

need admin to coordinate

AB 163

164

in-state gas line

comp w/ other projects if delay - funding materials  
man power

any regts w/ ABIA through FERC

other projects through RCA

• common carrier - gas - can't ~~stage~~ into pipeline like with oil  
~~the~~ changes rules to allow dedicated use  
once get going, can't stop b/c wait start again

• open season - time when bid on pipeline space / time

1 way to do financing-over time (20 yrs) will flow X-amt

? do both need to pass to build in-state pipeline?

Gov pushing this: ABIA

gas 4 AK sooner

and use of gas?

to F&K - Anch for comm; residential use

gas supply not meet demand in Anch w/in 6 years unless something Δ  
(like ↑ expl. NG in Cook Inlet  
LNG importation)

industrial plk @ Pt McKenzie - needs cheap energy

ABIA 3 take-off pts to AK

start const 2014; done 2018

get in-state line done BY ABIA

can we do both ABIA: in state @ same time?

if ABIA not happen @ all, will we be sorry we don't do this?

no nat'l gas to put into line right now b/c ↓ producers there who want to supply



ANODA - estab by voter initiative 8 yrs ago

HB 165

gov ↓ control over

Harry Noah - In-state gas coordinator (gov's)  
created for N Slope mkt

↓ written for pipeline to Valdez from N Slope

Nenana, foothills, Lubick gas

Ramras has HB 170 - similar bill to HB 164 - Δ right of way leasing  
"common carrier" <sup>①</sup>

take on pay contract

contracts as collateral

② gov's concept for in-state is that gov coord/run project for  
preconstruction ~ all info/work to get to RCA permit; then  
sell on open mkt

sets rules; parameters for how sell this; any

any contract must contain these covenants ... mostly mirror ALTA

Ramras, Johnson, Hawker, Chenault

Kelly - hawkish on raising oil taxes

8500m; spent gradually

2018 - 2043 - 25 yr financing

tight timeline; not sure of routing

Erstar wants one down Port's Hwy

— meso ul Nat'l Port  
Service; under  
study

ANODA - Richardson

preferred alignment June

file RCA

AR 120 Row bill passed BY filing?

2015 completed

if yes - why not lobbying harder

if no - not urgent to address

if Cook Inlet running out of gas? Will this project spur new expl. in Cook Inlet

Is there plenty of gas but Erstar not

if found gas, is this



build small now, need big one later?

Harry bill to buy steel

---

do we want gas in Cook Inlet if gov wants us to go to 50% renewables?

↳ Chacocharne - 1/2 rail belt needs

---

RCA profile process : requirements

---

process has budget - Harry Nash has doc on \$ needed to do work  
\$9.3m

where \$ in budget process?  
operating?

ANGDA got \$4m last year  
how much unused? unencumbered?



26-GH1057R  
Bullock  
4/13/09

**CS FOR HOUSE BILL NO. 163(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE RESOURCES COMMITTEE**

**Offered:**

**Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and**  
2 **relating to the definitions of certain terms that relate to a project that may be developed**  
3 **by the Alaska Natural Gas Development Authority."**

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

5 **\* Section 1.** AS 41.41.010(a) is amended to read:

6 (a) There is established the Alaska Natural Gas Development Authority, the  
7 purpose of which is to provide one or more of the following services and functions in  
8 order to bring natural gas from the North Slope or other regions of the state to  
9 market, including

- 10 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;
- 11 (2) the design and construction of the pipeline system;
- 12 (3) the operation and maintenance of the pipeline system;
- 13 (4) the design, construction, and operation [,] of other facilities
- 14 necessary for delivering the gas to market, including markets in the state [AND TO



1 SOUTHCENTRAL ALASKA]; and

2 (5) the acquisition of natural gas market share sufficient to ensure the  
3 long-term feasibility of the pipeline system project.

4 \* Sec. 2. AS 41.41.010(d) is amended to read:

5 (d) The acquisition of natural gas from the North Slope and other regions of  
6 the state, including the Alaska outer continental shelf, and its delivery to markets  
7 in the state for use by markets in the state or to tidewater for shipment to market by  
8 the authority are [IS AN] essential government functions [FUNCTION] of the state.

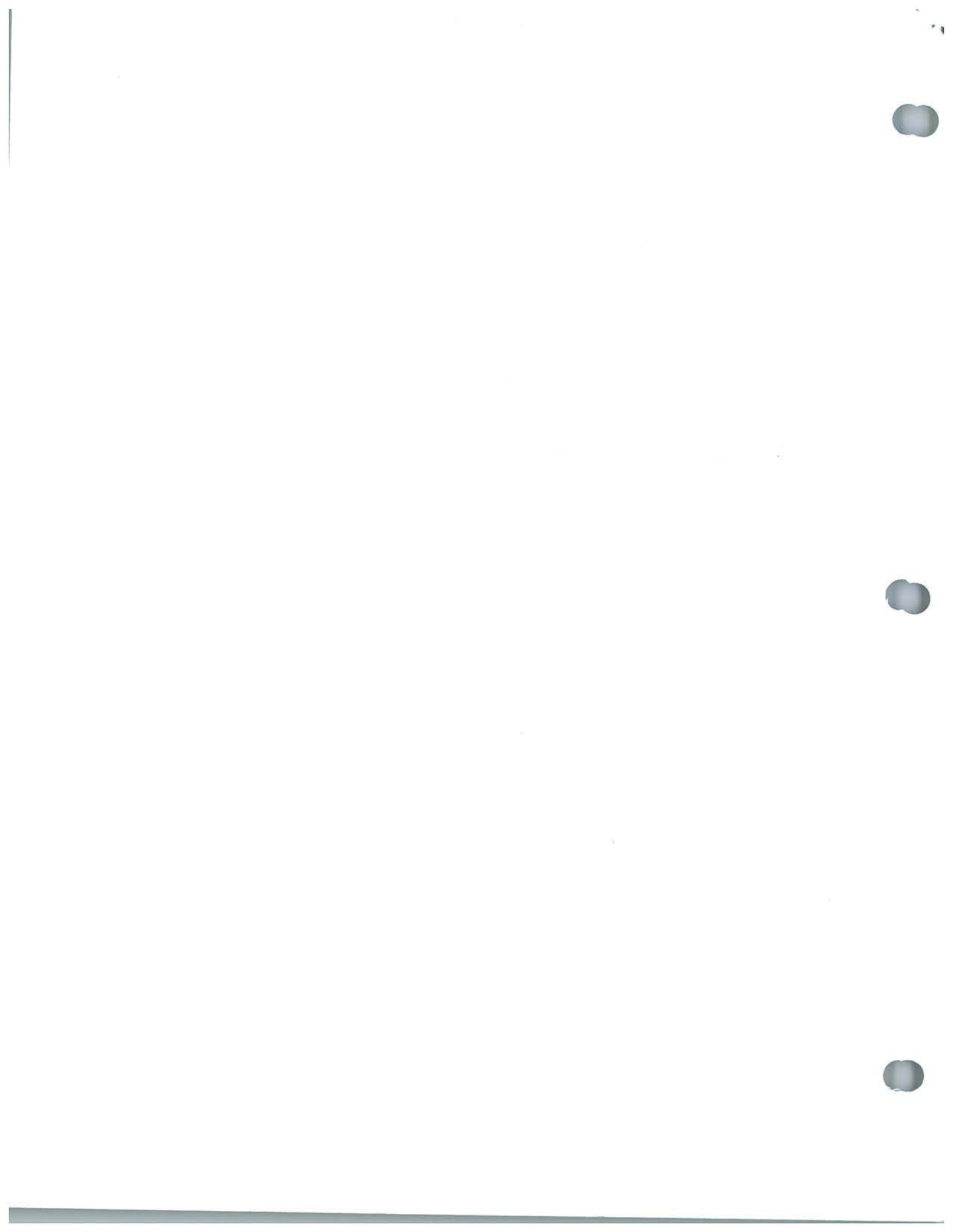
9 \* Sec. 3. AS 41.41.990(3) is amended to read:

10 (3) "project" means the gas transmission pipeline, together with all  
11 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the  
12 North Slope of Alaska or other regions of the state to <sup>a market</sup> markets in the state, or  
13 to a market in the state and [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR LINE  
14 FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION GRID]  
15 or [TO TIDEWATER AT A POINT ON] Cook Inlet, and includes planning, design,  
16 and construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

*To be available*

17 \* Sec. 4. AS 41.41.990 is amended by adding a new paragraph to read:

18 (4) "North Slope" means that part of the state that lies north of 68  
19 degrees North latitude and includes the Brooks Range foothills.



AMENDMENT # 1

OFFERED IN THE HOUSE  
TO: HB 163

BY REPRESENTATIVE GUTTENBERG

- 1 Page 2, line <sup>3</sup>~~2~~:
- 2 Delete "the pipeline system project"
- 3 Insert "[THE] pipeline system projects [PROJECT]"
- 4
- 5 Page 2, line <sup>12</sup>~~11~~:
- 6 Delete "markets"
- 7 Insert "a market"
- 8
- 9 Page 2, line ~~12~~, following "or":
- 10 Insert "to a market in the state and"

"to be available"



AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 217

BY REPRESENTATIVE NEUMAN

1 Page 1, following line 8:

2 Insert a new bill section to read:

3 **\* Sec. 2.** AS 43.55.900 is amended by adding a new paragraph to read:

4 (25) "manufacturing process" means a process that involves a chemical  
5 transformation of feedstock gas or combination of feedstock gas with other  
6 components."

*56 production tax*

*Tax cap*



HOUSE  
RESOURCES  
COMMITTEE  
PACKET

April 13, 2009

1

**HB 217 TAX ON GAS FOR IN  
STATE MANUFACTURING**

2

**HJR \_ RESTART OF COOK  
INLET OIL PRODUCTION  
(Pending Intro & Referral)**

3

**SJR 16 OFFSHORE OIL & GAS  
REVENUE**

4

5

6

7



## **HB 217 – Tax on Gas for In-State Manufacturing**

### Summary:

Gas consumed in Alaska is taxed at a lower rate than that consumed out of state: A 2006 law placed Cook Inlet gas at a lower tax rate. A 2007 law extended the taxation rate to all in-state consumption. This is against the U.S. Constitution, but it's the law.

This bill would extend the special taxation rate beyond consumption and electricity generation to include fueling in-state manufacturing.

While in theory, it would be good to entice and support manufacturing to Alaska, this will more immediately give local refineries the tax break.



# ALASKA STATE LEGISLATURE

*Co-Chair:*  
House Committee on Natural Resources

*Vice Chair*  
House Committee on Labor and Commerce

*Member:*  
House Committee on Rules, House Special  
Committee on Economic Development, Trade,  
and Tourism, and Legislative Budget & Audit  
Committee



*Session:*  
Alaska State Capitol  
Juneau, AK 99801-1182  
Phone: (907) 465-2679  
Fax: (907) 465-4822  
Toll Free (800) 505-2678

*Interim:*  
600 E. Railroad Ave  
Wasilla, AK 99654  
Phone: (907) 376-2679  
Fax: (907) 376-4745

## REPRESENTATIVE MARK NEUMAN

Rep.Mark.Neuman@legis.state.ak.us

To: Representative Mark Neuman  
Representative Craig Johnson  
House Resources Committee

From: Representative Mark Neuman

Date: April 6, 2009

Re: House Bill 217 Tax on Gas for Instate Manufacturing

Respectfully request a hearing on House Bill 217 at your earliest possible convenience

HB 217 will further defines the term "used in instate" to include products manufactured with or from Alaska's Natural Gas. The present definition is found in AS 43.55.900(24).

Respectfully

A handwritten signature in cursive script that reads "Mark Neuman".

Representative Mark Neuman  
House District 15



**HOUSE BILL NO. 217**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE NEUMAN

Introduced: 4/6/09

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

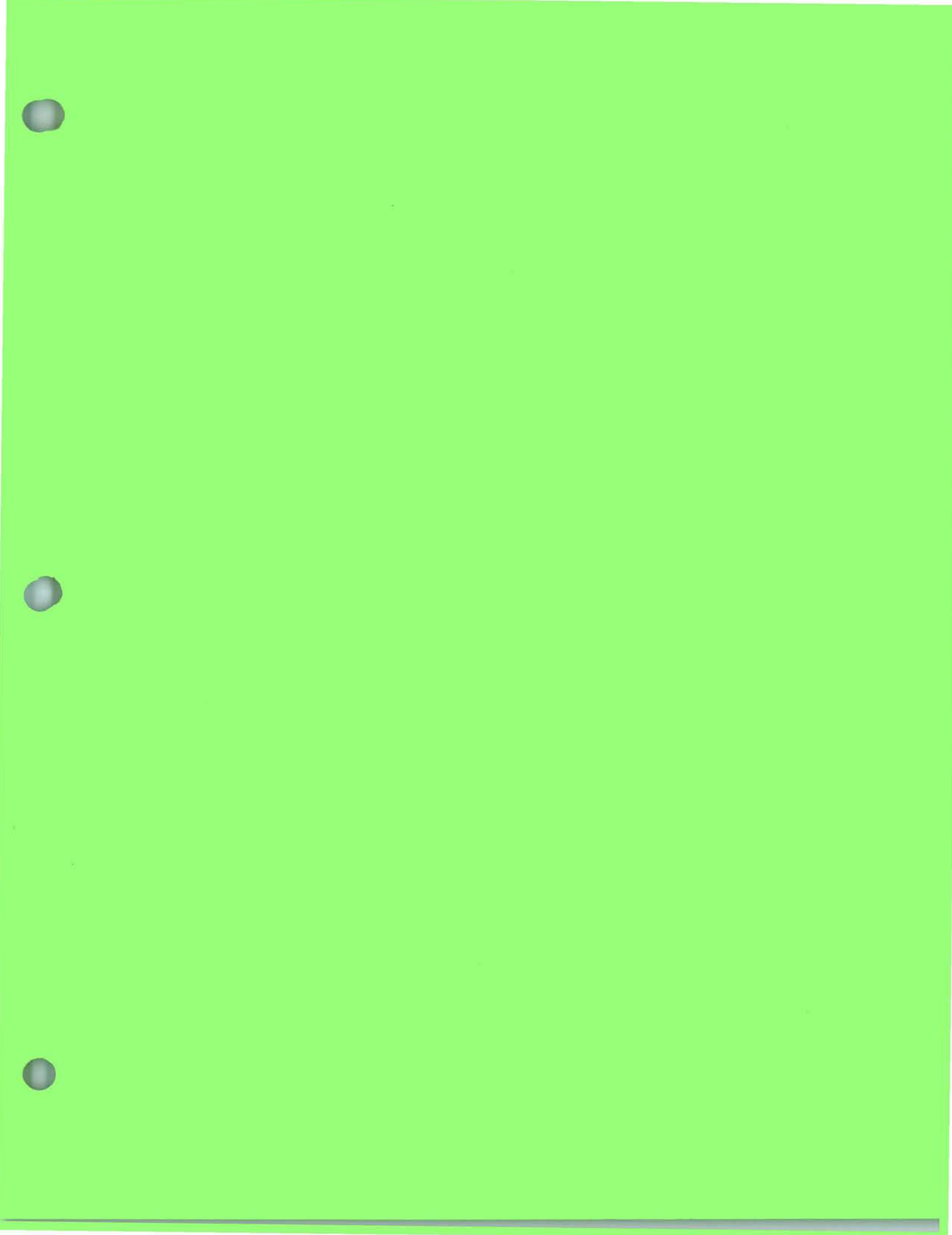
1 "An Act relating to the tax applicable to the production of natural gas used in the state  
2 as fuel or feedstock in producing a manufactured end product."

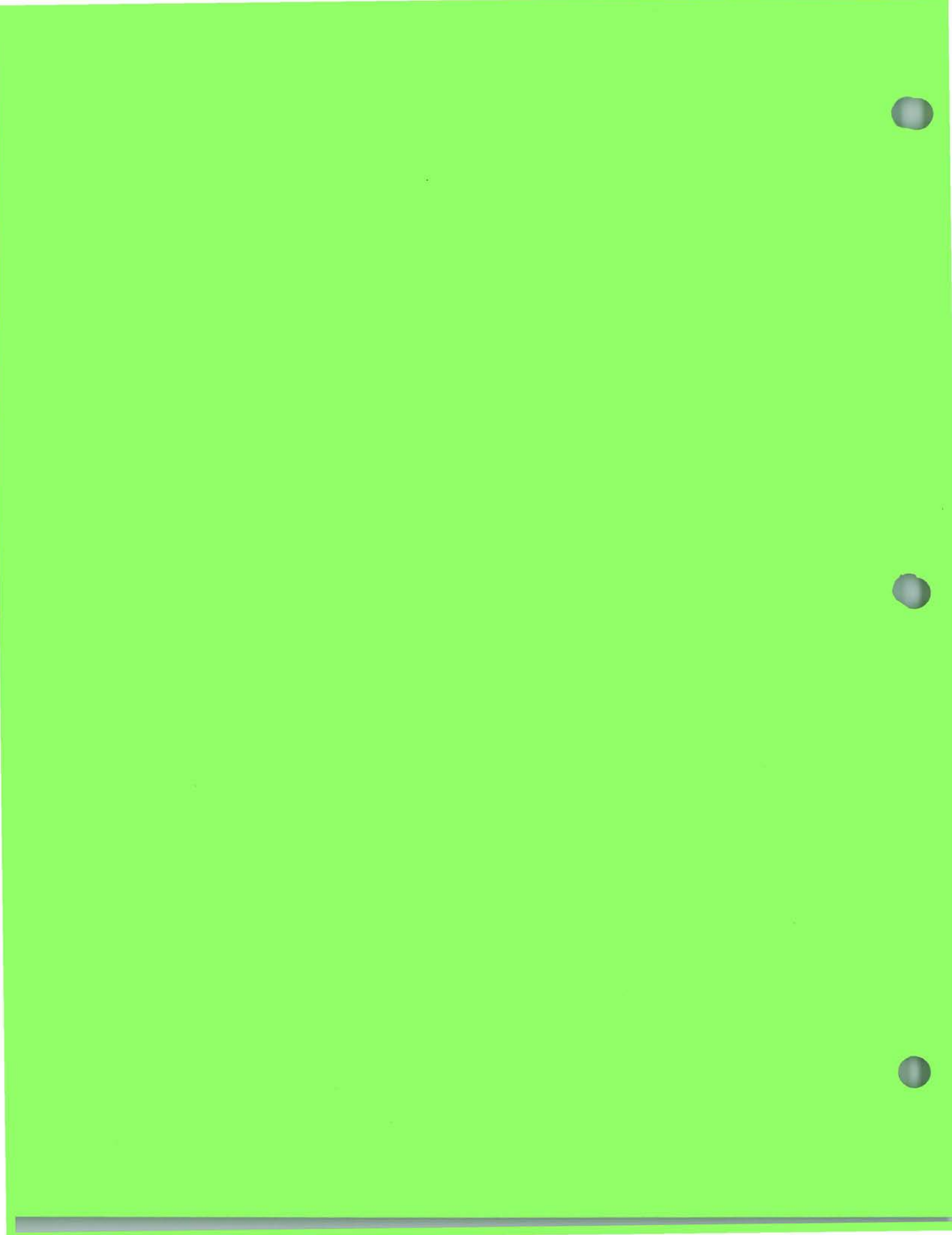
3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 43.55.900(24) is amended to read:

5 (24) "used in the state" means delivered for consumption as fuel in the  
6 state, including as fuel consumed to generate electricity, or used as fuel or feedstock  
7 in a manufacturing process creating an end product in the state, regardless of the  
8 final disposition of the manufactured end product.







