

**HB**

**4**

**(FILE 1)**

<TARGET><BILL>HB 4</BILL><SUBJECT>HB 4 (FILE  
1)</SUBJECT><COMM>SFIN28</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/5/13

FURTHER: Rules/T.CAL

DATE TURNED IN TO OFFICE: 4/11/13

**Finance Committee** considered CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 4(FIN)  
**HB 4-ALASKA GASLINE DEVELOPMENT CORP; RCA**

"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 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; 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."

and recommends:

- be replaced with SCS CSSS HB 4 (FIW)  Same Title  Technical Title Change
- attached amendment(s) SCS/CS- Forthcoming  New Title/SCR No. \_\_\_\_\_
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

DEPT	NEW FISCAL NOTE(S)			FN#
	Fiscal	Indet	Zero	
SFIN/AGDC	✓			4
SFIN/SO	✓			5
SFIN/DEL	✓			6
SFIN/DEL	✓			7
SFIN/LAW	✓			8
SFIN/CAP	✓			9

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Hoffman	✓			
Anna Fairclough	FAIRCLOUGH	X			
Cluh Bishop	Bishop			X	
	DuLear				✓
	O'Connell			✓	
CO-CHAIR:	Kelly	✓			
CO-CHAIR:	Meyer	✓			

**SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 4(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES HAWKER AND CHENAULT, Millett, Johnson, Neuman, Hughes, Olson, Gattis, Reinbold, Holmes, Tammie Wilson, Thompson, Costello, Nageak, Higgins, Isaacson, LeDoux, Lynn**

**SENATORS Micciche, McGuire, Giessel, Kelly, Dyson, Huggins**

**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**  
13 **by the Regulatory Commission of Alaska of natural gas transportation contracts;**

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

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

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

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

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

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

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

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

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

25 (2) the Board of Directors of the Alaska Gasline Development Corporation  
 26 commit to governing the Alaska Gasline Development Corporation so as to affect positively  
 27 as many Alaskans as possible, including those in rural and coastal communities, and to extend  
 28 opportunities for all Alaskans to benefit from the natural gas resources of the state, including

1 propane and associated gas-related hydrocarbons other than oil;

2 (3) to the maximum extent permitted by law, in developing a natural gas  
3 pipeline, the Alaska Gasline Development Corporation shall procure services, labor, products,  
4 and natural resources from qualified businesses located in the state, including organizations  
5 owned by Alaska Natives and municipal organizations directly affected by the project, if  
6 those persons are competitive;

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

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

12 (B) establish hiring facilities in the state or use existing hiring facilities  
13 in the state; and

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

17 (5) the Alaska Gasline Development Corporation and its subsidiaries shall  
18 wind up and dissolve when no bonds, notes, or other obligations are outstanding and the  
19 Alaska Gasline Development Corporation or a subsidiary of the Alaska Gasline Development  
20 Corporation is no longer engaged in the development, financing, construction, or operation of  
21 an in-state natural gas pipeline.

22 \* **Sec. 2.** AS 18.56.086 is amended to read:

23 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create  
24 subsidiary corporations for the purpose of financing or facilitating the financing of  
25 school construction, facilities for the University of Alaska, facilities for ports and  
26 harbors, the acquisition, development, management, or operation of affordable  
27 housing, prepayment of all or a portion of a governmental employer's share of  
28 unfunded accrued actuarial liability of retirement systems, or other capital projects. [A  
29 SUBSIDIARY CORPORATION MAY ALSO BE CREATED FOR THE PURPOSE  
30 OF PLANNING, CONSTRUCTING, AND FINANCING IN-STATE NATURAL  
31 GAS PIPELINE PROJECTS OR FOR THE PURPOSE OF AIDING IN THE

1 PLANNING, CONSTRUCTION, AND FINANCING OF IN-STATE NATURAL  
 2 GAS PIPELINE PROJECTS.] A subsidiary corporation created under this section  
 3 may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer  
 4 assets of the corporation to a subsidiary created under this section. A subsidiary  
 5 created under this section may borrow money and issue bonds as evidence of that  
 6 borrowing, and has all the powers of the corporation that the corporation grants to it.  
 7 However, a subsidiary created for the purpose of financing or facilitating the financing  
 8 of prepayment of a governmental employer's share of unfunded accrued actuarial  
 9 liability of retirement systems may borrow money and issue bonds only if the state  
 10 bond rating is the equivalent of AA- or better and subject to AS 37.15.903. [A  
 11 SUBSIDIARY CORPORATION CREATED FOR THE PURPOSE OF PLANNING,  
 12 CONSTRUCTING, AND FINANCING IN-STATE NATURAL GAS PIPELINE  
 13 PROJECTS OR FOR THE PURPOSE OF AIDING IN THE PLANNING,  
 14 CONSTRUCTION, OR FINANCING OF IN-STATE NATURAL GAS PIPELINE  
 15 PROJECTS IS EXEMPT FROM AS 36.30, INCLUDING AS 36.30.015(d) AND (f).]  
 16 Unless otherwise provided by the corporation, the debts, liabilities, and obligations of  
 17 a subsidiary corporation created under this section are not the debts, liabilities, or  
 18 obligations of the corporation.

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

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

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

22 **Sec. 31.25.010. Structure.** The Alaska Gasline Development Corporation is a  
 23 public corporation and government instrumentality located for administrative purposes  
 24 in the Department of Commerce, Community, and Economic Development, but  
 25 having a legal existence independent of and separate from the state. The corporation  
 26 may not be terminated as long as it has bonds, notes, or other obligations outstanding.  
 27 The corporation may dissolve when no bonds, notes, or other obligations of the  
 28 corporation or a subsidiary of the corporation are outstanding and the corporation or a  
 29 subsidiary of the corporation is no longer engaged in the development, financing,  
 30 construction, or operation of an in-state natural gas pipeline. Upon termination of the  
 31 corporation, its rights and property pass to the state.

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

3                   (1) five public members; and

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

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

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

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

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

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

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

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

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

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

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

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

16 (1) the sale and issuance of bonds;

17 (2) the sale or other disposition of a substantial asset or substantial  
 18 amount of the assets of the corporation; the corporation shall adopt a regulation that  
 19 defines a substantial asset and a substantial amount of assets for the purposes of this  
 20 paragraph;

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

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

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

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

30 **Sec. 31.25.040. Administration of affairs.** (a) The board shall manage the  
 31 assets and business of the corporation and may adopt, amend, and repeal bylaws and

1 regulations governing the manner in which the business of the corporation is  
2 conducted and the manner in which its powers are exercised. The board shall delegate  
3 supervision of the administration of the corporation to the executive director,  
4 appointed in accordance with AS 31.25.045.

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

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

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

14 **Sec. 31.25.060. Employment of personnel.** The board may appoint other  
15 officers and engage professional and technical advisors as independent contractors.  
16 The executive director may hire employees of the corporation and engage professional  
17 and technical advisors under contract with the corporation. The board shall prescribe  
18 the duties and compensation of corporation personnel, including the executive  
19 director.

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

22 **Sec. 31.25.070. Purpose.** The corporation shall, for the benefit of the state, to  
23 the fullest extent possible,

24 (1) advance an in-state natural gas pipeline as described in the July 1,  
25 2011, project plan prepared under former AS 38.34.040 by the corporation while a  
26 subsidiary of the Alaska Housing Finance Corporation, with modifications determined  
27 by the corporation to be appropriate to develop, finance, construct, and operate an in-  
28 state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the  
29 purpose of making natural gas, including propane and other hydrocarbons associated  
30 with natural gas other than oil, available to Fairbanks, the Southcentral region of the  
31 state, and other communities in the state at the lowest rates possible;

1 (2) endeavor to develop natural gas pipelines and other transportation  
2 mechanisms to deliver natural gas, including propane and other hydrocarbons  
3 associated with natural gas other than oil, to public utility and industrial customers in  
4 areas of the state to which the natural gas, including propane and other hydrocarbons  
5 associated with natural gas other than oil, may be delivered at commercially  
6 reasonable rates; and

7 (3) endeavor to develop natural gas pipelines and other transportation  
8 mechanisms that offer commercially reasonable rates for shippers and access for  
9 shippers who produce natural gas, including propane and other hydrocarbons  
10 associated with natural gas other than oil, in the state.

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

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

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

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

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

29 (5) acquire, by purchase, lease, or gift, land, structures, real or personal  
30 property, an interest in property, a right-of-way, a franchise, an easement, or other  
31 interest in land, or an interest in or right to capacity in a pipeline system determined to

1 be necessary or convenient for the development, financing, construction, or operation  
2 of an in-state natural gas pipeline project or part of an in-state natural gas pipeline  
3 project;

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

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

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

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

13 (10) advocate for new pipeline capacity before the Federal Energy  
14 Regulatory Commission;

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

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

20 (13) adopt an official seal;

21 (14) adopt bylaws for the regulation of its affairs and the conduct of its  
22 business and adopt regulations and policies in connection with the performance of its  
23 functions and duties;

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

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

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

30 (18) include in a borrowing the amounts necessary to pay financing  
31 charges, to pay interest on the obligations, and to pay the interest, consultant, advisory,

1 and legal fees, and other expenses that are necessary or incident to the borrowing;

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

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

6 (21) invest or reinvest, subject to its contracts with noteholders and  
7 bondholders, money or funds held by the corporation, including funds in the in-state  
8 natural gas pipeline fund (AS 31.25.100), in obligations or other securities or  
9 investments in which banks or trust companies in the state may legally invest funds  
10 held in reserves or sinking funds or funds not required for immediate disbursement,  
11 and in certificates of deposit or time deposits secured by obligations of, or guaranteed  
12 by, the state or the United States;

13 (22) enter into, as it determines to be necessary or appropriate, any  
14 swap or hedge, cap, or other contract providing for payments based on levels of or  
15 changes in interest rates or indices or in the cost or price of any commodity, supply, or  
16 expense expected to be used or incurred in connection with the acquisition,  
17 construction, or operation of any facility or property owned, leased, or operated by the  
18 corporation, or an option with respect to any of the foregoing.

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

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

5 (e) If commitments to acquire firm transportation capacity are received in an  
6 open season conducted by the corporation, the corporation shall, within 10 days after  
7 accepting and executing the written commitments received during the open season,  
8 report the results of the open season to the president of the senate and the speaker of  
9 the house of representatives and inform the public of the results of the open season  
10 through publication on the Internet website of the corporation and in a press release or  
11 other announcement to the media. The results made public must include the name of  
12 each prospective shipper, the amount of capacity allocated, and the period of the  
13 commitment. If the corporation determines that the commitments received during the  
14 open season are not sufficient to permit the corporation to continue the development or  
15 construction of the natural gas pipeline, the corporation shall report that to the  
16 legislature within 30 days.

17 (f) The corporation shall, to the maximum extent practicable without delaying  
18 the progress of developing an in-state natural gas pipeline project and without causing  
19 the in-state natural gas pipeline project to become a competing natural gas pipeline  
20 project for purposes of AS 43.90.440, coordinate with and accommodate the  
21 developers of a large-diameter in-state natural gas pipeline by planning for the  
22 development and use of common pipeline facilities from the North Slope to the  
23 Livengood area or to another point from which a large-diameter in-state natural gas  
24 pipeline may be constructed south to tidewater in either the Prince William Sound or  
25 Cook Inlet area. In this subsection, "large-diameter in-state natural gas pipeline"  
26 means a pipeline in the state with a diameter of 42 inches or more.

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

1 designs that have already been provided or obtained by other state entities. All  
2 departments, agencies, and public corporations of the state shall cooperate with and  
3 shall provide information, services, and facilities to the corporation upon its request  
4 and, except for requests from the Alaska Gasline Inducement Act coordinator  
5 (AS 43.90.250), give priority to processing authorization applications and other  
6 requests of the corporation.

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

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

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

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

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

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

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

31 (B) AS 38.35.121 for an in-state natural gas pipeline that the

1 corporation intends to be a contract carrier.

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

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

12 (1) identify the applicable law or contract provision to the corporation;  
13 and

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

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

26 (h) Information and trade secrets of the corporation are confidential and not  
27 subject to AS 40.25 if the corporation determines that disclosure would cause  
28 commercial or competitive harm or damage to the corporation. Information that  
29 discloses the particulars of a business or the affairs of a private enterprise, investor,  
30 advisor, consultant, counsel, or manager that is developed or obtained by the  
31 corporation and related to the development, financing, construction, or operation of an

1 in-state natural gas pipeline project by the corporation is confidential and not subject  
 2 to AS 40.25. The corporation may waive the confidentiality described in this  
 3 subsection, except for information that is confidential under another provision of state  
 4 law or under a federal law or regulation and except for information acquired from  
 5 another person that is subject to a confidentiality agreement, if the waiver is consistent  
 6 with the interests of the state and will facilitate the development, financing, or  
 7 construction of an in-state natural gas pipeline. On the date that the in-state natural gas  
 8 pipeline project becomes operational, the corporation shall make available, upon  
 9 request under AS 40.25, records that were exempt from AS 40.25 under this  
 10 subsection or (g) of this section, unless the corporation determines that

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

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

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

26 **Sec. 31.25.120. Creation of subsidiaries.** The corporation may create  
 27 subsidiary corporations for the purpose of developing, constructing, operating, and  
 28 financing in-state natural gas pipeline projects or other transportation mechanisms; for  
 29 the purpose of aiding in the development, construction, operation, and financing of in-  
 30 state natural gas pipeline projects; or for the purpose of acquiring the state's royalty  
 31 share of natural gas, natural gas from the North Slope, and natural gas from other

1 regions of the state, including the state's outer continental shelf, and making that  
2 natural gas available to markets in the state, including the delivery of natural gas,  
3 including propane and other hydrocarbons associated with natural gas other than oil, to  
4 coastal communities in the state, or for export. A subsidiary corporation created under  
5 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation  
6 may transfer assets of the corporation to a subsidiary created under this section. A  
7 subsidiary created under this section may borrow money and issue bonds as evidence  
8 of that borrowing and has all the powers of the corporation that the corporation grants  
9 to it. Unless otherwise provided by the corporation, the debts, liabilities, and  
10 obligations of a subsidiary corporation created under this section are not the debts,  
11 liabilities, or obligations of the corporation.

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

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

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

22 (d) Except as provided in (e) of this section, at least 15 days before the  
23 adoption, amendment, or repeal of a regulation, the board shall give public notice of  
24 the proposed action by posting notice on the corporation's Internet website and on the  
25 Alaska Online Public Notice System and by mailing a copy of the notice to every  
26 person who has filed a request for notice of proposed regulations with the board or the  
27 corporation. The public notice must include a statement of the time, place, and nature  
28 of the proceedings for the adoption, amendment, or repeal of the regulation and must  
29 include an informative summary of the proposed subject of the regulation. On the date  
30 and at the time and place designated in the notice, the board shall give each interested  
31 person or an authorized representative, or both, the opportunity to present statements,

1 arguments, or contentions in writing and shall give members of the public an  
2 opportunity to present oral statements, arguments, or contentions for a total period of  
3 at least one hour. The board shall consider all relevant matter presented to it before  
4 adopting, amending, or repealing a regulation. At a hearing under this subsection, the  
5 board may continue or postpone the hearing to a time and place that it determines. A  
6 regulation that is adopted, or its amendment or repeal, may vary in content from the  
7 informative summary specified in this subsection if the subject matter of the  
8 regulation, or its amendment or repeal, remains the same and the original notice was  
9 written to ensure that members of the public are reasonably notified of the proposed  
10 subject of the board's action in order for them to determine whether their interests  
11 could be affected by the board's action on that subject.

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

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

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

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

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

31 (1) annually review the corporation's assets, including the assets of the

1 in-state natural gas pipeline fund under AS 31.25.100, to determine whether assets of  
 2 the corporation exceed an amount required to fulfill the purposes of the corporation as  
 3 defined in this chapter; in making its review, the board shall determine whether, and to  
 4 what extent, assets in excess of the amount required to fulfill the purposes of the  
 5 corporation during the next fiscal year are available without

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

7 (B) materially impairing the operations or financial integrity of  
 8 the corporation; or

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

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

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

## 18 **Article 2. Bonds and Notes.**

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

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

29 (c) Bonds or bond anticipation notes may be issued in one or more series and  
 30 shall be dated, bear interest at the rate or rates a year or within the maximum rate, be  
 31 in the denomination, be in the form, either coupon or registered, carry the conversion

1 or registration provisions, have the rank or priority, be executed in the manner and  
2 form, be payable from the sources in the medium of payment and place or places  
3 within or outside the state, be subject to authentication by a trustee or fiscal agent, and  
4 be subject to the terms of redemption with or without premium, as the resolution of the  
5 corporation may provide. Bond anticipation notes shall mature at the time or times that  
6 are determined by the corporation. Bonds shall mature at a time, not exceeding 50  
7 years from their date, that is determined by the corporation. Before the preparation of  
8 definitive bonds or bond anticipation notes, the corporation may issue interim receipts  
9 or temporary bonds or bond anticipation notes, with or without coupons, exchangeable  
10 for bonds or bond anticipation notes when the definitive bonds or bond anticipation  
11 notes have been executed and are available for delivery.

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

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

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

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

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

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

29 (4) to covenant as to establishment of reserves or sinking funds and the  
30 making of provision for and the regulation and disposition of the reserves or sinking  
31 funds;

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

3 (6) to covenant as to bonds and notes to be issued, and their  
4 limitations, terms, and condition, and as to the custody, application, and disposition of  
5 the proceeds of the bonds and notes;

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

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

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

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

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

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

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

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

30 (15) to covenant as to the time or manner of enforcement or restraint  
31 from enforcement of any rights of the corporation arising by reason of or with respect

1 to nonpayment or violation of the terms of an agreement to which the corporation is a  
2 party or with respect to which the corporation has enforcement rights;

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

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

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

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

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

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

31 (22) to make covenants other than and in addition to the covenants

1 expressly authorized in this section, of like or different character, and to make  
2 covenants to do or refrain from doing acts and things as may be necessary, or as may  
3 be convenient and desirable, to better secure bonds or notes or that, in the absolute  
4 discretion of the corporation, would tend to make bonds or notes more marketable,  
5 notwithstanding that the covenants, acts, or things may not be enumerated in this  
6 section.

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

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

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

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

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

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

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

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

27 (d) In computing the amount of a capital reserve fund for the purpose of this  
28 section, securities in which all or a portion of the funds are invested shall be valued at  
29 par or, if purchased at less than par, at amortized costs as the term is defined by  
30 resolution of the corporation authorizing the issue of the obligations, or by some other  
31 reasonable method established by the corporation by resolution. Valuation on a

1 particular date shall include the amount of interest earned or accrued to that date.

2 (e) The chair of the corporation shall annually, not later than January 2, make  
3 and deliver to the governor and chairs of the house and senate finance committees a  
4 certificate stating the sum, if any, required to restore a capital reserve fund to the  
5 capital reserve fund requirement. The legislature may appropriate that sum, and the  
6 corporation shall deposit all sums appropriated by the legislature during the then  
7 current fiscal year for the restoration in the proper capital reserve fund. Nothing in this  
8 section creates a debt or liability of the state.

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

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

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

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

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

30 **Sec. 31.25.230. Refunding obligations.** (a) The corporation may provide for  
31 the issuance of refunding obligations for the purpose of refunding obligations then

1 outstanding that have been issued under this chapter, including the payment of the  
 2 redemption premium on them and interest accrued or to accrue to the date of  
 3 redemption of the obligations. The issuance of the obligations, the maturities and other  
 4 details of them, the rights of the holders of them, and the rights, duties, and obligations  
 5 of the corporation with respect to them are governed by the provisions of this chapter  
 6 that relate to the issuance of obligations, insofar as those provisions may be  
 7 appropriate.

8 (b) Refunding obligations may be sold or exchanged for outstanding  
 9 obligations issued under this chapter and, if sold, the proceeds may be applied, in  
 10 addition to other authorized purposes, to the purchase, redemption, or payment of the  
 11 outstanding obligations.

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

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

### 30 **Article 3. General Provisions.**

31 **Sec. 31.25.250. Limitation on personal liability.** A member of the board or

1 other officer of the corporation or a subsidiary of the corporation is not subject to  
2 personal liability or accountability because the member or officer executed or issued  
3 an obligation.

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

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

17 **Sec. 31.25.270. Annual report; final report.** (a) The corporation shall prepare  
18 and transmit annually a report to the governor accounting for the efficient discharge of  
19 all responsibility assigned by law or by directive to the corporation. The corporation  
20 shall notify the legislature that the report is available.

21 (b) By January 10 of each year, the board shall prepare a report of the  
22 corporation. The board shall notify the governor and the legislature that the report is  
23 available, and publish notice to the public on the Alaska Online Public Notice System  
24 under AS 44.62.175 that the report is available on the corporation's Internet website.  
25 The report shall be written in easily understandable language. The report must include  
26 a financial statement audited by an independent outside auditor and any other  
27 information the board believes would be of interest to the governor, the legislature,  
28 and the public. The annual income statement and balance sheet of the corporation shall  
29 be published on the Internet. The board may also publish electronically or in print, at  
30 the corporation's discretion, other reports it considers desirable to carry out its  
31 purpose.

1 (c) After a decision of the corporation to dissolve under AS 31.25.010, the  
 2 corporation shall provide a final report to the governor, the legislature, and the public  
 3 that summarizes the reasons for the dissolution of the corporation and a statement by  
 4 an independent outside auditor that the corporation and the subsidiaries of the  
 5 corporation, if any, have no bonds, notes, or other obligations outstanding.

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

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

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

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

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

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

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

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

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

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

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

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

30 (1) "gas or electric utility" includes an electric cooperative organized  
 31 under AS 10.25, a municipal utility, and a gas or electric utility regulated under

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

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

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

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

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

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

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

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

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

1 under the lease, that

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

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

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

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

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

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

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

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

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

30 (7) it will construct and operate the pipeline in accordance with  
31 applicable state laws and lawful regulations and orders of the Regulatory Commission

1 of Alaska;

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

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

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

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

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

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

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

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

1 utilization of the pipeline, for necessary operations incident to land management,  
2 administration, or disposal;

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

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

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

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

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

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

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

30 (2) it will interchange natural gas and provide connections with each  
31 public utility pipeline, common carrier pipeline, or contract carrier pipeline, and

1 facilities for the interchange of natural gas at every locality reached by both pipelines  
 2 when the necessity exists, as provided in contracts on file with the Regulatory  
 3 Commission of Alaska;

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

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

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

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

25 (c) The lessee may not construct or expand or allow the construction or  
 26 expansion of a natural gas pipeline under (a) of this section to be a competing natural  
 27 gas pipeline project for purposes of AS 43.90. In this subsection, "competing natural  
 28 gas pipeline project" has the meaning given in AS 43.90.440.

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

30 (c) Notwithstanding (a) of this section, a right-of-way lease shall be granted  
 31 without appraisal or rental costs to the Alaska Gasline Development Corporation

1 created under AS 31.25.010.

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

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

24 (d) An appeal of a permitting decision or authorization by the Department of  
 25 Environmental Conservation under AS 46.03 or AS 46.14 that is made under a  
 26 program approved or delegated by the United States Environmental Protection Agency  
 27 is not

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

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

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

31 (H) Alaska Gasline Development Corporation and subsidiaries

1 of the Alaska Gasline Development Corporation;

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

3 (64) the board of directors of the Alaska Gasline Development  
4 Corporation or the board of directors of a subsidiary of the Alaska Gasline  
5 Development Corporation.

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

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

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

11 (2) records pertaining to juveniles unless disclosure is authorized by  
12 law;

13 (3) medical and related public health records;

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

16 (5) to the extent the records are required to be kept confidential under  
17 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure  
18 or retain federal assistance;

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

21 (A) could reasonably be expected to interfere with enforcement  
22 proceedings;

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

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

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

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

31 (F) would disclose guidelines for law enforcement

1 investigations or prosecutions if the disclosure could reasonably be expected to  
2 risk circumvention of the law; or

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

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

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

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

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

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

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

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

26 (11) the written notification regarding a proposed regulation provided  
27 under AS 24.20.105 to the Department of Law and the affected state agency and  
28 communications between the Legislative Affairs Agency, the Department of Law, and  
29 the affected state agency under AS 24.20.105;

30 (12) records that are

31 (A) proprietary, privileged, or a trade secret in accordance with

1 AS 43.90.150 or 43.90.220(e);

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

4 **(13) information of the Alaska Gasline Development Corporation**  
5 **created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development**  
6 **Corporation that is confidential by law or under a valid confidentiality**  
7 **agreement.**

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

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

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

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

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

25 (c) A public utility negotiating to contract for the storage of natural gas  
26 shipped in an in-state natural gas pipeline regulated under AS 42.08 shall submit the  
27 contract to the commission before the contract takes effect.

28 (d) The commission shall review and may conduct an investigation and  
29 hearing to determine whether a contract submitted under (b) or (c) of this section is  
30 just and reasonable. The review and determination shall be conducted as provided in  
31 AS 42.08.320(b) - (d). The commission shall either approve the contract as presented

1 or, if the commission finds that a contract is not just and reasonable, disapprove the  
 2 contract. Notwithstanding AS 42.05.175, if the commission has not acted within 180  
 3 days after the contract is submitted, the contract shall be considered approved and  
 4 shall take effect immediately. The commission may, by order, extend the 180-day  
 5 review period by the duration of a delay caused by a failure of the public utility to  
 6 submit supplemental information that is available to the public utility. A contract that  
 7 is approved or considered approved under this section is not subject to further review  
 8 by the commission.

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

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

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

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

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

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

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

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

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

24 **Sec. 42.08.020. Qualification of the Alaska Gasline Development**  
 25 **Corporation; findings.** (a) The Alaska Gasline Development Corporation is  
 26 financially fit, willing, and able to take the actions, perform the service, and conform  
 27 to the requirements of this chapter.

28 (b) The board of directors and the officers of the Alaska Gasline Development  
 29 Corporation are managerially fit, willing, and able to manage the Alaska Gasline  
 30 Development Corporation and to take the actions, perform the service, and conform to  
 31 the requirements of this chapter.

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

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

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

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

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

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

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

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

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

1 (b) The commission may

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

4 (2) review and approve contracts;

5 (3) investigate on its own motion or after receiving a formal complaint,  
6 a dispute

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

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

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

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

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

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

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

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

31 (5) initiate, intervene in, and appear personally or by counsel and offer

1 evidence in and participate in, proceedings before an officer, department, board,  
2 commission, or court of this state involving an in-state natural gas pipeline carrier and  
3 affecting the interests of the state; and

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

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

16 (1) commission reasonably finds that good cause exists to extend the  
17 timeline;

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

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

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

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

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

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

27 (4) conduct further review or investigation of a contract that is  
28 approved, considered approved, or filed under this chapter; or

29 (5) investigate a dispute under (b)(3) of this section if a complete  
30 formal complaint has not been filed with the commission within 60 days after the  
31 event giving rise to the complaint.

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

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

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

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

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

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

28           **Sec. 42.08.300. Open seasons.** (a) An in-state natural gas pipeline carrier shall  
29 include in its approved recourse tariff the procedures for conducting open seasons for  
30 uncommitted firm transportation service and for expansion. At a minimum, the in-state  
31 natural gas pipeline carrier shall publish reasonable public notice in advance of an

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

10 (b) An open season shall be conducted and firm transportation service shall be  
11 awarded without undue discrimination or preference. Presubscription agreements are  
12 subject to the methods for awarding capacity set out in the open season notice.

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

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 for purposes of AS 43.90.

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

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

31 (g) If executed precedent agreements are received by an in-state natural gas

1 pipeline carrier, the carrier shall, within 10 days after accepting and executing the  
2 agreements, inform the public of the results through publication on the carrier's  
3 Internet website and in a press release or other announcement to the media. The results  
4 made public must include the name of each prospective shipper, the amount of  
5 capacity allocated, and the period of commitment. If the carrier determines that the  
6 commitments received during the open season are not sufficient to permit the carrier to  
7 continue the development or construction of the in-state natural gas pipeline, the  
8 corporation shall report that to the commission within 30 days.

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

12 (b) The pipeline carrier shall offer a recourse tariff for firm transportation  
13 service. The rates included in the recourse tariff shall be determined on a cost-of-  
14 service basis and may be levelized over the depreciable life of the pipeline. The  
15 recourse tariff may not preclude the pipeline carrier from collecting rolled-in rates so  
16 long as the resulting rate for prior shippers does not exceed the initial maximum rate  
17 allowable under agreements for capacity.

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

23 (d) An in-state natural gas pipeline carrier shall provide interruptible  
24 transportation service through capacity not used for firm transportation service. An in-  
25 state natural gas pipeline carrier shall establish means for routinely advising potential  
26 shippers of the availability of interruptible transportation service and of uncommitted  
27 firm transportation capacity.

28 **Sec. 42.08.320. Review of certain contracts by the commission.** (a) An in-  
29 state natural gas pipeline carrier shall submit each of its precedent agreements for firm  
30 transportation service and any substantial amendments to the commission. A precedent  
31 agreement negotiated with an entity that is not a public utility regulated by the

1 commission may be filed under seal. Under AS 42.08.400, the commission shall keep  
 2 confidential a precedent agreement filed under seal. Submission of precedent  
 3 agreements to the commission is permissible before construction of an in-state natural  
 4 gas pipeline and before a request for certification under this chapter. In this subsection,  
 5 "substantial amendment" means an amendment that materially changes a rate or term  
 6 and condition of service.

7 (b) In the review of a precedent agreement submitted under (a) of this section  
 8 or a related contract submitted under AS 42.05.433(b) or (c), the commission shall

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

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

21 (c) For purposes of (b)(1) of this section, and except as provided in (d) of this  
 22 section, a precedent agreement or related contract is arm's length

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

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

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

27 (B) the parties are not affiliated; or

28 (C) if the parties are affiliated, the precedent agreement or  
 29 related contract is substantially similar to a precedent agreement or related  
 30 contract between unaffiliated parties, and the formation of the precedent  
 31 agreement or related contract was not affected by unlawful market activity or

1           unfair dealing as described in (b)(1) of this section.

2           (d) Notwithstanding (c) of this section, a precedent agreement or related  
3 contract with a public utility is not arm's length if the rate paid for transportation on an  
4 in-state natural gas pipeline is greater than the recourse tariff rate.

