by the commission
2 under this chapter have the effect of law.

3 **Sec. 42.08.530. Judicial review and enforcement.** (a) Except as provided in
4 AS 38.35.200(c), a final order of the commission under this chapter is subject to
5 judicial review under AS 44.62.560 and 44.62.570.

6 (b) If an appeal is not taken from a final order of the commission within 10
7 calendar days after an investigation under AS 42.08.220(b)(3), the commission may
8 apply to the superior court for enforcement of the order of the commission. The court
9 shall enforce the order by injunction or other process.

10 **Sec. 42.08.540. Joinder of actions.** Under the applicable court rules, appeals
11 from orders of the commission and applications for enforcement of orders of the
12 commission may be joined. The court may, in the interests of justice, separate the
13 actions.

14 **Sec. 42.08.900. Definitions.** In this chapter,

15 (1) "commission" means the Regulatory Commission of Alaska
16 (AS 42.04.010);

17 (2) "commissioner" means a member of the commission;

18 (3) "firm transportation service" means service by a natural gas
19 pipeline carrier that is not subject to a prior claim by another shipper or another class
20 of service; service constitutes "firm transportation service" if the service receives the
21 same priority as any other class of firm transportation service;

22 (4) "in-state natural gas pipeline" or "in-state natural gas pipeline
23 facility" means a natural gas pipeline that transports or will transport natural gas in the
24 state by way of contract carriage;

25 (5) "in-state natural gas pipeline carrier" means the owner, including a
26 corporation, company, or other entity organized under the laws of the United States or
27 of any state, of an in-state natural gas pipeline or an interest in it, or a person,
28 including a corporation, company, or other entity organized under the laws of the
29 United States or of any state, that transports or will transport natural gas as a contract
30 carrier;

31 (6) "natural gas pipeline" has the meaning given in AS 31.25.390;

1 (7) "precedent agreement" means a contractual commitment, including
 2 a presubscription agreement, to acquire firm transportation capacity, executed between
 3 an in-state natural gas pipeline carrier and another person, that establishes the rates,
 4 terms, and conditions for service;

5 (8) "record" means a report, file, book, account, paper, or application
 6 and the facts and information contained in it.

7 * **Sec. 22.** AS 43.56.020 is amended by adding a new subsection to read:

8 (d) Taxable property of a natural gas pipeline project owned or financed by
 9 the Alaska Gasline Development Corporation or a joint venture, partnership, or other
 10 entity that includes the Alaska Gasline Development Corporation is exempt from state
 11 taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized
 12 under AS 43.56.010(b) before the commencement of commercial operations of that
 13 natural gas pipeline project. In this subsection, "commencement of commercial
 14 operations" means the first flow of natural gas in the project that generates revenue to
 15 the owners of the natural gas pipeline project.

16 * **Sec. 23.** AS 36.30.850(b)(45); AS 38.34.030, 38.34.040, 38.34.050, 38.34.060;
 17 AS 39.25.110(11)(G); AS 39.50.200(b)(57); AS 41.41.010, 41.41.020, 41.41.030, 41.41.040,
 18 41.41.050, 41.41.060, 41.41.070, 41.41.080, 41.41.090, 41.41.100, 41.41.110, 41.41.120,
 19 41.41.130, 41.41.140, 41.41.150, 41.41.200, 41.41.300, 41.41.310, 41.41.320, 41.41.330,
 20 41.41.340, 41.41.350, 41.41.360, 41.41.370, 41.41.380, 41.41.390, 41.41.400, 41.41.410,
 21 41.41.450, 41.41.500, 41.41.900, and 41.41.990 are repealed.

22 * **Sec. 24.** Sections 1 and 5, 2002 Ballot Measure No. 3, are repealed.

23 * **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 **TRANSITION AND LEGISLATIVE INTENT.** (a) It is the intent of the legislature
 26 that a right-of-way lease subject to AS 31.25.090(d), enacted by sec. 3 of this Act,
 27 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of
 28 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by
 29 sec. 11 of this Act, that is entered into between the commissioner of natural resources and the
 30 Alaska Gasline Development Corporation before the effective dates of secs. 3 and 8 - 11 of
 31 this Act be amended as soon as practicable after the effective dates of secs. 3 and 8 - 11 of this

1 Act to conform to the requirements of AS 31.25.090(d), enacted by sec. 3 of this Act,
2 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of
3 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by
4 sec. 11 of this Act.

5 (b) The transition of the Alaska Gasline Development Corporation from a subsidiary
6 of the Alaska Housing Finance Corporation to an independent public corporation of the state
7 may not disrupt, interfere, or alter the work of the Alaska Gasline Development Corporation.
8 The governor shall appoint the board of the Alaska Gasline Development Corporation as soon
9 as practicable after the effective date of this Act. It is the intent of the legislature that the
10 governor appoint the new board of the Alaska Gasline Development Corporation within 90
11 days after the effective date of this Act. The board of the Alaska Housing Finance
12 Corporation shall serve as the board of the Alaska Gasline Development Corporation until the
13 governor appoints the board of the Alaska Gasline Development Corporation under this
14 subsection. The board of directors of the Alaska Gasline Development Corporation shall work
15 with the board of directors of the Alaska Housing Finance Corporation and the commissioner
16 of commerce, community, and economic development to ensure the smooth transition of the
17 Alaska Gasline Development Corporation to being an independent public corporation,
18 including modifying the articles of incorporation of the Alaska Gasline Development
19 Corporation.

20 (c) It is the intent of the legislature that the transition of the Alaska Gasline
21 Development Corporation to being an independent public corporation of the state located for
22 administrative purposes in the Department of Commerce, Community, and Economic
23 Development be treated for all purposes only as a change of placement within the state and
24 not as the creation of a new public corporation of the state.

25 (d) It is the intent of the legislature that the Alaska Housing Finance Corporation, the
26 board of directors of the Alaska Gasline Development Corporation as a subsidiary created
27 under AS 18.56.086 by the Alaska Housing Finance Corporation, and the commissioner of
28 commerce, community, and economic development expeditiously amend the articles of
29 incorporation, the bylaws, and other documents of the Alaska Gasline Development
30 Corporation to reflect the change in the placement of the Alaska Gasline Development
31 Corporation from being a subsidiary of the Alaska Housing Finance Corporation to being an

1 independent public corporation of the state as provided in AS 31.25, enacted by sec. 3 of this
2 Act.

3 (e) It is the intent of the legislature that the Alaska Housing Finance Corporation and
4 the commissioner of commerce, community, and economic development coordinate the
5 transition of the Alaska Gasline Development Corporation to its new placement within the
6 state as an independent public corporation of the state and assist the newly appointed board of
7 directors of the Alaska Gasline Development Corporation to ensure that the development of
8 an in-state natural gas pipeline is not unreasonably delayed because of the change in
9 placement within the state of the corporation.

10 * **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

13 (1) AS 38.35.120 from "Covenants required to be included in lease" to
14 "Covenants required to be included in lease to a pipeline that is not a natural gas pipeline
15 contract carrier"; and

16 (2) AS 38.35.200 from "Judicial review of decisions of commissioner on
17 application" to "Judicial review."

18 * **Sec. 27.** This Act takes effect immediately under AS 01.10.070(c).

*Adopted
3/28/13*

28-LS0021\R
Bullock
3/27/13

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 4(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES HAWKER AND CHENAULT, Millett, Johnson, Neuman, Hughes, Olson, Gattis, Reinbold

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Gasline Development Corporation; establishing the**
2 **Alaska Gasline Development Corporation as an independent public corporation of the**
3 **state; establishing and relating to the in-state natural gas pipeline fund; making certain**
4 **information provided to or by the Alaska Gasline Development Corporation and its**
5 **subsidiaries exempt from inspection as a public record; relating to the Joint In-State**
6 **Gasline Development Team; relating to the Alaska Housing Finance Corporation;**
7 **relating to judicial review of a right-of-way lease or an action or decision related to the**
8 **development or construction of an oil or gas pipeline on state land; relating to the lease**
9 **of a right-of-way for a gas pipeline transportation corridor, including a corridor for a**
10 **natural gas pipeline that is a contract carrier; relating to the cost of natural resources,**
11 **permits, and leases provided to the Alaska Gasline Development Corporation; relating**
12 **to procurement by the Alaska Gasline Development Corporation; relating to the review**

1 by the Regulatory Commission of Alaska of natural gas transportation contracts;
2 relating to the regulation by the Regulatory Commission of Alaska of an in-state natural
3 gas pipeline project developed by the Alaska Gasline Development Corporation; relating
4 to the regulation by the Regulatory Commission of Alaska of an in-state natural gas
5 pipeline that provides transportation by contract carriage; repealing the statutes
6 relating to the Alaska Natural Gas Development Authority and making conforming
7 changes; exempting property of a project developed by the Alaska Gasline Development
8 Corporation from property taxes before the commencement of commercial operations;
9 and providing for an effective date."

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

11 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
12 to read:

13 **LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that

14 (1) an in-state natural gas pipeline developed by the Alaska Gasline
15 Development Corporation is required for public convenience and necessity;

16 (2) the development of a natural gas pipeline by the Alaska Gasline
17 Development Corporation is in the best interest of the state;

18 (3) making the Alaska Gasline Development Corporation an independent
19 public corporation of the State of Alaska located for administrative purposes under the
20 Department of Commerce, Community, and Economic Development will enhance the ability
21 of the Alaska Gasline Development Corporation to accomplish its purposes.

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

23 (1) the Alaska Gasline Development Corporation, in its new placement as an
24 independent public corporation of the state, shall be treated for all purposes as the transfer of a
25 corporation within the state and not as the creation of a new entity by the State of Alaska;

26 (2) to the maximum extent permitted by law, in developing a natural gas
27 pipeline, the Alaska Gasline Development Corporation shall procure services, labor, products,
28 and natural resources from qualified businesses located in the state, including organizations

1 owned by Alaska Natives and municipal organizations directly affected by the project, if
2 those persons are competitive; and

3 (3) the Alaska Gasline Development Corporation shall, to the maximum
4 extent permitted by law,

5 (A) hire qualified residents from throughout the state for management,
6 engineering, construction, operations, maintenance, and other positions for a natural
7 gas pipeline project;

8 (B) establish hiring facilities in the state or use existing hiring facilities
9 in the state; and

10 (C) use, as far as practicable, the job centers and associated services
11 operated by the Department of Labor and Workforce Development and an Internet-
12 based labor exchange system operated by the state.

13 * **Sec. 2.** AS 18.56.086 is amended to read:

14 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
15 subsidiary corporations for the purpose of financing or facilitating the financing of
16 school construction, facilities for the University of Alaska, facilities for ports and
17 harbors, the acquisition, development, management, or operation of affordable
18 housing, prepayment of all or a portion of a governmental employer's share of
19 unfunded accrued actuarial liability of retirement systems, or other capital projects. [A
20 SUBSIDIARY CORPORATION MAY ALSO BE CREATED FOR THE PURPOSE
21 OF PLANNING, CONSTRUCTING, AND FINANCING IN-STATE NATURAL
22 GAS PIPELINE PROJECTS OR FOR THE PURPOSE OF AIDING IN THE
23 PLANNING, CONSTRUCTION, AND FINANCING OF IN-STATE NATURAL
24 GAS PIPELINE PROJECTS.] A subsidiary corporation created under this section
25 may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer
26 assets of the corporation to a subsidiary created under this section. A subsidiary
27 created under this section may borrow money and issue bonds as evidence of that
28 borrowing, and has all the powers of the corporation that the corporation grants to it.
29 However, a subsidiary created for the purpose of financing or facilitating the financing
30 of prepayment of a governmental employer's share of unfunded accrued actuarial
31 liability of retirement systems may borrow money and issue bonds only if the state

1 bond rating is the equivalent of AA- or better and subject to AS 37.15.903. [A
2 SUBSIDIARY CORPORATION CREATED FOR THE PURPOSE OF PLANNING,
3 CONSTRUCTING, AND FINANCING IN-STATE NATURAL GAS PIPELINE
4 PROJECTS OR FOR THE PURPOSE OF AIDING IN THE PLANNING,
5 CONSTRUCTION, OR FINANCING OF IN-STATE NATURAL GAS PIPELINE
6 PROJECTS IS EXEMPT FROM AS 36.30, INCLUDING AS 36.30.015(d) AND (f).]
7 Unless otherwise provided by the corporation, the debts, liabilities, and obligations of
8 a subsidiary corporation created under this section are not the debts, liabilities, or
9 obligations of the corporation.

10 * **Sec. 3.** AS 31 is amended by adding a new chapter to read:

11 **Chapter 25. Alaska Gasline Development Corporation.**

12 **Article 1. Organization, Administration, and Powers.**

13 **Sec. 31.25.010. Structure.** The Alaska Gasline Development Corporation is a
14 public corporation and government instrumentality located for administrative purposes
15 in the Department of Commerce, Community, and Economic Development, but
16 having a legal existence independent of and separate from the state. The corporation
17 may not be terminated as long as it has bonds, notes, or other obligations outstanding.
18 Upon termination of the corporation, its rights and property pass to the state.

19 **Sec. 31.25.020. Governing body.** (a) The corporation shall be governed by a
20 board of directors consisting of

21 (1) five public members; and

22 (2) two individuals designated by the governor that are each the head
23 of a principal department of the state.

24 (b) Public members of the board shall be appointed by the governor and are
25 subject to confirmation by the legislature. When appointing a public member to the
26 board, the governor shall consider an individual's expertise and experience in natural
27 gas pipeline construction, operation and marketing; finance; large project
28 management; and other expertise and experience that is relevant to the purpose,
29 powers, and duties of the corporation. Public members of the board serve staggered
30 five-year terms. A public member serves at the pleasure of the governor. A vacancy
31 shall be filled in the same manner as the original appointment.

1 (c) Notwithstanding AS 39.05.055, the terms of the initially appointed public
2 members of the board shall be set by the governor to be two years for two members,
3 three years for two members, and five years for one member.

4 (d) The public members of the board receive \$400 compensation for each day
5 spent on official business of the corporation and may be reimbursed by the corporation
6 for actual and necessary expenses at the same rate paid to members of state boards
7 under AS 39.20.180.

8 **Sec. 31.25.030. Meetings of board.** (a) The board shall elect a chair, secretary,
9 and treasurer from among its membership at each annual meeting. A majority of the
10 members constitutes a quorum for organizing the board, conducting its business, and
11 exercising the powers of the corporation. The board shall meet at the call of the chair.
12 The board shall meet at least once every three months.

13 (b) The board may meet and transact business by electronic media if

14 (1) public notice of the time and locations where the meeting will be
15 held by electronic media has been given in the same manner as if the meeting were
16 held in a single location;

17 (2) participants and members of the public in attendance can hear and
18 have the same right to participate in the meeting as if the meeting were conducted in
19 person; and

20 (3) copies of pertinent reference materials, statutes, regulations, and
21 audio-visual materials are reasonably available to participants and to the public.

22 (c) A meeting by electronic media as provided in this section has the same
23 legal effect as a meeting in person.

24 (d) For the purposes of this chapter, public notice of 24 hours or more is
25 adequate notice of a meeting of the board at which the issuance of corporation bonds
26 is authorized.

27 (e) An affirmative vote of at least four members of the board is required to
28 approve

29 (1) the sale and issuance of bonds;

30 (2) the sale or other disposition of a substantial asset or substantial
31 amount of the assets of the corporation; the corporation shall adopt a regulation that

1 defines a substantial asset and a substantial amount of assets for the purposes of this
2 paragraph;

3 (3) the ownership structure for a pipeline project of which the
4 corporation is a participant;

5 (4) an action committing the corporation to an additional natural gas
6 pipeline project; and

7 (5) action on other matters identified in a regulation adopted by the
8 corporation as being subject to this subsection.

9 **Sec. 31.25.035. Minutes of meetings.** The board shall keep minutes of each
10 meeting and send certified copies to the governor and to the Legislative Budget and
11 Audit Committee.

12 **Sec. 31.25.040. Administration of affairs.** (a) The board shall manage the
13 assets and business of the corporation and may adopt, amend, and repeal bylaws and
14 regulations governing the manner in which the business of the corporation is
15 conducted and the manner in which its powers are exercised. The board shall delegate
16 supervision of the administration of the corporation to the executive director,
17 appointed in accordance with AS 31.25.045.

18 (b) The board shall adopt and publish procedures to govern the procurement
19 by the corporation of supplies, services, professional services, and construction. The
20 procurement procedures must provide for an Alaska veterans' preference that is
21 consistent with the Alaska veterans' preference in AS 36.30.175.

22 **Sec. 31.25.045. Executive director.** The corporation shall employ an
23 executive director who may not be a member of the board. The executive director shall
24 be appointed by the board and serves at the pleasure of the board.

25 **Sec. 31.25.050. Legal counsel.** The corporation shall retain legal counsel to
26 advise the corporation in legal matters and represent it in litigation.

27 **Sec. 31.25.060. Employment of personnel.** The board may appoint other
28 officers and engage professional and technical advisors as independent contractors.
29 The executive director may hire employees of the corporation and engage professional
30 and technical advisors under contract with the corporation. The board shall prescribe
31 the duties and compensation of corporation personnel, including the executive

1 director.

2 **Sec. 31.25.065. Personnel exempt from State Personnel Act.** The personnel
3 of the corporation are exempt from AS 39.25.

4 **Sec. 31.25.070. Purpose.** The corporation shall, to the fullest extent possible,

5 (1) advance an in-state natural gas pipeline as described in the July 1,
6 2011, project plan prepared under former AS 38.34.040 by the corporation while a
7 subsidiary of the Alaska Housing Finance Corporation, with modifications determined
8 by the corporation to be appropriate to develop, finance, construct, and operate an in-
9 state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the
10 purpose of making natural gas available to Fairbanks, the Southcentral region of the
11 state, and other communities in the state at the lowest rates possible;

12 (2) endeavor to develop natural gas pipelines to deliver natural gas to
13 public utility and industrial customers in areas of the state to which the natural gas
14 may be delivered at commercially reasonable rates; and

15 (3) endeavor to develop natural gas pipelines that offer commercially
16 reasonable rates for shippers and access for shippers who produce natural gas in the
17 state.

18 **Sec. 31.25.080. Powers and duties.** (a) In addition to other powers granted in
19 this chapter, the corporation may

20 (1) determine the form of ownership and the operating structure of an
21 in-state natural gas pipeline developed by the corporation and may enter into
22 agreements with other persons for joint ownership, joint operation, or both of an in-
23 state natural gas pipeline;

24 (2) plan, finance, construct, develop, acquire, maintain, and operate a
25 pipeline system, including pipelines, compressors, storage facilities, and other related
26 facilities, equipment, and works of public improvement, in the state to facilitate
27 production, transportation, and delivery of natural gas or other related natural
28 resources to the point of consumption or to the point of distribution for consumption;

29 (3) lease or rent facilities, structures, and properties;

30 (4) exercise the power of eminent domain and file a declaration of
31 taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is

1 necessary for an in-state natural gas pipeline; the exercise of powers by the
2 corporation under this paragraph may not exceed the permissible exercise of the
3 powers by the state;

4 (5) acquire, by purchase, lease, or gift, land, structures, real or personal
5 property, an interest in property, a right-of-way, a franchise, an easement, or other
6 interest in land, or an interest in or right to capacity in a pipeline system determined to
7 be necessary or convenient for the development, financing, construction, or operation
8 of an in-state natural gas pipeline project or part of an in-state natural gas pipeline
9 project;

10 (6) transfer or otherwise dispose of all or part of an in-state natural gas
11 pipeline project developed by the corporation or transfer or otherwise dispose of an
12 interest in an asset of the corporation;

13 (7) elect to provide transportation of natural gas as a contract carrier,
14 common carrier, or otherwise;

15 (8) provide light, water, security, and other services for property of the
16 corporation;

17 (9) conduct hearings to gather and develop data consistent with the
18 purpose and powers of the corporation;

19 (10) advocate for new pipeline capacity before the Federal Energy
20 Regulatory Commission;

21 (11) make and execute agreements, contracts, and other instruments
22 necessary or convenient in the exercise of the powers and functions of the corporation
23 under this chapter, including a contract with a person, firm, corporation, governmental
24 agency, or other entity;

25 (12) sue and be sued in its own name;

26 (13) adopt an official seal;

27 (14) adopt bylaws for the regulation of its affairs and the conduct of its
28 business and adopt regulations and policies in connection with the performance of its
29 functions and duties;

30 (15) employ fiscal consultants, engineers, attorneys, appraisers, and
31 other consultants and employees that may, in the judgment of the corporation, be

1 required and fix and pay their compensation from funds available to the corporation;

2 (16) procure insurance against a loss in connection with its operation;

3 (17) borrow money as provided in this chapter to carry out its
4 corporate purposes and issue its obligations as evidence of borrowing;

5 (18) include in a borrowing the amounts necessary to pay financing
6 charges, interest on the obligations for a period not exceeding one year after the date
7 on which the corporation estimates funds will otherwise be available to pay the
8 interest, consultant, advisory, and legal fees, and other expenses that are necessary or
9 incident to the borrowing;

10 (19) receive, administer, and comply with the conditions and
11 requirements of an appropriation, gift, grant, or donation of property or money;

12 (20) do all acts and things necessary, convenient, or desirable to carry
13 out the powers expressly granted or necessarily implied in this chapter;

14 (21) invest or reinvest, subject to its contracts with noteholders and
15 bondholders, money or funds held by the corporation, including funds in the in-state
16 natural gas pipeline fund (AS 31.25.100), in obligations or other securities or
17 investments in which banks or trust companies in the state may legally invest funds
18 held in reserves or sinking funds or funds not required for immediate disbursement,
19 and in certificates of deposit or time deposits secured by obligations of, or guaranteed
20 by, the state or the United States.

21 (b) Upon commencement of construction of an in-state natural gas pipeline,
22 the corporation shall analyze potential natural gas pipelines connecting to industrial,
23 residential, or utility customers in other regions of the state. If the corporation finds
24 that a natural gas pipeline analyzed under this subsection is in the best interest of the
25 state and can meet the needs of industrial, residential, or utility customers at
26 commercially reasonable rates, the corporation may finance, construct, or operate the
27 natural gas pipeline as necessary. When developing or constructing a connecting line,
28 the corporation shall, to the maximum extent feasible, use existing land, structures,
29 real or personal property, rights-of-way, easements, or other interests in land acquired
30 by the corporation.

31 (c) The corporation may not develop or construct a natural gas pipeline that is

1 a competing natural gas pipeline project for purposes of AS 43.90.440 unless the
2 project for which a license is issued under AS 43.90 has been abandoned or is no
3 longer receiving the inducements in AS 43.90.110(a).

4 (d) The corporation shall establish a schedule of reasonable fees, rental rates,
5 and other charges, and collect fees, rentals, and other charges for use of the facilities
6 of the corporation.

7 (e) If commitments to acquire firm transportation capacity are received in an
8 open season conducted by the corporation, the corporation shall, within 10 days after
9 accepting and executing the written commitments received during the open season,
10 report the results of the open season to the president of the senate and the speaker of
11 the house of representatives and inform the public of the results of the open season
12 through publication on the Internet website of the corporation and in a press release or
13 other announcement to the media. The results made public must include the name of
14 each prospective shipper, the amount of capacity allocated, and the period of the
15 commitment.

16 **Sec. 31.25.090. Confidentiality; interagency cooperation.** (a) The
17 corporation shall have access to information of departments, agencies, and public
18 corporations of the state that is directly related to the planning, financing,
19 development, acquisition, maintenance, construction, or operation of an in-state
20 natural gas pipeline. The corporation shall avoid duplicating studies, plans, and
21 designs that have already been provided or obtained by other state entities. All
22 departments, agencies, and public corporations of the state shall cooperate with and
23 shall provide information, services, and facilities to the corporation upon its request
24 and, except for requests from the Alaska Gasline Inducement Act coordinator
25 (AS 43.90.250), give priority to requests of the corporation.

26 (b) Upon request by the corporation, a state entity shall provide water, sand
27 and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the
28 corporation at the usual and customary rates, except as provided in (d) of this section.
29 Review of and action on a request shall be conducted and taken as provided in
30 AS 38.34.020. In this subsection, "state entity" means a state department, authority, or
31 other administrative unit of the executive branch of state government, a public

1 university, or a public corporation of the state.

2 (c) That part of the cost of providing, under (b) of this section, water, sand and
3 gravel, or other nonhydrocarbon natural resources, or of entering into a lease or
4 issuing a permit, that is borne by the corporation for an in-state natural gas pipeline
5 project that is owned in whole or in part by the corporation may not be included in the
6 rate base in a proceeding under AS 42 or before the Federal Energy Regulatory
7 Commission.

8 (d) Notwithstanding any contrary provision of law, the Department of Natural
9 Resources shall grant the corporation a right-of-way lease under AS 38.35 for the gas
10 pipeline transportation corridor at no appraisal or rental cost if

11 (1) a complete right-of-way lease application under AS 38.35.050 is
12 submitted;

13 (2) the lease application is made the subject of notice and other
14 reasonable and appropriate publication requirements under AS 38.35.070; and

15 (3) the corporation submits the application for the right-of-way lease
16 and agrees to be bound by those right-of-way lease covenants set out in

17 (A) AS 38.35.120 for an in-state natural gas pipeline that the
18 corporation intends to be a common carrier; or

19 (B) AS 38.35.121 for an in-state natural gas pipeline that the
20 corporation intends to be a contract carrier.

21 (e) After approval by the commissioner of natural resources, a right-of-way
22 lease received by the corporation under (d) of this section may be transferred to a
23 successor in interest under the same terms and conditions applicable to the right-of-
24 way lease granted to the corporation.

25 (f) The corporation may enter into confidentiality agreements necessary to
26 acquire or provide information to carry out its functions. If a state agency determines
27 that a law or provision of a contract to which the state agency is a party requires the
28 state agency to preserve the confidentiality of the information and that delivering the
29 information to the corporation would violate the confidentiality provision of that law
30 or contract, the state agency shall

31 (1) identify the applicable law or contract provision to the corporation;

1 and

2 (2) obtain the consent of the person who has the right to waive the
3 confidentiality of the information under the applicable law or contract provision before
4 the state agency transfers the information to the corporation.

5 (g) The portions of records containing information acquired or provided by the
6 corporation under a confidentiality agreement are not subject to AS 40.25. The
7 corporation may enter into confidentiality agreements with a public agency, as defined
8 in AS 40.25.220, to allow release of confidential information. The portions of the
9 records and files of a public agency bound by a confidentiality agreement that reflect,
10 incorporate, or analyze information subject to a confidentiality agreement under this
11 subsection are not public records. Confidentiality agreements entered into under this
12 subsection are valid and binding against all parties in accordance with the terms of the
13 confidentiality agreement.

14 (h) The conduct of and results from field studies and other technical
15 information; trade secrets; and information that discloses the particulars of a business
16 or the affairs of a private enterprise, investor, advisor, consultant, counsel, or manager
17 developed or obtained by the corporation relating to the development, financing,
18 construction, or operation of an in-state natural gas pipeline project by the corporation
19 that, if disclosed, could cause commercial or competitive harm or damage are
20 confidential and not subject to AS 40.25.110. The corporation may waive the
21 confidentiality described in this subsection, except for information that is confidential
22 under another provision of state law or under a federal law or regulation and except for
23 information acquired from another person that is subject to a confidentiality
24 agreement, if the waiver is consistent with the interests of the state and will facilitate
25 the development, financing, or construction of an in-state natural gas pipeline. On the
26 date that the in-state natural gas pipeline project becomes operational, the corporation
27 shall make available, upon request under AS 40.25, records that were exempt from
28 AS 40.25 under this subsection or (g) of this section, unless the corporation determines
29 that

30 (1) maintaining the confidentiality of the information is necessary to
31 protect the economic interests of the corporation or the state; or

1 (2) disclosure of the information will violate another provision of state
2 law, a federal law or regulation, or the terms of a confidentiality agreement or other
3 agreement to which the corporation is a party or that is binding on the corporation.

4 **Sec. 31.25.100. In-state natural gas pipeline fund.** The in-state natural gas
5 pipeline fund is established in the corporation and consists of money appropriated to
6 it. The corporation shall determine fund management and may contract with the
7 Department of Revenue for fund management. Unless otherwise provided by law,
8 money appropriated to the fund lapses into the general fund on the day this section is
9 repealed. Interest and other income received on money in the fund shall be separately
10 accounted for and may be appropriated to the fund. The corporation may use money
11 appropriated to the fund without further appropriation for the cost of managing the
12 fund and for the planning, financing, development, acquisition, maintenance,
13 construction, and operation of an in-state natural gas pipeline.

14 **Sec. 31.25.120. Creation of subsidiaries.** The corporation may create
15 subsidiary corporations for the purpose of developing, constructing, operating, and
16 financing in-state natural gas pipeline projects; for the purpose of aiding in the
17 development, construction, operation, and financing of in-state natural gas pipeline
18 projects; or for the purpose of acquiring the state's royalty share of natural gas, natural
19 gas from the North Slope, and natural gas from other regions of the state, including the
20 state's outer continental shelf, and making that natural gas available to markets in the
21 state or for export. A subsidiary corporation created under this section may be
22 incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer assets of
23 the corporation to a subsidiary created under this section. A subsidiary created under
24 this section may borrow money and issue bonds as evidence of that borrowing and has
25 all the powers of the corporation that the corporation grants to it. Unless otherwise
26 provided by the corporation, the debts, liabilities, and obligations of a subsidiary
27 corporation created under this section are not the debts, liabilities, or obligations of the
28 corporation.

29 **Sec. 31.25.130. Administrative procedure; regulations.** (a) Except for
30 AS 44.62.310 - 44.62.319 (Open Meetings Act), AS 44.62 (Administrative Procedure
31 Act) does not apply to this chapter. The corporation shall make available to members

1 of the public copies of the regulations adopted under (b) - (e) of this section. Within 45
2 days after adoption, the chair of the board shall submit a regulation adopted under (b) -
3 (e) of this section to the chair of the Administrative Regulation Review Committee
4 under AS 24.20.400 - 24.20.460.

5 (b) The board may adopt regulations by motion or by resolution or in another
6 manner permitted by its bylaws.

7 (c) The board may adopt regulations to carry out the purposes of this chapter.

8 (d) Except as provided in (e) of this section, at least 15 days before the
9 adoption, amendment, or repeal of a regulation, the board shall give public notice of
10 the proposed action by posting notice on the corporation's Internet website and on the
11 Alaska Online Public Notice System and by mailing a copy of the notice to every
12 person who has filed a request for notice of proposed regulations with the board or the
13 corporation. The public notice must include a statement of the time, place, and nature
14 of the proceedings for the adoption, amendment, or repeal of the regulation and must
15 include an informative summary of the proposed subject of the regulation. On the date
16 and at the time and place designated in the notice, the board shall give each interested
17 person or an authorized representative, or both, the opportunity to present statements,
18 arguments, or contentions in writing and shall give members of the public an
19 opportunity to present oral statements, arguments, or contentions for a total period of
20 at least one hour. The board shall consider all relevant matter presented to it before
21 adopting, amending, or repealing a regulation. At a hearing under this subsection, the
22 board may continue or postpone the hearing to a time and place that it determines. A
23 regulation that is adopted, or its amendment or repeal, may vary in content from the
24 informative summary specified in this subsection if the subject matter of the
25 regulation, or its amendment or repeal, remains the same and the original notice was
26 written to ensure that members of the public are reasonably notified of the proposed
27 subject of the board's action in order for them to determine whether their interests
28 could be affected by the board's action on that subject.

29 (e) A regulation or order of repeal may be adopted as an emergency regulation
30 or order of repeal if the board makes a finding in its order of adoption or repeal,
31 including a statement of the facts that constitute the emergency, that the adoption of

1 the regulation or order of repeal is necessary for the immediate preservation of the
2 orderly operation of the corporation's bonding programs. Upon adoption of an
3 emergency regulation, the board shall, within 10 days after adoption, give notice of the
4 adoption in accordance with (d) of this section. An emergency regulation adopted
5 under this subsection does not remain in effect more than 120 days unless the board
6 complies with (d) of this section during the 120-day period.

7 (f) A regulation adopted under (b) - (e) of this section becomes effective
8 immediately upon its adoption by the board, unless otherwise specifically provided by
9 the order of adoption.

10 **Sec. 31.25.140. Exemption from the State Procurement Code; application**
11 **of the Executive Budget Act; corporation finances.** (a) The corporation and its
12 subsidiaries are exempt from the provisions of AS 36.30 (State Procurement Code).

13 (b) The operating budget of the corporation and a subsidiary of the corporation
14 are subject to AS 37.07 (Executive Budget Act).

15 (c) To further ensure effective budgetary decision making by the legislature,
16 the board shall

17 (1) annually review the corporation's assets, including the assets of the
18 in-state natural gas pipeline fund under AS 31.25.100, to determine whether assets of
19 the corporation exceed an amount required to fulfill the purposes of the corporation as
20 defined in this chapter; in making its review, the board shall determine whether, and to
21 what extent, assets in excess of the amount required to fulfill the purposes of the
22 corporation during the next fiscal year are available without

23 (A) breaching an agreement entered into by the corporation;

24 (B) materially impairing the operations or financial integrity of
25 the corporation; or

26 (C) materially affecting the ability of the corporation to fulfill
27 the purposes of the corporation as defined in this chapter;

28 (2) specifically identify in the corporation's assets the amounts that the
29 board believes are necessary to meet the requirements of (1)(C) of this subsection; and

30 (3) present to the legislature by January 10 of each year a complete
31 accounting of all assets of the corporation, including assets of the in-state natural gas

1 pipeline fund under AS 31.25.100, and a report of the review and determination made
2 under (1) and (2) of this subsection; the accounting shall be audited by an independent
3 outside auditor.

4 **Article 2. Bonds and Notes.**

5 **Sec. 31.25.160. Bonds and notes.** (a) The corporation may, by resolution,
6 issue bonds and bond anticipation notes to provide funds to carry out its purposes.

7 (b) The principal of and interest on the bonds or notes are payable from
8 corporation funds. Bond anticipation notes may be payable from the proceeds of the
9 sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the
10 event bond or bond anticipation note proceeds are not available, from other funds or
11 assets of the corporation. Bonds or notes may be additionally secured by a pledge of a
12 grant or contribution from the federal government, or a corporation, association,
13 institution, or person, or a pledge of money, income, or revenue of the corporation
14 from any source.

15 (c) Bonds or bond anticipation notes may be issued in one or more series and
16 shall be dated, bear interest at the rate or rates a year or within the maximum rate, be
17 in the denomination, be in the form, either coupon or registered, carry the conversion
18 or registration provisions, have the rank or priority, be executed in the manner and
19 form, be payable from the sources in the medium of payment and place or places
20 within or outside the state, be subject to authentication by a trustee or fiscal agent, and
21 be subject to the terms of redemption with or without premium, as the resolution of the
22 corporation may provide. Bond anticipation notes shall mature at the time or times that
23 are determined by the corporation. Bonds shall mature at a time, not exceeding 50
24 years from their date, that is determined by the corporation. Before the preparation of
25 definitive bonds or bond anticipation notes, the corporation may issue interim receipts
26 or temporary bonds or bond anticipation notes, with or without coupons, exchangeable
27 for bonds or bond anticipation notes when the definitive bonds or bond anticipation
28 notes have been executed and are available for delivery.

29 (d) Bonds or bond anticipation notes may be sold in the manner and on the
30 terms the corporation determines.

31 (e) If an officer whose signature or a facsimile of whose signature appears on

1 bonds or notes or coupons attached to them ceases to be an officer before the delivery
2 of the bond, note, or coupon, the signature or facsimile is valid the same as if the
3 officer had remained in office until delivery.

4 (f) In a resolution of the corporation authorizing or relating to the issuance of
5 bonds or bond anticipation notes, the corporation has power by provisions in the
6 resolution that will constitute covenants of the corporation and contracts with the
7 holders of the bonds or bond anticipation notes

8 (1) to pledge to a payment or purpose all or a part of its revenue to
9 which its right then exists or may thereafter come into existence, the money derived
10 from the revenue, and the proceeds of the bonds or notes;

11 (2) to covenant against pledging all or a part of its revenue or against
12 permitting or suffering a lien on the revenue of its property;

13 (3) to covenant as to the use and disposition of payments of principal
14 or interest received by the corporation on investments held by the corporation;

15 (4) to covenant as to establishment of reserves or sinking funds and the
16 making of provision for and the regulation and disposition of the reserves or sinking
17 funds;

18 (5) to covenant with respect to or against limitations on a right to sell
19 or otherwise dispose of property of any kind;

20 (6) to covenant as to bonds and notes to be issued, and their
21 limitations, terms, and condition, and as to the custody, application, and disposition of
22 the proceeds of the bonds and notes;

23 (7) to covenant as to the issuance of additional bonds or notes or as to
24 limitations on the issuance of additional bonds or notes and the incurring of other
25 debts;

26 (8) to covenant as to the payment of the principal of or interest on the
27 bonds or notes, as to the sources and methods of the payment, as to the rank or priority
28 of the bonds or notes with respect to a lien or security, or as to the acceleration of the
29 maturity of the bonds or notes;

30 (9) to provide for the replacement of lost, stolen, destroyed, or
31 mutilated bonds or notes;

1 (10) to covenant against extending the time for the payment of bonds
2 or notes or interest on the bonds or notes;

3 (11) to covenant as to the redemption of bonds or notes and privileges
4 of their exchange for other bonds or notes of the corporation;

5 (12) to covenant to create or authorize the creation of special funds of
6 money to be held in pledge or otherwise for operating expenses, payment or
7 redemption of bonds or notes, reserves, or other purposes, and as to the use and
8 disposition of the money held in the funds;

9 (13) to establish the procedure, if any, by which the terms of a contract
10 or covenant with or for the benefit of the holders of bonds or notes may be amended or
11 abrogated, the amount of bonds or notes the holders of which must consent to
12 amendment or abrogation, and the manner in which the consent may be given;

13 (14) to covenant as to the custody of any of its properties or
14 investments, the safekeeping and insurance of its properties or investments, and the
15 use and disposition of insurance money;

16 (15) to covenant as to the time or manner of enforcement or restraint
17 from enforcement of any rights of the corporation arising by reason of or with respect
18 to nonpayment or violation of the terms of an agreement to which the corporation is a
19 party or with respect to which the corporation has enforcement rights;

20 (16) to provide for the rights, liabilities, powers, and duties arising
21 upon the breach of a covenant, condition, or obligation, and to prescribe the events of
22 default and the terms and conditions on which any or all of the bonds, notes, or other
23 obligations of the corporation become or may be declared due and payable before
24 maturity and the terms and conditions on which a declaration and its consequences
25 may be waived;

26 (17) to vest in a trustee or trustees within or outside the state the
27 property, rights, powers, and duties in trust as the corporation may determine, which
28 may include any or all of the rights, powers, and duties of a trustee appointed by the
29 holders of the bonds or notes, and to limit or abrogate the right of the holders of the
30 bonds or notes of the corporation to appoint a trustee under this chapter or limit the
31 rights, powers, and duties of the trustee;

1 (18) to pay the costs or expenses incident to the enforcement of the
2 bonds or notes or of the provisions of the resolution or of a covenant or agreement of
3 the corporation with the holders of its bonds or notes;

4 (19) to agree with a corporate trustee, which may be a trust company
5 or bank having the powers of a trust company within or outside the state, as to the
6 pledging or assigning of revenue or funds to which or in which the corporation has any
7 rights or interest; the agreement may further provide for other rights and remedies
8 exercisable by the trustee as may be proper for the protection of the holders of the
9 bonds or notes of the corporation and not otherwise in violation of law and may
10 provide for the restriction of the rights of an individual holder of bonds or notes of the
11 corporation;

12 (20) to appoint and provide for the duties and obligations of any
13 paying agent or paying agents, or other fiduciaries as the resolution may provide
14 within or outside the state;

15 (21) to limit the rights of the holders of the bonds or notes to enforce a
16 pledge or covenant securing bonds or notes;

17 (22) to make covenants other than and in addition to the covenants
18 expressly authorized in this section, of like or different character, and to make
19 covenants to do or refrain from doing acts and things as may be necessary, or as may
20 be convenient and desirable, to better secure bonds or notes or that, in the absolute
21 discretion of the corporation, would tend to make bonds or notes more marketable,
22 notwithstanding that the covenants, acts, or things may not be enumerated in this
23 section.

24 **Sec. 31.25.170. Independent financial advisor.** In negotiating the sale of
25 bonds or bond anticipation notes to an underwriter, the corporation may retain a
26 financial advisor. A financial advisor retained under this section must be independent
27 from the underwriter.

28 **Sec. 31.25.180. Validity of pledge.** The pledge of assets or revenue of the
29 corporation to the payment of the principal of or interest on an obligation of the
30 corporation is valid and binding from the time the pledge is made, and the assets or
31 revenue are immediately subject to the lien of the pledge without physical delivery or

1 further act. The lien of the pledge is valid and binding against all parties having claims
 2 of any kind in tort, contract, or otherwise against the corporation, regardless of
 3 whether those parties have notice of the lien of the pledge. This section does not
 4 prohibit the corporation from selling assets subject to a pledge, except that the sale
 5 may be restricted by the trust agreement or resolution providing for the issuance of the
 6 obligations.

7 **Sec. 31.25.190. Capital reserve funds.** (a) The corporation may not establish
 8 a capital reserve fund as described in this section except as expressly authorized by
 9 law. The enactment of this section does not express that authorization. Upon
 10 enactment of a law expressly authorizing the establishment of a capital reserve fund
 11 described in this section and for the purpose of securing one or more issues of its
 12 obligations, the corporation may establish one or more special funds, called "capital
 13 reserve funds," and shall pay into those capital reserve funds

14 (1) money appropriated and made available by the state for the purpose
 15 of any of those funds;

16 (2) proceeds of the sale of its obligations, to the extent provided in the
 17 resolution or resolutions of the corporation authorizing their issuance; and

18 (3) other money that may be made available to the corporation for the
 19 purposes of those funds from another source.

20 (b) All money held in a capital reserve fund, except as provided in this section,
 21 shall be used as required, solely for the payment of the principal of obligations or of
 22 the sinking fund payments with respect to those obligations; the purchase or
 23 redemption of obligations; the payment of interest on obligations; or the payment of a
 24 redemption premium required to be paid when those obligations are redeemed before
 25 maturity. However, money in a fund may not, at any time, be withdrawn from the fund
 26 in an amount that would reduce the amount of that fund to less than the capital reserve
 27 requirement set out in (c) of this section, except for the purpose of making, with
 28 respect to those obligations, payment, when due, of principal, interest, redemption
 29 premiums, and the sinking fund payments for the payment of which other money of
 30 the corporation is not available. Income or interest earned by, or increment to, a capital
 31 reserve fund, because of the investment of the fund or other amounts in it, may be

1 transferred by the corporation to other funds or accounts of the corporation to the
2 extent that the transfer does not reduce the amount of the capital reserve fund below
3 the capital reserve fund requirement.

4 (c) If the corporation decides to issue obligations secured by a capital reserve
5 fund, the obligations may not be issued if the amount in the capital reserve fund is less
6 than a percentage, not exceeding 10 percent of the principal amount of all of those
7 obligations secured by that capital reserve fund then to be issued and then outstanding
8 in accordance with their terms, as may be established by resolution of the corporation
9 (called the "capital reserve fund requirement"), unless the corporation, at the time of
10 issuance of the obligations, deposits in the capital reserve fund from the proceeds of
11 the obligations to be issued or from other sources, an amount that, together with the
12 amount then in the fund, would not be less than the capital reserve fund requirement.

13 (d) In computing the amount of a capital reserve fund for the purpose of this
14 section, securities in which all or a portion of the funds are invested shall be valued at
15 par or, if purchased at less than par, at amortized costs as the term is defined by
16 resolution of the corporation authorizing the issue of the obligations, or by some other
17 reasonable method established by the corporation by resolution. Valuation on a
18 particular date shall include the amount of interest earned or accrued to that date.

19 (e) The chair of the corporation shall annually, not later than January 2, make
20 and deliver to the governor and chairs of the house and senate finance committees a
21 certificate stating the sum, if any, required to restore a capital reserve fund to the
22 capital reserve fund requirement. The legislature may appropriate that sum, and the
23 corporation shall deposit all sums appropriated by the legislature during the then
24 current fiscal year for the restoration in the proper capital reserve fund. Nothing in this
25 section creates a debt or liability of the state.

26 **Sec. 31.25.200. Remedies.** A holder of obligations or coupons attached to
27 them issued under this chapter, and a trustee under a trust agreement or resolution
28 authorizing the issuance of the obligations, except as restricted by a trust agreement or
29 resolution, either at law or in equity,

30 (1) may enforce all rights granted under this chapter, under the trust
31 agreement or resolution, or under another contract executed by the corporation under

1 this chapter; and

2 (2) may enforce and compel the performance of all duties required by
3 this chapter or by the trust agreement or resolution to be performed by the corporation
4 or by an officer of the corporation.

5 **Sec. 31.25.210. Negotiable instruments.** All obligations and interest coupons
6 attached to them are negotiable instruments under the laws of this state, subject only to
7 applicable provisions for registration.

8 **Sec. 31.25.220. Obligations eligible for investment.** Obligations issued under
9 this chapter are securities in which all public officers and public bodies of the state and
10 its political subdivisions and all insurance companies, trust companies, banking
11 associations, investment companies, executors, administrators, trustees, and other
12 fiduciaries may properly and legally invest funds, including capital in their control or
13 belonging to them. Those obligations may be deposited with a state or municipal
14 officer of an agency or political subdivision of the state for any purpose for which the
15 deposit of bonds, notes, or obligations of the state is authorized by law.

16 **Sec. 31.25.230. Refunding obligations.** (a) The corporation may provide for
17 the issuance of refunding obligations for the purpose of refunding obligations then
18 outstanding that have been issued under this chapter, including the payment of the
19 redemption premium on them and interest accrued or to accrue to the date of
20 redemption of the obligations. The issuance of the obligations, the maturities and other
21 details of them, the rights of the holders of them, and the rights, duties, and obligations
22 of the corporation with respect to them are governed by the provisions of this chapter
23 that relate to the issuance of obligations, insofar as those provisions may be
24 appropriate.

25 (b) Refunding obligations may be sold or exchanged for outstanding
26 obligations issued under this chapter and, if sold, the proceeds may be applied, in
27 addition to other authorized purposes, to the purchase, redemption, or payment of the
28 outstanding obligations. Pending the application of the proceeds of refunding
29 obligations, with other available funds, to the payment of the principal of, accrued
30 interest on, and any redemption premium on the obligations being refunded and, if so
31 provided or permitted in the resolution authorizing the issuance of the refunding

1 obligations or in the trust agreement securing them, to the payment of any interest on
2 the refunding obligations and any expenses in connection with the refunding, the
3 proceeds may be invested in direct obligations of, or obligations the principal of and
4 the interest on which are unconditionally guaranteed by, the United States that mature
5 or that will be subject to redemption, at the option of the holders of them, not later
6 than the respective dates when the proceeds, together with the interest accruing on
7 them, will be required for the purposes intended.

8 **Sec. 31.25.240. Credit of state not pledged.** (a) Obligations issued under this
9 chapter do not constitute a debt, liability, or obligation of the state or of a political
10 subdivision of the state or a pledge of the faith and credit of the state or of a political
11 subdivision of the state but are payable solely from the revenue or assets of the
12 corporation. Each obligation issued under this chapter shall contain on its face a
13 statement that the corporation is not obligated to pay the obligation or the interest on
14 the obligation except from the revenue or assets of the corporation and that neither the
15 faith and credit nor the taxing power of the state or of any political subdivision of the
16 state is pledged to the payment of the principal of or the interest on the obligation.
17 This subsection applies to all debt, obligations, and liabilities of the corporation
18 regardless of how the debt, obligations, or liabilities are created, including by contract,
19 tort, or bond or note issuance. Except as provided in this subsection, a person may not
20 bring suit against the state or a political subdivision of the state other than the
21 corporation in the courts of the state to enforce or seek a remedy with respect to a
22 debt, obligation, or liability of the corporation.