# ALASKA STATE LEGISLATURE

## REPRESENTATIVE KURT OLSON

- Chair, Labor and Commerce
- Member: Rules, Resources, Military and Veterans Affairs

Session: January - April  
State Capitol  
Juneau, AK 99801-1182  
Phone: 907-465-2693  
Fax: 907-465-3835



Interim: May - December  
145 Main Street Loop, Ste 221  
Kenai, AK 99611  
Phone: 907-283-2690  
Fax: 907-283-2763

Official Business

---

### MEMORANDUM

TO: Representative Craig Johnson, Co-Chair  
Representative Mark Neuman, Co-Chair  
House Resources Committee

FROM: Rep. Kurt Olson

DATE: April 11, 2009

RE: House Joint Resolution 26-LS0896\R Hearing Request

Pending introduction and referral, I respectfully request a hearing on House Joint Resolution 26-LS0896\R at your earliest possible convenience.

The resolution urges immediate action by the governor, the Alaska Congressional delegation, and state and federal agencies to assist in the restart of oil production in Cook Inlet that was affected by the eruption of Mt. Redoubt.

The shut down of the Drift River oil storage and transfer facility after the eruption of Mt. Redoubt has adversely affected oil and gas production and development in the Cook Inlet basin. The closure threatens to cripple the regional economy with a decline in oil and gas production, potential price increases, and layoffs in the oil and gas sector and the industries that support it.

The economic welfare of the region depends on resumed production in the Cook Inlet, and I urge the appropriate parties to assist in the restart of production in the region.

Please contact my staff, Konrad Jackson, at 465-4954 with any questions regarding this legislation.



# ALASKA STATE LEGISLATURE

## REPRESENTATIVE KURT OLSON

- Chair, Labor and Commerce
- Member: Rules, Resources, Military and Veterans Affairs

Session: January - April  
State Capitol  
Juneau, AK 99801-1182  
Phone: 907-465-2693  
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Interim: May - December  
145 Main Street Loop, Ste 221  
Kenai, AK 99611  
Phone: 907-283-2690  
Fax: 907-283-2763

Official Business

---

### Sponsor Statement

#### HJR 26-LS0896\R

Alaska's economy is largely dependent on oil and gas production in the Cook Inlet basin. Much of this production has been stopped, however, due to the recent volcanic activity at Mt. Redoubt. The production stoppage threatens to cripple the state economy with a decline in oil and gas production, potential price increases, and substantial layoffs.

The shutdown of the Drift River oil storage and transfer facility is a substantial blow to production and development in the region. The facility is a crucial waypoint in the delivery of oil produced from Cook Inlet platforms and is integral to the operation of the Trading Bay and Granite Point facilities, the Tesoro refinery in Nikiski, and future oil and gas development and production in the Inlet. Its closure not only affects platforms and facilities in the Cook Inlet basin, but the support industries on which they depend.

Because the economic implications of reduced production in the Cook Inlet have the potential to affect the state economy in such a profound way, I respectfully urge the appropriate parties to assist in the restart of production in the region.

I kindly ask for your favorable consideration of this legislation. If you have any questions or concerns, please do not hesitate to contact me or my staff.



**HOUSE JOINT RESOLUTION NO.**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SIXTH LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVE OLSON**

**Introduced:**  
**Referred:**

**A RESOLUTION**

1 **Urging immediate action by the governor, the Alaska Congressional delegation, and**  
2 **state and federal agencies to assist in the restart of oil production in Cook Inlet that was**  
3 **affected by the eruption of Mt. Redoubt.**

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

5 **WHEREAS** a period of increased volcanic activity began at Mt. Redoubt on  
6 March 22, 2009; and

7 **WHEREAS** the proximity of Mt. Redoubt to state population centers, airports, and oil  
8 production facilities makes the recent volcanic eruptions particularly threatening to Alaskans;  
9 and

10 **WHEREAS** the eruption cycle that began on March 22, 2009, resulted in massive  
11 snow and glacial melt in the Drift River Valley, leading to the flooding of the Drift River; and

12 **WHEREAS** the Drift River oil storage and transfer facility is located in the floodplain  
13 of the river and in the path of flooding caused by lahars; and

14 **WHEREAS**, in an effort to avert a potential oil discharge into Cook Inlet, the Drift  
15 River terminal was shut down, and the oil in its storage tanks was drawn down; and



1           **WHEREAS**, because of the complexity of crude oil production in Cook Inlet, the  
2 length of time production wells are shut down adversely affects the ability to return to normal  
3 production levels; and

4           **WHEREAS** the Drift River terminal, as a crucial waypoint in the delivery of oil  
5 produced from Cook Inlet platforms, is integral to the operation of the Trading Bay and  
6 Granite Point facilities, the Tesoro refinery in Nikiski, and future oil and gas development and  
7 production in the Cook Inlet; and

8           **WHEREAS** the shutdown of the Drift River facility disrupts oil production on Cook  
9 Inlet platforms and adversely affects the operation of oil and gas facilities throughout the  
10 Cook Inlet basin; and

11           **WHEREAS** the oil services industries on which these platforms and facilities depend  
12 have been forced to curtail production and lay off workers as a result of the closure of the  
13 Drift River terminal; and

14           **WHEREAS** a prolonged closure of the terminal threatens to cripple the regional  
15 economy, with a decline in oil and gas production, potential price increases, and layoffs in the  
16 oil and gas sector and the industries that support it;

17           **BE IT RESOLVED** that the Alaska State Legislature urges immediate action by the  
18 governor, the Alaska Congressional delegation, and state and federal agencies to assist in the  
19 restart of oil production in Cook Inlet that was affected by the eruption of Mt. Redoubt.

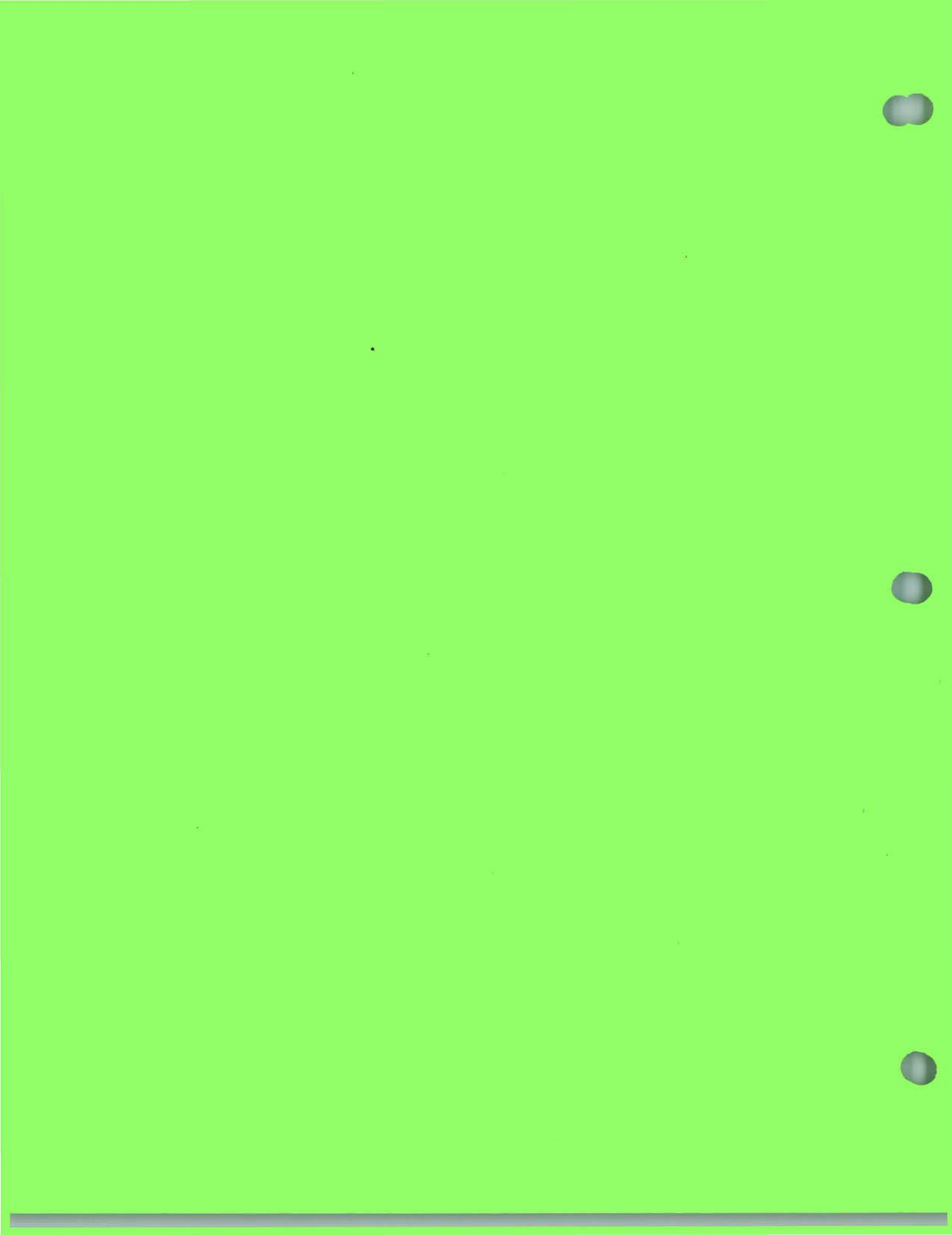
20           **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of  
21 the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and  
22 President of the U.S. Senate; the Honorable Ken Salazar, United States Secretary of the  
23 Interior; the Honorable Lisa P. Jackson, Administrator of the U.S. Environmental Protection  
24 Agency; Admiral Arthur E. Brooks, Commander, Seventeenth Coast Guard District; the  
25 Honorable Tom Irwin, Commissioner, Department of Natural Resources; the Honorable Larry  
26 Hartig, Commissioner, Department of Environmental Conservation; and the Honorable Lisa  
27 Murkowski and the Honorable Mark Begich, U.S. Senators, and the Honorable Don Young,  
28 U.S. Representative, members of the Alaska delegation in Congress.

*Add  
Unified Command.*

*We will examine alternate technologies  
to de-commission the tanks.*







# ALASKA STATE LEGISLATURE

Co-chair, Resources Committee

Vice chair, Judiciary Committee

Co-chair, Joint Armed Services

Energy Committee

World Trade Committee



State Capitol, Rm 115  
Juneau, AK 99801  
(907) 465-2435  
Fax: (907) 465-6615

716 W. 4<sup>th</sup> Ave, Ste. 440  
Anchorage, AK 99501  
(907) 269-0102  
Fax: (907) 269-6122

SENATOR BILL WIELECHOWSKI

## SJR 16:

### Development of Offshore Oil and Gas Reserves

SJR 16 expresses support for responsible development of the oil and gas resources in federal waters off Alaska coast. It also urges Congress to provide Alaska with a fair share of federal revenue from oil and gas leasing and development in federal waters.

Under current law, Alaska receives little revenue from oil and gas leasing and development that occurs more than six miles off our coast. This contrasts with how other states, including Louisiana, Mississippi, Alabama and Texas, are treated. Under the 2006 Gulf of Mexico Energy Security Act, these states receive 37.5 percent of revenues from newly leased federal waters off their coasts. This new law is expected to direct more than \$13 billion to Louisiana alone over the next three decades.

Alaska deserves to be treated in the same way as other states that contribute to our nation's energy security. Like other energy-producing states, Alaska bears the costs of infrastructure in support of offshore development, and our coastal resources and residents bear the impacts of offshore development. Alaskans deserves to share in the benefits of production, just as we do its costs.

The federal Minerals Management Service estimates that there could be as much as 55 billion barrels of technically recoverable oil and 280 trillion cubic feet of technically recoverable gas off Alaska's coast. Last year companies bid \$2.6 billion for access to tracts in the Chukchi Sea. More than 1.4 million acres off Alaska's coast have already been leased by the federal government. The Chukchi Sea sale could result in the leasing of an additional 2.7 million acres, providing ongoing support for a robust oil and gas industry in Alaska.

As more lands off Alaska's coast are leased for offshore oil production, we need to ensure that Alaska gets its fair share of the benefits of that leasing and production. It's time Congress treated all coastal states equally and fairly. Please join me in supporting SJR 16.

*37.5% Revenue  
States around Gulf of Mexico on Fed  
waters.  
- Alaska was excluded*

*\$975m of same  
Revenue share was  
given.*



**CS FOR SENATE JOINT RESOLUTION NO. 16(RES)**

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

**TWENTY-SIXTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE RESOURCES COMMITTEE**

**Offered: 3/30/09**

**Referred: Rules**

**Sponsor(s): SENATORS WIELECHOWSKI, Dyson, Wagoner, Thomas, Olson, Davis, Ellis, Paskvan, Menard, Stevens**

*No Meyer or McGuire*

**A RESOLUTION**

1 **Expressing support for responsible development of the oil and gas resources in federal**  
2 **waters offshore of Alaska's coast as a means to ensure energy independence, security for**  
3 **the nation, and jobs for Alaskans; and urging the United States Congress to provide a**  
4 **means for consistently sharing with all coastal energy-producing states, on an ongoing**  
5 **basis, revenue generated from oil and gas development on the outer continental shelf, to**  
6 **ensure that those states develop, support, and maintain necessary infrastructure and**  
7 **preserve environmental integrity.**

8 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 **WHEREAS** there are presently 697 active oil and gas leases off Alaska's coast,  
10 covering more than 1,500,000 hectares; and

11 **WHEREAS** the United States Department of the Interior, Minerals Management  
12 Service, estimates there are nearly 27,000,000,000 barrels of oil and 132,000,000,000,000  
13 cubic feet of natural gas that are technically recoverable offshore of Alaska; and

14 **WHEREAS** responsible oil and gas development in federal waters off Alaska's coast



1 would significantly decrease reliance by the United States on foreign oil and gas, making the  
 2 United States more energy independent and enhancing our national security; and

3 **WHEREAS**, under the Mineral Lands Leasing Act of 1920, the federal government  
 4 shares with the states 50 percent of revenue from mineral production on federal land within  
 5 each state's boundaries; and

6 **WHEREAS** the shared mineral production revenue is distributed to the states  
 7 automatically, outside of the budget process, and is not subject to appropriation; and

8 **WHEREAS**, other than in water immediately adjacent to a state's coastline, there is  
 9 not a similar authority for the federal government to share federal oil and gas revenue  
 10 generated on the outer continental shelf with adjacent coastal states, despite the vital  
 11 contribution made by those states to our nation's energy, economic, and national security  
 12 needs in support of production from the outer continental shelf; and

13 **WHEREAS** the states that sustain this critical energy production and development  
 14 deserve a share of the revenue generated because they provide infrastructure to support  
 15 offshore operations and because of the environmental effects and other risks associated with  
 16 oil and gas development on the outer continental shelf; and

17 **WHEREAS**, under the Gulf of Mexico Energy Security Act of 2006, the federal  
 18 government recognized the contributions made by Alabama, Louisiana, Mississippi, and  
 19 Texas to national security and agreed to give them 37.5 percent of revenue from oil and gas  
 20 development in newly leased federal waters in the Gulf of Mexico; and

21 **WHEREAS** other coastal states, including Alaska and California, also support and  
 22 should receive, on a regular and ongoing basis, a fair share of revenue generated through  
 23 development on the outer continental shelf as compensation and reward for their contributions  
 24 to the nation's energy supply, security, and economy; and

25 **WHEREAS**, since statehood, oil and gas lease sales from the outer continental shelf  
 26 off Alaska's coast have generated millions of dollars in revenue for the federal government;  
 27 and

28 **WHEREAS** the February 2008 lease sale in the Chukchi Sea generated an additional  
 29 \$2,600,000,000 in revenue for the federal government;

30 **BE IT RESOLVED** that the Alaska State Legislature supports responsible  
 31 development of the oil and gas resources in federal waters offshore of Alaska's coast as a



1 means to ensure energy independence, security for the nation, and jobs for Alaskans; and be it  
2 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
3 Congress to provide a means for consistently sharing, on an ongoing basis, revenue generated  
4 from oil and gas development on the outer continental shelf with all coastal energy-producing  
5 states to ensure that those states develop, support, and maintain necessary infrastructure and  
6 preserve environmental integrity.