5           (e) If a precedent agreement or related contract is not arm's length, the  
6 commission shall determine whether the precedent agreement or related contract is  
7 just and reasonable using the standards normally applied under AS 42.06.140. If the  
8 commission is reviewing a precedent agreement under (c)(2) of this section, the  
9 commission may consider the in-state natural gas pipeline carrier's approved recourse  
10 tariff, including the cost data underlying the tariff. When considering whether to  
11 approve a contract as just and reasonable under this subsection, the commission shall  
12 consider the consequences of failing to approve the contract.

13           **Sec. 42.08.330. Contract carriage certificate.** (a) The owner of an in-state  
14 natural gas pipeline subject to this chapter may not engage in the transportation of  
15 natural gas or undertake the construction of a natural gas pipeline facility for that  
16 purpose, or acquire or operate an in-state natural gas pipeline facility, unless a  
17 certificate of public convenience and necessity by the commission authorizing contract  
18 carriage is in force with respect to that owner. A certificate shall describe the nature  
19 and extent of the authority granted, including, as appropriate for the services involved,  
20 a description of the authorized area and scope of operation for the in-state natural gas  
21 pipeline facility.

22           (b) Application for a certificate shall be made in writing to the commission  
23 and verified under oath. The commission by regulation shall establish the  
24 requirements for the form of the application and the information to be contained in the  
25 application. Notice of the application shall be provided to interested parties in the  
26 manner provided by regulation.

27           (c) Within 180 days after receiving an application under this chapter, the  
28 commission shall issue a contract carriage certificate authorizing, in whole or in part,  
29 the operation, service, construction, or acquisition covered by the application to a  
30 qualified applicant if the commission finds that the applicant is fit, willing, and able to  
31 do the acts, perform the proposed service, and conform to the provisions of this

1 chapter and the requirements of the commission, and that the proposed service,  
2 operation, construction, extension, or acquisition, to the extent authorized by the  
3 certificate, is or will be required by the present or future public convenience and  
4 necessity. The commission may, by order, extend the 180-day period for considering  
5 an application by the duration of a delay caused by the failure of the applicant to  
6 provide additional information reasonably required by the commission. If, within the  
7 180-day period and any extension of the period for considering the application, the  
8 commission fails to issue a contract carriage certificate and does not make a finding  
9 that the applicant is not fit, willing, and able under this subsection or that the proposed  
10 service is not required by public convenience and necessity, the application shall be  
11 considered approved and the contract carriage certificate shall take effect immediately.

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

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

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

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

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

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

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

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

8 **Sec. 42.08.340. Filing requirements; recourse tariffs.** (a) An in-state natural  
9 gas pipeline carrier shall file with the commission a complete recourse tariff  
10 containing rates, rules, regulations, terms, and conditions pertaining to service  
11 provided under the certificate and copies of all contracts with shippers that in any way  
12 affect or relate to the carrier's rates, tariffs, charges, classifications, rules, regulations,  
13 terms, and conditions to service provided under the certificate.

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

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

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

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

1           **Sec. 42.08.350. Initial or revised rates.** (a) An in-state natural gas pipeline  
2 carrier may not establish or place in effect an initial recourse tariff containing rates,  
3 charges, rules, regulations, conditions of service, or practices without providing notice  
4 to the commission and to the public at least 90 days before establishing or placing in  
5 effect the initial recourse tariff. Notice shall be filed with the commission before an  
6 open season and by making the recourse tariff provisions available for public  
7 inspection. The notice shall plainly indicate the time when the recourse tariff will go  
8 into effect and include a supporting cost study. The commission may prescribe  
9 additional requirements for the notice and the form in which the notice must be  
10 provided. The commission, for good cause shown, may allow initial recourse tariffs to  
11 take effect on less than 90 days' notice under conditions the commission prescribes by  
12 order. Submission of a precedent agreement or an associated contract is not subject to  
13 this section.

14           (b) The commission shall review the proposed initial recourse tariff and verify  
15 that the proposed terms and conditions of service are not unduly discriminatory. The  
16 commission also shall review the supporting cost study provided with an initial  
17 recourse tariff filing and verify, taking into consideration the expected risks, that the  
18 proposed rate of return on equity is within the range of permissible rates of return as  
19 determined by the Federal Energy Regulatory Commission in recent decisions related  
20 to the construction of natural gas pipelines, that the cost study incorporates a  
21 reasonable depreciation methodology and depreciable life, and that the cost study uses  
22 a reasonable capital structure. A proposed depreciation methodology, depreciable life,  
23 or capital structure is reasonable if it is commonly accepted or used by the commission  
24 or the Federal Energy Regulatory Commission.

25           (c) Upon written complaint or in its own motion, and after reasonable notice,  
26 the commission may conduct a hearing to determine whether the initial recourse tariff  
27 filed with the commission complies with the requirements in (b) of this section.  
28 Pending a hearing the commission may, by order stating the reasons for its action,  
29 suspend the operation of the initial recourse tariff for a period not longer than 30 days  
30 beyond the time when the initial recourse tariff would otherwise go into effect. An  
31 order suspending an initial recourse tariff filing may be vacated if, after investigation,

1 the commission finds that it is in all respects proper. Otherwise the commission shall  
2 hold a hearing on the suspended filing and issue its order, before the end of the  
3 suspension period, approving or denying the suspended initial recourse tariff.

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

10 (e) An in-state natural gas pipeline carrier may not establish or place in effect  
11 a revised rate, charge, rule, regulation, condition of service, or practice contained in a  
12 recourse tariff before providing notice to the commission and to the public at least 90  
13 days before taking the action. After construction or an expansion of the pipeline, and  
14 at any time that a carrier files for a revised recourse rate, the carrier shall file a  
15 supporting cost study. Notice shall be given by filing with the commission and  
16 keeping open for public inspection the revised recourse tariff provisions, which shall  
17 plainly indicate the changes to be made in the schedules then in force and the time  
18 when the changes will go into effect. The commission may prescribe additional means  
19 of giving notice. The commission, for good cause shown, may allow changes to take  
20 effect on shorter notice under conditions the commission prescribes by order.  
21 Submission of a precedent agreement or an associated contract is not subject to this  
22 subsection.

23 (f) The commission shall review a proposed revised recourse tariff in the same  
24 manner as the review of a proposed initial recourse tariff under (b) of this section,  
25 except that the depreciable life may be adjusted in accordance with the time period  
26 between the approval of the recourse tariff and the approval of the revised recourse  
27 tariff. The commission shall verify that the carrier is using the same elements that  
28 were last approved by the commission. A proposed recourse tariff with a new or  
29 revised term or condition of service that is unduly discriminatory shall be denied. The  
30 commission also shall deny a revised tariff rate that does not use the previously  
31 approved value of the specified rate element, unless the carrier proves that the new

1 value is just and reasonable. If the commission does not issue its ruling within 90  
2 days, the revised recourse tariff filing shall be considered approved.

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

7 (h) An in-state natural gas pipeline carrier shall provide for separate rates for  
8 one or more classes of firm transportation service and for interruptible transportation  
9 service in a recourse tariff filed with the commission under (a) of this section. An in-  
10 state natural gas pipeline carrier may impose a reservation fee or similar charge for  
11 reservation of capacity in an in-state natural gas pipeline as a condition of providing  
12 firm transportation service, but may not impose a reservation fee or similar charge for  
13 reservation of capacity in an in-state natural gas pipeline for interruptible  
14 transportation service.

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

19 **Sec. 42.08.370. Expansion; dispute resolution.** (a) A contract entered into by  
20 an in-state natural gas pipeline carrier may provide for expansion unless the expansion  
21 would cause the pipeline to be a competing natural gas pipeline project for purposes of  
22 AS 43.90.

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

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

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

29 (3) permit the participation of existing shippers and creditworthy  
30 potential shippers that have previously made good faith requests for firm  
31 transportation service; a participant must satisfy the commission's standard for

1 intervention in an adjudicatory proceeding and demonstrate that the participant has a  
2 property, financial, or other significant interest in the dispute.

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

10 (1) 0.7 percent to fund the operations of the commission; and

11 (2) 0.17 percent to fund operations of the public advocacy function  
12 under AS 42.04.070(c) and AS 44.23.020(e) in the Department of Law.

13 (b) The commission shall by regulation establish a method to determine  
14 annually the amount of the regulatory cost charge that will apply to a pipeline  
15 regulated under this chapter. If the amount the commission expects to collect under (a)  
16 of this section, AS 42.05.254(a), and AS 42.06.286(a) exceeds the authorized budgets  
17 of the commission and the Department of Law public advocacy function under  
18 AS 42.04.070(c) and AS 44.23.020(e), the commission shall, by order, reduce the  
19 percentage determined under a regulation adopted under this subsection so that the  
20 total amount of the fees collected approximately equals the authorized budgets of the  
21 commission and the Department of Law public advocacy function under  
22 AS 42.04.070(c) and AS 44.23.020(e) for the fiscal year.

23 (c) The commission shall administer the charge imposed under this section.  
24 The Department of Revenue shall collect and enforce the charge imposed under this  
25 section. The Department of Administration shall identify the amount of the operating  
26 budgets of the commission and the Department of Law public advocacy function  
27 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.  
28 The legislature may appropriate an amount equal to the lapsed amount to the  
29 commission and to the Department of Law public advocacy function under  
30 AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the  
31 legislature does so, the commission shall reduce the total regulatory cost charge

1 collected for that fiscal year by a comparable amount.

2 (d) The commission may adopt regulations under AS 44.62 (Administrative  
3 Procedure Act) necessary to administer this section, including procedures and  
4 requirements for reporting information and a requirement for paying the regulatory  
5 cost charge in quarterly payments. The Department of Revenue may adopt regulations  
6 under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed  
7 information and for collecting required payments.

8 **Sec. 42.08.390. Effect of chapter on taxes and royalties.** Nothing in this  
9 chapter shall alter the calculation of a production tax under AS 43.55.011 - 43.55.180  
10 or the calculation of a royalty due for a lease issued under AS 38.05.180.

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

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

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

18 (c) A record filed with the commission that is a precedent agreement between  
19 an in-state natural gas pipeline carrier and an unregulated entity is a privileged record  
20 that is not open to the public for inspection. For a record that relates to a precedent  
21 agreement, or is or relates to a contract other than a precedent agreement between an  
22 in-state natural gas pipeline carrier and an unregulated entity, if an in-state natural gas  
23 pipeline carrier identifies the provisions of the record that contain information that, if  
24 disclosed, could adversely affect the competitive position of the shipper or could cause  
25 commercial or competitive harm or damage if disclosed and the commission agrees,  
26 the information shall be treated by the commission as confidential.

27 (d) A person may make written objection to the public disclosure of  
28 information contained in a record filed under this chapter or of information obtained  
29 by the commission or by the attorney general under this chapter, stating the grounds  
30 for the objection. When an objection is made, the commission shall order the  
31 information withheld from public disclosure if the information adversely affects the

1 interest of the person making written objection and disclosure is not required in the  
2 interest of the public.

3 (e) A commissioner may certify as to all official records of the commission  
4 under this section and may certify as to all official acts of the commission under this  
5 chapter.

6 **Sec. 42.08.410. Investigations.** The commission may investigate any matter  
7 for which an investigation is authorized under this chapter. An investigation may be  
8 public, nonpublic, or both. In conducting an investigation, the commission may  
9 compel the attendance and testimony of witnesses and the production of records and  
10 testimony before the commission or its designee. In the course of an investigation, the  
11 commission may, subject to AS 44.23.020(e), exclude from attendance at the taking of  
12 investigative testimony all persons except a person compelled to attend, that person's  
13 attorney, members of the commission or the commission's staff, and a person  
14 authorized to transcribe the proceedings. In conducting an investigation related to a  
15 timely filed dispute, the commission shall issue a final order within 150 days after the  
16 date the formal complaint was filed with the commission, except for disputes related  
17 to open seasons, in which case, a final order must be issued within 60 days. If the  
18 commission has not acted within the applicable time period in this section, the dispute  
19 shall be considered to have been dismissed with prejudice.

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

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

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

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

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

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

11 (C) file a report with the commission that contains an updated  
12 cost study and a calculation of the three-year average actual return on equity;  
13 the report shall be filed every three years after the pipeline begins operations,  
14 within 90 days after the close of the annual accounting period for the in-state  
15 natural gas pipeline carrier, or within additional time granted by the  
16 commission upon a showing of good cause.

17 (b) The commission shall review the cost study described in (a)(2)(C) of this  
18 section and verify that, for the rate elements specified in AS 42.08.350(b), the carrier  
19 is using the same elements that were last approved by the commission. If the carrier  
20 does not use the correct rate elements in its triennial report, the commission may  
21 require the carrier to recalculate and file a corrected report. If, on the date the report  
22 described in (a)(2)(C) of this section is delivered, the report reflects that the three-year  
23 average actual return on equity exceeds the approved rate of return, the carrier shall,  
24 not later than 90 days after the date the report is delivered, deposit an amount equal to  
25 the excess in a segregated operating reserve fund. The carrier shall continue to deposit  
26 the excess described in this subsection at the times described in this subsection until  
27 the amount in the operating reserve fund is equal to 20 percent of the most recent  
28 three-year average of the carrier's annual operating costs. The carrier may use money  
29 in the operating reserve fund to offset any shortage in the recovery of operating costs  
30 set out in another triennial report. If a deposit will cause the operating reserve fund to  
31 exceed 20 percent of the most recent three-year average of the carrier's annual

1 operating costs, the amount exceeding 20 percent must be used to reduce, on a  
2 volumetric basis, the firm transportation service rates for all shippers for the next  
3 three-year period.

#### 4 **Article 6. General Provisions.**

5 **Sec. 42.08.510. Designation of service agents.** An in-state natural gas pipeline  
6 carrier shall file with the commission a written appointment of a named permanent  
7 resident, which may be a corporation, of this state as its registered agent in this state  
8 on whom service of all notices, regulations, and requests of the commission may be  
9 made. The appointment shall specify the address in this state of the appointed agent.  
10 The address may be changed from time to time by filing a new address in the state  
11 with the commission. If an in-state natural gas pipeline carrier fails to appoint a  
12 registered agent, service of notices, regulations, and requests may be made by posting  
13 a copy in the main office of the commission and filing a copy in the office of the  
14 lieutenant governor.

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

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

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

24 **Sec. 42.08.540. Joinder of actions.** Under the applicable court rules, appeals  
25 from orders of the commission and applications for enforcement of orders of the  
26 commission may be joined. The court may, in the interests of justice, separate the  
27 actions.

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

29 (1) "affiliated" or "affiliated interest," with respect to an in-state  
30 natural gas pipeline carrier, means any person that

31 (A) is controlled or owned, in whole or in part, by the in-state

1 natural gas pipeline carrier;

2 (B) is controlled or owned, in whole or in part, by an entity that  
3 controls or owns, in whole or in part, the in-state natural gas pipeline carrier; or

4 (C) controls or owns, in whole or in part, the in-state natural  
5 gas pipeline carrier;

6 (2) "commission" means the Regulatory Commission of Alaska  
7 (AS 42.04.010);

8 (3) "commissioner" means a member of the commission;

9 (4) "firm transportation service" means service by a natural gas  
10 pipeline carrier that is not subject to a prior claim by another shipper or another class  
11 of service; service constitutes "firm transportation service" if the service receives the  
12 same priority as any other class of firm transportation service;

13 (5) "in-state natural gas pipeline" or "in-state natural gas pipeline  
14 facility" means a natural gas pipeline that transports or will transport natural gas in the  
15 state by way of contract carriage;

16 (6) "in-state natural gas pipeline carrier" means the owner, including a  
17 corporation, company, or other entity organized under the laws of the United States or  
18 of any state, of an in-state natural gas pipeline or an interest in it, or a person,  
19 including a corporation, company, or other entity organized under the laws of the  
20 United States or of any state, that transports or will transport natural gas as a contract  
21 carrier;

22 (7) "natural gas pipeline" has the meaning given in AS 31.25.390;

23 (8) "precedent agreement" means a contractual commitment, including  
24 a presubscription agreement, to acquire firm transportation capacity, executed between  
25 an in-state natural gas pipeline carrier and another person, that establishes the rates,  
26 terms, and conditions for service;

27 (9) "record" means a report, file, book, account, paper, or application  
28 and the facts and information contained in it.

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

30 (d) Taxable property of a natural gas pipeline project owned or financed by  
31 the Alaska Gasline Development Corporation or a joint venture, partnership, or other

1 entity that includes the Alaska Gasline Development Corporation is exempt from state  
 2 taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized  
 3 under AS 43.56.010(b) before the commencement of commercial operations of that  
 4 natural gas pipeline project. In this subsection, "commencement of commercial  
 5 operations" means the first flow of natural gas in the project that generates revenue to  
 6 the owners of the natural gas pipeline project.

7 \* **Sec. 23.** AS 36.30.850(b)(45); AS 38.34.030, 38.34.040, 38.34.050, 38.34.060;  
 8 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,  
 9 41.41.050, 41.41.060, 41.41.070, 41.41.080, 41.41.090, 41.41.100, 41.41.110, 41.41.120,  
 10 41.41.130, 41.41.140, 41.41.150, 41.41.200, 41.41.300, 41.41.310, 41.41.320, 41.41.330,  
 11 41.41.340, 41.41.350, 41.41.360, 41.41.370, 41.41.380, 41.41.390, 41.41.400, 41.41.410,  
 12 41.41.450, 41.41.500, 41.41.900, and 41.41.990 are repealed.

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

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

16 **TRANSITION AND LEGISLATIVE INTENT.** (a) It is the intent of the legislature  
 17 that a right-of-way lease subject to AS 31.25.090(d), enacted by sec. 3 of this Act,  
 18 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of  
 19 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by  
 20 sec. 11 of this Act, that is entered into between the commissioner of natural resources and the  
 21 Alaska Gasline Development Corporation before the effective dates of secs. 3 and 8 - 11 of  
 22 this Act be amended as soon as practicable after the effective dates of secs. 3 and 8 - 11 of this  
 23 Act to conform to the requirements of AS 31.25.090(d), enacted by sec. 3 of this Act,  
 24 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of  
 25 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by  
 26 sec. 11 of this Act.

27 (b) The transition of the Alaska Gasline Development Corporation from a subsidiary  
 28 of the Alaska Housing Finance Corporation to an independent public corporation of the state  
 29 may not disrupt, interfere, or alter the work of the Alaska Gasline Development Corporation.  
 30 The governor shall appoint the board of the Alaska Gasline Development Corporation as soon  
 31 as practicable after the effective date of this Act. It is the intent of the legislature that the

1 governor appoint the new board of the Alaska Gasline Development Corporation within 90  
2 days after the effective date of this Act. The board of the Alaska Housing Finance  
3 Corporation shall serve as the board of the Alaska Gasline Development Corporation until the  
4 governor appoints the board of the Alaska Gasline Development Corporation under this  
5 subsection. The board of directors of the Alaska Gasline Development Corporation shall work  
6 with the board of directors of the Alaska Housing Finance Corporation and the commissioner  
7 of commerce, community, and economic development to ensure the smooth transition of the  
8 Alaska Gasline Development Corporation to being an independent public corporation,  
9 including modifying the articles of incorporation of the Alaska Gasline Development  
10 Corporation.

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

16 (d) It is the intent of the legislature that the Alaska Housing Finance Corporation, the  
17 board of directors of the Alaska Gasline Development Corporation as a subsidiary created  
18 under AS 18.56.086 by the Alaska Housing Finance Corporation, and the commissioner of  
19 commerce, community, and economic development expeditiously amend the articles of  
20 incorporation, the bylaws, and other documents of the Alaska Gasline Development  
21 Corporation to reflect the change in the placement of the Alaska Gasline Development  
22 Corporation from being a subsidiary of the Alaska Housing Finance Corporation to being an  
23 independent public corporation of the state as provided in AS 31.25, enacted by sec. 3 of this  
24 Act.

25 (e) It is the intent of the legislature that the Alaska Housing Finance Corporation and  
26 the commissioner of commerce, community, and economic development coordinate the  
27 transition of the Alaska Gasline Development Corporation to its new placement within the  
28 state as an independent public corporation of the state and assist the newly appointed board of  
29 directors of the Alaska Gasline Development Corporation to ensure that the development of  
30 an in-state natural gas pipeline is not unreasonably delayed because of the change in  
31 placement within the state of the corporation.

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

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

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

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

9 \* **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: HB004-DCCED-AGDC-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Gasline Development 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 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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							
<b>Total Operating</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>

**Fund Source (Operating Only)**

1061 CIP Rcpts	(3,634.3)	3,634.3					
1229 GasPipeFnd	7,692.6		5,320.4	5,195.4	4,895.4	4,895.4	4,895.4
<b>Total</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>

**Positions**

Full-time	25.0	7.0	32.0	32.0	32.0	32.0	32.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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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:**

Updated Version - This revised fiscal note reflects the fiscal impact to the Alaska Gasline Development Corporation. Additional fiscal impacts to other agencies in future years is shown in the attached back up. Fiscal notes for the four agencies affected in FY14 are attached to the bill. Additional agencies are affected in out years; notes for those agencies are not attached to the bill. This fiscal note also reflects a fund source change from CIP Receipts to the new In-State Natural Gas Pipeline Fund. The FY14 Capital costs are included in the Senates version of the capital bill as AHCC Receipts.

Prepared By: Co-Chair Senator Kelly  
Senate Finance Committee  
Co-Chair Senator Meyer  
Senate Finance Committee

Phone: (907)465-3753  
Date: 04/09/2013

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
<b>Total:</b>	<b>5,163.2</b>	<b>3,634.3</b>	<b>7,228.5</b>	<b>9,265.0</b>	<b>10,937.4</b>	<b>11,103.9</b>	<b>8,748.6</b>

# 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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>
<b>Positions</b>	<b>25</b>	<b>7</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>

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>
	<b>\$427,000.0</b>
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	<b>\$355,000.0</b>
FY14 Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	<b>\$330,000.0</b>

*\* 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
<b>Total</b>	<b>\$400,000,000</b>

**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

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>541.5</b>	<b>2,251.1</b>	<b>2,603.4</b>	<b>2,603.4</b>	<b>376.6</b>

#### 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				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>							
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>96.5</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>

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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>151.0</b>	<b>151.0</b>	<b>151.0</b>	<b>0.0</b>

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.



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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY14 Request	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>					
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>131.5</b>	<b>145.4</b>	<b>145.4</b>

**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				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>112.2</b>	<b>122.1</b>	<b>122.1</b>

**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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>120.2</b>	<b>131.8</b>	<b>131.8</b>

**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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

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



the gas pipeline. An Environmental Program Specialist III, range 18, will be needed in FY2018 to inspect and issue renewals as warranted.

Travel:

Travel to conduct inspections, permitting, and preparedness 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 each new position identified above.

**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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>8.8</b>	<b>144.8</b>	<b>1,122.4</b>	<b>1,126.3</b>	<b>1,221.3</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>9</b>	<b>9</b>

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				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>

**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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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
<b>TOTAL OPERATING</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>

**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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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
<b>DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT</b>													
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,
<b>TOTAL</b>	<b>3,634.3</b>	<b>4,058.3</b>	<b>7,692.6</b>	<b>7,692.6</b>	<b>-2,372.2</b>	<b>5,320.4</b>	<b>5,320.4</b>	<b>-125.0</b>	<b>5,195.4</b>	<b>5,195.4</b>	<b>-300.0</b>	<b>4,895.4</b>	<b>4,</b>
Commercial Operations		2	2	2		2	2		2	2		2	
Pipeline & Facilities Engineering		0	0	0		0	0		0	0		0	
Support Activities	7	23	30	30		30	30		30	30		30	
<b>TOTAL</b>	<b>7</b>	<b>25</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	

## 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	
Environmental Health - Drinking Water		0.0	0.0	0.0		0.0	0.0		0.0	0.0	131.5	131.5	1
Environmental Health - Food Safety & Sanitation		0.0	0.0	0.0		0.0	0.0		0.0	0.0	112.2	112.2	1
Environmental Health - Solid Waste Management		0.0	0.0	0.0		0.0	0.0		0.0	0.0	120.2	120.2	1
Spill Prevention & Response		0.0	0.0	0.0	20.0	20.0	20.0	78.9	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	3
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	1,1
Division of Water		236.2	236.2	236.2	-15.0	221.2	221.2		221.2	221.2	298.3	519.5	5
<b>TOTAL</b>	<b>0.0</b>	<b>290.8</b>	<b>290.8</b>	<b>290.8</b>	<b>119.8</b>	<b>410.6</b>	<b>410.6</b>	<b>397.4</b>	<b>808.0</b>	<b>808.0</b>	<b>1,620.1</b>	<b>2,428.1</b>	<b>2,4</b>
Commercial Operations			0	0		0	0		0	0		0	
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	
Support Activities		2	2	2	1	3	3	3	6	6	13	19	
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>13</b>	<b>19</b>	

## DEPARTMENT OF LAW

Regulatory Affairs		102.3	102.3	102.3	34.1	136.4	136.4		136.4	136.4		136.4	1
<b>TOTAL</b>	<b>0.0</b>	<b>102.3</b>	<b>102.3</b>	<b>102.3</b>	<b>34.1</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>1</b>
Support Activities		1	1	1		1	1		1	1		1	
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	

## 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	2,6
Office of History and Archaeology				0.0	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	1
Division of Mining, Land and Water			0.0	0.0	96.5	96.5	96.5	-96.5	0.0	0.0		0.0	
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>670.3</b>	<b>670.3</b>	<b>670.3</b>	<b>1,764.1</b>	<b>2,434.4</b>	<b>2,434.4</b>	<b>352.3</b>	<b>2,786.7</b>	<b>2,7</b>
Commercial Operations			0	0		0	0		0	0		0	
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	
Support Activities			0	0		0	0	8	8	8		8	
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>8</b>	

## DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-Fund Cap-In-State Gas Pipeline4-8-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate 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 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous	330,000.0						
<b>Total Operating</b>	<b>330,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1213 AHCC	330,000.0						
<b>Total</b>	<b>330,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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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 \$330 million AHCC Receipts. The FY14 Capital costs reflect the Governor's Request for \$25 million AHCC Receipts.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/08/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DEC-WQ-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Se

Department: Department of Environmental Conservation  
Appropriation: Water  
Allocation: Water Quality  
OMB Component Number: 2062

**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 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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							
<b>Total Operating</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>

**Fund Source (Operating Only)**

1229 GasPipeFnd	236.2		221.2	221.2	519.5	504.5	504.5
<b>Total</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>

**Positions**

Full-time	2.0		2.0	2.0	4.0	4.0	4.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Environmental Conservation, Water Quality allocation and appropriates the new In-State Natural Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/09/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DEC-AQ-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate

Department: Department of Environmental Conservation  
Appropriation: Environmental Health  
Allocation: Air Quality  
OMB Component Number: 2061

**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
<b>OPERATING EXPENDITURES</b>								
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								
<b>Total Operating</b>	<b>54.6</b>	<b>0.0</b>	<b>160.6</b>	<b>27.7</b>	<b>16.0</b>	<b>65.0</b>	<b>0.0</b>	

**Fund Source (Operating Only)**

1229 GasPipeFnd	54.6		160.6	27.7	16.0	65.0		
<b>Total</b>	<b>54.6</b>	<b>0.0</b>	<b>160.6</b>	<b>27.7</b>	<b>16.0</b>	<b>65.0</b>	<b>0.0</b>	

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Environmental Conservation, Air Quality allocation and appropriates the new In-State Natural Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/09/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DOTPF-SD&ES-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate Finance

Department: Department of Transportation and Public Facilities  
Appropriation: Design, Engineering and Construction  
Allocation: Statewide Design and Engineering Services  
OMB Component Number: 2357

**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 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**Fund Source (Operating Only)**

1229 GasPipeFnd	711.8		690.8	690.8	690.8	690.8	690.8
<b>Total</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**Positions**

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

**Change in Revenues**

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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Transportation and Public Facilities, Statewide Design and Engineering Services allocation and appropriates the new In-State Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly  
Senate Finance Committee  
Co-Chair Senator Meyer  
Senate Finance Committee

Phone: (907)465-3753  
Date: 04/09/2013

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DOL-RAPA-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate Finance

Department: Department of Law  
Appropriation: Civil Division  
Allocation: Regulatory Affairs Public Advocacy  
OMB Component Number: 2764

**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
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>					
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							
<b>Total Operating</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>

**Fund Source (Operating Only)**

1229 GasPipeFnd	102.3		136.4	136.4	136.4	136.4	136.4
<b>Total</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>

**Positions**

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Law, Regulatory Affairs and Public Advocacy allocation and appropriates the new In-State Natural Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly  
Senate Finance Committee  
Co-Chair Senator Meyer  
Senate Finance Committee

Phone: (907)465-3753  
Date: 04/09/2013

*Adopted 4/11/13*

28-LS0021\T  
Bullock  
4/10/13

**SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 4(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES HAWKER AND CHENAULT, Millett, Johnson, Neuman, Hughes, Olson, Gattis, Reinbold, Holmes, Tammie Wilson, Thompson, Costello, Nageak, Higgins, Isaacson, LeDoux, Lynn

SENATORS Micciche, McGuire, Giessel, Kelly, Dyson, Huggins

**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  
13 by the Regulatory Commission of Alaska of natural gas transportation contracts;

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

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

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

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

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

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

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

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

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

25 (2) the Board of Directors of the Alaska Gasline Development Corporation  
26 commit to governing the Alaska Gasline Development Corporation so as to affect positively  
27 as many Alaskans as possible, including those in rural and coastal communities, and to extend  
28 opportunities for all Alaskans to benefit from the natural gas resources of the state, including

1 propane and associated gas-related hydrocarbons other than oil;

2 (3) to the maximum extent permitted by law, in developing a natural gas  
3 pipeline, the Alaska Gasline Development Corporation shall procure services, labor, products,  
4 and natural resources from qualified businesses located in the state, including organizations  
5 owned by Alaska Natives and municipal organizations directly affected by the project, if  
6 those persons are competitive;

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

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

12 (B) establish hiring facilities in the state or use existing hiring facilities  
13 in the state; and

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

17 (5) the Alaska Gasline Development Corporation and its subsidiaries shall  
18 wind up and dissolve when no bonds, notes, or other obligations are outstanding and the  
19 Alaska Gasline Development Corporation or a subsidiary of the Alaska Gasline Development  
20 Corporation is no longer engaged in the development, financing, construction, or operation of  
21 an in-state natural gas pipeline.