23 (b) Expenses incurred by the corporation in carrying out the provisions of this
24 chapter are payable from funds provided under this chapter and liability may not be
25 incurred by the corporation in excess of those funds.

26 **Article 3. General Provisions.**

27 **Sec. 31.25.250. Limitation on personal liability.** A member of the board or
28 other officer of the corporation or a subsidiary of the corporation is not subject to
29 personal liability or accountability because the member or officer executed or issued
30 an obligation.

31 **Sec. 31.25.260. Tax exemption.** (a) The exercise of the powers granted by this

1 chapter is, in all respects, for the benefit of the people of the state, for their well-being
2 and prosperity, and for the improvement of their social and economic conditions, and
3 the corporation is not required to pay a tax or assessment on any property owned by
4 the corporation under the provisions of this chapter or on the income from it, including
5 state taxes levied or authorized under AS 43.56.010(a) and local taxes under
6 AS 43.56.010(b) as provided in AS 43.56.020.

7 (b) All obligations issued under this chapter are declared to be issued by a
8 body corporate and public of the state and for an essential public and governmental
9 purpose, and the obligations, and the interest and income on and from the obligations,
10 and all fees, charges, funds, revenue, income, and other money pledged or available to
11 pay or secure the payment of the obligations, or interest on the obligations, are exempt
12 from taxation except for transfer, inheritance, and estate taxes.

13 **Sec. 31.25.270. Annual report.** (a) The corporation shall prepare and transmit
14 annually a report to the governor accounting for the efficient discharge of all
15 responsibility assigned by law or by directive to the corporation. The corporation shall
16 notify the legislature that the report is available.

17 (b) By January 10 of each year, the board shall prepare a report of the
18 corporation. The board shall notify the governor and the legislature that the report is
19 available, and publish notice to the public on the Alaska Online Public Notice System
20 under AS 44.62.175 that the report is available on the corporation's Internet website.
21 The report shall be written in easily understandable language. The report must include
22 a financial statement audited by an independent outside auditor and any other
23 information the board believes would be of interest to the governor, the legislature,
24 and the public. The annual income statement and balance sheet of the corporation shall
25 be published on the Internet. The board may also publish electronically or in print, at
26 the corporation's discretion, other reports it considers desirable to carry out its
27 purpose.

28 **Sec. 31.25.390. Definitions for AS 31.25.010 - 31.25.390.** In AS 31.25.010 -
29 31.25.390, unless the context clearly indicates a different meaning,

- 30 (1) "board" means the board of directors of the corporation;
31 (2) "bond" or "obligation" means a bond, bond anticipation note, or

1 other note of the corporation authorized to be issued by the corporation under this
2 chapter;

3 (3) "corporation" means the Alaska Gasline Development Corporation;

4 (4) "governmental agency" means a department, division, public
5 agency, political subdivision, or other public instrumentality of the state or the federal
6 government;

7 (5) "in-state natural gas pipeline" means a natural gas pipeline for
8 transporting natural gas in the state;

9 (6) "natural gas pipeline" means a total system of pipe and connected
10 facilities for the transportation, treatment or conditioning, delivery, storage, or further
11 transportation of natural gas, including all pipe, compressor stations, station
12 equipment, and all other facilities used or necessary for an integral line of pipe to carry
13 out the transportation of the natural gas.

14 * **Sec. 4.** AS 36.30.850(b) is amended by adding a new paragraph to read:

15 (46) the Alaska Gasline Development Corporation (AS 31.25) and
16 subsidiaries of the Alaska Gasline Development Corporation.

17 * **Sec. 5.** AS 37.05.146(c)(22) is amended to read:

18 (22) Regulatory Commission of Alaska under AS 42.05, [AND]
19 AS 42.06, **and AS 42.08:**

20 * **Sec. 6.** AS 38.05.180(bb)(1) is amended to read:

21 (1) "gas or electric utility" includes an electric cooperative organized
22 under AS 10.25, a municipal utility, and a gas or electric utility regulated under
23 AS 42.05; [PROVIDED THAT,] if the contract gas is transmitted to consumers
24 through a pipeline and the gas utility either owns the pipeline or is related in
25 ownership to the owner of the pipeline, then the gas utility qualifies as a "gas or
26 electric utility" within the meaning of this paragraph only if it is bound or agrees to be
27 bound by the covenants set out in AS 38.35.120 **or 38.35.121, as applicable:**

28 * **Sec. 7.** AS 38.34.099 is repealed and reenacted to read:

29 **Sec. 38.34.099. Definitions.** In this chapter,

30 (1) "Alaska Gasline Development Corporation" means the corporation
31 created under AS 31.25.010;

1 (2) "in-state natural gas pipeline" and "natural gas pipeline" have the
2 meanings given in AS 31.25.390.

3 * **Sec. 8.** AS 38.35.100(d) is amended to read:

4 (d) The commissioner shall include in a conditional lease each requirement
5 and condition of the covenants established under AS 38.35.120 or 38.35.121, as
6 applicable. The commissioner may also require that the lessee agree to additional
7 conditions that the commissioner finds to be in the public interest. In place of the
8 covenant established under AS 38.35.120(a)(9), the commissioner shall require the
9 lessee to agree that it will not transfer, assign, pledge, or dispose of in any manner,
10 directly or indirectly, its interest in a conditional right-of-way lease or a pipeline
11 subject to the conditional lease, unless the commissioner, after considering the public
12 interest and issuing written findings to substantiate a decision to allow the transfer,
13 authorizes the transfer. The commissioner shall also require the lessee to agree not to
14 allow the transfer of control of the lessee without the approval of the commissioner; as
15 used in this subsection, "transfer of control of the lessee" means the transfer of 30
16 percent or more, in the aggregate, of ownership interest in the lessee in one or more
17 transactions to one or more persons by one or more persons.

18 * **Sec. 9.** AS 38.35.120(a) is amended to read:

19 (a) Except as provided for a natural gas pipeline subject to AS 38.35.121,
20 a [A] noncompetitive lease of state land for a right-of-way for an oil or natural gas
21 pipeline valued at \$1,000,000 or more may be granted only upon the condition that the
22 lessee expressly covenants in the lease, in consideration of the rights acquired by it
23 under the lease, that

24 (1) it assumes the status of and will perform all of its functions
25 undertaken under the lease as a common carrier and will accept, convey, and transport
26 without discrimination crude oil or natural gas, depending on the kind of pipeline
27 involved, delivered to it for transportation from fields in the vicinity of the pipeline
28 subject to the lease throughout its route both on state land obtained under the lease and
29 on the other land; it will accept, convey, and transport crude oil or natural gas without
30 unjust or unreasonable discrimination in favor of one producer or person, including
31 itself, as against another but will take the crude oil or natural gas, depending on the

1 kind of pipeline involved, delivered or offered, without unreasonable discrimination,
2 that the Regulatory Commission of Alaska shall, after a full hearing with due notice to
3 the interested parties and a proper finding of facts, determine to be reasonable in the
4 performance of its duties as a common carrier; however, a lessee that owns or operates
5 a natural gas pipeline

6 (A) subject to regulation either under 15 U.S.C. 717 et seq.
7 (Natural Gas Act) [THE NATURAL GAS ACT (15 U.S.C. 717 ET SEQ.) OF
8 THE UNITED STATES] or by the state or a political subdivision
9 [SUBDIVISIONS] with respect to rates and charges for the sale of natural gas,
10 is, to the extent of that regulation, exempt from the common carrier
11 requirement in this paragraph;

12 (B) that is a North Slope natural gas pipeline (i) is required to
13 operate as a common carrier only with respect to the intrastate transportation of
14 North Slope natural gas, as that term is defined in AS 42.06.630, and (ii) is not
15 required to operate as a common carrier as to a liquefied natural gas facility or
16 a marine terminal facility associated with the pipeline, and is not otherwise
17 required to perform its functions under the lease as a common carrier; for
18 purposes of this subparagraph, "North Slope natural gas pipeline" means all the
19 facilities of a total system of pipe, whether owned or operated under a contract,
20 agreement, or lease, used by a carrier for transportation of North Slope natural
21 gas, as defined by AS 42.06.630, for delivery, for storage, or for further
22 transportation, and including all pipe, [PUMP, OR] compressor stations,
23 station equipment, tanks, valves, access roads, bridges, airfields, terminals and
24 terminal facilities, including docks and tanker loading facilities, operations
25 control centers for both the upstream part of the pipeline and the terminal,
26 tanker ballast treatment facilities, fire protection system, communication
27 system, and all other facilities used or necessary for an integral line of pipe,
28 taken as a whole, to carry out transportation, including an extension or
29 enlargement of the line;

30 (2) it will interchange crude oil or natural gas, depending on the kind
31 of pipeline involved, with each like common carrier and provide connections and

1 facilities for the interchange of crude oil or natural gas at every locality reached by
2 both pipelines when the necessity exists, subject to rates and regulations made by the
3 appropriate state or federal regulatory agency;

4 (3) it will maintain and preserve books, accounts, and records and will
5 make those reports that the state may prescribe by regulation or law as necessary and
6 appropriate for purposes of administration of this chapter;

7 (4) it will accord at all reasonable times to the state and its authorized
8 agents and auditors the right of access to its property and records, of inspection of its
9 property, and of examination and copying of records;

10 (5) it will provide connections, as determined by the Regulatory
11 Commission of Alaska under AS 42.06.340, to facilities on the pipeline subject to the
12 lease, both on state land and other land in the state, for the purpose of delivering crude
13 oil or natural gas, depending on the kind of pipeline involved, to persons (including
14 the state and its political subdivisions) contracting for the purchase at wholesale of
15 crude oil or natural gas transported by the pipeline when required by the public
16 interest;

17 (6) it shall, notwithstanding any other provision, provide connections
18 and interchange facilities at state expense at [SUCH] places the state considers
19 necessary if the state determines to take a portion of its royalty or taxes in oil or
20 natural gas;

21 (7) it will construct and operate the pipeline in accordance with
22 applicable state laws and lawful regulations and orders of the Regulatory Commission
23 of Alaska;

24 (8) it will, at its own expense, during the term of the lease,
25 (A) maintain the leasehold and pipeline in good repair;
26 (B) promptly repair or remedy [ANY] damage to the leasehold;
27 (C) promptly compensate for [ANY] damage to or destruction
28 of property for which the lessee is liable resulting from damage to or
29 destruction of the leasehold or pipeline;

30 (9) it will not transfer, assign, or dispose of, in any manner, directly or
31 indirectly, or by transfer of control of the carrier corporation, its interest in a right-of-

1 way lease, or [ANY] rights under the lease or a [ANY] pipeline subject to the lease to
2 a [ANY] person other than another owner of the pipeline (including subsidiaries,
3 parents, and affiliates of the owners), except to the extent that the commissioner, after
4 consideration of the protection of the public interest (including whether the proposed
5 transferee is fit, willing, and able to perform the transportation or other acts proposed
6 in a manner that will reasonably protect the lives, property, and general welfare of the
7 people of Alaska), authorizes; the commissioner shall not unreasonably withhold
8 consent to the transfer, assignment, or disposal;

9 (10) it will file with the commissioner a written appointment of a
10 named permanent resident of the state to be its registered agent in the state and to
11 receive service of notices, regulations, decisions, and orders of the commissioner; if it
12 fails to appoint an agent for service, service may be made by posting a copy in the
13 office of the commissioner, filing a copy in the office of the lieutenant governor, and
14 mailing a copy to the lessee's last known address;

15 (11) the applicable law of this state will be used in resolving questions
16 of interpretation of the lease;

17 (12) the granting of the right-of-way lease is subject to the express
18 condition that the exercise of the rights and privileges granted under the lease will not
19 unduly interfere with the management, administration, or disposal by the state of the
20 land affected by the lease, and that the lessee agrees and consents to the occupancy
21 and use by the state, its grantees, permittees, or other lessees of any part of the right-
22 of-way not actually occupied or required by the pipeline for the full and safe
23 utilization of the pipeline, for necessary operations incident to land management,
24 administration, or disposal;

25 (13) it will be liable to the state for damages or injury incurred by the
26 state caused by the construction, operation, or maintenance of the pipeline and it will
27 indemnify the state for the liabilities or damages;

28 (14) it will procure and furnish liability and property damage insurance
29 from a company licensed to do business in the state or furnish other security or
30 undertaking upon the terms and conditions the commissioner considers necessary if
31 the commissioner finds that the net assets of the lessee are insufficient to protect the

1 public from damage for which the lessee may be liable arising out of the construction
2 or operation of the pipeline.

3 * **Sec. 10.** AS 38.35.120(b) is amended to read:

4 (b) **Except as provided for a natural gas pipeline subject to AS 38.35.121,**
5 **for** [FOR] a right-of-way lease granted under this chapter for an oil or natural gas
6 pipeline valued at \$1,000,000 or more to be valid and of legal effect, it must contain
7 the terms required to be inserted under the provisions of AS 38.35.110 - 38.35.140. An
8 oil or natural gas pipeline right-of-way lease granted under this chapter **and subject to**
9 **this section** that does not contain the required terms is null and void and without legal
10 effect and does not vest any interest in state land or any authority in the carrier granted
11 the lease.

12 * **Sec. 11.** AS 38.35 is amended by adding a new section to read:

13 **Sec. 38.35.121. Covenants required to be in a lease to a natural gas**
14 **pipeline that is a contract carrier.** (a) For a lease of state land for a right-of-way for
15 which an applicant has applied as a contract carrier under AS 42.08, a noncompetitive
16 lease of state land for a right-of-way for a natural gas pipeline valued at \$1,000,000 or
17 more may be granted only on the condition that the lessee expressly covenant in the
18 lease, in consideration of the rights acquired by it under the lease, that

19 (1) except for the covenants in AS 38.35.120(a)(1), (2), and (5), it will
20 meet the requirements of AS 38.35.120;

21 (2) it will interchange natural gas and provide connections with each
22 public utility pipeline, common carrier pipeline, or contract carrier pipeline, and
23 facilities for the interchange of natural gas at every locality reached by both pipelines
24 when the necessity exists, as provided in contracts on file with the Regulatory
25 Commission of Alaska;

26 (3) it assumes the status of and will perform all of its functions
27 undertaken under the lease as a contract carrier and, subject to contracts with shippers,
28 will accept, convey, and transport, without discrimination, natural gas delivered to it
29 for transportation from fields in the vicinity of the pipeline subject to the right-of-way
30 lease throughout the pipeline route, both on state land obtained under the lease and on
31 other land, and that, subject to contracts with shippers, it will accept, convey, and

1 transport natural gas without unjust or unreasonable discrimination in favor of itself or
2 one producer or person against another, but will take the natural gas delivered or
3 offered without unreasonable discrimination;

4 (4) it will expand the natural gas pipeline on commercially reasonable
5 terms that, when possible, encourage exploration and development of gas resources in
6 this state without increasing transportation costs for a shipper except as provided for in
7 the contract with the shipper; in this paragraph, "commercially reasonable terms"
8 means terms that produce sufficient revenue from transportation contracts to cover the
9 cost of the expansion, including increased fuel costs and a reasonable return on capital,
10 without impairing the ability of the pipeline to recover the costs of existing facilities;

11 (5) it will not require a shipper to pay a rate in excess of the rates
12 provided for in the contract with that shipper.

13 (b) A contract carrier may offer to a shipper firm transportation service,
14 interruptible transportation service, or both. In this subsection, "firm transportation
15 service" has the meaning given in AS 42.08.900.

16 (c) The lessee may not construct or expand or allow the construction or
17 expansion of a natural gas pipeline under (a) of this section to be a competing natural
18 gas pipeline project unless the project for which a license is issued under AS 43.90 has
19 been abandoned or is no longer receiving the inducements under AS 43.90.110(a). In
20 this subsection,

21 (1) "competing natural gas pipeline project" has the meaning given in
22 AS 43.90.440;

23 (2) "license" has the meaning given in AS 43.90.900.

24 * **Sec. 12.** AS 38.35.140 is amended by adding a new subsection to read:

25 (c) Notwithstanding (a) of this section, a right-of-way lease shall be granted
26 without appraisal or rental costs to the Alaska Gasline Development Corporation
27 created under AS 31.25.010.

28 * **Sec. 13.** AS 38.35.200 is amended by adding new subsections to read:

29 (c) Except as provided for an applicant in (a) of this section and
30 notwithstanding any contrary provision of law, an action or decision of the
31 commissioner or other state officer or agency concerning the issuance or approval of a

1 necessary right-of-way, permit, lease, certificate, license, or other authorization for the
2 planning, financing, acquisition, maintenance, development, construction, or initial
3 operation of a natural gas pipeline by the Alaska Gasline Development Corporation
4 under AS 31.25 that uses a right-of-way subject to this chapter may not be subject to
5 judicial review, except that a claim alleging the invalidity of this subsection must be
6 brought within 60 days after the effective date of this Act, and a claim alleging that an
7 action will deny rights under the Constitution of the State of Alaska must be brought
8 within 60 days following the date of that action. A claim that is not filed within the
9 limitations established in this subsection is barred. A complaint under this subsection
10 must be filed in superior court, and the superior court has exclusive jurisdiction.
11 Notwithstanding AS 22.10.020(c), except in conjunction with a final judgment on a
12 claim filed under this subsection, the superior court may not grant injunctive relief,
13 including a temporary restraining order, preliminary injunction, permanent injunction,
14 or stay, against the issuance of a necessary right-of-way, permit, lease, certificate,
15 license, or other authorization for the planning, financing, acquisition, maintenance,
16 development, construction, or initial operation of a natural gas pipeline by the Alaska
17 Gasline Development Corporation. In this subsection, "natural gas pipeline" has the
18 meaning given in AS 38.34.099.

19 (d) An appeal of a permitting decision or authorization by the Department of
20 Environmental Conservation under AS 46.03 or AS 46.14 that is made under a
21 program approved or delegated by the United States Environmental Protection Agency
22 is not

23 (1) subject to the limitation in (a) of this section;

24 (2) included in the actions or decisions described in (c) of this section.

25 * **Sec. 14.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

26 (H) Alaska Gasline Development Corporation and subsidiaries
27 of the Alaska Gasline Development Corporation;

28 * **Sec. 15.** AS 39.50.200(b) is amended by adding a new paragraph to read:

29 (64) the board of directors of the Alaska Gasline Development
30 Corporation or the board of directors of a subsidiary of the Alaska Gasline
31 Development Corporation.

1 * **Sec. 16.** AS 40.25.120(a) is amended to read:

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

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

6 (2) records pertaining to juveniles unless disclosure is authorized by
7 law;

8 (3) medical and related public health records;

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

11 (5) to the extent the records are required to be kept confidential under
12 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
13 or retain federal assistance;

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

16 (A) could reasonably be expected to interfere with enforcement
17 proceedings;

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

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

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

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

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

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

31 (7) names, addresses, and other information identifying a person as a

1 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the
2 advance college tuition savings program under AS 14.40.803 - 14.40.817;

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

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

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

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

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

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

21 (11) the written notification regarding a proposed regulation provided
22 under AS 24.20.105 to the Department of Law and the affected state agency and
23 communications between the Legislative Affairs Agency, the Department of Law, and
24 the affected state agency under AS 24.20.105;

25 (12) records that are

26 (A) proprietary, privileged, or a trade secret in accordance with
27 AS 43.90.150 or 43.90.220(e);

28 (B) applications that are received under AS 43.90 until notice is
29 published under AS 43.90.160;

30 **(13) information of the Alaska Gasline Development Corporation**
31 **created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development**

1 **Corporation that is confidential by law or under a valid confidentiality**
2 **agreement.**

3 * **Sec. 17.** AS 42.04.080(a) is amended to read:

4 (a) Except as provided in AS 42.05.171 or AS 42.06.140, when a matter
5 comes for decision before the commission under AS 42.05, [OR] AS 42.06, **or**
6 **AS 42.08,** the chair shall appoint a hearing panel composed of three or more members
7 to hear, or if a hearing is not required, to otherwise consider, and decide the case. The
8 panel shall exercise the powers of the commission with respect to the matter.

9 * **Sec. 18.** AS 42.05 is amended by adding a new section to read:

10 **Sec. 42.05.433. Review of certain contracts by the commission.** (a) A
11 precedent agreement or contract entered into by a public utility with the Alaska
12 Gasline Development Corporation or its successors or assigns may contain a covenant
13 for the public utility to establish, charge, and collect rates sufficient to meet its
14 obligations under the contract. If the precedent agreement associated with the contract
15 is approved by the commission under AS 42.08, the rate covenant in the associated
16 contract is valid and enforceable.

17 (b) A public utility negotiating to purchase natural gas to be shipped through
18 an in-state natural gas pipeline regulated under AS 42.08 shall submit the contract to
19 the commission before the contract takes effect.

20 (c) A public utility negotiating to contract for the storage of natural gas
21 shipped in an in-state natural gas pipeline regulated under AS 42.08 shall submit the
22 contract to the commission before the contract takes effect.

23 (d) The commission shall review and may conduct an investigation and
24 hearing to determine whether a contract submitted under (b) or (c) of this section is
25 just and reasonable. The review and determination shall be conducted as provided in
26 AS 42.08.320(b) - (d). The commission shall either approve the contract as presented
27 or, if the commission finds that a contract is not just and reasonable, disapprove the
28 contract. Notwithstanding AS 42.05.175, if the commission has not acted within 180
29 days after the contract is submitted, the contract shall be considered approved and
30 shall take effect immediately. The commission may, by order, extend the 180-day
31 review period by the duration of a delay caused by a failure of the public utility to

1 submit supplemental information that is available to the public utility. A contract that
2 is approved or considered approved under this section is not subject to further review
3 by the commission.

4 * **Sec. 19.** AS 42.05.711 is amended by adding a new subsection to read:

5 (t) An in-state natural gas pipeline subject to AS 42.08 and an in-state natural
6 gas pipeline carrier subject to AS 42.08 are exempt from this chapter.

7 * **Sec. 20.** AS 42.06 is amended by adding a new section to article 7 to read:

8 **Sec. 42.06.601. Exemption.** An in-state natural gas pipeline subject to
9 AS 42.08 and an in-state natural gas pipeline carrier subject to AS 42.08 are exempt
10 from this chapter.

11 * **Sec. 21.** AS 42 is amended by adding a new chapter to read:

12 **Chapter 08. In-State Pipeline Contract Carrier.**

13 **Article 1. Application of Chapter; Purpose.**

14 **Sec. 42.08.010. Application of chapter; exemption.** (a) This chapter applies
15 to the regulation of in-state natural gas pipelines that provide transportation by
16 contract carriage.

17 (b) An in-state natural gas pipeline subject exclusively to federal jurisdiction
18 is exempt from this chapter.

19 **Sec. 42.08.020. Qualification of the Alaska Gasline Development**
20 **Corporation; findings.** (a) The Alaska Gasline Development Corporation is
21 financially fit, willing, and able to take the actions, perform the service, and conform
22 to the requirements of this chapter.

23 (b) The board of directors and the officers of the Alaska Gasline Development
24 Corporation are managerially fit, willing, and able to manage the Alaska Gasline
25 Development Corporation and to take the actions, perform the service, and conform to
26 the requirements of this chapter.

27 (c) The proposed service, construction, and operation of an in-state natural gas
28 pipeline for which the Alaska Gasline Development Corporation applies for a
29 certificate under this chapter is required by present and future public convenience and
30 necessity.

31 (d) The findings that the Alaska Gasline Development Corporation is

1 financially fit in (a) of this section and managerially fit in (b) of this section and that
 2 an in-state natural gas pipeline is required by present or future public convenience and
 3 necessity in (c) of this section are conclusive and binding on the commission.

4 (e) The commission shall determine whether a person making application
 5 under this chapter is technically fit, willing, and able to take the actions, perform the
 6 service, and conform to the requirements in this chapter.

7 **Article 2. Powers and Duties of Regulatory Commission of Alaska.**

8 **Sec. 42.08.220. General powers and duties.** (a) The commission shall

9 (1) regulate, under the provisions of this chapter, an in-state natural gas
 10 pipeline that provides transportation by way of contract carriage;

11 (2) require permits for the construction, enlargement in size or
 12 operating capacity, extension, connection and interconnection, operation, or
 13 abandonment of an in-state natural gas pipeline facility under the provisions of this
 14 chapter and subject to the same standards as certification in AS 42.08.330;

15 (3) to the extent necessary to perform the duties of the commission
 16 under this chapter, have access to, and may designate its employees, agents, or
 17 consultants to inspect and examine, the accounts, financial and property records,
 18 books, maps, inventories, appraisals, valuations, and related reports kept by an in-state
 19 natural gas pipeline carrier, or kept for an in-state natural gas pipeline carrier by
 20 others, that directly affect the interests of the state and directly relate to in-state natural
 21 gas pipelines located in the state during normal business hours;

22 (4) provide all reasonable assistance to the Department of Law in
 23 intervening in, offering evidence in, and participating in proceedings before an officer,
 24 department, board, commission, or court of another state or the United States
 25 involving an in-state natural gas pipeline carrier or an affiliated interest and affecting
 26 the interests of the state.

27 (b) The commission may

28 (1) review and approve recourse tariffs filed by an in-state natural gas
 29 pipeline carrier under this chapter;

30 (2) review and approve contracts;

31 (3) investigate on its own motion or after receiving a complaint, a

1 dispute

2 (A) related to rules, regulations, services, practices, and
3 facilities that are not subject to the dispute resolution provisions in an in-state
4 natural gas pipeline carrier's contracts or recourse tariff;

5 (B) presented by a complainant that does not have a contract
6 with the in-state natural gas pipeline carrier;

7 (C) related to the conduct of an in-state natural gas pipeline
8 carrier's open season under AS 42.08.300; to resolve the dispute, the
9 commission may order an expansion of an in-state natural gas pipeline or order
10 an open season under the terms provided for an expansion or open season in
11 this chapter or AS 38.35.121(a)(4) and (c); or

12 (D) related to an unreasonable diminution in quantity or quality
13 in the provision of service to a public utility that

14 (i) is a violation of the in-state natural gas pipeline
15 carrier's tariff or contract with the public utility;

16 (ii) has not been resolved by the in-state natural gas
17 pipeline carrier; and

18 (iii) will result in immediate injury, loss, or damage to
19 the peace, health, safety, or general welfare of the public as clearly
20 demonstrated by specific facts shown by affidavit or verified
21 complaint;

22 (4) adopt regulations that are necessary and proper to the performance
23 of the duties of the commission under this chapter, including regulations governing
24 practices and procedures of the commission; regulations adopted by the commission
25 may not be inconsistent with state law;

26 (5) initiate, intervene in, and appear personally or by counsel and offer
27 evidence in and participate in, proceedings before an officer, department, board,
28 commission, or court of this state involving an in-state natural gas pipeline carrier and
29 affecting the interests of the state;

30 (6) appoint a qualified, unbiased, and impartial administrative law
31 judge with experience in the general practice of law to conduct hearings under this

1 chapter; the administrative law judge may perform other duties in connection with the
2 administration of this chapter and other laws; an administrative law judge hired to
3 conduct hearings under this chapter shall have been admitted to practice law for at
4 least five years immediately before appointment under this paragraph; and

5 (7) order an expansion of an in-state natural gas pipeline or order an
6 open season under the terms provided for an expansion or open season in this chapter.

7 (c) Except with regard to a precedent agreement under AS 42.08.320(a) that is
8 filed before the issuance of a certificate, consideration of an application for a contract
9 carriage certificate under AS 42.08.330, and an initial recourse tariff under
10 AS 42.08.350(a), the commission may extend a timeline required under this chapter if
11 all parties of record consent to the extension or if, for one time only, before the
12 timeline expires, the

13 (1) commission reasonably finds that good cause exists to extend the
14 timeline;

15 (2) commission issues a written order extending the timeline and
16 setting out its findings regarding good cause; and

17 (3) extension of time is 90 days or less.

18 (d) Except as provided in this chapter, the commission may not

19 (1) require rates, rate design, or tariff rates or regulations;

20 (2) require an in-state natural gas pipeline carrier to make a recourse
21 tariff filing;

22 (3) order a modification of a contract that is approved, considered
23 approved, or filed under this chapter; or

24 (4) conduct further review or investigation of a contract that is
25 approved, considered approved, or filed under this chapter.

26 **Sec. 42.08.230. Commission decision-making procedures.** The commission
27 shall comply with AS 42.04.080(a) and expeditiously adjudicate all matters that come
28 before the commission.

29 **Sec. 42.08.240. Publication of reports, orders, decisions, and regulations.**
30 All reports, orders, decisions, and regulations of the commission shall be in writing.
31 The commission shall notify all affected operators of in-state natural gas pipeline

1 facilities and interested parties of reports, orders, decisions, and regulations as they are
 2 issued and adopted and, when appropriate, publish them in a manner that will
 3 reasonably inform the public or the affected consumers of the services of an in-state
 4 natural gas pipeline facility. The commission may set charges for costs of printing or
 5 reproducing and furnishing copies of reports, orders, decisions, and regulations. The
 6 publication requirement, as it pertains to regulations, does not supersede the
 7 requirements of AS 44.62 (Administrative Procedure Act).

8 **Sec. 42.08.250. Application of Administrative Procedure Act.** (a) The
 9 administrative adjudication procedures of AS 44.62 (Administrative Procedure Act)
 10 do not apply to adjudicatory proceedings of the commission under this chapter, except
 11 that final administrative determinations by the commission are subject to judicial
 12 review under AS 44.62 (Administrative Procedure Act) as provided in AS 42.08.530.

13 (b) AS 44.62 (Administrative Procedure Act) applies to regulations adopted
 14 by the commission.

15 **Sec. 42.08.260. Annual report.** The commission shall include in its annual
 16 reports under AS 42.05.211 and AS 42.06.220 a review of its activities under this
 17 chapter during the previous fiscal year. The report must address the regulation of in-
 18 state natural gas pipeline facilities in the state as of June 30 of each year and must
 19 contain details about the commission's compliance with the performance measures in
 20 this chapter.

21 **Article 3. Contract Review; Contract Carriage Certificate; Open Seasons.**

22 **Sec. 42.08.300. Open seasons.** (a) An in-state natural gas pipeline carrier shall
 23 include in its approved recourse tariff the procedures for conducting open seasons for
 24 uncommitted firm transportation service and for expansion. At a minimum, the in-state
 25 natural gas pipeline carrier shall publish reasonable public notice in advance of an
 26 open season. The notice shall contain the approved recourse tariff, the proposed form
 27 of the precedent agreement, the proposed form of the firm transportation service
 28 agreement, and other information sufficient to show the proposed route, capacity,
 29 operating pressures, in-service date, quality specifications, and other operating
 30 conditions that the pipeline carrier determines are relevant to an evaluation of the
 31 proposed service. The notice shall also state the methods for awarding capacity and

1 whether presubscription agreements have been executed. An in-state natural gas
2 pipeline carrier shall provide a mechanism for providing additional relevant
3 information requested by potential shippers.

4 (b) An open season shall be conducted and firm transportation service shall be
5 awarded without undue discrimination or preference.

6 (c) An in-state natural gas pipeline carrier shall conduct an open season for
7 firm transportation service when it has existing uncommitted firm transportation
8 capacity and has received a request for firm transportation capacity from one or more
9 potential shippers that meet the pipeline's creditworthiness requirements.

10 (d) An in-state natural gas pipeline carrier shall conduct an open season for an
11 expansion of its pipeline system when it has received one or more requests for firm
12 transportation service from potential shippers that meet the pipeline's creditworthiness
13 requirements and that, in the aggregate, would enable the expansion of the pipeline's
14 system on a commercially reasonable basis. An expansion of the pipeline system is not
15 commercially reasonable if the expansion would cause the pipeline to be a competing
16 natural gas pipeline project as defined in AS 43.90.440 unless the project for which a
17 license is issued under AS 43.90 has been abandoned or is no longer receiving the
18 inducements in AS 43.90.110(a).

19 (e) A natural gas pipeline carrier may enter into presubscription agreements
20 before the start of an open season, but not before an initial recourse tariff is approved.

21 (f) An in-state natural gas pipeline carrier shall file revised recourse rates
22 before conducting an open season under (c) and (d) of this section unless the in-state
23 natural gas pipeline carrier filed revised recourse rates during the immediately
24 preceding two-year period.

25 **Sec. 42.08.310. Transportation service.** (a) Firm transportation service shall
26 be made available only through a presubscription agreement, a recourse tariff, or an
27 open season conducted in accordance with AS 42.08.300.

28 (b) The pipeline carrier shall offer a recourse tariff for firm transportation
29 service. The rates included in the recourse tariff shall be determined on a cost-of-
30 service basis and may be levelized over the depreciation life of the pipeline. The
31 recourse tariff may not preclude the pipeline carrier from collecting rolled-in rates so

1 long as the resulting rate for prior shippers does not exceed the initial maximum rate
2 allowable under agreements for capacity.

3 (c) An in-state natural gas pipeline carrier may contract to provide firm
4 transportation service for rates and containing provisions different than those in the
5 recourse tariff. For purposes of this subsection, "provisions" are limited to those terms
6 and conditions that directly relate to the rate and do not include the general operating
7 terms and conditions of the recourse tariff.

8 (d) An in-state natural gas pipeline carrier shall provide interruptible
9 transportation service through capacity not used for firm transportation service. An in-
10 state natural gas pipeline carrier shall establish means for routinely advising potential
11 shippers of the availability of interruptible transportation service and of uncommitted
12 firm transportation capacity.

13 **Sec. 42.08.320. Review of certain contracts by the commission.** (a) An in-
14 state natural gas pipeline carrier shall submit each of its precedent agreements for firm
15 transportation service and any substantial amendments to the commission. A precedent
16 agreement negotiated with an entity that is not a public utility regulated by the
17 commission may be filed under seal. Under AS 42.08.400, the commission shall keep
18 confidential a precedent agreement filed under seal. Submission of precedent
19 agreements to the commission is permissible before construction of an in-state natural
20 gas pipeline and before a request for certification under this chapter. In this subsection,
21 "substantial amendment" means an amendment that materially changes a rate or term
22 and condition of service.

23 (b) In the review of a precedent agreement submitted under (a) of this section
24 or a related contract submitted under AS 42.05.433(b) or (c), the commission shall

25 (1) conclude that a precedent agreement or related contract negotiated
26 at arm's length between the parties is just and reasonable unless the commission finds
27 that unlawful market activity affected the rate or unfair dealing, such as fraud or
28 duress, affected the formation of the contract;

29 (2) review and may conduct an investigation and hearing to determine
30 whether a contract submitted under (a) of this section is just and reasonable; the
31 commission shall either approve the contract as presented or, if the commission finds

1 that a contract is not just and reasonable, disapprove the contract; if the commission
2 has not acted within 180 days after the submission of a contract, the contract shall be
3 considered approved and shall take effect immediately; a contract that is approved or
4 considered approved under this paragraph and the associated firm transportation
5 service agreement are not subject to further review by the commission.

6 (c) For purposes of (b)(1) of this section, a precedent agreement or related
7 contract is arm's length

8 (1) if it incorporates the approved recourse tariff; or

9 (2) if it does not incorporate the approved recourse tariff,

10 (A) the precedent agreement or related contract is between two
11 state-owned parties;

12 (B) the parties are not affiliated; or

13 (C) if the parties are affiliated, the precedent agreement or
14 related contract is substantially similar to an approved precedent agreement or
15 related contract between unaffiliated parties.

16 (d) If a precedent agreement or related contract is not arm's length, the
17 commission shall determine whether the precedent agreement or related contract is
18 just and reasonable using the standards normally applied under AS 42.06.140. If the
19 commission is reviewing a precedent agreement under (c)(2) of this section, the
20 commission may consider the in-state natural gas pipeline carrier's approved recourse
21 tariff, including the cost data underlying that tariff. When considering whether to
22 approve a contract as just and reasonable under this subsection, the commission shall
23 consider the consequences of failing to approve the contract.

24 **Sec. 42.08.330. Contract carriage certificate.** (a) The owner of an in-state
25 natural gas pipeline subject to this chapter may not engage in the transportation of
26 natural gas or undertake the construction of a natural gas pipeline facility for that
27 purpose, or acquire or operate an in-state natural gas pipeline facility, unless a
28 certificate of public convenience and necessity by the commission authorizing contract
29 carriage is in force with respect to that owner. A certificate shall describe the nature
30 and extent of the authority granted, including, as appropriate for the services involved,
31 a description of the authorized area and scope of operation for the in-state natural gas

1 pipeline facility.

2 (b) Application for a certificate shall be made in writing to the commission
3 and verified under oath. The commission by regulation shall establish the
4 requirements for the form of the application and the information to be contained in the
5 application. Notice of the application shall be provided to interested parties in the
6 manner provided by regulation.

7 (c) Within 180 days after receiving an application under this chapter, the
8 commission shall issue a contract carriage certificate authorizing, in whole or in part,
9 the operation, service, construction, or acquisition covered by the application to a
10 qualified applicant if the commission finds that the applicant is fit, willing, and able to
11 do the acts, perform the proposed service, and conform to the provisions of this
12 chapter and the requirements of the commission, and that the proposed service,
13 operation, construction, extension, or acquisition, to the extent authorized by the
14 certificate, is or will be required by the present or future public convenience and
15 necessity. The commission may, by order, extend the 180-day period for considering
16 an application by the duration of a delay caused by the failure of the applicant to
17 provide additional information reasonably required by the commission. If, within the
18 180-day period and any extension of the period for considering the application, the
19 commission fails to issue a contract carriage certificate and does not make a finding
20 that the applicant is not fit, willing, and able under this subsection or that the proposed
21 service is not required by public convenience and necessity, the application shall be
22 considered approved and the contract carriage certificate shall take effect immediately.

23 (d) The commission may attach to a contract carriage certificate reasonable
24 terms and conditions that are consistent with the terms of this chapter and are for the
25 mutual benefit of the in-state natural gas pipeline facility and the public.

26 (e) Operating authority may not be transferred by sale or lease of the contract
27 carriage certificate or by the sale of substantially all of the stock or assets of a pipeline
28 carrier holding a certificate without prior approval and a finding by the commission
29 that the safe and efficient operation of the natural gas pipeline is not impaired by the
30 transfer. The commission shall summarily approve a transfer not involving a
31 substantial change in ownership.

1 (f) After receiving a complaint or on its own motion, the commission, after
2 notice and hearing and for good cause shown, may amend, modify, suspend, or
3 revoke, in whole or in part, a certificate. Good cause for amendment, modification,
4 suspension, or revocation of a certificate is shown by

5 (1) misrepresentation of a material fact in obtaining the certificate;

6 (2) unauthorized discontinuance or abandonment of all or part of a
7 service that is the subject of the certificate;

8 (3) wilful failure to comply with the provisions of this chapter or a
9 regulation or order of the commission; or

10 (4) wilful failure to comply with a term, condition, or limitation of the
11 certificate.

12 (g) A person holding a certificate issued under this chapter may not abandon
13 or permanently discontinue the use of all or a portion of an in-state natural gas pipeline
14 without permission and approval by the commission, after due notice and hearing and
15 a finding by the commission that continued service is not required by public
16 convenience and necessity. An interested person may file a protest or memorandum of
17 opposition to or in support of discontinuance or abandonment with the commission.
18 The commission may order the temporary suspension of a service or part of a service.

19 **Sec. 42.08.340. Filing requirements; recourse tariffs.** (a) An in-state natural
20 gas pipeline carrier shall file with the commission a complete recourse tariff
21 containing rates, rules, regulations, terms, and conditions pertaining to service
22 provided under the certificate and copies of all contracts with shippers that in any way
23 affect or relate to the carrier's rates, tariffs, charges, classifications, rules, regulations,
24 terms, and conditions to service provided under the certificate.

25 (b) The terms and conditions under which an in-state natural gas pipeline
26 carrier offers its services and facilities to the public shall be governed strictly by the
27 provisions of its currently effective recourse tariff as supplemented and modified by
28 contracts that have been approved by the commission. A legally filed and effective
29 recourse tariff rate, charge, rule, regulation, or condition of service may not be
30 changed except as provided in this chapter. The in-state natural gas pipeline carrier
31 shall maintain copies of its recourse tariff on file at its principal business office and at

1 places designated by the commission and make the copies available to and subject to
2 inspection by the general public on demand.

3 (c) A change in a recourse tariff rate, charge, rule, regulation, or condition of
4 service is not effective until filed under (a) of this section. If more than one recourse
5 tariff rate or charge may reasonably be applied for billing purposes, the recourse tariff
6 rate or charge most advantageous to the shipper shall be used.

7 (d) The commission may reject the filing of all or part of a recourse tariff that
8 is not consistent with this chapter. A recourse tariff rate or provision so rejected is
9 void.

10 (e) Initial and revised recourse tariffs shall be filed in the manner provided in
11 AS 42.08.350.

12 **Sec. 42.08.350. Initial or revised rates.** (a) An in-state natural gas pipeline
13 carrier may not establish or place in effect an initial recourse tariff containing rates,
14 charges, rules, regulations, conditions of service, or practices without providing notice
15 to the commission and to the public at least 90 days before establishing or placing in
16 effect the initial recourse tariff. Notice shall be filed with the commission before an
17 open season and by making the recourse tariff provisions available for public
18 inspection. The notice shall plainly indicate the time when the recourse tariff will go
19 into effect and include a supporting cost model. The commission may prescribe
20 additional requirements for the notice and the form in which the notice must be
21 provided. The commission, for good cause shown, may allow initial recourse tariffs to
22 take effect on less than 90 days' notice under conditions the commission prescribes by
23 order. Submission of a precedent agreement or an associated contract is not subject to
24 this section.

25 (b) The commission shall review the proposed initial recourse tariff and verify
26 that the proposed terms and conditions of service are not unduly discriminatory. The
27 commission also shall review the supporting cost model provided with an initial
28 recourse tariff filing and verify, taking into consideration the expected risks, that the
29 proposed rate of return on equity is within the range of permissible rates of return as
30 determined by the Federal Energy Regulatory Commission in recent decisions related
31 to the construction of natural gas pipelines, that the cost model incorporates a

1 reasonable depreciation methodology and depreciable life, and that the cost model
2 uses a reasonable capital structure. A proposed depreciation methodology, economic
3 life, or capital structure is reasonable if it is commonly accepted or used by the
4 commission or the Federal Energy Regulatory Commission.

5 (c) Upon written complaint or in its own motion, and after reasonable notice,
6 the commission may conduct a hearing to determine whether the initial recourse tariff
7 filed with the commission complies with the requirements in (b) of this section.
8 Pending a hearing the commission may, by order stating the reasons for its action,
9 suspend the operation of the initial recourse tariff period not longer than six months
10 beyond the time when the initial recourse tariff would otherwise go into effect. An
11 order suspending an initial recourse tariff filing may be vacated if, after investigation,
12 the commission finds that it is in all respects proper. Otherwise the commission shall
13 hold a hearing on the suspended filing and issue its order, before the end of the
14 suspension period, granting or denying the suspended initial recourse tariff.

15 (d) Unless a recourse tariff is denied because it includes a proposed term or
16 condition of service that is unduly discriminatory, includes a proposed rate element
17 that does not comply with (b) of this section, or violates a provision of this chapter, the
18 commission shall approve the initial recourse tariff. If the commission does not issue
19 its ruling within the 90-day notice period, and the period of suspension, if any, the
20 initial recourse tariff filing shall be considered approved.

21 (e) An in-state natural gas pipeline carrier may not establish or place in effect
22 a revised rate, charge, rule, regulation, condition of service, or practice contained in a
23 recourse tariff before providing notice to the commission and to the public at least 90
24 days before taking the action. After construction or an expansion of the pipeline, and
25 at any time that a carrier files for a revised recourse rate, the carrier shall file a
26 supporting cost study. Notice shall be given by filing with the commission and
27 keeping open for public inspection the revised recourse tariff provisions, which shall
28 plainly indicate the changes to be made in the schedules then in force and the time
29 when the changes will go into effect. The commission may prescribe additional means
30 of giving notice. The commission, for good cause shown, may allow changes to take
31 effect on shorter notice under conditions the commission prescribes by order.

1 Submission of a precedent agreement or an associated contract is not subject to this
2 subsection.

3 (f) The commission shall review a proposed revised recourse tariff in the same
4 manner as the review of a proposed initial recourse tariff under (b) of this section,
5 except that the depreciable life may be adjusted in accordance with the time period
6 between the approval of the recourse tariff and the approval of the revised recourse
7 tariff. The commission shall verify that the carrier is using the same elements that
8 were last approved by the commission. A proposed recourse tariff with a new or
9 revised term or condition of service that is unduly discriminatory shall be denied. The
10 commission also shall deny a revised tariff rate that does not use the previously
11 approved value of the specified rate element, unless the carrier proves that the new
12 value is just and reasonable. If the commission does not issue its ruling within 90
13 days, the revised recourse tariff filing shall be considered approved.

14 (g) A person initiating a change in an existing recourse tariff bears the burden
15 of proving the reasonableness of the change. The in-state natural gas pipeline carrier
16 bears the burden of proving the recourse tariff terms and conditions are not unduly
17 discriminatory.

18 (h) An in-state natural gas pipeline carrier shall provide for separate rates for
19 one or more classes of firm transportation service and for interruptible transportation
20 service in a recourse tariff filed with the commission under (a) of this section. An in-
21 state natural gas pipeline carrier may impose a reservation fee or similar charge for
22 reservation of capacity in an in-state natural gas pipeline as a condition of providing
23 firm transportation service, but may not impose a reservation fee or similar charge for
24 reservation of capacity in an in-state natural gas pipeline for interruptible
25 transportation service.

26 **Sec. 42.08.360. Uniform system of accounts.** An in-state natural gas pipeline
27 carrier operating under this chapter shall maintain its records and accounts in
28 accordance with the uniform system of accounts for class A natural gas pipelines in 18
29 C.F.R. 201 (Federal Energy Regulatory Commission), as amended.

30 **Sec. 42.08.370. Expansion; dispute resolution.** (a) A contract entered into by
31 an in-state natural gas pipeline carrier may provide for expansion unless the expansion

1 would cause the pipeline to be a competing natural gas pipeline project as defined in
2 AS 43.90.440 unless the project for which a license is issued under AS 43.90 has been
3 abandoned or is no longer receiving the inducements in AS 43.90.110(a).

4 (b) The recourse tariff or a contract filed by an in-state natural gas pipeline
5 carrier may include a dispute resolution procedure. A dispute resolution procedure
6 shall

7 (1) provide that notice of a dispute be given to all shippers;

8 (2) culminate in a process that is determined by an independent third
9 party or panel; and

10 (3) permit the participation of existing shippers and creditworthy
11 potential shippers that have previously made good faith requests for firm
12 transportation service; a participant must satisfy the commission's standard for
13 intervention in an adjudicatory proceeding and demonstrate that the participant has a
14 property, financial, or other significant interest in the dispute.

15 **Sec. 42.08.380. Regulatory cost charge.** (a) Each year, a person operating an
16 in-state natural gas pipeline under this chapter shall pay to the commission a
17 regulatory cost charge if the pipeline for which the charge is assessed is subject to this
18 chapter and the commission has taken action on the pipeline or certificate under this
19 chapter during the prior fiscal year. The amount of the regulatory cost charge may not
20 exceed the sum of the following percentages of gross revenue derived from operations
21 in the state:

22 (1) 0.7 percent to fund the operations of the commission; and

23 (2) 0.17 percent to fund operations of the public advocacy function
24 under AS 42.04.070(c) and AS 44.23.020(e) in the Department of Law.

25 (b) The commission shall by regulation establish a method to determine
26 annually the amount of the regulatory cost charge that will apply to a pipeline
27 regulated under this chapter. If the amount the commission expects to collect under (a)
28 of this section, AS 42.05.254(a), and AS 42.06.286(a) exceeds the authorized budgets
29 of the commission and the Department of Law public advocacy function under
30 AS 42.04.070(c) and AS 44.23.020(e), the commission shall, by order, reduce the
31 percentage determined under a regulation adopted under this subsection so that the

1 total amount of the fees collected approximately equals the authorized budgets of the
2 commission and the Department of Law public advocacy function under
3 AS 42.04.070(c) and AS 44.23.020(e) for the fiscal year.