7 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of  
8 the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and  
9 President of the U.S. Senate; the Honorable Ken Salazar, United States Secretary of the  
10 Interior; the Honorable Nancy Pelosi, Speaker of the U.S. House of Representatives; the  
11 Honorable Steny H. Hoyer, Majority Leader of the U.S. House of Representatives; the  
12 Honorable John Boehner, Minority Leader of the U.S. House of Representatives; the  
13 Honorable Harry Reid, Majority Leader of the U.S. Senate; the Honorable Mitch McConnell,  
14 Minority Leader of the U.S. Senate; the Honorable Jeff Bingaman, Chair of the U.S. Senate  
15 Committee on Energy and Natural Resources; the Honorable Lisa Murkowski and the  
16 Honorable Mark Begich, U.S. Senators, and the Honorable Don Young, U.S. Representative,  
17 members of the Alaska delegation in Congress; and all other members of the 111th United  
18 States Congress.



# Ted Stevens: Time to divvy up OCS

Alaska's senior U.S. senator, governor want state to get share of outer continental shelf oil and gas royalties

By KRISTEN NELSON  
Petroleum News

The State of Alaska should share in royalties from outer continental shelf production on its borders, says U.S. Sen. Ted Stevens, R-Alaska, predicting that such sharing will take place as a condition of OCS production off Alaska.

The senator, in Juneau to give his annual update to the Legislature, told members of the press Feb. 19 that the bill passed in 2006 which allocated OCS monies to Gulf of Mexico states originally included Alaska.

"We had a provision in the bill as it went through and it was the people opposed to ANWR who took that out of there. They thought it was an incentive to drill in Alaska and would not let us enact it."

Stevens said North Slope residents oppose drilling "until they get a percentage of it — that's what we're facing right now."

Both the state and federal governments "have to wake up," Stevens said.

People on the North Slope are not going to put up with oil and gas drilling and the risk to their resources from a spill. "I don't think it's a great risk," Stevens said, but calling it a "potential risk to their resources."

Alaska is not included in OCS offshore royalty sharing, he said, "because of the opposition of the extreme environmental people."

Alaska has two-thirds of the outer continental shelf "and we don't get any money from any production that comes from the outer continental shelf."

"I predict there's not going to be any production until we get it. Both the state and the Native people oppose any real production until we get the same kind of share that others get from production off our shore," Stevens said.

## Governor: time Alaska starts promoting OCS share

Alaska Gov. Sarah Palin agreed with

Stevens on OCS royalty share.

"It's going to become much brighter on everyone's radar screen, I think, once Alaskans realize that these other coastal states do receive OCS revenue shares. Alaska doesn't; we're exempt from that," the governor told reporters Feb. 21.

She said she would like to see that changed and thinks it's time Alaska started pushing for that change, and anticipates that the state's congressional delegation would support that move.

Stevens helped the Gulf of Mexico states get a share of OCS royalties, Palin said, adding that she hopes delegations



SEN. TED STEVENS



GOV. SARAH PALIN

from those states would, in return, assist Alaska in getting royalties off its shores.

## Alaska's share \$21.7 million

Alaska does earn royalties from production from federal lands onshore and

from offshore lands adjacent to state waters.

Alaska was one of 34 states which earned a share of almost \$2 billion during fiscal year 2007 as part of federal revenues collected by the Department of the Interior's Minerals Management Service, MMS said late last year.

Alaska's share, \$21.7 million, represents its share of revenues collected from oil, gas and coal production.

MMS said for the majority of onshore federal lands, states receive 50 percent of the revenues while the other 50 percent goes to various funds of the U.S.

see **SHARE** page 14

continued from page 13

## SHARE

Treasury, including the Reclamation Fund for water projects. Alaska receives a 90 percent share of revenues from onshore production as prescribed in the Alaska Statehood Act.

"In addition, Texas, Alabama, Louisiana and Mississippi with producing federal offshore tracts adjacent to state waters receive 27 percent of those mineral royalties," while remaining offshore revenues MMS collects go into various accounts of the U.S. Treasury, the majority into the general fund.

U.S. coastal waters are divided into three zones: from zero to three miles is state waters; in federal waters from three

## On the Web

See previous Petroleum News coverage:

See previous Petroleum News coverage: "GOM energy act passes" in Dec. 17, 2006, issue at [www.petroleumnews.com/pnads/501450772.shtml](http://www.petroleumnews.com/pnads/501450772.shtml)

"OCS impact assistance program moves ahead" in March 11, 2007, issue at [www.petroleumnews.com/pnads/829616050.shtml](http://www.petroleumnews.com/pnads/829616050.shtml)

to six miles from shore, states get a 27 percent cut of royalties from production; there is no state cut beyond six miles, except for those Gulf Coast states receiving OCS royalties as a result of the 2006 federal legislation. ●



by Steve Mac Donald  
Tuesday, Feb. 19, 2008



Shell Oil in the United States  
President John Hofmeister  
(Rich Jordan/KTUU-TV)

ANCHORAGE, Alaska -- A unique conversation between 32 people took place Tuesday. Representatives from big oil, environmental groups, government and labor tied to the Alaska's oil industry gathered around a table to discuss the state's future.



North Slope Borough Mayor  
Ed Itta (Rich Jordan/KTUU-TV)

The U.S. uses 10,000 gallons of oil a second every day and Shell Oil in the United States, which sponsored the summit, made that point very clear.

The company's president, John Hofmeister, is on a kind of goodwill tour around Alaska. He faced his fair share of questions from participants, many of which questioned him about finances.



University of Alaska  
Anchorage Chancellor Fran  
Ulmer (Rich Jordan/KTUU-TV)

North Slope Borough Mayor Ed Itta says the federal government isn't sharing revenues from off-shore lease sales with coastal communities like his.

"We believe it's reasonable and fair. While monetary gains is not the issue, of course, it's always nice to have revenues and continue to fund our government," he said. "We as a people are being asked to take a whole bunch of risk without any reward."



Alaska AFL-CIO President  
Vince Beltrami (Rich  
Jordan/KTUU-TV)

Perhaps the most compelling question posed at the roundtable had to do with jobs. Who, exactly, is going to retrieve all that oil and gas in the Beaufort and Chukchi Seas and on the North Slope?

"We've got about a 20,000 workers shortage so we have our work cut out for us just to even meet current demands," said Alaska Vocational Technical Centers director Fred Esposito.

With the possibility of a natural gas pipeline in Alaska's future, along



with potential oil developments in the Beaufort and Chukchi Seas, many at the table worry there won't be nearly enough Alaskans qualified to fill construction jobs those projects could bring.

"We tried to pass a local hire law a couple times, went to the Supreme Court, that didn't go very well," said University of Alaska Anchorage Chancellor Fran Ulmer.

Many at the meeting were concerned the jobs may go to workers Outside.

"The ultimate local hire is growing our own, training our own -- it's kind of a no brainer isn't it," Ulmer said.

Labor unions say they're trying to meet the demand through apprenticeship programs.

"The majority of work that needs to be trained for are the primary crafts -- welders, operators, pipe fitters, teamsters -- and we do that real well and we've got a 100 percent resident hire requirement in our apprenticeship program," said Alaska AFL-CIO President Vince Beltrami.

The state must take advantage of training programs such as this for what could be a potential job boon if and when these major projects become reality.

A new training facility planned for the Fairbanks area may help train Alaskans to qualify for jobs in the maturing energy field here.

The organizers of Tuesday's discussion was a Washington, D.C.-based group, the Congressional Quarterly, which says a White Paper will be produced summarizing the findings, results and conclusions.

*Contact Steve Mac Donald at [stevem@ktuu.com](mailto:stevem@ktuu.com)*



## **H.R.6111**

### **Tax Relief and Health Care Act of 2006 (Enrolled as Agreed to or Passed by Both House and Senate)**

#### **Excerpt ...**

#### **SEC. 105. DISPOSITION OF QUALIFIED OUTER CONTINENTAL SHELF REVENUES FROM 181 AREA, 181 SOUTH AREA, AND 2002-2007 PLANNING AREAS OF GULF OF MEXICO.**

(a) In General- Notwithstanding section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) and subject to the other provisions of this section, for each applicable fiscal year, the Secretary of the Treasury shall deposit--

(1) 50 percent of qualified outer Continental Shelf revenues in the general fund of the Treasury; and

(2) 50 percent of qualified outer Continental Shelf revenues in a special account in the Treasury from which the Secretary shall disburse--

(A) 75 percent to Gulf producing States in accordance with subsection (b); and

(B) 25 percent to provide financial assistance to States in accordance with section 6 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-8), which shall be considered income to the Land and Water Conservation Fund for purposes of section 2 of that Act (16 U.S.C. 4601-5).

(b) Allocation Among Gulf Producing States and Coastal Political Subdivisions-

(1) ALLOCATION AMONG GULF PRODUCING STATES FOR FISCAL YEARS 2007 THROUGH 2016-

(A) IN GENERAL- Subject to subparagraph (B), effective for each of fiscal years 2007 through 2016, the amount made available under subsection (a)(2)(A) shall be allocated to each Gulf producing State in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point on the coastline of each Gulf producing State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract.

(B) MINIMUM ALLOCATION- The amount allocated to a Gulf producing State each fiscal year under subparagraph (A) shall be at least 10 percent of the amounts available under subsection (a)(2)(A).

(2) ALLOCATION AMONG GULF PRODUCING STATES FOR FISCAL YEAR 2017 AND THEREAFTER-



(A) IN GENERAL- Subject to subparagraphs (B) and (C), effective for fiscal year 2017 and each fiscal year thereafter--

- (i) the amount made available under subsection (a)(2)(A) from any lease entered into within the 181 Area or the 181 South Area shall be allocated to each Gulf producing State in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point on the coastline of each Gulf producing State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract; and
- (ii) the amount made available under subsection (a)(2)(A) from any lease entered into within the 2002-2007 planning area shall be allocated to each Gulf producing State in amounts that are inversely proportional to the respective distances between the point on the coastline of each Gulf producing State that is closest to the geographic center of each historical lease site and the geographic center of the historical lease site, as determined by the Secretary.

(B) MINIMUM ALLOCATION- The amount allocated to a Gulf producing State each fiscal year under subparagraph (A) shall be at least 10 percent of the amounts available under subsection (a)(2)(A).

(C) HISTORICAL LEASE SITES-

(i) IN GENERAL- Subject to clause (ii), for purposes of subparagraph (A)(ii), the historical lease sites in the 2002-2007 planning area shall include all leases entered into by the Secretary for an area in the Gulf of Mexico during the period beginning on October 1, 1982 (or an earlier date if practicable, as determined by the Secretary), and ending on December 31, 2015.

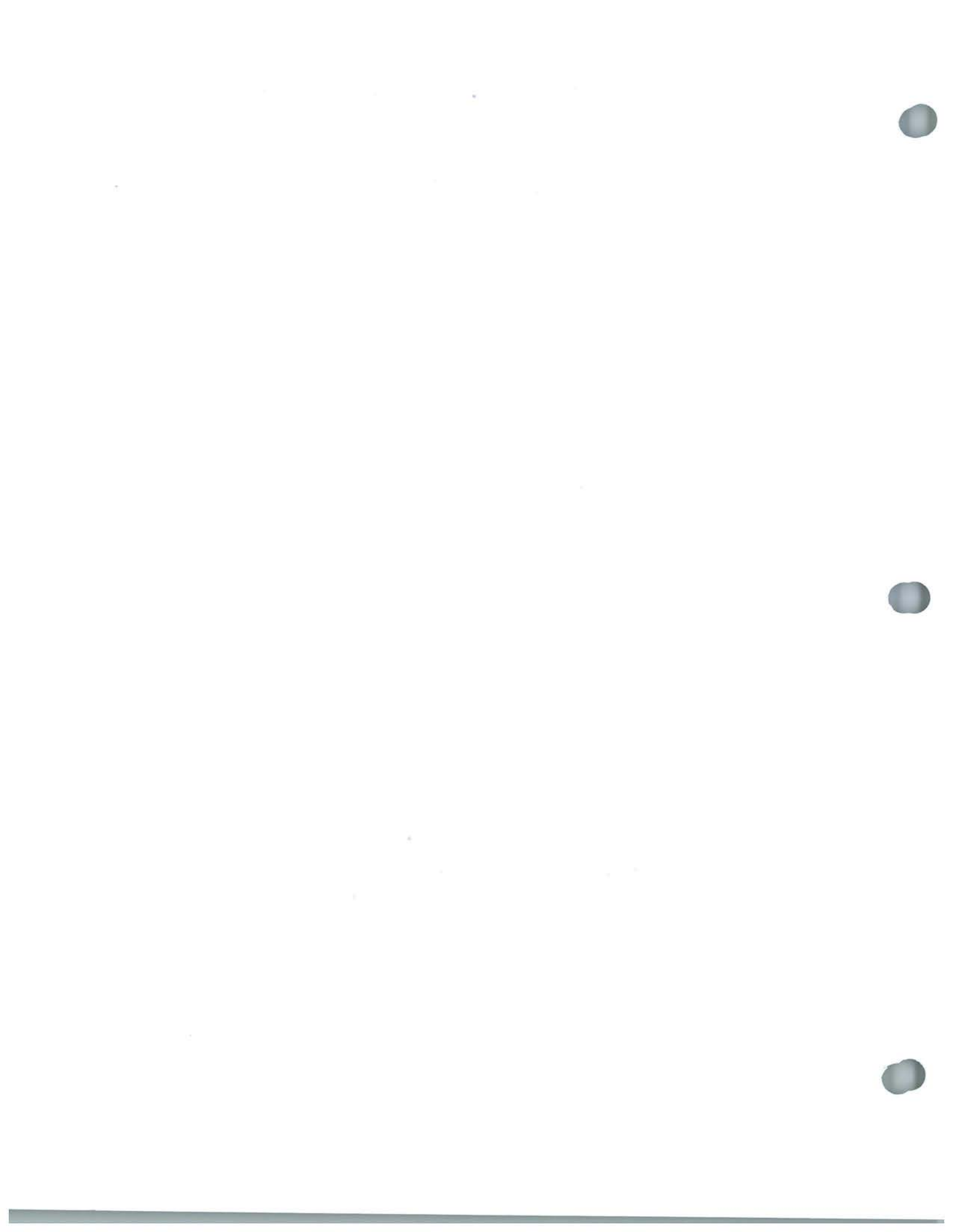
(ii) ADJUSTMENT- Effective January 1, 2022, and every 5 years thereafter, the ending date described in clause (i) shall be extended for an additional 5 calendar years.

(3) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS-

(A) IN GENERAL- The Secretary shall pay 20 percent of the allocable share of each Gulf producing State, as determined under paragraphs (1) and (2), to the coastal political subdivisions of the Gulf producing State.

(B) ALLOCATION- The amount paid by the Secretary to coastal political subdivisions shall be allocated to each coastal political subdivision in accordance with subparagraphs (B), (C), and (E) of section 31(b)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a(b)(4)).

(c) Timing- The amounts required to be deposited under paragraph (2) of subsection (a) for the applicable fiscal year shall be made available in



accordance with that paragraph during the fiscal year immediately following the applicable fiscal year.

(d) Authorized Uses-

(1) IN GENERAL- Subject to paragraph (2), each Gulf producing State and coastal political subdivision shall use all amounts received under subsection (b) in accordance with all applicable Federal and State laws, only for 1 or more of the following purposes:

(A) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses.

(B) Mitigation of damage to fish, wildlife, or natural resources.

(C) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

(D) Mitigation of the impact of outer Continental Shelf activities through the funding of onshore infrastructure projects.

(E) Planning assistance and the administrative costs of complying with this section.

(2) LIMITATION- Not more than 3 percent of amounts received by a Gulf producing State or coastal political subdivision under subsection (b) may be used for the purposes described in paragraph (1)(E).

(e) Administration- Amounts made available under subsection (a)(2) shall--

(1) be made available, without further appropriation, in accordance with this section;

(2) remain available until expended; and

(3) be in addition to any amounts appropriated under--

(A) the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.);

(B) the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-4 et seq.); or

(C) any other provision of law.

(f) Limitations on Amount of Distributed Qualified Outer Continental Shelf Revenues-

(1) IN GENERAL- Subject to paragraph (2), the total amount of qualified outer Continental Shelf revenues made available under subsection (a)(2) shall not exceed \$500,000,000 for each of fiscal years 2016 through 2055.

(2) EXPENDITURES- For the purpose of paragraph (1), for each of fiscal years 2016 through 2055, expenditures under subsection (a)(2) shall be net of receipts from that fiscal year from any area in the 181 Area in the Eastern Planning Area and the 181 South Area.

(3) PRO RATA REDUCTIONS- If paragraph (1) limits the amount of qualified outer Continental Shelf revenue that would be paid under subparagraphs (A) and (B) of subsection (a)(2)--

(A) the Secretary shall reduce the amount of qualified outer Continental Shelf revenue provided to each recipient on a pro rata basis; and

(B) any remainder of the qualified outer Continental Shelf revenues shall revert to the general fund of the Treasury.