22 \* **Sec. 2.** AS 18.56.086 is amended to read:

23 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create  
24 subsidiary corporations for the purpose of financing or facilitating the financing of  
25 school construction, facilities for the University of Alaska, facilities for ports and  
26 harbors, the acquisition, development, management, or operation of affordable  
27 housing, prepayment of all or a portion of a governmental employer's share of  
28 unfunded accrued actuarial liability of retirement systems, or other capital projects. [A  
29 SUBSIDIARY CORPORATION MAY ALSO BE CREATED FOR THE PURPOSE  
30 OF PLANNING, CONSTRUCTING, AND FINANCING IN-STATE NATURAL  
31 GAS PIPELINE PROJECTS OR FOR THE PURPOSE OF AIDING IN THE

1 PLANNING, CONSTRUCTION, AND FINANCING OF IN-STATE NATURAL  
2 GAS PIPELINE PROJECTS.] A subsidiary corporation created under this section  
3 may be incorporated under AS 10.20.146 - 10.20.166. The corporation may transfer  
4 assets of the corporation to a subsidiary created under this section. A subsidiary  
5 created under this section may borrow money and issue bonds as evidence of that  
6 borrowing, and has all the powers of the corporation that the corporation grants to it.  
7 However, a subsidiary created for the purpose of financing or facilitating the financing  
8 of prepayment of a governmental employer's share of unfunded accrued actuarial  
9 liability of retirement systems may borrow money and issue bonds only if the state  
10 bond rating is the equivalent of AA- or better and subject to AS 37.15.903. [A  
11 SUBSIDIARY CORPORATION CREATED FOR THE PURPOSE OF PLANNING,  
12 CONSTRUCTING, AND FINANCING IN-STATE NATURAL GAS PIPELINE  
13 PROJECTS OR FOR THE PURPOSE OF AIDING IN THE PLANNING,  
14 CONSTRUCTION, OR FINANCING OF IN-STATE NATURAL GAS PIPELINE  
15 PROJECTS IS EXEMPT FROM AS 36.30, INCLUDING AS 36.30.015(d) AND (f).]  
16 Unless otherwise provided by the corporation, the debts, liabilities, and obligations of  
17 a subsidiary corporation created under this section are not the debts, liabilities, or  
18 obligations of the corporation.

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

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

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

22 **Sec. 31.25.010. Structure.** The Alaska Gasline Development Corporation is a  
23 public corporation and government instrumentality located for administrative purposes  
24 in the Department of Commerce, Community, and Economic Development, but  
25 having a legal existence independent of and separate from the state. The corporation  
26 may not be terminated as long as it has bonds, notes, or other obligations outstanding.  
27 The corporation may dissolve when no bonds, notes, or other obligations of the  
28 corporation or a subsidiary of the corporation are outstanding and the corporation or a  
29 subsidiary of the corporation is no longer engaged in the development, financing,  
30 construction, or operation of an in-state natural gas pipeline. Upon termination of the  
31 corporation, its rights and property pass to the state.

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

3                   (1) five public members; and

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

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

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

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

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

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

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

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

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

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

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

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

16 (1) the sale and issuance of bonds;

17 (2) the sale or other disposition of a substantial asset or substantial  
18 amount of the assets of the corporation; the corporation shall adopt a regulation that  
19 defines a substantial asset and a substantial amount of assets for the purposes of this  
20 paragraph;

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

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

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

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

30 **Sec. 31.25.040. Administration of affairs.** (a) The board shall manage the  
31 assets and business of the corporation and may adopt, amend, and repeal bylaws and

1 regulations governing the manner in which the business of the corporation is  
2 conducted and the manner in which its powers are exercised. The board shall delegate  
3 supervision of the administration of the corporation to the executive director,  
4 appointed in accordance with AS 31.25.045.

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

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

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

14 **Sec. 31.25.060. Employment of personnel.** The board may appoint other  
15 officers and engage professional and technical advisors as independent contractors.  
16 The executive director may hire employees of the corporation and engage professional  
17 and technical advisors under contract with the corporation. The board shall prescribe  
18 the duties and compensation of corporation personnel, including the executive  
19 director.

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

22 **Sec. 31.25.070. Purpose.** The corporation shall, for the benefit of the state, to  
23 the fullest extent possible,

24 (1) advance an in-state natural gas pipeline as described in the July 1,  
25 2011, project plan prepared under former AS 38.34.040 by the corporation while a  
26 subsidiary of the Alaska Housing Finance Corporation, with modifications determined  
27 by the corporation to be appropriate to develop, finance, construct, and operate an in-  
28 state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the  
29 purpose of making natural gas, including propane and other hydrocarbons associated  
30 with natural gas other than oil, available to Fairbanks, the Southcentral region of the  
31 state, and other communities in the state at the lowest rates possible;

1 (2) endeavor to develop natural gas pipelines or other transportation  
2 mechanisms to deliver natural gas, including propane and other hydrocarbons  
3 associated with natural gas other than oil, to public utility and industrial customers in  
4 areas of the state to which the natural gas, including propane and other hydrocarbons  
5 associated with natural gas other than oil, may be delivered at commercially  
6 reasonable rates; and

7 (3) endeavor to develop natural gas pipelines or other transportation  
8 mechanisms that offer commercially reasonable rates for shippers and access for  
9 shippers who produce natural gas, including propane and other hydrocarbons  
10 associated with natural gas other than oil, in the state.

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

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

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

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

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

29 (5) acquire, by purchase, lease, or gift, land, structures, real or personal  
30 property, an interest in property, a right-of-way, a franchise, an easement, or other  
31 interest in land, or an interest in or right to capacity in a pipeline system determined to

1 be necessary or convenient for the development, financing, construction, or operation  
2 of an in-state natural gas pipeline project or part of an in-state natural gas pipeline  
3 project;

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

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

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

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

13 (10) advocate for new pipeline capacity before the Federal Energy  
14 Regulatory Commission;

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

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

20 (13) adopt an official seal;

21 (14) adopt bylaws for the regulation of its affairs and the conduct of its  
22 business and adopt regulations and policies in connection with the performance of its  
23 functions and duties;

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

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

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

30 (18) include in a borrowing the amounts necessary to pay financing  
31 charges, to pay interest on the obligations, and to pay the interest, consultant, advisory,

1 and legal fees, and other expenses that are necessary or incident to the borrowing;

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

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

6 (21) invest or reinvest, subject to its contracts with noteholders and  
7 bondholders, money or funds held by the corporation, including funds in the in-state  
8 natural gas pipeline fund (AS 31.25.100), in obligations or other securities or  
9 investments in which banks or trust companies in the state may legally invest funds  
10 held in reserves or sinking funds or funds not required for immediate disbursement,  
11 and in certificates of deposit or time deposits secured by obligations of, or guaranteed  
12 by, the state or the United States;

13 (22) enter into, as it determines to be necessary or appropriate, any  
14 swap or hedge, cap, or other contract providing for payments based on levels of or  
15 changes in interest rates or indices or in the cost or price of any commodity, supply, or  
16 expense expected to be used or incurred in connection with the acquisition,  
17 construction, or operation of any facility or property owned, leased, or operated by the  
18 corporation, or an option with respect to any of the foregoing.

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

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

5 (e) If commitments to acquire firm transportation capacity are received in an  
6 open season conducted by the corporation, the corporation shall, within 10 days after  
7 accepting and executing the written commitments received during the open season,  
8 report the results of the open season to the president of the senate and the speaker of  
9 the house of representatives and inform the public of the results of the open season  
10 through publication on the Internet website of the corporation and in a press release or  
11 other announcement to the media. The results made public must include the name of  
12 each prospective shipper, the amount of capacity allocated, and the period of the  
13 commitment. If the corporation determines that the commitments received during the  
14 open season are not sufficient to permit the corporation to continue the development or  
15 construction of the natural gas pipeline, the corporation shall report that to the  
16 legislature within 30 days.

17 (f) The corporation shall, to the maximum extent practicable without delaying  
18 the progress of developing an in-state natural gas pipeline project and without causing  
19 the in-state natural gas pipeline project to become a competing natural gas pipeline  
20 project for purposes of AS 43.90.440, coordinate with and accommodate the  
21 developers of a large-diameter in-state natural gas pipeline by planning for the  
22 development and use of common pipeline facilities from the North Slope to the  
23 Livengood area or to another point from which a large-diameter in-state natural gas  
24 pipeline may be constructed south to tidewater in either the Prince William Sound or  
25 Cook Inlet area. In this subsection, "large-diameter in-state natural gas pipeline"  
26 means a pipeline in the state with a diameter of 42 inches or more.

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

1 designs that have already been provided or obtained by other state entities. All  
2 departments, agencies, and public corporations of the state shall cooperate with and  
3 shall provide information, services, and facilities to the corporation upon its request  
4 and, except for requests from the Alaska Gasline Inducement Act coordinator  
5 (AS 43.90.250), give priority to processing authorization applications and other  
6 requests of the corporation.

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

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

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

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

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

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

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

31 (B) AS 38.35.121 for an in-state natural gas pipeline that the

1 corporation intends to be a contract carrier.

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

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

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

13 and

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

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

26 (h) Information and trade secrets of the corporation are confidential and not  
27 subject to AS 40.25 if the corporation determines that disclosure would cause  
28 commercial or competitive harm or damage to the corporation. Information that  
29 discloses the particulars of a business or the affairs of a private enterprise, investor,  
30 advisor, consultant, counsel, or manager that is developed or obtained by the  
31 corporation and related to the development, financing, construction, or operation of an

1 in-state natural gas pipeline project by the corporation is confidential and not subject  
2 to AS 40.25. The corporation may waive the confidentiality described in this  
3 subsection, except for information that is confidential under another provision of state  
4 law or under a federal law or regulation and except for information acquired from  
5 another person that is subject to a confidentiality agreement, if the waiver is consistent  
6 with the interests of the state and will facilitate the development, financing, or  
7 construction of an in-state natural gas pipeline. On the date that the in-state natural gas  
8 pipeline project becomes operational, the corporation shall make available, upon  
9 request under AS 40.25, records that were exempt from AS 40.25 under this  
10 subsection or (g) of this section, unless the corporation determines that

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

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

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

26 **Sec. 31.25.120. Creation of subsidiaries.** The corporation may create  
27 subsidiary corporations for the purpose of developing, constructing, operating, and  
28 financing in-state natural gas pipeline projects or other transportation mechanisms; for  
29 the purpose of aiding in the development, construction, operation, and financing of in-  
30 state natural gas pipeline projects; or for the purpose of acquiring the state's royalty  
31 share of natural gas, natural gas from the North Slope, and natural gas from other

1 regions of the state, including the state's outer continental shelf, and making that  
2 natural gas available to markets in the state, including the delivery of natural gas,  
3 including propane and other hydrocarbons associated with natural gas other than oil, to  
4 coastal communities in the state, or for export. A subsidiary corporation created under  
5 this section may be incorporated under AS 10.20.146 - 10.20.166. The corporation  
6 may transfer assets of the corporation to a subsidiary created under this section. A  
7 subsidiary created under this section may borrow money and issue bonds as evidence  
8 of that borrowing and has all the powers of the corporation that the corporation grants  
9 to it. Unless otherwise provided by the corporation, the debts, liabilities, and  
10 obligations of a subsidiary corporation created under this section are not the debts,  
11 liabilities, or obligations of the corporation.

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

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

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

22 (d) Except as provided in (e) of this section, at least 15 days before the  
23 adoption, amendment, or repeal of a regulation, the board shall give public notice of  
24 the proposed action by posting notice on the corporation's Internet website and on the  
25 Alaska Online Public Notice System and by mailing a copy of the notice to every  
26 person who has filed a request for notice of proposed regulations with the board or the  
27 corporation. The public notice must include a statement of the time, place, and nature  
28 of the proceedings for the adoption, amendment, or repeal of the regulation and must  
29 include an informative summary of the proposed subject of the regulation. On the date  
30 and at the time and place designated in the notice, the board shall give each interested  
31 person or an authorized representative, or both, the opportunity to present statements,

1 arguments, or contentions in writing and shall give members of the public an  
2 opportunity to present oral statements, arguments, or contentions for a total period of  
3 at least one hour. The board shall consider all relevant matter presented to it before  
4 adopting, amending, or repealing a regulation. At a hearing under this subsection, the  
5 board may continue or postpone the hearing to a time and place that it determines. A  
6 regulation that is adopted, or its amendment or repeal, may vary in content from the  
7 informative summary specified in this subsection if the subject matter of the  
8 regulation, or its amendment or repeal, remains the same and the original notice was  
9 written to ensure that members of the public are reasonably notified of the proposed  
10 subject of the board's action in order for them to determine whether their interests  
11 could be affected by the board's action on that subject.

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

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

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

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

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

31 (1) annually review the corporation's assets, including the assets of the

1 in-state natural gas pipeline fund under AS 31.25.100, to determine whether assets of  
2 the corporation exceed an amount required to fulfill the purposes of the corporation as  
3 defined in this chapter; in making its review, the board shall determine whether, and to  
4 what extent, assets in excess of the amount required to fulfill the purposes of the  
5 corporation during the next fiscal year are available without

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

7 (B) materially impairing the operations or financial integrity of  
8 the corporation; or

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

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

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

## 18 **Article 2. Bonds and Notes.**

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

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

29 (c) Bonds or bond anticipation notes may be issued in one or more series and  
30 shall be dated, bear interest at the rate or rates a year or within the maximum rate, be  
31 in the denomination, be in the form, either coupon or registered, carry the conversion

1 or registration provisions, have the rank or priority, be executed in the manner and  
2 form, be payable from the sources in the medium of payment and place or places  
3 within or outside the state, be subject to authentication by a trustee or fiscal agent, and  
4 be subject to the terms of redemption with or without premium, as the resolution of the  
5 corporation may provide. Bond anticipation notes shall mature at the time or times that  
6 are determined by the corporation. Bonds shall mature at a time, not exceeding 50  
7 years from their date, that is determined by the corporation. Before the preparation of  
8 definitive bonds or bond anticipation notes, the corporation may issue interim receipts  
9 or temporary bonds or bond anticipation notes, with or without coupons, exchangeable  
10 for bonds or bond anticipation notes when the definitive bonds or bond anticipation  
11 notes have been executed and are available for delivery.

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

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

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

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

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

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

29 (4) to covenant as to establishment of reserves or sinking funds and the  
30 making of provision for and the regulation and disposition of the reserves or sinking  
31 funds;

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

3 (6) to covenant as to bonds and notes to be issued, and their  
4 limitations, terms, and condition, and as to the custody, application, and disposition of  
5 the proceeds of the bonds and notes;

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

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

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

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

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

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

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

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

30 (15) to covenant as to the time or manner of enforcement or restraint  
31 from enforcement of any rights of the corporation arising by reason of or with respect

1 to nonpayment or violation of the terms of an agreement to which the corporation is a  
2 party or with respect to which the corporation has enforcement rights;

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

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

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

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

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

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

31 (22) to make covenants other than and in addition to the covenants

1 expressly authorized in this section, of like or different character, and to make  
2 covenants to do or refrain from doing acts and things as may be necessary, or as may  
3 be convenient and desirable, to better secure bonds or notes or that, in the absolute  
4 discretion of the corporation, would tend to make bonds or notes more marketable,  
5 notwithstanding that the covenants, acts, or things may not be enumerated in this  
6 section.

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

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

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

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

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

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

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

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

27 (d) In computing the amount of a capital reserve fund for the purpose of this  
28 section, securities in which all or a portion of the funds are invested shall be valued at  
29 par or, if purchased at less than par, at amortized costs as the term is defined by  
30 resolution of the corporation authorizing the issue of the obligations, or by some other  
31 reasonable method established by the corporation by resolution. Valuation on a

1 particular date shall include the amount of interest earned or accrued to that date.

2 (e) The chair of the corporation shall annually, not later than January 2, make  
3 and deliver to the governor and chairs of the house and senate finance committees a  
4 certificate stating the sum, if any, required to restore a capital reserve fund to the  
5 capital reserve fund requirement. The legislature may appropriate that sum, and the  
6 corporation shall deposit all sums appropriated by the legislature during the then  
7 current fiscal year for the restoration in the proper capital reserve fund. Nothing in this  
8 section creates a debt or liability of the state.

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

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

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

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

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

30 **Sec. 31.25.230. Refunding obligations.** (a) The corporation may provide for  
31 the issuance of refunding obligations for the purpose of refunding obligations then

1 outstanding that have been issued under this chapter, including the payment of the  
2 redemption premium on them and interest accrued or to accrue to the date of  
3 redemption of the obligations. The issuance of the obligations, the maturities and other  
4 details of them, the rights of the holders of them, and the rights, duties, and obligations  
5 of the corporation with respect to them are governed by the provisions of this chapter  
6 that relate to the issuance of obligations, insofar as those provisions may be  
7 appropriate.

8 (b) Refunding obligations may be sold or exchanged for outstanding  
9 obligations issued under this chapter and, if sold, the proceeds may be applied, in  
10 addition to other authorized purposes, to the purchase, redemption, or payment of the  
11 outstanding obligations.

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

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

### 30 **Article 3. General Provisions.**

31 **Sec. 31.25.250. Limitation on personal liability.** A member of the board or

1 other officer of the corporation or a subsidiary of the corporation is not subject to  
2 personal liability or accountability because the member or officer executed or issued  
3 an obligation.

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

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

17 **Sec. 31.25.270. Annual report; final report.** (a) The corporation shall prepare  
18 and transmit annually a report to the governor accounting for the efficient discharge of  
19 all responsibility assigned by law or by directive to the corporation. The corporation  
20 shall notify the legislature that the report is available.

21 (b) By January 10 of each year, the board shall prepare a report of the  
22 corporation. The board shall notify the governor and the legislature that the report is  
23 available, and publish notice to the public on the Alaska Online Public Notice System  
24 under AS 44.62.175 that the report is available on the corporation's Internet website.  
25 The report shall be written in easily understandable language. The report must include  
26 a financial statement audited by an independent outside auditor and any other  
27 information the board believes would be of interest to the governor, the legislature,  
28 and the public. The annual income statement and balance sheet of the corporation shall  
29 be published on the Internet. The board may also publish electronically or in print, at  
30 the corporation's discretion, other reports it considers desirable to carry out its  
31 purpose.

1 (c) After a decision of the corporation to dissolve under AS 31.25.010, the  
2 corporation shall provide a final report to the governor, the legislature, and the public  
3 that summarizes the reasons for the dissolution of the corporation and a statement by  
4 an independent outside auditor that the corporation and the subsidiaries of the  
5 corporation, if any, have no bonds, notes, or other obligations outstanding.

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

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

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

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

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

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

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

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

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

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

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

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

30 (1) "gas or electric utility" includes an electric cooperative organized  
31 under AS 10.25, a municipal utility, and a gas or electric utility regulated under

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

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

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

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

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

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

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

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

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

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under the lease, that

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

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

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

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

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

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

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

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

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

30 (7) it will construct and operate the pipeline in accordance with  
31 applicable state laws and lawful regulations and orders of the Regulatory Commission

1 of Alaska;

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

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

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

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

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

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

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

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

1 utilization of the pipeline, for necessary operations incident to land management,  
2 administration, or disposal;

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

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

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

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

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

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

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

30 (2) it will interchange natural gas and provide connections with each  
31 public utility pipeline, common carrier pipeline, or contract carrier pipeline, and

1 facilities for the interchange of natural gas at every locality reached by both pipelines  
2 when the necessity exists, as provided in contracts on file with the Regulatory  
3 Commission of Alaska;

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

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

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

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

25 (c) The lessee may not construct or expand or allow the construction or  
26 expansion of a natural gas pipeline under (a) of this section to be a competing natural  
27 gas pipeline project for purposes of AS 43.90. In this subsection, "competing natural  
28 gas pipeline project" has the meaning given in AS 43.90.440.

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

30 (c) Notwithstanding (a) of this section, a right-of-way lease shall be granted  
31 without appraisal or rental costs to the Alaska Gasline Development Corporation

1 created under AS 31.25.010.

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

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

24 (d) An appeal of a permitting decision or authorization by the Department of  
 25 Environmental Conservation under AS 46.03 or AS 46.14 that is made under a  
 26 program approved or delegated by the United States Environmental Protection Agency  
 27 is not

- 28 (1) subject to the limitation in (a) of this section;
- 29 (2) included in the actions or decisions described in (c) of this section.

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

31 (H) Alaska Gasline Development Corporation and subsidiaries

1 of the Alaska Gasline Development Corporation;

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

3 (64) the board of directors of the Alaska Gasline Development  
4 Corporation or the board of directors of a subsidiary of the Alaska Gasline  
5 Development Corporation.

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

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

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

11 (2) records pertaining to juveniles unless disclosure is authorized by  
12 law;

13 (3) medical and related public health records;

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

16 (5) to the extent the records are required to be kept confidential under  
17 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure  
18 or retain federal assistance;

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

21 (A) could reasonably be expected to interfere with enforcement  
22 proceedings;

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

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

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

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

31 (F) would disclose guidelines for law enforcement

1 investigations or prosecutions if the disclosure could reasonably be expected to  
2 risk circumvention of the law; or

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

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

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

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

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

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

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

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

26 (11) the written notification regarding a proposed regulation provided  
27 under AS 24.20.105 to the Department of Law and the affected state agency and  
28 communications between the Legislative Affairs Agency, the Department of Law, and  
29 the affected state agency under AS 24.20.105;

30 (12) records that are

31 (A) proprietary, privileged, or a trade secret in accordance with

1 AS 43.90.150 or 43.90.220(e);

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

4 **(13) information of the Alaska Gasline Development Corporation**  
5 **created under AS 31.25.010 or a subsidiary of the Alaska Gasline Development**  
6 **Corporation that is confidential by law or under a valid confidentiality**  
7 **agreement.**

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

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

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

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

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

25 (c) A public utility negotiating to contract for the storage of natural gas  
26 shipped in an in-state natural gas pipeline regulated under AS 42.08 shall submit the  
27 contract to the commission before the contract takes effect.

28 (d) The commission shall review and may conduct an investigation and  
29 hearing to determine whether a contract submitted under (b) or (c) of this section is  
30 just and reasonable. The review and determination shall be conducted as provided in  
31 AS 42.08.320(b) - (d). The commission shall either approve the contract as presented

1 or, if the commission finds that a contract is not just and reasonable, disapprove the  
2 contract. Notwithstanding AS 42.05.175, if the commission has not acted within 180  
3 days after the contract is submitted, the contract shall be considered approved and  
4 shall take effect immediately. The commission may, by order, extend the 180-day  
5 review period by the duration of a delay caused by a failure of the public utility to  
6 submit supplemental information that is available to the public utility. A contract that  
7 is approved or considered approved under this section is not subject to further review  
8 by the commission.

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

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

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

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

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

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

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

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

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

24 **Sec. 42.08.020. Qualification of the Alaska Gasline Development**  
25 **Corporation; findings.** (a) The Alaska Gasline Development Corporation is  
26 financially fit, willing, and able to take the actions, perform the service, and conform  
27 to the requirements of this chapter.

28 (b) The board of directors and the officers of the Alaska Gasline Development  
29 Corporation are managerially fit, willing, and able to manage the Alaska Gasline  
30 Development Corporation and to take the actions, perform the service, and conform to  
31 the requirements of this chapter.

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

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

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

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

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

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

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

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

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

- 1 (b) The commission may
- 2 (1) review and approve recourse tariffs filed by an in-state natural gas
- 3 pipeline carrier under this chapter;
- 4 (2) review and approve contracts;
- 5 (3) investigate on its own motion or after receiving a formal complaint,
- 6 a dispute
- 7 (A) related to rules, regulations, services, practices, and
- 8 facilities that are not subject to the dispute resolution provisions in an in-state
- 9 natural gas pipeline carrier's contracts or recourse tariff;
- 10 (B) presented by a complainant that does not have a contract
- 11 with the in-state natural gas pipeline carrier;
- 12 (C) related to the conduct of an in-state natural gas pipeline
- 13 carrier's open season under AS 42.08.300; to resolve the dispute, the
- 14 commission may order an expansion of an in-state natural gas pipeline or order
- 15 an open season under the terms provided for an expansion or open season in
- 16 this chapter or AS 38.35.121(a)(4) and (c); or
- 17 (D) related to an unreasonable diminution in quantity or quality
- 18 in the provision of service to a public utility that
- 19 (i) is a violation of the in-state natural gas pipeline
- 20 carrier's tariff or contract with the public utility;
- 21 (ii) has not been resolved by the in-state natural gas
- 22 pipeline carrier; and
- 23 (iii) will result in immediate injury, loss, or damage to
- 24 the peace, health, safety, or general welfare of the public as clearly
- 25 demonstrated by specific facts shown by affidavit or verified
- 26 complaint;
- 27 (4) adopt regulations that are necessary and proper to the performance
- 28 of the duties of the commission under this chapter, including regulations governing
- 29 practices and procedures of the commission; regulations adopted by the commission
- 30 may not be inconsistent with state law;
- 31 (5) initiate, intervene in, and appear personally or by counsel and offer

1 evidence in and participate in, proceedings before an officer, department, board,  
2 commission, or court of this state involving an in-state natural gas pipeline carrier and  
3 affecting the interests of the state; and

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

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

16 (1) commission reasonably finds that good cause exists to extend the  
17 timeline;

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

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

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

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

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

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

27 (4) conduct further review or investigation of a contract that is  
28 approved, considered approved, or filed under this chapter; or

29 (5) investigate a dispute under (b)(3) of this section if a complete  
30 formal complaint has not been filed with the commission within 60 days after the  
31 event giving rise to the complaint.

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

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

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

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

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

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

28           **Sec. 42.08.300. Open seasons.** (a) An in-state natural gas pipeline carrier shall  
29 include in its approved recourse tariff the procedures for conducting open seasons for  
30 uncommitted firm transportation service and for expansion. At a minimum, the in-state  
31 natural gas pipeline carrier shall publish reasonable public notice in advance of an

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

10 (b) An open season shall be conducted and firm transportation service shall be  
11 awarded without undue discrimination or preference. Presubscription agreements are  
12 subject to the methods for awarding capacity set out in the open season notice.

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

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 for purposes of AS 43.90.

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

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

31 (g) If executed precedent agreements are received by an in-state natural gas

1 pipeline carrier, the carrier shall, within 10 days after accepting and executing the  
 2 agreements, inform the public of the results through publication on the carrier's  
 3 Internet website and in a press release or other announcement to the media. The results  
 4 made public must include the name of each prospective shipper, the amount of  
 5 capacity allocated, and the period of commitment. If the carrier determines that the  
 6 commitments received during the open season are not sufficient to permit the carrier to  
 7 continue the development or construction of the in-state natural gas pipeline, the  
 8 corporation shall report that to the commission within 30 days.

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

12 (b) The pipeline carrier shall offer a recourse tariff for firm transportation  
 13 service. The rates included in the recourse tariff shall be determined on a cost-of-  
 14 service basis and may be levelized over the depreciable life of the pipeline. The  
 15 recourse tariff may not preclude the pipeline carrier from collecting rolled-in rates so  
 16 long as the resulting rate for prior shippers does not exceed the initial maximum rate  
 17 allowable under agreements for capacity.

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

23 (d) An in-state natural gas pipeline carrier shall provide interruptible  
 24 transportation service through capacity not used for firm transportation service. An in-  
 25 state natural gas pipeline carrier shall establish means for routinely advising potential  
 26 shippers of the availability of interruptible transportation service and of uncommitted  
 27 firm transportation capacity.

28 **Sec. 42.08.320. Review of certain contracts by the commission.** (a) An in-  
 29 state natural gas pipeline carrier shall submit each of its precedent agreements for firm  
 30 transportation service and any substantial amendments to the commission. A precedent  
 31 agreement negotiated with an entity that is not a public utility regulated by the

1 commission may be filed under seal. Under AS 42.08.400, the commission shall keep  
2 confidential a precedent agreement filed under seal. Submission of precedent  
3 agreements to the commission is permissible before construction of an in-state natural  
4 gas pipeline and before a request for certification under this chapter. In this subsection,  
5 "substantial amendment" means an amendment that materially changes a rate or term  
6 and condition of service.

7 (b) In the review of a precedent agreement submitted under (a) of this section  
8 or a related contract submitted under AS 42.05.433(b) or (c), the commission shall

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

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

21 (c) For purposes of (b)(1) of this section, and except as provided in (d) of this  
22 section, a precedent agreement or related contract is arm's length

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

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

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

27 (B) the parties are not affiliated; or

28 (C) if the parties are affiliated, the precedent agreement or  
29 related contract is substantially similar to a precedent agreement or related  
30 contract between unaffiliated parties, and the formation of the precedent  
31 agreement or related contract was not affected by unlawful market activity or

1           unfair dealing as described in (b)(1) of this section.

2           (d) Notwithstanding (c) of this section, a precedent agreement or related  
3 contract with a public utility is not arm's length if the rate paid for transportation on an  
4 in-state natural gas pipeline is greater than the recourse tariff rate.

5           (e) If a precedent agreement or related contract is not arm's length, the  
6 commission shall determine whether the precedent agreement or related contract is  
7 just and reasonable using the standards normally applied under AS 42.06.140. If the  
8 commission is reviewing a precedent agreement under (c)(2) of this section, the  
9 commission may consider the in-state natural gas pipeline carrier's approved recourse  
10 tariff, including the cost data underlying the tariff. When considering whether to  
11 approve a contract as just and reasonable under this subsection, the commission shall  
12 consider the consequences of failing to approve the contract.

13           **Sec. 42.08.330. Contract carriage certificate.** (a) The owner of an in-state  
14 natural gas pipeline subject to this chapter may not engage in the transportation of  
15 natural gas or undertake the construction of a natural gas pipeline facility for that  
16 purpose, or acquire or operate an in-state natural gas pipeline facility, unless a  
17 certificate of public convenience and necessity by the commission authorizing contract  
18 carriage is in force with respect to that owner. A certificate shall describe the nature  
19 and extent of the authority granted, including, as appropriate for the services involved,  
20 a description of the authorized area and scope of operation for the in-state natural gas  
21 pipeline facility.