4 (c) The commission shall administer the charge imposed under this section.
5 The Department of Revenue shall collect and enforce the charge imposed under this
6 section. The Department of Administration shall identify the amount of the operating
7 budgets of the commission and the Department of Law public advocacy function
8 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.
9 The legislature may appropriate an amount equal to the lapsed amount to the
10 commission and to the Department of Law public advocacy function under
11 AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the
12 legislature does so, the commission shall reduce the total regulatory cost charge
13 collected for that fiscal year by a comparable amount.

14 (d) The commission may adopt regulations under AS 44.62 (Administrative
15 Procedure Act) necessary to administer this section, including procedures and
16 requirements for reporting information and a requirement for paying the regulatory
17 cost charge in quarterly payments. The Department of Revenue may adopt regulations
18 under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed
19 information and for collecting required payments.

20 **Sec. 42.08.390. Effect of chapter on taxes and royalties.** Nothing in this
21 chapter shall alter the calculation of a production tax under AS 43.55.011 - 43.55.180
22 or the calculation of a royalty due for a lease issued under AS 38.05.180.

23 **Article 4. Public Records; Investigations.**

24 **Sec. 42.08.400. Public records.** (a) Except as provided in (b) and (c) of this
25 section or prohibited from disclosure under state or federal law, records in the
26 possession of the commission are open to public inspection at reasonable times.

27 (b) The commission may by regulation classify records received from an in-
28 state natural gas pipeline carrier or in-state natural gas pipeline as privileged records
29 that are not open to the public for inspection.

30 (c) A record filed with the commission that is a precedent agreement between
31 an in-state natural gas pipeline carrier and an unregulated entity is a privileged record

1 that is not open to the public for inspection. For a record that relates to a precedent
 2 agreement, or is or relates to a contract other than a precedent agreement between an
 3 in-state natural gas pipeline carrier and an unregulated entity, if an in-state natural gas
 4 pipeline carrier identifies the provisions of the record that contain information that, if
 5 disclosed, could adversely affect the competitive position of the shipper or could cause
 6 commercial or competitive harm or damage if disclosed and the commission agrees,
 7 the information shall be treated by the commission as confidential.

8 (d) A person may make written objection to the public disclosure of
 9 information contained in a record filed under this chapter or of information obtained
 10 by the commission or by the attorney general under this chapter, stating the grounds
 11 for the objection. When an objection is made, the commission shall order the
 12 information withheld from public disclosure if the information adversely affects the
 13 interest of the person making written objection and disclosure is not required in the
 14 interest of the public.

15 (e) A commissioner may certify as to all official records of the commission
 16 under this section and may certify as to all official acts of the commission under this
 17 chapter.

18 **Sec. 42.08.410. Investigations.** The commission may investigate any matter
 19 for which an investigation is authorized under this chapter. An investigation may be
 20 public, nonpublic, or both. In conducting an investigation, the commission may
 21 compel the attendance and testimony of witnesses and the production of records and
 22 testimony before the commission or its designee. In the course of an investigation, the
 23 commission may, subject to AS 44.23.020(e), exclude from attendance at the taking of
 24 investigative testimony all persons except a person compelled to attend, that person's
 25 attorney, members of the commission or the commission's staff, and a person
 26 authorized to transcribe the proceedings.

27 **Article 5. Accounts, Records, and Reports.**

28 **Sec. 42.08.450. Accounts; records; triennial reports.** (a) To the extent
 29 necessary for the commission to perform the duties of the commission under this
 30 chapter,

31 (1) the commission may by regulation require an in-state natural gas

1 pipeline carrier or affiliated interest engaged in activities relating to pipelines to
2 establish and maintain as part of its system of accounts continuing property records
3 showing, as to property that is actually being used in pipeline activity in this state, the
4 year of placement in service, original cost, and current location, and, as to a pipeline
5 system, accounts and records in a manner showing, on a current basis, the original cost
6 of the system in the state and related reserves for depreciation;

7 (2) the in-state natural gas pipeline carrier shall

8 (A) keep its accounts for its pipeline facilities located in this
9 state separate from any accounts relating to any other business, including
10 another pipeline facilities business or a subsidiary business, in which it
11 engages, directly or indirectly; except as the commission provides, property,
12 expense, or revenue used in or derived from the other business may not be
13 considered in establishing the rates and charges of the facility;

14 (B) keep books, accounts, papers, and records required by this
15 chapter or by regulations adopted by the commission under this chapter in an
16 office in this state and may not remove them from the state except upon written
17 authority by the commission; and

18 (C) file a report with the commission that contains an updated
19 cost study and a calculation of the three-year average actual return on equity;
20 the report shall be filed every three years after the pipeline begins operations,
21 within 90 days after the close of the annual accounting period for the in-state
22 natural gas pipeline carrier, or within additional time granted by the
23 commission upon a showing of good cause.

24 (b) The commission shall review the cost study described in (a)(2)(C) of this
25 section and verify that, for the rate elements specified in AS 42.08.350(b), the carrier
26 is using the same elements that were last approved by the commission. If the carrier
27 does not use the correct rate elements in its triennial report, the commission may
28 require the carrier to recalculate and file a corrected report. If, on the date the report
29 described in (a)(2)(C) of this section is delivered, the report reflects that the three-year
30 average actual return on equity exceeds the approved rate of return, the carrier shall,
31 not later than 90 days after the date the report is delivered, deposit an amount equal to

1 the excess in a segregated operating reserve fund. The carrier shall continue to deposit
2 the excess described in this subsection at the times described in this subsection until
3 the amount in the operating reserve fund is equal to 20 percent of the most recent
4 three-year average of the carrier's annual operating costs. The carrier may use money
5 in the operating reserve fund to offset any shortage in the recovery of operating costs
6 set out in another triennial report. If a deposit will cause the operating reserve fund to
7 exceed 20 percent of the most recent three-year average of the carrier's annual
8 operating costs, the amount exceeding 20 percent must be used to reduce, on a
9 volumetric basis, the firm transportation service rates for all shippers for the next
10 three-year period.

11 **Article 6. General Provisions.**

12 **Sec. 42.08.510. Designation of service agents.** An in-state natural gas pipeline
13 carrier shall file with the commission a written appointment of a named permanent
14 resident, which may be a corporation, of this state as its registered agent in this state
15 on whom service of all notices, regulations, and requests of the commission may be
16 made. The appointment shall specify the address in this state of the appointed agent.
17 The address may be changed from time to time by filing a new address in the state
18 with the commission. If an in-state natural gas pipeline carrier fails to appoint a
19 registered agent, service of notices, regulations, and requests may be made by posting
20 a copy in the main office of the commission and filing a copy in the office of the
21 lieutenant governor.

22 **Sec. 42.08.520. Effect of regulations.** Regulations adopted by the commission
23 under this chapter have the effect of law.

24 **Sec. 42.08.530. Judicial review and enforcement.** (a) Except as provided in
25 AS 38.35.200(c), a final order of the commission under this chapter is subject to
26 judicial review under AS 44.62.560 and 44.62.570.

27 (b) If an appeal is not taken from a final order of the commission within 10
28 calendar days after an investigation under AS 42.08.220(b)(3), the commission may
29 apply to the superior court for enforcement of the order of the commission. The court
30 shall enforce the order by injunction or other process.

31 **Sec. 42.08.540. Joinder of actions.** Under the applicable court rules, appeals

1 from orders of the commission and applications for enforcement of orders of the
2 commission may be joined. The court may, in the interests of justice, separate the
3 actions.

4 **Sec. 42.08.900. Definitions.** In this chapter,

5 (1) "commission" means the Regulatory Commission of Alaska
6 (AS 42.04.010);

7 (2) "commissioner" means a member of the commission;

8 (3) "firm transportation service" means service by a natural gas
9 pipeline carrier that is not subject to a prior claim by another shipper or another class
10 of service; service constitutes "firm transportation service" if the service receives the
11 same priority as any other class of firm transportation service;

12 (4) "in-state natural gas pipeline" or "in-state natural gas pipeline
13 facility" means a natural gas pipeline that transports or will transport natural gas in the
14 state by way of contract carriage;

15 (5) "in-state natural gas pipeline carrier" means the owner, including a
16 corporation, company, or other entity organized under the laws of the United States or
17 of any state, of an in-state natural gas pipeline or an interest in it, or a person,
18 including a corporation, company, or other entity organized under the laws of the
19 United States or of any state, that transports or will transport natural gas as a contract
20 carrier;

21 (6) "natural gas pipeline" has the meaning given in AS 31.25.390;

22 (7) "precedent agreement" means a contractual commitment, including
23 a presubscription agreement, to acquire firm transportation capacity, executed between
24 an in-state natural gas pipeline carrier and another person, that establishes the rates,
25 terms, and conditions for service;

26 (8) "record" means a report, file, book, account, paper, or application
27 and the facts and information contained in it.

28 * **Sec. 22.** AS 43.56.020 is amended by adding a new subsection to read:

29 (d) Taxable property of a natural gas pipeline project owned or financed by
30 the Alaska Gasline Development Corporation or a joint venture, partnership, or other
31 entity that includes the Alaska Gasline Development Corporation is exempt from state

1 taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized
2 under AS 43.56.010(b) before the commencement of commercial operations of that
3 natural gas pipeline project. In this subsection, "commencement of commercial
4 operations" means the first flow of natural gas in the project that generates revenue to
5 the owners of the natural gas pipeline project.

6 * **Sec. 23.** AS 36.30.850(b)(45); AS 38.34.030, 38.34.040, 38.34.050, 38.34.060;
7 AS 39.25.110(11)(G); AS 39.50.200(b)(57); AS 41.41.010, 41.41.020, 41.41.030, 41.41.040,
8 41.41.050, 41.41.060, 41.41.070, 41.41.080, 41.41.090, 41.41.100, 41.41.110, 41.41.120,
9 41.41.130, 41.41.140, 41.41.150, 41.41.200, 41.41.300, 41.41.310, 41.41.320, 41.41.330,
10 41.41.340, 41.41.350, 41.41.360, 41.41.370, 41.41.380, 41.41.390, 41.41.400, 41.41.410,
11 41.41.450, 41.41.500, 41.41.900, and 41.41.990 are repealed.

12 * **Sec. 24.** Sections 1 and 5, 2002 Ballot Measure No. 3, are repealed.

13 * **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 **TRANSITION AND LEGISLATIVE INTENT.** (a) It is the intent of the legislature
16 that a right-of-way lease subject to AS 31.25.090(d), enacted by sec. 3 of this Act,
17 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of
18 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by
19 sec. 11 of this Act, that is entered into between the commissioner of natural resources and the
20 Alaska Gasline Development Corporation before the effective dates of secs. 3 and 8 - 11 of
21 this Act be amended as soon as practicable after the effective dates of secs. 3 and 8 - 11 of this
22 Act to conform to the requirements of AS 31.25.090(d), enacted by sec. 3 of this Act,
23 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of
24 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by
25 sec. 11 of this Act.

26 (b) The transition of the Alaska Gasline Development Corporation from a subsidiary
27 of the Alaska Housing Finance Corporation to an independent public corporation of the state
28 may not disrupt, interfere, or alter the work of the Alaska Gasline Development Corporation.
29 The governor shall appoint the board of the Alaska Gasline Development Corporation as soon
30 as practicable after the effective date of this Act. It is the intent of the legislature that the
31 governor appoint the new board of the Alaska Gasline Development Corporation within 90

1 days after the effective date of this Act. The board of the Alaska Housing Finance
2 Corporation shall serve as the board of the Alaska Gasline Development Corporation until the
3 governor appoints the board of the Alaska Gasline Development Corporation under this
4 subsection. The board of directors of the Alaska Gasline Development Corporation shall work
5 with the board of directors of the Alaska Housing Finance Corporation and the commissioner
6 of commerce, community, and economic development to ensure the smooth transition of the
7 Alaska Gasline Development Corporation to being an independent public corporation,
8 including modifying the articles of incorporation of the Alaska Gasline Development
9 Corporation.

10 (c) It is the intent of the legislature that the transition of the Alaska Gasline
11 Development Corporation to being an independent public corporation of the state located for
12 administrative purposes in the Department of Commerce, Community, and Economic
13 Development be treated for all purposes only as a change of placement within the state and
14 not as the creation of a new public corporation of the state.

15 (d) It is the intent of the legislature that the Alaska Housing Finance Corporation, the
16 board of directors of the Alaska Gasline Development Corporation as a subsidiary created
17 under AS 18.56.086 by the Alaska Housing Finance Corporation, and the commissioner of
18 commerce, community, and economic development expeditiously amend the articles of
19 incorporation, the bylaws, and other documents of the Alaska Gasline Development
20 Corporation to reflect the change in the placement of the Alaska Gasline Development
21 Corporation from being a subsidiary of the Alaska Housing Finance Corporation to being an
22 independent public corporation of the state as provided in AS 31.25, enacted by sec. 3 of this
23 Act.

24 (e) It is the intent of the legislature that the Alaska Housing Finance Corporation and
25 the commissioner of commerce, community, and economic development coordinate the
26 transition of the Alaska Gasline Development Corporation to its new placement within the
27 state as an independent public corporation of the state and assist the newly appointed board of
28 directors of the Alaska Gasline Development Corporation to ensure that the development of
29 an in-state natural gas pipeline is not unreasonably delayed because of the change in
30 placement within the state of the corporation.

31 * **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the catch lines of

3 (1) AS 38.35.120 from "Covenants required to be included in lease" to
4 "Covenants required to be included in lease to a pipeline that is not a natural gas pipeline
5 contract carrier"; and

6 (2) AS 38.35.200 from "Judicial review of decisions of commissioner on
7 application" to "Judicial review."

8 * **Sec. 27.** This Act takes effect immediately under AS 01.10.070(c).

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 4
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB004CSSS(RES)-DOR-AHFC-AGDC-03-26-13 Department: Various
Title: IN-STATE GASLINE DEVELOPMENT CORP Appropriation: Various
Sponsor: HAWKER, CHENAULT Allocation: Various
Requester: House Finance Committee OMB Component Number:

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4	
Travel								
Services	1,104.9	2,422.2	1,908.1	4,069.6	6,042.0	6,208.5	3,853.2	
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6	

Fund Source (Operating Only)

1061 CIP Rcpts	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6
Total	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Positions

Full-time	31.0	7.0	39.0	50.0	63.0	64.0	56.0
Part-time							
Temporary							

Change in Revenues							
---------------------------	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 25,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? /

Why this fiscal note differs from previous version:

This fiscal note reflects the most recent version of the bill. Updated language related to ANGDA, the Department of Law, and the Regulatory Commission of Alaska is included in this version of the note. The Governor's FY14 budget includes \$25 million for the continued funding of this project.

Prepared By:	Frank Richards, Manager Pipeline Eng. and Government Affairs	Phone:	(907)330-6352
Division:	Alaska Gasline Development Corporation	Date:	03/26/2013 05:30 PM
Approved By:	Dan Fauske, President AGDC	Date:	03/26/13
	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 004

Analysis

This omnibus bill allows the Alaska Gasline Development Corporation (AGDC) to continue its statutory mission of delivering natural gas from Alaska's North Slope to Fairbanks and Southcentral Alaska. In its current form, the bill does the following:

- Creates an in-state natural gas pipeline fund;
- Creates a new independent state corporation and moves AGDC as a subsidiary of the Alaska Housing Finance Corporation to the new independent corporation;
- Makes certain information provided to or created by the Alaska Gasline Development Corporation exempt from inspection as a public record;
- Exempts property of a project developed by AGDC from property taxes before commencement of commercial operations;
- Exempts a pipeline owned by AGDC from common-carrier restrictions;
- Limits the review of natural gas transportation contracts by the Regulatory Commission of Alaska;
- Modifies the Alaska Natural Gas Development Authority statutes to allow it to act as a gas marketing entity for AGDC;

This legislation will have a fiscal impact for the following state agencies:

Department of Law

Regulatory Affairs and Public Advocacy Section

Department of Natural Resources

State Pipeline Coordinators Office

Office of History and Archaeology

Division of Geological and Geophysical Surveys

Division of Mining, Land and Water

Department of Environmental Conservation

Division of Environmental Health - Air Quality

Division of Environmental Health - Drinking Water

Division of Environmental Health - Food Safety and Sanitation

Division of Environmental Health - Solid Waste Management

Division of Spill Prevention and Response - Contaminated Sites

Division of Spill Prevention and Response - Industry Preparedness & Pipeline Operations

Division of Spill Prevention and Response - Prevention and Emergency Response Program

Division of Water

Department of Transportation & Public Facilities

Statewide Engineering and Design Services

See attachment for budget details for each agency.

Department	FY14	FY14	FY15	FY16	FY17	FY18	FY19
AGDC	4,058.3	3,634.3	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
DOL	102.3		136.4	136.4	136.4	136.4	136.4
DNR			670.3	2,434.4	2,786.7	2,786.7	408.9
DEC	290.8		410.6	808.0	2,428.1	2,594.6	2,617.1
DOT&PF	711.8		690.8	690.8	690.8	690.8	690.8
Total:	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Fiscal Note Attachment

File Name: HB004CSSS(RES)-REV- AHFC-AGDC 3-25-13
Title: In State Gasline Development Corp.
Sponsor: Representative Hawker; Representative Chenault

Alaska Gasline Development Corporation

Component 2986

	FY14 Appropriation Requested	Included in Governor's base budget for FY14	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Travel							
Services		2,422.2					
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	4,058.3	3,634.3	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
Positions	25	7	32	32	32	32	32

This bill creates an In-state Natural Gas Pipeline Fund but does not capitalize the fund. Assuming the fund is capitalized, AGDC will begin to utilize the fund during FY2014.

The total project costs for AGDC to project sanction, including prior year appropriations, are \$400 million. Other state agency needs through FY19 (as detailed in this attachment) are an additional \$27 million. AGDC would reimburse agencies for their costs through reimbursable service agreements. Capital expenditures from the In-state Natural Gas Pipeline Fund and additional appropriations are anticipated according to the following schedule (in million \$):

AGDC total project cost to project sanction:	\$400,000.0
*Agencies need through construction (FY14 - FY19):	<u>\$27,000.0</u>
	\$427,000.0
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	\$355,000.0
FY14 Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	\$330,000.0

* Includes cost for AGDC, DEC, DNR, DOT/PF and LAW and assumes costs beyond FEL 3 and through FY19.

Acquisition of Natural Gas

An AGDC gas marketing subsidiary will pursue natural gas purchases and could act as a gas consolidator for gas sales contracts. The subsidiary will evaluate the natural gas reserves purchased to meet aggregated electric utility needs. The role of an AGDC subsidiary would be one of a gas marketer and would also include the negotiation of gas contracts with entities interested in an aggregated approach to contractual negotiations. Staff will include a natural gas marketing manager and a natural gas marketing analyst.

To continue the project, AGDC will need 25 additional staff to be added during FY 2014 at an average annual fully-loaded cost of approximately \$145,158 per year.

Positions	Position description	Salary only
1	President	\$375,000
2	Vice President	\$285,000
3	Director, Administrative Services	\$120,000
4	Controller	\$95,000
5	Financial Accounting Manager	\$73,000
6	Financial Accountant	\$57,000
7	Financial Accountant	\$57,000
8	Financial Accountant	\$57,000
9	Accounts Payable Manager	\$71,000
10	A/P Clerk	\$43,000
11	A/P Clerk	\$43,000
12	Community Relations Representative	\$49,000
13	Stakeholder Engagement	\$57,000
14	Admin Support	\$43,000
15	Admin Support	\$43,000
16	Procurement Manager	\$73,000
17	Risk Manager	\$73,000
18	Human Resources	\$73,000
19	Payroll Manager	\$71,000
20	IT/IS Manager	\$73,000
21	Desktop Support	\$57,000
22	Desktop Support	\$57,000
23	Network Supervisor	\$57,000
24	Gas Marketing Manager	\$125,000
25	Gas Marketing Analyst	\$90,000

The operating budget costs identified (personal services) will be expended in support of the capital budget items in each of the subsequent fiscal years.

Total AGDC expenditures are budgeted in the following categories:

Project Plan Completion	\$ 30,000,000
Commercial Operations	13,825,000
Pipeline Engineering	93,784,000
Facilities Engineering	182,962,000
Support Activities	79,429,000
Total	\$400,000,000

Project Plan Completion: Completion of the project plan required by HB 369 and delivered to the Legislature in July, 2011 including all preliminary engineering and commercial analysis up to that point. This coincides with the stage gate at the end of FEL-1.

Commercial Operations: Advance commercial discussions with potential shippers and markets. Develop agreements to allow for the future development of this project. Engage and work with the Prudhoe Bay operations & owners on numerous integration issues.

Pipeline Engineering, Environmental & Permitting: Advance pipeline route data collection and design, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for regulatory permits preparation prior to construction.

Facilities Engineering, Environmental & Permitting: Advance preliminary and front-end engineering development, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for permits preparation prior to construction.

AGDC Support Activities: Home office activities to support the commercial and engineering development of the project including all external affairs, accounting, budget, legal, records management and managerial oversight activities.

Department of Natural Resources

In the preparation of this fiscal note certain assumptions have been made:

- 1) Participating State agencies will provide separate fiscal notes.
- 2) Schedule assumptions are based on AGDC's currently proposed schedule.
- 3) Construction oversight begins in FY2016 and continues through FY2017 and FY2018. Operational oversight begins in FY2019. The cost estimate for these activities is for DNR only and does not include estimates for other State agencies.
- 4) Assume a two and one half-year construction schedule segregated into four geographic areas.
- 5) Assume SPCO will administer material sales within the right-of-way and the material sites after initial sale.

STATE PIPELINE COORDINATOR'S OFFICE

State Pipeline Coordinator's Office

Component Number 1191

OPERATING EXPENDITURES	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			520.5	1,961.1	2,256.9	2,256.9	329.6
Travel			10.0	200.0	250.0	250.0	25.0
Services			4.0	70.0	76.5	76.5	15.0
Commodities			7.0	20.0	20.0	20.0	7.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	541.5	2,251.1	2,603.4	2,603.4	376.6

POSITIONS

8 8 8

Costs include SPCO expenses to coordinate the participation of DNR divisions in pre-construction permitting and work associated with AGDC's development of plans and processes required by the State Lease, lease compliance and the preparation and issuance of Notices to Proceed (NTP).

Eight new long-term, non-permanent (LTNP) Natural Resource Specialist (NRS) III (range 18) positions will be created in FY2016 and will exist through FY2018. All remaining positions will be partial use of existing SPCO positions, FY2015 through FY2019.

Travel would be for public meetings, public hearings, agency coordination and monitoring of contractors performing field work and compliance oversight. Other, contractual and supply costs include aerial photos, satellite imagery, field supplies, maps, office space, telephones, core service charges and related expenses.

STATE PIPELINE COORDINATOR'S OFFICE POSITIONS:

Listed below, by year, are the new and existing positions in Anchorage needed for pre-construction permitting /plan development and preparation of the NTPs. Existing positions used for the project will be assigned to work on a part time basis. New positions specific to the project will be classified as LTNP and will not extend beyond construction. Another option that will be considered is the use of contractors versus hiring LTNP employees. All contract support would be managed by permanent SPCO employees.

SPCO FY2015

- One Natural Resource Specialist (NRS) IV (range 21)
- One Natural Resource Manager (NRM) III (range 22)
- Two Natural Resource Specialist (NRS) III (range 18)
- One Information Officer III (PIO) (range 20)
- One Engineer IV (range 27)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 3 months
- Administrative Support

SPCO FY2016

Pipeline construction oversight begins in FY2016. Because the activity is ramping up in FY2016, the estimated costs are lower than in FY2017 and FY2018.

- Eleven Natural Resource Specialist (NRS) III (range 18) – **eight of the eleven are new, long-term, non-permanent positions**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2017 and FY2018

Pipeline construction continues in FY2017 and FY2018:

- Eleven Natural Resource Specialist (NRS) III (range 18) – **eight of the eleven are new, long-term, non-permanent positions created in FY2016**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2019 and FY2020

Operational oversight and lease administration will require:

- Two Natural Resource Specialist (NRS) III (range 18)
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III(PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 1 month
- Administrative Support

DIVISION OF MINING, LAND AND WATER

Component Number 3002

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	96.5	***	***	***	***

Assumptions:

- 1) DNR/DMLW will be required to supervise, review and approve a title report prepared by SPCO regarding State owned lands in the pipeline ROW.
- 2) DNR will not be required to transfer title of any State lands to DOT/PF.
- 3) DNR/DMLW will not be responsible for title or ROW acquisitions from entities other than DNR managed lands including lands owned by private persons, boroughs, the university, mental health trust, ANCSA corporations, native allotments, and the federal government.
- 4) DNR/DMLW will review and approve all land surveys associated with granting an in-state gasline ROW and developing an in-state gasline across State land.

- 5) DNR/DMLW will participate in the ROW planning effort to some degree across State land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF. DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible State agencies with efforts to extricate the ROW from the LDAs.
- 6) SPCO will issue AS 38.35 ROW across lands to DOT/PF, and SPCO will be responsible for issuance of the majority of the land use permits and material sales necessary within the ROW, but that DNR/DMLW will be required to issue some land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (beyond FY2016).

The costs to DMLW would include expenses during FY2015 for providing assistance during the development team's planning efforts and pre-application meetings as well as costs associated with materials sales and permitting, as necessary, during the construction of the gasline.

DMLW has concluded that costs for FY2016 and beyond are indeterminate as the necessity, number and size of the permits or material sales outside the ROW are not known at this time. This budget does not include any estimated funding needed for DMLW for fiscal years 2016-2020.

DMLW FY2015

- One Natural Resource Manager (NRM) III (Range 22), 3 months for the supervision, review and approval of a title report prepared by SPCO staff.
- One Land Surveyor (LS) II (Range 22), 2 months for review and approval of all land surveys associated with granting an in-state gasline ROW.
- One Natural Resource Specialist (NRS) III (Range 18), 3 months for participation in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs.

Travel will be for planning and attending public meetings, as well as survey review and approval.

DMLW FY2016 and beyond

Indeterminate fiscal impact for FY2016 and beyond as the necessity, number and size of the permits or material sales are not known at this time. DMLW would utilize a Natural Resource Specialist (NRS) II - (Range 16) - at a rate of approximately \$96,250 per year for issuance of land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance.

OFFICE OF HISTORY & ARCHAEOLOGY

Component Number 451

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services			30.3	30.3	30.3	30.3	30.3
Travel			2.0	2.0	2.0	2.0	2.0
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	32.3	32.3	32.3	32.3	32.3

The Office of History and Archaeology anticipates using one archaeologist for review and monitoring of the cultural resource project program. OHA estimates utilizing the position for three months and some travel costs needed for site visits.

- One Archeologist II (range 18), 3 months

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Component Number 1031

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services				66.6	66.6	66.6	
Travel				11.1	11.1	11.1	
Services				68.0	68.0	68.0	
Commodities				5.3	5.3	5.3	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	151.0	151.0	151.0	0.0

The Division of Geological and Geophysical Surveys (DGGS) cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route.

DGGS will use the following personnel in Fairbanks for management of geohazards project related studies and review of existing information. Travel and services will be for associated site visits, data gathering, and lab analyses.

- One Geologist IV (range 21), 2 months
- One Geologist III (range 19), 4 months
- One student Intern, 6 months

Department of Environmental Conservation

Summary of Cost for DEC

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services	244.9	0.0	229.3	689.8	1,959.4	2,1115.8	2,086.9
Travel	8.2	0.0	14.2	24.4	109.4	119.4	117.0
Services	22.7	0.0	159.6	71.3	230.3	350.4	351.7
Commodities	15.0	0.0	7.5	22.5	129.0	9.0	61.5
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	290.8	0.0	410.6	808.0	2,428.1	2,594.6	2,617.1
Positions:	2	0	3	6	19	20	20

Division of Environmental Health

Division of Environmental Health - Air Quality Component Number 2061

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services	40.9		13.5	23.9	12.8	28.9	
Travel	3.2		3.2	2.4	2.4	2.4	
Services	10.5		143.9	1.4	0.8	33.7	
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	54.6	0.0	160.6	27.7	16.0	65.0	0.0
Positions:	0	0	0	0	0	0	0

The primary impact of this bill on the Division of Air Quality is the fee authority for permitting for the Alaska Gasline Development Corporation. The bill also exempts air quality permits required under the federal Clean Air Act from certain provisions related to permit appeals. This provision is helpful in preventing conflicts with regards to the Division's federally approved permitting program.

HB 4 would require pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The Division assumes four construction applications in FY2015. This includes one Prevention of Significant Deterioration (PSD) permit and three Minor Source Specific (MSS) permits. Operation permits and compliance reviews would begin in FY2017.

Personal Services:

The Division assumes pre-application assistance will be provided by current staff (Environmental Program Manager III, and Environmental Program Specialist III) in FY2014 and current staff will provide oversight of term contracts in FY2015 through FY2018.

Travel:

Program staff will do a limited amount of traveling to manage this program, such as project site trips.

Services:

Much of the work effort will be completed by term contractors, with oversight by current staff. The majority of contractual work effort would be provided in FY2015.

Division of Environmental Health - Drinking Water

Component Number	2066						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services					100.5	120.7	120.7
Travel					15.0	15.0	15.0
Services					8.0	9.2	9.2
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	131.5	145.4	145.4
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Drinking Water component will be the requirement to perform engineered plan and record drawing submittal reviews, provide construction approvals, followed by operation approvals, for the water systems needed to support the labor camps. These water systems will also require routine compliance monitoring for public health protection.

Personal Services:

The Department will add one position to this component, an Environmental Engineer I, to review engineered plans for water systems and to provide construction approvals and operation approvals for the water systems needed to support the labor camps. This position will be filled for ten months the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide on-site reviews and compliance monitoring of the water systems for public health protection.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Food Safety & Sanitation

Component Number	2343						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services					82.3	98.7	98.7
Travel					15.0	15.0	15.0
Services					6.9	7.9	7.9
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	112.2	122.1	122.1
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Food Safety & Sanitation will be an increase in the permitting and inspecting of labor camp kitchens and public accommodations.

Personal Services:

Ensuring these camps and facilities are permitted and inspected requires additional staffing. The Department will add one position to this component, an Environmental Health Officer III, to inspect and permit labor camp kitchens and public facilities. This position will be filled for ten months the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance, inspect the labor camps and public facilities, and staff training and certification.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Solid Waste Management

Component Number 2344

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services					89.8	107.8	107.8
Travel					15.0	15.0	15.0
Services					7.4	8.5	8.5
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	120.2	131.8	131.8
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Solid Waste Management component will be an increase in permitting the solid waste treatment facilities and landfills

associated with pipeline construction. These facilities pose a high risk to human health and the environment. They are authorized to operate either by permit or plan approval, which allows the Solid Waste Program to ensure that these facilities meet the design and operational standards in the regulations. After an authorization is issued, the Program further assesses compliance with the regulations by conducting on-site inspections of these facilities.

Personal Services:

The Department will add one position to this component, an Environmental Program Specialist IV, to inspect solid waste treatment facilities and landfills. This position will be filled for ten months in the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance and compliance monitoring to the labor camps, as well as training and certification of staff.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Spill Prevention & Response - Contaminated Sites

Component Number 2386

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services			11.8	87.7	87.7	87.7	87.7
Travel				6.0	6.0	6.0	6.0
Services			0.7	5.2	5.2	5.2	5.2
Commodities			7.5				
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	20.0	98.9	98.9	98.9	98.9

Positions: 0 0 1 1 1 1 1

The Contaminated Sites component of the Division of Spill Prevention and Response would be required to research sites located within the proposed pipeline right-of-way and participate in the development of the Environmental Impact Statement. During construction of the pipeline, the

program would conduct inspections, assessments and possibly cleanup oversight activities associated with contaminated soil and groundwater which may occur as a result of oil and hazardous substance releases at construction camps and other pipeline support infrastructure. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs an Environmental Program Specialist II, range 16, to research sites located within the proposed pipeline right-of-way, prepare input to the Environmental Impact Statements and conduct inspections.

Travel:

Travel will be required to conduct research and inspection activities will be necessary.

Services:

The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new position identified.

Division of Spill Prevention & Response - Industry Preparedness & Pipeline Operations

Component Number		1922					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services				278.7	278.7	364.4	364.4
Travel				5.0	6.0	6.0	6.0
Services				16.7	22.7	22.7	22.7
Commodities				15.0		7.5	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	315.4	307.4	400.6	393.1
Positions:	0	0	0	2	2	3	3

The Industry Preparedness and Pipeline Operations component would be required to conduct contingency plan reviews, inspections, spill exercises and plan modifications/renewals as warranted. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs one Technical Engineer/Architect II, range 25, and an Environmental Engineer II, range 23 in FY2016 to review designs, contingency plans, exercises and plan modifications for

Services:

The program assumes one Incident Management Team size response annually, annual training, and additional leased space for eight new positions in field camps or field offices in nearby communities. The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new positions identified above as well as personal protection equipment for Arctic weather to be used during inspections. Additionally, the program will require the purchase of four vehicles in FY2017, two staged in Anchorage and two staged in Fairbanks to conduct inspections of the pipeline, camps and for use in emergency responses. Wear and tear on these vehicles is expected to be high with an accelerated replacement schedule, therefore in FY2019; the program will purchase two replacement vehicles.

Division of Water - Water Quality

Component Number		2062					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	204.0		204.0	204.0	438.2	438.2	438.2
Travel	5.0		5.0	5.0	20.0	20.0	20.0
Services	12.2		12.2	12.2	46.3	46.3	46.3
Commodities	15.0				15.0		
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	236.2	0.0	221.2	221.2	519.5	504.5	504.5
Positions:	2	0	2	2	4	4	4

HB 4 would require approval for wastewater treatment systems constructed in conjunction with the development of the pipeline. The Department would be responsible for permitting multiple wastewater discharges from sinks and showers, drinking water treatment plants, domestic treatment plants, dewatering activities and stormwater. The Division will start project planning in 2014 and require two permitting positions. Construction will start in 2017 and require one engineering and one compliance position. Plan reviews and compliance inspections would occur during construction, with periodic inspections post construction. Assumptions are based on the proposed gasline schedule.

Personal Services:

The Division of Water would need an Environmental Program Specialist IV, range 20, and an Environmental Program Specialist III, range 18, to write permits. Beginning in FY2017, one

Environmental Engineer I, range 22 would be needed to review plans and one Environmental Program Specialist IV, range 20, would be needed to conduct inspections.

Travel:

Division staff will need to travel to attend meetings, trainings and conduct inspections.

Services:

Department of Law would be consulted as needed.

Commodities:

Includes one-time set up costs for two positions in FY2014 and two positions in FY2017.

Department of Transportation and Public Facilities

The Department's positions will manage the Utility Permit process for the Gas Line. The positions will issue utility permits and monitor Gas Line construction to ensure the highway asset is protected and that traffic safety and federal eligibility are maintained.

AGDC's July 1, 2011 Project Plan has nearly 70% of the Gas Line within the Department's Dalton, Elliot, and Parks Highway Right-of-Way (ROW). The importance of these transportation corridors to Alaska's transportation future cannot be overstated. A Utility Permit(s) issued by the Department will be the mechanism for permitting the construction and operation of the Gas Line within the ROW's and across several major bridges. The Department will assign conditions within the Utility Permit to ensure: safety to the traveling public during construction; traffic improvements are constructed to allow for safe ingress and egress for construction related traffic; the structural integrity of Alaska's highway assets is maintained or improved, and sufficient spatial distance is allowed for future expansion of highway infrastructure with the 75-100 year lifespan of the Gas Line within the existing ROW.

If a utility is permitted and built in the state's ROW, and that ROW becomes necessary for future highway improvement; the state bears the cost of relocating that utility. It is DOT&PF's responsibility to ensure the line's use of the state's ROW does not impact future anticipated highway needs. Specifically for the Parks Highway corridor between the Gas Line's Willow departure and at least Talkeetna Junction, the 75-100 year horizon identifies a four lane divided highway section as the safe and efficient highway section. A four lane limited access facility will occupy most of the existing ROW, so the Gas Line must be outside of that planned highway, or federal eligibility will be in jeopardy for future improvements requiring additional ROW or relocation of the Gas Line. Other highway alignments may have similar ROW constraints.

Statewide Engineering and Design

Component Number 2357

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14					
Personal Services	364.3		364.3	364.3	364.3	364.3	364.3
Travel	45.0		45.0	45.0	45.0	45.0	45.0
Services	280.0		280.0	280.0	280.0	280.0	280.0
Commodities	22.5		1.5	1.5	1.5	1.5	1.5
TOTAL OPERATING	711.8	0.0	690.8	690.8	690.8	690.8	690.8

Positions: 3 3 3 3 3 3

An Engineer/Architect IV, Range 26, will serve as the technical expert, manage consultant activities, oversee regional staff who will be issuing permits and authorizations, oversee construction management consultants, documentation for continued federal eligibility, and coordination of utility permit conditions. An Environmental Impact Analysis Manager II, Range 22, will oversee work done in the ROW to insure compliance with federal and state requirements, ensure our processes provide for rapid permitting decisions and no delays in construction. An Administrative Assistant, Range 12, will assist with the day to day activities of the two professionals.

Travel:

Staff travel for coordinated meetings, on-site inspections, surveying and associated duties.

Services:

Contractual services include costs for core services, small contracts and consultation with the Department of Law and lease space.

Commodities:

One-time costs to set up a new position are included in the first year only. Routine supplies are included in out years.

Department of Law

CSSSHB 4 relates to creation of the Alaska Gasline Development Corporation (AGDC public corporation or new AGDC) as a public corporation, with corporate powers and duties. It establishes a fund for moneys appropriated by the legislature for use by the corporation, authorizes establishment of subsidiary corporations, gives power to issue revenue bonds and establish capital reserve funds, provides tax exemptions and establishes reporting requirements. The intent of the bill is that the existing Alaska Gasline Development Corporation (existing AGDC), a subsidiary of

Alaska Finance Housing Corporation (AHFC), and all of its assets and liabilities, would be merged or transferred into the new AGDC public corporation. It also transitions the Alaska Natural Gas Development Corporation (ANGDA) from a stand-alone public corporation into a subsidiary of the new AGDC public corporation. The purpose of the new AGDC is to advance the in-state natural gas pipeline under the project plan that was prepared by the existing AGDC.

CSSSHB 4, in part, amends Title 42 by adding a new chapter AS 42.08, which require the review and investigation of certain contracts, and/or disputes arising under the Act. The Attorney General, under AS 44.23.020(e), has the right to participate as a party in such proceedings to ensure the public interest is represented. The Regulatory Affairs and Public Advocacy Section within the Department of Law will need at least 1 FTE PAUA I position to meet the increased demand on the section's time and resources to participate in such proceedings. Funding for the position is requested for 3/4 of FY14, and full funding in out years.

The Department of Law does not anticipate any additional fiscal impacts from this legislation.

Component Number 2091

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	87.5		116.6	116.6	116.6	116.6	116.6
Travel	0.4		0.6	0.6	0.6	0.6	0.6
Services	12.0		16.0	16.0	16.0	16.0	16.0
Commodities	2.0		2.7	2.7	2.7	2.7	2.7
Capital Outlay	0.4		0.5	0.5	0.5	0.5	0.5
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	102.3	0.0	136.4	136.4	136.4	136.4	136.4

Positions: 1 1 1 1 1 1

Department of Commerce, Community, and Economic Development

This bill makes the Alaska Gasline Development Corporation (AGDC) an independent public corporation of the State, establishes the in-state natural gas pipeline fund, and locates the AGDC under the Department of Commerce, Community, and Economic Development for administrative purposes. The bill exempts the AGDC from the Executive Budget Act (AS37.07), the Alaska Procurement code (AS36.30), and the State Personnel Act (AS39.25). As a result of these exemptions, administrative support services from the department to AGDC are not expected for these functions.

If the AGDC is further exempted from the Uniform Accounting Act (AS37.05), then it is anticipated that no administrative services support from the department will be necessary. Therefore, no fiscal or regulatory impact is anticipated for Administrative Services from this legislation.

The bill also establishes regulation by the Regulatory Commission of Alaska (RCA) of natural gas transportation contracts, of an in-state natural gas pipeline project developed by the AGDC, and of an in-state natural gas pipeline that provides transportation by contract carriage and provides guidance for that regulation.

If HB4 is enacted it is expected that the RCA will adopt changes to regulations in 3 AAC 47 and 3 AAC 48.

Chapter 47.020 - 47.070 Regulatory Cost Charges will be amended to include regulatory cost charges for in-state natural gas pipelines (AS 42.08.370).

Chapter 48.600 - 48.6661 Practice and Procedure will be amended to establish the requirements for the form of application and the information to be contained in an application for a certificate of public convenience and necessity to provide contract carriage (AS 42.08.330).

The July 1, 2015 date by which the RCA would adopt, amend, or repeal regulations is an estimated date. In accordance with AS 42.05.175(e), the RCA would work to adopt, amend, or repeal regulations no later than 730 days after a rule-making proceeding is initiated.

With the availability of the Utility Finance Analyst III and Utility Engineering Analyst III positions approved and funded in the FY2013 budget, the RCA anticipates zero fiscal impact from this legislation.

Component Number	1028 and 2417		Out-Year Cost Estimates				
	FY14 Appropriation Requested	Included in Governor's FY14 Request	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	0.0		0.0	0.0	0.0	0.0	0.0
Travel	0.0		0.0	0.0	0.0	0.0	0.0
Services	0.0		0.0	0.0	0.0	0.0	0.0
Commodities	0.0		0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Positions:	0		0	0	0	0	0

HB 4 In-State Gasline Development Corporation Fiscal Analysis

	FY14 Governor's Request	FY14 Appropriation Request	FY14 TOTAL	FY15 Base	FY15 New	FY15 TOTAL	FY16 Base	FY16 New	FY16 TOTAL	FY17 Base	FY17 New	FY17 TOTAL	FY18 Base	FY18 New	FY18 TOTAL	FY19 Base	FY19 New	FY19 TOTAL
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT																		
Alaska Gasline Development Corporation	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4		4,895.4	4,895.4		4,895.4
TOTAL	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4	0.0	4,895.4	4,895.4	0.0	4,895.4
Commercial Operations	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	7	23	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
TOTAL	7	25	32	32	0	32	32	0	32	32	0	32	32	0	32	32	0	32
DEPARTMENT OF ENVIRONMENTAL CONSERVATION																		
Environmental Health - Air Quality	54.6	54.6	54.6	106.0	160.6	160.6	-132.9	27.7	27.7	-11.7	16.0	16.0	49.0	65.0	65.0	65.0	65.0	65.0
Environmental Health - Drinking Water	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	131.5	131.5	131.5	131.5	145.4	145.4	145.4	145.4	145.4
Environmental Health - Food Safety & Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	112.2	112.2	112.2	9.6	122.1	122.1	122.1	122.1	122.1
Environmental Health - Solid Waste Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	120.2	120.2	120.2	11.6	131.8	131.8	131.8	131.8	131.8
Spill Prevention & Response	0.0	0.0	0.0	20.0	20.0	20.0	78.9	98.9	98.9	8.0	30.7	30.7	93.2	40.0	40.0	40.0	-7.5	393.1
Spill Prevention & Response	0.0	0.0	0.0	0.0	0.0	0.0	315.4	315.4	315.4	144.8	144.8	144.8	977.6	1,122.4	1,122.4	3.5	1,126.3	1,126.3
Spill Prevention & Response	0.0	0.0	0.0	8.8	8.8	8.8	136.0	144.8	144.8	221.2	221.2	221.2	288.3	519.5	519.5	-15.0	504.5	504.5
Division of Water	236.2	236.2	236.2	119.8	410.6	410.6	397.4	808.0	808.0	1,620.1	2,428.1	2,428.1	166.5	2,594.6	2,594.6	22.5	2,617.1	2,617.1
TOTAL	0.0	296.8	296.8	296.8	119.8	410.6	410.6	397.4	808.0	808.0	1,620.1	2,428.1	2,428.1	166.5	2,594.6	2,594.6	22.5	2,617.1
Commercial Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	2	2	2	1	3	3	3	6	6	13	19	19	1	20	20	20	0	20
TOTAL	0	2	2	2	1	3	3	3	6	6	13	19	19	1	20	20	0	20
DEPARTMENT OF LAW																		
Regulatory Affairs	0	102.3	102.3	102.3	34.1	136.4	136.4	0	136.4	136.4	0	136.4	136.4	0	136.4	136.4	0	136.4
TOTAL	0.0	102.3	102.3	102.3	34.1	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4
Commercial Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPARTMENT OF NATURAL RESOURCES																		
State Pipeline Coordinators Office	0.0	0.0	0.0	541.5	541.5	541.5	1,709.6	2,251.1	2,251.1	352.3	2,603.4	2,603.4	0	2,603.4	2,603.4	-2,226.8	376.6	376.6
Office of History and Archaeology	0.0	0.0	0.0	32.3	32.3	32.3	0.0	32.3	32.3	32.3	32.3	32.3	0.0	32.3	32.3	0.0	32.3	32.3
Division of Geological and Geophysical Surveys	0.0	0.0	0.0	0.0	0.0	0.0	151.0	151.0	151.0	151.0	151.0	151.0	0.0	151.0	151.0	0.0	151.0	151.0
Division of Mining, Land and Water	0.0	0.0	0.0	96.5	96.5	96.5	-96.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	670.3	670.3	670.3	1,764.1	2,434.4	2,434.4	352.3	2,786.7	2,786.7	0.0	2,786.7	2,786.7	-2,377.8	408.9	408.9
Commercial Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES																		
Statewide Engineering & Design	711.8	711.8	711.8	-21.0	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8	690.8
TOTAL	0.0	711.8	711.8	711.8	-21.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8
Commercial Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	3,634.3	5,163.2	8,797.5	8,797.5	-1,569.0	7,228.5	7,228.5	2,036.5	9,265.0	9,265.0	1,672.4	10,937.4	10,937.4	166.5	11,103.9	11,103.9	-2,355.3	8,748.6
CUMULATIVE TOTAL		8,797.5				16,026.0			25,291.0			36,228.4		47,332.3				56,080.9
Commercial Operations	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	7	23	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
POSITION GRAND TOTAL	7	31	38	38	1	39	39	11	50	50	13	63	63	1	64	64	-8	56

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSHB 4(RES)
Fiscal Note Number: 1
(H) Publish Date: 3/4/13

Identifier: HB004-REV-AHFC-AGDC-02-04-13
Title: IN-STATE GASLINE DEVELOPMENT CORP
Sponsor: HAWKER, CHENAULT
Requester: House Resources

Department: Department of Revenue
Appropriation: Alaska Housing Finance Corporation
Allocation: Alaska Gasline Development Corporation
OMB Component Number: 2986

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services		1,212.1					
Travel							
Services		2,422.2					
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	3,634.3	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1061 CIP Rcpts		3,634.3					
Total	0.0	3,634.3	0.0	0.0	0.0	0.0	0.0

Positions

Full-time		7.0					
Part-time							
Temporary							

Change in Revenues							
---------------------------	--	--	--	--	--	--	--

Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 330,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? /

Why this fiscal note differs from previous version:

Initial version of fiscal note. This initial fiscal note incorporates the fiscal impacts of all state agencies affected by its implementation.