FROM TOUCHSTONE MAG  
IN AML FOLDER

# AML 2010 RESOLUTIONS

PASSED BY AML MEMBERSHIP NOVEMBER 20, 2009

## Resolution #2010 - 02

A Resolution Of The Alaska Municipal League Urging The Alaska Legislature To Support H.R. 2256, "Preserving The American Historical Record" Act And Requesting That Once The Act Is Adopted, The Funds Be Redistributed To Local Municipalities To Meet The Mandates Of Alaska Statute 29.20.380

## Resolution #2010 - 03

A Resolution Recognizing The Preeminent Duty Of The Fire Service By Protecting Human Life and Supporting The "Ready, Set, Go, Program" Which Encourages Fire Prevention And Early Resident Evacuation From Wildfire

## Resolution #2010 - 04

A Resolution Supporting The Ability Of Alaskan Communities To Adopt Codes And Ordinances At The Local Level To Require The Installation Of Fire Sprinkler Systems In All Newly Constructed One- And Two-Family Dwellings And Townhomes

## Resolution #2010 - 06

A Resolution To The State of Alaska Legislature Requesting The State Of Alaska Continue To Accept Full Responsibility For The Costs Of Operation And Maintenance Of The Alaska Land Mobile Radio System And Relieve Local Agencies Of Those Costs

## Resolution #2010 - 08

A Resolution Of The Alaska Municipal League Taking A Strong Position Against "An Initiative Creating An Alaska Anti-Corruption Act" (Prop 7), Which Will Be Placed On The 2010 Primary Election Ballot

## Resolution #2010 - 09

A Resolution Of The Alaska Municipal League Opposing Senate Bill 787, As Reported Out Of The U.S. Senate Environment And Public Works Committee; and Providing For Effective Date

## Resolution #2010 - 10

AB208

A Resolution Of The Alaska Municipal League Urging The Governor And The Alaska State Legislature To Evaluate And Develop Recommendations On The Cruise Ship Taxation Regulation And Disclosure Ballot Initiative And Its Impacts On The Economy Of The State Of Alaska

## Resolution #2010 - 11

A Resolution Requesting The Federal Government Remove Alaska From EPA Emission Control Areas (ECA) Until The State Of Alaska Receives A Similar Comprehensive Scientific Analysis As Was Performed In The Lower 48

## Resolution #2010 - 12

A Resolution Of The Alaska Municipal League Regarding Support For Senate Bill 4 And House Bill 74, Which Make Amendments To The Alaska Coastal Management Program

## Resolution #2010 - 13

A Resolution Of The Alaska Municipal League Requesting That The Alaska Board Of Fish Schedule Their Meetings To Be Held In The Impacted Region Whose Issues They Are Discussing

## Resolution #2010 - 14

A Resolution Of The Alaska Municipal League In Support Of Legislation Establishing Regional Transportation Planning Organizations (RTPO) In The State Of Alaska

## Resolution #2010 - 16

A Resolution Of The Alaska Municipal League In Support Of The Alaska Partnership For Economic Development's "Alaska Forward" Initiative To Develop A Long Term Economic Strategy For Alaska

Complete copies of the 2010 AML Resolutions and the 2010 AML Policy Statement are available online at [www.akml.org](http://www.akml.org).



# PIONEER

## NATURAL RESOURCES ALASKA

March 10, 2009

Representative Craig Johnson, Co-Chair  
Representative Mark Neuman, Co-Chair  
House Resources Committee  
State Capitol  
Juneau, Alaska 99810-1182

Re: House Bill 74 – Alaska Coastal Management Program

Dear Representatives Johnson and Neuman:

On behalf of Pioneer Natural Resources Alaska, Inc. (Pioneer), I am writing to express our concern with House Bill 74 – a bill that would significantly alter the existing Alaska Coastal Management Program (ACMP.)

Pioneer is an independent oil and gas exploration and production company headquartered in Dallas, Texas with operations in the United States, Tunisia and South Africa. In Alaska Pioneer operates the Oooguruk Unit on the North Slope and the Cosmopolitan Unit in Cook Inlet. The company also maintains a substantial leasehold position in the state. With first production from our Oooguruk Unit in June 2008, Pioneer became the first independent company to operate a field on the North Slope. Pioneer brought the project online in five years – from exploration wells to first production – an unprecedented timeline for a North Slope offshore project.

In Pioneer's experience, the ACMP isn't broken and does not warrant the substantial overhaul contemplated in House Bill 74. In fact, the successful development of our Oooguruk project under the existing ACMP is a strong endorsement of the current program. Pioneer worked extensively with local, state and federal regulatory agencies and stakeholders to ensure the project was designed to minimize impact to the coastal environment and resources while maximizing its benefits.

Pioneer responded to more than 200 comments, many from local stakeholders, during the state's coastal consistency review and the federal project review. Additionally, the North Slope Borough adopted a "re-zone" ordinance specific to the Oooguruk project which addressed a number of issues of importance to the Borough, including subsistence, Native allotments and cumulative impacts. Finally, the public had multiple opportunities to comment on the project throughout the Alaska Department of Environmental Conservation's (ADEC) processing of Oooguruk's air permit and oil spill contingency plan.



Working with government regulators and other stakeholders, Pioneer undertook a number of initiatives to ensure Oooguruk did not have a detrimental impact to the coastal environment and resources. Many of these actions were developed to respond to issues and concerns raised during the project's consistency review.

- The company has conducted numerous studies to determine the project's possible impacts to bowhead whales, caribou and fish. We monitor polar bear, caribou, fox and bird activity continually and train our employees to avoid any interference with the subsistence activities of local residents.
- Pioneer designed Oooguruk's development wells on 7ft centers limiting the size of our drilling island to a mere six acres, reducing our need for gravel and minimizing the project's surface footprint. From a six-acre drill site we will develop a subsurface reservoir of roughly 10,000 acres.
- To minimize the potential for leaks produced fluids travel through the project's sub-sea flowline bundle in a pipe-in-pipe design. Sophisticated pressure monitoring allows for precise detection of leaks. The flowline bundle is the first of its kind on the North Slope.
- To accommodate caribou crossings the vertical support members (VSM) used to elevate the onshore section of the project's flowline are 7ft high – the highest VSMs on the North Slope.

Taken as a whole, the ACMP provides a robust regulatory process – one that provides the public and interested stakeholders with meaningful opportunities to engage with project sponsors and helps ensure development in Alaska's coastal zone is done right.

Compared to the current program, House Bill 74 creates an ACMP with significantly broader scope, increased bureaucracy, a number of poorly defined and undefined terms and less schedule certainty for project sponsors. It is unclear whether any of these changes will produce corresponding benefits to the coastal environment. On the other hand, project developers are likely to face increased costs as coastal consistency determinations become more complicated and time intensive.

- *Scope Growth*  
House Bill 74 expands the state's coastal zone into the federal waters of the outer continental shelf as well as lands inland of the coastal zone. This change dramatically increases the program's jurisdiction and increases the uncertainty regarding when and where the program will be applied.
- *Bureaucratic Expansion*  
The legislation creates the Alaska Coastal Policy Board (Board) adding an additional layer of bureaucracy and costing the state hundreds of thousands of dollars annually. The new entity, with limited staff and resources, will assume some of the duties and



responsibilities currently vested in the Alaska Department of Natural Resources (ADNR) and ADEC – state agencies properly equipped to handle the workload.

- *Definitions*  
House Bill 74 adds a new term to the statute – “special management area” – which is defined so broadly as to likely include the state’s entire coastal zone. This term is sure to cause disputes among the Board, state agencies and project sponsors over interpretation and applicability. Such disputes will only increase the time and cost needed to conduct a consistency review.
- *Schedule Certainty*  
The legislation removes the time limitations currently used by the resource agencies in issuing consistency determinations for any federal activity or authorization. Since few, if any, development projects in Alaska’s coastal zone do not require at least one authorization from a federal agency, the practical effect of this language is to eliminate schedule certainty for essentially all proposed projects.

Additionally, the bill sets aside a provision in the current program which specifies the air, land and water quality standards administered by ADEC constitute the standards for the purposes of the ACMP. Elimination of this provision will require ADEC permits to undergo consistency review leading to possible disagreements regarding interpretations, as well as project delays due to the significant lead times associated with many ADEC permits.

The net effect of the changes proposed in House Bill 74 will be to increase the cost, complexity and time needed for a project sponsor to acquire a consistency determination. Making the regulatory process in Alaska more burdensome sends a negative signal to prospective investors particularly if there are not clear corresponding benefits to the coastal environment and resources. Today at Oooguruk, Pioneer operates under roughly 250 permits and authorizations issued and enforced by more than a dozen different local, state and federal agencies. We do not believe the facts warrant a more expansive and complicated ACMP.

Put simply, the current program is not broken. In fact, proponents of the legislation have not been able to identify a single project authorized under the current system which they believe to be inconsistent with state or coastal district standards. Meanwhile, projects like Oooguruk stand as testament to the balance and success of the current system.

The concerns of coastal zone stakeholders are important and their participation in the permitting process helps assure development is done right. Pioneer’s experience with the current ACMP program has been largely positive. The program is a critical piece in the state’s regulatory regime and it successfully balances rigorous permitting standards and public access with a process that is reasonably efficient from the standpoint of project sponsors. Pioneer does not see a need for the substantial changes proposed in House Bill 74 and we do not support moving the bill forward.



Senate Resources Committee  
House Bill 74 – Alaska Coastal Management Program  
March 10, 2009

Thank you for your consideration of our position on this important issue. Please feel free to contact me if I can answer any questions or provide you with additional information.

Sincerely,

A handwritten signature in black ink that reads "Tadd Owens". The signature is written in a cursive style with a large, looping initial "T".

Tadd Owens  
Director, Government & Public Affairs



**AMENDMENT**

OFFERED IN THE HOUSE  
TO: HB 163

BY REPRESENTATIVE RAMRAS

1 Page 1, line 1, following "**Authority**";:

2 Insert "**relating to prior approval by the governor or the commissioner of revenue**  
3 **before the exercise of certain powers of the Alaska Natural Gas Development**  
4 **Authority**;"

5

6 Page 2, following line 7:

7 Insert new bill sections to read:

8 **\*\* Sec. 3.** AS 41.41.200 is amended to read:

9 **Sec. 41.41.200. Powers of the authority.** In furtherance of its corporate  
10 purposes, in addition to its other powers, **and subject to the approval by the**  
11 **governor under AS 41.41.210**, the authority may

12 (1) sue and be sued;

13 (2) adopt a seal;

14 (3) adopt, amend, and repeal bylaws and regulations;

15 (4) make and execute contracts and other instruments;

16 (5) in its own name acquire property, lease, rent, convey, or acquire  
17 real and personal property; a project site or part of a project site may be acquired by  
18 eminent domain;

19 (6) acquire natural gas supplies;

20 (7) issue bonds and otherwise incur indebtedness in accordance with  
21 AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

22 (8) accept gifts, grants, or loans from and enter into contracts or other  
23 transactions regarding gifts, grants, or loans with a federal agency or an agency or



1 instrumentality of the state, a municipality, private organization, or other source;

2 (9) enter into contracts or agreements with a federal agency, agency or  
3 instrumentality of the state, municipality, or public or private individual or entity, with  
4 respect to the exercise of its powers;

5 (10) charge fees or other forms of remuneration for the use of authority  
6 properties and facilities;

7 (11) defend and indemnify a current or former member of the board or  
8 an employee or agent of the authority against the costs, expenses, judgments, and  
9 liabilities as a result of actions taken in good faith on behalf of the authority; and

10 (12) purchase insurance to protect its assets, services, and employees  
11 against liabilities that may arise from authority operations and activities.

12 \* **Sec. 4.** AS 41.41 is amended by adding a new section to article 2 to read:

13 **Sec. 41.41.210. Required approval.** (a) The authority may not exercise the  
14 power in AS 41.41.200(5), (6), (7), (8), or (9) without the prior written approval of the  
15 governor after the governor finds that the project proposed or being developed by the  
16 authority is in the best interest of the state. The governor shall give written notice to  
17 the authority of the approval or denial of approval.

18 (b) The authority may not exercise the power in AS 41.41.200(4) without the  
19 prior written approval of the commissioner of revenue after the commissioner of  
20 revenue finds that the execution of the contract or other instrument is in the best  
21 interest of the state. The commissioner of revenue shall give written notice to the  
22 authority of the approval or denial of approval.

23 (c) The written approval or denial of approval in (a) or (b) of this section is a  
24 final administrative action for purposes of appeal to the superior court."  
25

26 Renumber the following bill sections accordingly.





## ALASKA STATE LEGISLATURE Limbo File

Sponsor: Representative Fairclough  
Current Version: 26-LS0138\N  
Contact: Crystal Koeneman  
Date: April 17, 2009

### Limbo File Comparison Sheet for **SCS CSHB63(FIN)**

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**Short Title:** "An Act relating to the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

**Summary:** HB 63 makes changes to the composition of the Council on Domestic Violence and Sexual Assault that were recommended by the Council.

**Benefits:** By incorporating these changes this will strengthen the Council's ability to respond to Domestic Violence and Sexual Assault in the State.

**Changes:** Senate added in Transition language for the staff that was moved into the classified service. It states that they may not have a reduction in pay because of the move of service, and because the effective date of the bill was changed to July 1, they also don't suffer any loss of benefits.

I concur with the changes

I do not concur with the changes





Official Business

# Alaska State Legislature

## Senate

### Office of the Secretary

State Capitol, Room 213  
Juneau, Alaska 99801-1182  
Phone: (907) 465-3701  
Fax: (907) 465-2832  
Email:senate\_secretary@legis.state.ak.us

## CONCUR

APR 18 2009

### MESSAGE TO THE HOUSE

MR. SPEAKER:

The Senate passed:

CS FOR HOUSE BILL NO. 63(FIN)

"An Act relating to the Council on Domestic Violence and Sexual Assault."

HB 63 COUNCIL DOMESTIC VIOLENCE: MEMBERS, STAFF

with the following amendment(s),

SENATE CS FOR CS FOR HOUSE BILL NO. 63(FIN)

"An Act relating to the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

HB 63 COUNCIL DOMESTIC VIOLENCE: MEMBERS, STAFF

(technical title change)

and it is returned for consideration.

A handwritten signature in cursive script that reads "Kirsten Waid".

Kirsten Waid

Secretary of the Senate



1000



**SENATE CS FOR CS FOR HOUSE BILL NO. 63(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 4/17/09

Referred: Rules

Sponsor(s): REPRESENTATIVES FAIRCLOUGH, HOLMES, COGHILL, AND WILSON, Herron, Lynn, Gara, Kerttula, Johnson, Neuman, Millett, Buch, Tuck

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the Council on Domestic Violence and Sexual Assault; and  
2 providing for an effective date."

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

4 \* **Section 1.** AS 18.66.020 is amended to read:

5 **Sec. 18.66.020. Membership, terms, vacancies, and disqualification.** (a) The  
6 council consists of

7 (1) four public members [THREE PERSONS] appointed by the  
8 governor, one of whom shall be from a rural area; the governor may consult  
9 [AFTER CONSULTATION] with the Alaska Network on Domestic Violence and  
10 Sexual Assault, a nonprofit corporation, in appointing the public members under  
11 this paragraph; the Alaska Network on Domestic Violence and Sexual Assault shall  
12 submit a list to the governor of persons recommended for appointment;

13 (2) the commissioner of public safety or the designee of the  
14 commissioner of public safety;

1 (3) the commissioner of health and social services or the designee of  
2 the commissioner of health and social services;

3 (4) the commissioner of education and early development or the  
4 designee of the commissioner of education and early development; [AND]

5 (5) the attorney general or the designee of the attorney general; and

6 (6) the commissioner of corrections or the designee of the  
7 commissioner of corrections.

8 (b) The term of office of a public member appointed under (a)(1) of this  
9 section is three [TWO] years. A public member appointed under (a)(1) of this section  
10 serves at the pleasure of the governor and may not serve more than two consecutive  
11 terms. A vacancy on the council shall be filled for the unexpired term by appointment  
12 by the governor. The governor may consult [AFTER CONSULTATION] with the  
13 Alaska Network on Domestic Violence and Sexual Assault on an appointment of a  
14 public member made under this subsection.

15 (c) A person who receives compensation from or is an employee of the State  
16 of Alaska or a domestic violence, sexual assault, or crisis intervention or prevention  
17 program may not be appointed as a public member of [TO] the council.

18 \* **Sec. 2.** AS 18.66.020 is amended by adding a new subsection to read:

19 (d) In this section, "rural area" means a community with a population of 7,500  
20 or less that is not connected by road or rail to Anchorage or Fairbanks or with a  
21 population of 3,500 or less that is connected by road or rail to Anchorage or Fairbanks.

22 \* **Sec. 3.** AS 18.66.040 is amended to read:

23 **Sec. 18.66.040. Meetings and quorum.** The council shall meet at least four  
24 times a year. At least one meeting each year shall include a statewide public  
25 teleconference hearing. The time and place of a meeting shall be set by the presiding  
26 officer or by three members who submit a written request for a meeting to the  
27 presiding officer. Five [FOUR] members of the council constitute a quorum.

28 \* **Sec. 4.** AS 18.66.050 is amended to read:

29 **Sec. 18.66.050. Duties of the council.** The council shall

30 (1) hire an executive director, and the executive director may hire staff;  
31 the executive director is [AND STAFF ARE] in the exempt service under

1 AS 39.25.110 **and staff members are in the classified service under AS 39.25.100;**

2 (2) elect one of its members as presiding officer;

3 (3) in consultation with authorities in the field, develop, implement,  
4 maintain, and monitor domestic violence, sexual assault, and crisis intervention and  
5 prevention programs, including educational programs, films, and school curricula on  
6 the cause, prevention, and treatment of domestic violence and sexual assault;

7 (4) coordinate services provided by the Department of Law, the  
8 Department of Education and Early Development, the Department of Public Safety,  
9 the Department of Health and Social Services, **the Department of Corrections,** and  
10 other state agencies and community groups dealing with domestic violence, sexual  
11 assault, and crisis intervention and prevention, and provide technical assistance as  
12 requested by those state agencies and community groups;

13 (5) develop and implement a standardized data collection system on  
14 domestic violence, sexual assault, and crisis intervention and prevention;

15 (6) conduct public hearings and studies on issues relating to violence,  
16 including domestic violence and sexual assault, and on issues relating to the role of  
17 crisis intervention and prevention;

18 (7) receive and dispense state and federal money and award grants and  
19 contracts from appropriations for the purpose to qualified local community entities for  
20 domestic violence, sexual assault, and crisis intervention and prevention programs;

21 (8) oversee and audit domestic violence, sexual assault, and crisis  
22 intervention and prevention programs that receive money under this chapter;

23 (9) provide fiscal and technical assistance to plan, organize, implement  
24 and administer domestic violence, sexual assault, and crisis intervention and  
25 prevention programs;

26 (10) make an annual report to the governor on the activities of the  
27 council, plans of the council for new services and programs, and concerns of the  
28 council, including recommendations for legislation necessary to carry out the purposes  
29 of this chapter; the council shall notify the legislature that the report is available;

30 (11) adopt regulations in accordance with AS 44.62 (Administrative  
31 Procedure Act) to carry out the purposes of this chapter and to protect the health,

1 safety, well-being, and privacy of persons receiving services financed with grants or  
2 contracts under this chapter;

3 (12) consult with the Department of Health and Social Services in the  
4 formulation of standards and procedures for the delivery of services to victims of  
5 domestic violence by health care facilities and practitioners of healing arts and  
6 personnel in those facilities as required in AS 18.66.300;

7 (13) consult with the Alaska Police Standards Council and other police  
8 training programs in the state to develop training programs regarding domestic  
9 violence for police officers and for correction, probation, and parole officers;

10 (14) consult with public employers, the Alaska Supreme Court, school  
11 districts, and prosecuting authorities who are required by AS 18.66.300 - 18.66.310 to  
12 provide continuing education courses in domestic violence to employees.