22           (b) Application for a certificate shall be made in writing to the commission  
23 and verified under oath. The commission by regulation shall establish the  
24 requirements for the form of the application and the information to be contained in the  
25 application. Notice of the application shall be provided to interested parties in the  
26 manner provided by regulation.

27           (c) Within 180 days after receiving an application under this chapter, the  
28 commission shall issue a contract carriage certificate authorizing, in whole or in part,  
29 the operation, service, construction, or acquisition covered by the application to a  
30 qualified applicant if the commission finds that the applicant is fit, willing, and able to  
31 do the acts, perform the proposed service, and conform to the provisions of this

1 chapter and the requirements of the commission, and that the proposed service,  
2 operation, construction, extension, or acquisition, to the extent authorized by the  
3 certificate, is or will be required by the present or future public convenience and  
4 necessity. The commission may, by order, extend the 180-day period for considering  
5 an application by the duration of a delay caused by the failure of the applicant to  
6 provide additional information reasonably required by the commission. If, within the  
7 180-day period and any extension of the period for considering the application, the  
8 commission fails to issue a contract carriage certificate and does not make a finding  
9 that the applicant is not fit, willing, and able under this subsection or that the proposed  
10 service is not required by public convenience and necessity, the application shall be  
11 considered approved and the contract carriage certificate shall take effect immediately.

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

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

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

- 25 (1) misrepresentation of a material fact in obtaining the certificate;  
26 (2) unauthorized discontinuance or abandonment of all or part of a  
27 service that is the subject of the certificate;  
28 (3) wilful failure to comply with the provisions of this chapter or a  
29 regulation or order of the commission; or  
30 (4) wilful failure to comply with a term, condition, or limitation of the  
31 certificate.

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

8 **Sec. 42.08.340. Filing requirements; recourse tariffs.** (a) An in-state natural  
 9 gas pipeline carrier shall file with the commission a complete recourse tariff  
 10 containing rates, rules, regulations, terms, and conditions pertaining to service  
 11 provided under the certificate and copies of all contracts with shippers that in any way  
 12 affect or relate to the carrier's rates, tariffs, charges, classifications, rules, regulations,  
 13 terms, and conditions to service provided under the certificate.

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

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

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

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

1           **Sec. 42.08.350. Initial or revised rates.** (a) An in-state natural gas pipeline  
2 carrier may not establish or place in effect an initial recourse tariff containing rates,  
3 charges, rules, regulations, conditions of service, or practices without providing notice  
4 to the commission and to the public at least 90 days before establishing or placing in  
5 effect the initial recourse tariff. Notice shall be filed with the commission before an  
6 open season and by making the recourse tariff provisions available for public  
7 inspection. The notice shall plainly indicate the time when the recourse tariff will go  
8 into effect and include a supporting cost study. The commission may prescribe  
9 additional requirements for the notice and the form in which the notice must be  
10 provided. The commission, for good cause shown, may allow initial recourse tariffs to  
11 take effect on less than 90 days' notice under conditions the commission prescribes by  
12 order. Submission of a precedent agreement or an associated contract is not subject to  
13 this section.

14           (b) The commission shall review the proposed initial recourse tariff and verify  
15 that the proposed terms and conditions of service are not unduly discriminatory. The  
16 commission also shall review the supporting cost study provided with an initial  
17 recourse tariff filing and verify, taking into consideration the expected risks, that the  
18 proposed rate of return on equity is within the range of permissible rates of return as  
19 determined by the Federal Energy Regulatory Commission in recent decisions related  
20 to the construction of natural gas pipelines, that the cost study incorporates a  
21 reasonable depreciation methodology and depreciable life, and that the cost study uses  
22 a reasonable capital structure. A proposed depreciation methodology, depreciable life,  
23 or capital structure is reasonable if it is commonly accepted or used by the commission  
24 or the Federal Energy Regulatory Commission.

25           (c) Upon written complaint or in its own motion, and after reasonable notice,  
26 the commission may conduct a hearing to determine whether the initial recourse tariff  
27 filed with the commission complies with the requirements in (b) of this section.  
28 Pending a hearing the commission may, by order stating the reasons for its action,  
29 suspend the operation of the initial recourse tariff for a period not longer than 30 days  
30 beyond the time when the initial recourse tariff would otherwise go into effect. An  
31 order suspending an initial recourse tariff filing may be vacated if, after investigation,

1 the commission finds that it is in all respects proper. Otherwise the commission shall  
2 hold a hearing on the suspended filing and issue its order, before the end of the  
3 suspension period, approving or denying the suspended initial recourse tariff.

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

10 (e) An in-state natural gas pipeline carrier may not establish or place in effect  
11 a revised rate, charge, rule, regulation, condition of service, or practice contained in a  
12 recourse tariff before providing notice to the commission and to the public at least 90  
13 days before taking the action. After construction or an expansion of the pipeline, and  
14 at any time that a carrier files for a revised recourse rate, the carrier shall file a  
15 supporting cost study. Notice shall be given by filing with the commission and  
16 keeping open for public inspection the revised recourse tariff provisions, which shall  
17 plainly indicate the changes to be made in the schedules then in force and the time  
18 when the changes will go into effect. The commission may prescribe additional means  
19 of giving notice. The commission, for good cause shown, may allow changes to take  
20 effect on shorter notice under conditions the commission prescribes by order.  
21 Submission of a precedent agreement or an associated contract is not subject to this  
22 subsection.

23 (f) The commission shall review a proposed revised recourse tariff in the same  
24 manner as the review of a proposed initial recourse tariff under (b) of this section,  
25 except that the depreciable life may be adjusted in accordance with the time period  
26 between the approval of the recourse tariff and the approval of the revised recourse  
27 tariff. The commission shall verify that the carrier is using the same elements that  
28 were last approved by the commission. A proposed recourse tariff with a new or  
29 revised term or condition of service that is unduly discriminatory shall be denied. The  
30 commission also shall deny a revised tariff rate that does not use the previously  
31 approved value of the specified rate element, unless the carrier proves that the new

1 value is just and reasonable. If the commission does not issue its ruling within 90  
2 days, the revised recourse tariff filing shall be considered approved.

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

7 (h) An in-state natural gas pipeline carrier shall provide for separate rates for  
8 one or more classes of firm transportation service and for interruptible transportation  
9 service in a recourse tariff filed with the commission under (a) of this section. An in-  
10 state natural gas pipeline carrier may impose a reservation fee or similar charge for  
11 reservation of capacity in an in-state natural gas pipeline as a condition of providing  
12 firm transportation service, but may not impose a reservation fee or similar charge for  
13 reservation of capacity in an in-state natural gas pipeline for interruptible  
14 transportation service.

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

19 **Sec. 42.08.370. Expansion; dispute resolution.** (a) A contract entered into by  
20 an in-state natural gas pipeline carrier may provide for expansion unless the expansion  
21 would cause the pipeline to be a competing natural gas pipeline project for purposes of  
22 AS 43.90.

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

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

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

29 (3) permit the participation of existing shippers and creditworthy  
30 potential shippers that have previously made good faith requests for firm  
31 transportation service; a participant must satisfy the commission's standard for

1 intervention in an adjudicatory proceeding and demonstrate that the participant has a  
2 property, financial, or other significant interest in the dispute.

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

10 (1) 0.7 percent to fund the operations of the commission; and

11 (2) 0.17 percent to fund operations of the public advocacy function  
12 under AS 42.04.070(c) and AS 44.23.020(e) in the Department of Law.

13 (b) The commission shall by regulation establish a method to determine  
14 annually the amount of the regulatory cost charge that will apply to a pipeline  
15 regulated under this chapter. If the amount the commission expects to collect under (a)  
16 of this section, AS 42.05.254(a), and AS 42.06.286(a) exceeds the authorized budgets  
17 of the commission and the Department of Law public advocacy function under  
18 AS 42.04.070(c) and AS 44.23.020(e), the commission shall, by order, reduce the  
19 percentage determined under a regulation adopted under this subsection so that the  
20 total amount of the fees collected approximately equals the authorized budgets of the  
21 commission and the Department of Law public advocacy function under  
22 AS 42.04.070(c) and AS 44.23.020(e) for the fiscal year.

23 (c) The commission shall administer the charge imposed under this section.  
24 The Department of Revenue shall collect and enforce the charge imposed under this  
25 section. The Department of Administration shall identify the amount of the operating  
26 budgets of the commission and the Department of Law public advocacy function  
27 under AS 42.04.070(c) and AS 44.23.020(e) that lapse into the general fund each year.  
28 The legislature may appropriate an amount equal to the lapsed amount to the  
29 commission and to the Department of Law public advocacy function under  
30 AS 42.04.070(c) and AS 44.23.020(e) for operating costs for the next fiscal year. If the  
31 legislature does so, the commission shall reduce the total regulatory cost charge

1 collected for that fiscal year by a comparable amount.

2 (d) The commission may adopt regulations under AS 44.62 (Administrative  
3 Procedure Act) necessary to administer this section, including procedures and  
4 requirements for reporting information and a requirement for paying the regulatory  
5 cost charge in quarterly payments. The Department of Revenue may adopt regulations  
6 under AS 44.62 (Administrative Procedure Act) for investigating the accuracy of filed  
7 information and for collecting required payments.

8 **Sec. 42.08.390. Effect of chapter on taxes and royalties.** Nothing in this  
9 chapter shall alter the calculation of a production tax under AS 43.55.011 - 43.55.180  
10 or the calculation of a royalty due for a lease issued under AS 38.05.180.

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

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

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

18 (c) A record filed with the commission that is a precedent agreement between  
19 an in-state natural gas pipeline carrier and an unregulated entity is a privileged record  
20 that is not open to the public for inspection. For a record that relates to a precedent  
21 agreement, or is or relates to a contract other than a precedent agreement between an  
22 in-state natural gas pipeline carrier and an unregulated entity, if an in-state natural gas  
23 pipeline carrier identifies the provisions of the record that contain information that, if  
24 disclosed, could adversely affect the competitive position of the shipper or could cause  
25 commercial or competitive harm or damage if disclosed and the commission agrees,  
26 the information shall be treated by the commission as confidential.

27 (d) A person may make written objection to the public disclosure of  
28 information contained in a record filed under this chapter or of information obtained  
29 by the commission or by the attorney general under this chapter, stating the grounds  
30 for the objection. When an objection is made, the commission shall order the  
31 information withheld from public disclosure if the information adversely affects the

1 interest of the person making written objection and disclosure is not required in the  
2 interest of the public.

3 (e) A commissioner may certify as to all official records of the commission  
4 under this section and may certify as to all official acts of the commission under this  
5 chapter.

6 **Sec. 42.08.410. Investigations.** The commission may investigate any matter  
7 for which an investigation is authorized under this chapter. An investigation may be  
8 public, nonpublic, or both. In conducting an investigation, the commission may  
9 compel the attendance and testimony of witnesses and the production of records and  
10 testimony before the commission or its designee. In the course of an investigation, the  
11 commission may, subject to AS 44.23.020(e), exclude from attendance at the taking of  
12 investigative testimony all persons except a person compelled to attend, that person's  
13 attorney, members of the commission or the commission's staff, and a person  
14 authorized to transcribe the proceedings. In conducting an investigation related to a  
15 timely filed dispute, the commission shall issue a final order within 150 days after the  
16 date the formal complaint was filed with the commission, except for disputes related  
17 to open seasons, in which case, a final order must be issued within 60 days. If the  
18 commission has not acted within the applicable time period in this section, the dispute  
19 shall be considered to have been dismissed with prejudice.

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

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

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

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

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

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

11 (C) file a report with the commission that contains an updated  
12 cost study and a calculation of the three-year average actual return on equity;  
13 the report shall be filed every three years after the pipeline begins operations,  
14 within 90 days after the close of the annual accounting period for the in-state  
15 natural gas pipeline carrier, or within additional time granted by the  
16 commission upon a showing of good cause.

17 (b) The commission shall review the cost study described in (a)(2)(C) of this  
18 section and verify that, for the rate elements specified in AS 42.08.350(b), the carrier  
19 is using the same elements that were last approved by the commission. If the carrier  
20 does not use the correct rate elements in its triennial report, the commission may  
21 require the carrier to recalculate and file a corrected report. If, on the date the report  
22 described in (a)(2)(C) of this section is delivered, the report reflects that the three-year  
23 average actual return on equity exceeds the approved rate of return, the carrier shall,  
24 not later than 90 days after the date the report is delivered, deposit an amount equal to  
25 the excess in a segregated operating reserve fund. The carrier shall continue to deposit  
26 the excess described in this subsection at the times described in this subsection until  
27 the amount in the operating reserve fund is equal to 20 percent of the most recent  
28 three-year average of the carrier's annual operating costs. The carrier may use money  
29 in the operating reserve fund to offset any shortage in the recovery of operating costs  
30 set out in another triennial report. If a deposit will cause the operating reserve fund to  
31 exceed 20 percent of the most recent three-year average of the carrier's annual

1 operating costs, the amount exceeding 20 percent must be used to reduce, on a  
2 volumetric basis, the firm transportation service rates for all shippers for the next  
3 three-year period.

4 **Article 6. General Provisions.**

5 **Sec. 42.08.510. Designation of service agents.** An in-state natural gas pipeline  
6 carrier shall file with the commission a written appointment of a named permanent  
7 resident, which may be a corporation, of this state as its registered agent in this state  
8 on whom service of all notices, regulations, and requests of the commission may be  
9 made. The appointment shall specify the address in this state of the appointed agent.  
10 The address may be changed from time to time by filing a new address in the state  
11 with the commission. If an in-state natural gas pipeline carrier fails to appoint a  
12 registered agent, service of notices, regulations, and requests may be made by posting  
13 a copy in the main office of the commission and filing a copy in the office of the  
14 lieutenant governor.

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

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

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

24 **Sec. 42.08.540. Joinder of actions.** Under the applicable court rules, appeals  
25 from orders of the commission and applications for enforcement of orders of the  
26 commission may be joined. The court may, in the interests of justice, separate the  
27 actions.

28 **Sec. 42.08.900. Definitions.** In this chapter,  
29 (1) "affiliated" or "affiliated interest," with respect to an in-state  
30 natural gas pipeline carrier, means any person that  
31 (A) is controlled or owned, in whole or in part, by the in-state

1 natural gas pipeline carrier;

2 (B) is controlled or owned, in whole or in part, by an entity that  
3 controls or owns, in whole or in part, the in-state natural gas pipeline carrier; or

4 (C) controls or owns, in whole or in part, the in-state natural  
5 gas pipeline carrier;

6 (2) "commission" means the Regulatory Commission of Alaska  
7 (AS 42.04.010);

8 (3) "commissioner" means a member of the commission;

9 (4) "firm transportation service" means service by a natural gas  
10 pipeline carrier that is not subject to a prior claim by another shipper or another class  
11 of service; service constitutes "firm transportation service" if the service receives the  
12 same priority as any other class of firm transportation service;

13 (5) "in-state natural gas pipeline" or "in-state natural gas pipeline  
14 facility" means a natural gas pipeline that transports or will transport natural gas in the  
15 state by way of contract carriage;

16 (6) "in-state natural gas pipeline carrier" means the owner, including a  
17 corporation, company, or other entity organized under the laws of the United States or  
18 of any state, of an in-state natural gas pipeline or an interest in it, or a person,  
19 including a corporation, company, or other entity organized under the laws of the  
20 United States or of any state, that transports or will transport natural gas as a contract  
21 carrier;

22 (7) "natural gas pipeline" has the meaning given in AS 31.25.390;

23 (8) "precedent agreement" means a contractual commitment, including  
24 a presubscription agreement, to acquire firm transportation capacity, executed between  
25 an in-state natural gas pipeline carrier and another person, that establishes the rates,  
26 terms, and conditions for service;

27 (9) "record" means a report, file, book, account, paper, or application  
28 and the facts and information contained in it.

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

30 (d) Taxable property of a natural gas pipeline project owned or financed by  
31 the Alaska Gasline Development Corporation or a joint venture, partnership, or other

1 entity that includes the Alaska Gasline Development Corporation is exempt from state  
2 taxes levied or authorized under AS 43.56.010(a) and local taxes levied or authorized  
3 under AS 43.56.010(b) before the commencement of commercial operations of that  
4 natural gas pipeline project. In this subsection, "commencement of commercial  
5 operations" means the first flow of natural gas in the project that generates revenue to  
6 the owners of the natural gas pipeline project.

7 \* **Sec. 23.** AS 36.30.850(b)(45); AS 38.34.030, 38.34.040, 38.34.050, 38.34.060;  
8 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,  
9 41.41.050, 41.41.060, 41.41.070, 41.41.080, 41.41.090, 41.41.100, 41.41.110, 41.41.120,  
10 41.41.130, 41.41.140, 41.41.150, 41.41.200, 41.41.300, 41.41.310, 41.41.320, 41.41.330,  
11 41.41.340, 41.41.350, 41.41.360, 41.41.370, 41.41.380, 41.41.390, 41.41.400, 41.41.410,  
12 41.41.450, 41.41.500, 41.41.900, and 41.41.990 are repealed.

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

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

16 **TRANSITION AND LEGISLATIVE INTENT.** (a) It is the intent of the legislature  
17 that a right-of-way lease subject to AS 31.25.090(d), enacted by sec. 3 of this Act,  
18 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of  
19 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by  
20 sec. 11 of this Act, that is entered into between the commissioner of natural resources and the  
21 Alaska Gasline Development Corporation before the effective dates of secs. 3 and 8 - 11 of  
22 this Act be amended as soon as practicable after the effective dates of secs. 3 and 8 - 11 of this  
23 Act to conform to the requirements of AS 31.25.090(d), enacted by sec. 3 of this Act,  
24 AS 38.35.100(d), as amended by sec. 8 of this Act, AS 38.35.120(a), as amended by sec. 9 of  
25 this Act, AS 38.35.120(b), as amended by sec. 10 of this Act, and AS 38.35.121, enacted by  
26 sec. 11 of this Act.

27 (b) The transition of the Alaska Gasline Development Corporation from a subsidiary  
28 of the Alaska Housing Finance Corporation to an independent public corporation of the state  
29 may not disrupt, interfere, or alter the work of the Alaska Gasline Development Corporation.  
30 The governor shall appoint the board of the Alaska Gasline Development Corporation as soon  
31 as practicable after the effective date of this Act. It is the intent of the legislature that the

1 governor appoint the new board of the Alaska Gasline Development Corporation within 90  
2 days after the effective date of this Act. The board of the Alaska Housing Finance  
3 Corporation shall serve as the board of the Alaska Gasline Development Corporation until the  
4 governor appoints the board of the Alaska Gasline Development Corporation under this  
5 subsection. The board of directors of the Alaska Gasline Development Corporation shall work  
6 with the board of directors of the Alaska Housing Finance Corporation and the commissioner  
7 of commerce, community, and economic development to ensure the smooth transition of the  
8 Alaska Gasline Development Corporation to being an independent public corporation,  
9 including modifying the articles of incorporation of the Alaska Gasline Development  
10 Corporation.

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

16 (d) It is the intent of the legislature that the Alaska Housing Finance Corporation, the  
17 board of directors of the Alaska Gasline Development Corporation as a subsidiary created  
18 under AS 18.56.086 by the Alaska Housing Finance Corporation, and the commissioner of  
19 commerce, community, and economic development expeditiously amend the articles of  
20 incorporation, the bylaws, and other documents of the Alaska Gasline Development  
21 Corporation to reflect the change in the placement of the Alaska Gasline Development  
22 Corporation from being a subsidiary of the Alaska Housing Finance Corporation to being an  
23 independent public corporation of the state as provided in AS 31.25, enacted by sec. 3 of this  
24 Act.

25 (e) It is the intent of the legislature that the Alaska Housing Finance Corporation and  
26 the commissioner of commerce, community, and economic development coordinate the  
27 transition of the Alaska Gasline Development Corporation to its new placement within the  
28 state as an independent public corporation of the state and assist the newly appointed board of  
29 directors of the Alaska Gasline Development Corporation to ensure that the development of  
30 an in-state natural gas pipeline is not unreasonably delayed because of the change in  
31 placement within the state of the corporation.

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

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

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

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

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

# LEGAL SERVICES

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

(907) 465-3867 or 465-2450  
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## MEMORANDUM

March 27, 2013

**SUBJECT:** Is an appropriation necessary to return fund earnings to the proposed natural gas pipeline fund? (CSSSHB 4(RES)) (Work Order No. 28-LS0021\P)

**TO:** Representative Mike Hawker  
Attn: Rena Delbridge

**FROM:** Dennis C. Bailey  
Legislative Counsel  
and   
Kathryn L. Kurtz  
Revisor of Statutes

You have asked why an additional appropriation would be required in order to return the earnings from money in the proposed in-state natural gas pipeline fund back to the fund. The short answer is: to avoid a dedicated fund problem.

CSSSHB 4(RES) (28-LS0021\P, sec. 31.25.100) establishes the fund:

**Sec. 31.25.100. In-state natural gas pipeline fund.** The in-state natural gas pipeline fund is established in the corporation and consists of money appropriated to it. Unless otherwise provided by law, money appropriated to the fund lapses into the general fund on the day this section is repealed. Interest and other income received on money in the fund shall be separately accounted for and may be appropriated to the fund. The corporation may use money appropriated to the fund without further appropriation for the planning, financing, development, acquisition, maintenance, construction, and operation of an in-state natural gas pipeline.

The third sentence of sec. 21.25.100 provides that interest and other income received on money in the fund shall be separately accounted for and may be appropriated to the fund. The permissive language avoids the constitutional prohibition against the dedication funds to a particular purpose under art. IX, sec. 7, Constitution of the State of Alaska, which provides:

**SECTION 7. Dedicated Funds.** The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section

15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

If interest and other income received on money in the fund is not specifically appropriated to the fund by the legislature, its inclusion in the fund may violate the dedicated fund clause. The Alaska Supreme Court mentioned this issue in *Southeast Alaska Conservation Council v. State*, 202 P.3d 1162 (Alaska 2009):

First, there is a substantial question as to whether appropriating unrestricted funds into the ETF would in itself violate the dedicated funds clause. While the dedicated funds clause is not, of course, violated merely by the fact of an appropriation for a specific purpose, it would be of concern that the income generated by the appropriation would be dedicated. We think that there is sufficient doubt as to the constitutionality of an appropriation made for the purpose of generating dedicated income that the University's suggestion that this might be done cannot justify severance.

...

Our cases have not specifically addressed whether income earned by an agency from appropriated funds is covered by the dedicated funds clause. A 1982 attorney general opinion considered this question and concluded that such income likely would be covered. The opinion discusses policy reasons that would also apply to appropriating money to dedicated funds:

A difficulty that arises from the view that the dedicated funds prohibition is not applicable to interest or investment income on separate funds is that it permits steadily increasing amounts of money to be received and used by state departments and agencies without legislative control through the annual budget process. This is precisely the problem posed by the dedication of revenue sources which the drafters sought to avoid. For this reason, while we are not certain about the likely outcome, we doubt that a blanket exception for derivative income would be approved by the courts.

.... Although not expressly addressed by them, the framers were very much aware of the boom-bust cycle of Alaska's economy. In fact, a driving force behind statehood was the desire of Alaskans themselves to be able to manage the income derived from those brief periods . . . when the state may receive enormous sums of money

Representative Mike Hawker  
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Page 3

which are then immediately available for expenditure or placement, by appropriation, into a variety of funds and accounts for various permissible purposes. Depending on the number and size of those funds and accounts, the interest earned on the money placed in them could itself be substantial . . . . [T]he significance of that interest income in properly managing the state's budget leads us to the conclusion that our framers would have considered it to be within the dedicated fund prohibition.

*Southeast Alaska Conservation Council v. State*, 202 P.3d 1162, 1175 and n.71 (Alaska 2009), quoting 1982 Formal Op. Att'y Gen. 13 at 16 - 17. See also *Myers v. Alaska Housing Finance Corporation*, 68 P.3d 386, 391 (Alaska 2003) ("the anti-dedication clause would prohibit the legislature from appropriating the tobacco settlement revenue stream for more than the immediately forthcoming fiscal year directly to secure a bond issue"). But see 1982 Op. Alaska Att'y Gen. (Nov. 30) ("[u]ntil the question is ruled on by the courts, we will defend legislative action dedicating, by general law, derivative income to the funds which 'earned' them").

I have enclosed a copy of the case for the discussion in the case of the rationale supporting the prohibition against dedicated funds.

In my opinion, the response to your question does not depend on the income remaining in the fund account. If the income from the fund is purportedly designated for the fund without an appropriation, such a designation would dedicate or earmark the income of the fund to for predetermined purpose. Article IX, sec. 7 prohibits such a dedication.

If I may be of further assistance, please advise.

DCB:KLK:ljw  
13-216.ljw

Enclosure



## Representative Mike Hawker Alaska State Legislature

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### Sponsor Statement

CS for Sponsor Substitute for House Bill 4 (FIN)  
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.



## Representative Mike Hawker Alaska State Legislature

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### **Sectional Analysis: CS for Sponsor Substitute for House Bill 4 (FIN) Version \I**

“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 seven-member board of directors, with two commissioners named by the governor and five public members. Public members serve staggered, five-year terms; are appointed by the governor; must be confirmed by the legislature; and serve at the governor's pleasure. In making appointments, the governor shall consider expertise in natural gas pipeline construction, operation and marketing; finance; and large project management. 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 four 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 and associated, non-oil hydrocarbons such as propane, 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; directs AGDC to administer the fund and allows AGDC to contract with the Department of Revenue for fund management. Costs to administer the fund are to be drawn from the fund.

**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; application of the Executive Budget Act; corporation finances**, exempts AGDC and its subsidiaries from the State Procurement Code. Subjects the corporation's operating budget to 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. 31.25.160, 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, contingent on future legislative approval, establish capital reserve funds to secure its obligations. 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. Empowers the RCA to order expansions and open seasons to resolve a dispute. 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. Allows the RCA to extend timelines for certain filings for up to 30 days by consent of the parties or for good cause.

**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, but only once an initial recourse tariff has been approved. 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. Requires a carrier to routinely advise potential and current shippers of available pipeline capacity.

**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, and that the service is required by the public. 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 depreciable 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 90 days for the RCA to issue a decision on an initial recourse tariff and on 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. Allows the RCA to suspend a finding on an initial recourse tariff for up to 90 days.

**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.



## **Fact Sheet: CS for SS for House Bill 4 (FIN)**

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.

## Bill Index: House Bill 4, Version I

Section	Page	Subject	Intent
1	2	Findings and Intent	Legislative findings and intent
2	3	Reflects Sec 3	Amend AS 18.56.086 (AHFC gas pipeline subsidiaries)
3	4	New corporation	Enact AS 31.25 (AGDC)
4	25	Procurement code	Amend AS 36.30.850(b) (Procurement code exemptions)
5	25	Conforming to Sec 21	Amend AS 37.05.146(c)(22) (RCA exemption Executive Budget Act)
6	25	Conforming to Sec 11	Amend AS 38.05.180(bb)(1)
7	25	Conforming to Sec 3	Repeal and reenact AS 38.34.099 (Definitions)
8	25	Conforming to Sec 11	Amend AS 38.35.100(d)
9	26	Conforming to Sec 11	Amend AS 38.35.120(a) (Lease covenants)
10	29	Conforming to Sec 11	Amend AS 38.35.120(b) (Validity of lease absent covenants)
11	30	Contract carrier covenants	Enact AS 38.35.121 (Contract carrier lease covenants)
12	31	Reinforces Sec 3	Amend AS 38.35.140 (No-cost lease to AGDC)
13	31	Judicial review	Enact AS 38.35.200(c)-(d) (Limitation period for judicial challenges to lease actions)
14	32	State Personnel Act exemption	Amend AS 39.25.110(11)(H) (Exempt service)
15	32	Public Official Financial Disclosure	Amend AS 39.50.200(b) (Public official financial disclosure definitions)
16	32	Public record disclosures	Amend AS 40.25.120(a) (Public Records)
17	34	Conforming to Sec 21	Amend AS 42.04.080(a) (RCA decision-making procedures)
18	35	RCA public utilities review under 42.08	Enact AS 42.05.433 (RCA review of utility contracts)
19	35	42.08 exempt from 42.05 regulation	Enact AS 42.05.711(t) (Contract carrier exemption from regulation as a public utility)
20	35	42.08 exempt from 42.06 regulation	Enact AS 42.06.601 (Contract carrier exemption from regulation as pipeline carrier under AS 42.06)
21	36	Instate gas pipeline contract carrier (RCA)	Enact AS 42.08 (In-State Pipeline Contract Carrier)
22	53	Property tax exemption	Enact AS 43.56.020(d) (Property tax exemption)
23	53	Repealer	Repeals multiple sections
24	54	Repealer	Repeals 2002 Ballot Measure 3, Sections 1 and 5
25	54	Transition / intent	Transition and legislative intent
26	55	Revisor's instructions	Revisor's instructions
27	55	Effective date	Immediate effective date

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version:       CSSSHB 4 (FIN)        
Fiscal Note Number:       2        
(H) Publish Date:       4/1/13      

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
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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							
<b>Total Operating</b>	<b>5,163.2</b>	<b>3,634.3</b>	<b>7,228.5</b>	<b>9,265.0</b>	<b>10,937.4</b>	<b>11,103.9</b>	<b>8,748.6</b>

**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
<b>Total</b>	<b>5,163.2</b>	<b>3,634.3</b>	<b>7,228.5</b>	<b>9,265.0</b>	<b>10,937.4</b>	<b>11,103.9</b>	<b>8,748.6</b>

**Positions**

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

<b>Change in Revenues</b>							
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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:**

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 #2

STATE OF ALASKA  
2013 LEGISLATIVE SESSION

BILL NO. CSSSHB 4(FIN)

**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
<b>Total:</b>	<b>5,163.2</b>	<b>3,634.3</b>	<b>7,228.5</b>	<b>9,265.0</b>	<b>10,937.4</b>	<b>11,103.9</b>	<b>8,748.6</b>

# 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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>
<b>Positions</b>	<b>25</b>	<b>7</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>

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):	\$27,000.0
	<b>\$427,000.0</b>
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	<b>\$355,000.0</b>
FY14 Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	<b>\$330,000.0</b>

\* 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	Controllor	\$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
<b>Total</b>	<b>\$400,000,000</b>

**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**

	FY14	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY14 Request	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>					
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>541.5</b>	<b>2,251.1</b>	<b>2,603.4</b>	<b>2,603.4</b>	<b>376.6</b>

#### 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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>					
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>96.5</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

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.