Prepared By:	Frank Richards, Manager Pipeline Eng. and Government Affairs	Phone:	(907)330-6352
Division:	Alaska Gasline Development Corporation	Date:	02/02/2013 04:30 PM
Approved By:	Dan Fauske, President AGDC	Date:	02/02/13
	Department of Revenue		

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 4(RES)

Analysis

This omnibus bill allows the Alaska Gasline Development Corporation (AGDC) to continue its statutory mission of delivering natural gas from Alaska's North Slope to Fairbanks and Southcentral Alaska. In its current form, the bill does the following:

- Creates an in-state natural gas pipeline fund;
- Creates a new independent state corporation and moves AGDC as a subsidiary of the Alaska Housing Finance Corporation to the new independent corporation;
- Makes certain information provided to or created by the Alaska Gasline Development Corporation exempt from inspection as a public record;
- Exempts property of a project developed by AGDC from property taxes before commencement of commercial operations;
- Exempts a pipeline owned by AGDC from common-carrier restrictions;
- Limits the review of natural gas transportation contracts by the Regulatory Commission of Alaska;
- Modifies the Alaska Natural Gas Development Authority statutes to allow it to act as a gas marketing entity for AGDC;

This legislation will have a fiscal impact for the following state agencies:

Department of Natural Resources

- State Pipeline Coordinators Office
- Office of History and Archaeology
- Division of Geological and Geophysical Surveys
- Division of Mining, Land and Water

Department of Environmental Conservation

- Division of Environmental Health - Air Quality
- Division of Environmental Health - Drinking Water
- Division of Environmental Health - Food Safety and Sanitation
- Division of Environmental Health - Solid Waste Management
- Division of Spill Prevention and Response - Contaminated Sites
- Division of Spill Prevention and Response - Industry Preparedness & Pipeline Operations
- Division of Spill Prevention and Response - Prevention and Emergency Response Program
- Division of Water

Department of Transportation & Public Facilities

- Statewide Engineering and Design Services

See attachment for budget details for each agency.

Department	FY14	FY14	FY15	FY16	FY17	FY18	FY19
AGDC	3,283.3	3,634.3	4,495.4	4,495.4	4,495.4	4,495.4	4,495.4
ANGDA	775.0		825.0	700.0	400.0	400.0	400.0
DOL	102.3		136.4	136.4	136.4	136.4	136.4
DNR			670.3	2,434.4	2,786.7	2,786.7	408.9
DEC	290.8		410.6	808.0	2,428.1	2,594.6	2,617.1
DOT&PF	711.8		690.8	690.8	690.8	690.8	690.8
Total:	5,163.2	3,634.3	7,228.5	9,265.0	10,937.4	11,103.9	8,748.6

Fiscal Note Attachment

File Name: HB004-DOR-AHFC-2-1-13
Title: In State Gasline Development Corp.
Sponsor: Representative Hawker; Representative Chenault

Alaska Gasline Development Corporation

Component 2986

	FY14 Appropriation Requested	Included in Governor's base budget for FY14	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	3,283.3	1,212.1	4,495.4	4,495.4	4,495.4	4,495.4	4,495.4
Travel							
Services		2,422.2					
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	3,283.3	3,634.3	4,495.4	4,495.4	4,495.4	4,495.4	4,495.4
Positions	23	7	30	30	30	30	30

This bill creates an In-state Natural Gas Pipeline Fund but does not capitalize the fund. Assuming the fund is capitalized, AGDC will begin to utilize the fund during FY2014.

The total project costs for AGDC to project sanction, including prior year appropriations, are \$400 million. Other state agency needs through FY19 (as detailed in this attachment) are an additional \$27 million. AGDC would reimburse agencies for their costs through reimbursable service agreements. Capital expenditures from the In-state Natural Gas Pipeline Fund and additional appropriations are anticipated according to the following schedule (in million \$):

AGDC total project cost to project sanction:	\$400,000.0
*Agencies need through construction (FY14 - FY19):	<u>\$27,000.0</u>
	\$427,000.0
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	\$355,000.0
FY14 Governor's Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	\$330,000.0

** Includes cost for AGDC, ANGDA, DEC, DNR, DOT/PF and LAW and assumes costs beyond FEL 3 and through FY19.*

To continue the project, AGDC will need 23 additional staff to be added during FY 2014 at an average annual fully-loaded cost of approximately \$156,500 per year.

Positions	Position description	Salary only
1	President	\$375,000
2	Vice President	\$285,000
3	Director, Administrative Services	\$120,000
4	Controller	\$95,000
5	Financial Accounting Manager	\$73,000
6	Financial Accountant	\$57,000
7	Financial Accountant	\$57,000
8	Financial Accountant	\$57,000
9	Accounts Payable Manager	\$71,000
10	A/P Clerk	\$43,000
11	A/P Clerk	\$43,000
12	Community Relations Representative	\$49,000
13	Stakeholder Engagement	\$57,000
14	Admin Support	\$43,000
15	Admin Support	\$43,000
16	Procurement Manager	\$73,000
17	Risk Manager	\$73,000
18	Human Resources	\$73,000
19	Payroll Manager	\$71,000
20	IT/IS Manager	\$73,000
21	Desktop Support	\$57,000
22	Desktop Support	\$57,000
23	Network Supervisor	\$57,000

The operating budget costs identified (personal services) will be expended in support of the capital budget items in each of the subsequent fiscal years.

Total AGDC expenditures are budgeted in the following categories:

Project Plan Completion	\$ 30,000,000
Commercial Operations	13,825,000
Pipeline Engineering	93,784,000
Facilities Engineering	182,962,000
Support Activities	79,429,000
Total	\$400,000,000

Project Plan Completion: Completion of the project plan required by HB 369 and delivered to the Legislature in July, 2011 including all preliminary engineering and commercial analysis up to that point. This coincides with the stage gate at the end of FEL-1.

Commercial Operations: Advance commercial discussions with potential shippers and markets. Develop agreements to allow for the future development of this project. Engage and work with the Prudhoe Bay operations & owners on numerous integration issues.

Pipeline Engineering, Environmental & Permitting: Advance pipeline route data collection and design, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for regulatory permits preparation prior to construction.

Facilities Engineering, Environmental & Permitting: Advance preliminary and front-end engineering development, utilizing the information to refine project cost estimates and plans necessary for serious commercial discussions and project development approvals. Develop engineering work in-line with industry best practices for mega-projects. Advance engineering design to be ready for placing long lead equipment and stock orders. Collect key environmental data necessary for permits preparation prior to construction.

AGDC Support Activities: Home office activities to support the commercial and engineering development of the project including all external affairs, accounting, budget, legal, records management and managerial oversight activities.

Alaska Natural Gas Development Authority

Component Number 2708

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	350.0		350.0	350.0	350.0	350.0	350.0
Travel							
Services	425.0		475.0	350.0	50.0	50.0	55.0
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	775.0	0.0	825.0	700.0	400.0	400.0	400.0
Positions	2		2	2	2	2	2

Acquisition of Natural Gas

ANGDA will pursue natural gas purchases and finalize any gas sales contracts. ANGDA will continue to evaluate the natural gas reserves purchased to meet aggregated electric utility needs. Staff will include a natural gas marketing manager and a natural gas marketing analyst.

Alaska Stand Alone Pipeline - Open Season

ANGDA has bid in the Alaska Standalone Pipeline (ASAP) preliminary Expression of Interest and will continue to participate as a potential shipper on behalf of the utilities if requested. Continued interest by the rail belt utilities can be assessed as additional information progresses forward. The role of ANGDA would be one of a gas marketer and would also include the negotiation of gas contracts with entities interested in an aggregated approach to contractual negotiations.

Royalty Gas

Negotiate with potential shippers to be serviced as part of the ASAP project and possible counterparties to Alaska royalty gas agreements.

Department of Natural Resources

In the preparation of this fiscal note certain assumptions have been made:

- 1) Participating State agencies will provide separate fiscal notes.
- 2) Schedule assumptions are based on AGDC's currently proposed schedule.
- 3) Construction oversight begins in FY2016 and continues through FY2017 and FY2018. Operational oversight begins in FY2019. The cost estimate for these activities is for DNR only and does not include estimates for other State agencies.
- 4) Assume a two and one half-year construction schedule segregated into four geographic areas.
- 5) Assume SPCO will administer material sales within the right-of-way and the material sites after initial sale.

STATE PIPELINE COORDINATOR'S OFFICE

State Pipeline Coordinator's Office

Component Number **1191**

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services			520.5	1,961.1	2,256.9	2,256.9	329.6
Travel			10.0	200.0	250.0	250.0	25.0
Services			4.0	70.0	76.5	76.5	15.0
Commodities			7.0	20.0	20.0	20.0	7.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	541.5	2,251.1	2,603.4	2,603.4	376.6

POSITIONS

8 8 8

Costs include SPCO expenses to coordinate the participation of DNR divisions in pre-construction permitting and work associated with AGDC's development of plans and processes required by the State Lease, lease compliance and the preparation and issuance of Notices to Proceed (NTP).

Eight new long-term, non-permanent (LTNP) Natural Resource Specialist (NRS) III (range 18) positions will be created in FY2016 and will exist through FY2018. All remaining positions will be partial use of existing SPCO positions, FY2015 through FY2019.

Travel would be for public meetings, public hearings, agency coordination and monitoring of contractors performing field work and compliance oversight. Other, contractual and supply costs include aerial photos, satellite imagery, field supplies, maps, office space, telephones, core service charges and related expenses.

STATE PIPELINE COORDINATOR'S OFFICE POSITIONS:

Listed below, by year, are the new and existing positions in Anchorage needed for pre-construction permitting /plan development and preparation of the NTPs. Existing positions used for the project will be assigned to work on a part time basis. New positions specific to the project will be classified as LTNP and will not extend beyond construction. Another option that will be considered is the use of contractors versus hiring LTNP employees. All contract support would be managed by permanent SPCO employees.

SPCO FY2015

- One Natural Resource Specialist (NRS) IV (range 21)
- One Natural Resource Manager (NRM) III (range 22)
- Two Natural Resource Specialist (NRS) III (range 18)
- One Information Officer III (PIO) (range 20)
- One Engineer IV (range 27)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 3 months
- Administrative Support

SPCO FY2016

Pipeline construction oversight begins in FY2016. Because the activity is ramping up in FY2016, the estimated costs are lower than in FY2017 and FY2018.

- Eleven Natural Resource Specialist (NRS) III (range 18) - **eight of the eleven are new, long-term, non-permanent positions**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2017 and FY2018

Pipeline construction continues in FY2017 and FY2018:

- Eleven Natural Resource Specialist (NRS) III (range 18) - **eight of the eleven are new, long-term, non-permanent positions created in FY2016**
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III (PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 6 months
- Administrative Support

SPCO FY2019 and FY2020

Operational oversight and lease administration will require:

- Two Natural Resource Specialist (NRS) III (range 18)
- One Natural Resource Manager (NRM) III (range 22)
- One Engineer IV (range 27)
- One Technical Engineer I (range 24)
- One Information Officer III(PIO) (range 20)
- One Deputy State Pipeline Coordinator
- One State Pipeline Coordinator - total 1 month
- Administrative Support

DIVISION OF MINING, LAND AND WATER

Component Number 3002

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES	FY14	FY14					
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	96.5	***	***	***	***

Assumptions:

- 1) DNR/DMLW will be required to supervise, review and approve a title report prepared by SPCO regarding State owned lands in the pipeline ROW.
- 2) DNR will not be required to transfer title of any State lands to DOT/PF.
- 3) DNR/DMLW will not be responsible for title or ROW acquisitions from entities other than DNR managed lands including lands owned by private persons, boroughs, the university, mental health trust, ANCSA corporations, native allotments, and the federal government.
- 4) DNR/DMLW will review and approve all land surveys associated with granting an in-state gasline ROW and developing an in-state gasline across State land.

- 5) DNR/DMLW will participate in the ROW planning effort to some degree across State land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF. DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible State agencies with efforts to extricate the ROW from the LDAs.
- 6) SPCO will issue AS 38.35 ROW across lands to DOT/PF, and SPCO will be responsible for issuance of the majority of the land use permits and material sales necessary within the ROW, but that DNR/DMLW will be required to issue some land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance (beyond FY2016).

The costs to DMLW would include expenses during FY2015 for providing assistance during the development team's planning efforts and pre-application meetings as well as costs associated with materials sales and permitting, as necessary, during the construction of the gasline.

DMLW has concluded that costs for FY2016 and beyond are indeterminate as the necessity, number and size of the permits or material sales outside the ROW are not known at this time. This budget does not include any estimated funding needed for DMLW for fiscal years 2016-2020.

DMLW FY2015

- One Natural Resource Manager (NRM) III (Range 22), 3 months for the supervision, review and approval of a title report prepared by SPCO staff.
- One Land Surveyor (LS) II (Range 22), 2 months for review and approval of all land surveys associated with granting an in-state gasline ROW.
- One Natural Resource Specialist (NRS) III (Range 18), 3 months for participation in the ROW planning effort to some degree across state land, the review of the AS 38.35 ROW lease to be prepared by SPCO for issuance to DOT/PF, DMLW will participate in identifying lands within legislatively designated areas over which the ROW will cross and assist the responsible state agencies with efforts to extricate the ROW from the LDAs.

Travel will be for planning and attending public meetings, as well as survey review and approval.

DMLW FY2016 and beyond

Indeterminate fiscal impact for FY2016 and beyond as the necessity, number and size of the permits or material sales are not known at this time. DMLW would utilize a Natural Resource Specialist (NRS) II – (Range 16) – at a rate of approximately \$96,250 per year for issuance of land use permits (within and outside the ROW), and material sales (outside the ROW) during the construction phase for gasline construction and maintenance.

OFFICE OF HISTORY & ARCHAEOLOGY

Component Number 451

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services			30.3	30.3	30.3	30.3	30.3
Travel			2.0	2.0	2.0	2.0	2.0
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	32.3	32.3	32.3	32.3	32.3

The Office of History and Archaeology anticipates using one archaeologist for review and monitoring of the cultural resource project program. OHA estimates utilizing the position for three months and some travel costs needed for site visits.

- One Archeologist II (range 18), 3 months

DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

Component Number 1031

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services				66.6	66.6	66.6	
Travel				11.1	11.1	11.1	
Services				68.0	68.0	68.0	
Commodities				5.3	5.3	5.3	
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	151.0	151.0	151.0	0.0

The Division of Geological and Geophysical Surveys (DGGS) cost estimate assumes that the state needs to understand the geohazards to ensure the applicant has identified and considered all geologic hazards along the route.

DGGS will use the following personnel in Fairbanks for management of geohazards project related studies and review of existing information. Travel and services will be for associated site visits, data gathering, and lab analyses.

- One Geologist IV (range 21), 2 months
- One Geologist III (range 19), 4 months
- One student Intern, 6 months

Department of Environmental Conservation

Summary of Cost for DEC

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services	244.9	0.0	229.3	689.8	1,959.4	2,1115.8	2,086.9
Travel	8.2	0.0	14.2	24.4	109.4	119.4	117.0
Services	22.7	0.0	159.6	71.3	230.3	350.4	351.7
Commodities	15.0	0.0	7.5	22.5	129.0	9.0	61.5
Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	290.8	0.0	410.6	808.0	2,428.1	2,594.6	2,617.1
Positions:	2	0	3	6	19	20	20

Division of Environmental Health

Division of Environmental Health - Air Quality Component Number 2061

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services	40.9		13.5	23.9	12.8	28.9	
Travel	3.2		3.2	2.4	2.4	2.4	
Services	10.5		143.9	1.4	0.8	33.7	
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	54.6	0.0	160.6	27.7	16.0	65.0	0.0
Positions:	0	0	0	0	0	0	0

The primary impact of this bill on the Division of Air Quality is the fee authority for permitting for the Alaska Gasline Development Corporation. The bill also exempts air quality permits required under the federal Clean Air Act from certain provisions related to permit appeals. This provision is helpful in preventing conflicts with regards to the Division's federally approved permitting program.

HB 4 would require pre-application assistance, data reviews, modeling, engineering plan review and approval for air quality permits in conjunction with development of the pipeline. The Division assumes four construction applications in FY2015. This includes one Prevention of Significant

first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance, inspect the labor camps and public facilities, and staff training and certification.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Environmental Health - Solid Waste Management

Component Number 2344

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES							
Personal Services					89.8	107.8	107.8
Travel					15.0	15.0	15.0
Services					7.4	8.5	8.5
Commodities					8.0	0.5	0.5
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	120.2	131.8	131.8
Positions:	0	0	0	0	1	1	1

The primary impact of this bill on the Division of Environmental Health, Solid Waste Management component will be an increase in permitting the solid waste treatment facilities and landfills associated with pipeline construction. These facilities pose a high risk to human health and the environment. They are authorized to operate either by permit or plan approval, which allows the Solid Waste Program to ensure that these facilities meet the design and operational standards in the regulations. After an authorization is issued, the Program further assesses compliance with the regulations by conducting on-site inspections of these facilities.

Personal Services:

The Department will add one position to this component, an Environmental Program Specialist IV, to inspect solid waste treatment facilities and landfills. This position will be filled for ten months in

the first year to allow for classification and recruitment time, and for twelve months each year thereafter.

Travel:

Travel will be required to provide technical assistance and compliance monitoring to the labor camps, as well as training and certification of staff.

Services:

Contractual services include costs for training registrations and small contracts.

Commodities:

One-time costs to set up a new position are included in the first year only. Supplies necessary for training and inspections are included as well in this fiscal note.

Division of Spill Prevention & Response - Contaminated Sites

Component Number 2386

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services			11.8	87.7	87.7	87.7	87.7
Travel				6.0	6.0	6.0	6.0
Services			0.7	5.2	5.2	5.2	5.2
Commodities			7.5				
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	20.0	98.9	98.9	98.9	98.9
Positions:	0	0	1	1	1	1	1

The Contaminated Sites component of the Division of Spill Prevention and Response would be required to research sites located within the proposed pipeline right-of-way and participate in the development of the Environmental Impact Statement. During construction of the pipeline, the program would conduct inspections, assessments and possibly cleanup oversight activities associated with contaminated soil and groundwater which may occur as a result of oil and hazardous substance releases at construction camps and other pipeline support infrastructure. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs an Environmental Program Specialist II, range 16, to research sites located within the proposed pipeline right-of-way, prepare input to the Environmental Impact Statements and conduct inspections.

Division of Spill Prevention & Response - Prevention & Emergency Response Program

Component Number 2064

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES								
Personal Services				95.5	869.4	869.4	869.4	
Travel			6.0	6.0	30.0	40.0	40.0	
Services			2.8	35.8	133.0	216.9	251.9	
Commodities				7.5	90.0		60.0	
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	8.8	144.8	1,122.4	1,126.3	1,221.3	
Positions:	0	0	0	1	9	9	9	

The Preparedness and Emergency Response Program would be required to increase inspection activities for pipeline camps, preparedness planning as well as response activities associated with the pipeline. This fiscal note assumes that construction of an in-state gasline would begin in FY2017.

Personal Services:

The program needs one Environmental Program Specialist III, range 18, beginning in FY2016 to review and comment on permit activities for the pipeline camps. Eight Environmental Program Specialist III, range 18 positions (four stationed in Fairbanks and four stationed in Anchorage) will be needed in FY2017 for preparedness planning and to address response activities associated with pipeline camps during the construction and operational phases along the right-of-way.

Travel:

Travel to conduct inspections, permitting, and preparedness activities will be necessary.

Services:

The program assumes one Incident Management Team size response annually, annual training, and additional leased space for eight new positions in field camps or field offices in nearby communities. The Department of Law would be consulted as needed.

Commodities:

The Division would incur one time set-up costs for the new positions identified above as well as personal protection equipment for Arctic weather to be used during inspections. Additionally, the program will require the purchase of four vehicles in FY2017, two staged in Anchorage and two staged in Fairbanks to conduct inspections of the pipeline, camps and for use in emergency

responses. Wear and tear on these vehicles is expected to be high with an accelerated replacement schedule, therefore in FY2019; the program will purchase two replacement vehicles.

Division of Water - Water Quality

Component Number		2062					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY14	FY14	FY15	FY16	FY17	FY18	FY19
Personal Services	204.0		204.0	204.0	438.2	438.2	438.2
Travel	5.0		5.0	5.0	20.0	20.0	20.0
Services	12.2		12.2	12.2	46.3	46.3	46.3
Commodities	15.0				15.0		
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	236.2	0.0	221.2	221.2	519.5	504.5	504.5
Positions:	2	0	2	2	4	4	4

HB 4 would require approval for wastewater treatment systems constructed in conjunction with the development of the pipeline. The Department would be responsible for permitting multiple wastewater discharges from sinks and showers, drinking water treatment plants, domestic treatment plants, dewatering activities and stormwater. The Division will start project planning in 2014 and require two permitting positions. Construction will start in 2017 and require one engineering and one compliance position. Plan reviews and compliance inspections would occur during construction, with periodic inspections post construction. Assumptions are based on the proposed gasline schedule.

Personal Services:

The Division of Water would need an Environmental Program Specialist IV, range 20, and an Environmental Program Specialist III, range 18, to write permits. Beginning in FY2017, one Environmental Engineer I, range 22 would be needed to review plans and one Environmental Program Specialist IV, range 20, would be needed to conduct inspections.

Travel:

Division staff will need to travel to attend meetings, trainings and conduct inspections.

Services:

Department of Law would be consulted as needed.

Commodities:

Includes one-time set up costs for two positions in FY2014 and two positions in FY2017.

Department of Transportation and Public Facilities

The Department's positions will manage the Utility Permit process for the Gas Line. The positions will issue utility permits and monitor Gas Line construction to ensure the highway asset is protected and that traffic safety and federal eligibility are maintained.

AGDC's July 1, 2011 Project Plan has nearly 70% of the Gas Line within the Department's Dalton, Elliot, and Parks Highway Right-of-Way (ROW). The importance of these transportation corridors to Alaska's transportation future cannot be overstated. A Utility Permit(s) issued by the Department will be the mechanism for permitting the construction and operation of the Gas Line within the ROW's and across several major bridges. The Department will assign conditions within the Utility Permit to ensure: safety to the traveling public during construction; traffic improvements are constructed to allow for safe ingress and egress for construction related traffic; the structural integrity of Alaska's highway assets is maintained or improved, and sufficient spatial distance is allowed for future expansion of highway infrastructure with the 75-100 year lifespan of the Gas Line within the existing ROW.

If a utility is permitted and built in the state's ROW, and that ROW becomes necessary for future highway improvement; the state bears the cost of relocating that utility. It is DOT&PF's responsibility to ensure the line's use of the state's ROW does not impact future anticipated highway needs. Specifically for the Parks Highway corridor between the Gas Line's Willow departure and at least Talkeetna Junction, the 75-100 year horizon identifies a four lane divided highway section as the safe and efficient highway section. A four lane limited access facility will occupy most of the existing ROW, so the Gas Line must be outside of that planned highway, or federal eligibility will be in jeopardy for future improvements requiring additional ROW or relocation of the Gas Line. Other highway alignments may have similar ROW constraints.

Statewide Engineering and Design

Component Number 2357

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates					
			FY14	FY15	FY16	FY17	FY18	FY19
OPERATING EXPENDITURES								
Personal Services	364.3		364.3	364.3	364.3	364.3	364.3	364.3
Travel	45.0		45.0	45.0	45.0	45.0	45.0	45.0
Services	280.0		280.0	280.0	280.0	280.0	280.0	280.0
Commodities	22.5		1.5	1.5	1.5	1.5	1.5	1.5
TOTAL OPERATING	711.8	0.0	690.8	690.8	690.8	690.8	690.8	690.8

Positions: 3 3 3 3 3 3

An Engineer/Architect IV, Range 26, will serve as the technical expert, manage consultant activities, oversee regional staff who will be issuing permits and authorizations, oversee construction management consultants, documentation for continued federal eligibility, and coordination of utility permit conditions. An Environmental Impact Analysis Manager II, Range 22, will oversee work done in the ROW to insure compliance with federal and state requirements, ensure our processes provide for rapid permitting decisions and no delays in construction. An Administrative Assistant, Range 12, will assist with the day to day activities of the two professionals.

Travel:

Staff travel for coordinated meetings, on-site inspections, surveying and associated duties.

Services:

Contractual services include costs for core services, small contracts and consultation with the Department of Law and lease space.

Commodities:

One-time costs to set up a new position are included in the first year only. Routine supplies are included in out years.

Department of Law

HB 4 relates to creation of the Alaska Gasline Development Corporation (AGDC public corporation or new AGDC) as a public corporation, with corporate powers and duties. It establishes a fund for moneys appropriated by the legislature for use by the corporation, authorizes establishment of subsidiary corporations, gives power to issue revenue bonds and establish capital reserve funds, provides tax exemptions and establishes reporting requirements. The intent of the bill is that the existing Alaska Gasline Development Corporation (existing AGDC), a subsidiary of Alaska Finance Housing Corporation (AHFC), and all of its assets and liabilities, would be merged or transferred into the new AGDC public corporation. It also transitions the Alaska Natural Gas Development Corporation (ANGDA) from a stand-alone public corporation into a subsidiary of the new AGDC public corporation. The purpose of the new AGDC is to advance the in-state natural gas pipeline under the project plan that was prepared by the existing AGDC.

HB 4, in part, amends Title 42 by adding new sections to Article 5, and adding a new chapter AS 42.08, which require the review and investigation of certain contracts, and/or disputes arising under the Act by the Regulatory Commission of Alaska. The Attorney General, under AS 44.23.020(e), has the right to participate as a party in such proceedings to ensure the public interest is represented. The Regulatory Affairs and Public Advocacy Section within the Department of Law will need at least 1 FTE PAUA I position to meet the increased demand on the section's time and resources to participate in such proceedings.

The Department of Law does not anticipate any further fiscal impacts from this legislation.

Component Number 2091

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES							
Personal Services	87.5		116.6	116.6	116.6	116.6	116.6
Travel	0.4		0.6	0.6	0.6	0.6	0.6
Services	12.0		16.0	16.0	16.0	16.0	16.0
Commodities	2.0		2.7	2.7	2.7	2.7	2.7
Capital Outlay	0.4		0.5	0.5	0.5	0.5	0.5
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	102.3	0.0	136.4	136.4	136.4	136.4	136.4

Positions: 1 1 1 1 1 1

HB 4 In-State Gasline Development Corporation Fiscal Analysis

Fiscal Note No. 1
CSHB 4(RES)

	Included in FY14 Governor's Request	FY14 Appropriation Request	FY14 TOTAL	FY15 Base	FY15 New	FY15 TOTAL	FY16 Base	FY16 New	FY16 TOTAL	FY17 Base	FY17 New	FY17 TOTAL	FY18 Base	FY18 New	FY18 TOTAL	FY19 Base	FY19 New	FY19 TOTAL
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT																		
Alaska Gasline Development Corporation	3,634.3	3,283.3	6,917.6	6,917.6	-2,422.2	4,495.4	4,495.4		4,495.4	4,495.4		4,495.4	4,495.4		4,495.4	4,495.4		4,495.4
Alaska Natural Gas Development Authority		775.0	775.0	775.0	50.0	825.0	825.0	-125.0	700.0	700.0	-300.0	400.0	400.0		400.0	400.0		400.0
TOTAL	3,634.3	4,058.3	7,692.6	7,692.6	-2,372.2	5,320.4	5,320.4	-125.0	5,195.4	5,195.4	-300.0	4,895.4	4,895.4	0.0	4,895.4	4,895.4	0.0	4,895.4
Commercial Operations		2	2	2		2	2		2	2		2	2		2	2		2
Pipeline & Facilities Engineering		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	7	23	30	30		30	30		30	30		30	30		30	30		30
TOTAL	7	25	32	32	0	32	32	0	32	32	0	32	32	0	32	32	0	32

DEPARTMENT OF ENVIRONMENTAL CONSERVATION																		
Environmental Health - Air Quality		54.6	54.6	54.6	106.0	160.6	160.6	-132.9	27.7	27.7	-11.7	16.0	16.0	49.0	65.0	65.0	-65.0	0.0
Environmental Health - Drinking Water		0.0	0.0	0.0		0.0	0.0		0.0	0.0	131.5	131.5	131.5	13.9	145.4	145.4		145.4
Environmental Health - Food Safety & Sanitation		0.0	0.0	0.0		0.0	0.0		0.0	0.0	112.2	112.2	112.2	9.9	122.1	122.1		122.1
Environmental Health - Solid Waste Management		0.0	0.0	0.0		0.0	0.0		0.0	0.0	120.2	120.2	120.2	11.6	131.8	131.8		131.8
Spill Prevention & Response		0.0	0.0	0.0	20.0	20.0	20.0	78.9	98.9	98.9		98.9	98.9		98.9	98.9		98.9
Spill Prevention & Response		0.0	0.0	0.0		0.0	0.0	315.4	315.4	315.4	-8.0	307.4	307.4	93.2	400.6	400.6	-7.5	393.1
Spill Prevention & Response		0.0	0.0	0.0	8.8	8.8	8.8	136.0	144.8	144.8	977.6	1,122.4	1,122.4	3.9	1,126.3	1,126.3	95.0	1,221.3
Division of Water		236.2	236.2	236.2	-15.0	221.2	221.2		221.2	221.2	298.3	519.5	519.5	-15.0	504.5	504.5		504.5
TOTAL	0.0	290.8	290.8	290.8	119.8	410.6	410.6	397.4	808.0	808.0	1,620.1	2,428.1	2,428.1	166.5	2,594.6	2,594.6	22.5	2,617.1
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		2	2	2	1	3	3	3	6	6	13	19	19	1	20	20		20
TOTAL	0	2	2	2	1	3	3	3	6	6	13	19	19	1	20	20	0	20

DEPARTMENT OF LAW																		
Regulatory Affairs		102.3	102.3	102.3	34.1	136.4	136.4		136.4	136.4		136.4	136.4		136.4	136.4		136.4
TOTAL	0.0	102.3	102.3	102.3	34.1	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4	136.4	0.0	136.4
Support Activities		1	1	1		1	1		1	1		1	1		1	1		1
TOTAL	0	1	1	1	0	1	1	0	1	1	0	1	1	0	1	1	0	1

DEPARTMENT OF NATURAL RESOURCES																		
State Pipeline Coordinators Office			0.0	0.0	541.5	541.5	541.5	1,709.6	2,251.1	2,251.1	352.3	2,603.4	2,603.4	0	2,603.4	2,603.4	-2,226.8	376.6
Office of History and Archaeology				0.0	32.3	32.3	32.3		32.3	32.3		32.3	32.3		32.3	32.3		32.3
Division of Geological and Geophysical Surveys		0	0.0	0.0		0.0	0.0	151	151.0	151.0		151.0	151.0		151.0	151.0	-151	0.0
Division of Mining, Land and Water			0.0	0.0	96.5	96.5	96.5	-96.5	0.0	0.0		0.0	0.0		0.0	0.0		0.0
TOTAL	0.0	0.0	0.0	0.0	670.3	670.3	670.3	1,764.1	2,434.4	2,434.4	352.3	2,786.7	2,786.7	0.0	2,786.7	2,786.7	-2,377.8	408.9
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities			0	0		0	0	8	8	8		8	8		8	8		-8
TOTAL	0	0	0	0	0	0	0	8	8	8	0	8	8	0	8	8	-8	0

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES																		
Statewide Engineering & Design		711.8	711.8	711.8	-21.0	690.8	690.8		690.8	690.8		690.8	690.8		690.8	690.8		690.8
TOTAL	0.0	711.8	711.8	711.8	-21.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8	690.8	0.0	690.8
Commercial Operations			0	0		0	0		0	0		0	0		0	0		0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0		0	0		0
Support Activities		3	3	3		3	3		3	3		3	3		3	3		3
TOTAL	0	3	3	3	0	3	3	0	3	3	0	3	3	0	3	3	0	3

GRAND TOTAL	3,634.3	5,163.2	8,797.5	8,797.5	-1,569.0	7,228.5	7,228.5	2,036.5	9,265.0	9,265.0	1,672.4	10,937.4	10,937.4	166.5	11,103.9	11,103.9	-2,355.3	8,748.6
CUMULATIVE TOTAL			8,797.5			16,026.0			25,291.0			36,228.4		47,332.3				56,086.9
Commercial Operations	0	2	2	2	0	2	2	0	2	2	0	2	2	0	2	2	0	2
Pipeline & Facilities Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Activities	7	29	36	36	1	37	37	11	48	48	13	61	61	1	62	62	-8	54
POSITION GRAND TOTAL	7	31	38	38	1	39	39	11	50	50	13	63	63	1	64	64	-8	56

2013 HOUSE FINANCE COMMITTEE VOTE SHEET

Passed

DATE: 4.1.13

Amendment: 3

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
REP. WILSON	✓	
REP. COSTELLO	✓	
REP. EDGMON	✓	
REP. GARA		✓
<i>Kawasaki</i> REP. GUTTENBERG	✓	
REP. HOLMES	✓	
REP. MUNOZ	✓	
REP. NEUMAN	✓	
REP. THOMPSON	✓	
REP. AUSTERMAN	✓	
REP. STOLTZE	✓	

YEA 9

NAY 1

2013 HOUSE FINANCE COMMITTEE VOTE SHEET

Failed

DATE: 4.1.13

Amendment: 4

MEMBER

Favor

Oppose

REP. HOLMES		✓
REP. MUNOZ		✓
REP. NEUMAN		✓
REP. THOMPSON		✓
REP. WILSON		✓
REP. COSTELLO		✓
REP. EDGMON		✓
REP. GARA	✓	
<i>Kawasaki</i> REP. GUTTENBERG	✓	
REP. AUSTERMAN		✓
REP. STOLTZE		✓

YEA 2

NAY 1

2013 HOUSE FINANCE COMMITTEE VOTE SHEET

Failed

DATE: 4/1/13

Amendment: 5

MEMBER

Favor

Oppose

REP. MUNOZ		✓
REP. NEUMAN		✓
REP. THOMPSON		✓
REP. WILSON		✓
REP. COSTELLO		✓
REP. EDGMON		✓
REP. GARA	✓	
<i>Kawasaki</i> REP. GUTTENBERG	✓	
REP. HOLMES		✓
REP. STOLTZE		✓
REP. AUSTERMAN		✓

YEA 2 2

NAY 9 9

2013 HOUSE FINANCE COMMITTEE VOTE SHEET

Failed

DATE: 4/1/13

Amendment: 6

MEMBER

Favor

Oppose

MEMBER	Favor	Oppose
REP. NEUMAN		✓
REP. THOMPSON		✓
REP. WILSON		✓
REP. COSTELLO		✓
REP. EDGMON		✓
REP. GARA	✓	
<i>Kawasaki</i> REP. GUTTENBERG	✓	
REP. HOLMES		✓
REP. MUNOZ		✓
REP. AUSTERMAN		✓
REP. STOLTZE		✓

YEA 9

NAY 2

HB 4 Questions
Member's General Questions

1. What is included in yearly reporting requirements to the legislature?
2. Why are there no commissioners on the Board of AGDC?
3. How are spur lines off the main pipeline handled? Especially Fairbanks into Fairbanks? Are they included in the AGDC plan and who pays for the spur line?
4. How is royalty gas handled under the current AGDC legislation?
5. Do the legislative findings in Section 1 apply to RCA findings?
6. Page 4, lines 16 – 18 states that “the corporation cannot be terminated as long as it has bonds, notes or other obligations outstanding” what happens if the corporation goes into the red and obligations cannot be honored?
7. Could the state's bond rate be affected by AGDC's capital reserve fund obligations?
8. There is a 30-day timeline with no apparent extensions for the recourse tariff with the RCA, which calls for meaningful review of rates, terms, conditions, and calls for public testimony. Is this a realistic timeline to evaluate what maybe extensive data from shippers and does there need to be a possible postponement period, possibly only for good cause?
9. Confidentiality agreements appear to be open-ended is this true? What is needed to be included in confidentiality agreements?
10. If the state's moral obligation did not come into play, how would that affect AGDC's credit rating?
11. Could a cap be set on the state's moral obligation capacity?
12. On page 8, lines 18-19, what type of hearings do you envision AGDC conducting?

Bonding questions:

- If the bond mechanism relies on the credit worthiness of the shippers, can the shippers build the pipe line with their own resources, and keep the moral obligation of the state out of the equation?
- If there was no state moral obligation necessary what will that do to the potential bond interest rates?
Caveat: If there was a draw on the Capital Reserve Fund (if the shippers fail to meet their financial obligations) there is the danger of the moral obligation pledge attaching to all moral obligations of the state and automatically drag down our bond rating.

HB 4 General Questions:

- Confidentiality Provisions (unlike all other state semi-autonomous agencies);
 - Insufficient Executive and Legislative branch checks and balances
- RCA Regulatory related:
 - No common carriage in-state ((the contract carriage requires only a 30-day review; need up to 180 days for meaningful public comment and review of the recourse tariff before the open season; public comment includes the shippers))
 - After Open Season the Legislature needs to review and approve.
- Cost estimate not transparent
 - Base estimate currently ~ \$7.7 billion; the cost for larger diameter pipelines have been estimated at under 10.0 billion. Example - Alyeska 2013 cost study reported direct costs of replacing TAPS (plus owner, management and engineering costs) less VMT at:
 - 30" pipe with 440,000 (650,000 w/DRA) bbl/d capacity ~ \$8.9 billion
 - 48" pipe with 750,000 (1,000,000 w/DRA) bbl/d capacity ~ \$9.7 billion
- Too little throughput for market demand; max 1.6 bcf/d and no NGL's
Market demand currently over 5 bcf/d
NGL's are feed stock for value added economy (propane market e.g. helps rural Alaska)
- Will the state's work to date on permitting (right of way, etc) be considered as an equity contribution? Sec. 3 of the bill

An Alaska Natural Gas Future *for Alaskans*

House Bill 4: In-State Gasline Development Corp.
Rep. Mike Hawker and Speaker Mike Chenault

Presentation to the House Finance Committee, March. 21, 2013

Alaska Gas for Alaskans

Legislature in 2010 charged AGDC with the mission of getting Alaska gas to Alaskans.

- Clean, reliable, reasonably priced instate energy
- Electric and home heating costs
- Economic development for communities
- Industrial development opportunities

Alaska Gas for Alaskans

House Bill 369 of 2010 goals:

1. Build a team under AHFC leadership
2. Consolidate state's gas pipeline work to date
3. Fill in data gaps; decide optimal route
4. Report back to the Legislature with a project plan

House Bill 369 passed with broad, bipartisan support

Alaska Gas for Alaskans

AGDC delivered with the July 2011 Project Plan

- A pipeline for Alaskans is possible
- An in-state line could deliver competitively priced gas to major population centers
- Project will require firm, long-term contracts for pipeline capacity in order to support financing
- Legislative action required

Alaska Gas for Alaskans

AGDC recommended legislation for the authority to:

- Determine pipeline ownership structure
- Work confidentially with private sector partners
- Operate as a contract carrier
- Decide rates and tariff terms

AGDC further needs the state to:

- Waive property taxes and state land lease fees
- Provide sufficient funding and create a pipeline fund
- Limit judicial review

Alaska Gas for Alaskans

Now, House Bill 4:

- Provides further direction for AGDC
 - Transfers existing statute from HB 369/38.34 from Joint Instate Gasline Development Team/AHFC subsidiary to AGDC
 - Incorporates HB 9, from 2012
- Provides the framework for AGDC to serve as Alaska's natural gas pipeline corporation
- Maximizes state's efforts in gas pipeline development
- Resolves regulatory uncertainties while supporting future development of Alaska resources
- Includes AGDC recommendations
- Maintains momentum – delays hurt!
 - AGDC estimates \$200 million per year inflation
 - Southcentral gas supply (and costs) increasingly uncertain
 - Fairbanks energy costs and air quality – no end in sight
 - Continuing expectation for state to offset high cost

Alaska Gas for Alaskans

Under House Bill 4, AGDC will:

1. Continue work on the in-state pipeline
 - Requires sufficient shipper support to finance a pipeline
 - Target date: Gas flowing 2019
2. Work with TransCanada and producers to align two projects
 - Uncertain: no development commitment to date
3. Be prepared to participate in other frameworks
 - For example, spur line
4. Once a main line is complete, evaluate other pipeline opportunities
 - Lines off the main line connecting communities, industrial development
 - Other stand-alone Alaska gas pipelines

Alaska Gas for Alaskans

Establishes AGDC as Alaska's gas pipeline entity

- Section 3; transition language in Section 1, Section 25
- HB 4 moves AGDC from its present location as a subsidiary of Alaska Housing Finance, to a stand-alone state corporation
- Locates AGDC under Department of Commerce, Community and Economic Development *for administrative purposes only*
 - AGDC will be governed by a 5-member board with expertise in relevant fields, appointed by the governor, confirmed by the legislature
- Provides clear transition language

Alaska Gas for Alaskans

Clearly states AGDC's purpose (Section 3):

- To advance an instate gas pipeline as described in the July 2011 project plan, with modifications as appropriate, making gas available to Fairbanks, Southcentral, and other communities in the state at the lowest rates possible;
- To develop pipelines serving utility and industrial customers, at commercial reasonable rates;
- To develop pipelines offering commercial rates to shippers and that offer access for shippers producing gas in Alaska
- Once a mainline is complete, to consider additional pipelines to extend the reach of gas to other communities, industrial users

Alaska Gas for Alaskans

Provides clear statutory abilities to AGDC to function as a corporation and to accomplish its purpose (Sec. 3)

AGDC may:

- Enter into ownership and operating partnerships
- Create subsidiaries, including a subsidiary to market gas
- Issue revenue bonds limited to AGDC's own backing to finance a pipeline
- Enter into confidentiality agreements necessary to participate with private sector shippers, partners, financiers
- Keep confidential information like field studies and tariff models that are assets AGDC is developing for the state
- Exercise the state's existing power of eminent domain

Alaska Gas for Alaskans

House Bill 4 also:

- Exempts AGDC from the state procurement code and state personnel act (Section 3; and Sections 4 and 14)

* (AGDC is currently exempt from the procurement code as an AHFC subsidiary (per HB 369 of 2010))

- Exempts AGDC from the Executive Budget Act (Section 3)
- Applies public official disclosure rules to AGDC board members (Section 15)

Alaska Gas for Alaskans

Maximizes state's efforts in gas pipeline development

- Additional state support for a project in the public's interest will help reduce delays and keep costs as low as possible

House Bill 4:

- Limits judicial review of state permitting decisions and authorizations to avoid delays (Section 13)
- Directs DNR to waive annual fees on a state right-of-way lease for AGDC (Section 3; Section 12)
- Waives state and local property taxes during pipeline construction (Section 22)
- Sunsets the Alaska Natural Gas Development Authority, per a 2010 Leg Audit recommendation

Alaska Gas for Alaskans

- Requires state entities to cooperate and share information with AGDC (Section 3)
 - AGDC requests receive priority (except for AGIA requests)
 - AGDC and state entities can enter into confidentiality agreements if necessary to protect third-party information in the state's possession

- Calls on the state to provide water, sand, gravel, and other non-hydrocarbon natural resources to AGDC (Section 3)
 - AGDC will pay usual prices; cost cannot be included in tariff base and passed on to pipeline shippers

Alaska Gas for Alaskans

Resolves regulatory uncertainties

- Regulatory uncertainties add risk, which adds costs and can deter private sector participation. AGDC needs to know how a pipeline will be regulated before soliciting private sector partners

House Bill 4:

- Allows natural gas pipelines to operate as contract carriers through changes to the Right-of-Way Leasing Act and through Regulatory Commission of Alaska oversight
- Reinforces state policy that pipelines should be fair; offer reasonable access to new/future shippers; and encourage future development of Alaska's oil and gas resources

Alaska Gas for Alaskans

Why a contract carrier?