13 \* **Sec. 5.** AS 39.25.110(38) is amended to read:

14 (38) the executive director [AND STAFF] of the Council on Domestic  
15 Violence and Sexual Assault established under AS 18.66.010;

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

18 ADDITION OF MEMBER TO THE COUNCIL ON DOMESTIC VIOLENCE AND  
19 SEXUAL ASSAULT AND EXTENSION OF CERTAIN MEMBERS' TERMS. (a) The  
20 governor shall appoint a new member to the Council on Domestic Violence and Sexual  
21 Assault under AS 18.66.020(a)(1), as amended by sec. 1 of this Act, within 30 days after this  
22 Act takes effect.

23 (b) Notwithstanding any other provision of law, the term of office of each public  
24 member of the Council on Domestic Violence and Sexual Assault serving under  
25 AS 18.66.020(a)(1) on the effective date of this section shall be extended one year.

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

28 TRANSITION: ASSIGNMENT OF EXISTING STAFF MEMBERS OF THE  
29 COUNCIL ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT. Employees employed  
30 as staff members of the Council on Domestic Violence and Sexual Assault as of the effective  
31 date of this Act are assigned to the classified service in accordance with AS 18.66.050, as

1 amended by sec. 4 of this Act. Notwithstanding any other provision of law, staff members of  
2 the Council on Domestic Violence and Sexual Assault employed as of the effective date of  
3 this Act

4 (1) shall immediately be appointed to the classified service;

5 (2) may not have a reduction in pay

6 (A) solely because of the assignment described in this section; or

7 (B) if the employee is assigned to a position in the classified service  
8 that is classified at a lower rate of pay than that received when the position was  
9 assigned to the exempt service.

10 \* **Sec. 8.** This Act takes effect July 1, 2009.



**CS FOR HOUSE BILL NO. 63(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 2/27/09

Referred: Rules

Sponsor(s): REPRESENTATIVES FAIRCLOUGH, HOLMES, COGHILL, AND WILSON, Herron, Lynn, Gara, Kerttula, Johnson, Neuman, Millett, Buch, Tuck

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the Council on Domestic Violence and Sexual Assault."

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

3 \* **Section 1.** AS 18.66.020 is amended to read:

4 **Sec. 18.66.020. Membership, terms, vacancies, and disqualification.** (a) The  
5 council consists of

6 (1) four public members [THREE PERSONS] appointed by the  
7 governor, one of whom shall be from a rural area; the governor may consult  
8 [AFTER CONSULTATION] with the Alaska Network on Domestic Violence and  
9 Sexual Assault, a nonprofit corporation, in appointing the public members under  
10 this paragraph; the Alaska Network on Domestic Violence and Sexual Assault shall  
11 submit a list to the governor of persons recommended for appointment;

12 (2) the commissioner of public safety or the designee of the  
13 commissioner of public safety;

14 (3) the commissioner of health and social services or the designee of  
15 the commissioner of health and social services;

1 (4) the commissioner of education and early development or the  
2 designee of the commissioner of education and early development; [AND]

3 (5) the attorney general or the designee of the attorney general; and

4 (6) the commissioner of corrections or the designee of the  
5 commissioner of corrections.

6 (b) The term of office of a public member appointed under (a)(1) of this  
7 section is three [TWO] years. A public member appointed under (a)(1) of this section  
8 serves at the pleasure of the governor and may not serve more than two consecutive  
9 terms. A vacancy on the council shall be filled for the unexpired term by appointment  
10 by the governor. The governor may consult [AFTER CONSULTATION] with the  
11 Alaska Network on Domestic Violence and Sexual Assault on an appointment of a  
12 public member made under this subsection.

13 (c) A person who receives compensation from or is an employee of the State  
14 of Alaska or a domestic violence, sexual assault, or crisis intervention or prevention  
15 program may not be appointed as a public member of [TO] the council.

16 \* **Sec. 2.** AS 18.66.020 is amended by adding a new subsection to read:

17 (d) In this section, "rural area" means a community with a population of 7,500  
18 or less that is not connected by road or rail to Anchorage or Fairbanks or with a  
19 population of 3,500 or less that is connected by road or rail to Anchorage or Fairbanks.

20 \* **Sec. 3.** AS 18.66.040 is amended to read:

21 **Sec. 18.66.040. Meetings and quorum.** The council shall meet at least four  
22 times a year. At least one meeting each year shall include a statewide public  
23 teleconference hearing. The time and place of a meeting shall be set by the presiding  
24 officer or by three members who submit a written request for a meeting to the  
25 presiding officer. Five [FOUR] members of the council constitute a quorum.

26 \* **Sec. 4.** AS 18.66.050 is amended to read:

27 **Sec. 18.66.050. Duties of the council.** The council shall

28 (1) hire an executive director, and the executive director may hire staff;  
29 the executive director is [AND STAFF ARE] in the exempt service under  
30 AS 39.25.110 and staff members are in the classified service under AS 39.25.100;

31 (2) elect one of its members as presiding officer;

1 (3) in consultation with authorities in the field, develop, implement,  
2 maintain, and monitor domestic violence, sexual assault, and crisis intervention and  
3 prevention programs, including educational programs, films, and school curricula on  
4 the cause, prevention, and treatment of domestic violence and sexual assault;

5 (4) coordinate services provided by the Department of Law, the  
6 Department of Education and Early Development, the Department of Public Safety,  
7 the Department of Health and Social Services, the Department of Corrections, and  
8 other state agencies and community groups dealing with domestic violence, sexual  
9 assault, and crisis intervention and prevention, and provide technical assistance as  
10 requested by those state agencies and community groups;

11 (5) develop and implement a standardized data collection system on  
12 domestic violence, sexual assault, and crisis intervention and prevention;

13 (6) conduct public hearings and studies on issues relating to violence,  
14 including domestic violence and sexual assault, and on issues relating to the role of  
15 crisis intervention and prevention;

16 (7) receive and dispense state and federal money and award grants and  
17 contracts from appropriations for the purpose to qualified local community entities for  
18 domestic violence, sexual assault, and crisis intervention and prevention programs;

19 (8) oversee and audit domestic violence, sexual assault, and crisis  
20 intervention and prevention programs that receive money under this chapter;

21 (9) provide fiscal and technical assistance to plan, organize, implement  
22 and administer domestic violence, sexual assault, and crisis intervention and  
23 prevention programs;

24 (10) make an annual report to the governor on the activities of the  
25 council, plans of the council for new services and programs, and concerns of the  
26 council, including recommendations for legislation necessary to carry out the purposes  
27 of this chapter; the council shall notify the legislature that the report is available;

28 (11) adopt regulations in accordance with AS 44.62 (Administrative  
29 Procedure Act) to carry out the purposes of this chapter and to protect the health,  
30 safety, well-being, and privacy of persons receiving services financed with grants or  
31 contracts under this chapter;

1 (12) consult with the Department of Health and Social Services in the  
2 formulation of standards and procedures for the delivery of services to victims of  
3 domestic violence by health care facilities and practitioners of healing arts and  
4 personnel in those facilities as required in AS 18.66.300;

5 (13) consult with the Alaska Police Standards Council and other police  
6 training programs in the state to develop training programs regarding domestic  
7 violence for police officers and for correction, probation, and parole officers;

8 (14) consult with public employers, the Alaska Supreme Court, school  
9 districts, and prosecuting authorities who are required by AS 18.66.300 - 18.66.310 to  
10 provide continuing education courses in domestic violence to employees.

11 \* **Sec. 5.** AS 39.25.110(38) is amended to read:

12 (38) the executive director [AND STAFF] of the Council on Domestic  
13 Violence and Sexual Assault established under AS 18.66.010;

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

16 **ADDITION OF MEMBER TO THE COUNCIL ON DOMESTIC VIOLENCE AND**  
17 **SEXUAL ASSAULT AND EXTENSION OF CERTAIN MEMBERS' TERMS.** (a) The  
18 governor shall appoint a new member to the Council on Domestic Violence and Sexual  
19 Assault under AS 18.66.020(a)(1), as amended by sec. 1 of this Act, within 30 days after this  
20 Act takes effect.

21 (b) Notwithstanding any other provision of law, the term of office of each public  
22 member of the Council on Domestic Violence and Sexual Assault serving under  
23 AS 18.66.020(a)(1) on the effective date of this section shall be extended one year.

**CS FOR HOUSE BILL NO. 163(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
 TWENTY-SIXTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE RESOURCES COMMITTEE**

**Offered: 4/14/09**

**Referred: Rules**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and**  
 2 **relating to the definitions of certain terms that relate to a project that may be developed**  
 3 **by the Alaska Natural Gas Development Authority."**

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

5 \* **Section 1.** AS 41.41.010(a) is amended to read:

6 (a) There is established the Alaska Natural Gas Development Authority, the  
 7 purpose of which is to provide one or more of the following services and functions in  
 8 order to bring natural gas from the North Slope **or other regions of the state** to  
 9 market, including

- 10 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;  
 11 (2) the design and construction of the pipeline system;  
 12 (3) the operation and maintenance of the pipeline system;  
 13 (4) the design, construction, **and** operation [,] of other facilities  
 14 necessary for delivering the gas to market, **including markets in the state** [AND TO

1 SOUTHCENTRAL ALASKA]; and

2 (5) the acquisition of natural gas market share sufficient to ensure the  
3 long-term feasibility of [THE] pipeline system **projects** [PROJECT].

4 \* **Sec. 2.** AS 41.41.010(d) is amended to read:

5 (d) The acquisition of natural gas from the North Slope **and other regions of**  
6 **the state, including the Alaska outer continental shelf,** and its delivery to **markets**  
7 **in the state for use by markets in the state or to** tidewater for shipment to market by  
8 the authority **are** [IS AN] essential government **functions** [FUNCTION] of the state.

9 \* **Sec. 3.** AS 41.41.990(3) is amended to read:

10 (3) "project" means the gas transmission pipeline, together with all  
11 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the  
12 North Slope of Alaska **or other regions of the state to a market in the state, or be**  
13 **available to a market in the state, and** [EITHER] to tidewater at a point on Prince  
14 William Sound [AND THE SPUR LINE FROM GLENNALLEN TO THE  
15 SOUTHCENTRAL GAS DISTRIBUTION GRID] or [TO TIDEWATER AT A  
16 POINT ON] Cook Inlet, and includes planning, design, and construction of the  
17 pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

18 \* **Sec. 4.** AS 41.41.990 is amended by adding a new paragraph to read:

19 (4) "North Slope" means that part of the state that lies north of 68  
20 degrees North latitude and includes the Brooks Range foothills.

26-GH1057\R

Bullock

4/13/09

**CS FOR HOUSE BILL NO. 163(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

**BY THE HOUSE RESOURCES COMMITTEE****Offered:****Referred:****Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR****A BILL****FOR AN ACT ENTITLED**

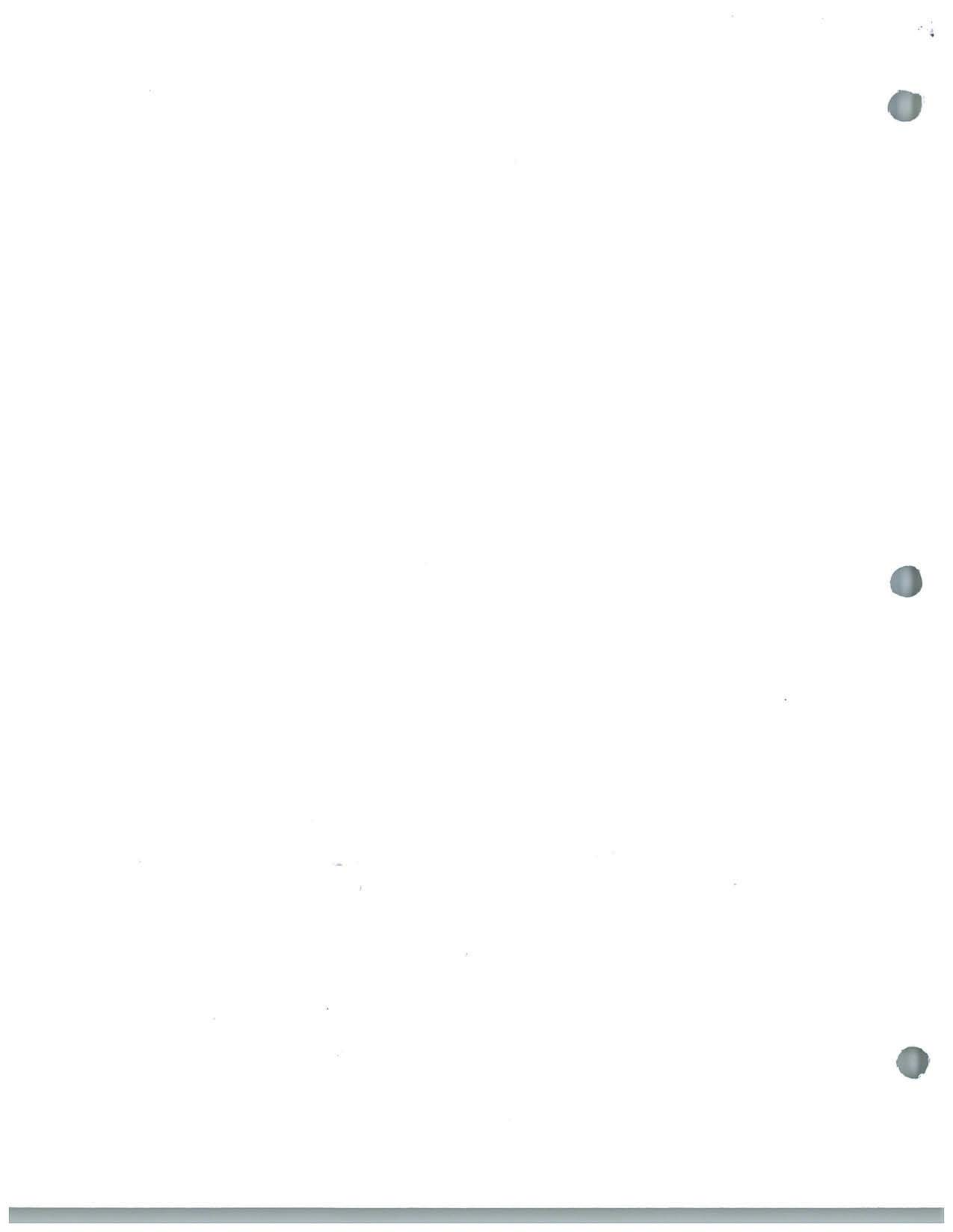
1 **"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and**  
2 **relating to the definitions of certain terms that relate to a project that may be developed**  
3 **by the Alaska Natural Gas Development Authority."**

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

5 **\* Section 1.** AS 41.41.010(a) is amended to read:

6 (a) There is established the Alaska Natural Gas Development Authority, the  
7 purpose of which is to provide one or more of the following services and functions in  
8 order to bring natural gas from the North Slope or other regions of the state to  
9 market, including

- 10 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;  
11 (2) the design and construction of the pipeline system;  
12 (3) the operation and maintenance of the pipeline system;  
13 (4) the design, construction, **and** operation [,] of other facilities  
14 necessary for delivering the gas to market, including markets in the state [AND TO



1 SOUTHCENTRAL ALASKA]; and

2 (5) the acquisition of natural gas market share sufficient to ensure the  
3 long-term feasibility of the pipeline system project.

4 \* Sec. 2. AS 41.41.010(d) is amended to read:

5 (d) The acquisition of natural gas from the North Slope and other regions of  
6 the state, including the Alaska outer continental shelf, and its delivery to markets  
7 in the state for use by markets in the state or to tidewater for shipment to market by  
8 the authority are [IS AN] essential government functions [FUNCTION] of the state.

9 \* Sec. 3. AS 41.41.990(3) is amended to read:

10 (3) "project" means the gas transmission pipeline, together with all  
11 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the  
12 North Slope of Alaska or other regions of the state to markets in the state, or  
13 [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR LINE  
14 FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION GRID]  
15 or [TO TIDEWATER AT A POINT ON] Cook Inlet, and includes planning, design,  
16 and construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

17 \* Sec. 4. AS 41.41.990 is amended by adding a new paragraph to read:

18 (4) "North Slope" means that part of the state that lies north of 68  
19 degrees North latitude and includes the Brooks Range foothills.



## HB 163 ALASKA NATURAL GAS DEVELOPMENT AUTHORITY

**SPONSOR(S):** RULES BY REQUEST OF THE GOVERNOR

**CURRENT STATUS:** (H) Resources

**FISCAL NOTE:** zero

**BILL HISTORY/ACTION:**

**(H) ENE 3DNP:** Edgmon, Petersen, Ramras; **3NR:** Dahlstrom, Johansen, Tuck

**BILL SUMMARY:** The bill would expand the authority of the Alaska Natural Gas Development Authority (ANGDA) to allow them to work on natural gas projects across the state.

**ISSUES (pros & cons):** ANGDA was created by initiative in 2002 to facilitate the construction of an All-Alaska pipeline. The statutory language specifically refers to a project bringing natural gas from the North Slope to tidewater for export. ANGDA's board has always taken a more expansive view of their task and has made plans other plans to facilitate in state natural gas development that do not fall within the specific statutory language. This bill would give ANGDA the authority to participate in natural gas infrastructure across the state.