#### **DMI.W 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.

#### **DMI.W 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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>

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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>151.0</b>	<b>151.0</b>	<b>151.0</b>	<b>0.0</b>

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
<b>OPERATING EXPENDITURES</b>							
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
<b>TOTAL OPERATING</b>	<b>290.8</b>	<b>0.0</b>	<b>410.6</b>	<b>808.0</b>	<b>2,428.1</b>	<b>2,594.6</b>	<b>2,617.1</b>
<b>Positions:</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>19</b>	<b>20</b>	<b>20</b>

## 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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>54.6</b>	<b>0.0</b>	<b>160.6</b>	<b>27.7</b>	<b>16.0</b>	<b>65.0</b>	<b>0.0</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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					
			FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>								
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								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>131.5</b>	<b>145.4</b>	<b>145.4</b>

**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				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>112.2</b>	<b>122.1</b>	<b>122.1</b>

**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				
			FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>120.2</b>	<b>131.8</b>	<b>131.8</b>

**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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

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				
			FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>315.4</b>	<b>307.4</b>	<b>400.6</b>	<b>393.1</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>

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

the gas pipeline. An Environmental Program Specialist III, range 18, will be needed in FY2018 to inspect and issue renewals as warranted.

Travel:

Travel to conduct inspections, permitting, and preparedness 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 each new position identified above.

**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	FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>8.8</b>	<b>144.8</b>	<b>1,122.4</b>	<b>1,126.3</b>	<b>1,221.3</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>9</b>	<b>9</b>

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**

<b>Component Number</b>		<b>2062</b>					
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>
<b>Positions:</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>

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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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
<b>TOTAL OPERATING</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**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.

<b>Component Number</b>	<b>2091</b>						
	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>
<b>Positions:</b>	<b>1</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

## 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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Positions:</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

HB 4 In-State Gasline Development Corporation Fiscal Analysis

Fiscal Note No. 2  
CSSSHB 4(FIN)

	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
<b>DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT</b>																		
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
<b>TOTAL</b>	<b>3,634.3</b>	<b>4,058.3</b>	<b>7,692.6</b>	<b>7,692.6</b>	<b>-2,372.2</b>	<b>5,320.4</b>	<b>5,320.4</b>	<b>-125.0</b>	<b>5,195.4</b>	<b>5,195.4</b>	<b>-300.0</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>0.0</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>0.0</b>	<b>4,895.4</b>
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
<b>TOTAL</b>	<b>7</b>	<b>25</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>

<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>																		
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
<b>TOTAL</b>	<b>0.0</b>	<b>290.8</b>	<b>290.8</b>	<b>290.8</b>	<b>119.8</b>	<b>410.6</b>	<b>410.6</b>	<b>397.4</b>	<b>808.0</b>	<b>808.0</b>	<b>1,620.1</b>	<b>2,428.1</b>	<b>2,428.1</b>	<b>166.5</b>	<b>2,594.6</b>	<b>2,594.6</b>	<b>22.5</b>	<b>2,617.1</b>
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	2	1	3	3	3	6	6	13	19	19	1	20	20		20
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>13</b>	<b>19</b>	<b>19</b>	<b>1</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>20</b>

<b>DEPARTMENT OF LAW</b>																		
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
<b>TOTAL</b>	<b>0.0</b>	<b>102.3</b>	<b>102.3</b>	<b>102.3</b>	<b>34.1</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>
Support Activities	1	1	1	1		1	1		1	1		1	1		1	1		1
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>

<b>DEPARTMENT OF NATURAL RESOURCES</b>																		
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	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		151	151.0	151.0		151.0	151.0		151.0	151.0		-151
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
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>670.3</b>	<b>670.3</b>	<b>670.3</b>	<b>1,764.1</b>	<b>2,434.4</b>	<b>2,434.4</b>	<b>352.3</b>	<b>2,786.7</b>	<b>2,786.7</b>	<b>0.0</b>	<b>2,786.7</b>	<b>2,786.7</b>	<b>-2,377.8</b>	<b>408.9</b>
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	8		-8
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>-8</b>

<b>DEPARTMENT OF TRANSPORTATION &amp; PUBLIC FACILITIES</b>																		
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
<b>TOTAL</b>	<b>0.0</b>	<b>711.8</b>	<b>711.8</b>	<b>711.8</b>	<b>-21.0</b>	<b>690.8</b>	<b>690.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>0.0</b>	<b>690.8</b>
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	3	3	3	3	3	3
<b>TOTAL</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>3</b>

<b>GRAND TOTAL</b>	<b>3,634.3</b>	<b>5,163.2</b>	<b>8,797.5</b>	<b>8,797.5</b>	<b>-1,569.0</b>	<b>7,228.5</b>	<b>7,228.5</b>	<b>2,036.5</b>	<b>9,265.0</b>	<b>9,265.0</b>	<b>1,672.4</b>	<b>10,937.4</b>	<b>10,937.4</b>	<b>166.5</b>	<b>11,103.9</b>	<b>11,103.9</b>	<b>-2,355.3</b>	<b>8,748.6</b>
<b>CUMULATIVE TOTAL</b>			<b>8,797.5</b>			<b>16,026.0</b>			<b>25,291.0</b>			<b>36,228.4</b>			<b>47,332.3</b>			<b>56,080.9</b>
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
<b>POSITION GRAND TOTAL</b>	<b>7</b>	<b>31</b>	<b>38</b>	<b>38</b>	<b>1</b>	<b>39</b>	<b>39</b>	<b>11</b>	<b>50</b>	<b>50</b>	<b>13</b>	<b>63</b>	<b>63</b>	<b>1</b>	<b>64</b>	<b>64</b>	<b>-8</b>	<b>56</b>

# Fiscal Note

State of Alaska  
2013 Legislative Session

Bill Version: CSSSHB 4(FIN)  
Fiscal Note Number: 3  
(H) Publish Date: 4/1/13

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
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous	225,000.0							
<b>Total Operating</b>	<b>225,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1213 AHCC	225,000.0							
<b>Total</b>	<b>225,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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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

# Proposed Changes in Senate Finance CS for CS for SS HB 4 Version 28-LS0021\T

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## **Legislative Findings & Intent Section**

**Page 2, line 25 – 31 to Page 3, line 1**

Adds intent language that the Board of Directors of AGDC commits to governing so as to affect positively as many Alaskans as possible, including those in rural and coastal communities and to extend opportunities for all Alaskans to benefit from the natural gas resources of the state, including propane and associated gas-related hydrocarbons.

**Page 3, lines 17 - 21**

Adds intent language that AGDC and its subsidiaries will wind up and dissolve when no bonds, notes, or other obligations are outstanding and AGDC or its subsidiaries are no longer engaged in the development, financing, construction, or operation of an in-state natural gas pipeline.

## **Section 3: Amending the Structure of the Corporation Established by Chapter 25**

**Page 4, lines 27 - 31**

Provides that the corporation may dissolve when no bonds, notes, or other obligations of the corporation or subsidiary of the corporation are outstanding and is no longer engaged in the development, financing, construction, or operation of an in-state natural gas pipeline.

**Corporation Purpose: Beginning on Page 7, line 22**

Provides that the purpose of the corporation is established for the benefit of the state.

**Page 8, lines 1 – 2 and lines 7 -8**

Provides that the corporation shall endeavor to develop a natural gas pipeline or other transportation mechanism to deliver natural gas and to develop a natural gas pipeline or other transportation mechanism that offers commercially reasonable rates for shippers and access for shippers who produce natural gas.

**Corporation Powers & Duties: Beginning on page 8**

At line 18, provides that the corporation may plan, finance, construct, develop, acquire, maintain, and operate a pipeline system or other transportation mechanism to facilitate the production, transportation and delivery of natural gas or other related natural resources. This provision also applies to the creation of subsidiaries by AGDC to carry out the same activities (found at page 14, line 28)

**Page 9, line 30 - 31 – Page 10, line 1**

Removes language from the previous version of the bill that would limit AGDC's ability to borrow money for a construction project that may last multiple years.

**Page 10, line 13-18**

New subsection (g) was added to provide AGDC with the opportunity to sway, hedge, cap, or other enter into other contracts providing for payments based on levels of or changes in interest rates or indices or in the cost or price of any commodity, supply or expense expected to be used or incurred in connection with the acquisition, construction, or operation of any facility or property owned, leased or operated by the corporation.

# Proposed Changes in Senate Finance CS for CS for SS HB 4 Version 28-LS0021\T

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## **Page 10, beginning line 19-30**

Provides that upon commencement of construction of an in-state natural gas pipeline, the corporation shall analyze potential natural gas pipelines and other transportation mechanisms in other regions of the state, and that, if the method is in the best interest of the state, may move forward with financing, constructing, or operating a natural gas pipeline or other transportation mechanism.

## **Page 11, lines 13 - 16**

Provides that after the conclusion of an open season, if the corporation determines that the commitments received during the open season are not sufficient to allow the corporation to move forward with the development or construction of a natural gas pipeline, the corporation shall report to the Legislature within 30 days. The subparagraph also discusses what the corporation shall do if commitments are received to acquire firm transportation capacity during an open season.

## **Page 11, lines 17 -26**

Provides that the corporation shall, without delaying the progress of an in-state natural gas pipeline project or without causing the in-state natural gas pipeline project to become a competing project under AGIA, coordinate with developers of a large-diameter in-state natural gas pipeline by planning for the development and use of common pipeline facilities from the North Slope to the Livengood area, and for a pipeline which may be constructed south to tidewater either in Prince William Sound or Cook Inlet.

## **Refunding Obligations of the Corporation: Beginning on Page 23**

### **Page 24, lines 8-11**

Removes the limitation that was currently in the bill on AGDC investing bond proceeds in U.S. Treasury bills. Removal of the language allows increased flexibility for AGDC.

## **General Provisions Pertaining to the Corporation**

### **Page 26, lines 1-5**

Provides that after a decision of the corporation to dissolve, the corporation shall provide a final report to the Governor, the Legislature, and the public that summarizes the reasons for dissolution of the corporation. A statement by an independent outside auditor for the corporation and the subsidiaries must accompany the final report, indicating that no bonds, notes, or other obligations are outstanding.

## **Under Section 11: Covenants Required to be in a Lease to a Natural Gas Pipeline that is a Contract Carrier**

### **Page 32, lines 25-28**

Clarifies that a lease for state land for a right-of-way for which an applicant has applied as a contract carrier for a natural gas pipeline valued at \$1 million or greater may be granted to a lessee, as long as the lessee does not construct or expand a natural gas pipeline that would compete with a project licensed under AGIA.

## **General Powers & Duties of the Regulatory Commission of Alaska**

### **Beginning at Page 40, lines 29 - 31**

Provides that the RCA may not investigate a dispute under (b)(3) – found at Page 39, lines 5-26 – if a complete formal complaint has not been filed with the commission within 60 days after the event occurs which gives rise to the complaint.

# Proposed Changes in Senate Finance CS for CS for SS HB 4 Version 28-LS0021\T

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## **Contract Review; Contract Carriage Certificate; Open Seasons**

Beginning at Page 42, line 6 - 8

Clarifies that a carrier shall publish notice in advance of an open season and that the notice shall state the methods for awarding capacity set out in the carrier's recourse tariff and whether pre-subscription agreements have been executed.

At Page 42, line 11-12

Clarifies that presubscription agreements are subject to the methods for awarding capacity, which are set out in the open season notice.

Page 42, lines 18 - 24

Clarifies that an open season for an expansion of a pipeline system when it has received one or more requests for firm transportation service from potential shippers and that expansion of the pipeline system will not cause it to be a competing natural gas pipeline project under AGIA.

At Page 42, line 31 - Page 43, line 1 - 8

Provides that if precedent agreements are received, the carrier shall within 10 days after accepting and executing the agreements, inform the public of results and include the name of each prospective shipper, the amount of capacity allocated, and the period of commitment. Also provides that if the carrier does not receive sufficient commitments during the open season to continue the development or construction of an in-state natural gas pipeline, the corporation will notify the RCA within 30 days.

## **Review of Certain Contracts by the RCA - Rate Payer Protection Measure**

Page 45, lines 2 - 4

Provides that a precedent agreement or a related contract with a public utility is not considered arm's length if the rate paid for transportation on an in-state natural gas pipeline is greater than the recourse rate. The issue/circumstance was discussed in a previous committee of referral that a public utility might try and negotiate a higher rate than the recourse tariff rate, which would result in higher prices for utility customers. This change would make public utility contracts that are for a greater rate than the recourse rate to automatically fail meeting the RCA's arm's length standard. If this does occur, the contracts would be evaluated by the RCA on a heightened review standard (the same standard used between affiliated parties.)

## **Initial or Revised Rates**

Beginning on Page 48, line 3

Provides that the review and notice period for the review of initial recourse rates runs concurrently with the timeline for the RCA to make a decision on the recourse rate. The timeline on decision for the tariff was established at 90 days, the change in the Senate Finance CS under the Initial Review and Revised Rates provides that the review and notice period occurs during the same timeframe.

Page 48, line 28

Provides that the RCA may initiate a suspension period of no longer than 30 days from the day the initial recourse tariff would otherwise go into effect. Provides that the RCA must hold a hearing on the suspended recourse tariff filing and issue its order before the end of the suspension period.

## Proposed Changes in Senate Finance CS for CS for SS HB 4 Version 28-LS0021\T

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### **Expansion; Dispute Resolution**

Page 50, line 19 - 22

Provides that an in-state natural gas pipeline carrier may enter into a contract for expansion, as long as the expansion would not cause it to be considered a competing natural gas pipeline project under AGIA.

### **Investigations**

Page 53, lines 14 - 19

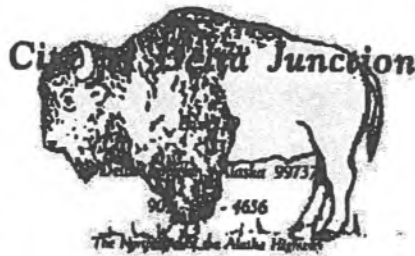
Provides that in conducting an investigation related to a timely filed dispute, the RCA shall issue a final order within 150 days after a formal complaint is filed with the RCA, except for disputes related to open seasons. In the case of open season, the final order must be issued within 60 days.

### **Definitions that Pertain to the Title 42, Chapter 8 – In-State Pipeline Contract Carrier**

Page 55, lines 29 – 31, Page 56, lines 1 – 5

Provides a definition of “affiliated” or “affiliated interest”

Previous versions of the bill did not include a definition of “affiliated” or “affiliated interest”. While there is a definition under RCA statutes, it was thought wise to include one specifically in the Title and Chapter pertaining to in-State Pipeline Contract Carrier and will provide more explicit direction to the RCA.



## 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.

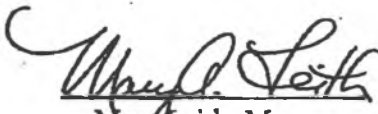
Whereas, it is also particularly peculiar that the Legislature would seriously consider using State dollars otherwise available for statewide capital projects to build a small diameter "bullet line" from the Slope to Anchorage that bypasses Fairbanks, North Pole, Delta Junction, Glennallen and Valdez 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

**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.

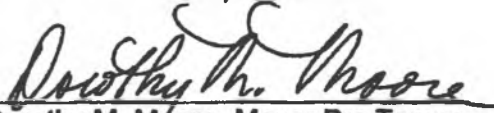
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

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 18<sup>th</sup> day of March, 2013.

CITY OF VALDEZ, ALASKA

  
Dorothy M. Moore, Mayor Pro Tempore

ATTEST:

  
Sheri L. Pierce, MMC, City Clerk



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:

  
Nancy Rovenden, CMC, CITY CLERK

APPROVED AS TO FORM:

  
Paul J. Ewers, CITY ATTORNEY



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

**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,**

*Charlotte Brower*

**Charlotte E. Brower  
Mayor, North Slope Borough**

Sponsored by: Mayor Bryce Ward  
Introduced & Adopted: February 4, 2013

**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

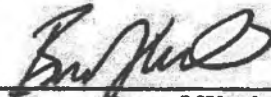
**WHEREAS**, Alaskans wish to leave a legacy of prosperity through development of our natural resources to the maximum benefit for the most Alaskans; and

**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 4<sup>th</sup> 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



**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

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;

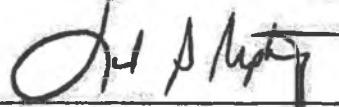
**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**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: McChure, Murphy, Tauriainen**

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.

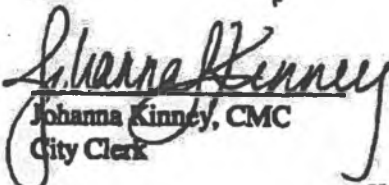
**PASSED AND APPROVED** by the City Council of the City of Seward, Alaska, this 28<sup>th</sup> day of January 2013.

**THE CITY OF SEWARD, ALASKA**

  
\_\_\_\_\_  
David Seaward, Mayor

**AYES:** Bardarson, Terry, Casagrande, 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

<b><u>CONSISTENCY CHECKLIST:</u></b>		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

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**FISCAL NOTE:** This is a resolution of support that has no fiscal impact.

Approved by Finance Department: *Heather Archery*

**ATTORNEY REVIEW:** Yes \_\_\_\_\_ No X

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**RECOMMENDATION:** Council approve Resolution 2013-<sup>008</sup> supporting Legislative Efforts to Construct a Natural Gas Pipeline from the North Slope to South-central Alaska.

**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:

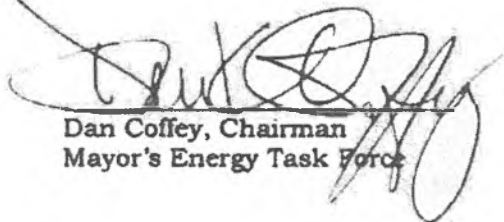
1) The Mayor's Energy Task Force support the continuation of sufficient funding that will result in the opportunity to construct the pipeline in as short a time frame as possible should this be determined to be the best option for the residents of Southcentral Alaska and the Railbelt.

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 14<sup>th</sup> day of March 2013.



Dan Sullivan  
Mayor of Anchorage



Dan Coffey, Chairman  
Mayor's Energy Task Force

**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*  
**MARY E. WYTHE, MAYOR**

**ATTEST:**

*[Signature]*  
**JO 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



**Big Lake**

# BIG LAKE

## CHAMBER OF COMMERCE

*"Alaska's Year-Round Playground"*

### 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 20<sup>th</sup> day of March, 2013

*Ina Mueller*

Ina Mueller, President, Big Lake Chamber of Commerce

ATTEST:

*John Sun* Treasurer, 2013 3/20/13



## 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](http://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  
Santna's Flowers & Gifts

#### PLATINUM

Alaska Pipeline Service Co  
Doyon, Limited  
Fred Meyer Stores  
Golden Heart Utilities  
Wells Fargo Bank Alaska

#### GOLD

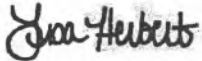
Alaska Railroad  
Birchwood Homes  
Carlson Center  
Denali State Bank  
Design Alaska  
Doyon Utilities LLC  
First National Bank Alaska  
Kinross Fort Knox Mine  
Lynden  
MAC Federal Credit Union  
Northrim Bank  
Sumitomo Metal Mining Pogo LLC  
Usibelli Coal Mine

#### SILVER

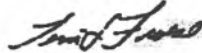
ACS  
Alaska Airlines  
Alaska USA  
Dr. Christopher Henry – Henry  
Orthodontics  
Everts Air Cargo, Everts Air AK  
Exclusive Paving/Univ. Redi-Mix  
Fairbanks Natural Gas  
Flowline Alaska  
GCI  
General Teamsters Local 959  
GVEA  
Hale & Associates, Inc.  
JL Properties, Inc.  
Key Bank  
Personnel 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  
Verizon Wireless  
WAL-MART Stores, Inc  
Yukon Title Company

We thank you for your leadership on this critical issue facing our community.

Sincerely,



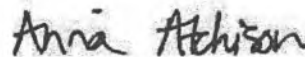
**Lisa Herbert**  
Executive Director



**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**



**Copper Valley Development Association, Inc.**

P.O. Box 9, Glennallen, AK 99588 \* 907-822-5001 phone \* 888-256-5569 fax  
[www.coppervalley.org](http://www.coppervalley.org) \* [info@coppervalley.org](mailto: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



# 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**

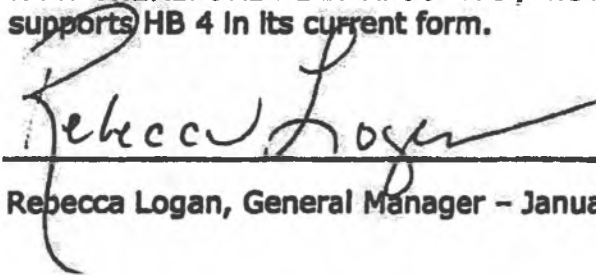
**WHEREAS, the Alliance mission statement is to promote responsible exploration, development and production of oil, gas and mineral resources for the benefit of all Alaskans; and**

**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.**



1/30/2013

Rebecca Logan, General Manager - January 30, 2013



## ALASKA MINERS ASSOCIATION, INC.

3305 Arctic Blvd., Ste. 105, Anchorage, Alaska 99503 (907) 563-9229 [www.alaskaminers.org](http://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



# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

**Founded 1975**  
**Executive Director**  
Rick Hanson  
**2012-2013 Executive Committee**  
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L.P. "Lan" Horst, Sr. Vice President  
Ralph Szwed, Vice President  
Eric Pleistad, Treasurer  
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Tom Maloney, Past President  
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**Paul Glawnowich**  
**Bill Jefferson**  
**Scott Jensen**  
**Wendy Lindstrom**  
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**Judy Patrick**  
**Charis Powers**  
**Glenn Reed**  
**Mike Sakre**  
**Keith Silver**  
**Lorali Skonon**  
**John Stumpson**  
**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.

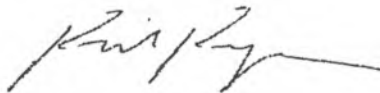
The best case for Alaska is a large capacity line serving both in-state and export (or Lower 48) markets. While market forces will dictate the viability of a large capacity line, HB 4 allows AGDC to participate in a large diameter gas line project. AGDC could add value to such a project by providing 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).

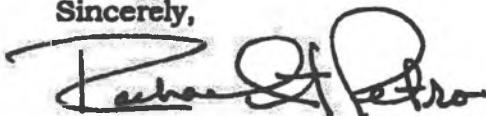
Last fall Alaska Chamber members adopted dozens of positions they believe will positively impact the business environment in Alaska and three top priorities. One of the three top priority positions is "reducing the high cost of energy" by supporting initiatives that lower the high cost of energy in Alaska 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.

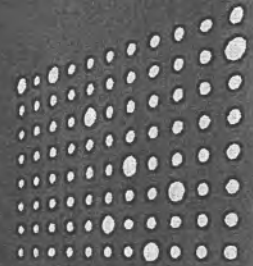
As an organization representing private sector business in Alaska, the Alaska Chamber will evaluate future recommendations stemming from the AGDC process carefully. In other words, we prefer projects be funded by the private sector.

The Alaska Chamber looks forward to passage of HB 4.

Sincerely,



Rachael A. Petro  
President/CEO



ALASKA STATE  
CHAMBER  
OF COMMERCE

1000 W. 11th Ave.  
Juneau, AK 99801

Headquarters

Phone: 907-586-5100  
Fax: 907-586-5101  
Email: info@alaskachamber.com  
www.alaskachamber.com

Regional Office

1100 E. 11th Ave.  
Juneau, AK 99801  
Phone: 907-586-5100  
Fax: 907-586-5101  
Email: info@alaskachamber.com  
www.alaskachamber.com

[www.alaskachamber.com](http://www.alaskachamber.com)



**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



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](http://www.buildersofalaska.com) • E-mail: [info@buildersofalaska.com](mailto:info@buildersofalaska.com)



**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**



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@4aha.org



**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



**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

## 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.

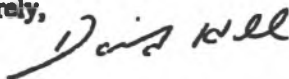
However, just as I emphasized last year, the economics of gas exploration in Cook Inlet are challenged because it is a small, isolated market with a limited consumer base. Without an ability to import and export gas from outside the region there is no spot market to sell into or buy from, and no market 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

***Alaska Trucking Association, Inc.***

3443 Minnesota Drive · Anchorage, Alaska 99503 · Phone (907) 276-1149 · Fax (907) 274-1946

[www.aktrucks.org](http://www.aktrucks.org)

*The authoritative voice of the trucking industry in Alaska*

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March 15, 2013

The Honorable Mike Chenault  
Speaker of the Alaska House of Representatives  
Juneau, Alaska

Via e-mail: [tom.wright@akleg.gov](mailto: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...*

**Hilcorp Alaska, LLC**

Post Office Box 244027  
Anchorage, AK 99524-4027

3800 Centerpoint Drive  
Suite 100  
Anchorage, AK 99503

Phone: 907/777-8300  
Fax: 907/777-8301

5 February 2013



The Honorable Mike Chenault  
The Honorable Mike Hawker  
Alaska State Capitol  
Juneau, AK 99801

Re: HOUSE BILL NO. 4

Dear Speaker Chenault and Representative Hawker:

You have asked Hilcorp Alaska, LLC ("Hilcorp") to comment on House Bill No. 4 which lays the groundwork for the development of an in-state natural gas pipeline via the Alaska Gasline Development Corporation.

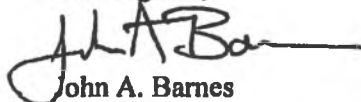
As a natural gas producer in Cook Inlet, we have been paying close attention to the discussions regarding in-state natural gas supply. We are working hard to increase natural gas production from the Cook Inlet Basin. Moving forward we remain focused on maintaining good working relationships with our vendors, stakeholders and regulators. Ultimately we plan to develop our assets in Cook Inlet to their full potential, providing a reliable energy source for Southcentral Alaska while creating value for our company, our employees and our community.

A stable and predictable fiscal and regulatory framework that supports a competitive business climate is essential to our success.

However, we also acknowledge the potential and desire to develop natural gas resources in other parts of the state. Accordingly, Hilcorp does not object to the construction and operation of the pipeline outlined House Bill No. 4 so long as the tariff would reflect the capital and O&M costs typically approved for such a pipeline by the Regulatory Commission of Alaska.

We thank you for the opportunity to provide our thoughts regarding House Bill No. 4 and look forward to working with you and others in the Alaska Legislature and Administration in the future.

Best regards,

  
John A. Barnes  
Senior Vice President

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB004-DCCED-AGDC-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Gasline Development 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 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>OPERATING EXPENDITURES</b>								
Personal Services	4,058.3	1,212.1	5,320.4	5,195.4	4,895.4	4,895.4	4,895.4	4,895.4
Travel								
Services		2,422.2						
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>

### Fund Source (Operating Only)

1061 CIP Rcpts	(3,634.3)	3,634.3						
1229 GasPipeFnd	7,692.6		5,320.4	5,195.4	4,895.4	4,895.4	4,895.4	4,895.4
<b>Total</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>

### Positions

Full-time	25.0	7.0	32.0	32.0	32.0	32.0	32.0	32.0
Part-time								
Temporary								

<b>Change in Revenues</b>								
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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:

Updated Version - This revised fiscal note reflects the fiscal impact to the Alaska Gasline Development Corporation. Additional fiscal impacts to other agencies in future years is shown in the attached back up. Fiscal notes for the four agencies affected in FY14 are attached to the bill. Additional agencies are affected in out years; notes for those agencies are not attached to the bill. This fiscal note also reflects a fund source change from CIP Receipts to the new In-State Natural Gas Pipeline Fund. The FY14 Capital costs are included in the Senates version of the capital bill as AHCC Receipts.

Prepared By: Co-Chair Senator Kelly  
Senate Finance Committee  
Co-Chair Senator Meyer  
Senate Finance Committee

Phone: (907)465-3753

Date: 04/09/2013

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 it's 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
<b>Total:</b>	<b>5,163.2</b>	<b>3,634.3</b>	<b>7,228.5</b>	<b>9,265.0</b>	<b>10,937.4</b>	<b>11,103.9</b>	<b>8,748.6</b>

# 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	FY19
<b>OPERATING EXPENDITURES</b>								
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								
<b>TOTAL OPERATING</b>	<b>4,058.3</b>	<b>3,634.3</b>	<b>5,320.4</b>	<b>5,195.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	<b>4,895.4</b>	
<b>Positions</b>	<b>25</b>	<b>7</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	

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>
	<b>\$427,000.0</b>
Prior year appropriations:	<u>(\$72,000.0)</u>
Funding needed:	<b>\$355,000.0</b>
FY14 Capital:	<u>-\$25,000.0</u>
Funds needed to project sanction/construction:	<b>\$330,000.0</b>

\* 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
<b>Total</b>	<b>\$400,000,000</b>

**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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>541.5</b>	<b>2,251.1</b>	<b>2,603.4</b>	<b>2,603.4</b>	<b>376.6</b>

#### 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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>
Personal Services			93.5	***	***	***	***
Travel			2.0				
Services			1.0				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>96.5</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>	<b>32.3</b>

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
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>151.0</b>	<b>151.0</b>	<b>151.0</b>	<b>0.0</b>

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.



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				
			FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>					
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>131.5</b>	<b>145.4</b>	<b>145.4</b>

**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				
	FY14	FY14	FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>112.2</b>	<b>122.1</b>	<b>122.1</b>

**Positions:** 0 0 0 0 1 1 1



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
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>					
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>	<b>98.9</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

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				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>315.4</b>	<b>307.4</b>	<b>400.6</b>	<b>393.1</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>

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

the gas pipeline. An Environmental Program Specialist III, range 18, will be needed in FY2018 to inspect and issue renewals as warranted.

Travel:

Travel to conduct inspections, permitting, and preparedness 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 each new position identified above.