- Shippers need to know that the space they are 'reserving' by signing long-term commitments will be available
- Those firm, uninterruptible contracts are the way gas pipelines are financed
- The future income promised through those contracts secures revenue bonds
- House Bill 4 establishes contract carrier status while providing for expansions in the future

Alaska Gas for Alaskans

Right-of-Way Leasing Act

- Section 11: Sections 6, 8, 9 and 10 are conforming
- Includes a set of covenants a lessee must agree to
- HB 4 modifies covenants reflecting common carrier principles, to allow for contract carriage
 - ‘Nuts and bolts’ of covenants remain the same
 - Contract carrier covenants still require a pipeline, per contractual terms, to provide connections with other pipelines and facilities
 - Contract carrier covenants still require expansions on commercially reasonable terms
 - Contract carrier covenants still require a pipeline to ship without discrimination

Alaska Gas for Alaskans

Regulatory Commission of Alaska oversight for a contract carrier gas pipeline

- Section 21 is new regulatory chapter; Section 18 is related. Sections 19, 20, 5 are conforming)
- Mandates a baseline package of rates and terms (recourse tariff) available to all interested parties, and allows negotiations of final rates
- Requires an RCA-approved initial recourse tariff
- Requires RCA to decide if precedent agreements are 'just and reasonable'
- Premise is contracts entered into willingly by two parties are just and reasonable - with checks and balances
- Provides certainty and protection for public utilities

Alaska Gas for Alaskans

Recourse tariff review:

- Supported by full cost study
- Terms and conditions are 'not unduly discriminatory
- Rate elements are reasonable – return on equity, capital structure, depreciation
- Revisions required – post construction, pre-open seasons
- Triennial rate review and operating reserve fund for excess ROR

Precedent agreement review:

- Are contracts just and reasonable as evidenced by arm's length transaction?
- Heightened scrutiny for affiliate relationships

Alaska Gas for Alaskans

- Allows confidential filing of precedent agreements; requires public filing of final contracts
- Requires a CPCN (building permit) from the RCA, with special terms for an AGDC pipeline reflecting the state-sanctioned mission
- Directs RCA to intervene when a dispute threatens the public health and safety
- Allows contracts to include dispute resolution methods that give all shippers notice and opportunity to protect their interests
- Sets standards for fair, accessible open seasons; requires open seasons for new capacity/expansions
- Directs RCA to oversee open seasons and field complaints
- Sets timelines that should not interfere with commercial processes

Thank you

**House Bill 4:
In-state Gasline Development Corp.**

**Sponsors:
Rep. Mike Hawker & Speaker Mike Chenault**

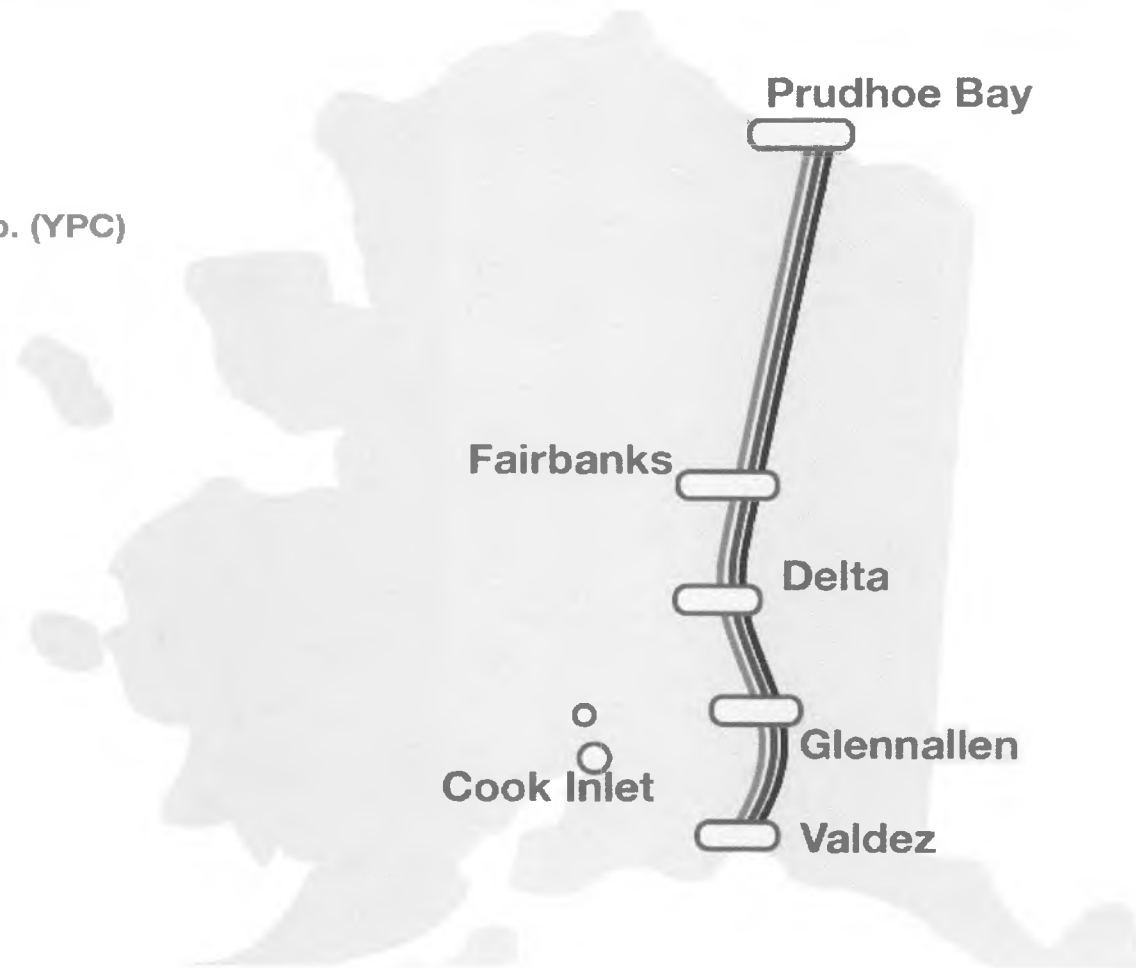
Contact: Rena Delbridge, Staff to Rep. Hawker
(907) 465-4949 – Rena.Delbridge@akleg.gov



City of Valdez, Presentation before the House Finance Committee
Thursday, March 28, 2013
Juneau, Alaska

Map with TAPS, El Paso, and YPC

- 1 TAPS
- 2 El Paso Pipeline
- 3 Yukon Pacific Corp. (YPC)



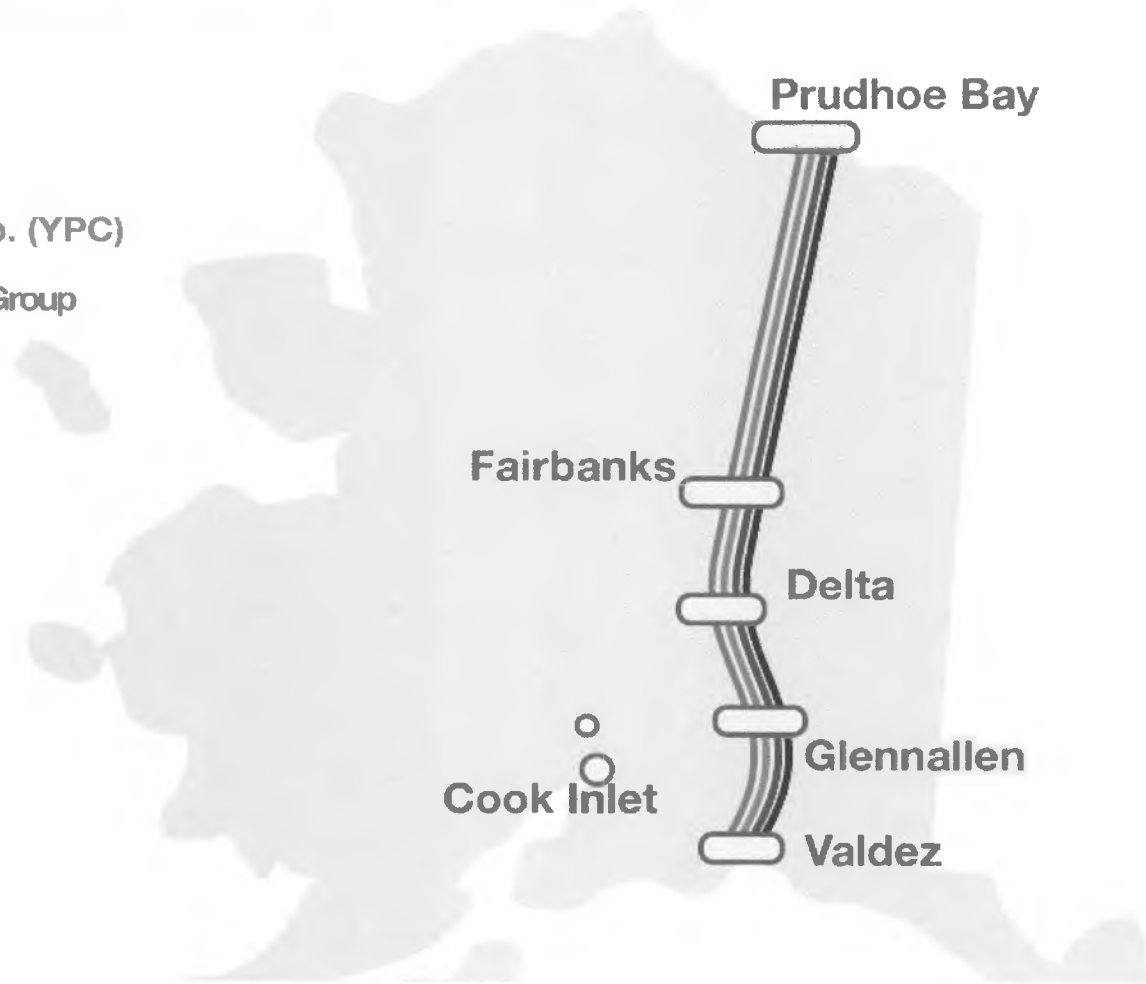
Permits Previously Obtained for Gasline to Tidewater by YPC

∞ Formed by Former Governors Bill Egan and Walter “Wally” Hickel
The following permits have previously been received (now expired) for this project route and terminal location:

- FERC Declaratory Order Regarding its TAGS Jurisdiction
- Presidential Finding Approving Export of Alaska Natural Gas
- Coastal Zone Consistency Determination
- TAGS Project-Wide Final EIS
- Ahtna Corporation Right of Way Agreement
- Federal Pipeline ROW Grant
- State of Alaska Conditional ROW Lease
- DOE/OFE Authorization for Export of Natural Gas (Order 350)
- DOE/OFE Confirmation of Order 350
- Anderson Bay (LNG Terminal) Final EIS
- FERC Authorization for Siting LNG/MT Facility
- Anderson Bay LNG/MT Facility Air Quality (PSD) Permit

Map with TAPS, El Paso Pipeline, YPC, LNG Sponsor Study Group

- 1 TAPS
- 2 El Paso Pipeline
- 3 Yukon Pacific Corp. (YPC)
- 4 LNG Project Sponsor Group



Alaska North Slope LNG Project Sponsor Group

Formed in 1999

Formed for Sole Purpose of Evaluating 3 Routes to Tidewater from North Slope

Participants:

- ☞ ARCO Alaska
- ☞ CSX Corp.
- ☞ Foothills Alaska Inc.
- ☞ Marubeni
- ☞ Phillips Petroleum

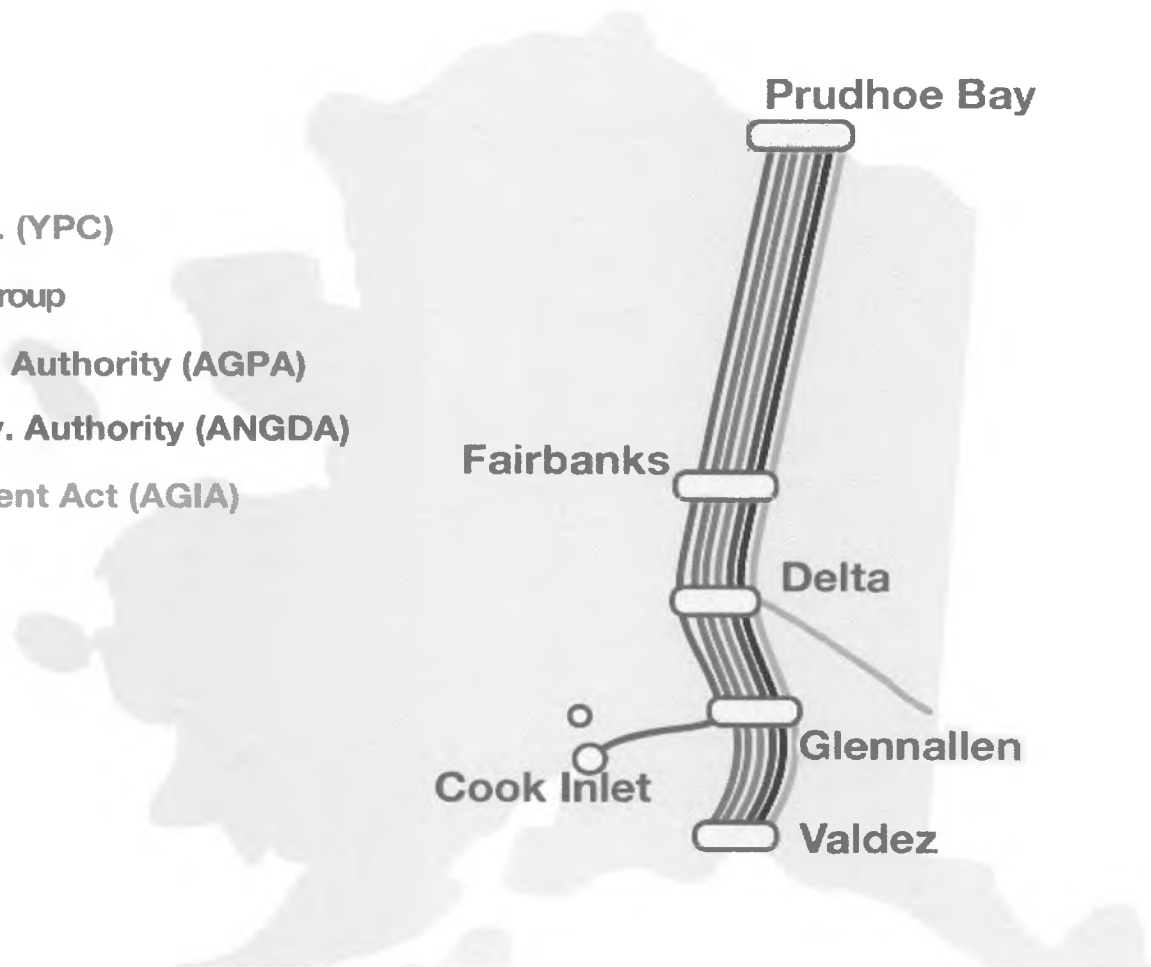
1. Richardson Highway to Valdez Marine Terminal
2. Richardson Highway to Glennallen then over to Nikiski via Glenn Highway Route
3. Parks Highway south to Nikiski

Conclusion of Study Group: Route most likely to be permitted by federal / state agencies is the Richardson Highway to the Valdez Marine Terminal route.

Map with TAPS, El Paso Pipeline, YPC, Alaska LNG Study Group, AGPA, ANGDA, and AGIA

Showing line to Valdez as well as Alberta

- 1 TAPS
- 2 El Paso Pipeline
- 3 Yukon Pacific Corp. (YPC)
- 4 LNG Project Sponsor Group
- 5 Alaska Gasline Port Authority (AGPA)
- 6 AK Natural Gas Dev. Authority (ANGDA)
- 7 AK Gasline Inducement Act (AGIA)



AGIA

- ☞ Funded following \$15 Million of analysis, presented to the legislature following a several month long special session with presentations from numerous industry recognized consultants
- ☞ Legislation authorized up to \$500 million for licensee
- ☞ Contract awarded to TransCanada / Foothills Pipeline
- ☞ State of Alaska share of AGIA work cost to date \$300 Million
- ☞ Results: Over 1 million hours of engineering work on gasline to Open Season to Tidewater
- ☞ Latest Open Season (September 2012) had a 200% response from the Asian market

Results of September, 2012 Open Season

AGPA	Resource Energy, Inc.
KOGAS (Korea)	Japan Exploration Company, Ltd. (Japan)
POSCO (Korea)	Idemitsu Kosan Company (Japan)
GS Energy (Korea)	JX Nippon Oil & Energy Corporation (Japan)
PTT International Company, Ltd. (Thailand)	Mitsubishi Gas Chemical Company, Inc. (Japan)
PGN LNG (Indonesia)	Nippon Telephone and Telegraph (Japan)
East-West Power Company Ltd. (Korea)	
2.8 bcf/d	2.7 bcf/d
TOTAL: 5.5 bcf/d	

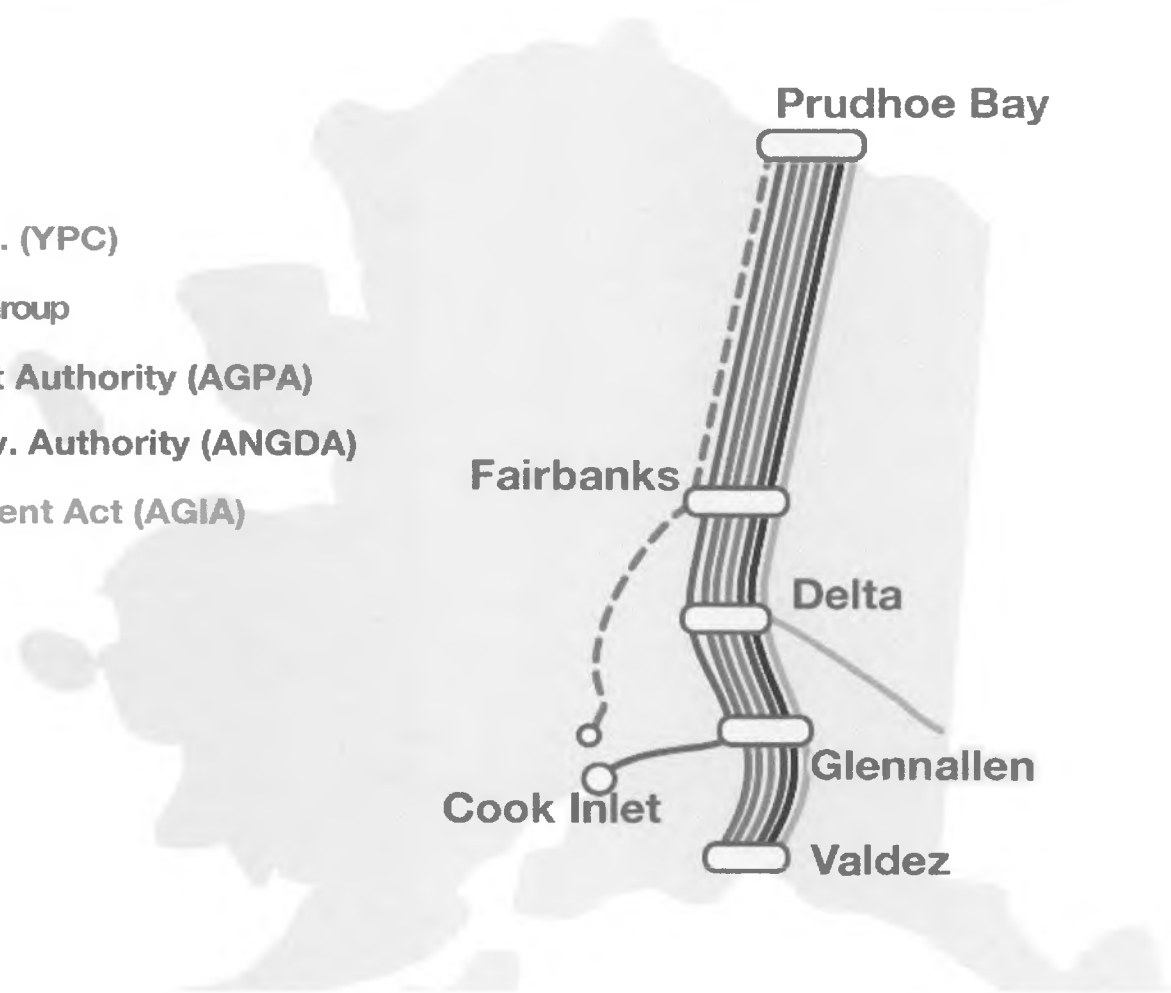
Results of September 2012 Open Season

- Volume used by Wood Mackenzie in their LNG analysis – 2.7 bcf/d
- Volume nominated at September 2012 Open Season by ASIAN Market – 5.5 bcf/d
- In-State Market – .25 bcf/d

Total: 5.75 bcf/d

Map with TAPS, El Paso Pipeline, YPC, Alaska LNG Study Group, AGPA, ANGDA, AGIA, ASAP

- 1 TAPS
- 2 El Paso Pipeline
- 3 Yukon Pacific Corp. (YPC)
- 4 LNG Project Sponsor Group
- 5 Alaska Gasline Port Authority (AGPA)
- 6 AK Natural Gas Dev. Authority (ANGDA)
- 7 AK Gasline Inducement Act (AGIA)
- 8 HB4



Alaska's Energy & Fiscal Challenges

1. Fiscal Cliff – 90% Alaska revenues tied to oil
2. High Energy Cost – Interior / Statewide
3. Southcentral Gas Supply

Is There Any Revenue to Alaska From
LNG Exports?

Does Alaska Make Money off LNG?

From an economic perspective, Alaskan LNG exports are competitive, viable across scenarios, and could generate between \$220 and \$419 billion for Alaska*

- › The numbers generally “work” for Alaskan LNG exports when the global oil price is north of \$75/bbl oil and Asian firm contract pricing reflects a 13%(+) oil indexation** (indexation for firm contracts today is approximately 14.85%)
- › Proposed Alaskan LNG exports have a substantial cost advantage relative to possible competing LNG supply projects
- › Assuming start-up in 2021 and a project life of 30 years, royalties (12.5%) and state taxes (starting at 25% post-royalties) could yield a total of between \$220 and \$419 billion*
- › While we do not address them, there are a number of commercial challenges associated with all liquefaction projects
- › Alaskan LNG exports have a delivered cost structure below \$10/MMBtu. Given a range of infrastructure cost scenarios, oil prices projected utilizing Woodmac’s April 2011 NAGS price outlook or the NYMEX forward strip, and LNG - oil indexation pricing to Asia of 13 – 16%, Alaskan LNG could be priced DES between \$18.00 - \$46.00/MMBtu through 2050.
- › Alaskan LNG would use assets that are producing gas for re-injection (essentially limited to gathering, transport and processing costs)
- › Most competing Australian projects and proposed NA LNG exports yet to secure Final Investment Decision (FID) are expected to deliver LNG to Asia at costs of \$10 - \$12/MMBtu under current gas price assumptions
- › Royalties (12.5%) and state taxes (starting at 25% post-royalties) could yield \$2.4 to \$24 billion per year.
- › Economics are important, but commercial issues such as the scale of value chain requirements (pipes, storage, etc.), buyer risk tolerance, financing arrangements, etc. are critical

Taking all into account – basis, shipping, capital requirements – Alaska LNG export facilities can deliver LNG to Asia less expensively than US Lower 48 or Canada and competitively vis-a-vis traditional Australian LNG sources

Wood Mackenzie

*Total undiscounted taxes and royalties values utilize nominal figures (2.4% inflation), 14.85% indexation, and avg. recourse rate of \$4.18. Assuming a nominal discount rate of 5%, the NPV of taxes and royalties is between \$65 and 124 billion.

**Oil indexation price example: With an oil price of \$100/bbl, “oil indexation” of 14.85% yields a gas price of \$14.85/MMBtu

© Wood Mackenzie

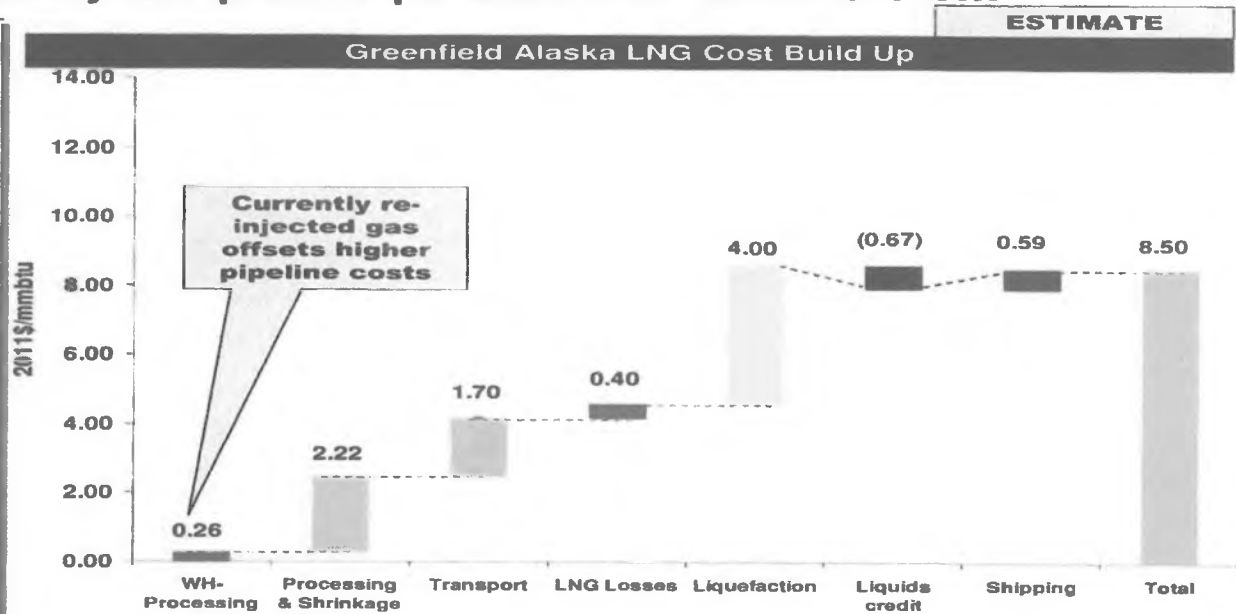
Strategy with substance

Can Alaska's LNG Compete?

Access to currently re-injected gas upstream puts the Alaska LNG liquefaction project in an economically competitive position relative to others...

Key Assumptions

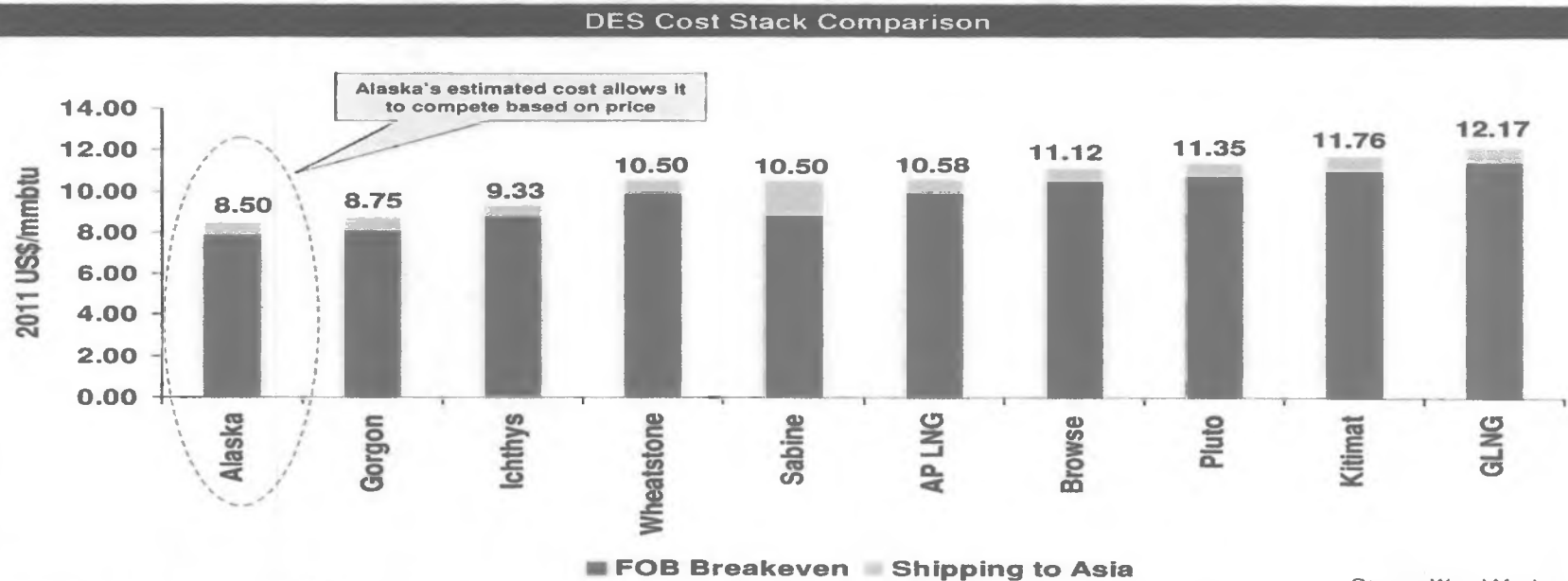
- All data from "Transcanada XOM Alaska Pipeline Project Open Season Notice, 2010, Valdez LNG Case" except below items:
- Liquefaction:
 - CapEx: \$1,200/ton; est. rate covers CapEx, Opex, 12% nom. ROE.
 - Alaska LNG losses 9.65%
- Shipping Assumptions:
 - Ship: 155,000 m³
 - CapEx/ship: \$200 million
 - OpEx: \$15,000/day; 2.33% annual escalation
 - 8% ROE after tax
- LNG Processing Losses: estimated from AGIA NPV Report, Fig. 7.2
- Liquids credit determined using \$80/bbl netback price for LPG and volumes provided by AGPA (88,000 MMBtu/d; ~20,000 bpd)



Source: Wood Mackenzie

Can Alaska's LNG compete?

...and it competes favorably with both proposed Australian and other North American export facilities which have yet to reach FID



Source: Wood Mackenzie

LNG Imports into Asia: examples of gas composition

HV Level (Btu/scf)		Super Lean		Lean	1090-
		1010-20	1020-40	1040-90	
Project		Kenai	Egypt T&T	Nigeria Abu Dabi Qatar E. Guinea	Malaysia Oman Algeria Brunei Indonesia Australia
Typical Components	C1	99.6	98.1	92.2	90.1
	C2	0.2	1.8	5.1	5.4
	C3+	0.2	0.1	2.7	4.5
Gross Heating Value		1010	1025	1090	1120
Typical Project		Kenai	Egypt	Nigeria	Malaysia

Post Treatment Gas Composition Estimate

Component	Composition (Lean Gas Case) Mole Fraction	Composition (Rich Gas Case) Mole Fraction
N ₂	0.007	0.006
CO ₂	0.015	0.015
C ₁	0.899	.0864
C ₂	0.058	0.071
C ₃	0.017	0.036
IC ₄	0.001	0.003
NC ₄	0.002	0.004
N ₅₊	0.001	0.001
	1.000	1.000
BTU Content cubic foot (Pre LPG Extraction)	1067	1118

Southcentral Gas Supply



Long-term Gas Supply Work Group

Regulatory Commission of Alaska
Public Meeting
October 24, 2012 9:00 AM

10/24/2012



{ 1 }

Southcentral Gas Supply

- No Southcentral gas shortfall percentages are any where near 100%
- Not all gas in Southcentral goes away
- Exploration activity is up
- Import volume price blended with local gas price

How Does HB4 Solve Alaska's Energy / Fiscal Crisis?

∞ Revenue to Alaska? - **NO**

∞ Cost of Energy?  Fairbanks
 Southcentral

∞ Built in Time to Resolve Fairbanks/Southcentral Energy Crisis? **NO**
(2019-2020)

∞ Liquids for value added jobs? **NO**

∞ \$400 million to be able to hold an Open Season – same place AGIA was on July 2010

Options for Solving Energy Crisis:

- ∞ HB4 study to hold an Open Season in 2-3 years = \$400 Million
- ∞ Fairbanks – LNG Trucking \$250 Million = gas to Fairbanks at \$10.00-\$12.00 range (2 years)
- ∞ Southcentral – LNG Imports = \$80 Million regas for gas at \$9-12 range (2-4 years)
- ∞ Total cost for Fairbanks / Cook Inlet solution = \$330 Million

Why Are We Ignoring the AGIA Open Season?

- ∞ AGIA Has Produced Volumes of Work Resulting From Over 1 Million Hours of Engineering, Cost Estimates, and Field Work. Approximately \$500 Million spent to date on Open Season.
- ∞ When the \$400 Million is expended under HB4, it would take us back exactly to where we were on July 31, 2010 under AGIA.

What Alaska Should be Doing Rather Than Spending \$400 Million to Begin Yet Another Open Season Process (Third)

1. Engage directly with those companies in Asia that responded to the AGIA Open Season (September 14, 2012)
2. Engage with AGIA licensee to direct next step in engaging with Asian market
3. Engage with North Slope producers to determine cost of “fiscal certainty” regarding gasline to determine if it is cheaper for Alaska to own it – built by the private sector now

Conclusion

There is No Logical Reason to Spend \$400 Million to Begin a Study for Another Open (**Third**) Season When the Last One Had a 200% Response From the Asian Market

Risk to Alaska's Future?

While we begin yet another study process, the Asian market signs long-term LNG contracts with projects being built in Australia, British Columbia, U.S. Gulf Coast, and Russia

Reporting requirements in HB 4 Version P:

- AGDC must annually review the corporation's assets and present to the legislature by Jan. 10 a complete accounting of all assets, including of the pipeline fund, with accounting audited by an independent outside auditor. The review must include a review of assets in excess of that required to fulfill the corporation's purpose. (Sec. 3, 31.25.140, page 15)
- Within 45 days of adopting regulations, AGDC must submit those to the Administrative Regulation Review Committee (Sec. 3, 31.25.130, page 13)
- Following an open season, AGDC has 10 days to disclose to the speaker of the house, the senate president, and the public the names of each prospective shippers; the amount of capacity contracted for; and the duration of the contracts. (Section 3, 31.25.080, page 10)
- For each board meeting, AGDC must keep minutes and submit certified copies to the governor and to the Legislative Budget and Audit committee. (Sec. 3, 31.25.035, page 6)
- Additionally, it is worth noting that AGDC's board is subject to the Open Meetings portion of the Administrative Procedures Act, which means the board must meet in public; provide reasonable public notice of board meetings; provide members of the public opportunity to be heard; keep minutes; and so on. (Sec. 3, 31.25.130, page 13)
- If a capital reserve fund is created and used, the corporation chairman must annually certify the sum required (if any) to replenish the capital reserve fund. (Sec. 3, 31.25.190, page 21)
- The corporation has to submit to the governor an annual report 'accounting for the efficient discharge of all responsibility assigned by law or by directive to the corporation.' The legislature must be notified the report is available. By Jan. 10, the corporation has to prepare an annual report and make it publicly available; the report must include a financial statement audited by an independent, outside auditor. (Sec. 3, 31.25.270, page 24).
- The RCA must include in its annual report a review of activities under 42.08, regulating contract carrier natural gas pipelines. (Sec. 21, 42.08.260, Page 39)
- A pipeline regulated under 42.08 must file, every three years after pipeline operations begin, a report with updated cost data and a calculation of the three-year average actual return on equity. (Sec. 42.08.450, page 51).

Current Alaska Statute governing Sale of Royalty

For a recent example, please see DNR's March 25 "Final Best Interest Finding and Determination for the Sale of Alaska North Slope Royalty Oil to Flint Hills Resources Alaska LLC":

http://dog.dnr.alaska.gov/Royalty/Documents/RIKDocuments/Final_BIF_FHR_3-22-13.pdf

Sec. 38.05.183. Sale of royalty.

(a) The sale, exchange, or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182, or the sale, exchange, or other disposal in whole or in part of a right to receive future mineral production under a state lease under this chapter, shall be by competitive bid and the sale, exchange, or other disposal made to the highest responsible bidder, except that competitive bidding is not required when the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development Advisory Board under AS 38.06.050, determines that the best interest of the state does not require it or that no competition exists.

(b) When competitive bids are required, the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development Advisory Board, may reject all bids on a determination that because of the amount of the bids, the lack of responsibility on the part of the bidders, or for reasons consistent with the criteria set out in AS 38.06.070, the acceptance of the bids would not be in the best interest of the state.

(c) If the commissioner determines that a sale, exchange, or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182 or of a right to receive future mineral production under a state lease under this chapter shall be made otherwise than by competitive bid, and the Alaska Royalty Oil and Gas Development Advisory Board has been notified in writing of that determination, the commissioner shall make public in writing the specific findings and conclusions upon which that determination is based.

(d) Oil or gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner determines that the royalty-in-kind oil or gas is surplus to the present and projected intrastate domestic and industrial needs. The commissioner shall make public, in writing, the specific findings and reasons on which the determination is based.

(e) When a sale, exchange, or other disposal of oil or gas taken in kind by the state as its royalty share, or a sale, exchange, or other disposal in whole or in part of a right to receive future royalty oil or gas, under a state lease under this chapter is made other than by competitive bid, the sale, exchange, or other disposal shall be awarded by the commissioner to the prospective buyer whose proposal offers the maximum benefits to citizens of the state. The commissioner shall consider

(1) the cash value offered;

(2) the projected effects of the sale, exchange, or other disposal on the economy of the state;

(3) the projected benefits of refining or processing the oil or gas in the state;

(4) the ability of the prospective buyer to provide refined products or by-products for distribution and sale in the state with price or supply benefits to the citizens of the state; and

(5) the criteria listed in AS 38.06.070(a).

(f) The commissioner may not enter into a contract for the sale of royalty oil unless the contract provides that any material amendment to the contract that appreciably reduces the consideration received by the state requires prior approval of the legislature.

(g) AS 38.05.035(e) does not apply to a sale, exchange, or other disposal of oil or gas under this section.

(h) Upon legislative approval, the commissioner may enter into a contract to sell royalty gas taken in kind by the state to a gas or electric utility at a negotiated price for the gas if the commissioner, after considering the consumer benefits, other benefits, and detriments of the sale, makes a written finding that the sale is in the best interest of the state. In this subsection,

(1) "gas or electric utility" has the meaning given in AS 38.05.180(bb);

(2) "royalty gas taken in kind by the state" does not include royalty gas taken in kind by the state from gas production on land patented to the state under

(A) P.L. 84-830, 70 Stat. 709 (Alaska Mental Health Enabling Act);

(B) 38 Stat. 1214 (Act of March 4, 1915); or

(C) 43 U.S.C. 1635 in settlement of the claims of the state under 38 Stat. 1214.

History -

(Sec. 1 ch 56 SLA 1970; am Sec. 3 ch 9 SSSLA 1974; am Sec. 9, 10 ch 112 SLA 1980; am Sec. 2 ch 68 SLA 1984; am Sec. 2 ch 105 SLA 1984; am Sec. 1 ch 64 SLA 1985; am Sec. 3 ch 55 SLA 1986; am Sec. 6 ch 134 SLA 1990)

Revisors Notes - Enacted as AS 38.05.363. Renumbered in 1970.

Cross References - For required legislative approval of waiver of right to receive royalty oil or gas, see AS 38.06.055.

Decisions - Waiver of competitive bidding. - An initial waiver of competitive bidding and a second waiver at the time of amendment removed any obligation to open the contract to competitive bidding.

McKinnon v. Alpetco Co., 633 P.2d 281 (Alaska 1981).

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

P.O. Box 110300
Juneau, Alaska 99811-0300
Phone: (907) 465-3600
Fax: (907) 465-2075

March 29, 2013

Honorable Bill Stoltze
State Capitol Room 515
Juneau, AK, 99801

Re: CSSSHB 4 (Fin); version 28-LS0021\R

Dear Representative Stoltze:

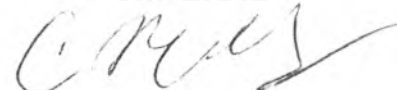
During a hearing in House Finance today on CSSSHB 4 (Fin), the Department of Law was asked whether the Alaska Gasline Development Corporation (AGDC) would have the authority under the language of this bill to issue moral obligation debt. The short answer is no. Although this bill has the ingredients necessary to allow AGDC to issue moral obligation debt (capital reserve fund securing debt service, minimum reserve fund amount, and legislative replenishment provision), the plain language of the bill prevents AGDC from utilizing these provisions without express legislative authorization, and this bill does not constitute that authorization (*see* Sec. 3, page 20, lines 7-31, and page 21, lines 1-25). So, should AGDC determine after completion of the open season that the revenue stream available to it is insufficient to issue marketable revenue backed bonds, AGDC will need to come back to the legislature and request express authority to issue moral obligation debt.

Please don't hesitate to call Chris Poag at 465-3600 if you would like to discuss this issue in further detail.

Sincerely,

Michael C. Geraghty
ATTORNEY GENERAL

By:



Cori Mills
Assistant Attorney General

HB 4/RCA Background

March 27, 2013

Furnished by Alaska Department of Law

1. Purpose of 90 Day Review with 180 Day Suspension Period for the Initial Recourse Tariff

The initial recourse tariff will undoubtedly be the most complex pipeline tariff, and probably the most complex tariff of any kind, ever submitted to the RCA. It will implement a completely new concept (contract carriage), and contain rate designs, terms and conditions of service, and rules and regulations never before seen in a tariff (e.g., initial and expansion open season procedures). It will be both the blueprint and the benchmark for the operation of the pipeline for 20-30 years. In addition, unlike all other tariffs, it will not be subject to review or change by the RCA at any later point under AS 42.08.220(c)(2), unless the carrier elects to file a revision (perhaps in advance of an expansion open season). A bifurcated process (90 day notice period, followed by an optional investigation and suspension period) accomplishes the necessary review most efficiently by allowing the RCA to work with the in-state natural gas pipeline carrier during the notice period, and then presiding over an adversarial investigation process with parties presenting evidence and arguments if necessary. In other words, the RCA gets only one chance to get the recourse tariff right, and it needs at least minimally adequate time to do so.

2. General RCA Tariff Review Process and Differences and Similarities with HB 4

Currently, both initial pipeline and utility tariffs are subject to the bifurcated process (notice period possibly followed by investigation/suspension). The purpose of the notice period is to perform an initial "form and filing" review, take public comment and to decide whether there is a need to conduct an investigation of the filing. If there is no reason to investigate, the tariff takes effect on the date specified (i.e., at least 90 days or 45 days after the date of filing). The timeframe for pipelines is a 90 day notice period, initial suspension up to six months, additional suspension for one year (good cause standard), and a further indefinite suspension period (lack of evidence standard). For utilities, the notice period is 45 days, initial suspension up to six months and a further indefinite suspension period (good cause standard). Utility tariffs are subject to an overarching 450 day timeline (about 15 months). In both pipeline and utility tariffs, the RCA has the authority to, and routinely does, grant interim rates during the suspension period that are subject to refund. Under current law, the RCA is required to "fix" any defects in the tariff to bring it into compliance with the "just and reasonable, not unduly discriminatory or preferential" standard.

The primary differences between existing law and HB 4 are:

- HB 4 is front-loaded (initial recourse tariff approval, open season, and precedent agreement approval may, and are expected to, occur before certification, which must occur before construction). This contrasts with current law for utilities and common carrier pipelines: Initial utility tariffs are typically submitted and approved as part of the certification process, which may occur after construction is already underway. Pipeline carriers must have a certificate before construction, but the initial tariff is not usually approved until the pipeline is ready to commence operation.
- HB 4 provides no opportunity for the RCA to conduct an orderly bifurcated process that allows both the carrier and the public (in this context, principally potential shippers) the

opportunity for meaningful input, and to provide a full evidentiary record on which the RCA can base a rational decision. Instead, the RCA would have to do all the analysis with its own staff, and without the assistance of the real parties in interest that presumably more-readily recognize the critical issues and what evidence will be necessary to decide them.

- Under HB 4, the RCA is not permitted to “fix” problems, but only allowed to approve or deny.
- Under HB 4, there is no authority for an interim recourse tariff.

The primary difference between current HB 4 and our proposal is that our proposal restores the bifurcated process, and allows a minimal suspension period in which to hear evidence and arguments, and to complete the investigation. The approve or deny decision (i.e., no ability for the RCA to “fix” defects) and lack of RCA authority to order an interim tariff are not affected by our proposal.

3. Issues with Instituting a Non-Bifurcated Process

The significance of a single period for both notice and investigation is that it eliminates (practically, if not legally) the RCA’s ability to work with the carrier before deciding whether to investigate. Effectively, the RCA will have to start its investigation immediately, at which point ex parte rules will prevent RCA staff from working directly with the carrier to resolve questions and possibly have the carrier voluntarily fix problems that have been identified. There are unique advantages to both cooperative and adversarial processes, one of which would be lost.

4. Average Review Time for Tariffs

The RCA is compiling this information, and we will get it to you as quickly as possible.



Alaska Chapter

March 29, 2013

Representative Hawker
State Capitol
Juneau, AK 99801

Dear Mike:

On behalf of the Associated Builders and Contractors of Alaska (ABC of Alaska), I would like to thank you for sponsoring House Bill 4. We commend you, the Alaska Gas Pipeline Development Corporation Team, the Alaska Legislature and the Parnell Administration on your continuing efforts to provide energy to Alaska and specifically in your pursuit of natural gas for Alaska.

Be it ASAP Project, a large diameter natural gas pipeline, hydro, geothermal, increased production of gas or most likely some combination of all of the above, Alaska's policy leaders need to pursue paths that lead to reasoned and informed decisions and action. It is imperative to the residents of our state and Alaska's economy to have access to reliable, affordable energy.

ABC of Alaska supports progressing the ASAP Project as outlined in House Bill 4 and encourages legislative action to ensure the project progresses.

AS a trade association that represents contractors, subcontractors, material suppliers and construction related firms across Alaska, we are particularly interested in contracting procurement strategies. We share and applaud the commitment AGDC has made to maximize local hire.

With regard to local Alaska hire we encourage you to consider two items:

1. Consider the possibility of leveraging the state's financial contributions to the project to require application of resident employment preferences in AS 36.10.150; and
2. Consider asserting the application of prevailing wages standard up front.

We recognize focus on the workforce and employment issues may seem premature, but we believe addressing some of these concerns now, will provide Alaska businesses and workers with an assurance of open and fair practices; thus allowing AGDC to focus on completing the design, engineering and permitting phases of the project.

ABC of Alaska strongly opposes any effort to exclude non-union Alaska businesses and non-union Alaska workers from the construction project. Alaskans, union and non-union, should be allowed to compete for work equally.

We look forward to assisting in furthering this project and appreciate your efforts in trying to ensure Alaskans have affordable energy as a foundation for jobs and an economy for many years to come.

Amy Nibert
President/CEO
ABC of Alaska

ALASKA NATURAL GAS PIPELINE COALITION

Mile 128.5 Richardson Highway ~ P. O. Box 222 ~ Gakona, AK 99586

Phone: (907) 822-3664 ~ E-mail: gakona@gakonaak.net

March 27, 2013

State of Alaska
House of Representatives
State Capitol ~ Room 515
Juneau, AK 99801

Attn.: Representative Bill Stoltz

Re: HB 4 ~ Resolutions requested – March 26, 2013

Dear Representative Stoltz:


Thank you for your generosity in allowing us ample time to present our testimony on HB 4 on March 26, 2013. Too often we are so restricted in time that our opinions and prepared information leaves a lot on the table.

After my testimony Representative Tammie Wilson requested a copy of the Fairbanks North Star Borough's resolution which we received last year. I am enclosing it with this letter along with copies of the other member's resolutions.

In addition to the enclosed resolutions, we received one from the Copper Valley Development Association. Subsequently they, last month, rescinded their support in favor of HB 4 with an explanation that they thought a TAPs/Richardson Highway corridor had virtually no chance of success and they chose to throw their support with Speaker Chenault and Representative Hawker as HB 4 wends its way through the process.

Finally, I have prepared my remarks from yesterday in written form. If you would like to add that to your packet, let me know and I will be happy to provide them for you.

Best regards,



L. Alan LeMaster, Director

Resolution: Fairbanks North Star Borough

Whereas, Interior and Southcentral Alaska uses about 75 million gallons of fuel oil to stay warm in the winter at a cost of over \$320.00 million dollars per year, and;

Whereas, the work of scientists with USGS, EIA, Escopeta, Buccaneer Energy and others that 16-24 trillion cubic feet of natural gas reserves are believed to exist under Cook Inlet; which is a 200+ year supply of gas given existing railbelt consumption of 240 million cubic feet per day (MCF/D), and;

Whereas, Cook Inlet gas is dry gas, perfect for use in heating and electrical generation in the Anchorage bowl and surrounding communities from the Mat-Su Valley to Homer on the Kenai Peninsula, and;

Whereas, Cook Inlet is much closer to Anchorage than Prudhoe Bay thus greatly reducing the cost of distribution, and;

Whereas, there is in excess of 35 trillion cubic feet (T/cf) of known natural gas reserves in North Slope oil wells and, by some estimates, unknown reserves may be from an additional 35 T/cf to 200 (T/cf) in unknown reserves, yet to be certified and;

Whereas, research proves a large-diameter gasline would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, and with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed, or from Anchorage to Valdez should significant supplies are discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market, and;

Whereas, a Richardson Highway routing would ensure natural gas would be made available to key military bases such as Ft. Wainright, Eielson AFB, and Ft. Greely National Missile Defense, and these bases are more secure if their operating costs are reduced, given significant US defense spending cuts that have been announced, and;

Whereas, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of liquid natural gas (LNG) on large capacity tankers to the Asian market necessary to transport LNG in the greatest volume and at the most economical costs, and;

Whereas, a Richardson Highway routing would ensure that a large-diameter natural gasline to the deep water, ice free Port of Valdez, would enable gas to be fed into the small diameter (24") gasline to the Mat-Su/Anchorage/Kenai Peninsula system, with a minimum of one or two gas off takes - thereby reducing the capital expenditures (CAPEX) of the large line, and also, ensuring that Interior and other Southcentral residents enjoyed the benefits of the low cost of gas transported through Alaska from the large-diameter gasline, and;

Whereas, a Richardson Highway routing would ensure that affordable natural gas was made available in the corridor where research has determined that vast mineral resources exist, and where a large mine (Pogo) is already in operation and other large mining operations are under consideration (Livengood), and that mineral resource extraction requires significant energy and that affordable natural gas reduces this expense, and;

Whereas, the Richardson Highway is an existing pipeline corridor, that has received federal approval in the form of a FEIS for a gasline, where other routes have not, and that Right of Way and permitting risk should be minimized, and;

Whereas, a Glennallen to Palmer routing-as the first leg of this project ensures that significant Right of Way and permitting of that corridor was established by the work of ANGDA; and such a routing ensures gas from Cook

Inlet can be more easily transported to Valdez for export, and other gas wells are currently under study and development in the gas-rich Copper River basin, and;

Whereas, a small diameter line in conjunction and integrated with a large gas line provides redundancy to ensure that Southcentral and Interior Alaska gas customers have alternative gas supplies in the event of a major earthquake or other natural or manmade disaster, and;

Whereas, such a line could be built with billions of dollars Alaska has in state savings and/or with the sale of Bonds from major financial institutes around the world thereby reducing the pipeline's operating costs, specifically, not requiring a return on equity, as the state already does with highways, ports, airports, and other public infrastructure, and;

Whereas, a Richardson Highway routing ensures a gas line routing next to the Golden Valley Electric Association (GVEA) - North Pole Expansion Facility where a General Motors LM-6000 power generating turbine may be fed with cheap natural gas thereby significantly reducing GVEA member's electricity bills, and;

Whereas, a Richardson Highway routing also ensures that outlying areas of the Fairbanks North Star Borough, such as Livengood, Harding Lake, Salcha, and all communities along that corridor such as Delta Junction, Summit Lake, Paxson, Gakona, Gulkana, Glennallen, Copper Center, Tazlina, Tonsina, Kenny Lake, and Chitina, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, and;

Whereas, with the correct routing, and a minimal return on equity would significantly reduce the cost of energy in the Southcentral and Interior Alaska, and dramatically improve our winter time air quality in all the communities affected, and;

Whereas, the Alaska Natural Gas Pipeline Coalition. (ANGPC) is hereby established and is recognized as an ad hoc citizens committee, formed an dedicated to the promotion of a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez, Alaska, first to service the low cost energy needs of Alaskans and subsequently to allow the state of Alaska to export and market the excess Liquid Natural Gas to the Asian markets;

Therefore be it resolved, that the City of North Pole hereby agrees to align itself with members of the Alaska Natural Gas Pipeline Coalition. (ANGPC) in its efforts to support the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen, Valdez and;

Be it further resolved, that said pipeline will be a cooperative effort in design, development, construction and operation with the State of Alaska, TransCanada Corporation, British Petroleum, Conoco/Phillips, and Mobil/Exxon.