Rep. Ramras expressed concern that ANGDA is interfering with the Governor's efforts in support of an in-state pipeline and described this bill as "dangerous."

**TALKING POINTS (if any):**

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**COMMITTEE/DATE:** (H) Energy 4/9/09

Roll: 4 yeas (Dahlstrom, Edgmon, Johansen, Tuck) 2 nays (Petersen, Ramras)

Action: moved

Next Referral: (H) Resources

Amendments: one offered and withdrawn

Change in CS: n/a

**Amendments/Changes:** Rep. Ramras offered an amendment to make ANGDA's actions subject to approval by the governor. (Joe Balash, special assistant to the governor, said he did not have time to review the amendment but that the governor probably would not object to expanding her powers.) He withdrew the amendment at the request of co-chair Edgmon who wished to promptly move the bill.

**Committee Discussion/Action:** Rep. Ramras introduced his amendment, describing ANGDA as "dysfunctional" and as working counter the governor's efforts. After concluding testimony the committee quickly voted to move the bill.

**Testimony Summary:**

Joe Balash, special assistant to the governor, presented the bill.

Bob Priveto, ANGDA board member, testified in support of the bill.

Tom Lakosh, testified against the bill insisting Alaska should work on alternative energy instead.

Paul Kendall testified off topic.

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Paul Fuhs, on behalf of himself, testified in favor of the bill.

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**COMMITTEE/DATE: (H) Energy 3/28/09**

Roll: n/a

Action: heard and held

Next Referral: (H) Resources

Amendments: none

Change in CS: n/a

**Amendments/Changes:** none offered at this meeting

**Committee Discussion/Action:** The committee heard the presentation of the bill, and some members asked specific questions about the history of ANGDA. Rep. Johansen used the issue as a chance to talk about his belief that voter initiatives need legislative oversight.

**Testimony Summary:**

Joe Balash, special assistant to the governor, presented the bill.

Harold Heinze, CEO of ANGDA, answered questions about the history of ANGDA.

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Conceptual Amendment  
by Seaton to HB 163. ✓A

Page 1 line 7 + ~~Page 2 line 5~~  
~~insert~~ after...state  
insert

"including the Alaska outer  
continental shelf"

page 2 line 5 and page 2 line 11  
within the state after the first

Insert

"including the Alaska outer  
continental shelf"



**HOUSE BILL NO. 163**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/2/09

Referred: House Special Committee on Energy, Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and**  
2 **relating to definitions of certain terms in AS 41.41."**

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

4 \* **Section 1.** AS 41.41.010(a) is amended to read:

5 (a) There is established the Alaska Natural Gas Development Authority, the  
6 purpose of which is to provide one or more of the following services and functions in  
7 order to bring natural gas from the North Slope **or other regions within the state** to  
8 market, including

9 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;

10 (2) the design and construction of the pipeline system;

11 (3) the operation and maintenance of the pipeline system;

12 (4) the design, construction, operation, of other facilities necessary for  
13 delivering the gas to market, **including markets within the state** [AND TO  
14 SOUTHCENTRAL ALASKA]; and



1 (5) the acquisition of natural gas market share sufficient to ensure the  
2 long-term feasibility of the pipeline system project.

3 \* **Sec. 2.** AS 41.41.010(d) is amended to read:

4 (d) The acquisition of natural gas from the North Slope **and other regions**  
5 **within the state** and its delivery to **markets within the state for use by markets**  
6 **within the state or to** tidewater for shipment to market by the authority **are** [IS AN]  
7 essential government **functions** [FUNCTION] of the state.

8 \* **Sec. 3.** AS 41.41.990(3) is amended to read:

9 (3) "project" means the gas transmission pipeline, together with all  
10 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the  
11 North Slope of Alaska **or other regions within the state to markets within the state**  
12 **or** [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR  
13 LINE FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION  
14 GRID] or to tidewater at a point on Cook Inlet, and includes planning, design, and  
15 construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

16 \* **Sec. 4.** AS 41.41.990 is amended by adding a new paragraph to read:

17 (4) "North Slope" means that part of the state that lies north of 68  
18 degrees North latitude and includes the Brooks Range foothills.



ENEWS  
APR 9

The House Special Committee on Energy just wrapped up a very busy week here in Juneau so I thought it would be good to bring everyone up to speed on what we are working on.

On Tuesday, the committee got an interesting overview of the coal industry from Steve Denton with Usibelli Coal Mine Inc. Steve gave a great presentation loaded with good information. Alaska's coal reserves are staggering. The challenge for the industry is figuring out how to develop that vast resource economically if congress and the Obama Administration go forward with legislation that restricts carbon emissions.

We also moved out HJR 25, a resolution urging congress to classify hydroelectric power in Alaska as a renewable energy source. That's very important because unlike the Lower-48 water is plentiful in Alaska and hydroelectric power generation is environmentally friendly. Alaska already generates about 25 percent of its electricity from hydroelectric dams.

A bill sponsored by the Palin Administration was also heard that brings all six railbelt electric utilities into a new public corporation for the purpose of building and operating new power generation plants. On one level the bill (HB 182) makes a lot of sense. Some of the railbelt utilities have aging power plants that will need to be replaced at a tremendous cost or they have no power generation facilities at all. Having all six utilities pool their resources could make power more affordable for the average consumer and promote economic growth.

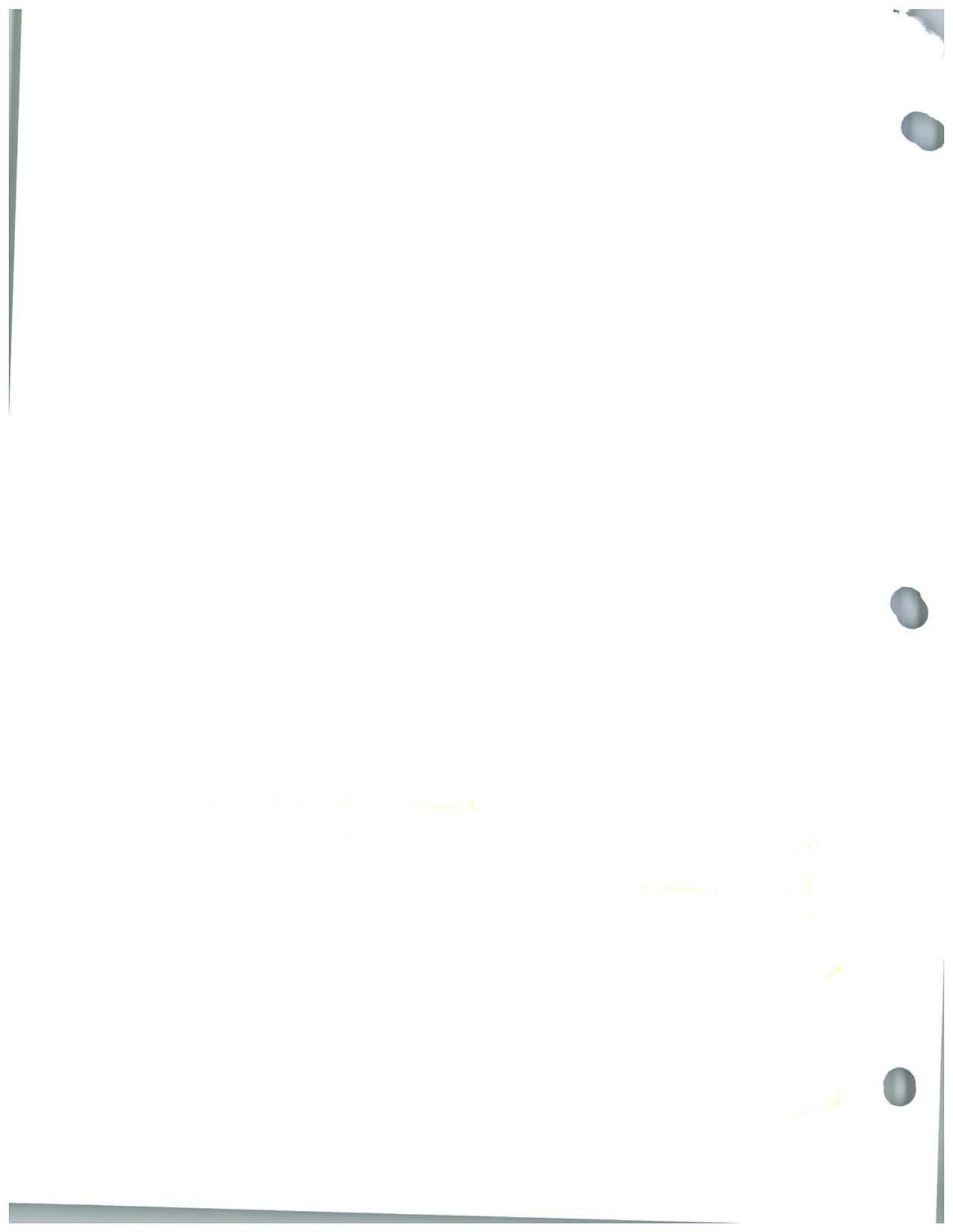
The trick is to bring all six utilities together in a way that makes sense for each one - that will not be easy. The energy committee will continue to work with the administration and the utilities to see if the proposal can be made to work.


Today the committee held a Saturday meeting to hear two pieces of legislation dealing with natural gas pipeline issues. HB 163 essentially changes the mission statement for the Alaska Natural Gas Development Authority. If passed, ANGDA's scope will be to provide natural gas for Alaskans from any source in the state.

The question I'm asking myself is does changing ANGDA's mission actually help get any pipeline project built? When ANGDA was created by a voter approved initiative in 2002 it was supposed to have a gas pipeline in operation by 2007. Obviously, that didn't happen and so far the agency has received more than ten million dollars in state funding.

We also heard HB 164. It is legislation the administration believes is necessary to facilitate the construction of an in-state gas pipeline. It makes changes to right-of-way leases on state land and makes statutory changes designed to stimulate pipeline development.

Well, we have just three weeks left to go. I expect some long days ahead as the session





moves closer to adjournment on April 19th.

Please feel free to contact me with any questions or comments you may have. I would love to hear from you. Hope you are having a great weekend!

Warmly,

Charisse



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# FISCAL NOTE

STATE OF ALASKA  
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1  
 Bill Version: HB 163  
 (H) Publish Date: 3/2/09

Identifier (file name): 0057-DNR-OGD-02-25-09 Dept. Affected: Natural Resources  
 Title Clarifying Purpose of Alaska Natural Gas Dev. Auth. RDU Resource Development  
 Component Oil and Gas Development  
 Sponsor Rules Committee  
 Requester Governor Component Number 439

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
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>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES ( )</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</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>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

No fiscal impact to DNR anticipated from this bill.

Prepared by: Kevin Banks, Director  
 Division Oil and Gas  
 Approved by: Tom Irwin, Commissioner  
Natural Resources

Phone 269-8802  
 Date/Time February 25, 2009  
 Date February 25, 2009



# FISCAL NOTE

STATE OF ALASKA  
2009 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: HB 163  
(H) Publish Date: 3/2/09

Identifier (file name): 0057-DOR-GAO-02-27-09 Dept. Affected: Revenue  
Title Alaska Natural Gas Development Authority RDU ANGDA 495  
Component Gas Authority Operations  
Sponsor Rules Committee  
Requester Governor Palin Component Number 2708

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
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>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES ( )</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</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>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

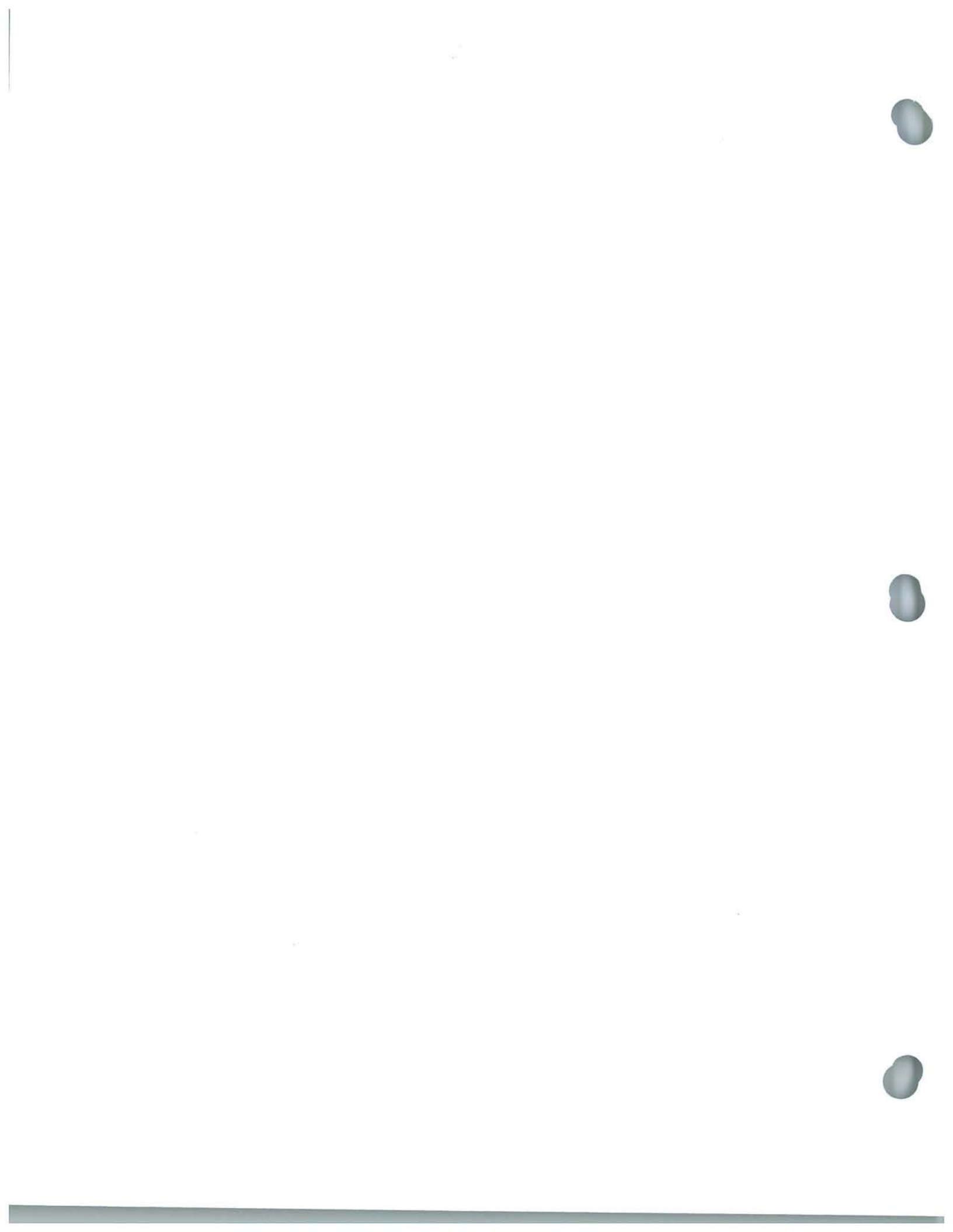
Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

There is no anticipated fiscal impact to the Department.

Prepared by: Ginger Blaisdell, Director  
Division Administrative Services  
Approved by: Patrick Galvin, Commissioner  
Revenue

Phone 907-465-2300  
Date/Time February 27, 2009  
Date February 27, 2009



# MEMORANDUM

State of Alaska

Department of Law

TO: Pat Galvin  
Commissioner  
Dept. of Natural Resources

DATE: April 7, 2009

FILE NO.: 661-09-0121

TEL. NO.: 269-5211

FROM: Lisa Weissler  
Larry Ostrovsky  
Assistant Attorneys General  
Oil, Gas & Mining

SUBJECT: Review of Authority to Seek  
Professional Services forms  
submitted by ANGDA

You asked us to review several proposed contracts that ANGDA submitted to the Department of Revenue for approval. In particular, you asked whether those contracts are consistent with ANGDA's statutory framework.

## Short answer

Our review of the "Authority to Seek Professional Services" forms supplied by your administrative director, as well as a cost recovery agreement between ANGDA and the BLM concludes that these agreements are within the scope of ANGDA's authority.

## Background

ANGDA was created in 2002 by voter initiative and codified in Title 41.

Title 41 sets out a broad list of purposes for the Authority, but appears to contain some internal inconsistencies, or at least ambiguities.

AS 41.41.010 sets out the overarching purpose of ANGDA - to bring natural gas from the North Slope to market. Subsumed within that broader purpose are the specific services and functions provided by ANGDA, such as acquiring North Slope natural gas; designing and constructing a pipeline system; designing, constructing and operating other facilities necessary for delivering "the gas" -- presumably this article refers to North Slope gas -- to market and to Southcentral Alaska; and acquiring a natural gas share sufficient to ensure the long-term feasibility of the pipeline system.

By comparison, AS 41.41.200 (7) gives the Authority the power to issue bonds or incur indebtedness to pay for the costs of a "project." "Project," in turn, is defined somewhat more narrowly than the purpose described above:



"[P]roject" means the gas transmission pipeline, together with all related property and facilities, to extend from the Prudhoe Bay area on the North Slope of Alaska either to tidewater at a point on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid or to tidewater at a point on Cook Inlet, and includes planning, design, and construction of the pipeline and facilities as described in AS 41.41.010 (a)(1) - (5). AS 41.41.990 (3).

AS 41.41.070(d) provides broad authority to ANGDA to "contract for and engage the services of bond counsel, consultants, experts, and financial advisors the authority considered necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings."

Finally, ANGDA is given the power "in furtherance of its corporate purpose" to "make and execute contracts and other instruments" without any limiting language as to the project. AS 41.41.200(4).