**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				
			FY15	FY16	FY17	FY18	FY19
<b>OPERATING EXPENDITURES</b>	<b>FY14</b>	<b>FY14</b>					
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>8.8</b>	<b>144.8</b>	<b>1,122.4</b>	<b>1,126.3</b>	<b>1,221.3</b>
<b>Positions:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>9</b>	<b>9</b>

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							
<b>TOTAL OPERATING</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>
<b>Positions:</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>

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
<b>OPERATING EXPENDITURES</b>							
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
<b>TOTAL OPERATING</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**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	FY19
<b>OPERATING EXPENDITURES</b>								
Personal Services	87.5		116.6	116.6	116.6	116.6	116.6	116.6
Travel	0.4		0.6	0.6	0.6	0.6	0.6	0.6
Services	12.0		16.0	16.0	16.0	16.0	16.0	16.0
Commodities	2.0		2.7	2.7	2.7	2.7	2.7	2.7
Capital Outlay	0.4		0.5	0.5	0.5	0.5	0.5	0.5
Grants, Benefits								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>

**Positions:** 1 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**

	FY14 Appropriation Requested	Included in Governor's FY14 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>							
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							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions:** 0 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 B
<b>DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT</b>													
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	4,8
<b>TOTAL</b>	<b>3,634.3</b>	<b>4,058.3</b>	<b>7,692.6</b>	<b>7,692.6</b>	<b>-2,372.2</b>	<b>5,320.4</b>	<b>5,320.4</b>	<b>-125.0</b>	<b>5,195.4</b>	<b>5,195.4</b>	<b>-300.0</b>	<b>4,895.4</b>	<b>4,8</b>
Commercial Operations		2	2	2		2	2		2	2		2	2
Pipeline & Facilities Engineering		0	0	0		0	0		0	0		0	0
Support Activities	7	23	30	30		30	30		30	30		30	30
<b>TOTAL</b>	<b>7</b>	<b>25</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>	<b>0</b>	<b>32</b>	<b>32</b>

<b>DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>													
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	
Environmental Health - Drinking Water		0.0	0.0	0.0		0.0	0.0		0.0	0.0	131.5	131.5	1
Environmental Health - Food Safety & Sanitation		0.0	0.0	0.0		0.0	0.0		0.0	0.0	112.2	112.2	1
Environmental Health - Solid Waste Management		0.0	0.0	0.0		0.0	0.0		0.0	0.0	120.2	120.2	1
Spill Prevention & Response		0.0	0.0	0.0	20.0	20.0	20.0	78.9	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	3
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	1,1
Division of Water		236.2	236.2	236.2	-15.0	221.2	221.2		221.2	221.2	298.3	519.5	5
<b>TOTAL</b>	<b>0.0</b>	<b>290.8</b>	<b>290.8</b>	<b>290.8</b>	<b>119.8</b>	<b>410.6</b>	<b>410.6</b>	<b>397.4</b>	<b>808.0</b>	<b>808.0</b>	<b>1,620.1</b>	<b>2,428.1</b>	<b>2,4</b>
Commercial Operations			0	0		0	0		0	0		0	0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0
Support Activities		2	2	2	1	3	3	3	6	6	13	19	19
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>13</b>	<b>19</b>	<b>19</b>

<b>DEPARTMENT OF LAW</b>													
Regulatory Affairs		102.3	102.3	102.3	34.1	136.4	136.4		136.4	136.4		136.4	1
<b>TOTAL</b>	<b>0.0</b>	<b>102.3</b>	<b>102.3</b>	<b>102.3</b>	<b>34.1</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>0.0</b>	<b>136.4</b>	<b>1</b>
Support Activities		1	1	1		1	1		1	1		1	1
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>

<b>DEPARTMENT OF NATURAL RESOURCES</b>													
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	2,6
Office of History and Archaeology				0.0	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	1
Division of Mining, Land and Water			0.0	0.0	96.5	96.5	96.5	-96.5	0.0	0.0		0.0	
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>670.3</b>	<b>670.3</b>	<b>670.3</b>	<b>1,764.1</b>	<b>2,434.4</b>	<b>2,434.4</b>	<b>352.3</b>	<b>2,786.7</b>	<b>2,7</b>
Commercial Operations			0	0		0	0		0	0		0	0
Pipeline & Facilities Engineering			0	0		0	0		0	0		0	0
Support Activities			0	0		0	0	8	8	8		8	8
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>8</b>

### DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-Fund Cap-In-State Gas Pipeline4-8-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate 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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous	330,000.0						
<b>Total Operating</b>	<b>330,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1213 AHCC	330,000.0						
<b>Total</b>	<b>330,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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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 \$330 million AHCC Receipts. The FY14 Capital costs reflect the Governor's Request for \$25 million AHCC Receipts.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/08/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DEC-WQ-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Se

Department: Department of Environmental Conservation  
Appropriation: Water  
Allocation: Water Quality  
OMB Component Number: 2062

**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 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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							
<b>Total Operating</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>

**Fund Source (Operating Only)**

1229 GasPipeFnd	236.2		221.2	221.2	519.5	504.5	504.5
<b>Total</b>	<b>236.2</b>	<b>0.0</b>	<b>221.2</b>	<b>221.2</b>	<b>519.5</b>	<b>504.5</b>	<b>504.5</b>

**Positions**

Full-time	2.0		2.0	2.0	4.0	4.0	4.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Environmental Conservation, Water Quality allocation and appropriates the new In-State Natural Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/09/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DEC-AQ-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate

Department: Department of Environmental Conservation  
Appropriation: Environmental Health  
Allocation: Air Quality  
OMB Component Number: 2061

**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 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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							
<b>Total Operating</b>	<b>54.6</b>	<b>0.0</b>	<b>160.6</b>	<b>27.7</b>	<b>16.0</b>	<b>65.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1229 GasPipeFnd	54.6		160.6	27.7	16.0	65.0	
<b>Total</b>	<b>54.6</b>	<b>0.0</b>	<b>160.6</b>	<b>27.7</b>	<b>16.0</b>	<b>65.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Environmental Conservation, Air Quality allocation and appropriates the new In-State Natural Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/09/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DOTPF-SD&ES-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate Finance

Department: Department of Transportation and Public Facilities  
Appropriation: Design, Engineering and Construction  
Allocation: Statewide Design and Engineering Services  
OMB Component Number: 2357

**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
<b>OPERATING EXPENDITURES</b>	<b>FY 2014</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
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
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**Fund Source (Operating Only)**

1229 GasPipeFnd	711.8		690.8	690.8	690.8	690.8	690.8
<b>Total</b>	<b>711.8</b>	<b>0.0</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>	<b>690.8</b>

**Positions**

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Transportation and Public Facilities, Statewide Design and Engineering Services allocation and appropriates the new In-State Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/09/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

# Fiscal Note

State of Alaska  
2013 Legislative Session

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

Identifier: HB4-DOL-RAPA-4-9-13  
Title: ALASKA GASLINE DEVELOPMENT CORP; RCA  
Sponsor: HAWKER, CHENAULT  
Requester: Senate Finance

Department: Department of Law  
Appropriation: Civil Division  
Allocation: Regulatory Affairs Public Advocacy  
OMB Component Number: 2764

**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
<b>OPERATING EXPENDITURES</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>
Personal Services	87.5		116.6	116.6	116.6	116.6	116.6	116.6
Travel	0.4		0.6	0.6	0.6	0.6	0.6	0.6
Services	12.0		16.0	16.0	16.0	16.0	16.0	16.0
Commodities	2.0		2.7	2.7	2.7	2.7	2.7	2.7
Capital Outlay	0.4		0.5	0.5	0.5	0.5	0.5	0.5
Grants & Benefits								
Miscellaneous								

**Fund Source (Operating Only)**

1229 GasPipeFnd	102.3		136.4	136.4	136.4	136.4	136.4	136.4
<b>Total</b>	<b>102.3</b>	<b>0.0</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>	<b>136.4</b>

**Positions**

Full-time	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Part-time								
Temporary								

<b>Change in Revenues</b>								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

New Version - This one page fiscal note reflects the fiscal impact to the Department of Law, Regulatory Affairs and Public Advocacy allocation and appropriates the new In-State Natural Gas Pipeline Fund as designated by the Alaska Gasline Development Corporation.

Prepared By: Co-Chair Senator Kelly Phone: (907)465-3753  
Senate Finance Committee Date: 04/09/2013  
Co-Chair Senator Meyer  
Senate Finance Committee

87

AMENDMENT #1

Senata Meyer

OFFERED TO SENATE FINANCE

TO: SCS CSSSHB 4 (Fin)/T

Page 8 line 1 after pipeline  
Delete "or"  
Add "and"

Page 8 line 7 after pipeline  
Delete "or"  
Add "and"

Page 8 line 18 after system  
Delete "or"  
Add "and"

~~agenda~~

tech change:  
Spelling - pg 42, line 17  
"presubscription"

## Doniece Gott

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**From:** Toghotthele Corporation <toghotthele@hotmail.com>  
**Sent:** Monday, April 08, 2013 2:53 PM  
**To:** Senate Finance Committee  
**Subject:** HB 4

Greetings,

I think the in state gas line is the best long term solution to reducing energy costs for all Alaskans and cleaning up air pollution problems in the interior. I hope you'll support HB 4 as the gas belongs to Alaskans and connecting the north slope to Anchorage is the best solution for Alaskans. I live in Fairbanks and I appreciate your consideration of the ASAP line.

Jim Sackett

Good Afternoon

My name is Bob Shefchik. I am the Chair of the Greater Fairbanks Chamber of Commerce Energy Committee and the Chair of the Interior Gas Utility Board of Directors. I am here today to speak in support of HB4.

In the past weeks you have heard testimony about the high cost of energy in the Interior; the impact that has on the economy of the region; and the impact that has on the air quality in the region. Most of this testimony was related to the advancement of SB21.

All of those facts and impacts remain true and relevant to the advancement of HB4. Last year HB9 was a mid-term priority of the GFCC – seen as a mid-term solution to the energy problems of the Interior. That support remains today in the form of support for HB4.

HB4 forms the organizational basis for the underpinnings of the ASAP line. It can also serve to facilitate or advance any of the other gasline option to bring North Slope gas to market. Low cost energy to the residents and businesses of the state – helps the economy of the entire state. The economics of the line will determine if the ASAP project is built.

Much of the political advertising against HB4 takes the form of rhetoric attacking the ASAP project – and in particular seems focused to attack any line that does not terminate in Valdez. The media campaign has almost nothing to do with HB4 and everything to do with supporting a large line to Valdez.

HB4 creates the entity that will take the ASAP line to the point of testing for financial viability. The format and size for the ASAP line changed between July 2011 and July 2012 – as engineering and economics refine the project. I expect that will continue to occur.

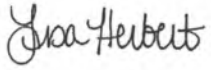
In any case, the focus on a line from the North Slope to serve the residents of the state is the correct focus. HB4 and the funding to take the ASAP line to open season are important steps in the correct direction.

Your support for HB4 in committee and on the floor of the Senate is appreciated. Thank you for the opportunity to testify today.

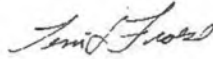
Bob Shefchik  
557 Grandview Ct, Fairbanks 99709

We thank you for your leadership on this critical issue facing our community.

Sincerely,



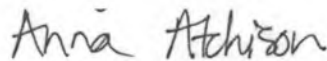
Lisa Herbert  
Executive Director



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



## 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

Alyeska 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  
Verizon Wireless  
WAL-MART Stores, Inc.  
Yukon Title Company

## Doniece Gott

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**From:** dwight stuller <ddstuller@yahoo.com>  
**Sent:** Monday, April 08, 2013 5:00 PM  
**To:** Senate Finance Committee  
**Subject:** House Bill 4

Dear Senators Meyer and Kelly,

I would like to take this opportunity to share with you reasons to support of the continued development of an in state gas line. I have recently heard considerable advertisement identifying why the in state line is a bad deal for Alaska and its citizens. I have not heard anyone advertising the merits of an in state line or what the result of no line will mean. While I certainly understand and agree with some of their statements it is also true that there has been considerable studies and "bad news" regarding the possibility of a large diameter line in the near future to connect with the lower 48 states or to an Alaskan tidewater site for export. As we have all heard there is currently a surplus of gas which ultimately drives prices down on the national and world markets making the viability of a large diameter line questionable.

Meanwhile residents of Fairbanks continue to pay extremely high costs for heating fuel, electricity etc. It is also my understanding that a shortage of natural gas is also a real possibility in the near future for the Anchorage and surrounding areas as well, due to demand and declining output from the Kenai area. It would appear to me that to best serve Alaska's citizens, continuing to evaluate this smaller (and feasible) line or possibly combining ideas to develop a partial large/small diameter line to allow for future growth when its economically viable would be in the best interest of the state and its citizens. It is clear to me that the State needs to build a gas line to support both the immediate and long term goals and needs of its residents.

Thank you for your time and consideration,

Dwight Stuller

## Doniece Gott

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**From:** Ron Long <rlms@ptialaska.net>  
**Sent:** Monday, April 08, 2013 4:02 PM  
**To:** Senate Finance Committee  
**Subject:** HB4 Instate Gas Line

Honorable Chairmen and Committee Members, I urge you to move HB4 to the floor for a vote, and on to the marketplace for an open season. As a resident of an area that will not immediately see natural gas under this or any other proposed gas line development scenario I support this project because it does provide an immediate tangible benefit lacking in other proposal put forth so far. The utilities that make the electricity that lights the communities and turns the motors for our businesses all along the Railbelt are facing economic crises heretofore unknown. Cook Inlet gas supplies are projected to reach critically low levels by 2015. Exploration there may provide some relief, but the focus is on oil. If gas is found it will be some time before it makes a difference in the market, if then. We've been told "don't worry, be happy...there's plenty of gas in Cook Inlet." They've just got to find it and then get it to the utilities. That's not much reassurance. We're also assured by recent ad campaigns that the big line is about to be built. No, really. This time it's true. And we'll get customers. And we'll sell lots of gas liquids, to somebody. And we'll all be getting bigger Permanent Fund Dividends. Advertising campaigns don't build pipelines, nor do best intentions. The litany of perceived faults of HB4 raised by opponents don't strengthen their preferred project, nor do they further realistic objectives for the majority of Alaskans today. Please move HB4 forward so that the only actual project on the drawing board right now can be tested by market forces. Just like the big line, if the market says that it's won't work, then it won't be built. The specter of the State having to bail out continuing losses to support a failed project is simply not true. If the MVP supporters are now able to get permits, engineering, market contracts, etc. to move that project forward then there's no need for an in-state line. If they are not, then Alaska must do what it can to move energy to the majority of the population as quickly as possible. Gas to the existing market is what's needed now, not the promises of yet to be discovered gas in Cook Inlet or the assurance that the big everything for everybody line we've talked about for decades is any closer to reality. Thank you for your consideration, and for the opportunity to comment. Ron Long, Seward, Alaska

## Doniece Gott

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**From:** BILL SMITH <schmееjmr@yahoo.com>  
**Sent:** Monday, April 08, 2013 3:50 PM  
**To:** Senate Finance Committee  
**Subject:** HB4

I'm an Alaskan voter from Chugiak and I support HB4. Don't cave to special interests (Valdez)! Please get it done.

Bill Smith  
Chugiak

Sent from Samsung Mobile

## Doniece Gott

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**From:** brian rezek <akman65@hotmail.com>  
**Sent:** Monday, April 08, 2013 2:53 PM  
**To:** Senate Finance Committee  
**Subject:** In State gas line

My Name is Brian Rezek and I'm a 47 year resident of Alaska, 37 years in Sitka. I would like to see an All Alaskan gas pipeline. Because of the high cost of fuel it's hard to live the subsistence lifestyle we rely on to feed our families. If an all Alaskan pipeline will lower my heating bills then we should jump on it. Kind of depressing watching our oil drive by right off the coast only to come back to us @ 4.50 a gallon for gas and heating fuel. Even if it doesn't help me it would surely help other Alaskans that may need it more than I. Leave the special intrests out of your decisions and do whats right for Alaskans. thank you

## Doniece Gott

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**From:** LIO Valdez  
**Sent:** Monday, April 08, 2013 2:59 PM  
**To:** Doniece Gott  
**Subject:** FW: HB 4

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**From:** Todd Wegner [<mailto:twegner@ci.valdez.ak.us>]  
**Sent:** Monday, April 08, 2013 2:59 PM  
**To:** LIO Valdez  
**Subject:** HB 4

Good afternoon Chairman Meyer and members of the Senate Finance Committee. My name is Todd Wegner, Assistant City Manager for the City of Valdez and lifelong resident of Alaska. I urge you to make the right choice for generations of Alaskans and VOTE NO ON HOUSE BILL 4.

ASAP does not solve the short term energy crisis in the Interior or Cook inlet. Nor does it solve the decades-long energy crisis still facing rural Alaskans every day. In fact, when every the Speaker of the House is asked about the rural benefits this line might bring, he reverts back to his same ol' tagline, "If we never build it, no one will get any benefit." If ASAP is not going to solve the state's long term energy and fiscal needs, then why are we pursuing it?

The only project that addresses the long term energy and fiscal needs of the state is a maximum-volume line to tidewater with an export component.

Interim solutions for Cook Inlet and the Interior will be necessary under any gas line scenario. Please spend the \$400 Million Dollars on the LNG trucking program for the interior and the renovation of the Nikiski Plant for Cook Inlet. Then focus our time, money and energy on a project that will benefit Alaskans for many generations. I urge you to capitalize on the intrinsic resources of our state and its people and create a place our grandchildren will be proud to call home.

Please VOTE NO ON HOUSE BILL 4. The future of the State is in your hands.

Sincerely,

Todd Wegner

***Todd Wegner***  
**Assistant City Manager**  
**City of Valdez**  
**O: (907) 834-3400 / C: (907)831-1671**



# Alaska State Legislature

Please enter into the record my testimony to the (B) Finance  
(committee name)

committee on HB 4, dated 4/5/2013  
(bill # / subject)

Please vote no on HB 4. This is the future for our state My retirement and for my family. We need help now and HB 4 will not do it.

Signed: Larry Weaver  
Testifier

SELF  
Representing (optional)

PO Box 2076 Valdez 99681  
Address

835-4816  
Telephone



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance  
(Committee Name)

committee on House Bill 4, dated 4-8-13  
(Bill # / Subject)

Please Vote no, on House Bill 4. I have 10 children & they need a future where the Alaska state Government is collecting large amounts of Revenue from a large volume Gas line. We need Roads & schools & lots of Government Jobs to employ lots of people, we need a large Gas line to employ people all over Alaska, hauling liquid gas to all the small towns. We can all figure out alternatives to heat our homes for the short term, we don't need you to Pass House Bill 4 it will hurt us in the long run, even if I think we do. We need you to look to what is Best for All Alaskans

Signed: Louis J Clark Sr  
Testifier

self

Representing (optional)

Box 422 3346 Eagle Ave. Valdez Alaska 99685  
Address

907-255-0795  
Telephone



Flax 835-2097  
Alaska State Legislature

Please enter into the record my testimony to the Senate Finance  
(committee name)

committee on HB 4 dated 4/8/13  
(bill # / subject)

I would ask that the Senate Finance committee consider two points in REJECTING House Bill # 4:

1. The public involvement in the administration of the studies, etc. is too light. There needs to be full public participation.
2. I lived in Fairbanks before the oil pipeline. Fuel oil was 10¢ a gallon. No one could afford to live in Fairbanks. There were no jobs. Less expensive fuel will not solve the State's economic woes when the oil revenues decline significantly. A gas pipeline to tidewater provides revenue to the State. HB 4 suggests a gas pipeline to feed some Alaskans, cheaper fuel maybe, but jobs?

Signed:

Testifier

Dean Day

Representing (optional)

Address

Box 154 Valdez, AK 99686

Telephone

(907) 835-5353 (Home)



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee  
(committee name)  
 committee on HB4, dated April 8, 2013  
(bill # / subject)

I am a firm believer in working for the greater good of all. All Alaskans should benefit from a natural gas pipeline. An all-Alaska plan, from pipeline to tidewater, was approved in 2002 and garnered broad support across party lines. The proposed ASAP project will limit access to goods, services, affordable energy and sustainability to a few, those that live along the pipeline route. The plan doesn't consider the needs of delivering lower-cost energy to many rural Alaskan communities. I am writing to urge you to vote NO on House Bill 4.

The "ASAP" plan will take upwards of 10 years to build. As a result, its construction won't solve Alaska's immediate energy woes. Already high energy costs for residents of South central Alaska, and Valdez, AK, where I live and work, will increase significantly under the small-volume gas line being promoted through HB4. Other rural communities around the state will continue to combat skyrocketing energy costs. They won't thrive, but struggle to survive.

The ASAP project being promoted through HB4 will leave the valuable gas liquids (propane, butane, etc.) stranded on the North Slope. These liquids are a much-needed source of jobs and new economic development for our state.

Signed: FATH REVELL / [Signature]  
 Testifier

Representing (optional)  
P.O. Box 2831 VALDEZ, AK 99686  
 Address  
907. 461. 7630  
 Telephone

At home in Valdez, I set the thermostat low, use electric appliances minimally, employ long-lasting energy efficient lighting, shore up windows and doors against the cold and drafts and still each month upon opening my electric and fuel bills, discover increased rates and the cost of energy continuing to escalate. I have limits to my ability to absorb these increases and will ultimately have to move away from this community that I have grown to love and leave work that has proved rewarding. Very probably, I will leave this wonderful state of Alaska, because I simply cannot afford to live here. And it is doubtful that I will be alone in this exodus, if energy costs continue to go unchecked, and solutions for all are not advanced.

The plan outlined in HB4 is not a good, viable solution for all Alaskans. It caters to a few and doesn't consider the needs of all. There are a number of promising short-term alternatives for providing a steady stream of affordable energy to Alaskans in Southcentral and the Interior. These projects can be built significantly faster and cheaper than the ASAP line and will give us the flexibility to continue pursuing the correct project for Alaska: a large-volume gas line from the North Slope to tidewater, providing cheap energy for all Alaskans and a steady stream of income to help offset declining oil revenues. Please do the right thing for Alaska and vote NO on House Bill 4.



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee  
(committee name)  
committee on HB4, dated April 8, 2013  
(bill # / subject)

Are you interested in helping all Alaskans or just the few that live along the rail belt? My family and I came up here 3 years ago. Alaska is the land of opportunity. If you work hard, great things happen. We bought a beautiful home in Valdez. This is my 3<sup>rd</sup> winter in Valdez. The high cost of fuel and electricity is making it difficult to survive. Each month I struggle to pay the bills. Between mortgage and utilities, there is nothing left. I just do not know how much longer we can make it here. And I know that I am not the only one. Who is getting rich? It isn't my family. Heating oil and electricity is making my family reconsider our choice to live in this wonderful state. Working hard does not mean great things happen. Working hard to pay the fuel and electric bill does not work!

As elected officials, I urge you to find a solution. HB4 is not that solution for all Alaskans. It only serves communities that already have access through the rail system. We need a solution for ALL Alaskans. As a resident of Valdez, I implore you to consider the alternative: the Maximum Volume Pipeline = more volume, more revenue; a steady stream of state income; and most importantly to me affordable energy.

Signed: Patricia Relay  
Testifier  
n/a  
Representing (optional)  
P.O. Box 3201, Valdez, AK 99686  
Address  
907-835-3453  
Telephone

## Doniece Gott

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**From:** LIO Valdez  
**Sent:** Monday, April 08, 2013 1:49 PM  
**To:** Doniece Gott  
**Subject:** FW: senate finance

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**From:** Hotai [<mailto:hotai@cvinternet.net>]  
**Sent:** Monday, April 08, 2013 1:45 PM  
**To:** LIO Valdez  
**Subject:** senate finance

YOU ARE CONSIDERING HB4, A BILL THAT ONLY WILL BENEFIT THE RAILBELT IF EVEN THERE. CAN WE EXPORT LNG? NO! WILL HB4 HELP SOUTHEAST ALASKA? NO! WILL IT PROVIDE LNG TO REMOTE VILLAGES? NO! WILL IT ADD MONEY TO THE PERMANENT FUND? NO! WILL I BE ABLE TO HEAT MY SHOP AND HOUSE WHERE I LIVE ON THAT GAS? NO! DOES HB4 MAKE PROPANE MORE AVAILABLE AND CHEAPER TO MYSELF AND MY RELATIVES IN METLAKATLA AND BARROW? NO! CAN I RUN A GENERATOR ON THE GAS? NO! IS HB4 GOING TO FILL THE STATE COFFERS? NO!

IS HB4 GOING TO MAKE THE SPEAKER OF THE HOUSE LOOK GOOD TO ALASKANS IN THE BUSH? NO! IS APPROVING A VERSION OF HB4 GOING TO MAKE THE MEMBERS OF THE SENATE FINANCE LOOK GOOD? NO I THINK NOT.

SO, WHY IN THE HELL WOULD I BACK THIS BOONDOGGLE? I AM NOT! IF I LIVED ON THE RAILBELT OR IN ANCHORAGE, I MIGHT SAY "SCREW BUSH ALASKA"! I DO NOT, HOWEVER, LIVE THERE, AND, I GET THE FEELING THAT I, AND ALL OF THE BUSH WILL GET SCREWED BY THIS POORLY THOUGHT OUT BILL.

PLEASE KILL IT! THANK YOU FOR YOUR TIME.  
JAMES "HOTAI" WILLIAMS  
VALDEZ, AK



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance  
(committee name)

committee on HB 4, dated April 8, 2013  
(bill# / subject)

Mr. Chairman and members of the Senate Finance Committee

My name is Dave Dengel. I have lived in Alaska for over 29 years, with the last 23 years in Valdez.

House Bill 4 is a dangerous diversion that draws attention and resources away from the gas pipeline that Alaska truly needs and voters approved more than a decade ago. HB 4 is a diversion masquerading as a solution. HB 4 focuses on promoting a gas line that is designed to be a low-volume line, leaving valuable gas liquids on the North Slope. This gas line does not generate significant revenues that can finance its own construction or contribute to future state general fund program requirements. Nor does it address the energy crisis in this State

You know that Alaskans are hungry for real action on a gas line now. HB 4 is designed to make voters feel like Juneau is doing something—anything—to get Alaska's gas flowing. But in reality, HB 4 sacrifices our long-term energy and fiscal future for short-term political gain.

Only one multibillion-dollar gas line will be built in Alaska in the next 20 years. If we allow the ASAP line to be the chosen project, we lose the promise of the gas line plan Alaskans approved in 2002—the gas line that generates revenue, creates jobs, and provides affordable energy for Alaskans all over the state.

You need to do the right thing for Alaskans today and future generations of Alaskans. I ask that you do not pass House Bill 4 but instead keep Alaska focused on the large diameter pipeline to tidewater.

Thank you.

**Signed:** *David Dengel*

**Representing:** Self

**Address:** 1142 Mineral Creek Drive, Valdez, Alaska

**Telephone:** 907-835-5059



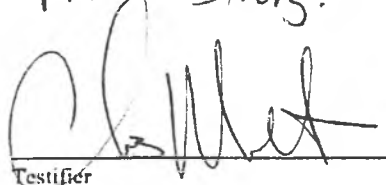
# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance  
(committee name)  
committee on HB4, dated 4/8/13  
(bill # / subject)

I'll keep this short & sweet: HB4 has too many issues and short comings to become law. Lack of oversight, lack of revenues for the state and reeks of pork (only helps Anchorage & Fairbanks).

I encourage all Senators to do what is best for Alaska, not what is most convenient. A large line for export could sure up Alaska's economy, fund PERS, and keep PFD's strong.

Signed:

 Chris Moulton  
Testifier

Valdez & State of Alaska's Interests  
Representing (optional)

469 Shoup Lane Valdez, AK 99686  
Address

907-831-0708  
Telephone

My name is Cindy Rymet. I am a 37 year resident of the State of Alaska.

The residents of Alaska voted in 2002 to approve a large volume gas line to tidewater.

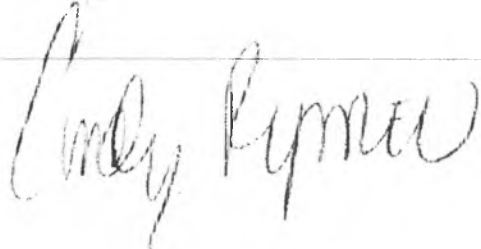
Had we followed through on that we would not have this bill in front of you today. BUT we are here and in an energy crisis and House Bill 4 does nothing to help ALL Alaskans. I am asking you to vote No on House Bill 4. Please put your efforts to SB23 for Fairbanks and sorry to say but import gas for the Anchorage and surrounding areas till more gas can be drilled in the Cook Inlet.

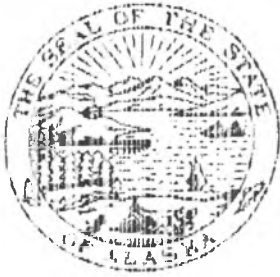
I have two daughters that we encouraged to go to college in state, which both now live in Anchorage. They are on single incomes and cannot afford to pay for gas at any price just to get gas. House Bill 4 does nothing for most of the coastal communities outside of the rail belt leaving thousands Alaskans with high energy cost. I am asking you to get the right line moving forward, the right line has spur lines to get gas to communities, and export to tidewater to bring money to the State of Alaska. We have done a study that has a budget of 500 million dollars through AGIA process and where are the results of that?

The dwindling oil revenues are going to take their toll on Alaska in the coming years, so again please vote NO on House Bill 4 and put your efforts into a large diameter gas line with export that will produce revenue and benefits for ALL Alaskans.

Please slow down, look at what's best for the State of Alaska. Vote No on house Bill 4 and then get the right line going that we voted for in 2002.

Thank you

A handwritten signature in cursive script that reads "Cindy Rymet". The signature is written in dark ink and is positioned below the typed name "Cindy Rymet".



# Alaska State Legislature

Please enter into the record my testimony to the (S) Finance  
(committee name)

committee on HB 4, dated 4/18/2013  
(bill # / subject)

In order for all Alaskans to receive maximum benefit we need a gas line with export components that will allow all Alaskans access to the lowest cost of energy. It will all provide much needed revenue to the state of Alaska. This is the most important decision you will make so please vote NO on HB 4 to make sure all Alaskans receive benefits.