The City of North Pole

Doug Isaacson, Mayor

Kathy Weber, City Clerk/Human Resources Manager

Introduced By: Mayor Cleworth

Date: July 23, 2012

RESOLUTION NO. 4537

**A RESOLUTION IN SUPPORT OF A LARGE DIAMETER NATURAL
GAS PIPELINE TO TIDEWATER AT VALDEZ, ALASKA**

WHEREAS, a large-diameter gas pipeline has been discussed for over forty years and should be a fundamental part of the infrastructure of the State of Alaska; the North Slope to Valdez line has been researched extensively and takes advantage of the existing corridor; and

WHEREAS, the decline in dependence on both nuclear and coal energy sources has resulted in a significant increase in demand for natural gas; and

WHEREAS, this corridor encompasses a larger population and user base, including Fairbanks, Fort Wainwright, and Eielson AFB, than other potential routes; and

WHEREAS, energy costs for residents in the interior and rural Alaska are staggering and severely limit economic growth; and

WHEREAS, the only realistic answer for achieving air quality standards in Fairbanks would be rapid conversion to natural gas; and

WHEREAS, because an all Alaskan route is strategically desirable, the City of Fairbanks joins with the numerous other communities who have submitted Resolutions,

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks City Council supports the construction of a large-diameter natural gas pipeline from the North Slope to Valdez, with various take-off points where needed, to further the development of our natural resources.

PASSED and APPROVED this ___ Day of July, 2012.

Jerry Cleworth, Mayor

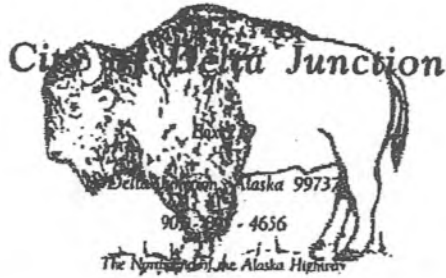
AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, City Clerk CMC

Paul Ewers, City Attorney



RESOLUTION 2012-05

A Resolution Supporting Research of Transporting Natural Gas to Interior Alaska

Whereas, the Richardson Highway transportation corridor from Fairbanks in the Interior to tidewater in Valdez is home to over 110,000 Alaskans. It is the home of three major military facilities: Fort Wainwright near Fairbanks, Eielson Air Force Base near North Pole, and Fort Greely near Delta Junction.

Whereas, the Richardson has been the route of the Trans-Alaska Pipeline (TAPS) for over 30 years, yet our homes and businesses are starving for affordable energy.

Whereas, the Highway Interior needs affordable energy to heat people's homes and fuel their vehicles, but people need jobs too. The TAPS statutory policy of high oil producer taxation and selling State royalty oil for the highest dollar has produced a Permanent Fund Dividend that benefits all Alaskans equally, but has produced unsustainable energy expenses for the Interior.

Whereas, individuals get Permanent Fund Dividends every year, but our employers, businesses, schools, military bases, and other users get nothing but the high cost. Businesses are constrained or lost and with their disappearance comes empty houses and family out-migration.

Whereas, Eielson AFB will now possibly relocate a major portion of its functions with the loss of hundreds of jobs due to high cost of operations, a large part of which is energy cost related. Refining is uneconomic and Flint Hills Refinery is partially shut down due to the high cost of State royalty oil. Our electric cooperative, Golden Valley Electric Association, is now forced to sell electricity at over 20¢ a KWH due to the cost of State royalty oil.

Whereas, it is understood that Alaska is a very small market and that to properly amortize the cost of the TAPS pipeline a much bigger market is needed, thus the terminus in Valdez where the vast majority of oil is shipped to the world market. Tax policy and economies of scale thus produce the puzzling fact that much of the petroleum products used in the Interior are produced from TAPS oil that is shipped to the Lower 48, processed and transported back here to be sold at a price lower than is possible with local production.

Whereas, Alaskans have recognized for many years that the vast North Slope supply of natural gas holds the best promise of reasonably priced energy for the Interior road system, provided that this gas can be brought to market in Alaska relatively inexpensively, which may well have to include a different tax and royalty gas pricing structure than what currently exists under TAPS.

Whereas, economic laws undoubtedly function similarly with natural gas, and a gas pipeline to the Lower 48 or to Valdez tidewater would have been built long ago by private enterprise venture capital if it were clearly profitable. However, it is particularly peculiar that Flint Hills and GVEA can combine to somewhat cut the cost of Interior energy production by building a processing plant on the North Slope and operating a fleet of tanker trucks to haul natural gas hundreds of miles over gravel roads to North Pole to replace their current feedstock coming straight out of the TAPS pipe.

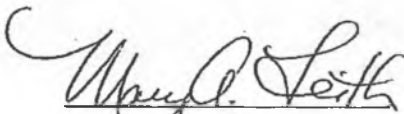
Whereas, it is also particularly peculiar that the Legislature would seriously consider using State dollars otherwise available for statewide capital projects to build a small diameter "bullet line" from the Slope to Anchorage that bypasses Fairbanks, North Pole, Delta Junction, Glennallen and Valdez when Anchorage clearly has nearby proven natural gas reserves of its own under a lower tax structure than TAPS.

Now therefore be it Resolved by the City of Delta Junction, that

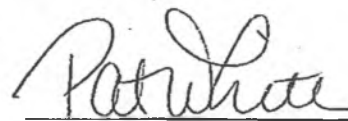
1. The City of Delta Junction, on behalf of the 5,000 residents of our area, hereby supports construction of a gas pipeline from the North Slope to the Interior and on to Valdez tidewater along the Richardson Highway corridor, with a potential arm from Glennallen to Anchorage.
2. That natural gas be made available in the Interior to businesses, schools, electric cooperatives, military bases, and individual consumers at a reasonable rate so as to reduce the current uneconomic cost of energy.
3. That we go on record as opposing construction of a "bullet line" constructed with State dollars to serve mainly Anchorage and outlying communities.

PASSED AND APPROVED this 19th day of June 2012.

ROLL CALL	YES	NO	ABSENT	ABSTAIN
Seat A: Leith	x			
Seat B: Musgrove	x			
Seat C: Saarloos	x			
Seat D: Stebbins			x	
Seat E: Grossmann	x			
Seat F: Porter	x			
Seat G: Hallgren	x			


Mary Leith, Mayor




Pat White, City Clerk



The Greater Copper Valley Chamber of Commerce

PO Box 469

GLENNALLEN, ALASKA 99588

Home of the world famous Copper River Reds

RESOLUTION:

Whereas, research proves a large-diameter gasline would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, and with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed; or from Anchorage to Valdez should significant supplies be discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market, and;

Whereas, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of liquid natural gas (LNG) on large capacity tankers to the Asian market necessary for transporting LNG in the greatest volume and at the most economical costs, and;

Whereas, the Richardson Highway is an existing pipeline corridor, that has received federal approval in the form of a FEIS for a gasline, where other routes have not, and that Right of Way and permitting risk should be minimized, and;

Whereas, a Richardson Highway routing also ensures that outlying areas along that corridor such as Paxson, Gakona, Gulkana, Glennallen, Copper Center, Tazlina, Tonsina, Kerry Lake, and Chitina, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, and;

Whereas, the Alaska Natural Gas Pipeline Coalition. (ANGPC) is hereby established and is recognized as an ad hoc citizens committee, formed and dedicated to the promotion of a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez, Alaska, to service first the low cost energy needs of Alaskans and subsequently to allow the state of Alaska to export and market the excess Liquid Natural Gas to the Asian markets;

Therefore be it resolved, that the Greater Copper Valley Chamber of Commerce hereby agrees to support the Alaska Natural Gas Pipeline Coalition. (ANGPC) in its efforts to support the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen.

Passed this day, 8 June 2012, by action of The Greater Copper Valley Chamber of Commerce Board.

Richard Dennis, President

Naomi Young, Secretary

Copper Valley Development Association, Inc.

P.O. Box 9, Glennallen, AK 99588 * 907-822-5001 phone * 888-256-5569 fax
www.coppervalley.org * info@coppervalley.org

Whereas, research proves a large-diameter gas line would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, and with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed, or from Anchorage to Valdez should significant supplies be discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market, and;

Whereas, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of liquid natural gas (LNG) on large capacity tankers to the Asian market necessary for transporting LNG in the greatest volume and at the most economical costs, and;

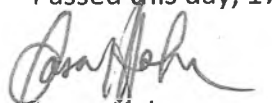
Whereas, the Richardson Highway is an existing pipeline corridor, that has received federal approval in the form of a FEIS for a gas line, where other routes have not, and that Right of Way and permitting risk should be minimized, and;

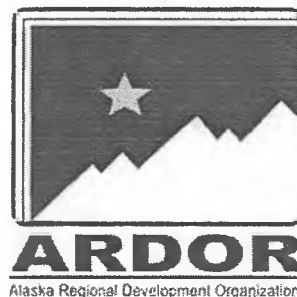
Whereas, a Richardson Highway routing also ensures that outlying areas along that corridor such as Paxson, Gakona, Gulkana, Glennallen, Copper Center, Tazlina, Tonsina, Kenny Lake, and Chitina, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, and;

Whereas, the Alaska Natural Gas Pipeline Coalition. (ANGPC) is hereby established and is recognized as an ad hoc citizens committee, formed and dedicated to the promotion of a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez, Alaska, to service first the low cost energy needs of Alaskans and subsequently to allow the state of Alaska to export and market the excess Liquid Natural Gas to the Asian markets;

Therefore be it resolved, that the Copper Valley Development Association hereby agrees to support the Alaska Natural Gas Pipeline Coalition. (ANGPC) in its efforts to support the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen.

Passed this day, 17-07-2012


Jason Hoke
Executive Director



CITY OF VALDEZ

RESOLUTION NO 12-41

A RESOLUTION SUPPORTING A LARGE VOLUME GASLINE FROM PRUDHOE BAY TO FAIRBANKS AND CONTINUING SOUTH TO GLENNALLEN, CONNECTING TO A SPUR LINE FROM GLENNALLEN TO THE EXISTING SOUTH CENTRAL GAS GRID AND CONTINUING TO VALDEZ

WHEREAS, Interior and Southcentral Alaska currently uses about 75 million gallons of fuel oil to stay warm in the winter at a cost of over \$320.00 million dollars per year; and

WHEREAS the work of scientists with USGS, EIA, Escopeta, Buccaneer Energy and others estimate that 16-24 trillion cubic feet of natural gas reserves exist under Cook Inlet; which is a 200+ year supply of gas for the Anchorage bowl, given existing railbelt consumption of 240 million cubic feet per day (MCF/D); and

WHEREAS, Cook Inlet gas is dry gas, perfect for use in heating and electrical generation in the Anchorage bowl and surrounding communities from the Mat Su Valley to Homer on the Kenai Peninsula; and

WHEREAS, Cook Inlet is much closer to Anchorage than Prudhoe Bay thus greatly reducing the cost of distribution; and

WHEREAS, there is in excess of 36 trillion cubic feet (T/cf) of known natural gas reserves in North Slope oil wells and, by some estimates, unknown reserves may be from an additional 35 T/cf to 200 (T/cf) yet to be certified; and

WHEREAS, an abundance of studies prove that a large-diameter gasline would serve more Alaskan residents with low cost energy if routed from the North Slope to Valdez, with a 24" spur line from Glennallen to Palmer adjacent to the Glenn Highway corridor for transporting natural gas to Anchorage if needed, or from Anchorage to Valdez should significant supplies of natural gas are discovered in Cook Inlet, allowing for sales of Cook Inlet natural gas to the Asian market; and

WHEREAS, a Richardson Highway routing would ensure natural gas would be made available to key military bases such as Ft. Wainright, Eielson AFB, and Ft. Greely National Missile Defense, and, given significant US defense spending cuts that have been announced, these bases are more secure if their operating costs are reduced; and

WHEREAS, in the opinion of most comprehensive studies that the Port of Valdez is the only port in Alaska that can adequately be used for shipment of

Kenny Lake, Chitina, and Valdez, as well as communities along the Glenn Highway corridor such as Tolsona, Mendeltna, Nelchina, and Eureka will receive low cost energy from Alaska's natural gas supplies, saving millions of dollars annually to all consumers within the purview of these communities; and

WHEREAS, with the correct routing, it would significantly reduce the cost of energy in the Southcentral and Interior Alaska, and dramatically improve our winter time air quality in all of the communities affected; and

WHEREAS, a large-diameter (48") natural gas pipeline from the North Slope to tidewater at Valdez Alaska, will lower the cost of energy for Alaskans and subsequently will allow the State of Alaska to export and market the excess Liquid Natural Gas to the Asian markets with reasonable profits that can be dedicated to ultimately paying for the construction and operation of the pipeline.


NOW, THEREFORE, BE IT RESOLVED that the City of Valdez supports the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez with take-offs where needed and demanded in, but not limited to, Fairbanks, North Pole, Delta Junction, and Glennallen.

BE IT FURTHER RESOLVED that the City Council of the City of Valdez supports the Alaska Natural Gas Pipeline Coalition (ANGPC) in its efforts to promote the construction and operation of a large-diameter natural gas pipeline routed from the North Slope to Valdez.

COPIES of this resolution shall be sent to the Honorable Sean Parnell, Governor of the State of Alaska, members of the Alaska Legislature, and Alaska Municipal League.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 2nd day of July, 2012.

CITY OF VALDEZ, ALASKA


David C. Cobb, Mayor

ATTEST:


Sheri L. Pierce, MMC, City Clerk



Distributed by
Rep Chenault



Department of Energy
Washington, DC 20585

March 07, 2013

Mr. William M. Walker
Ms. Lindsay W. Hobson
Walker Richards, LLC
General Counsel
Alaska Gasline Port Authority
731 N. St.
Anchorage, AK 99501

RE: Dismissal of Application in FE Docket No. 12-75-LNG without Prejudice to Refile
at a Later Time

Dear: Mr. Walker and Ms. Hobson,

On July 12, 2012, Alaska Gasline Port Authority (AGPA) filed an application (Application) with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)¹ for long-term, multi-contract authorization, to export liquefied natural gas (LNG) in an amount up to the equivalent of approximately 2.5 billion cubic feet per (Bcf) per day (Bcf/d) of natural gas from a proposed LNG Terminal in Valdez, Alaska, for a 25-year term. AGPA seeks to export LNG by vessel to any nation with which the United States currently has, or in the future will have, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas, and that currently has, or in the future develops, the capacity to import LNG via ocean-going carriers.

¹ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redefinition Order No. 00-002.04E issued on April 29, 2011.



On October 4, 2012, DOE/FE issued a letter (DOE/FE Letter) to AGPA requesting additional information regarding the Application. In DOE/FE's review of the Application, it found that the application lacks information required by 10 C.F.R. § 590.202 ("Contents of applications"). Specifically, the Application failed to meet the requirements of subsections 590.202(b)(1) and 590.202(b)(2), which require applicants to identify the "source and security of the natural gas supply to be imported or exported" and "the facilities to be utilized or constructed." In order to address these deficiencies, DOE requested the Applicant to provide additional information about the following: (1) the availability of a pipeline to transport gas to a liquefaction plant; (2) the source of the natural gas supply; and (3) the siting of the liquefaction plant.

Discussion of AGPA Response Dated November 9, 2012

AGPA responded to the DOE/FE Letter, by letter dated November 9, 2012 (AGPA Letter). The AGPA Letter addressed each of the issues identified in the DOE/FE letter, as follows:

(1) **Availability of a pipeline.** AGPA restated the first issue identified in the DOE/FE Letter: "[n]o pipeline exists, nor has AGPA demonstrated a commitment by any capable party for the construction of a pipeline for the transportation of natural gas from the North Slope to Valdez, Alaska." In response, AGPA describes a number of developments supportive of the construction of a pipeline capable of transporting natural gas to a liquefaction plant on the Alaska coast. In particular, AGPA refers to (1) the Alaska Gasline Inducement Act (AGIA), enacted in 2007; (2) Administrative Order No. 242, issued by Governor Palin in 2008; and (3) efforts by TransCanada Pipeline, the AGIA licensee, and its co-sponsors to encourage public participation in a Solicitation of Interest for capacity on a proposed pipeline. AGPA states that

in response to the Solicitation, AGPA nominated 2.8 Bcf/d of natural gas into the inlet of the LNG facility at Valdez. AGPA further states that this volume was supported by written confirmation of interest from six companies.² AGPA also states that during the Solicitation, a consortium of Japanese companies nominated 2.7 Bcf/d into the same pipeline,³ which is in addition to the AGPA volumes nominated.⁴

AGPA states that “[m]ost recently, TransCanada and ExxonMobil joined with BP and ConocoPhillips in issuing a letter to Governor Parnell describing their joint efforts to ‘advance a collective understanding of what would be required for [LNG] exports from Southcentral Alaska’” (Parnell Letter).⁵ AGPA states that the Parnell Letter pointed out that the Solicitation described interest from potential shippers and major players from a broad range of industry sectors and geographic locations. AGPA provides a further quote from the Parnell Letter, stating, “[n]othing in [AGIA] precludes a person from pursuing a gas pipeline independently from [AGIA].” AGPA states that “AGPA’s efforts are not contingent upon a successful AGIA project.”

(2) Source of Supply. AGPA restated the second issue identified in the DOE/FE Letter: “that ‘AGPA has not demonstrated a source of supply of natural gas through a commitment, such as a contract, memorandum of understanding, letter of intent, or other agreement with producers of natural gas on the North Slope of Alaska.’” and then discussed it as follows:

AGPA states the source of gas supply will be the Prudhoe Bay and Point Thomson units, which contain approximately 24.5 and 8.0 trillion cubic feet of gas reserves, respectively. AGPA

² AGPA Letter, at 4.

³ *Id.* at 4. The consortium, known as Resources Energy Inc. (REI) is comprised of six major Japanese companies.

⁴ On January 14, 2013, DOE/FE received a letter dated January 10, 2013, from John L. Wittenborn writing on behalf of his firm’s clients, Energy Resources, Inc., a Japanese corporation, and its wholly owned subsidiary, Resources Energy, Inc., (ERI/REI). The letter wanted to clarify that the consortium of six Japanese companies had “no affiliation whatsoever with AGPA or the AGPA Export Application” and that ERI/REI was planning to submit its own application to DOE for authority to export LNG from Alaska to Japan. This letter is attached.

⁵ AGPA Letter, Exhibit 7, Letter to Governor Sean Parnell (October 1, 2012) at 1.

states that North Slope leases executed by the State of Alaska on the Prudhoe Bay and Point Thomson fields require that natural gas be sold to companies willing to take the resource to market. AGPA further states that “[t]he operator of Prudhoe Bay has recognized that obligation, and stated it would ‘delightfully’ sell gas to creditworthy entities willing to undertake a pipeline project.”⁶

AGPA states that “[t]he Asian buyers that AGPA has been in negotiations with over the past year have expressed their interest and intent to make offers to purchase gas from the North Slope lease holders and the State of Alaska at the wellhead. However, prior to their engaging in that process they have explained that there would need to be an export license in place. AGPA thus seeks an export license as the next necessary step before it can commence negotiations with the North Slope leaseholders, on behalf of Asian buyers, to secure gas supply contracts.”

AGPA states that “DOE/FE has granted export licenses in the past without executed supply contracts, including the previously issued non-FTA export license from Port Valdez issued to the Yukon Pacific Corporation.”⁷

(3) Siting of Liquefaction Plant. AGPA restated the third issue identified in the DOE/FE Letter: “AGPA has not settled on a location for the LNG liquefaction facility or demonstrated that it has entered into a memorandum of understanding, letter of intent, or other agreement to secure title in a or a long term lease of the property where such a facility would be located.”

AGPA states “AGPA’s inclusion of alternative sites were meant only to illustrate that there are additional site options at Port Valdez. AGPA indicates that the project plan has always centered on the Anderson Bay site which previously received significant Federal and State

6 AGPA Letter, Exhibit 10, Letter from David Van Tyul (July 21, 2008) at 2.

7 DOE/FE Opinion and Order No. 350, Order Granting Authorization to Export Liquefied Natural Gas from Alaska, 1 FE ¶ 70,259 (November 16, 1989).

regulatory permits while under lease to the Yukon Pacific Corporation" (YPC). AGPA references seven such permits the previous site had received.⁸ In addition, AGPA states that it has applied to lease the identical footprint of land at Anderson Bay previously leased to YPC.

FINDINGS

DOE/FE has considered the AGPA Letter and, for the reasons set forth below, finds that the Application is deficient as it does not meet the requirements of 10 C.F.R. § 590.202(b)(1) and 10 C.F.R. § 590.202(b)(2) and the Application, therefore, will be dismissed pursuant to 10 C.F.R. § 590.203, without prejudice to re-filing at a future time if the deficiencies are corrected.

DOE/FE further finds as follows:

(A) The availability of a pipeline to transport natural gas from the North Slope to Valdez has not been demonstrated. Information in the AGPA Letter demonstrates that the AGIA licensee and the North Slope lease holders (producers) are evaluating options to monetize North Slope natural gas. However, the AGPA Letter has not demonstrated that a pipeline will be built from the North Slope to Valdez. Further, DOE/FE notes that the Parnell Letter indicates that the focus of the work of the AGIA licensee and producers includes: "Developing a design basis for the required LNG tanker fleet" and "Evaluating multiple LNG process design alternatives."⁹ Further, the Parnell Letter includes an attachment that indicates the AGIA licensee and producers intend to "File DOE Export License" themselves.¹⁰ Indeed, the Parnell Letter implies that the AGIA licensee and the producers would develop an LNG project themselves and seek their own DOE LNG export authorization, assuming a pipeline is constructed between the North Slope and Valdez. Based on the foregoing discussion, DOE/FE finds that in the absence of a firm plan to

⁸ AGPA Letter, at 7-8.

⁹ AGPA Letter, Exhibit 7, Parnell Letter, at 1.

¹⁰ *Id.*, Exhibit 7, Parnell Letter at Attachment 3.

build a pipeline from the North Slope to Valdez by either the AGIA licensee, AGPA itself, or others, the application is premature.

(B) A commitment or other agreement with producers to supply AGPA with natural gas from the North Slope of Alaska has not been demonstrated. As the AGPA Letter details, the source of supply would be Prudhoe Bay and Point Thomson, a location with known natural gas reserves. AGPA points out that the Prudhoe Bay producers “would ‘delightfully’ sell gas to creditworthy entities willing to undertake a pipeline project.” However, DOE/FE notes that AGPA did not propose to build a pipeline project as part of its project description in the Application to DOE/FE requesting authorization to export LNG to FTA countries. AGPA indicated that DOE/FE previously authorized YPC to export LNG from Port Valdez without an executed supply contract. DOE/FE notes that the proposed project in the YPC LNG export application included construction of a trans-Alaska natural gas pipeline, the design and location of which was well established. The following statement from the DOE/FE Letter, therefore, remains valid.

While DOE/FE has accepted applications to export LNG by vessel from applicants that lacked executed supply contracts, in all of those cases applicants have demonstrated that gas supplies for the proposed export would be drawn from known producing fields; that pipeline transportation capacity already existed or would be added in the project scope, subject where necessary to the negotiation of binding transportation contracts; and that the applicants had settled on specific locations for the proposed liquefaction facilities and had secured at least a letter of intent or memorandum of understanding affording them access to and use of the property where the liquefaction facilities were to be constructed. By contrast, in the present case, the applicant has presented none of these essential pieces of information.

(C) AGPA has not settled on a location for the LNG liquefaction facility. The AGPA Letter indicated that AGPA has applied to lease the identical footprint of land at Anderson Bay previously leased to YPC. However, the application did not have a specific location identified.

(D) In any future long-term LNG export application, DOE will require the location of the liquefaction facility, demonstration that the applicant has secured a property or contractual right in the facility and use of the facility, and that the facility has access to a source of natural gas supply that is within the power of the applicant or the facility to secure. If the applicant is constructing the facility proposed in the application, the applicant must demonstrate that it either owns, or has access to, the site on which the proposed facility will be built. This could include demonstration that the applicant has entered into a memorandum of understanding, letter of intent, or other agreement to secure title in or a long term lease of the property where such a facility would be located.

ORDER

For the foregoing reasons, the AGPA application is dismissed without prejudice to re-filing at a future time if the deficiencies identified herein are corrected.

Should you have any questions, please contact me.



John A. Anderson
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy

Attachment

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

WASHINGTON HARBOUR, SUITE 400

3050 K STREET, NW

WASHINGTON, D.C. 20007-5108

TEL: 202-342-8400

FACSIMILE

TEL: 202-342-8451

www.kelleydrye.com

NEW YORK, NY

LOS ANGELES, CA

CHICAGO, IL

STAMFORD, CT

PARSONS, NJ

BRUSSELS, BELGIUM

AGENCY OFFICE

MUMBAI, INDIA

January 10, 2013

Mr. John A. Anderson
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy
Department of Energy
Washington, DC 20585

Re: Alaska Gas Port Authority (AGPA) LNG Export Application in FE
Docket No. 12-75-LNG

Dear Mr. Anderson:

We are writing on behalf of our clients, Energy Resources, Inc., a Japanese corporation, and its wholly owned subsidiary, Resources Energy, Inc., a Delaware corporation, (together ERI/REI) to clarify a potential area of confusion regarding the AGPA Application and more specifically the letter to you from AGPA, dated November 9, 2012.

In Section I. A Process is in Place to Facilitate Pipeline Construction on page 3 of AGPA's letter, there is reference to a "consortium, known as Resources Energy Inc. (REI) ... comprised of six major Japanese companies with a focus of bringing natural gas to Japan" as having responded to a Solicitation of Interest issued by TransCanada and ExxonMobil for the AGA Pipeline and having nominated 2.7 bcf/d of natural gas into the pipeline. In the context in which that statement is made, it could be inferred that REI is affiliated in some fashion with the AGPA Export Application. We wish to clarify that ERI/REI has no affiliation whatsoever with AGPA or the AGPA Export Application. In fact, in due course, ERI/REI will be submitting to the Department of Energy its own application for a permit to export LNG from Alaska to Japan.

If you require any further clarification, please do not hesitate to contact us.

Sincerely,



John L. Wittenborn
Partner
202-342-8514
jwittenborn@kelleydrye.com



March 21, 2013

The Honorable Bill Stoltze, Co-Chair House Finance
The Honorable Alan Austerman, Co-Chair House Finance
State Capitol
Juneau, Alaska 99801-1182

SUBJECT: Support for HB4, Instate Gasline and SB23, LNG Trucking

Dear Committee Chairmen Stoltze & Austerman,

Rising energy costs are working against the long-term viability for hotel and lodging businesses. AkH&LA supports the Governor and Legislature in their efforts to advance cost-effective and timely projects to provide Alaskans and Alaskan businesses with a long-term reduction and stabilization of energy costs. The Alaska Hotel & Lodging Association supports current projects such as; an In-State Gas Line, the Susitna Hydro Project, the Southeast Hydro projects, a North Slope LNG Trucking project as proposed by Governor Parnell, and alternative energy projects around the state.

The Alaska Hotel & Lodging Association views HB 4 & SB 23 as a comprehensive energy package advancing projects proposing both short and long term energy cost reduction to thousands of Alaskans. AkH&LA appreciates the introduction of HB4 by Representative Hawker & Representative Chenault as well as the Governor's introduction of SB23. These bills not only recognize the problem but address it by moving forward with specific projects in an effort to solve the high cost of energy in Southcentral, Interior and Rural Alaska. The hotel and lodging industry is a major consumer of energy and to that end, the situation in Southcentral and the current costs in Interior Alaska are untenable having the potential to jeopardize the economic viability of hotel businesses throughout the region.

Over 27,000 Alaskans are employed by the lodging and restaurant industries. These employees and the businesses that hire them are vital to the Alaskan economy. AkH&LA supports efforts by the Legislature to reduce the cost of energy to all Alaskans and Alaska's businesses. It is imperative that Alaska's economy not be constrained by our own inertia. Passage of these two vital pieces of legislation will move Alaska's economy forward. We urge you to take immediate action on these bills and pass them this legislative session.

Sincerely,

Gretchen Kenney
Executive Director
Alaska Hotel & Lodging Association

Cc:
Governor Parnell
Alaska Legislature



United in a common goal to make Alaska the most hospitable place on earth!

330 E. 4th Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 272-1229 • Fax: (907) 272-1289 • E-mail: akhla@faha.org

CITY OF VALDEZ, ALASKA

RESOLUTION 13-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA OPPOSING HOUSE BILL FOUR (HB4) OF THE TWENTY-EIGHTH ALASKA STATE LEGISLATURE AND THE ASAP GASLINE IT WOULD PROMOTE

Whereas natural gas reserves in Southcentral Alaska are dwindling; and

Whereas Interior Alaska and rural communities off the existing gas grid are paying the highest energy costs in the country; and

Whereas 90 percent of state revenues are dependent on declining oil production, creating a desperate need for new sources of state revenue; and

Whereas House Bill 4 (HB4) currently being considered by the Alaska Legislature, is the enabling legislation for the Alaska Stand Alone Pipeline (ASAP) concept; a state subsidized, thin-walled, low-volume, low-pressure gas pipeline that will ultimately cost upwards of \$10 billion to build; and

Whereas the HB4 - ASAP project will not generate any new revenues for Alaska; and

Whereas the Alaska Constitution states that our resources must be developed for the maximum benefit of all Alaskans, yet the HB4 - ASAP project will limit benefits of our North Slope gas resources to only about 50 percent of Alaska's residents; and

Whereas the so-called "ASAP" line will take upwards of 10 years to build and is therefore not a short-term solution and will not do anything to solve the state's immediate energy needs; and

Whereas according to the HB4 - ASAP project plan, energy costs for residents of Southcentral Alaska will increase significantly under this small-volume project (example: Anchorage under ASAP would be \$9 - \$11.25/MMBtu, current price ~\$8.60/MMBtu); and

Whereas the HB4 - ASAP project will leave the valuable gas liquids (propane, butane, etc) stranded on the North Slope, depriving the state of the thousands of high-paying, long-term jobs these resources represent; and

Whereas HB4 will exempt the Alaska Gasline Development Corporation (AGDC) from public records laws, removing any responsibility to operate with transparency and

public oversight and will consolidate the gas pipeline decision-making process entirely into AGDC, removing the checks and balances that should be provided by the public, the governor and the legislature; and

Whereas there is a far better alternative to the HB4 - ASAP project; and

Whereas building a Maximum Volume Pipeline (MVP) fulfills the voter mandate of 2002, when Alaskans overwhelmingly voted in favor of a large state owned gas pipeline to tidewater (AS 41.41.010); and

Whereas the Maximum Volume Pipeline (MVP) is an 800-mile, large-volume gas pipeline from Prudhoe Bay to tidewater in Southcentral that is consistent with the project currently being pursued by the North Slope Oil Producers and the State of Alaska under the AGIA process; and

Whereas a Maximum Volume Pipeline will deliver the cheapest possible energy to all Alaskans through the economies of scale that become possible due to exports; and

Whereas the LNG exports associated with a MVP project could generate State revenues between \$220 billion and \$419 billion over the life of the project. These annual State revenues from the MVP project are projected to start at \$2.4 billion in the first year and climb each year to \$24 billion in year 30; and

Whereas revenues generated by a MVP project, could continue to fund critical state programs, such as education, transportation, and public safety, despite future projections of falling state oil revenues; and

Whereas during the last Open Season in September of 2012, letters of interest were received from the Asian market indicating their desire to purchase Alaskan liquefied natural gas (LNG) at quantities equal to twice the amount needed to make the MVP project commercially viable; and

Whereas because a liquefied natural gas (LNG) terminal is included in a Maximum Volume Pipeline project, it will provide opportunities to ship affordable energy to communities all across Alaska; and

Whereas the MVP project has always enjoyed bipartisan support, with proponents including the late Alaska statesmen Gov. Bill Egan, Gov. Jay Hammond, Gov. Wally Hickel, and U.S. Sen. Ted Stevens; and

Whereas the HB4 - ASAP concept is a dangerous diversion that draws time, attention and resources away from the large-volume project that Alaska truly needs; and

Whereas it is completely unrealistic to assume that two multi-billion dollar gas pipeline projects will be developed within the next 20-year timeframe; and

Whereas if the HB4 - ASAP concept goes forward, we will lose the opportunity for a Maximum Volume Pipeline (MVP) that can generate long-term revenue, create long-term jobs, and provide affordable energy for all Alaskans for generations to come.

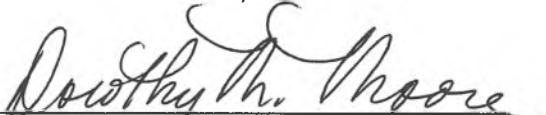
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

Section 1. The City Council **strongly** urges the Alaska State Legislature to defeat House Bill 4 and/or any substantially similar legislation; and to support legislation that facilitates the development of a large volume, high pressure, natural gas pipeline to tidewater; one which includes transportation of all gas liquids, enables distribution of energy throughout the state, and supports exports sufficient to generate meaningful future state revenues.

Section 2. This resolution is effective upon adoption and is to be immediately transmitted to every member of the Alaska State Legislature, the House and Senate Resource Committees, the House and Senate Finance Committees, the House Special Committee on Energy, the Senate Special Committee on In-state Energy, and Governor Sean Parnell.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 18th day of March, 2013.

CITY OF VALDEZ, ALASKA


Dorothy M. Moore, Mayor Pro Tempore

ATTEST:


Sheri L. Pierce, MMC, City Clerk





Representative Mike Hawker Alaska State Legislature

Sponsor Statement

CS for Sponsor Substitute for House Bill 4 (RES) Version \P
In-state Gasline Development Corp

House Bill 4 (HB 4) creates an entity charged with getting Alaska's natural gas into the hands of Alaskans. HB 4 empowers the Alaska Gasline Development Corporation (AGDC) to lead Alaska into a natural gas future.

For decades, Alaskans have looked to natural gas to ease crippling instate energy costs and air quality problems; to support new industry and jobs; to promote economic development; and to generate state revenue as the resource is commercialized. HB 4 provides AGDC the authority and resources to develop, finance, and operate a 500 million cubic feet per day gas pipeline from the North Slope, serving Fairbanks and Southcentral, at the lowest possible cost, without delay. While pursuing this project, AGDC is structured to be responsive if alternatives materialize that provide greater benefit to Alaskans, including potential partnership with industry on a large-diameter export pipeline. Finally, HB 4 enables AGDC to consider future pipelines that extend the benefits of natural gas to more Alaskans.

This legislation includes ways for the state to support AGDC and an instate natural gas pipeline and to alleviate uncertainty and risk, thereby minimizing the prices Alaskans pay for natural gas. HB 4 maximizes state efforts; separates AGDC from political influence; and creates a regulatory environment for a contract carrier pipeline that encourages future development of oil and gas resources. HB 4 also provides crucial checks and balances to ensure AGDC is accountable to Alaskans – for state money, for state oversight, and for the costs of gas to consumers.

To date, private sector companies have not built a gas pipeline of this magnitude. The risks and costs associated with a pipeline spanning the 700-mile-plus length of Alaska are significant for any private sector entity. Yet, Alaskans remain in critical need of natural gas for instate use. The state can act now to bring a project together, opening new private sector development opportunities while addressing our instate energy issues.

This is Alaska's opportunity to advance the state's interests to get Alaskan gas into the hands of Alaskans on our schedule, without waiting for others to determine our future.

Explanation of Changes: CS for SS for House Bill 4 (RES) (Version \P)

The House Resources Committee amended the Sponsor Substitute for House Bill 4 \O to the effect of:

- Requires an Alaska veterans' preference in procurement procedures established by the Alaska Gasline Development Corporation. (Section 3 in CS for SSHB4 (RES) \P)
- Expands the value of AGDC to Alaskans by requiring AGDC, once a main pipeline is under construction, to analyze potential connecting lines extending gas to more Alaska communities and industrial developments. (Section 3 in CS for SSHB4 (RES) \P)
- Increases AGDC accountability for state money and to Alaskans by requiring, once a pipeline is operational, disclosure of confidential information that is not subject to confidential agreements and that does not harm the state's economic interests. (Section 3 in CS for SSHB4 (RES) \P)
- Removes references to the state's royalty gas to ensure that the Department of Natural Resources commissioner, in conjunction with the Royalty Board, retains full discretion to manage the state's royalty gas. (Removed language in Section 1 and Section 3 of SSHB 4 \O)
- Makes clarifying changes to ensure AGDC is established as an independent corporation of the state; that state agencies shall provide information and assistance to AGDC; and removing a section related to international borrowing that is not necessary for AGDC in issuing revenue bonds (drafting errors). (Title and Section 3 in CS for SSHB4 (RES) \P; removed international borrowing language in Section 3 of SSHB4 \O)
- To avoid redundancy and streamline state efforts, repeals the Alaska Natural Gas Development Authority (ANGDA) per Legislative Audit recommendations. (Removes Sections 17-28 of SSHB4 \O; makes conforming changes; adds to repealer in Section 23 of CS for SSHB4 (RES) \P)
- Creates a backstop on RCA review of a certificate of public convenience and necessity application, so that failure to act within 180 days defaults to approval of an application. (Section 21 in CS for SSHB4 (RES) \O)
- Incorporates a substantial, 9-page amendment to Section 21, a new chapter of regulatory oversight for a contract carrier natural gas pipeline. The amendment amplifies the use of a recourse tariff to provide fairness, transparency, and accountability. The amendment strengthens the dispute resolution processes in a carrier's terms to require opportunities for participation by other shippers who may be affected. The amendment provides the Regulatory Commission of Alaska greater authority in carrying out the regulatory processes in Sec. 21. Finally, the amendment protects against the unlikely but possible potential for a carrier to make a rate of return in excess of that allowed by the RCA and provided for in shipping contracts. (Section 21 in CS for SSHB4 (RES) \O)

Fact Sheet: CS for SS for House Bill 4 (RES) (Version \P)

House Bill 4 (HB 4) provides the framework for the Alaska Gasline Development Corporation (AGDC) to serve as Alaska's natural gas pipeline corporation, connecting Alaskans with an Alaska resource.

Specifically, HB 4 directs AGDC to continue developing the 500 million cubic feet per day pipeline described in the July 2011 Project Plan, carrying North Slope gas to Fairbanks and Southcentral at the lowest possible costs, without delay.

At the same time, HB 4 provides AGDC the structure to consider other instate natural gas projects now and in the future, and positions AGDC to participate on Alaskans' behalf in a larger pipeline to tidewater with an LNG export component, such as the project advocated by the governor.

Generally, House Bill 4:

1. Sets a framework for AGDC to be Alaska's gas pipeline entity by defining its duties and responsibilities as a stand-alone public corporation of the state. For example, HB 4 establishes AGDC as a state corporation and provides AGDC the ability to enter ownership and operating partnerships; issue revenue bonds that would be paid back with pipeline revenue guaranteed through long-term contracts; enter into confidentiality agreements necessary to participate in pipeline projects with private-sector entities; and exercise the state's existing power of eminent domain as a last resort if good-faith negotiations are unsuccessful. HB 4 also calls on AGDC to analyze other pipelines connecting gas to more Alaskans, once a mainline is under construction.
2. To avoid redundancy in state spending and gasline work, HB 4 calls on state agencies to share information and assist AGDC. At the same time, HB 4 directs AGDC to avoid duplicating state efforts and spending.
3. HB 4 resolves outstanding issues that, left unchecked, would create uncertainty and risk as AGDC prepares for an open season on the instate gasline and future lines. These uncertainties include how an instate gasline would be regulated; whether a carrier would be able to operate as a contract carrier, offering the firm, contractual service needed to secure project financing; and limiting delays related to judicial review of state leases, permits and other decisions. The contract carrier regulatory framework in HB 4 supports mandatory expansions with commercially viable opportunities, requires fair open seasons to allocate pipeline capacity, and reinforces the state's policy to advance gaslines that encourage oil and gas exploration in Alaska.
4. As HB 4 empowers AGDC to act on behalf of Alaskans' interests in providing natural gas to Alaskans, this legislation calls on state and local governments to participate in ways that will reduce the rates Alaskans pay for gas. For example, HB 4 waives property taxes during pipeline construction, and requires that state and local resources like water, sand and gravel be made available at usual rates, but not rolled into the costs Alaskans would pay for the gas.



BIG LAKE

CHAMBER OF COMMERCE

"Alaska's Year-Round Playground"

Big Lake

Big Lake Chamber of Commerce RESOLUTION 2013-2

A Resolution Supporting the Legislative Efforts to Construct a Natural Gas Pipeline From the North Slope to South Central Alaska

Whereas, the development of an in-state gas pipeline is in the best interest of the state of Alaska; and

Whereas, known reserves in Cook Inlet are insufficient to supply the demand for natural gas in south-central Alaska in the future; and

Whereas, many Interior and Rural Alaskan communities are in dire need of a means to lower energy costs in both short and long terms; and

Whereas, development of vibrant local and statewide economies are dependant on affordable energy; and

Whereas, in Alaska natural gas pipeline project will provide a long-term affordable and clean energy solution for the majority of Alaskans and Alaska businesses; and

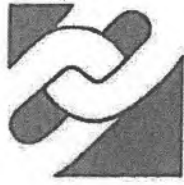
Whereas, House Bill 4 includes the necessary provisions and solutions to advance a successful Alaska natural gas pipeline project

NOW, THEREFORE, BE IT RESOLVED that the Big Lake Chamber of Commerce supports legislation efforts to fund Alaska Gasline Development Corporation in order to continue moving forward developing a project to construct a natural gas pipeline.

PASSED AND APPROVED by a duly constituted quorum of the Big Lake Chamber of Commerce this 20th day of March, 2013

Ina Mueller
Ina Mueller, President, Big Lake Chamber of Commerce

ATTEST:
John Sun Treasurer, 2013 3/20/13



THE ALLIANCE

...for responsible development of Alaska's Oil, Gas & Mineral Resources

Resolution 02-13

WHEREAS, the Alaska Support Industry Alliance was established in 1979;
and

WHEREAS, the Alliance represents more than 500 businesses who employ
more than 35,000 workers in the State of Alaska; and

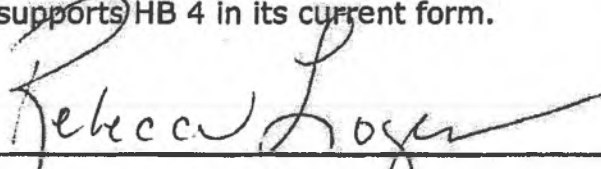
WHEREAS, the Alliance mission statement is to promote responsible
exploration, development and production of oil, gas and mineral resources
for the benefit of all Alaskans; and

WHEREAS, the Alaska Stand Alone Pipeline (ASAP) is an opportunity to
develop and produce Alaska's natural gas resources for the benefit of all
Alaskans; and

WHEREAS, the ASAP project utilizes a risk-based, phased and gated
methodology which employs a disciplined approach towards project
development and allows for appropriately timed exits to ensure
accountability and fiscal responsibility, and

WHEREAS, House Bill 4 makes the Alaska Gas Line Development
Corporation an independent public corporation of the state, with the correct
authority, autonomy, and responsibility to execute the legislative priority of
bringing affordable natural gas to Alaskans.,

NOW THEREFORE BE IT RESOLVED; the Alaska Support Industry Alliance
supports HB 4 in its current form.



Rebecca Logan, General Manager - January 30, 2013

1/30/2013



ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., Ste. 105, Anchorage, Alaska 99503 (907) 563-9229 www.alaskaminers.org

February 5, 2013

Speaker of the House Mike Chenault
Representative Mike Hawker
Capitol Room 208
Juneau, AK 99801

Dear Speaker Chenault and Representative Hawker:

The Alaska Miners Association (AMA) writes to express its support for HB4, an Act to advance an in-state natural gas pipeline.

AMA is a non-profit membership organization established in 1939 to represent the mining industry in Alaska. We are composed of more than 1,500 individual prospectors, geologists, engineers, vendors, suction dredge miners, small family mines, junior mining companies, and major mining companies. Our members look for and produce gold, silver, platinum, molybdenum, lead, zinc, copper, coal, limestone, sand and gravel, crushed stone, armor rock, and other materials.

It is without question that Alaskans across the state are struggling with substantial energy costs. Our large mines and development projects are no exception. Hardrock mines with milling processes are extremely energy-intensive operations, and our mines pay millions of dollars each year for power. Alaska's operating mines consume power from coal, hydro, and limited natural gas sources, with all using at least some diesel generation. Only four of seven large mines are connected to power grids in the state. The mines currently in operation require anywhere from 20 to 50 megawatts of power, and development projects on the horizon estimate needing hundreds of megawatts of power. At least two development projects in the state are pursuing gas pipelines connecting directly to their projects - infrastructure that could benefit surrounding communities, provided a stable supply of gas is available. Many more projects are in locations that would directly benefit from an in-state line and consistent supply of gas.

Today mining is Alaska's second largest industry, and our mines employ over 5,000 people directly, paying \$650 million in payroll each year. Mining pays millions in revenues to local governments, the state government through rents, royalties, and taxes, and Alaska Native Corporations. It is important to keep operation costs manageable and ensure mining is feasible; energy is by far the highest cost factor. Actions that reduce costs will help to ensure the industry stays strong and new projects come on board.

AMA believes HB4 allows the Alaska Gasline Development Corporation (AGDC) to pursue a large diameter line, which would improve the commercial viability of Alaska's natural gas resources and help move the resources to market outside of Alaska. It also allows AGDC to pursue the needed infrastructure that will meet our in-state residential and industrial energy needs. This is a win-win situation for all Alaskans, and we applaud your leadership in the introduction of this legislation.

Thank you,

Deantha Crockett
Executive Director

Introduced By: Mayor Jerry Cleworth
Date: February 4, 2013

RESOLUTION NO. 4560

**A RESOLUTION IN SUPPORT OF THE ALASKA STAND ALONE PIPELINE
FROM THE NORTH SLOPE TO SOUTHCENTRAL ALASKA**

WHEREAS, the extremely high cost of energy for residents and businesses in the interior of Alaska is well known; and

WHEREAS, trucking LNG from the North Slope to the interior is a vital short-term solution; and

WHEREAS, there is a critical need for a long-term solution that provides clean affordable gas to the interior; and

WHEREAS, the Alaska Gasline Development Corporation (AGDC) has created the Alaska Stand Alone Pipeline (ASAP) and has done much of the preliminary work required before going to Open Season; and

WHEREAS, production of Cook Inlet gas reserves is uncertain and currently insufficient to provide long-term supply guarantees,

NOW, THEREFORE, BE IT RESOLVED that the City of Fairbanks supports legislation that continues the ASAP project as it will add a long overdue critical component to our state's infrastructure needs and will utilize an important resource to greatly reduce energy costs and help make Alaska competitive.

PASSED and APPROVED this 4th day of February 2013.



JERRY CLEWORTH, MAYOR

AYES: Gatewood, Walley, Eberhart, Staley, Hilling
NAYS: None
ABSENT: Matherly
APPROVED: February 04, 2013

ATTEST:



Janey Hovenden, CMC, CITY CLERK

APPROVED AS TO FORM:



Paul J. Ewers, CITY ATTORNEY

Cook Inlet Energy

February 19, 2013

Dear Representative Hawker,

Thank you very much for your continuing efforts to improve and enhance the energy markets in Alaska. Last year Cook Inlet Energy supported your efforts to pass HB 9, and we find that the passing of the last year has only sharpened the case for creating mechanisms that can move gas into and out of the Cook Inlet. HB 4 would take concrete steps towards doing just that.

Cook Inlet Energy is a small, Anchorage-based oil and gas company working hard to develop and deliver oil and gas to market to try to contribute to the solution to Alaska's future energy needs. We have had some success in increasing our gas production recently, and with several exciting gas exploration opportunities we hope to grow production for years to come.