"It is a basic rule of statutory construction that courts must attempt to harmonize the specific provisions of an act with the legislature's expression of its intent." *Commercial Fisheries Entry Com'n v. Apokedak*, 680 P.2d 486, 490 (Alaska 1984). Because ANGDA's authority to make and execute contracts is broad and not specifically limited to the defined "project," in our view the Authority's power to make and execute such contracts applies to the broader purposes expressed in AS 41.41.010.

With that in mind, we have reviewed the "Authority to Seek Professional Services" forms provided by your director of Administrative Services to determine whether they are consistent with the broad purposes of ANGDA, as expressed in AS 41.41.010.

#### Analysis

1. **Authority to Seek Professional Services for Pipeline Alignment and Construction Engineer. Agency reference number: Asps 09-0030 RFP 2009-0400-8336.**

This contract involves hiring a contractor to refine alignment of a high pressure gas spur line connecting Delta Junction to Beluga. The form states that this contract is sought "[i]n conjunction with ANGDA's "on-going work to bring natural gas to market."

Entering into a contract related to delivering natural gas to the Alaska market clearly fits within the broad authority of ANGDA if the gas is North Slope natural gas, as



specified in AS 41.41.010. If the gas is not North Slope gas, the connection is more problematic and the Department of Revenue may want to request additional information from ANGDA to determine whether work under this contract will ultimately relate to delivering North Slope natural gas.

**2. Authority to Seek Professional Services for Enterprise Coordinator.  
Agency reference number: Asps 09-0031 RFP 2009-0400-8363.**

This contract involves hiring a contractor to develop a business and financial management framework to deliver natural gas to the Alaskan market. This includes management of a financial plan to include a combination of utility rates, bonding and legislative funding to finance the project.

We understand ANGDA's general plan is to tap into a main line to Canada with a spur line that would bring some of the North Slope gas to markets in Southcentral Alaska. The contract's purpose appears consistent with both the broad purposes of ANGDA, set out in AS 41.41.010, as well as the definition of project in AS 41.41.900(4).

**3. Authority to Seek Professional Services for Permitting Coordinator.  
Agency reference number: Asps 09-0029 RFP 2009-0400-8335.**

This contract involves hiring a permitting coordinator to execute a pipeline permitting plan to "bring North Slope natural gas to market in Alaska." This purpose appears consistent with both the broad purposes of ANGDA, set out in AS 41.41.010, as well as the definition of project in AS 41.41.900(3).

**4. Standard Agreement Form for Professional Services. Agency  
Encumbrance Number 491017**

This is an agreement with EJJ Enterprises, awaiting signature of the DOR director of administrative services.

This contract for EJJ Enterprises is to revise and update a business plan for ANGDA programs. This contract, under which EJJ is to assist ANGDA in, among other things, work with a financial advisor in pursuit of project financing, is within the scope of ANGDA's authority to acquire gas, and design and build a pipeline.

**5. Cost Recovery Agreement between ANGDA and the BLM.**

Your administrative director also provided us with a copy of a cost recovery agreement between ANGDA and BLM for payment of costs for processing an ANGDA



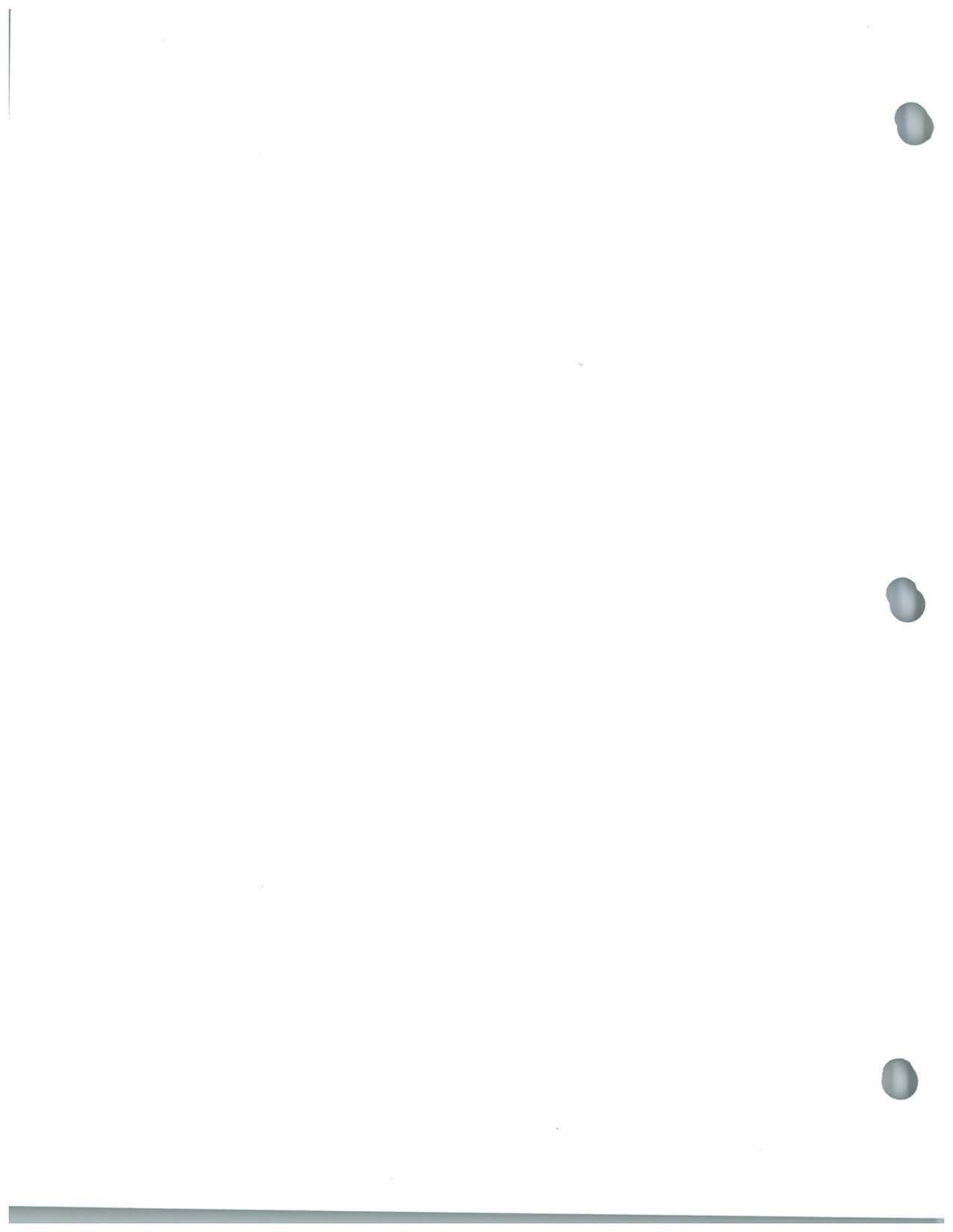
right-of-way application for a natural gas pipeline between Palmer, Glennallen and Delta Junction and Fairbanks.

We understand that ANGDA's plan is to tap into a main line to Canada with a spur line that would bring some of the North Slope gas to markets in Southcentral Alaska, and, in this case, Fairbanks. This purpose appears consistent with both the broad purposes of ANGDA, set out in AS 41.41.010, as well as the definition of project in AS 41.41.900(4), though not necessarily consistent with the definition of "project" in AS 41.41.990(3). Accordingly, if ANGDA gets to a point where it may issue bonds "in order to pay for costs of the project" we recommend that the definition of project in AS 41.41.990(3) be amended to remove any ambiguity as to whether bonds can be issued for purposes of a line to interior Alaska.

We hope this answers your questions. If you have any questions, or if there are additional authorizations that you would like us to review, please let us know.

cc Harold Heinze

LZO:kp



# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 163  
 (H) Publish Date: 3/2/09

Identifier (file name): 0057-DNR-OGD-02-25-09 Dept. Affected: Natural Resources  
 Title Clarifying Purpose of Alaska Natural Gas Dev. Auth. RDU Resource Development  
 Component Oil and Gas Development  
 Sponsor Rules Committee  
 Requester Governor Component Number 439

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
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>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</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>0.0</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

No fiscal impact to DNR anticipated from this bill.

Prepared by: Kevin Banks, Director  
 Division Oil and Gas  
 Approved by: Tom Irwin, Commissioner  
Natural Resources

Phone 269-8802  
 Date/Time February 25, 2009  
 Date February 25, 2009



# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 163  
 (H) Publish Date: 3/2/09

Identifier (file name): 0057-DOR-GAO-02-27-09 Dept. Affected: Revenue  
 Title Alaska Natural Gas Development Authority RDU ANGDA 495  
 Component Gas Authority Operations  
 Sponsor Rules Committee  
 Requester Governor Palin Component Number 2708

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
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>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</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>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** *(Attach a separate page if necessary)*  
 There is no anticipated fiscal impact to the Department.

Prepared by: Ginger Blaisdell, Director  
 Division: Administrative Services  
 Approved by: Patrick Galvin, Commissioner  
Revenue

Phone 907-465-2300  
 Date/Time February 27, 2009  
 Date February 27, 2009

1991



# Energy 4/9/09

HB 1163 - Joe Balash

- "take blinders off of horse"

Amendment - Reckless & inability for ANRDA to get along.

- Not able to carry out orders over the past 6 months.

- Beluga to FBX project.

Removed by Ramras.

Mr. Faretto -

Hardd Heiniz - Provide Energy Relief in the interior, & down to

Coche Inlet -

- Looked to resolve gas issue of propane.

⑤ Tom Mc Coesh - Balash? Locus?

- Stop export of Nat. Gas. - Get Free propane to FBX.

- Take only one blinder off is Balash's - Take off both by exploring by the state. Use the resources for the state & serve everyone.

⑤ Paul Kendall - Need specifics

→ Turk, Johnson, Edgewood, Dahlstrom.

\* 4 years, 2 Nays - Ramras, Petersee

~~Ramras~~

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# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

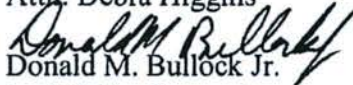
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 13, 2009

**SUBJECT:** ANGDA, CSHB 163(RES), Draft Version "R"  
(Work Order No. 26-GH1057\A)

**TO:** Representative Craig Johnson  
Co-Chair of the House Resources Committee  
Attn: Debra Higgins

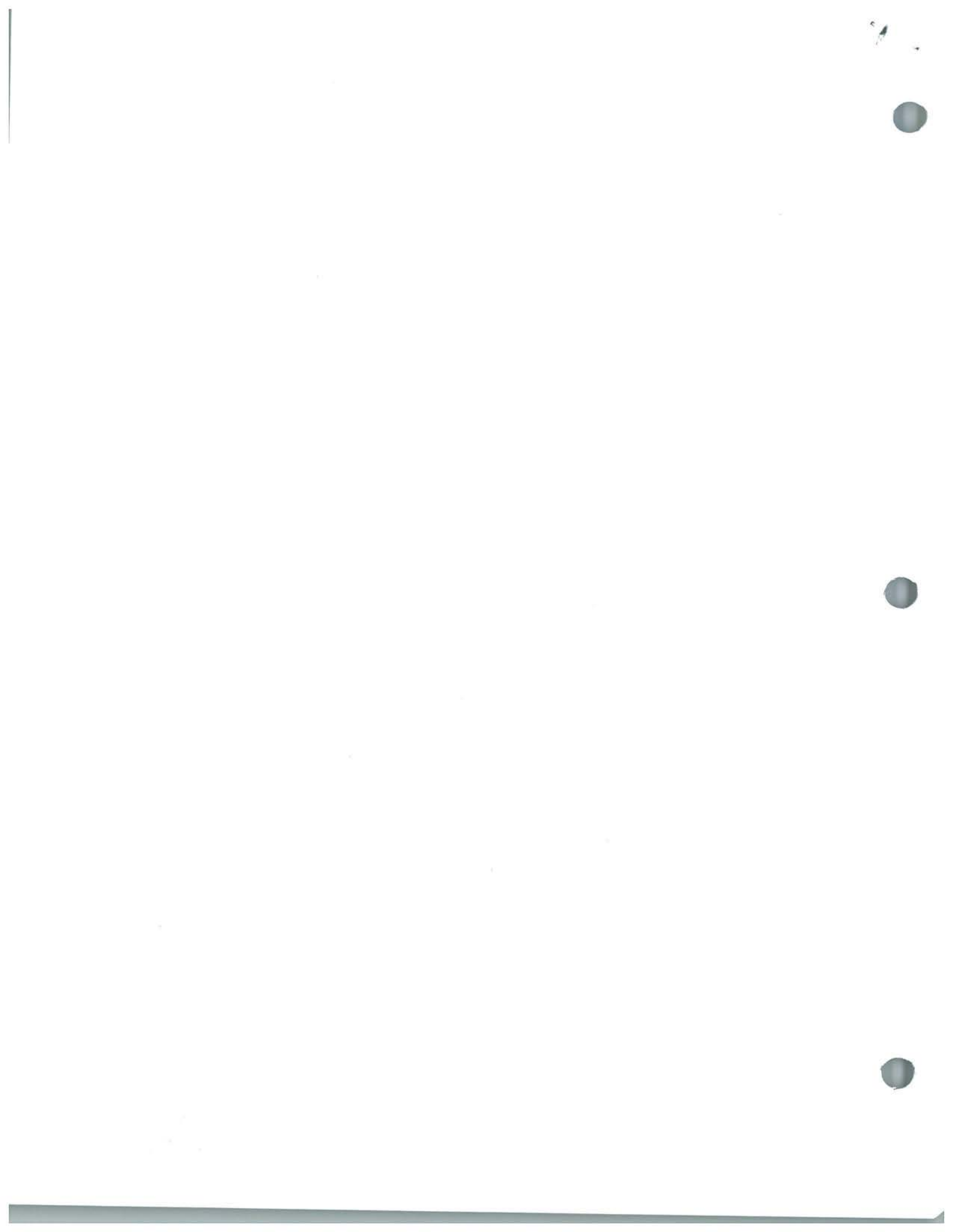
**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

Enclosed is a draft of CSHB 163(RES) that incorporates the conceptual amendments offered in your committee. This draft incorporates the conceptual amendment when appropriate within the context of the bill.

HB 163 addresses the route for a gas pipeline project developed by the Alaska Natural Gas Development Authority (ANGDA) as well as where the gas to be transported in the pipeline is produced. The amendment to AS 41.41.010(a) in sec. 1 of HB 163 appears to address the route for an ANGDA project; under current law, the purpose is to transport "from the North Slope" to market." In HB 163, the amendment to AS 41.41.010(a) would allow ANGDA to develop a project that could bring gas from the North Slope or other regions of the state, basically from anywhere in the state. By adding "outer continental shelf" in this context, the authority would seem to have acquired the authority to build a pipeline to the outer continental shelf. I do not believe that was the intent of the conceptual amendment; if this is incorrect, I can correct this in the final.

The amendment in sec. 1 of HB 163 to AS 41.41.010(a)(1) removes the reference to "North Slope" and authorizes ANGDA to acquire and condition natural gas without regard to the source of the gas. This provision would allow for the acquisition of gas from the outer continental shelf or anywhere else for transport in the project developed by ANGDA.

The conceptual amendments seem to address the source of gas to be put into the ANGDA pipeline project, as opposed to the route. The amendment to AS 41.41.010(d) in sec. 2 of this draft, addresses the source of gas that may be transported, and adding the outer continental shelf in this context recognizes that gas as gas that may be transported in the ANGDA project.



Representative Craig Johnson

April 13, 2009

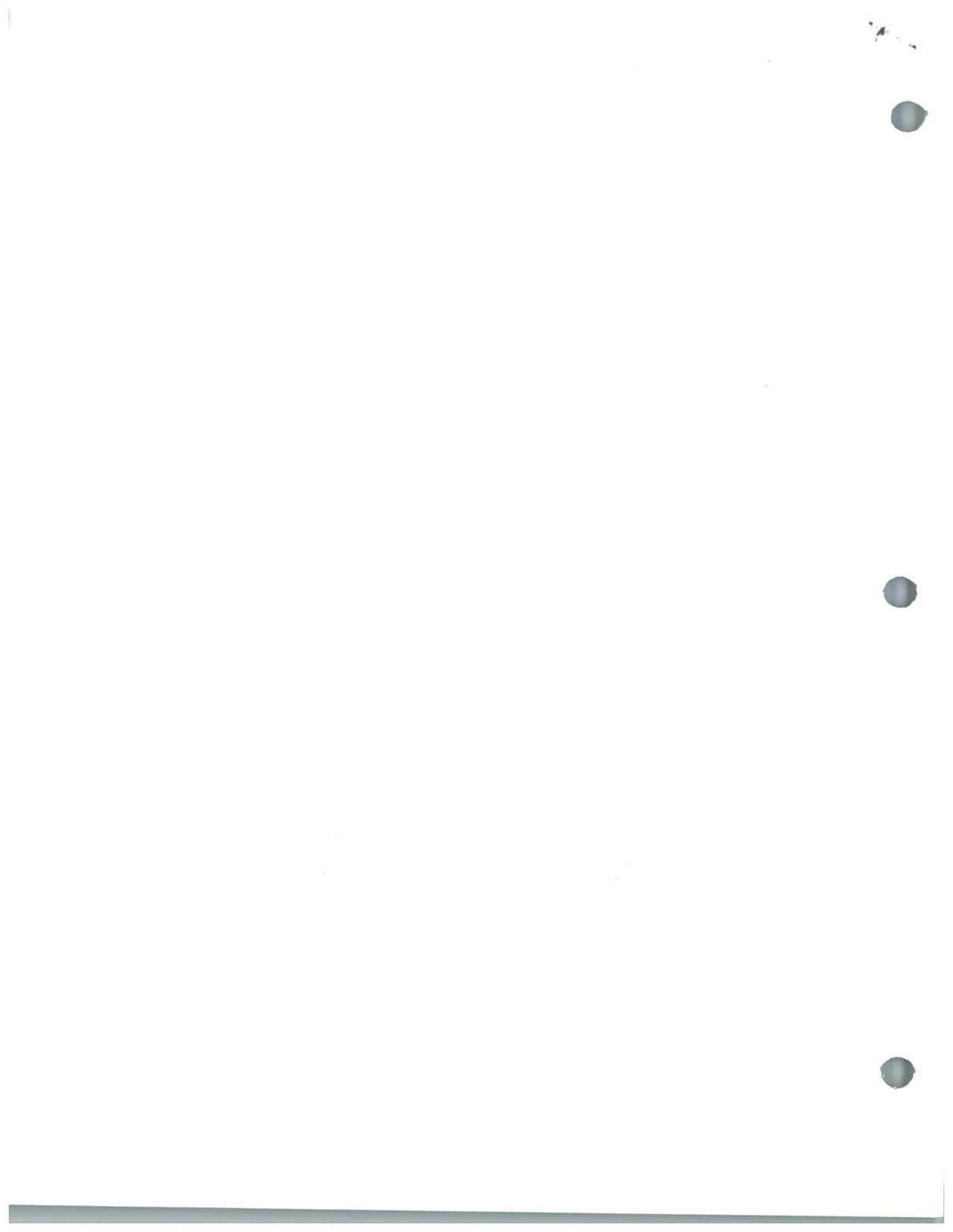
Page 2

Similarly, the amendment to the definition for "project" in AS 41.41.990(3) by sec. 2 of HB 163 addresses route and not the source of gas for the project. There is no change between sec. 3 of HB 163 and sec. 3 of this draft.