Signed: Linda M Timothy - Wood  
Testifier

Self  
Representing (optional)

6215 N. Kelvin Way Palmer 99645  
Address

(907) 830-1952  
Telephone



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee  
(committee name)

committee on HB4, dated April 8, 2013  
(bill # / subject)

Are you interested in helping all Alaskans or just the few that live along the rail belt? My family and I came up here 3 years ago. Alaska is the land of opportunity. If you work hard, great things happen. We bought a beautiful home in Valdez. This is my 3<sup>rd</sup> winter in Valdez. The high cost of fuel and electricity is making it difficult to survive. Each month I struggle to pay the bills. Between mortgage and utilities, there is nothing left. I just do not know how much longer we can make it here. And I know that I am not the only one. Who is getting rich? It isn't my family. Heating oil and electricity is making my family reconsider our choice to live in this wonderful state. Working hard does not mean great things happen. Working hard to pay the fuel and electric bill does not work!

As elected officials, I urge you to find a solution. HB4 is not that solution for all Alaskans. It only serves communities that already have access through the rail system. We need a solution for ALL Alaskans. As a resident of Valdez, I implore you to consider the alternative: the Maximum Volume Pipeline = more volume, more revenue; a steady stream of state income; and most importantly to me affordable energy.

Signed: Patricia Relay  
Testifier

n/a  
Representing (optional)

P.O. Box 3201, Valdez, AK 99686  
Address

907-835-3453  
Telephone



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance  
(Committee name)

committee on HB 4, dated April 8, 2013  
(Bill # / subject)

Mr. Chairman and members of the Senate Finance Committee

My name is Dave Dengel. I have lived in Alaska for over 29 years, with the last 23 years in Valdez.

House Bill 4 is a dangerous diversion that draws attention and resources away from the gas pipeline that Alaska truly needs and voters approved more than a decade ago. HB 4 is a diversion masquerading as a solution. HB 4 focuses on promoting a gas line that is designed to be a low-volume line, leaving valuable gas liquids on the North Slope. This gas line does not generate significant revenues that can finance its own construction or contribute to future state general fund program requirements. Nor does it address the energy crisis in this State.

You know that Alaskans are hungry for real action on a gas line now. HB 4 is designed to make voters feel like Juneau is doing something—anything—to get Alaska's gas flowing. But in reality, HB 4 sacrifices our long-term energy and fiscal future for short-term political gain.

Only one multibillion-dollar gas line will be built in Alaska in the next 20 years. If we allow the ASAP line to be the chosen project, we lose the promise of the gas line plan Alaskans approved in 2002—the gas line that generates revenue, creates jobs, and provides affordable energy for Alaskans all over the state.

You need to do the right thing for Alaskans today and future generations of Alaskans. I ask that you do not pass House Bill 4 but instead keep Alaska focused on the large diameter pipeline to tidewater.

Thank you.

Signed: David Dengel

Representing: Self

Address: 1142 Mineral Creek Drive, Valdez, Alaska

Telephone: 907-835-5050



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee on HB4: IN-STATE GASLINE DEVELOPMENT CORP. dated April 8, 2013.

Chairman and members of the Senate Finance Committee, My name is Walter Sapp and I reside at 309 Iditarod Street in Valdez, Alaska. Please accept my written testimony in opposition to HB4 as it is currently drafted. It is my understanding that we will have only one opportunity to get an In-State Gasline built during my life time. While I applaud all of your efforts in this endeavor up to this point, I feel we should build a gasline that offers the best bang for our buck. The gasline is a much needed and very costly endeavor. I feel that the gasline that is built should offer a reasonable opportunity for future revenues for our state treasury. After all, the gas belongs to all of the residents of Alaska. The gasline that is built should offer lower-cost energy for ALL of the residents of Alaska.

Signed:

*Walter Sapp*

Testifier

Representing (optional)

*309 IDITAROD ST, VALDEZ, AK 99686-2991*

Address

*(907) 461-0475*

Telephone

**Doniece Gott**

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**From:** Jennifer HeatSource <heatsourceak@live.com>  
**Sent:** Monday, April 08, 2013 2:36 PM  
**To:** Senate Finance Committee  
**Subject:** House Bill 4 - In-State Gasline

To whom it may concern,

I am a registered Alaskan voter, I was born and raised in our beautiful state and currently reside in the Mat-Su Borough, and my husband and I own HeatSource Mechanical, Inc. in Wasilla. We are very passionate about the progress of House Bill 4, partly because we are involved in the business of heating peoples homes and businesses on a daily basis and partly because we are just passionate about the State of Alaska and its' future. It is our position that the In-State Gasline is a good thing for Alaska and its' residents and should be given the highest priority.

We sincerely hope this issue is taken very seriously as a solution to meeting the energy requirements and demands of our state for the long term, and that the details can be agreed upon in a timely fashion this legislative session.

Jennifer Rushing

HeatSource Mechanical, Inc.  
907.376.4130 Valley or 907.696.4130 Eagle River  
907.376.4148 Fax

HeatSourceAK.com

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4605 E Palmer-Wasilla Hwy  
'Welcome To Excellence'

**Doniece Gott**

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**From:** PAMELA MCGRATH <pamela.mcgrath@gci.net>  
**Sent:** Monday, April 08, 2013 2:35 PM  
**To:** Senate Finance Committee  
**Subject:** House Bill 4

I believe the State of Alaska needs a solution to our long term in state gas needs. The best proposal we have at this time is the in state gas pipeline proposed in House Bill 4. I believe the Alaskan House and Senate need to take immediate action on this pressing concern and pass House Bill 4 this session. So our state can start the process now. The longer we wait for a solution the worse the problem will become. You have the power to fix this now. Please fix this.

Thank you.

Pamela Jackson  
3311 Greenland Dr Unit B  
Anchorage AK 99517

907-677-0322



# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance Committee  
(Committee name)

committee on HB4-In State Gas Line, dated 2-4-2013  
(Bill #) subject

Thank you for all the work you have done so far.

My opinion:

1. Build a Gas Pipeline NOW. Why spend 400 million and study the line none.
2. Build one that is profitable and helps all Alaskan Residents like the constitution states. Spend the \$40 Billion! MVE
3. Help all residents of Alaska
  - a. building other off set lines to other communities on the road system using the profits from sales.
  - b. paying each residence off the lines grid a check to off set their energy costs.

To do this you need to build a maximum volume pipeline that does go to tide water. Sell the gas not used by the utilities along the way and use the profits to offset all Alaskans energy cost.

Signed: George R Keeney George R Keeney  
Testifier

Myself and my family of 5  
Representing (optional)

PO Box 3708, 145 Chena St. Valdez, Alaska 99666-3708  
Address

907-834-3467 Work or (911) 907-835-9224 Home  
Telephone

**Doniece Gott**

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**From:** danpresley@horizonsatellite.com  
**Sent:** Monday, April 08, 2013 2:12 PM  
**To:** Senate Finance Committee  
**Subject:** Gas pipeline.

Alaska senate

I am a 54 year long Kenai peninsula resident, 99556. Please vote for a in state pipeline during this session. The state residents need the gas. For too long we waste year after year and do nothing with our stranded gas. Please don't waste another year. Dan Presley

Sent from my HTC

## Doniece Gott

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**From:** Lori King <lor5k@yahoo.com>  
**Sent:** Monday, April 08, 2013 2:09 PM  
**To:** Senate Finance Committee  
**Subject:** HB 4

Members:

This session, please - get HB 4 passed. This Alaskan is very tired of the gas issues we encounter around our state. Ridiculous, in our energy-rich state.

Yes, I am an Alaskan voter and resident, and I ask you, again - pass HB 4. THIS SESSION.  
No excuse for delaying its passage!

Kind regards,

Lori King

Sent from my iPad

**Doniece Gott**

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**From:** Chris Ransom <Chris.Ransom@motion-ind.com>  
**Sent:** Monday, April 08, 2013 1:58 PM  
**To:** Senate Finance Committee  
**Subject:** SB4

Please vote to approve SB4. Alaskans need a stable supply of energy for Alaska's need and the in-state pipeline fills that need.

*Chris Ransom - AK80*

*Sales and Operations*

*Motion Industries*

*611 E. Intl Airport Rd.*

*Anchorage, Alaska 99518*

*907-563-5565*

*chris.ransom@motion-ind.com*



**Doniece Gott**

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**From:** richardmcgahan <boulderpoint@alaska.net>  
**Sent:** Monday, April 08, 2013 1:54 PM  
**To:** Senate Finance Committee  
**Subject:** HB 4

Please vote IN FAVOR of HB 4.

We are Alaska voters from Nikiski.

Karen and Richard Mc Gahan  
Nikiski, Alaska  
9077768240

[boulderpoint@alaska.net](mailto:boulderpoint@alaska.net)

**Doniece Gott**

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**From:** Jason Mayrand <nenana1@nenana.net>  
**Sent:** Monday, April 08, 2013 1:17 PM  
**To:** Senate Finance Committee  
**Subject:** HB 4 - Instate Gas Pipeline

HB 4 is important and should be passed.

This bill will provide a solution to badly needed energy issues within the central corridor of Alaska.

Although it will not provide financial dividends to all Alaskans as the TAPS does, it will significantly reduce costs to all those that provide services to rural Alaska as well as stabilize the energy economy for many decades.

I and my constituents appreciate your time and your support.

Thank you,

Jason Mayrand

Mayor

City of Nenana

**Doniece Gott**

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**From:** Ross Johnston <Ross@finept.com>  
**Sent:** Monday, April 08, 2013 1:09 PM  
**To:** Senate Finance Committee  
**Subject:** Support of HB 4

Dear Senate Finance Committee,

Self-sufficiency has long been a main driver of the Alaskan spirit. It is ridiculous that we should be importing gas into Alaska while we sit on one of the richest deposits in the world. We never know what political, economic or environmental changes may occur that might affect our state. All we can do is work toward a better future today by building a gas pipeline for Alaskans.

Warm Regards,

Ross Johnston



212 E. 6<sup>th</sup> Ave. | Anchorage | 99501 | 907.444.1923

## Doniece Gott

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**From:** scsnis@acsalaska.net  
**Sent:** Monday, April 08, 2013 1:08 PM  
**To:** Senate Finance Committee  
**Subject:** HB4

I am an Alaskan voter and I live in Anchorage. I urge you to pass HB4. I am very concerned about the energy future for Anchorage and the rail-belt. An in-state gas line could provide a reliable source of natural gas for 70% of all Alaskans and provide opportunities for the rest of the State.

Sincerely

Shawn Snisarenko

## Testimony to Senate Finance Committee

Thank you for allowing me to speak,

My name is Terry Hinman, I live north of Healy in the Denali Borough. I have lived in Alaska for over 40 years and have 2 children born and raised in Alaska. Though I do not believe my length of residency gives me any extra consideration I do have a strong interest as well as concern for the Alaskan economy and future.

Waiting for the large petroleum producers to decide on moving LNG to market via a large diameter pipeline while energy costs for residents of Alaska continue to soar is not an option we can afford.

The Alaska Stand Alone Pipeline is the only plan that is more than an idea, with actual assets including an Environmental Impact Statement. ASAP is also the only plan designed to focus on energy to the residents of the State. The other "ideas" put more emphasis on moving product to foreign markets and filling government accounts. The resources of the state are to meet the residents needs before exportation.

ASAP could provide access to gas ( methane and propane ) directly via pipeline and indirectly via river,rail, road, ocean and as electrical energy delivered through the grid.

I have heard people question "why our gasoline and heating oil prices in state are so high though we own the oil?" the answer is simple the cost to refine with expensive energy in state compared to refineries in the lower 48 using much lower cost energies such as natural gas. That's just 1 example of many, bottom line is the increased cost of light and heat for businesses is passed on to consumers.

With gas deposits in Cook Inlet dwindling faster than discovery or development there is talk of importing natural gas to meet the energy needs of South Central. ASAP could provide for the energy needs of the whole state for the next hundred years.

The time to move a project forward is now and there is only 1 real pipeline project. Please pass HB 4.

Thank you for your time, I can answer any questions.

Terry Hinman

**Doniece Gott**

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**From:** Lance Roberts <roberts.lance@gmail.com>  
**Sent:** Monday, April 08, 2013 11:55 AM  
**To:** Senate Finance Committee  
**Subject:** HB 4 ASAP Gas Line

To Senate Finance:

I would ask for your support for HB 4, the ASAP Gas Line. While I'm fine with the pursuit of the larger capacity lines and plans for them, we need a backup in case those plans don't come to fruition. This is the Gas Line that has moved the farthest forward, and I would like us to get it to Open Season. We can't afford another year of delay.

Please help get this bill passed this session.  
thanks for your consideration,

Lance Roberts  
Fairbanks, AK

# Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • T: 907-261-3525 • F: 907-562-1758

April 8, 2013

The Honorable Kevin Meyer, Co-Chair  
The Honorable Pete Kelly, Co-Chair  
Senate Finance Committee  
State Capitol  
Juneau, AK 99801

RE: Support for SB23 - AIDEA: LNG Project; Dividends; Financing  
Support for HB4 - Alaska Gasline Development Corporation; RCA

Dear Senators Meyer and Kelly:

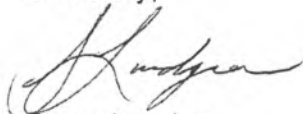
The Alaska Bankers Association (ABA) represents eight member banks, including Alaska Pacific Bank, Denali State Bank, First Bank, First National Bank Alaska, KeyBank, Mt. McKinley Bank, Northrim Bank and Wells Fargo Bank.

The ABA supports Senate Bill 23 and House Bill 4 as complimentary legislation necessary to achieve a complete natural gas energy solution for Alaska. Trucking LNG and propane from the North Slope as provided for under SB23 is a vital short-term solution for Interior and Rural Alaska. Advancing the longer-term solution embodied in HB4 by authorizing the Alaska Gas Development Corporation to continue its work on an in-state gas pipeline is important to help grow and make Alaska's economy competitive.

The ABA also supports enabling the Alaska Industrial Development and Export Authority (AIDEA) to participate in direct development project financing as provided for in SB23. Alaska banks have worked successfully with AIDEA on many commercial business developments where the banks are the initial lender interface with a prospective commercial borrower, and believe that providing AIDEA with this new financing tool would encourage and compliment private sector funding of qualified economic development projects. Working in conjunction with Alaska's banking sector and allowing certain credit enhancements will attract investors and lenders, alike.

The ABA urges your support for and passage of both SB23 and HB4 in this 2013 legislative session.

Sincerely,



Steve Lundgren  
President-Elect

## Doniece Gott

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**From:** Sen. Kevin Meyer  
**Sent:** Monday, April 08, 2013 11:19 AM  
**To:** Senate Finance Committee  
**Subject:** FW: HB 4 4-8-13 public hearing for the record please

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**From:** [gcberry@att.net](mailto:gcberry@att.net) [mailto:[gcberry@att.net](mailto:gcberry@att.net)]  
**Sent:** Monday, April 08, 2013 11:01 AM  
**To:** Sen. Anna Fairclough  
**Subject:** Ref: HB 4 4-8-13 public hearing for the record please

Senator,

Good Morning.

My Name is George Berry, PO Box 81590, Fairbanks, AK. A 40 year resident of the Interior. Representing myself.

Please add my testimony to the public record for this hearing today at 1:30 pm teleconference that I will not be able to attend.

I have been following this legislation and I am **Opposed** to it in any form for the following reasons.

First.

---

**It is not needed and as proposed is not in best interest of all Alaskans.**

The states effort and monies can be better used supporting at large bore LNG line to tidewater, Valdez OR Cook inlet that will include Export to buyers that have already lined up under the Open season for AGIA.

The potential short falls of gas to south central areas, if they materialize, could be better met by imports at lower cost to existing facilities on the Kenai. Recent New gas finds( Buccaneer Energy) on the Kenai will be coming on-line with more drilling happening as we speak.

This line would generate **NO revenue** to the State, where as the large bore project would generate **billions, many billions over its life.**

Fairbanks and Interior areas connected by roads and the **entire** Yukon river basin( via barge from Yukon river bridge depot ) will be able to get lower cost **gas and propane** much more quickly( projected in late 2015) by the **LNG Trucking proposal** set to be voted this session. This will help 200,000 or more Alaskans, outside the south central area, more quickly. The energy relief this project would hope for is not until 2018 or later! South East AK could also have propane barged from Valdez.

The time line of construction of HB4 would *not meet* the projected short falls to South Central or the current extreme high cost all over the Interior, anyway you do it.

**Secondly.**

Stripping the current 4206 Common Carrier laws from this legislation and treating it differently from other pipelines is all WRONG and NOT in the best interest of the citizens.

Did we not learn anything from years of tariff litigation on TAPS where the State has lost Billions from transportation overcharges on the shipping rates? These issues still go on today on TAPS.

This is not good state policy.

These proposed changes, away from 4206 current law, does not protect the state and those that support it are giving up the citizens rights for fair and balanced development of OUR resource.

I ask that you **DO NOT Support HB4** legislation and start focusing on the larger bore project that the AGIA open season has **already** brought willing Asian buyers ready to sign contracts.

Thank You,

George Berry

## ALASKA MUNICIPAL LEAGUE

### RESOLUTION #2012-01

#### A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE SUPPORTING A LARGE VOLUME GASLINE WHICH WOULD SIGNIFICANTLY REDUCE THE COST OF ENERGY IN THE FAIRBANKS/NORTH POLE AREA AND OTHER PARTS OF ALASKA WITH GAS VIA A GASLINE FROM PRUDHOE BAY TO FAIRBANKS AND CONTINUING SOUTH TO GLENALLEN, CONNECTING TO A SPURLINE FROM GLENALLEN TO THE EXISTING SOUTH CENTRAL GAS GRID AND CONTINUING TO THE KENAI PENINSULA FOR EXPORT AND PROVIDING FOR EXPORT FROM THE ICE FREE DEEP WATER PORT AT VALDEZ

**WHEREAS**, Alaska is fortunate to have 35 trillion cubic feet of known gas reserves plus potentially an additional undiscovered hundreds of trillions of cubic feet of natural gas on Alaska's North Slope region, the development of this resource will greatly increase the volume of oil put into the Trans Alaska Pipeline (TAPS), providing economic and revenue benefits to Alaska; and

**WHEREAS**, Alaska, rich in natural resources, suffers from having the highest cost of energy and coldest temperature days per capita in the nation; and

**WHEREAS**, the Alaska Constitution, Article 8, Section 1 states, "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest," and Section 2 mandates, "The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people;" settlement requires access and affordable, competitive energy to develop commerce to sustain the settlement of Alaska; and

**WHEREAS**, the legislature is to be commended for taking steps to provide for the development of natural gas, the first effort being AGIA, which is an international line through Canada and which pays incentives of \$500 million, and which is not likely to be built unless in phases due to shale gas exploitation in North America; the second effort was HB 369, passed by the 26<sup>th</sup> Alaska Legislature in April 2010, establishing the Alaska Gasline Development Corporation (AGDC), as a subsidiary corporation of AHFC, to pursue developing a project plan for delivering North Slope natural gas to interior and south-central Alaska. The legislature received AGDC's Project Plan in July 2011. The plan described how a 737-mile long, 24-inch diameter Alaska Stand Alone Gas Pipeline (ASAP) project could be feasibly designed, financed, constructed and operated as the legislation directed. However, as proposed, it does not provide for maximum settlement or benefit and has an inequitable tariff structure; and

**WHEREAS**, each legislative proposal for developing natural gas should include an evaluation of the following considerations:

- a. Does the routing of the pipeline encourage the greatest settlement of Alaska's land and provide for the maximum development of Alaska's resources? Does it facilitate the ability of the people to affordably live where cities and communities have already been established?
- b. Is the tariff equal to all parts of the pipeline, the resource being equally owned by all?
- c. Is the tariff as low as possible due to the ability to export?
- d. Is the diameter of the pipe as large as possible to be able to competitively market the resource?
- e. Are the terminals or take-off points placed for maximum integration into existing energy production and transmission infrastructure?

**WHEREAS**, AGDC's ASAP project would route through national and state parks along the Parks Highway, which has minimal settlement or development opportunities, thereby providing for minimal benefit to Alaskans; and because a 12-inch diameter pipe will be built approximately 35 miles from the main pipe, to supply interior Alaska, but will stop 20 miles from the 2 oil refineries and the 120 (plus) megawatt electric generation plant in North Pole, which produces much of the gasoline, heating oil, jet fuel, and electricity for use throughout interior, rural and south-central Alaska, but the pipeline that is to benefit Alaskans, in its current form, will require interior Alaskans to pay a greater tariff than the consumer in south-central twice; and additional tariff for a spur from the mainline, and additionally to construct the line to North Pole and/or beyond – negatively affecting the economics of such a spur to interior Alaska; and

**WHEREAS**, AGDC's ASAP line projects the tariff by eventual demand, the actual price to the consumer may be too expensive to encourage an infrastructure build-out and home or business conversions, but that dynamic could be changed by incentivizing the build-out and heating oil conversions in interior Alaska by ensuring that the tariff is the same system-wide; if the cost to the consumer is not economical, make it economical by increasing the market of consumers through export opportunities from ports on the Kenai and at Valdez; if exports can't be facilitated because of the restrictions of AGIA, then either:

- a. The legislature should get us out of AGIA to allow for an in-state gasoline with throughput greater than 500 million standard cubic feet per day (MMcfd); or
- b. The legislature should amend the provisions of HB 369 to ensure the routing of the 24-inch line is down the Richardson Highway, supplying the greater number of communities, including North Pole, Eielson AFB, Salcha, Delta Junction, Ft. Greely, and Glennallen, and bringing the energy supply to mining projects in operation or being permitted, such as Pogo Mine; or
- c. The legislature or administration should marry AGIA and ASAP, thus allowing a large diameter pipeline to be built down the Richardson corridor to Delta, as a possible Phase 1 of the Trans Canada line, and be continued south to Glennallen, connecting to a spur line from Glennallen to the existing south-

central gas grid and continuing to the Kenai Peninsula for export, and providing for export from the ice free, deep water port at Valdez; and

**WHEREAS**, it is time that this take place by moving natural gas throughout Alaska in such a way, to provide a source of cheap, clean energy to heat our homes and businesses to the maximum number of Alaskans; the cost of energy in the Fairbanks/North Pole area, including the military bases, is threatening the very existence of our interior communities; and

**WHEREAS**, the high cost of energy at our interior military bases could be a deciding factor if the bases were once again evaluated on a closure criteria; and

**WHEREAS**, the world markets for natural gas made into liquefied natural gas (LNG) are seeking suppliers of LNG to their countries, for example, Japan is seeking contracts from far away states like Pennsylvania and from northern Europe, which have travel distances far greater than the 3,400 miles from Alaska to Tokyo, making Alaska LNG far more competitive when export is provided for; and

**WHEREAS**, export is already provided for from the Kenai; and Governors Bill Egan, Walter Hickel, Jay Hammond and the late Senator Ted Stevens all supported and took steps in advancing the building of an All-Alaska Gasline, parallel to the Trans Alaska Oil Pipeline to Fairbanks and continuing south to tidewater at Valdez for liquefaction and export; and

**WHEREAS**, because of the robust economics in the Asian energy markets in need of LNG, Alaska finally has the opportunity to monetize its natural gas in such a manner that would bring billions of dollars each year in additional revenues to the state and low cost energy to Alaskans; and

**WHEREAS**, only a large volume gasline from Prudhoe Bay to Fairbanks and continuing south to the deepwater port at Valdez, the All-Alaska line, or through Glennallen to south-central and the Kenai, provides significant benefits to all Alaskans.

**NOW, THEREFORE BE IT RESOLVED** that the Alaska Municipal League urges the Governor and Legislature to:

1. Utilizing the considerations and three options within this resolution, take immediate steps to advance the building of a large volume gasline from Prudhoe Bay parallel to the TAPS to tidewater at Valdez, with the maximum amount of off-take locations at every logical local point, such as the Yukon River, Fairbanks, all interior military bases, Delta Junction, and Glennallen, to points south, for maximum gas distribution throughout Alaska.
2. Make an analysis that evaluates the benefits of taking LNG or compressed natural gas (CNG) from Valdez, and the Yukon River to coastal communities throughout Alaska, that are currently utilizing diesel fuel as the source of power generation and space heating.

**BE IT FURTHER RESOLVED** that this resolution is to be distributed to the Governor, Legislature, AGDC, AGPA, AML, Trans Canada.....

**PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE** on the 11<sup>th</sup> day of November, 2011.

Signed: \_\_\_\_\_  
Shirley Marquardt, President, Alaska Municipal League

Attest: \_\_\_\_\_  
Kathie Wasserman, Executive Director, Alaska Municipal League

## Doniece Gott

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**From:** Sen. Kevin Meyer  
**Sent:** Sunday, April 07, 2013 1:38 PM  
**To:** Senate Finance Committee  
**Subject:** FW: Vote NO on House Bill 4

-----Original Message-----

From: [info@akmvp.com](mailto:info@akmvp.com) [<mailto:info@akmvp.com>] On Behalf Of Lee  
Sent: Sunday, April 07, 2013 1:07 PM  
To: Sen. Kevin Meyer  
Subject: Vote NO on House Bill 4

Lee  
[leewilson@gci.net](mailto:leewilson@gci.net)  
9621 Hillside dr  
Anchorage  
Alaska  
99507

I am writing to urge you to vote NO on House Bill 4, which fails for a number of reasons:

- The ASAP project being promoted through HB 4 will leave approximately 50 percent of our residents in the dark.
- The so-called "ASAP" line will take upwards of 10 years to build under ideal conditions. This project is not a short-term solution and will do nothing to solve our immediate energy woes.
- According to the ASAP project plan, energy costs for residents of Southcentral Alaska will increase significantly under the small-volume gas line being promoted through HB 4.
- The ASAP project will not generate a single dime in new revenue for Alaska.
- HB 4 will exempt the Alaska Gasline Development Corporation (AGDC) from public records laws and remove the checks and balances that should be provided by the people, the governor and the Legislature.
- The ASAP project being promoted through HB 4 will leave the valuable gas liquids (propane, butane, etc) stranded on the North Slope. These liquids are a much-needed source of jobs and new economic development for our state.

The plan outlined in HB 4 is not an immediate solution. In the short term, there are a number of viable alternatives for providing a steady stream of affordable energy to Alaskans in Southcentral and the Interior, such as importing LNG and financing a trucking project from the North Slope to Fairbanks. These projects can be built significantly faster and cheaper than the ASAP line and will give us the flexibility to continue pursuing the correct project for Alaska: A large-volume gas line from the North Slope to tidewater, providing cheap energy for all Alaskans and a steady stream of income to help offset declining oil revenues.

Please do the right thing for Alaska and vote NO on House Bill 4.



**GENERAL  
TEAMSTERS  
LOCAL 959  
STATE OF ALASKA**

*Affiliated with the International Brotherhood of Teamsters*  
Rick Boyles, Secretary-Treasurer  
520 E. 34th Ave., Suite 102, Anchorage, Alaska 99503  
Phone (907) 751-8501 • Fax (907) 751-8599

April 9, 2013

The Honorable Pete Kelly, Capitol Room 516  
The Honorable Kevin Meyer, Capitol Room 518  
Co-Chairs Senate Finance  
Juneau, AK 99801

Re: House Bill 4—Alaska Stand-Alone Gas Pipeline Project

Dear Senators Kelly and Meyer:

My name is Rick Boyles, Principle Officer for Teamsters Local 959. Our organization represents approximately 7,000 workers in 23 industries across the state of Alaska.

Our administration believes that House Bill 4 "The Alaska Stand-Alone Gas Pipeline Project," creates a medium- to long-term economic development opportunity for the state of Alaska to bring Alaska's gas to market.

We also believe that the project should provide jobs for Alaska residents and the best way to ensure that is to include project labor agreement language in the bill.

We recognize that a pipeline may take several years to bring Alaska's gas to market and therefore, in conjunction with House Bill 4, we also support the short term solution Senate Bill 23 which provides much needed energy relief for the Interior by trucking LNG from Prudhoe Bay to Fairbanks and other destinations.

Alaskans have waited long enough for a gas project to reduce energy costs for our residents.

We respectfully urge you to take action and deliver much needed gas to Alaska's and other potential markets.

Thank You.

Sincerely,

TEAMSTERS LOCAL 959

Rick Boyles  
Secretary-Treasurer

C: Vice Chair Senator Fairclough, Senator(s) Dunleavy, Bishop, Olson, Hoffman  
RB:mk 040913 to Kelly & Meyer HB4

751 Old Richardson Hwy., Fairbanks, AK 99701 • P (907) 452-2939 • F (907) 452-3051  
306 Willoughby, Juneau, AK 99801 • P (907) 586-3225 • F (907) 586-1227

P.O. Box 3130, Kenai, AK 99611 • P (907) 283-4498 • F (907) 283-8030  
1201 Mill Bay Road, Kodiak, AK 99615 • P (907) 486-8518 • F (907) 486-0080

[www.akteamsters.com](http://www.akteamsters.com)



## Doniece Gott

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**From:** tamara kruse <tamarakruse@hotmail.com>  
**Sent:** Wednesday, April 10, 2013 8:42 AM  
**To:** Senate Finance Committee  
**Subject:** In state gas line

I live in Fairbanks and this is so important to us. Many people are talking of leaving the state because of the energy costs; one can't afford to live here anymore. This is the best option and I support it.

Please! Stop the idiot laws that nullify federal law, make the legislature a laughingstock, and Start working on energy and get this accomplished this session.

Thank you,  
Tamara Kruse Roselius

Sent from my iPhone

**Doniece Gott**

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**From:** mesquiteeve@aim.com  
**Sent:** Monday, April 08, 2013 11:37 PM  
**To:** Senate Finance Committee  
**Subject:** In state pipeline

I live in Willow, I'm a registered voter....

I support an in-state pipeline because I believe it will solve the long-term energy needs of many Alaskan's. there are more people that live outside of anchorage that would benefit from this....

Thank you

Lela Parmer

**Doniece Gott**

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**From:** Debbie Watson <dlwatson@jwslawoffice.com>  
**Sent:** Tuesday, April 09, 2013 3:21 PM  
**To:** Senate Finance Committee  
**Subject:** Gas Pipeline

I live in North Pole. I support the gas pipeline. Pass it!!