Unfortunately, no explorer can predict how successful they will be, let alone know for certain what the future cost or deliverability of any discovered gas would be.

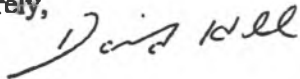
However, just as I emphasized last year, the economics of gas exploration in Cook Inlet are challenged because it is a small, isolated market with a limited consumer base. Without an ability to import and export gas from outside the region there is no spot market to sell into or buy from, and no market price. We will constantly be in either a state of shortage, or a state of oversupply. The last few winters we have seen very tight gas markets. This was especially challenging for our efforts to try to purchase fuel gas for our facilities. But we in Southcentral are also vulnerable to the risk that a large producer could lock the entire market up under long-term contracts, shutting competitors out of the market and stifling development of the Cook Inlet's abundant gas potential. And a truly large discovery could never find the necessary markets to recoup its investment. To have stable supply and stable prices, the region must be able to purchase additional gas when needed, and sell it when it can.

HB 4 will take concrete steps toward the construction of a pipeline to Southcentral Alaska. It is our understanding that development of such a pipeline would involve an anchor shipper in Southcentral that would expand demand. This seems like the best plan on the table for creating a larger and more liquid gas market in Cook Inlet.

Some fear that bringing North Slope gas into the region would pose a threat to Cook Inlet producers. Far from it. The threat posed to future Cook Inlet gas production is monopolization. Cook Inlet gas will always be able to compete against North Slope gas, as long as the pipeline tariff is not subsidized. But if there is no market to sell into who will invest in Cook Inlet gas production?

Please keep up the good work. We earnestly hope that HB 4 can pass both chambers this year, and that it ultimately results in a project that helps monetize North Slope gas and stabilizes energy supply on the Rail belt. We very much hope as Alaskans that the resulting infrastructure in Southcentral has enough capacity to accommodate additional deliveries from the Cook Inlet Basin, and will be open to all on commercially reasonable terms.

Sincerely,



David Hall,
CEO
Cook Inlet Energy, LLC



Copper Valley Development Association, Inc.

P.O. Box 9, Glennallen, AK 99588 * 907-822-5001 phone * 888-256-5569 fax
www.coppervalley.org * info@coppervalley.org

February 19, 2013

Representative Mike Hawker
State Capitol, Room 502
Juneau, Alaska 99801

RE: HB 4 Support

Representative Hawker,

I would like to offer support from Copper Valley Development Association, the regional ARDOR with Department of Commerce, Community and Economic Development for House Bill 4. This bill provides framework for the Alaska Gasline Development Corporation (AGDC) and a natural gas distribution system and affiliated infrastructure within the state of Alaska. These facilities will make it feasible to deliver liquefied natural gas from the North Slope to the Interior, and will allow for a wider distribution of gas and propane elsewhere in the state. House Bill 4 will help reduce the high cost of energy, bring gas to the interior, raise the number and quality of economic development projects in the state, and increase the number of jobs available to Alaskans. The establishment of this is the first step in a series of incremental steps necessary to alleviate the high cost of energy in rural Alaska, and broaden the possibilities for this region. In order for our great state to move forward, we need measures such as HB 4 to occur.

Thank you very much for your attention to this Representative, and please feel free to contact me for additional information.

Sincerely,



Jason Hoke,
Executive Director



LEADER in All We Do

February 22, 2013

Dear Alaska Legislators,

This letter is statement of support for the passage of HB 4, and the Alaska Stand Alone Gas Pipeline Project.

Doyon, Limited is the state chartered Alaska Native Claims Settlement Act Regional Corporation for Interior Alaska. Doyon has over 18,500 shareholders, most of whom reside within the State of Alaska; and many of our shareholders share the need of Alaskans for new options for heating and power generation fuels.

Furthermore, Doyon, Limited is the largest private land owner in the State. One of our highest priorities, made possible by the passage of SB 23 during the 2012 legislative session, is continued exploration for oil and gas resources on both Doyon and State owned lands along the proposed Alaska Stand Alone Pipeline corridor. Pipeline access for new discoveries of gas resources along the ASAP route would be good for all Alaskans.

Therefore, we support the passage of HB 4. We believe the ASAP gas pipeline effort has the potential to move forward this year. The project has made progress as indicated by the completion of the Final Environmental Impact Statement, the 604 miles State of Alaska lease ROW, and plan of development.

Thank you for the work you do to support Alaska, and for the opportunity to comment. If you have any questions about this letter of support, please contact our office at (907) 459-2000.

Sincerely,

Aaron M. Schutt
President and CEO
Doyon, Limited

North Slope Borough
OFFICE OF THE MAYOR

P.O. Box 69
Barrow, Alaska 99723
Phone: 907 852-2611 or 0200
Fax: 907 852-0337 or 2595



Charlotte E. Brower, Mayor

February 28, 2013

The Honorable Mike Hawker
Alaska House of Representatives
State Capitol Building
Juneau, Alaska 99811

Subject: Support for House Bill 4

Dear Representative Hawker:

On behalf of the office of Mayor of the North Slope Borough, please convey my support to your colleagues for the passage of HB4- development of an in-state natural gas pipeline.

The North Slope Borough is comprised of villages who understand the burden of high energy costs. All across Alaska, the issue is becoming more and more of a concern for both urban and rural communities. Both you and Speaker Chenault should be commended for your efforts to connect the natural gas supply here on the North Slope with as many Alaskans as possible.

Development of a natural gas pipeline is something that has waited for many years. The North Slope Borough is willing to work with the Governor and the Legislature towards solving whatever issues may stand in our way. We must work together if we are to accomplish anything.

The North Slope Borough believes the benefits of an in-state natural gas pipeline built by AGDC include:

- Increased access to affordable, clean, and secure energy along the pipeline corridor for both urban and rural communities
- Greater economic development opportunities across the state, including community and industrial development during and after construction
- Expanded property tax base (post-construction) for communities along the route, due to infrastructure development and activity

As the Legislature works on the issue of developing the natural gas resources here on the North Slope, please continue to recognize the needs of all communities and respect the concerns of Alaskan residents in cities and villages who need access to affordable energy and jobs.

Please let me know if my staff or I can provide you with assistance in moving this project forward.

Sincerely,

A handwritten signature in cursive script that reads "Charlotte E. Brower".

Charlotte E. Brower
Mayor, North Slope Borough



ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 Schoon Street • Anchorage, Alaska 99518
Telephone (907) 561-5354 • Fax (907) 562-6118

3750 Bonita Street • Fairbanks, Alaska 99706
Telephone (907) 452-1809 • Fax (907) 456-8599

February 1, 2013

Representatives Chenault and Hawker
State Capitol
Juneau, AK 99801

Re: HB 4

Dear Mike:

On behalf of the Associated General Contractors of Alaska, a construction trade association of over 660 business members, representing the majority of the construction industry in Alaska, thank you for sponsoring HB 4.

Alaskans have been talking about a gas line for over thirty years, and until recently, it has been a lot of hot air. Your effort almost 3 years ago to fund the Alaska Gas Line Development Corporation resulted in considerable progress and momentum on a badly needed project. We are at a critical juncture in Alaska's energy future and an Alaska Gas Line is important to our future and our sustainability. The momentum needs to continue, and frankly needs some of the "acceleration" that HB4 will provide.

An Alaska natural gas pipeline will provide clean energy and great economic opportunities for decades, for the maximum benefit of all Alaskans.

I assure you that we are continually working to maintain the highest level of skills and talent in the construction industry in Alaska and we are ready, willing and able to take on this project.

Thank you for your service to the people of Alaska and your sponsorship of HB4.

Sincerely,

John MacKinnon
Executive Director
Associated General Contractors of Alaska



TESORO

Tesoro Alaska Company
1601 Tidewater Road
Anchorage, AK 99501

February 20, 2013

Speaker of the House Mike Chenault
Representative Mike Hawker
Capitol Room 208
Juneau, Alaska 99801

Dear Speaker Chenault and Representative Hawker:

On behalf of Tesoro Alaska, I am writing in support of House Bill 4, an Act relating to the Alaska Gasline Development Corporation.

Tesoro Alaska's Kenai refinery is located on the Cook Inlet, 70 miles southwest of Anchorage. The refinery can process up to 72,000 barrels of crude oil per day. The refinery produces gasoline, jet fuel, ultra-low sulfur diesel, heating oil, heavy fuel oils, propane and asphalt. A reliable supply of natural gas is critical for the continued success of our refinery operations.

Your combined leadership on Cook Inlet issues is recognized and appreciated by our approximately 550 full-time Alaskan employees. House Bill 4 is another critical step towards supplying Alaskan residents and businesses with access to the state's abundant natural gas supplies on the North Slope.

Tesoro Alaska believes House Bill 4 would help Alaska move forward towards and assist in the development of much needed infrastructure that would provide the state with a permanent and reliable supply of natural gas. The benefits to both residents and businesses would be substantial.

We applaud your efforts and leadership and encourage your colleagues in the Alaska State Legislature to support the passage of House Bill 4.

Sincerely,

James Tangaro
Vice President Kenai Refinery
Tesoro Alaska



RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

Founded 1975

Executive Director

Rick Rogers

2012-2013 Executive Committee

Phil Cochrane, President

L.F. "Len" Horst, Sr. Vice President

Ralph Samuels, Vice President

Eric Fjelstad, Treasurer

Lorna Shaw, Secretary

Tom Maloney, Past President

Bob Berto

Patty Bielawski

J.B. "Bill" Brackin

Pat Carter

Steve Denton

Ella Ede

Stan Foo

Paul Glavinovich

Bill Jeffress

Scott Jepsen

Wendy Lindskoog

Lance Miller

Kara Moriarty

Ethan Schutt

John Shively

Jeanine St. John

Scott Thorson

Cam Toohey

Directors

Todd Abbott

Greg Baker

John Barnes

Dave Benton

Jason Bergerson

Allen Bingham

Rick Boyles

Dave Chaput

Steve Connolly

Bob Cox

Dave Cruz

Allan Dolynny

Paula Easley

Brad Evans

Corri Feige

Jeff Foley

Carol Fraser

Tim Gallagher

Ricky Gease

Matt Gill

Dan Graham

Chuck Greene

Scott Habberstad

Karl Hanneman

Rick Harris

Paul Henry

Steve Hites

Larry Houle

Teresa Imm

Mike Jungreis

Frank Kelty

Thomas Krzewinski

John Lau

Tom Lovas

Thomas Mack

John MacKinnon

Stephanie Madsen

Karen Matthias

Sam Mazzeo

Ron McPheters

James Mery

Dentise Michels

Hans Neidig

Lisa Parker

Judy Patrick

Charlie Powers

Glenn Reed

Mike Satre

Keith Silver

Lorali Simon

John Sturgeon

Jan Trigg

Ex-Officio Members

Senator Mark Begich

Senator Lisa Murkowski

Congressman Don Young

Governor Sean Parnell

February 1, 2013

The Honorable Mike Chenault
The Honorable Mike Hawker
Alaska House of Representatives
Capital Room 208
Juneau, AK 99801

RE: HB 4

Dear Speaker Chenault and Representative Hawker,

On behalf of the Resource Development Council for Alaska, Inc., (RDC), I am writing in support of HB 4, which empowers the Alaska Gasline Development Corporation (AGDC) to further advance an in-state gas pipeline.

RDC is a statewide, non-profit, membership-funded organization founded in 1975. The RDC membership is comprised of individuals and companies from Alaska's oil and gas, mining, timber, tourism, and fisheries industries, as well as Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to link these diverse interests together to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

Reliable and affordable energy supplies are critically important to Alaska residents and are vitally needed to grow our economy and provide energy for resource development projects and community development. RDC has consistently supported the development of commercially-viable energy from diverse sources, including coal, natural gas, hydroelectric and other renewable and nonrenewable alternatives. RDC has also supported public policies and fiscal decisions to improve the commercial viability of developing Alaska's North Slope and Interior natural gas resources. HB 4 removes constraints identified by AGDC in moving an in-state gas line development project forward: funding the project to an open season; providing needed confidentiality for collaboration with private entities and information sharing; and establishing contract carrier status to support firm commercial transportation commitments.

The economics of natural gas delivery are inversely proportionate to line capacity, and a 500 MCF or smaller line faces significant economic challenges. HB 4 requires any line to stand on its own, underpinned by capacity commitments and without incurring

future financial liabilities to the State. Future appropriations, loan guarantees or other underwriting of an AGDC gas line project would require legislative approval. Should such become necessary, RDC would evaluate the appropriateness of public financial support carefully. The ultimate determination of whether to commit additional public funds would need to be based on the project's merits, the impacts on competing sources of energy, and the burden such a project may put on the fiscal health of the State.

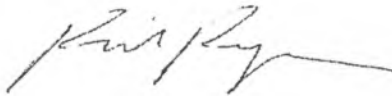
The best case for Alaska is a large capacity line serving both in-state and export (or Lower 48) markets. While market forces will dictate the viability of a large capacity line, HB 4 allows AGDC to participate in a large diameter gas line project. AGDC could add value to such a project by providing for the in-state gas infrastructure to meet our growing energy needs, both residential and industrial.

HB4 establishes AGDC as a stand-alone agency with a specific mission to deliver gas to Alaskans at the most affordable price. Given the growing concern we have with regard to the long-term fiscal sustainability of our State, we encourage the AGDC enabling legislation to sunset the agency should future circumstances render its mission obsolete or unachievable.

RDC looks forward to passage of HB 4. Ultimately free market forces will allow project economics to dictate the best energy solutions for Alaska consumers considering both price and reliability. HB4 provides an appropriate balance by providing public sector support in early stages sufficient to bring the project to an open season where economics will determine the project's fate.

RDC applauds your leadership as cosponsors of this legislation, and we appreciate the opportunity to share our views of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Rogers", with a long horizontal flourish extending to the right.

Rick Rogers
Executive Director

February 20, 2013

The Honorable Mike Hawker
Alaska House of Representatives
Capitol Room 502
Juneau, AK 99801

Re: Support of House Bill 4

Dear Representative Hawker,

The Alaska State Chamber of Commerce (Alaska Chamber) is an organization dedicated to improving the business climate in Alaska. The Alaska Chamber represents hundreds of statewide businesses from Ketchikan to Barrow that share a common goal: to make Alaska a viable and competitive place to do business. Today, I am writing in support of House Bill 4 (HB 4).

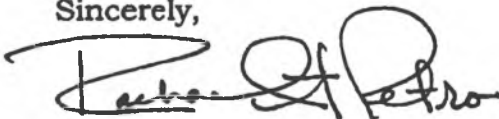
Last fall Alaska Chamber members adopted dozens of positions they believe will positively impact the business environment in Alaska and three top priorities. One of the three top priority positions is "reducing the high cost of energy" by supporting initiatives that lower the high cost of energy in Alaska by developing energy resources.

The Alaska Chamber supports HB 4 which allows AGDC to advance an in state pipeline to the construction stage. Such a process will identify opportunities for getting natural gas to Alaskans in the most commercially and economically viable manner available. Additionally, should it be an option, HB 4 allows AGDC to participate in a large diameter export gasline project.

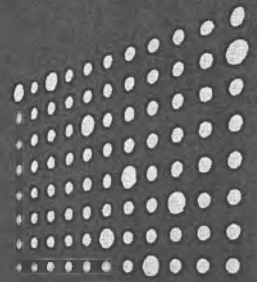
As an organization representing private sector business in Alaska, the Alaska Chamber will evaluate future recommendations stemming from the AGDC process carefully. In other words, we prefer projects be funded by the private sector.

The Alaska Chamber looks forward to passage of HB 4.

Sincerely,



Rachael A. Petro
President/CEO



ALASKA STATE
CHAMBER
OF COMMERCE

*The Voice of
Alaska Business*

Headquarters

471 W. 36th Ave.
Suite 201
Anchorage
AK 99503
907.538.2722

Regional Office

3100 Channel Dr.
Suite 300
Juneau
AK 99801
907.586.2322

www.alaskachamber.com

**City of Nenana
Resolution 2013-03**

A Resolution Supporting the Legislative Efforts to Construct a Natural Gas Pipeline From the North Slope to South Central Alaska

Whereas the development of an in-state gas pipeline is in the best interest of the State of Alaska, AND

Whereas known reserves in Cook Inlet are insufficient to supply the demand for natural gas in South Central Alaska in the future, AND

Whereas the Interior area of Alaska is in dire need of a means to lower energy costs in both short and long terms, AND

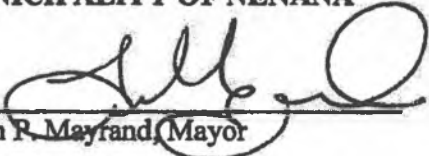
Whereas an Alaska natural gas pipeline project will provide a long-term affordable and clean energy solution for the majority of Alaskans and Alaskan businesses, AND

Whereas House Bill 4 includes the necessary provisions and solutions to forward a successful Alaska natural gas pipeline project.

Therefore be it resolved that the Nenana Assembly supports Legislative efforts to fund AGDC in order to continue moving forward developing a project to construct a natural gas pipeline.

Adopted by a duly constituted quorum of the Municipal Assembly on the 14 day of February 2013

MUNICIPALITY OF NENANA



Jason R. Mayrand, Mayor

ADOPTED:

ATTEST:



Sharon Ridlington

Amended: 02/19/13
Adopted: 02/19/13

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 13-030**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY SUPPORTING A GASLINE PROJECT FROM THE NORTH SLOPE THAT PROVIDES FOR A LARGE DIAMETER PIPELINE TO FAIRBANKS WITH EXPORT CAPACITY AND IS DESIGNED FOR SMALLER FEEDER GASLINES TO SERVE ALASKAN COMMUNITIES DEVELOPED BY THE ALASKA GASLINE DEVELOPMENT CORPORATION.

WHEREAS, available supplies of natural gas in Southcentral Alaska are forecast to be inadequate to meet demand in the near future; and

WHEREAS, interior Alaska and Rural Alaska would benefit from an in-state pipeline as proposed in House Bill (HB) 4 with a reliable and cheaper energy; and

WHEREAS, reliable and affordable energy supplies are critically important to Alaska residents and are vitally needed to grow our economy and provide energy for resource development; and

WHEREAS, HB 4, which empowers the Alaska Gasline Development Corporation (AGDC) to further advance an in-state gas pipeline; and

WHEREAS, the best case for Alaska is a large capacity line serving both in-state and export (lower 48) markets, HB 4 allows the AGDC to participate in a large diameter gas line project; and

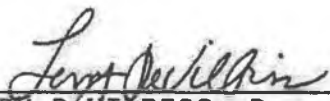
WHEREAS, the retention of gas liquids in an in-state pipeline will provide for a larger economic spinoff by creating the opportunity for a manufacturing industry at Port McKenzie; and

WHEREAS, it is in the best interest of the State to include the gas liquids within the transported gas for the in-state pipeline project; and

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly supports legislation to move the Alaska Stand Alone Pipeline forward, with amendments to require retention of the gas liquids.

BE IT FURTHER RESOLVED, that the Matanuska-Susitna Borough Assembly also supports a large diameter gasline project and supports integration of the projects to deliver gas for in-state needs as well as for export.

ADOPTED by the Matanuska-Susitna Borough Assembly this 19 day of February, 2013.


LARRY DEVILBISS, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Keogh, Woods, Arvin, Colligan, Salmon,
Colver, and Halter

Sponsored by: Hunt

**CITY OF SEWARD, ALASKA
RESOLUTION 2013-008**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD,
ALASKA, SUPPORTING LEGISLATIVE EFFORTS TO CONSTRUCT A
NATURAL GAS PIPELINE FROM THE NORTH SLOPE TO SOUTH-
CENTRAL ALASKA**

WHEREAS, the electricity produced by Chugach Electric and purchased by the Seward Electric Utility is primarily produced from plants fueled by natural gas; and

WHEREAS, the gas used for power production comes exclusively from the Cook Inlet basin; and

WHEREAS, Chugach, other power producers, and ENSTAR currently consume all of the gas produced in Cook Inlet and are expected to face supply shortage; and

WHEREAS, recent exploration resulting in added gas production and the Cook Inlet Natural Gas Storage facility have postponed the projected shortfall until 2015; and

WHEREAS, options for mitigating the projected shortfall are new hydro or other alternative facilities producing sufficient volume, imported liquefied or compressed gas, or gas from the North Slope; and

WHEREAS, Speaker Chenault and Representative Hawker have sponsored House Bill 4, which supports the Alaska Gasline Development Corporation's (AGDC) pipeline project; and

WHEREAS, the bill provides the necessary structure, changes to existing statute, and direction to move forward a natural gas pipeline for instate use whether as a stand-alone project or in conjunction with the producers and Trans-Canada in a larger project; and

WHEREAS, of all the options presented to date, the instate gas supply from the North Slope has the best potential for the earliest positive impact on the cost of electric power to Seward residents and businesses in the near term, and the possibility of gas delivery for local use in the longer term; and

WHEREAS, the bill, as introduced, includes the necessary provisions and solutions to forward a successful Alaska natural gas pipeline project that best benefits Seward and all the Railbelt utilities.

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

**CITY OF SEWARD, ALASKA
RESOLUTION 2013-008**


Section 1. The City Council of the City of Seward supports House Bill 4 as introduced and Legislative efforts to fund AGDC as they move forward in developing a project to construct a natural gas pipeline from the North Slope to South-Central Alaska.

Section 2. That a copy of this Resolution be sent to Speaker Mike Chenault, Senator Cathy Giesel, and Representative Mike Hawker.

Section 3. This resolution shall take effect immediately.

PASSED AND APPROVED by the City Council of the City of Seward, Alaska, this 28th day of January 2013.

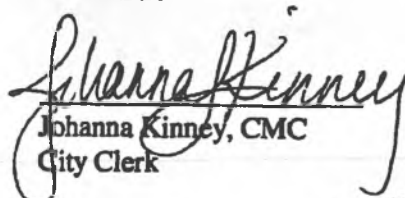
THE CITY OF SEWARD, ALASKA



David Seaward, Mayor

AYES: Bardarson, Terry, Casagranda, Keil, Valdatta, Shafer, Mayor Seaward
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:



Johanna Kinney, CMC
City Clerk

(City Seal)



Council Agenda Statement



Meeting Date: January 28, 2013

Through: City Manager Jim Hunt

From: Community Development Director Ron Long

Agenda Item: Supporting Legislative Efforts to Construct a Natural Gas Pipeline from the North Slope to South-central Alaska

BACKGROUND & JUSTIFICATION:

Administration respectfully requests Council support for this resolution as part of the City's effort to maintain affordable energy costs for local residents and business through power sales by the Electric Utility in the near term and potential availability of natural gas to Seward in the longer term.

The City supported various measures designed to fund and maintain critical infrastructure and cost control measures for the delivery of electricity along the rail belt and to Seward, including transmission lines and the City's participation in Alaska Energy Authority measures and in The Alaska Railbelt Cooperative Transmission and Electric Company (ARCTEC).

Speaker Chenault and Representative Hawker have introduced House Bill 4 to provide the necessary structure, changes to existing statute, and direction to move forward a natural gas pipeline. South-central's present and projected future consumption of natural gas used for electric generation and for heating exceeds known natural gas reserves in the Cook Inlet basin and it is imperative that sufficient quantities of gas remain available. Exploration in the basin is not forecasted to yield sufficient gas to avoid a shortfall, now projected for 2015, and the only near term sources for replacement gas are via import. Utility rates would skyrocket under this scenario.

Seward's primary interest in this project is to ensure Chugach Electric and other ARCTEC members have sufficient contract gas to provide affordable power into the future. Once the power generation picture for south-central is stabilized, we would want to pursue pipeline delivery of burner tip gas to Seward.

INTENT: Support Legislative Efforts to Construct a Natural Gas Pipeline from the North Slope to South-central Alaska

<u>CONSISTENCY CHECKLIST:</u>		Yes	No	N/A
1.	Comprehensive Plan (<i>document source here</i>): Section 3.1, Economic Development and 3.9 Quality of Life.	x		
2.	Strategic Plan (<i>document source here</i>): Page 2, city mission. Page 3 vision. Page 5, economic base. Page 7, Reduce Energy Costs, and throughout	x		
3.	Other (<i>list</i>):			x

FISCAL NOTE: This is a resolution of support that has no fiscal impact.

Approved by Finance Department: *Kristen Kuchuga*

ATTORNEY REVIEW: Yes _____ No X

RECOMMENDATION: Council approve Resolution 2013-⁰⁰⁸ supporting Legislative Efforts to Construct a Natural Gas Pipeline from the North Slope to South-central Alaska.

CITY OF NORTH POLE

RESOLUTION 13-01

**A RESOLUTION SUPPORTING LEGISLATIVE EFFORTS TO CONSTRUCT A
NATURAL GAS PIPELINE FROM THE NORTH SLOPE TO SOUTH CENTRAL
ALASKA.**

WHEREAS, the development of an in-state gas pipeline would provide stable and affordable gas for Alaskans for many years; and

WHEREAS, known reserves in the Cook Inlet Basin are insufficient to supply the demand for natural gas in South Central Alaska in the future; and

WHEREAS, many Interior and Rural Alaskan communities are suffering from extremely high energy cost; and

WHEREAS, development of vibrant local and statewide economies are dependent on affordable energy; and

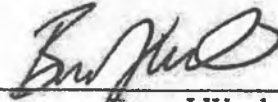
WHEREAS, Alaskans wish to leave a legacy of prosperity through development of our natural resources to the maximum benefit for the most Alaskans; and

WHEREAS, Alaska Gasline Development Corporation (AGDC) has created the Alaska Stand Alone Gas Pipeline (ASAP) and is seeking monies to bring a instate gas-line to open season; and ultimately to fruition; and

WHEREAS, House Bill 4 includes the necessary provisions to advance a successful Alaska natural gas pipeline project.

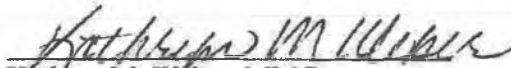
NOW, THEREFORE, BE IT RESOLVED that the North Pole City Council supports legislative efforts to fund AGDC as they move forward in developing and advancing a project to construct a natural gas pipeline from the North Slope to South Central Alaska.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this 4th day of February, 2013



Bryce J Ward, Mayor

ATTEST:



Kathryn M. Weber, MMC
North Pole City Clerk

PASSED

Yes: Nelson, McGhee, Holm, Smith, Sikma, Ward

No: 0

Absent: Hunter





Suggested by: Councilor Navarre

CITY OF KENAI

RESOLUTION NO. 2013-02

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, SUPPORTING LEGISLATIVE EFFORTS TO CONSTRUCT A NATURAL GAS PIPELINE FROM THE NORTH SLOPE TO SOUTH CENTRAL ALASKA.

WHEREAS, the development of an in-state natural gas pipeline is in the best interest of the State of Alaska; and,

WHEREAS, known reserves in the Cook Inlet Basin are insufficient to supply the demand for natural gas in South Central Alaska in the future; and,

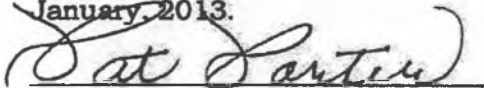
WHEREAS, the City of Kenai continues to support an Alaska North Slope natural gas pipeline and appreciates the Legislature's actions in creating the Alaska Gasline Development Corporation (AGDC) which in turn has created the Alaska Stand Alone Gas Pipeline (ASAP); and,

WHEREAS, an Alaska natural gas pipeline project will provide a long-term affordable, clean energy solution for the majority of Alaskans and Alaska businesses; and

WHEREAS, House Bill 4 includes many of the necessary provisions and solutions to forward a successful Alaska natural gas pipeline project.

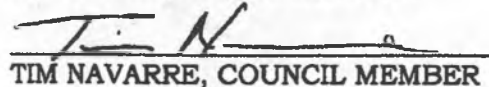
NOW, THEREFORE, BE IT RESOLVED, THE COUNCIL OF THE CITY OF KENAI, ALASKA, supports Legislative efforts to fund AGDC as they move forward in developing a project to construct a natural gas pipeline from the North Slope to South Central Alaska.

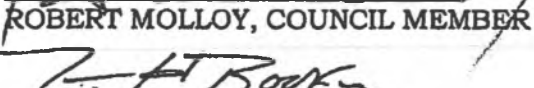
PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 16th day of January, 2013.

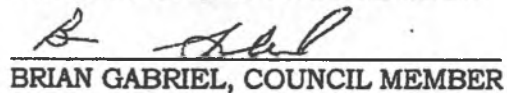

PAT PORTER, MAYOR


RYAN MARQUIS, VICE MAYOR

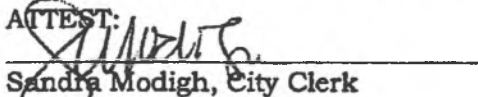

MIKE BOYLE, COUNCIL MEMBER


TIM NAVARRE, COUNCIL MEMBER


ROBERT MOLLOY, COUNCIL MEMBER


BRIAN GABRIEL, COUNCIL MEMBER


TERRY BOOKEY, COUNCIL MEMBER

ATTEST:

Sandra Modigh, City Clerk

Alaska Trucking Association, Inc.

3443 Minnesota Drive · Anchorage, Alaska 99503 · Phone (907) 276-1149 · Fax (907) 274-1946

www.aktrucks.org

The authoritative voice of the trucking industry in Alaska

March 15, 2013

The Honorable Mike Chenault
Speaker of the Alaska House of Representatives
Juneau, Alaska

Via e-mail: tom.wright@akleg.gov

Dear Mr. Speaker,

The Alaska Trucking Association is a state wide organization representing the interests of our nearly 200 member companies.

The ATA believes that Alaska's huge energy supply must be harnessed to be delivered to Alaskans and to the world markets. The economic future of our state depends on providing systems to deliver gas to market. ATA supports funding for work that advances the knowledge base for future gas line construction. Recognizing that first gas from a pipeline will take several years, we also support short term solutions such as trucking LNG from Prudhoe Bay to Fairbanks and possibly other locations.

We urge you to take action to deliver gas to Alaskans and to the world markets.

Thank you.

Sincerely,



Aves Thompson
Executive Director



If you got it, a truck brought it...



Interior Alaska – The “Place” To Do Business

100 Cushman St., Suite 102 | Fairbanks, Alaska 99701-4665
ph (907) 452-1105 | fax (907) 456-6968 | www.FairbanksChamber.org

March 12, 2013

Representative Mike Chenault
Alaska State Capitol Building
Room 208
Juneau, AK 99801-1182

Representative Mike Hawker
Alaska State Capitol Building
Room 502
Juneau, AK 99801-1182

RE: Letter of Support for House Bill 4: In-State Gasline Development Corp

Dear Representatives Chenault and Hawker:

The Greater Fairbanks Chamber of Commerce appreciates the support and interest shown in Alaska's energy crisis through your efforts to bring natural gas from the North Slope to the citizens of Alaska. Reducing the high cost of energy in the Interior is the Fairbanks Chamber's top priority this legislative session. Your participation in the teleconference regarding House Bill 4 with our Energy Committee was welcomed, informative to the members, and encouraging for the future.

The Chamber supported the Alaska Stand Alone Pipeline Project (ASAP) and HB 9 last legislative session. The bullet line remains one of the Chamber's mid-term priority projects for reducing the cost of energy in the Interior. Trucking of liquefied natural gas remains the top priority of the entire community, primarily due to lower capital costs and more immediate delivery schedules. It is also accepted that the best way to transport gas over the long-term may be to transition from trucking to a pipeline.

The progress on the ASAP line, including preliminary design, environmental, permitting, and right-of-way (ROW) work places it far ahead of any other in-state pipeline options. The entity created by HB 4 could also serve as a catalyst and/or partner for other gas line solutions. The Chamber is supportive of your efforts with HB 4 and of the ASAP project.

Please accept this letter of support from the Chamber for passage of HB 4 this session. We are supportive of the funding necessary to bring the ASAP line to open season as a companion to, but not as a substitute for, the funding necessary to bring trucked LNG to the Interior.

INVESTORS

DIAMOND

BP Exploration
ConocoPhillips
ExxonMobil
Fairbanks Daily News-Miner
Fairbanks Memorial Hospital & Denali Center
Flint Hills Resources Alaska
Mt. McKinley Bank
Santina's Flowers & Gifts

PLATINUM

Ayaska Pipeline Service Co
Doyon, Limited
Fred Meyer Stores
Golden Heart Utilities
Wells Fargo Bank Alaska

GOLD

Alaska Railroad
Birchwood Homes
Carlson Center
Denali State Bank
Design Alaska
Doyon Utilities LLC
First National Bank Alaska
Kinross Fort Knox Mine
Lynden
MAC Federal Credit Union
Northrim Bank
Sumitomo Metal Mining Pogo LLC
Usibelli Coal Mine

SILVER

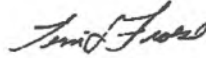
ACS
Alaska Airlines
Alaska USA
Dr. Christopher Henry – Henry Orthodontics
Everts Air Cargo, Everts Air AK
Exclusive Paving/Univ. Redi-Mix
Fairbanks Natural Gas
Flowline Alaska
GCI
General Teamsters Local 959
GVEA
Hale & Associates, Inc.
JL Properties, Inc.
Key Bank
Personnel Plus
Sam's Club
Shell Exploration & Production Co
Spirit of Alaska FCU
Tanana Valley Clinic
TDL Staffing
Totem Ocean Trailer Express, Inc
Tower Hill Mines-Livengood Gold Project
University of Alaska Fairbanks
Venzon Wireless
WAL-MART Stores, Inc
Yukon Title Company

We thank you for your leadership on this critical issue facing our community.

Sincerely,



Lisa Herbert
Executive Director



Terri Froese
Board of Directors, Chair



Bob Shefchik
Energy Committee, Chair



Anna Atchison
Government Relations Committee, Chair

cc: Governor Sean Parnell
Mike Nizich, Governor's Chief of Staff
U.S. Senator Lisa Murkowski
U.S. Senator Mark Begich
U.S. Representative Don Young
Dan Sullivan, Commissioner of Natural Resources
Joe Balash, Deputy Commissioner of Natural Resources
Interior Delegation
Alaska State Legislature
Alaska Gasline Development Corporation
Alaska State Chamber of Commerce
Fairbanks Daily News-Miner
Membership of the Greater Fairbanks Chamber of Commerce



Alaska State Home Building Association

March 13, 2013

The Honorable Mike Chenault
Speaker of the House
Alaska House of Representatives
State Capitol Building
Juneau, Alaska

Subject: Support for House Bill 4, in-state natural gas pipeline

Dear Speaker Chenault:

In addition to expressing thanks and appreciation to you for spending time yesterday with the Alaska State Home Building Association, this is a letter of support for House Bill 4 that was approved by unanimous vote of the Board of Directors.

Our understanding is that HB4, sponsored by Rep. Mike Hawker and yourself, would authorize the Alaska Gasline Development Corporation to proceed towards an open season and sanctioning of a project. We strongly support that goal, and want to help advocate for the passage of HB4.

The home building industry relies upon the creation of jobs and a healthy economy. People with a job need a home, and we want to build those homes. HB4 is good for our industry.

As builders, we can also testify to impacts we're seeing amongst consumers who are growing more and more concerned about the economy and the rising cost of energy. In some regions of our state, monthly costs to heat a home are becoming as expensive as the mortgage payments. This is not a good situation for our industry, our communities, and the State of Alaska.

Our members have discussed this issue at length, and our Board of Directors appreciates this opportunity to express support towards passage of legislation that will move an in-state natural gas pipeline project forward. We support HB4.

Thank you again for all your efforts.

Sincerely,

Jess Hall, President
Alaska State Home Building Association

*P.S. Mike,
Thanks for dropping by
the Home Builders Tuesday & updating
us on the issues. Jess*

8301 Schoon, Ste 200 • Anchorage, Alaska 99518
Phone (907) 644-4190 • FAX (907) 522-3757
Website: www.buildersofalaska.com • E-mail: info@buildersofalaska.com

**CITY OF HOMER
HOMER, ALASKA**

Mayor

RESOLUTION 13-027

**A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, EXPRESSING SUPPORT FOR HB 4, LEGISLATIVE
EFFORTS TO CONSTRUCT A NATURAL GAS PIPELINE
FROM THE NORTH SLOPE TO SOUTH CENTRAL ALASKA.**

**WHEREAS, The City of Homer will be receiving access to natural gas for the first time
in 2013 with the construction of a natural gas trunk line into the community; and**

**WHEREAS, Known reserves in the Cook Inlet Basin are insufficient to supply the future
demand for natural gas in South Central Alaska; and**

**WHEREAS, A stable supply of energy is key to the economic future of the entire South
Central region; and**

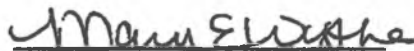
**WHEREAS, There is a critical need for a long-term solution that provides affordable
energy throughout the Railbelt; and**

**WHEREAS, HB 4 empowers the Alaska Gasline Development Corporation (AGDC) to
further advance an in-state gas pipeline.**

**NOW, THEREFORE, BE IT RESOLVED that the City of Homer supports legislative
efforts to construct a natural gas pipeline from the North Slope to South Central Alaska.**

PASSED AND ADOPTED by the Homer City Council this 11th day of March, 2013.

CITY OF HOMER


MARY E. WYTHE, MAYOR

ATTEST:


J. JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A



**Kenai Chamber of Commerce and Visitor Center
Resolution 2013-01
SUPPORTING LEGISLATIVE EFFORTS TO CONSTRUCT A
NATURAL GAS PIPE LINE FROM THE NORTH SLOPE TO
SOUTH CENTRAL ALASKA**

WHEREAS, it is the mission of the Kenai Chamber of Commerce and Visitor Center (KCCVC) to promote economic development, stimulate job growth, provide initiatives to promote local businesses, and foster positive relations between business and community for the benefit of Kenai; and

WHEREAS, KCCVC represents nearly 460 business throughout the community of Kenai by continually seeking to improve the business climate and ensure a healthy economy for future generations; and

WHEREAS, the development of an in-state natural gas pipeline is the in the best interest of the State of Alaska; and,

WHEREAS, known reserves in the Cook Inlet Basin are insufficient to supply the demand for natural gas in South Central Alaska in the future; and

WHEREAS, KCCVC continues to support an Alaska North Slope natural gas pipeline and appreciated the Legislature's actions in creating the Alaska Gasline Development Corporation (AGDC) which in turn has created the Alaska Stand Alone Gas Pipeline (ASAP); and,

WHEREAS, an Alaska natural gas pipeline project will provide a long-term affordable, clean energy solution for the Majority of Alaskans and Alaska businesses; and

WHEREAS, House Bill 4 includes many of the necessary provisions and solutions to forward a successful Alaska natural gas pipeline project.

THEREFORE, BE IT RESOLVED, THE KENAI CHAMBER OF COMMERCE AND VISITOR CENTER supports Legislative efforts to fund AGDC as they move forward in developing a project to construct a natural gas pipeline from the North Slope to South Central Alaska.

Board President: 
Kenai Chamber of Commerce and Visitor Center Brendyn Shiflea

Date: 3-7-13

Board Secretary: 
Kenai Chamber of Commerce and Visitor Center Penny Furnish

Date: 3-7-13

**RESOLUTION
OF
MAYOR SULLIVAN'S ENERGY TASK FORCE**

WHEREAS, natural gas produced in Cook Inlet is now and has been for decades, the predominant source of energy for the generation of electricity and for the heating the homes and businesses in Southcentral Alaska; and

WHEREAS, there are no viable options for heating homes and businesses other than natural gas given the regions long term dependence on that source for heating; and

WHEREAS, because of a critical shortfall of natural gas supply and deliverability in Cook Inlet which developed in the decade prior to his election, upon taking office in July 2010, Anchorage Mayor Dan Sullivan appointed an Energy Task Force consisting of knowledgeable individuals whose responsibilities are to review the energy situation in South Central Alaska and to make recommendations to the Mayor as to actions that the Municipality of Anchorage might take or might recommend that would reduce and/or eliminate the risks of an energy emergency in the Municipality of Anchorage and the region; and

WHEREAS, the Mayor's Energy Task Force has met regularly over the last four (4) years to review and discuss the energy situation and energy solution for Southcentral Alaska and the Railbelt;

WHEREAS, as a result of recommendations made by the Task Force to the Mayor and the actions the Mayor has taken as a result of those recommendations, the potential for an energy crisis in the near term has been substantially reduced and numerous activities such as emergency preparedness, the development of a storage facility for natural gas (CINGSA), additional drilling for natural gas in the Cook Inlet basin has begun and long term cooperative planning efforts by the utilities in the area have be ongoing; and

WHEREAS, despite these actions, there still exists a very real and significant energy supply and deliverability shortage in the intermediate term with the area utility companies not having supply contracts signed with the producers to provide for the needs of the utilities; and

WHEREAS, various options are under consideration by the area utilities to meet their needs for natural gas in the intermediate term including the importation of liquefied natural gas, importation of compressed natural gas and/or natural gas trucked from the north slope; and

WHEREAS, one potential solution to the energy needs of the Railbelt and Southcentral Alaska is a pipeline from the North Slope to tidewater in Cook Inlet which could be built and operational by 2020, thus meeting the long term needs for natural gas in Southcentral Alaska and the Railbelt; and

WHEREAS, House Bill 4 provides, among other things, for continued funding for this proposed pipeline as well as for other matters relating to the development and construction of a pipeline from the North Slope to tidewater; and

WHEREAS, the Mayor of Anchorage and his Energy Task Force are not in a position to evaluate all of the provisions of House Bill 4, but are in a position to advocate for the continued evaluation and planning for the possible development of the pipeline envisioned by the Bill so that if it is determined that this pipeline is the best option for energy for the Railbelt and Southcentral Alaska, construction can begin as soon as that determination is made; and

NOW THEREFORE, AFTER REVIEW AND DISCUSSION, IT IS HEREBY RESOLVED, as follows:

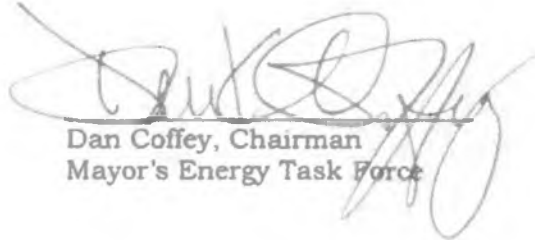
1) The Mayor's Energy Task Force support the continuation of sufficient funding that will result in the opportunity to construct the pipeline in as short a time frame as possible should this be determined to be the best option for the residents of Southcentral Alaska and the Railbelt.

2) Mayor Dan Sullivan and the Mayor's Energy Task Force support a full, fair and extensive evaluation of the other provisions of the Bill by both the House and the Senate so that, to the degree these provisions are appropriate and necessary to the continued development of the pipeline, they are incorporated into the legislation so as not to delay or impede the ultimate decision as to the development or the abandonment of this pipeline.

DATED at Anchorage, Alaska this 14th day of March 2013.



Dan Sullivan
Mayor of Anchorage



Dan Coffey, Chairman
Mayor's Energy Task Force

Introduced by: Mayor
Date: 03/19/13
Action: Adopted as Amended
Vote: 6 Yes, 0 No, 3 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2013-018**

**A RESOLUTION SUPPORTING LEGISLATIVE EFFORTS TO FUND
CONSTRUCTION OF A NATURAL GAS PIPELINE FROM THE NORTH SLOPE TO
SOUTH CENTRAL ALASKA**

WHEREAS, known reserves in the Cook Inlet Basin are insufficient to supply the demand for natural gas in South Central Alaska in the future; and

WHEREAS, the available gas supply does not meet regional energy needs, compelling a decision by ConocoPhillips Alaska to not apply for an extension of its federal export license and to reduce the Nikiski LNG plant to stand-by mode; and

WHEREAS, an Alaska natural gas pipeline project may provide a long-term affordable energy solution for the majority of Kenai Peninsula Borough and South Central Alaska residents and businesses; and

WHEREAS, as part of an overall Alaska energy plan, an Alaska natural gas pipeline project will help address the energy needs of all Alaskans; and

WHEREAS, the Kenai Peninsula Borough appreciates Legislative action in creating the Alaska Gasline Development Corporation (AGDC), which in turn created the Alaska Stand Alone Gas Pipeline (ASAP); and

WHEREAS, House Bill 4 includes some of the necessary provisions and solutions to advance a successful Alaska natural gas pipeline project;

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

SECTION 1. That the Kenai Peninsula Borough Assembly supports Legislative efforts to fund the AGDC as it moves forward in developing a responsible and economically viable project to construct a natural gas pipeline from the North Slope to South Central Alaska.

SECTION 2. That copies of this resolution be forwarded to the Borough's Legislative delegation.

SECTION 3. That this resolution takes effect immediately upon its adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS
19TH DAY OF MARCH, 2013.**

Linda Murphy, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes: Haggerty, Johnson, Pierce, Smith, Wolf, Smalley
No: None
Absent: McClure, Murphy, Tauriainen



Representative Mike Hawker Alaska State Legislature

Sectional Analysis: CS for Sponsor Substitute for House Bill 4 (RES), Version P

“An Act relating to the Alaska Gasline Development Corporation; establishing the Alaska Gasline Development Corporation as an independent public corporation of the state; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation and its subsidiaries exempt from inspection as a public record; relating to the Joint In-State Gasline Development Team; relating to the Alaska Housing Finance Corporation; relating to judicial review of a right-of-way lease or an action or decision related to the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way for a gas pipeline transportation corridor, including a corridor for a natural gas pipeline that is a contract carrier; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to procurement by the Alaska Gasline Development Corporation; relating to the review by the Regulatory Commission of Alaska of natural gas transportation contracts; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline that provides transportation by way of contract carriage; repealing the statutes relating to the Alaska Natural Gas Development Authority and making conforming changes; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date.”

Section 1 - Findings and Intent

- Finds that an Alaska Gasline Development Corporation (AGDC) natural gas pipeline is in the best interests of the state, and required for public convenience and necessity.
The Regulatory Commission of Alaska (RCA) uses these standards in issuing a building permit to a project. Through this section, the legislature is making these findings on behalf of the RCA.
- Finds that locating AGDC under the Department of Commerce, Community and Economic Development, for administrative purposes only, will advance AGDC’s mission.
Establishing AGDC as an independent state entity with a clear purpose and the statutory authority to meet its mission will make AGDC more likely to succeed.
- Provides intent that AGDC’s transfer from an Alaska Housing Finance Corporation (AHFC) subsidiary to a stand-alone corporation will be treated as a repositioning and not as creating a new entity.
This intent should prevent the need to dissolve AGDC and re-create it as a new corporation; as a transfer, AGDC will need to amend bylaws and regulations.

- Provides intent that AGDC will procure services, labor, products and resources from Alaska businesses, including Alaska Native corporations and municipal organizations, when prices are competitive.
- Provides intent that AGDC will, as possible, hire Alaskans; establish hiring facilities in Alaska; and use Department of Labor and Workforce Development systems.

Section 2 (conforming) deletes from *AS 18.56.086, Alaska Housing Finance Corp, Creation of subsidiaries*, the ability to create a pipeline subsidiary. HB 4, Section 3, establishes AGDC as a stand-alone public corporation of the state, so it is no longer necessary for AHFC to have a subsidiary corporation related to natural gas pipelines.

Section 3 (new corporation) adds a new chapter, Alaska Gasline Development Corporation, to *AS 31, Oil and Gas*. This section is the statutory authority for the stand-alone corporation.

Sec. 31.25.010, Structure, establishes AGDC as an independent public corporation of the state, located for administrative purposes in DCCED, and makes provisions for asset distribution upon termination.

Sec. 31.25.020, Governing body, establishes a five-member board of directors, serving staggered, seven-year terms. Members are appointed by the governor and must be confirmed by the legislature. In making appointments, the governor shall consider expertise in natural gas pipeline construction, operation and marketing; finance; and large project management. Members may be removed only for cause; vacancies will be filled in the same way as original appointments are made. Board members receive \$400 compensation per day spent on official board business, in addition to actual expenses.

Sec. 31.25.030, Meetings of board, directs the board to annually elect officers; defines a quorum as a majority of members; and requires meetings at least once every three months. Electronic meetings are allowed. For a meeting in which the board authorizes a bond issuance, at least 24 hours public notice is required. At least three board members are required for major votes, including bond sales; sale or disposition of assets; determining a pipeline ownership structure; and participation in a pipeline project.

Sec 31.25.035, Minutes of meetings, requires the board to keep minutes.

Sec. 31.25.040, Administration of affairs, allows the board to manage the assets and business of the corporation; the board may adopt, amend, and repeal bylaws and regulations; and the board will delegate corporation administration to the executive director. Requires the board to adopt formal procedures for procurement processes; requires a preference for Alaska veterans.

Sec. 31.25.045, Executive director, requires an executive director who is appointed by and serves at the pleasure of the board. The director may not be a board member.

Sec. 31.25.050, Legal counsel, directs the corporation to retain legal counsel.

Sec. 31.25.060, Employment of personnel, allows the board to engage professional and technical consultants, and allows the executive director to hire corporation employees and contract with consultants. The board sets duties and compensation for corporation personnel.

Sec. 31.25.065, Personnel exempt from State Personnel Act, exempts AGDC from the State Personnel Act.

Sec. 31.25.070, Purpose, directs AGDC to advance an instate natural gas pipeline as described in AGDC's July 2011 project plan, with modifications as necessary, making gas available as soon as practicable to Fairbanks, Southcentral, and other communities where possible; and attempt to develop projects that ship and deliver gas at commercially reasonable rates.

Sec. 31.25.080, Powers and duties, lists 21 powers of the corporation, including the abilities to determine pipeline ownership and operating structures; plan, finance, construct and operate a pipeline system; lease, rent, acquire and manage property; exercise eminent domain; transfer or dispose of all or part of a pipeline system; operate as a contract carrier; conduct hearings; sue and be sued; adopt bylaws; borrow money; and invest funds. Directs AGDC to analyze other connecting lines once the main pipeline is under construction. Prohibits development of a pipeline that competes under the terms of the Alaska Gasline Inducement Act (AGIA). Requires publication of open season results.

Sec. 31.25.090, Confidentiality; interagency cooperation, requires state agencies to share information with AGDC; requires state agencies to cooperate with AGDC and give priority to AGDC requests, except for requests from the AGIA coordinator; and directs AGDC to avoid duplicating state work on a pipeline. State entities must provide non-hydrocarbon resources like water, sand and gravel to AGDC at usual cost, but those costs may not be passed on to pipeline customers. DNR will grant AGDC a right-of-way lease at no appraisal or rental cost if certain conditions are met; the fee waiver carries with the lease in case of a transfer, which must be approved by the commissioner. AGDC may enter into confidentiality agreements as necessary, including with other state entities; information covered by a confidentiality agreement is not subject to disclosure under the Public Records Act. AGDC may also keep other information confidential, including the results of field studies; technical information; trade secrets; and commercial negotiations. AGDC may waive confidentiality of some information. Once a gas pipeline is operational, AGDC must release confidential information, providing doing so does not hurt the state's economic interests and does not violate confidentiality agreements.

Sec. 31.25.100, In-state natural gas pipeline fund, establishes the instate-natural gas pipeline fund within AGDC and directs fund use.

Sec. 31.25.120, Creation of subsidiaries; sale of natural gas by a subsidiary, allows AGDC to create subsidiary corporations to meet AGDC's mission, including subsidiaries to acquire and ship natural gas.

Sec. 31.25.130, Administrative procedure; regulations, exempts AGDC from the Administrative Procedure Act, except for the Open Meetings Act portion. Provides board direction related to bylaws, regulations, and public notice of meetings.

Sec. 31.25.140, Exemption from the State Procurement Code and the Executive Budget Act; corporation finances, exempts AGDC and its subsidiaries from the State Procurement Code and the Executive Budget Act. Requires an annual independent audit. AGDC is already exempt from the procurement code as an AHFC subsidiary; this transitions the exemption to AGDC as a stand-alone corporation.

Sec. 31.25.150, Federal taxation of interest on bonds and bond anticipation notes, provides that, if interest on bonds or notes becomes taxable under federal income tax laws, the legislature may pay off the principal and interest.

Sec. 31.25.160, Bonds and notes, allows the corporation to issue bonds and notes in one or more series, limited to the corporation's own backing.

Sec. 31.25.170, Independent financial advisor, allows the corporation to retain a financial advisor in negotiating the private sale of bonds or notes to an underwriter.

Sec. 31.25.180, Validity of pledge, declares as valid and binding any pledge of assets or revenue of the corporation to payment or interest.

Sec. 31.25.190, Capital reserve funds, allows AGDC to establish capital reserve funds to secure its obligations, and directs fund management. Requires annual reports to the governor and legislature.

Sec. 31.25.200, Remedies, permits enforcement of rights by those holding AGDC obligations.

Sec. 31.25.210, Negotiable instruments, declares that obligations are promises to pay an amount of money.

Sec. 31.25.220, Obligations eligible for investment, AGDC obligations as legitimate investments.

Sec. 31.25.230, Refunding obligations, permits the corporation to refund obligations and provides direction for managing refunds.

Sec. 31.25.240, Credit of state not pledged, prohibits AGDC from pledging the state's credit. AGDC obligations are limited to AGDC's backing.

Sec. 31.25.250, Limitation on personal liability, protects corporation officers from personal liability.

Sec. 31.25.260, Tax exemption, exempts AGDC from paying state and local taxes on corporation property or property income.

Sec. 31.25.270, Annual report, requires an annual report to the governor, legislature and public, including an independent audited financial statement.

Sec. 31.25.390, Definitions.

Section 4 (procurement code exemption), adds new paragraphs to *AS 36.30.850(b), Public Contracts, State Procurement Code, Application of this chapter*, exempting AGDC and its subsidiaries from the state procurement code. The exemption is reinforced in AGDC's statutes (HB 4 Section 3, 31.25.140).

Section 5 (RCA accounting, conforming) amends *AS 37.05.146(c)(22), Public Finance, Fiscal Procedures Act, Definition of program receipts and non-general fund program receipts*.

Section 6 (gas or electric utilities, conforming) amends *AS 38.05.180 (bb)(1), Public Land, Alaska Land Act, Oil and gas and gas only leasing*, to conform with Section 11 creating covenants specific to a contract carrier pipeline.

Section 7 (definitions) repeals and reenacts *AS 38.34.099, Public Land, In-State Natural Gas Pipeline, Definitions*, to refer to the definitions in the new 31.25 (HB 4, Section 3).

Section 8 (right-of-way leases, conforming) amends *AS 38.35.100(d), Public Land, Right-of-Way Leasing Act, Decision on application*, to conform to Section 11, right-of-way leasing for a contract carrier.

Section 9 (right-of-way leases, conforming) amends *AS 38.35.120(a), Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease*, to conform to Section 11, right-of-way leasing for a contract carrier.

Section 10 (right-of-way leases, conforming) amends AS 38.35.120(b), *Public Land, Right-of-Way Leasing Act, Covenants required to be included in lease*, to conform to Section 11, right-of-way leasing for a contract carrier.

Section 11 (contract carrier covenants) adds a new section to AS 38.35, *Public Land, Right-of-Way Leasing Act*, to establish covenants for a contract carrier gas pipeline. This section does not alter the existing covenants in the Right-of-Way Leasing Act for a common carrier. A carrier must agree to abide by the covenants in order to receive a state right-of-way lease. Of 14 existing covenants for common carriers, 11 also apply to a contract carrier. The others are adapted to reflect contract carrier principles, while retaining the policy that pipelines on state rights-of-way should encourage broader development of oil and gas resources by expanding when commercial opportunities exist and shipping without unreasonable discrimination.

Section 12 (right-of-way leases, costs) adds a new subsection to AS 38.35.140, *Public Land, Right-of-Way Leasing Act, Payment of rental and costs*, requiring a right-of-way lease to be issued at no cost to AGDC. This reinforces in the Right-of-Way Leasing Act the provision in HB4, Section 3 (31.25.090, Interagency cooperation; confidentiality) that leases should be made at no rental fee/cost to AGDC.

Section 13 (judicial review) adds new subsections to AS 38.35.200, *Public Land, Right-of-Way Leasing Act, Judicial review of decisions of commissioners on application*, limiting judicial review of state lease, permit or other authorization decisions. Claims challenging this provision must be brought within 60 days of the effective date of HB 4; future claims alleging a constitutional violation must be brought within 60 days of the action and must be filed in superior court. The court may not grant injunctive relief.

Section 14 (personnel act exemption) exempts AGDC and subsidiaries from AS 39.25.110, *Public Officers and Employees, State Personnel Act, Exempt service*. This exemption is reinforced in AGDC's corporate statutes.

Section 15 (public officials disclosures) makes the board of directors of AGDC and subsidiaries subject to public official financial disclosure rules in AS 39.50.200, *Public Officers and Employees, State Personnel Act, Definitions*.

Section 16 (confidentiality) amends AS 40.25.120(a), *Public Records and Recorders, Public Record Disclosures, Public records; exemptions; certified copies*, to exempt eligible information and information covered by an AGDC confidentiality agreement from disclosure under the state Public Records Act. This relates to HB 4, Section 3 (31.25.090) allowing AGDC to keep certain information confidential.

Section 17 (RCA, conforming), amends AS 42.04.080(a), *Public Utilities and Carriers and Energy Programs, Regulatory Commission of Alaska, Decision-making procedures*, to allow the RCA to appoint a panel for hearing matters under the new 42.08. The RCA needs the statutory authority to appoint a panel and hear a matter that comes before them under one of two existing regulatory statutes. This adds the new regulatory chapter created in HB 4, Section 21, 42.08, , so the RCA will be able to act on matters that come up under the new regulatory chapter.

Section 18 (RCA review of public utility contracts), amends AS 42.05, *Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act*, by adding a new section related to RCA review of contracts entered into by a public utility with AGDC for transportation or for contracts that public utilities sign to purchase gas or store gas transported on an instate natural gas pipeline regulated under 42.08. Public utility contracts with AGDC may include a covenant for public utilities to collect rates sufficient to meet contractual obligations. Contracts to buy or store gas to be shipped on an instate natural gas pipeline regulated under 42.08 must be submitted to the RCA before they take effect. The RCA has 180 days to approve contracts as presented or, if contracts are found not just or reasonable, to disapprove the contracts. Contracts approved are not subject to further RCA review. The RCA may extend the 180 day review period if a public utility fails to provide supplemental

information that is available to the public utility. This section provides an interface between regulation of public utilities, and regulation of a contract carrier natural gas pipeline. If the RCA approves a contract involving a utility and the pipeline carrier, the utility has assurances it will be able to pass along the costs in power rates.

Section 19 (RCA conforming) amends AS 42.05.711, *Public Utilities and Carriers and Energy Programs, Alaska Public Utilities Regulatory Act, Exemptions*, to exempt a pipeline subject to regulation under 42.08 from regulation under 42.05.

Section 20 (RCA conforming) amends AS 42.06, *Public Utilities and Carriers and Energy Programs, Pipeline Act*, by adding a new section to article 7 exempting a pipeline subject to regulation under 42.08 from regulation under 42.06.

Section 21 (RCA natural gas pipeline contract carrier) adds a new chapter to AS 42, *Public Utilities and Carriers and Energy Programs*, to create Chapter 08, In-state Pipeline Contract Carrier. Chapter 08 applies to an instate natural gas pipeline providing contract carriage, and exempts an in-state natural gas pipeline subject exclusively to federal jurisdiction. The new 42.08 is a shift from traditional cost-based regulation, and directs the Regulatory Commission of Alaska to instead evaluate whether negotiated contracts are fair and reasonable. Checks and balances are included to set basic rules ensuring fair and open processes; to promote exploration and development of Alaska's gas basins; to protect the public welfare; to promote accountability to Alaska ratepayers; to protect against rates of return in excess of those allowed by the RCA; to ensure access for all affected parties in pipeline disputes; and to heighten scrutiny for contracts entered into by affiliated parties.

Sec. 42.08.010, Application of chapter; exemption, applies this chapter to an instate natural gas pipeline providing service as a contract carrier. Exempts an instate natural gas pipeline subject exclusively to federal jurisdiction.

Sec. 42.08.020, Qualification of the Alaska Gasline Development Corporation; findings, determines that AGDC is financially and managerially fit, willing and able to provide service under 42.08. States that an AGDC pipeline is required for the public convenience and necessity. Directs the RCA to determine whether any entity applying under 42.08 is technically fit, willing and able. The findings made on behalf of the RCA in this section are findings that the RCA usually needs to make in issuing a pipeline building permit – a Certificate of Public Convenience and Necessity. The advance findings are not valid for an applicant other than AGDC. For AGDC and any applicant, the RCA will need to determine whether the entity is technically able to build the project and provide the service proposed.

Sec. 42.08.220, General powers and duties, provides enabling direction for the RCA under 42.08. Requires permits for construction, interconnections, expansions and abandonment. Enables the RCA to intervene in disputes that were not accounted for in contractual dispute resolution mechanisms and that threaten the public safety and welfare. Prohibits the RCA from requiring rates or tariff regulations, except as provided in the chapter, and from conducting further review of contracts approved under 42.08. Provides RCA access to the accounts, financial and property records, and other information held by a carrier, in order for the RCA to carry out the regulatory processes in 42.08.

Sec. 42.08.230, Commission decision-making procedures, directs the RCA to appoint a panel to consider and decide matters under 42.08, and to expeditiously adjudicate matters.

Sec. 42.08.240, Publication of reports, orders, decisions and regulations, is the standard RCA direction for publishing reports, orders, decisions and regulations.

Sec. 42.08.250, Application of Administrative Procedure Act, is the standard RCA exemption from Administrative Procedure Act adjudication procedures. Instead, the RCA's adjudication procedures would apply. The rest of the Administrative Procedures Act still applies to regulations adopted by the RCA.

Sec. 42.08.260, Annual report, requires the RCA to include in its annual report activities related to 42.08.

Sec. 42.08.300, Open seasons, sets rules a carrier must follow when holding an open season. Requires a carrier include open season procedures in the carrier's approved recourse tariff. Provides parameters for holding an open season to ensure fairness and openness for all interested potential shippers, including advance notice. Requires a carrier to hold an open season for pipeline expansion when the carrier has received requests for firm service from potential shippers that would enable a commercially reasonable expansion. Provides that expansions may not violate the terms of AGIA. Allows a carrier to make pre-subscription agreements before an open season begins. Requires a carrier to award firm transportation service without undue discrimination or preference. Requires a carrier to file revised recourse rates before conducting an open season.

Sec. 42.08.310, Transportation service, provides that firm service can only be made available through presubscription agreements; in an open season; or through the recourse tariff. Requires a carrier to offer a recourse tariff with rates determined on a cost-of-service basis; permits levelized rates. Allows that negotiated firm transportation rates may be different from recourse rates. Requires a carrier to provide interruptible service in capacity not used in firm service.

Sec. 42.08.320, Review of certain contracts by the commission, requires a carrier to submit all precedent agreements and substantial amendments to the RCA; precedent agreements with other than a public utility may be kept under seal. The RCA has 180 days to approve or disapprove precedent agreements as just and reasonable. Sets the standard for determining if a contract is made at arm's length and allows additional RCA scrutiny of contracts made between affiliated parties that are not substantially similar to transactions made between unaffiliated parties. Approved contracts are not subject to further review.

Sec. 42.08.330, Contract carriage certificate, requires a certificate of public convenience and necessity (CPCN) for a carrier to construct a pipeline and to transport gas. The RCA has 180 days to issue a CPCN once application is made, providing that the applicant is found fit, willing and able to perform the services proposed. The RCA may attach conditions to and amend, suspend or revoke a CPCN. Operating authority may not be transferred and service may not be abandoned without RCA approval.

Sec. 42.08.340, Filing requirements; recourse tariffs, requires an instate natural gas pipeline carrier to file a complete recourse tariff, including rules, regulations, terms and conditions pertaining to service, and all contracts with shippers.

Sec. 42.08.350, Initial or revised rates, establishes the RCA review process of recourse tariffs. The commission must verify that the terms and conditions of services are not unduly discriminatory. The commission shall review the supporting cost model and, weighing the pipeline project risks, verify that the return on equity is within a range of recent decisions by the Federal Energy Regulatory Commission (FERC); that the cost model uses a reasonable depreciation method and economic life; and that the cost model uses a reasonable capital structure. Defines reasonable as commonly accepted or used by the RCA or by FERC. Provides 30 days for the RCA to issue a decision on an initial recourse tariff, and 90 days for revised recourse tariffs. Sets standards for evaluating revised recourse rates. Requires the pipeline to provide for separate rates for multiple classes of service, and allows a reservation fee.

Sec. 42.08.360, Uniform system of accounts, requires a carrier regulated under 42.08 to maintain records and accounts in accordance with the uniform system of accounts.

Sec. 42.08.370, Expansion; dispute resolution, enables contracts to provide for expansion, unless an expansion would violate the terms of the Alaska Gasline Inducement Act. Allows contracts to include procedures for resolving disputes; requires those procedures provide notice and opportunity to participate to all shippers and creditworthy potential shippers.

Sec. 42.08.380, Regulatory cost charge, implements the standard RCA assessment of a user fee on regulated entities; includes a cap and directs administration of the user fee.

Sec. 42.08.390, Effect of chapter on taxes and royalties, declares that nothing in 42.08 will change the calculation of production taxes or of royalties due the state.

Sec. 42.08.400, Public records, requires RCA records be available to the public, except as provided by law. Precedent agreements will be kept confidential. Firm transportation and other contracts will be public, except for information that the carrier and the RCA agree could cause competitive harm.

Sec. 42.08.410, Investigations, allows the RCA to investigate matters in 42.08, and maintains the role of the Department of Law's Regulatory Affairs and Public Advocacy section.

Sec. 42.08.450, Accounts; records; triennial reports, provides the RCA tools to carry out its regulatory duties, including requiring a carrier to maintain certain property records. Requires a carrier to keep pipeline accounts located in Alaska. Requires the carrier to file a triennial report with updated cost study and a calculation of a three-year average actual return on equity. Directs the commission to review the cost study and verify the rate elements previously reviewed (depreciation, capital structure, return on equity) are the same as previously approved. If rates of return are higher than allowed, the carrier must place the excess in an operating reserve fund, to be capped at 20 percent of average annual operating costs; the carrier may draw on this account in times of lower returns in the future. If excess continues once the fund hits the cap, the excess must be used to reduce the pipeline's rates.

Sec. 42.08.510, Designation of service agents, requires an instate natural gas pipeline carrier to file a named, permanent resident as its agent (standard RCA provision).

Sec. 42.08.520, Effect of regulations, states that regulations adopted by the RCA under 42.08 have the effect of law (standard RCA provision).

Sec. 42.08.530, Judicial review and enforcement, makes RCA final orders subject to standard RCA judicial review, except in the circumstances set forth in HB 4, Section 13, addressing the development, construction and initial operation of a natural gas pipeline by AGDC.

Sec. 42.08.540, Joinder of actions, allows appeals to be joined under applicable court rules (standard RCA provision).

Sec. 42.08.900, Definitions, defines terms standard to the RCA (commission, commissioner, record) and includes HB 4 terms (instate natural gas pipeline, instate natural gas pipeline carrier).

Section 22 (property tax exemption) adds a new subsection to *AS 43.56.020, Revenue and Taxation, Oil and Gas Exploration, Production and Pipeline Transportation Property Tax, Exemptions*, exempting an AGDC-owned or financed project from state and local property taxes during construction.

Section 23 (repealer) repeals 39 sections of statute.

- Repeals *AS 36.30.850(b)(45) Public Contracts, State Procurement Code, Application of this chapter*, a prior exemption that applied to an AHFC pipeline.
- Repeals *AS 38.34.030, Public Land, In-State Natural Gas Pipeline, Joint In-State Gasline Development Team; 38.34.040, Duties of the Development Team; 38.34.050, Cooperation and access to information; and 38.34.060, Conflicts of interest*, all of which were part of HB 369 in 2010 and relate to the Joint In-state Gasline Development Team.
- Repeals *AS 39.25.110(11)(G), Public Officers and Employees, State Personnel Act, Exempt Service*, related to ANGDA; and *AS 39.50.200(b)(57), Public Officers and Employees, Public Official Financial Disclosure, Definitions*, related to ANGDA.
- Repeals all of the Alaska Natural Gas Development Authority: *AS 41.41.010 through AS 41.41.990*.

Section 24 (repealer) repeals Sections 1 and 5 of 2002 Ballot Measure No. 3, the findings of which are no longer necessary with the sunset of ANGDA.

Section 25 (transition and intent) expresses the legislative intent that the existing state right-of-way lease between AGDC and DNR is amended to reflect the contract carrier covenants in HB 4 (the Alaska Constitution bars the Legislature from passing laws that apply retroactively to contracts in place). Also expresses intent for a smooth transition for AGDC from its status as a subsidiary of AHFC, to an independent corporation.

Specifically, this section includes:

- The intent is that this repositioning does not interfere with, delay or disrupt AGDC's work.
- The intent that the governor should appoint the new AGDC board within 90 days of the effective date.
- The AHFC board will remain in place until a new board is appointed; and will cooperate with the new board in a smooth transition.
- The intent is that the transition is a change in placement only, and will not require dissolving AGDC and creating a new corporation.
- The intent is that AGDC, including employees and directors, continue in-place while the boards are transitioning. This is not explicitly stated but rather is implied.

Section 26 includes revisor's instructions.

Section 27 sets an immediate effective date.

Helen Phillips

From: LIO Fairbanks
Sent: Tuesday, March 26, 2013 4:20 PM
To: House Finance; House Finance Legislation
Cc: merrick@gci.net; Sen. John Coghill; Sen. Pete Kelly; Sen. Click Bishop; Sen. Lyman Hoffman; Rep. Doug Isaacson; Rep. Tammie Wilson; Rep. Steve Thompson; Rep. Scott Kawasaki; Rep. Pete Higgins; Rep. Eric Feige; Rep. David Guttenberg
Subject: HB-4- A better Alternative
Attachments: FNSB Fairbanks Presentation.ppt

To: House Finance Committee Aide

Please enter into the record the below testimony and attached Power Point presentation to HB 4: In-State Gasline Development Corp, in the House Finance Committee hearing dated March 26, 2013 at 1:30pm.

Mr. Pierce testified to HFIN today at the FBX LIO and sent follow-up testimony and Power Point via email as well.

As backup, the Fairbanks LIO is sending his testimony directly to the House Finance Committee via read receipt email and the Interior Delegation as requested by the constituent.

Jennie Hafele
Fairbanks LIO
452-4448

From: M [merrick@gci.net]
Sent: Tuesday, March 26, 2013 3:32 PM
Subject: HB-4- A better Alternative

Dear House Finance Committee Co-Chairs Stoltze, and Austerman:

This is to follow up on my testimony this afternoon with regard to my opposition to HB-4 as currently written. Attached please find a PowerPoint presentation that explains how a small bore, high pressure pipeline (8" diameter Flexsteel) could be built quickly, and inexpensively, to convey gas from Cook Inlet to Fairbanks and the entire Parks Highway corridor using the existing AGDC pipeline right of way.

The proposed bullet line does not have critically important economy of scale. This makes the gas uneconomic for both in- state users and the export markets. Note that the Henry Hub price of gas is around \$3.25- and gas, from an un-economic "bullet" line pipeline, is two to three times that price according to AGDC's estimates. This high- cost gas kills export opportunity.

There is a 200 year supply of gas under the Cook Inlet. All of the experts, from the drillers, such as Buccaneer Energy, Hillcorp, Nordaq, to DNR Commissioner Sullivan, to DOE, and USGS concur. PFC consultants told the legislature that a \$2 billion capex would be sufficient to drill- out the Cook Inlet to address in- state needs. A bullet line, with its enormous cost- and no economy of scale- can not provide gas to the Railbelt for less cost than gas from Cook Inlet.

Just the debt and equity service costs for the bullet line- in the range of \$500 to \$600 million dollars per year- are staggering. Those costs, if assessed evenly across 400,000 railbelt users would cost each resident over \$1,400.00 dollars per year. (This assumes a 75/25 debt to equity ratio and a 11% equity return on a \$10 billion dollar project).

For less than half of what some would like to spend on more studies (HB4) for a bullet line that is clearly uneconomic- and will not deliver gas until the end of the decade... we can get gas to Fairbanks- and the entire Parks Highway corridor next year. That would include, Denali, Cantwell, Healy, and Nenana.

Note, the 'Fairbanks Express' gasline detailed in the attached PowerPoint integrates nicely with other objectives established by the legislature.

1. If gas is found in the Nenana Basin, that gas could be conveyed to Fairbanks with this 8" pipeline.
2. This pipeline integrates well with Cook Inlet natural gas development. One Cook Inlet developer has told me that they would very much like to market Cook Inlet gas to Fairbanks. These developers are working in the Cook Inlet because of the incentives put in place by the legislature. It makes no sense that we undermine that development of Cook Inlet with HB-4.
3. This small- bore pipeline can integrate well with a large export pipeline, as the 'Fairbanks Express' pipeline can have its flow reversed, to run North to South, if needed.

Please see the attached PowerPoint. If you have any questions, please do not hesitate to ask. We have a technical team that has met with some of you already, but is still happy to address any questions you have.

Sincerely,

Merrick Peirce

PowerPoint Posted On BASIS Under HB 4

Helen Phillips

From: LIO Fairbanks
Sent: Tuesday, March 26, 2013 4:20 PM
To: House Finance; House Finance Legislation
Cc: merrick@gci.net; Sen. John Coghill; Sen. Pete Kelly; Sen. Click Bishop; Sen. Lyman Hoffman; Rep. Doug Isaacson; Rep. Tammie Wilson; Rep. Steve Thompson; Rep. Scott Kawasaki; Rep. Pete Higgins; Rep. Eric Feige; Rep. David Guttenberg
Subject: HB-4- A better Alternative
Attachments: FNSB Fairbanks Presentation.ppt

To: House Finance Committee Aide

Please enter into the record the below testimony and attached Power Point presentation to HB 4: In-State Gasline Development Corp, in the House Finance Committee hearing dated March 26, 2013 at 1:30pm.

Mr. Pierce testified to HFIN today at the FBX LIO and sent follow-up testimony and Power Point via email as well.

As backup, the Fairbanks LIO is sending his testimony directly to the House Finance Committee via read receipt email and the Interior Delegation as requested by the constituent.

Jennie Hafele
Fairbanks LIO
452-4448

From: M [merrick@gci.net]
Sent: Tuesday, March 26, 2013 3:32 PM
Subject: HB-4- A better Alternative

Dear House Finance Committee Co-Chairs Stoltze, and Austerman:

This is to follow up on my testimony this afternoon with regard to my opposition to HB-4 as currently written. Attached please find a PowerPoint presentation that explains how a small bore, high pressure pipeline (8" diameter Flexsteel) could be built quickly, and inexpensively, to convey gas from Cook Inlet to Fairbanks- and the entire Parks Highway corridor using the existing AGDC pipeline right of way.

The proposed bullet line does not have critically important economy of scale. This makes the gas uneconomic for both in- state users and the export markets. Note that the Henry Hub price of gas is around \$3.25- and gas, from an un-economic "bullet" line pipeline, is two to three times that price according to AGDC's estimates. This high- cost gas kills export opportunity.

There is a 200 year supply of gas under the Cook Inlet. All of the experts, from the drillers, such as Buccaneer Energy, Hillcorp, Nordaq, to DNR Commissioner Sullivan, to DOE, and USGS concur. PFC consultants told the legislature that a \$2 billion capex would be sufficient to drill- out the Cook Inlet to address in- state needs. A bullet line, with its enormous cost- and no economy of scale- can not provide gas to the Railbelt for less cost than gas from Cook Inlet.

Just the debt and equity service costs for the bullet line- in the range of \$500 to \$600 million dollars per year- are staggering. Those costs, if assessed evenly across 400,000 railbelt users would cost each resident over \$1,400.00 dollars per year. (This assumes a 75/25 debt to equity ratio and a 11% equity return on a \$10 billion dollar project).

For less than half of what some would like to spend on more studies (HB4) for a bullet line that is clearly uneconomic- and will not deliver gas until the end of the decade... we can get gas to Fairbanks- and the entire Parks Highway corridor next year. That would include, Denali, Cantwell, Healy, and Nenana.

Note, the 'Fairbanks Express' gasline detailed in the attached PowerPoint integrates nicely with other objectives established by the legislature.

1. If gas is found in the Nenana Basin, that gas could be conveyed to Fairbanks with this 8" pipeline.
2. This pipeline integrates well with Cook Inlet natural gas development. One Cook Inlet developer has told me that they would very much like to market Cook Inlet gas to Fairbanks. These developers are working in the Cook Inlet because of the incentives put in place by the legislature. It makes no sense that we undermine that development of Cook Inlet with HB-4.
3. This small- bore pipeline can integrate well with a large export pipeline, as the 'Fairbanks Express' pipeline can have its flow reversed, to run North to South, if needed.

Please see the attached PowerPoint. If you have any questions, please do not hesitate to ask. We have a technical team that has met with some of you already, but is still happy to address any questions you have.

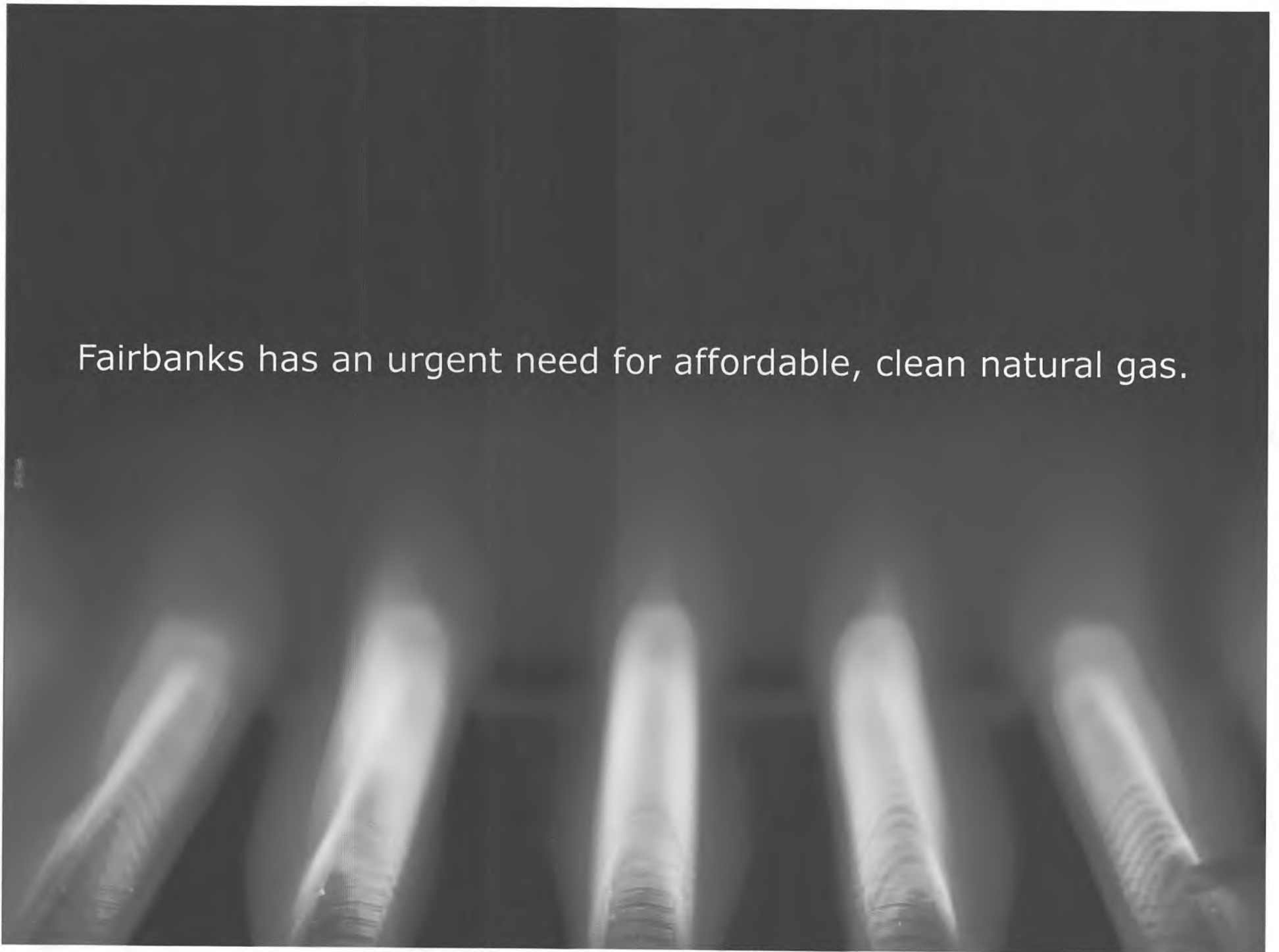
Sincerely,

Merrick Peirce

PowerPoint Attached

Fairbanks Express Pipeline

Fairbanks has an urgent need for affordable, clean natural gas.



The high cost of fuel oil has forced many residents to resort to the use of dirty fuel sources such as coal, wood, and waste oil. The emissions from these dirty fuel sources have caused an increase in small particulate emissions and increased morbidity and a diminished quality of life.



There are short term alternatives being considered to bring natural gas to Fairbanks besides LNG trucking from South Central. They are:

1. Small bore pipeline from the North Slope, "Arctic Fox".
2. LNG trucking from the North Slope.
3. Interior natural gas exploration in the Nenana Basin.

All of these alternatives are conceptual with varying price tags. Arctic Fox pipeline has a cost of approximately \$1 billion.

Another alternative deserves consideration.

The Fairbanks Express Pipeline

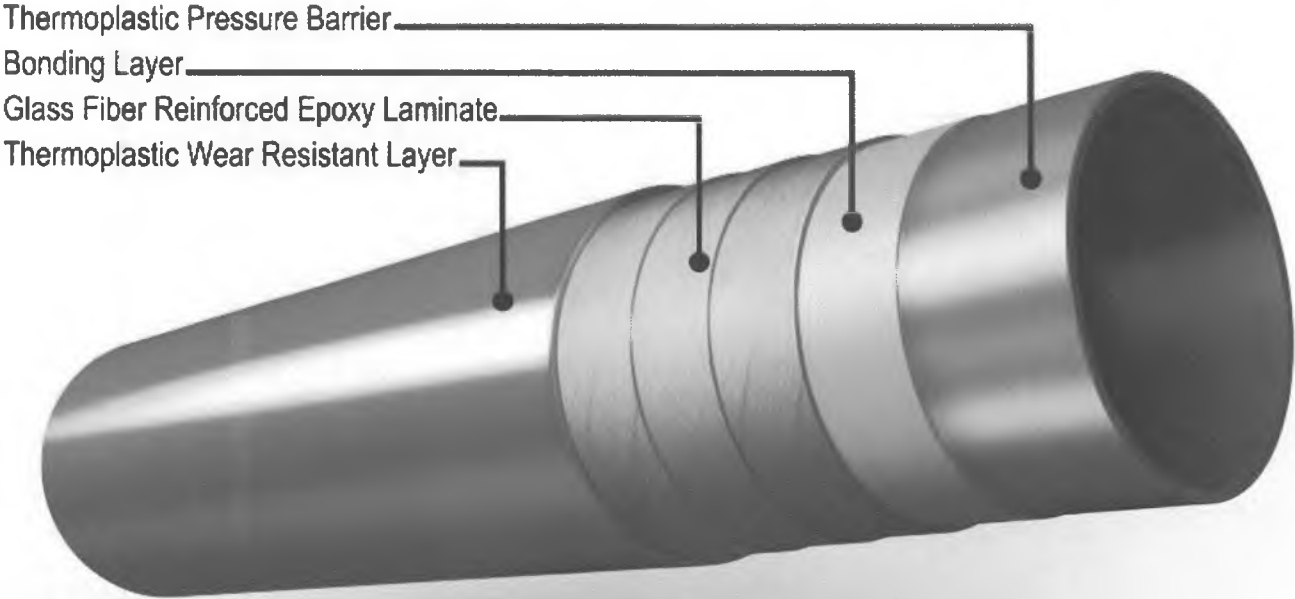
The concept is to use a technologically innovative, high-pressure, low-cost, small bore pipeline to move natural gas from Cook Inlet to Fairbanks, within an established, publicly owned pipeline Right-of-way from Big Lake to Fairbanks.

Project Map



One, brand of Spool-able Pipe

Fiberspar is a strong, glass fiber reinforced epoxy with a durable laminate, wear-resistant thermoplastic outer layer. The pipe is corrosion free, spoolable, and installs rapidly- much faster than conventional steel pipe.



Pipeline Throughput

Another product, Flex Steel line pipe- in the 8" diameter, can move 23 million cubic feet per day, or 8.4 billion cubic feet per year, to as much as 11 billion cubic feet per year, depending on the number of compressors.

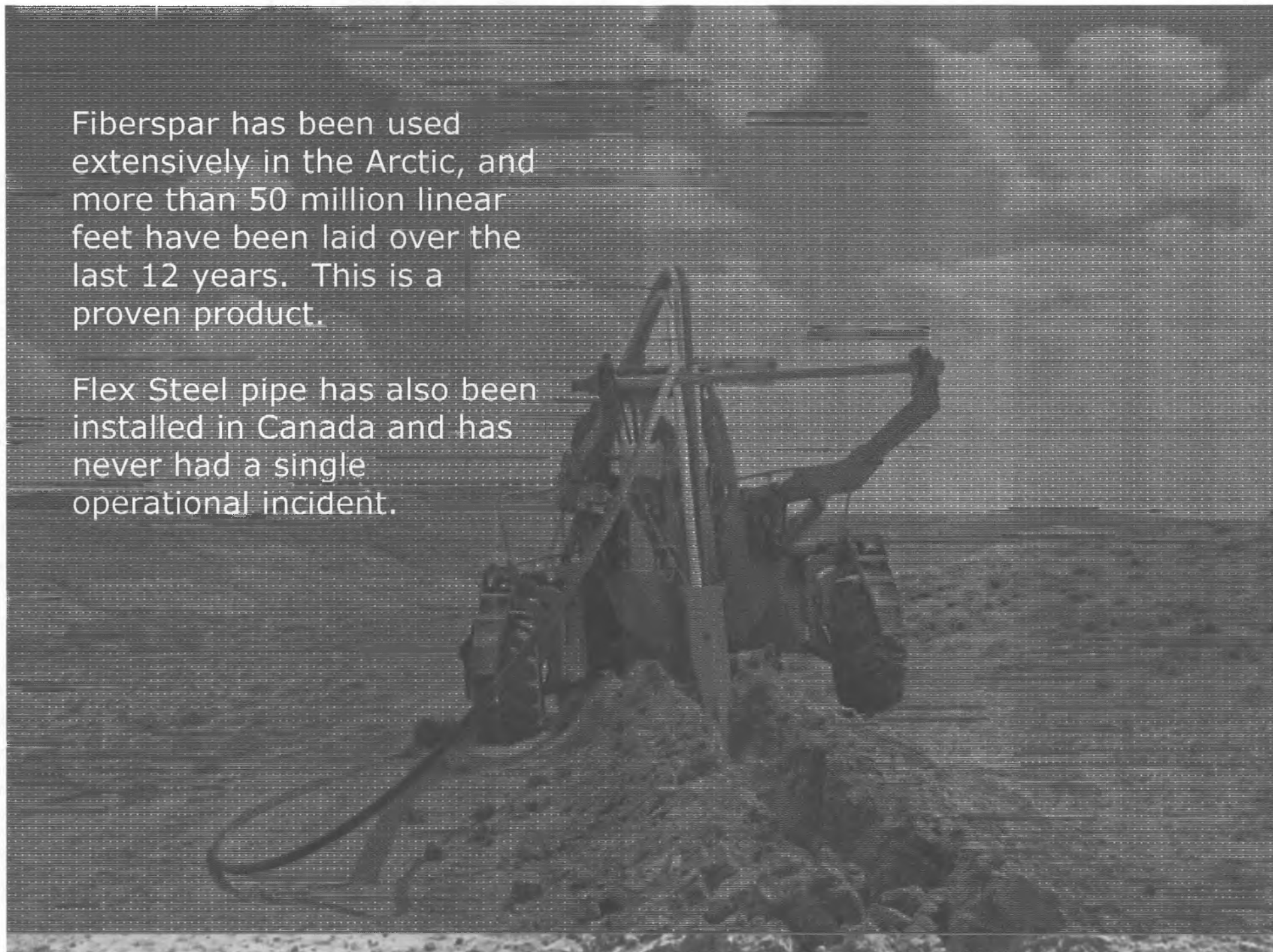
The total material cost for the Flex Steel pipe is less than \$100 million dollars. A total cost is an estimated \$200 million for both material and installation labor. This is significantly less than the cost of LNG trucking, and a fraction of the cost of a bullet line study as proposed by HB-4.

The green pipe shown below is Fiberspar.



Fiberspar has been used extensively in the Arctic, and more than 50 million linear feet have been laid over the last 12 years. This is a proven product.

Flex Steel pipe has also been installed in Canada and has never had a single operational incident.





The Gas Source:

Cook Inlet is a proven gas and oil field. One of the largest in the USA with estimated natural gas reserves of 19 trillion cubic feet- more than enough gas to supply Railbelt needs for over 200 years. Direct conversations with Cook Inlet explorers confirm their confidence in the hydrocarbon reserves based upon high tech seismic work- and decades of experience.

Cook Inlet gas is dry gas, perfect for home heating and electrical generation. Cook Inlet gas may be purchased without linkages to the price of oil and purchases are not likely to be hindered by AOGCC concerns about hydrocarbon management- such as the case with Prudhoe Bay. Ref. Docket OTH 11-51 Order #75



"Recently, the USGS studied the Cook Inlet region and found it still has enormous undiscovered, technically recoverable hydrocarbon resources, including an estimated 19 trillion cubic feet of natural gas, 600 million barrels of oil and 46 million barrels of natural gas liquids."

*Dan Sullivan, Commissioner Department of Natural
Resources* *Petroleum News 2012*

"Confident in the Inlet."

(Hilcorp CEO Greg) Lalicker was nothing if not enthusiastic about his company's ability to make money in Cook Inlet.

Asked if he would rethink his investment should a small diameter pipeline be built to bring the North Slope's vast reserves of natural gas to Southcentral Alaska, Lalicker didn't hesitate.

"If I can't beat the bullet line price, then I should be out of business," he said. "I don't care whether it's the bullet line or (liquefied natural gas) imports or whatever, anyone can compete with me and if I can't do a better job, put me out of business and send me on my way."*

"Hilcorp Alaska will become the dominant producer of oil and gas in and around the Inlet -- establishing itself as a major supplier of the natural gas that heats Anchorage homes."

Lisa Demer, ADN June 21, 2012


**Hilcorp Energy
Company**



Moving gas via pipelines is the
safest, most reliable and
cheapest way to move gas.

"The obvious solution is pipelines, which result in fewer fatalities, injuries, and environmental damage than road and rail. Already almost 500,000 miles of interstate pipeline crisscross America, carrying crude oil, petroleum products, and natural gas."

"With respect to pipeline systems, natural gas transmission lines had the lowest average fatality rate for operator personnel and the general public between 2005 and 2009, with a rate of one person killed per year. This was followed by oil and rail, with an average of 2.4 people per year. The highest is road, with an average of 10.2 people a year."

**footnote: (Data on pipeline safety are available from the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration Office of Pipeline Safety (PHMSA))

Affordable Natural Gas Is Here.

Powerful South Central legislators have ensured – and will continue to ensure – Alaska consumers of gas from the Cook Inlet pay a very affordable price for natural gas.

Incentives to bring Cook Inlet Gas To Fairbanks include:

- Production Tax Cap
- Exploration Incentive Credits under AS38:05.180(i)
- Exploration Tax Credits
- Gas Exploration and Development Income Tax Credits
- Royalty Modification
- Discovery Royalty
- Cook Inlet Royalty Reduction
- Production Tax Credits
- Production Tax Credits "Transferable" Credit issued by DOR
- Production Tax Credits: Loss Carry-Forward Credits
- Production Tax Credits: Small Producer Credit, non-transferable credit, eligibility ends 9 years after first tax payment
- Production Tax Credits: Ceiling
- Gas Storage Credits and Royalty Exemptions
- Cook Inlet Jack-Up Tax Credits
- Exploration Licensing Fee Reduction And Land Rental Forgiveness
- Nonconventional Gas Incentive



Fairbanks Express Pipeline.

Faster.

Cost effective.

Safer.

The Better Short-term Solution.

Testimony of Lisa Von Bargen - Valdez
House Finance Committee – House Bill 4
March 26, 2013

Unable to testify in person due to early closure of public hearing.

Members of the Committee, thank you for this opportunity to provide public input. I respectfully request, in the best interest of the future of Alaska, you **VOTE NO on HOUSE BILL 4** for a number of reasons:

First, under ideal conditions ASAP will not be online until 2019. It does not provide the short term energy solution for the Interior and Cook Inlet. It also does nothing to help Alaskans outside of the proposed pipeline route. And, it will raise the cost of energy in Southcentral Alaska.

Second, ASAP will not carry liquids. Contrary to what AGDC staff is stating in public meetings, NGL's have incredible value to the state in terms of creating value-added industries and legacy jobs. ASAP completely eliminates these opportunities. The Mat-Su Borough recently passed a resolution in support of HB4 but only if the liquids were put back in the project.

Third, ASAP does not provide any revenue to the State. Members of the Legislature were given a presentation in early February outlining the looming fiscal cliff for the State, likely just eight years away under current conditions. We cannot afford a project with no long term revenue.

Fourth, Constituents are being wrongly told that ASAP is the only project moving forward. This is not correct. APP is moving forward under the AGIA process and has had two successful open seasons – one just last year. That open season resulted in interest from the Asian market for more than twice the amount necessary for a viable project. Why would we spend \$400 Million more dollars to get information we have already paid \$300 million to get on an existing project?

Fifth, we are being told HB4 will work in conjunction with AGIA. Why should the public have any confidence that this will work in conjunction with AGIA given the aggressive and public discrediting of that process by the same people pushing ASAP?

Sixth, House Bill 4 creates a "secret" process under which there will be no public accountability for anyone or anything associated with the project. This is an unacceptable situation.

If ASAP does not solve short term needs, or long term needs, why are we considering this?
There is a project that gives us everything we need for Alaskans and for export – a large volume line to tidewater.

A fundamental point that needs to be made is that both import and trucking can last for as long as we reasonably need them to. They may be short-term solutions, but they can be mid-range solutions as well. Gas on North Slope isn't going to run out for trucking project. Outside LNG is not going to run out for import purposes. So let's keep these going for pennies on the ASAP dollar while we wait for the large volume line.

Finally, Valdez is being made out as a greedy villain with only self-interest at heart. Valdez would be foolish to not fight for its economic future. However, the truth is that this is not about the destination of the line. It is **about the right project for all Alaskans**. If the large volume line to tidewater is built, no matter where it terminates, Valdez will happily celebrate with the rest of the state because our community will also benefit substantially (albeit disappointed we are not the terminus).

We know only one line will be built – make it the right one that will benefit all Alaskans for generations to come. Please **VOTE NO on HOUSE BILL 4**. Thank you for your time and consideration of my testimony.



Alaska State Legislature

Please enter into the record my testimony to the House Finance
(committee name)

committee on HB 4, dated 3/26/2013
(bill # / subject)

I have two concerns with House Bill #4.

- 1) The entire process must be open to public review if State funding is to be used.
- 2) A smaller pipeline that services only a portion of Alaska is short sighted, and gives the appearance of "giving up" on a pipeline and LNG facility that will have benefit to the entire State of Alaska.

Signed:

Dean Day
Testifier

Representing (optional)

Box 154 Valdez, AK 99686
Address

(907) 835-5353
Telephone