Sent from my iPhone  
Debbie Watson  
907-322-3033

**Doniece Gott**

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**From:** Wayne Ambacher <[acelect@alaska.com](mailto:acelect@alaska.com)>  
**Sent:** Tuesday, April 09, 2013 1:40 PM  
**To:** Senate Finance Committee  
**Subject:** In State Pipe Line

To Whom It May Concern,

We need affordable gas for Alaska. House Bill 4. We to support the in state pipeline and believe we need to act on this now. Time is crucial.

Thank you.

Sincerely,

Marsha Ambacher

Wayne Ambacher

AC Electric LLC

PO Box 1761

Seward, Alaska 99664

907 224-3687 Fax 907 224-5687

Cell 907 362 1092

Email: [acelect@alaska.com](mailto:acelect@alaska.com)

## Doniece Gott

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**From:** Kelley Rivers <kelleybrivers@gmail.com>  
**Sent:** Tuesday, April 09, 2013 1:32 PM  
**To:** Senate Finance Committee  
**Subject:** In-State Gasline

Mr Kelly-Just would like to mention that I support the in-sate Gasline and would like to have this passed as soon as possible. Fairbanks is hurting from these high fuel costs. Everyone will move SOUTH if we do nothing, which would make EVERYONE HURT!

Kelley Rivers  
CEO  
Rivers Wood Products  
1780 Richardson Hwy.  
North Pole, Ak  
99705

## Doniece Gott

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**From:** allisondshane@yahoo.com  
**Sent:** Tuesday, April 09, 2013 1:17 PM  
**To:** Senate Finance Committee  
**Subject:** HB 4

I am Allison Shane, registered voter living in Juneau. I strongly urge a yes vote in support of an In-State pipeline. As a Hospice and Homecare nurse, I average 300 miles a month driving, and anyone who lives here knows with only 40 miles of road just in Juneau not counting Douglas that's a lot of driving. I get reimbursed at .51 cents a mile, not a large amount considering what we pay here for gas. Please support this bill.

Thank you for your time in reading my plea.

## Doniece Gott

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**From:** Joe <joegray.mcd57@yahoo.com>  
**Sent:** Tuesday, April 09, 2013 12:39 PM  
**To:** Senate Finance Committee  
**Subject:** Hb4

As an Alaskan voter I support hb4 for an in-state gas pipe line. As I believe it will strengthen Alaska's infrastructure create jobs make Alaska more independent.and give Alaska better cleaner energy I also believe in green energy This nation is not there yet. And a bird in the hand is worth two in the bush.

Joe gray

Sent from my iPhone

## Doniece Gott

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**From:** akbjornstad@hotmail.com  
**Sent:** Tuesday, April 09, 2013 11:22 AM  
**To:** Senate Finance Committee  
**Subject:** Gas line

I have lived in the Fairbanks North Star Borough for over 30 years and it concerns me to see the price of heating our home, rise to such insane prices over the years. I would like to voice my support of a gas pipeline, as I believe it would not only greatly reduce the financial burden of heating a home in the interior, it would also create a self sustaining infrastructure that would promote a thriving economy.

Time is of the essence.

Thank you for your service.

Sincerely,

Kimberly Bjornstad

**Doniece Gott**

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**From:** Gerald Timmons <timmons.jerry@gmail.com>  
**Sent:** Tuesday, April 09, 2013 11:23 AM  
**To:** Senate Finance Committee  
**Subject:** HB 4

I've heard most all the Testimony before you that is on line and I understand this bill is not perfect. But Alaska cannot wait for a perfect line. Time is so important and even if it represents huge debt we must get natural gas at an affordable price.  
Just Vote Yes.

**Doniece Gott**

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**From:** scott mcintoshs <fishon17@gmail.com>  
**Sent:** Tuesday, April 09, 2013 7:11 AM  
**To:** Senate Finance Committee  
**Subject:** gas

Why do you want to penalize alaskan's with fuel cost when the fuel is here to begin with, thanks for not watching out for us. Scott McIntosh Sitka Ak.

## Doniece Gott

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**From:** Buzzy Chiu <buzzy@gci.net>  
**Sent:** Tuesday, April 09, 2013 11:10 AM  
**To:** Senate Finance Committee  
**Subject:** Please pass House Bill 4 out of committee

Dear Sen. Meyer, Sen. Kelly and Members of the Committee:

I ask that you please support House Bill 4 and pass it out of your committee so that it can be voted on. This bill is critical for those of us in the Interior. Our high cost of energy is unbelievable and we need relief! Please move this bill forward. Thank you for your hard work!

Sincerely,

Buzzy Chiu

## Doniece Gott

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**From:** JOSEPH DENNIS <jdennis6778@gmail.com>  
**Sent:** Tuesday, April 09, 2013 10:51 AM  
**To:** Senate Finance Committee  
**Subject:** House Bill 4

My name is Joe Abruska. I live in Anchorage and I vote. I support an in-state pipeline now. Passing this bill will ensure our energy will be taken care of in the future. I request you take the initiative to pass this legislation during this session.

## Doniece Gott

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**From:** Chris Farmier <chris.farmier@hotmail.com>  
**Sent:** Tuesday, April 09, 2013 10:17 AM  
**To:** Senate Finance Committee  
**Subject:** In favor of HB 4

This gas pipeline issue has gone on forever now!!! We need to act now not next session. If we need to have a special session to pass this bill then we need to have a special session. I'm a lifelong interior Alaska resident and excavation company operator. We need this pipeline and we needed it 10 years ago. Please, help the economy in Alaska, help the people in the interior with cheaper fuel to heat there homes and business. Please help move Alaska forward!! This bill is a must pass. I believe us Alaskans realize that if a pipeline is built today, it'll be two to three years before everyone that can, can fuel there homes and businesses with cheaper natural gas but if we don't start with passing this bill and getting this ball rolling we are only prolonging this much needed project.

Thanks to all of you for everything you do and let's get Alaska's gas developed and build this pipeline!

Thanks again,

Chris Farmier

Operations Manager  
True North Alaska LLC.  
North Pole, Alaska 99705  
Cell: (907) 978-2267  
Website: [www.truenorthalaska.net](http://www.truenorthalaska.net)

## Doniece Gott

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**From:** Kaari B <kaari\_5@yahoo.com>  
**Sent:** Tuesday, April 09, 2013 9:30 AM  
**To:** Senate Finance Committee  
**Subject:** House Bill 4

Dear Senate Finance Committee,

Please support House Bill 4! We need an in-state pipeline to solve our long-term energy needs! We urgently need you to decide "yes" on this matter, this year and right now.

This winter my husband and I spent \$6000 on heating for our home; \$3000 on fuel oil for the boiler (a high-end, new, energy-efficient boiler) and \$3000 on dry firewood for our new, energy-efficient wood stove with a clean-air insert.

We need an in-state pipeline! Fuel prices rose drastically a month or so ago. Should prices go up again, many people will suffer. I don't know what people in the villages will do because there are already ridiculously high costs for food and fuel to the Bush. Today I start a new job, mostly because we had such high unplanned heating costs over the last few months. After years of being a homeschooling stay-home mom, I have to enter the workforce to pay for the heating of my home. We cannot do more to make our home efficient, so from here we have to tighten the belts and do what has to be done.

Alaskans all over the state, and we here in Fairbanks, urgently need the in-state pipeline.

Sincerely,  
Kaari and Sterling Bouma  
Fairbanks, Alaska

## Doniece Gott

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**From:** Gerald Jackson <gjackson0501@gmail.com>  
**Sent:** Tuesday, April 09, 2013 9:25 AM  
**To:** Senate Finance Committee  
**Subject:** In-State Pipeline

Dear Senate Finance Committee:

We reside in Big Lake, Alaska and are registered Alaskan voters. We definitely feel that we should have an in-state pipeline to bring down the cost of gasoline in our wonderful state. We have the oil, so why are we having to pay such high prices for what we have and ship to the Lower 48?

Please act on House Bill 4!

Thank you.

Gerald and Carla Jackson  
Big Lake, AK

Sent from my iPad

**Doniece Gott**

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**From:** Jason Slater <jason@doorsystemsak.com>  
**Sent:** Tuesday, April 09, 2013 6:34 AM  
**To:** Senate Finance Committee  
**Subject:** Pipeline

I am a registered voter in the state of Alaska. I live in Chugiak Alaska. I support the in state pipeline. It needs to be decided today to go ahead with the in state pipeline. It is vital to Alaska's survival and economy. Thank you.

- Jason Slater

Sent from my iPhone

## Doniece Gott

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**From:** Jeanne Kohler <jkapp@acsalaska.net>  
**Sent:** Tuesday, April 09, 2013 6:27 AM  
**To:** Senate Finance Committee  
**Subject:** Alaskan Gas Pipeline

**Importance:** High

All Alaskans should benefit from the abundance of gas on the North Slope. The northern railbelt communities have consistently paid much higher energy costs than its southern neighbors. Last year a 1000 gallon tank of # 1 heating oil cost over \$ 4300. Electric bills are through the roof due to the oil surcharge. These expenses are essentials of life in Alaska. Let's be positive about helping all citizens of the state. Please hurry and build the gas pipeline.

Respectively,  
Jeanne Kohler  
Fairbanks, Alaska

## Doniece Gott

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**From:** Terri And John Carter <blessed@alaska.net>  
**Sent:** Tuesday, April 09, 2013 5:48 AM  
**To:** Senate Finance Committee  
**Subject:** House bill 4

I am a 50 year resident of Alaska and a registered voter in Soldotna Alaska.  
I encourage you to vote for house bill 4 to support an in state gas line. The people of Alaska deserve to benefit from their resources and this is a means of making energy available to our citizens now and in the future.  
Please make this bill a reality during this session.

Terri Carter

Sent from my iPad

## Doniece Gott

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**From:** Jgruen2681 <jgruen2681@aol.com>  
**Sent:** Tuesday, April 09, 2013 5:19 AM  
**To:** Senate Finance Committee  
**Subject:** In State Gas Line

We Need an In State gas line. I Live in Anchorage and I'm tired of them always telling us there is a shortage of Natual gas for heating and power!

Sincerely  
Randall Grueneberg

April 9, 2013  
6:30 PM



Dear Senators,

My name is Manny Escobedo and I firmly oppose HB4. When was anything done in a hurry the best way to do something. In 2002 Alaskans voted for a gas line to Valdez and so far we have produced nothing. Now we must do it by way of ASAP, nice pun.

Alaskans when told of the options, understand that HB4 is wrong. We would spend 10-13 billion to have natural gas to a few communities. We would pay for the line and the gas. No profits!!! Is that who we are as Alaskans? Imagine being in a room with the legislatures that voted on TAPS. IF we said we wanted to build a small line to ship oil to a refinery close to Anchorage so that we could have cheaper gasoline. Think of how bad a statement that is. Right now we are dependent on our pipeline and its volume is diminishing. We need to make money, not just spend it. Don't spend our money to appease a few, spend it because we will make a return on our investment.

I would like to believe that my legislatures are better than this.

The bullet line will not have liquid by product( butane, propane, and even plastic) A small volume line would simply be a large cost for natural gas and that is all it would be.

I spent 13 years in Prudhoe Bay, drilling for oil. If you hit gas you had a problem. There is just too much of it. Wouldn't it be great to just drill and you if you hit gas you ship it down one line, if you hit oil, down another. It all goes into a separator then down the correct line. I have seen the 12 foot wide flare tip at Endicott island go 200 feet high for days. How could selling that gas be a bad thing.

Here's another one, we want to study it more. How can anything be cheaper than going down the existing corridor. Nothing could be. We have experience along that route and we will only do it better this time.

Alaskans used to do for themselves, now we wait to see if the oil companies will do it for us. With the financial situation in the lower 48, they aren't going to do anything for us. The USA and its financial debts are no secret. We can't rely on them for funding any longer. We must rely on our own resources. We must develop them for the benefit of *all* Alaskans.

Sincerely,

A handwritten signature in black ink that reads 'Manny Escobedo'.

Manny Escobedo

Testimony to Senate Finance Committee re HB 4

April 8, 2013

Co-Chairmen Kelly and Meyer and Committee Members:

Thank you for this opportunity to testify regarding this proposition of the ASAP gas pipeline as now defined by HB 4.

My name is Cindy Roberts. Except for four years in Juneau with the second Hickenlooper administration, I have been a resident of Anchorage since 1971.

Since a recent tour of duty in the Murkowski Administration, I have been totally absorbed with gas pipeline questions and trying to craft clear explanations of the goals and objectives of AGIA.

Last January, I published the *second* edition of CRACKING THE CODE-- A Citizen's Guide to the Alaska Natural Gas Pipeline Discussion. My credentials are not in micro management of legal language. They are in commitment to Alaska and Alaskans in understanding the language of taking our natural gas resource to our communities in the state and to the global market in order to make our gas affordable to Alaskans - of this and future generations.

As you in this Committee examine the details of this bill, do not lose focus on the big issues:

- AGIA is being held ransom. Not just by the market glut in Canada and the Lower 48, but by the leaseholders on the Slope who wait for a new tax picture to thrill their stockholders.
- This "fiscally-conservative" legislature is ignoring reality. Do not lose sight of the \$500 million already committed to AGIA. More than \$300 million of "inducements" has been invested to date. *What results have been reported to the public AND TO YOU? Can this continue?*
- TWO Open Seasons for AGIA have not been disclosed. The September 2012 yielded at least a 200% interest by willing purchasers. *Why is a third Open Season on a smaller line a wise investment?*
- The economics of this pipeline are compromised by the legal limits of AGIA -- with maximum throughput of 500 million standard cubic feet per day. We will not only have higher costs per unit for nonindustrial use, we will skip value-added options as the liquids will not be transportable in this "line. *Why is this being seen as "maximum benefit" ? And to whom?*

Our economic future is at a watershed moment thanks to this bill and SB 21's possible obliteration of our fiscal security. Before you vote on this bill and send it to the Governor for signature, once again read the 2011 Alaska Gasline Port Authority report from Wood Mackenzie and look at the \$400 Billion to the plus side of the equation that will result from a large scale pipeline to a deep-water export facility in Valdez.

Your math skills and your ethical reputations are in question.

Cindy Roberts

2001 Churchill Drive Anchorage, AK 99517

cindy.roberts@gci.net

April 8, 2013

My name is Dorothy Moore, 346 Nabesna Valdez, AK 99686. I am a retired Alaskan trying to stay in my home.

I have been following HB 4 and have read in detail the original bill.

I have tried to follow the changes and while some are favorable in my opinion. I still have problems with:

1. The economical/financial statement.
2. The cost to future Alaskans I believe will be much higher than currently to those who are fortunate to have natural gas.
3. The plan seems to only propose to help only those in the more highly populated areas. Any solution should help all Alaskans
4. I believe there will be only one pipeline built.
- 5 There is no export component to reduce the cost to Alaskans

This bill does not use the valuable liquids. This is part of the formula needed to make gas more reasonable or at least affordable.

It only gets us to a third open season. Why do we not know what happened to the other two (2) open seasons?

Please let this bill receive more scrutiny by all Alaskans instead of rushing it through.

I can be reached at 907-835-4245 home, Cell 907-748-6485 or [dmmoore@cvinternet.net](mailto:dmmoore@cvinternet.net)

**ALASKA MUNICIPAL LEAGUE**

**RESOLUTION #2012-01**

**A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE SUPPORTING A LARGE VOLUME GASLINE WHICH WOULD SIGNIFICANTLY REDUCE THE COST OF ENERGY IN THE FAIRBANKS/NORTH POLE AREA AND OTHER PARTS OF ALASKA WITH GAS VIA A GASLINE FROM PRUDHOE BAY TO FAIRBANKS AND CONTINUING SOUTH TO GLENALLEN, CONNECTING TO A SPURLINE FROM GLENALLEN TO THE EXISTING SOUTH CENTRAL GAS GRID AND CONTINUING TO THE KENAI PENINSULA FOR EXPORT AND PROVIDING FOR EXPORT FROM THE ICE FREE DEEP WATER PORT AT VALDEZ**

**WHEREAS**, Alaska is fortunate to have 35 trillion cubic feet of known gas reserves plus potentially an additional undiscovered hundreds of trillions of cubic feet of natural gas on Alaska's North Slope region, the development of this resource will greatly increase the volume of oil put into the Trans Alaska Pipeline (TAPS), providing economic and revenue benefits to Alaska; and

**WHEREAS**, Alaska, rich in natural resources, suffers from having the highest cost of energy and coldest temperature days per capita in the nation; and

**WHEREAS**, the Alaska Constitution, Article 8, Section 1 states, "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest," and Section 2 mandates, "The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people;" settlement requires access and affordable, competitive energy to develop commerce to sustain the settlement of Alaska; and

**WHEREAS**, the legislature is to be commended for taking steps to provide for the development of natural gas, the first effort being AGIA, which is an international line through Canada and which pays incentives of \$500 million, and which is not likely to be built unless in phases due to shale gas exploitation in North America; the second effort was HB 369, passed by the 26<sup>th</sup> Alaska Legislature in April 2010, establishing the Alaska Gasline Development Corporation (AGDC), as a subsidiary corporation of AHFC, to pursue developing a project plan for delivering North Slope natural gas to interior and south-central Alaska. The legislature received AGDC's Project Plan in July 2011. The plan described how a 737-mile long, 24-inch diameter Alaska Stand Alone Gas Pipeline (ASAP) project could be feasibly designed, financed, constructed and operated as the legislation directed. However, as proposed, it does not provide for maximum settlement or benefit and has an inequitable tariff structure; and

**WHEREAS**, each legislative proposal for developing natural gas should include an evaluation of the following considerations:

- a. Does the routing of the pipeline encourage the greatest settlement of Alaska's land and provide for the maximum development of Alaska's resources? Does it facilitate the ability of the people to affordably live where cities and communities have already been established?
- b. Is the tariff equal to all parts of the pipeline, the resource being equally owned by all?
- c. Is the tariff as low as possible due to the ability to export?
- d. Is the diameter of the pipe as large as possible to be able to competitively market the resource?
- e. Are the terminals or take-off points placed for maximum integration into existing energy production and transmission infrastructure?

**WHEREAS**, AGDC's ASAP project would route through national and state parks along the Parks Highway, which has minimal settlement or development opportunities, thereby providing for minimal benefit to Alaskans; and because a 12-inch diameter pipe will be built approximately 35 miles from the main pipe, to supply interior Alaska, but will stop 20 miles from the 2 oil refineries and the 120 (plus) megawatt electric generation plant in North Pole, which produces much of the gasoline, heating oil, jet fuel, and electricity for use throughout interior, rural and south-central Alaska, but the pipeline that is to benefit Alaskans, in its current form, will require interior Alaskans to pay a greater tariff than the consumer in south-central twice; and additional tariff for a spur from the mainline, and additionally to construct the line to North Pole and/or beyond – negatively affecting the economics of such a spur to interior Alaska; and

**WHEREAS**, AGDC's ASAP line projects the tariff by eventual demand, the actual price to the consumer may be too expensive to encourage an infrastructure build-out and home or business conversions, but that dynamic could be changed by incentivizing the build-out and heating oil conversions in interior Alaska by ensuring that the tariff is the same system-wide; if the cost to the consumer is not economical, make it economical by increasing the market of consumers through export opportunities from ports on the Kenai and at Valdez; if exports can't be facilitated because of the restrictions of AGIA, then either:

- a. The legislature should get us out of AGIA to allow for an in-state gasline with throughput greater than 500 million standard cubic feet per day (MMcfd); or
- b. The legislature should amend the provisions of HB 369 to ensure the routing of the 24-inch line is down the Richardson Highway, supplying the greater number of communities, including North Pole, Eielson AFB, Salcha, Delta Junction, Ft. Greely, and Glennallen, and bringing the energy supply to mining projects in operation or being permitted, such as Pogo Mine; or
- c. The legislature or administration should marry AGIA and ASAP, thus allowing a large diameter pipeline to be built down the Richardson corridor to Delta, as a possible Phase 1 of the Trans Canada line, and be continued south to Glennallen, connecting to a spur line from Glennallen to the existing south-

central gas grid and continuing to the Kenai Peninsula for export, and providing for export from the ice free, deep water port at Valdez; and

**WHEREAS**, it is time that this take place by moving natural gas throughout Alaska in such a way, to provide a source of cheap, clean energy to heat our homes and businesses to the maximum number of Alaskans; the cost of energy in the Fairbanks/North Pole area, including the military bases, is threatening the very existence of our interior communities; and

**WHEREAS**, the high cost of energy at our interior military bases could be a deciding factor if the bases were once again evaluated on a closure criteria; and

**WHEREAS**, the world markets for natural gas made into liquefied natural gas (LNG) are seeking suppliers of LNG to their countries, for example, Japan is seeking contracts from far away states like Pennsylvania and from northern Europe, which have travel distances far greater than the 3,400 miles from Alaska to Tokyo, making Alaska LNG far more competitive when export is provided for; and

**WHEREAS**, export is already provided for from the Kenai; and Governors Bill Egan, Walter Hickel, Jay Hammond and the late Senator Ted Stevens all supported and took steps in advancing the building of an All-Alaska Gasline, parallel to the Trans Alaska Oil Pipeline to Fairbanks and continuing south to tidewater at Valdez for liquefaction and export; and

**WHEREAS**, because of the robust economics in the Asian energy markets in need of LNG, Alaska finally has the opportunity to monetize its natural gas in such a manner that would bring billions of dollars each year in additional revenues to the state and low cost energy to Alaskans; and

**WHEREAS**, only a large volume gasline from Prudhoe Bay to Fairbanks and continuing south to the deepwater port at Valdez, the All-Alaska line, or through Glennallen to south-central and the Kenai, provides significant benefits to all Alaskans.

**NOW, THEREFORE BE IT RESOLVED** that the Alaska Municipal League urges the Governor and Legislature to:

1. Utilizing the considerations and three options within this resolution, take immediate steps to advance the building of a large volume gasline from Prudhoe Bay parallel to the TAPS to tidewater at Valdez, with the maximum amount of off-take locations at every logical local point, such as the Yukon River, Fairbanks, all interior military bases, Delta Junction, and Glennallen, to points south, for maximum gas distribution throughout Alaska.
2. Make an analysis that evaluates the benefits of taking LNG or compressed natural gas (CNG) from Valdez, and the Yukon River to coastal communities throughout Alaska, that are currently utilizing diesel fuel as the source of power generation and space heating.

**BE IT FURTHER RESOLVED** that this resolution is to be distributed to the Governor, Legislature, AGDC, AGPA, AML, Trans Canada.....

**PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE** on the 11<sup>th</sup> day of November, 2011.

Signed: \_\_\_\_\_  
Shirley Marquardt, President, Alaska Municipal League

Attest: \_\_\_\_\_  
Kathie Wasserman, Executive Director, Alaska Municipal League

## Doniece Gott

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**From:** Carolyn Lewis <declewis@gci.net>  
**Sent:** Wednesday, April 10, 2013 3:45 PM  
**To:** Senate Finance Committee  
**Subject:** In state gasoline

We support an instate gasoline!

Darrell & Carolyn Lewis  
Eagle River

Sent from my iPhone

## Doniece Gott

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**From:** LIO Fairbanks  
**Sent:** Wednesday, April 10, 2013 3:57 PM  
**To:** Senate Finance Committee; Senate Finance  
**Subject:** HB 4 Testimony

Please enter into the record and post to BASIS the testimony below to the Senate Finance Committee on HB 4: Alaska Gasline Development Corp; RCA from Merrick Peirce, District 2

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Dear Senators,

I listened to Senate Finance discuss HB4 this afternoon. In your discussion about the potential liability HB4 may cause Alaska, due to the terms of AGIA, I urge you to consider the following:

It is not AGDC's job to ensure Alaska does not potentially have hundreds of millions of dollars of liability if the terms of the exclusive license with Trans Canada are violated. This obligation falls with the legislature. This due diligence obligation is your job.

TransCanda is not going to volunteer that passage of HB4 may result in an enormous cash windfall for Trans Canada because the legislature busted the terms of AGIA by funding a project that potentially exceeds 500 MCD of capacity.

Why would you not want to get legally binding assurances from TransCanada that they agree that HB4 does not violate the terms of their exclusive license?

Consider, also, the fact that it is well documented that the bullet line does not have economy of scale with a 500 MCFD throughput. The cost of bullet line gas exceeds the Henry and AECO hub gas prices by a multiple of three. This fact precludes an export component. It is also well documented that Cook Inlet gas is cheaper, and plentiful for in state use. USGS, DOE, the DNR Commissioner, and the explorers within the Cook Inlet believe a 19 TCF supply exists under the inlet. It is also documented the capex to drill out the Cook Inlet (about \$2 billion per PFC Consultants) is substantially less than building a uneconomic bullet line.

AGDC has made it clear that they are looking at building a 36" diameter gasline that could move 1.6 BCFD. Since it is well established that bullet line gas is NOT economic for either in state use, or export, with a clearly uneconomic 500 MCFD project, how in the world could the state go to court and argue that you were funding a project that is economic? This is absurd. This does not pass the red face test.

The finance costs for the debt and equity service on this bullet line assuming a \$10 billion capex, and a 75/25 debt to equity ratio and an 11% equity return would be between \$500 and \$600 million dollars per year. If this cost was evenly apportioned over 400,000 in state users it would exceed \$1,400 dollars per person. How in the world is this economic?

Note, as well, that other testimony has made it very clear that it would be far less expensive to provide gas through the entire Parks Highway corridor to Fairbanks with a small diameter, spool-able pipeline such as the Flex Steel 8", 1,500 PSI line.

It makes absolutely no sense why the sponsors of HB4 want to keep Alaska locked in study hall, studying a project- at enormous expense- that makes no economic sense, and at present, potentially exposes the state to hundreds of millions on liability due to violations of the terms of AGIA.

Merrick Peirce

AS 43.90.440 AGIA term attached:

Sec. 43.90.440. Licensed project assurances. (a) Except as otherwise provided in this chapter, the state grants a licensee assurances that the licensee has exclusive enjoyment of the inducements provided under this chapter before the commencement of commercial operations. If, before the commencement of commercial operations, the state extends to another person preferential royalty or tax treatment or grant of state money for the purpose of facilitating the construction of a competing natural gas pipeline project in this state, and if the licensee is in compliance with the requirements of the license and with the requirements of state and federal statutes and regulations relevant to the project, the licensee is entitled to payment from the state of an amount equal to three times the total amount of the expenditures incurred and paid by the licensee that are qualified expenditures for the purposes of AS 43.90.110 that the licensee incurred in developing the licensee's project before the date that the state first extended preferential treatment to another person. The payment under this subsection is subject to appropriation. Upon payment by the state of the amount owed under this section, the licensee shall, at no additional cost to the state, assign to the state or the state's designee all engineering designs, contracts, permits, and other data related to the project that were acquired by the licensee during the term of the license. The payment under this subsection is in full satisfaction of all claims the licensee may bring in contract, tort, or other law related to the events that gave rise to the payment.

## Doniece Gott

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**From:** Wendy Loya <wendy.loya@yahoo.com>  
**Sent:** Thursday, April 11, 2013 3:20 PM  
**To:** Senate Finance Committee  
**Subject:** Slow down on in-state gas line

Dear Senate Finance Committee,

I am concerned that Alaskans, including you, do not have enough information on how an in-state gasline will play out economically. It seems to me that if industry thought this was a profitable idea, they would pursue it. I think in fact they backed away from the Denali pipeline project? The same for AGIA or a similar large diameter export.

Please do not rush this through, we need full information on the uncertainties of the economics for various scenarios in order to make the right decision on Alaska's energy future.

Thank you,  
Wendy Loya  
Eagle River, AK 99577

## Doniece Gott

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**From:** Tessa Linderman <tessacaroline@hotmail.com>  
**Sent:** Wednesday, April 10, 2013 11:59 AM  
**To:** Senate Finance Committee  
**Subject:** HB4-vote no

After listening to testimony yesterday on HB4 I am even more convinced that this is the WRONG direction for Alaska. As a lifelong Alaska, I urge you to vote against this short sighted plan that will only cost the state more money with no revenue. Please do not be swayed by what Outsiders are trying to convince you is a good plan--listen to true Alaskans that know this is a bad deal for Alaska.

Sincerely,

Tessa Linderman

Co-Chairmen Kelly and Meyer and Committee Members:

Thank you for this opportunity to testify regarding this proposition of the ASAP gas pipeline as now defined by HB 4.

My name is Cindy Roberts. Except for four years in Juneau with the second Hickel administration, I have been a resident of Anchorage since 1971.

Since a recent tour of duty in the Murkowski Administration, I have been totally absorbed with gas pipeline questions and trying to craft clear explanations of the goals and objectives of AGIA.

Last January, I published the *second* edition of CRACKING THE CODE— A Citizen's Guide to the Alaska Natural Gas Pipeline Discussion. My credentials are not in micro management of legal language. They are in commitment to Alaska and Alaskans in understanding the language of taking our natural gas resource to our communities in the state and to the global market in order to make our gas affordable to Alaskans - of this and future generations.

As you in this Committee examine the details of this bill, do not lose focus on the big issues:

- AGIA is being held ransom. Not just by the market glut in Canada and the Lower 48, but by the leaseholders on the Slope who wait for a new tax picture to thrill their stockholders.
- This "fiscally-conservative" legislature is ignoring reality. Do not lose sight of the \$500 million already committed to AGIA. More than \$300 million of "inducemens" has been invested to date. *What results have been reported to the public AND TO YOU? Can this continue?*
- TWO Open Seasons for AGIA have not been disclosed. The September 2012 yielded at least a 200% interest by willing purchasers. *Why is a third Open Season on a smaller line a wise investment?*
- The economics of this pipeline are compromised by the legal limits of AGIA – with maximum throughput of 500 million standard cubic feet per day. We will not only have higher costs per unit for nonindustrial use, we will skip value-added options as the liquids will not be transportable in this line. *Why is this being seen as "maximum benefit" ? And to whom?*

Our economic future is at a watershed moment thanks to this bill and SB 21's possible obliteration of our fiscal security. Before you vote on this bill and send it to the Governor for signature, once again read the 2011 Alaska Gasline Port Authority report from Wood Mackenzie and look at the \$400 Billion to the plus side of the equation that will result from a large scale pipeline to a deep-water export facility in Valdez.

Your math skills and your ethical reputations are in question.