If the enclosed draft CSHB 163(RES) is inconsistent with the intent of the conceptual amendment, please let me know so that the bill may be rewritten to conform to the committee's intent.

DMB:plm  
09-273.plm

Enclosure



# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

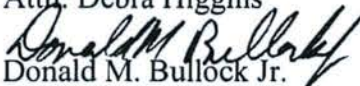
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

April 13, 2009

**SUBJECT:** ANGDA, CSHB 163(RES), Draft Version "R"  
(Work Order No. 26-GH1057\R)

**TO:** Representative Craig Johnson  
Co-Chair of the House Resources Committee  
Attn: Debra Higgins

**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

Enclosed is a draft of CSHB 163(RES) that incorporates the conceptual amendments offered in your committee. This draft incorporates the conceptual amendment when appropriate within the context of the bill.

HB 163 addresses the route for a gas pipeline project developed by the Alaska Natural Gas Development Authority (ANGDA) as well as where the gas to be transported in the pipeline is produced. The amendment to AS 41.41.010(a) in sec. 1 of HB 163 appears to address the route for an ANGDA project; under current law, the purpose is to transport "from the North Slope" to market." In HB 163, the amendment to AS 41.41.010(a) would allow ANGDA to develop a project that could bring gas from the North Slope *or* other regions of the state, basically from anywhere in the state. By adding "outer continental shelf" in this context, the authority would seem to have acquired the authority to build a pipeline to the outer continental shelf. I do not believe that was the intent of the conceptual amendment; if this is incorrect, I can correct this in the final.

The amendment in sec. 1 of HB 163 to AS 41.41.010(a)(1) removes the reference to "North Slope" and authorizes ANGDA to acquire and condition natural gas without regard to the source of the gas. This provision would allow for the acquisition of gas from the outer continental shelf or anywhere else for transport in the project developed by ANGDA.

The conceptual amendments seem to address the source of gas to be put into the ANGDA pipeline project, as opposed to the route. The amendment to AS 41.41.010(d) in sec. 2 of this draft, addresses the source of gas that may be transported, and adding the outer continental shelf in this context recognizes that gas as gas that may be transported in the ANGDA project.



Representative Craig Johnson

April 13, 2009

Page 2

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If the enclosed draft CSHB 163(RES) is inconsistent with the intent of the conceptual amendment, please let me know so that the bill may be rewritten to conform to the committee's intent.

DMB:plm  
09-273.plm

Enclosure



**HOUSE BILL NO. 163**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/2/09

Referred: House Special Committee on Energy, Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and**  
2 **relating to definitions of certain terms in AS 41.41."**

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

4 \* **Section 1.** AS 41.41.010(a) is amended to read:

5 (a) There is established the Alaska Natural Gas Development Authority, the  
6 purpose of which is to provide one or more of the following services and functions in  
7 order to bring natural gas from the North Slope or other regions within the state to  
8 market, including

- 9 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;  
10 (2) the design and construction of the pipeline system;  
11 (3) the operation and maintenance of the pipeline system;  
12 (4) the design, construction, operation, of other facilities necessary for  
13 delivering the gas to market, including markets within the state [AND TO  
14 SOUTHCENTRAL ALASKA]; and



1 (5) the acquisition of natural gas market share sufficient to ensure the  
2 long-term feasibility of the pipeline system project.

3 \* **Sec. 2.** AS 41.41.010(d) is amended to read:

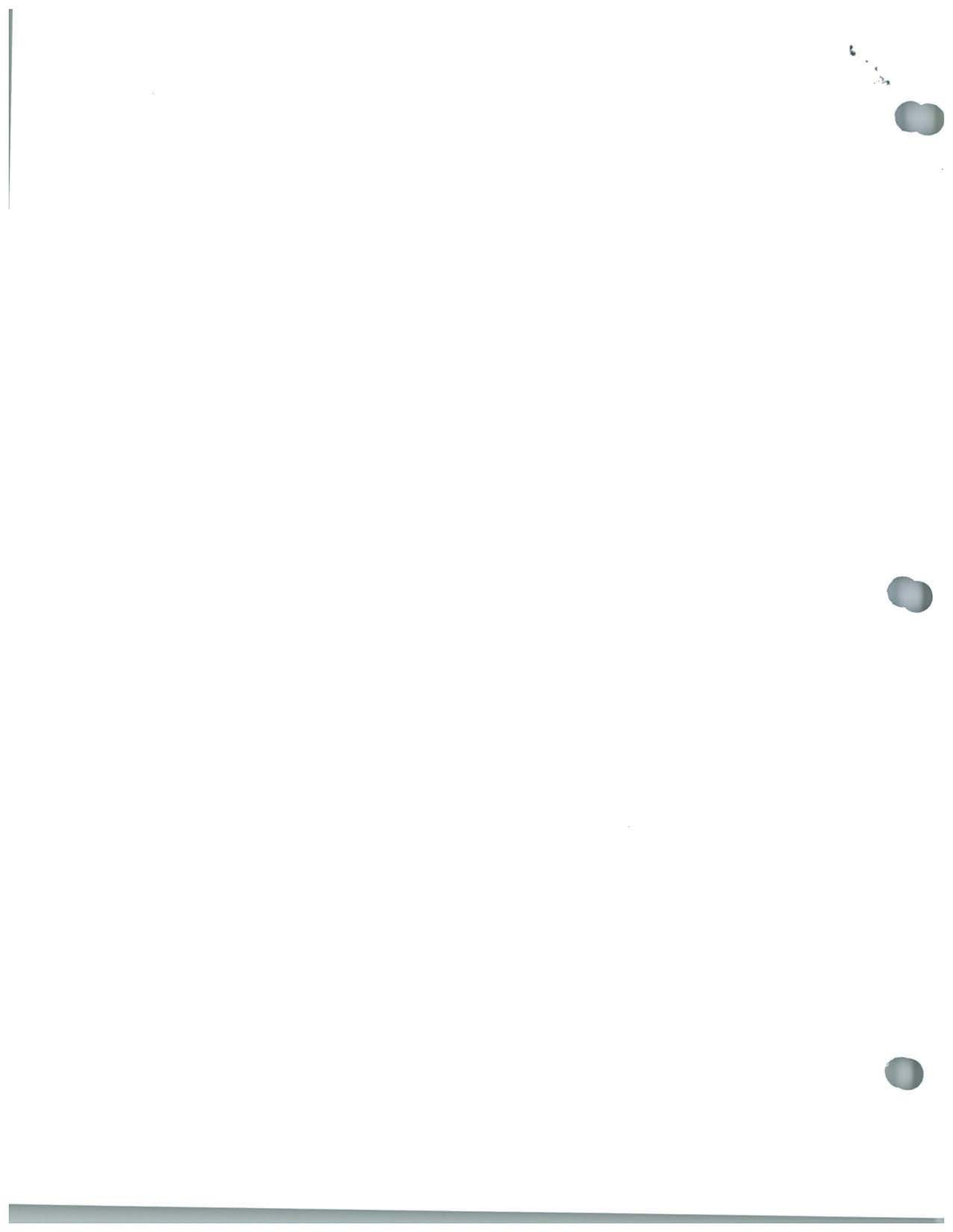
4 (d) The acquisition of natural gas from the North Slope **and other regions**  
5 **within the state** and its delivery to **markets within the state for use by markets**  
6 **within the state or to** tidewater for shipment to market by the authority **are** [IS AN]  
7 essential government **functions** [FUNCTION] of the state.

8 \* **Sec. 3.** AS 41.41.990(3) is amended to read:

9 (3) "project" means the gas transmission pipeline, together with all  
10 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the  
11 North Slope of Alaska **or other regions within the state to markets within the state**  
12 **or** [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR  
13 LINE FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION  
14 GRID] or to tidewater at a point on Cook Inlet, and includes planning, design, and  
15 construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

16 \* **Sec. 4.** AS 41.41.990 is amended by adding a new paragraph to read:

17 (4) "North Slope" means that part of the state that lies north of 68  
18 degrees North latitude and includes the Brooks Range foothills.



**Journal Text for HB163 in the 26th Legislature**Full Journal

03-02-2009

House Journal

0372

**HB 163**

HOUSE BILL NO. 163 by the House Rules Committee by request of the Governor, entitled:

"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and relating to definitions of certain terms in AS 41.41."

was read the first time and referred to the House Special Committee on Energy and the Resources and Finance Committees.

The following fiscal note(s) apply:

1. Zero, Dept. of Natural Resources
2. Zero, Dept. of Revenue

The Governor's transmittal letter dated February 27, 2009, follows:

"Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill clarifying the purpose of the Alaska Natural Gas Development Authority; and relating to definitions of certain terms in AS 41.41.

The Alaska Natural Gas Development Authority (ANGDA) is a corporation that was established in 2003 through a 2002 ballot initiative. The authority was created with the intent of "developing, constructing, managing, and operating a gas pipeline from the North Slope of Alaska and a spur line to the Southcentral Alaska natural gas distribution grid" (Section 1, 2002 Ballot Measure No. 3).

03-02-2009

House Journal

0373

The current law could be interpreted to limit ANGDA's primary mission to a pipeline from Prudhoe Bay to serve overseas export markets, with the possibility of a spur line to service Southcentral Alaska. Given Alaska's energy needs, the bill would clarify ANGDA's mission to include providing for natural gas from sources anywhere within the state to markets within Alaska. Amendments to the definition of "project" and the addition of a definition for "North Slope" would make it clear that a pipeline can extend from recent finds in the Brooks Range foothills and other regions within the state and that the gas may broadly serve Alaskan markets.

With more flexibility regarding a pipeline's source of natural gas and the markets for the gas, ANGDA will be in a better position to fulfill its mission of developing an in-state gas line that best serves the people of Alaska. This proposed legislation, together with a separate submittal today proposing to amend how rights-of-way for oil and gas pipelines are regulated, will form the initial statutory framework for the development of in state gasline for use by Alaskans. Additionally, the key action to bring a long term stable supply of Alaska gas to Alaska consumers will be an action plan, and the people that implement that plan to jump start work immediately on an instate gas



pipeline.

The action plan will include evaluation of options for routes, gas resources and potential industrial and residential users; commencement of right-of-way and permitting work; preliminary engineering; and a firm timetable for accomplishing this work. We will provide details of this action plan in the next week.

I urge your prompt and favorable action on the bill.

Sincerely,  
/s/  
Sarah Palin  
Governor"

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# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 163  
 (H) Publish Date: 3/2/09

Identifier (file name): 0057-DNR-OGD-02-25-09 Dept. Affected: Natural Resources  
 Title: Clarifying Purpose of Alaska Natural Gas Dev. Auth. RDU: Resource Development  
 Component: Oil and Gas Development  
 Sponsor: Rules Committee  
 Requester: Governor Component Number: 439

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
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>CAPITAL EXPENDITURES</b>							
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<b>CHANGE IN REVENUES ( )</b>							
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</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>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

No fiscal impact to DNR anticipated from this bill.

Prepared by: Kevin Banks, Director  
 Division: Oil and Gas  
 Approved by: Tom Irwin, Commissioner  
Natural Resources

Phone 269-8802  
 Date/Time February 25, 2009  
 Date February 25, 2009



# FISCAL NOTE

**STATE OF ALASKA**  
**2009 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 163  
 (H) Publish Date: 3/2/09

Identifier (file name): 0057-DOR-GAO-02-27-09 Dept. Affected: Revenue  
 Title Alaska Natural Gas Development Authority RDU ANGDA 495  
 Component Gas Authority Operations  
 Sponsor Rules Committee  
 Requester Governor Palin Component Number 2708

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
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>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES ( )</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
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1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</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>0.0</b>

Estimate of any current year (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time								
Part-time								
Temporary								

**ANALYSIS:** (Attach a separate page if necessary)

There is no anticipated fiscal impact to the Department.

Prepared by: Ginger Blaisdell, Director  
 Division Administrative Services  
 Approved by: Patrick Galvin, Commissioner  
Revenue

Phone 907-465-2300  
 Date/Time February 27, 2009  
 Date February 27, 2009



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## Gasline Bills

16th March

2009

written by Mike

I am beginning to hear from my constituents and others from around the state, about the need to hear and pass this session the Administration's legislation on an instate gasline, House Bill 164, and legislation to expand the duties and scope of the Alaska Natural Gas Development Authority, House Bill 163. First and foremost, I consider the in-state gas line a very high priority for my district and the state. To this end, I introduced House Bill 44, which would give Alaska Natural Gas Development Authority (ANGDA) pre-authorization to bond in order to assist in getting an in-state gas line moved forward. Here is a portion of my sponsor statement for House Bill 44:

"Although the Legislature has authorized a number of these projects either through the Alaska Housing Finance Corporation and has made appropriations to the Alaska Natural Gas Development Authority, I believe it is now time to progress these needs to a higher level. In particular, the state's gas needs will not wait until a TransCanada or Denali project is completed around 2020. The Fairbanks, Mat-Su and Cook Inlet areas will all require gas or affordable energy within the next five years. Processing of the liquids from our natural gas supply will also help our rural areas by relieving them from the high cost of diesel. I would prefer that a private entity build a spur line or bullet line. This legislation may provide



the impetus for any private corporation to work with ANGDA in constructing an in-state gasline.”



House Bill 44 is in the House Finance Committee and has been heard. There are a few details that need to be worked out before the bill will move out of committee. Hopefully, we can get some of the questions answered and get the bill to the floor in the near future.

The Governor's legislation to expand the scope and duties of ANGDA should be able to pass both the House and Senate by the end of session. This legislation clarifies that “amendments ...would make it clear that a gasline can extend from recent finds in the Brooks Range foothills and other regions within the state and that the gas may broadly serve Alaskan markets.” I wholeheartedly support the concept of this legislation.

There may be problems with House Bill 164 and the passage of this bill is not likely this session. It's not primarily because of the language in the bill, although there are a number of issues that need to be addressed prior to receiving my full support. It is primarily a timing issue. This bill, along with HB163, was not introduced until March 2nd, approximately at the half way point of this session. These bills should have been introduced earlier than they were. There simply is not enough time left in this session to thoroughly vet this legislation and I do not want us to rush through this or any other bill without giving them proper hearings and scrutiny. I also want to make sure that we do not pass another AGIA bill which has raised many doubts after the TransCanada contract was signed.

It has already been stated by the Governor, she will not call the legislature into special session to address either of the two aforementioned bills or House Bill 182, which would create a new Railbelt Energy and Transmission Corporation. I expect the House committees to which these bills have been assigned will engage over the interim and conduct hearings on all of these bills so that they may be ready to advance once session begins next January.

**Forward, print, share, or bookmark:**





**HOUSE BILL NO. 163**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/2/09

Referred: House Special Committee on Energy, Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act clarifying the purpose of the Alaska Natural Gas Development Authority; and**  
2 **relating to definitions of certain terms in AS 41.41."**

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

4 \* **Section 1.** AS 41.41.010(a) is amended to read:

5 (a) There is established the Alaska Natural Gas Development Authority, the  
6 purpose of which is to provide one or more of the following services and functions in  
7 order to bring natural gas from the North Slope or other regions within the state to  
8 market, including

- 9 (1) the acquisition and conditioning of [NORTH SLOPE] natural gas;  
10 (2) the design and construction of the pipeline system;  
11 (3) the operation and maintenance of the pipeline system;  
12 (4) the design, construction, operation, of other facilities necessary for  
13 delivering the gas to market, including markets within the state [AND TO  
14 SOUTHCENTRAL ALASKA]; and



1 (5) the acquisition of natural gas market share sufficient to ensure the  
2 long-term feasibility of the pipeline system project.

3 \* **Sec. 2.** AS 41.41.010(d) is amended to read:

4 (d) The acquisition of natural gas from the North Slope **and other regions**  
5 **within the state** and its delivery to **markets within the state for use by markets**  
6 **within the state or to** tidewater for shipment to market by the authority **are** [IS AN]  
7 essential government **functions** [FUNCTION] of the state.

8 \* **Sec. 3.** AS 41.41.990(3) is amended to read:

9 (3) "project" means the gas transmission pipeline, together with all  
10 related property and facilities, to extend from [THE PRUDHOE BAY AREA ON] the  
11 North Slope of Alaska **or other regions within the state to markets within the state**  
12 **or** [EITHER] to tidewater at a point on Prince William Sound [AND THE SPUR  
13 LINE FROM GLENNALLEN TO THE SOUTHCENTRAL GAS DISTRIBUTION  
14 GRID] or to tidewater at a point on Cook Inlet, and includes planning, design, and  
15 construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

16 \* **Sec. 4.** AS 41.41.990 is amended by adding a new paragraph to read:

17 (4) "North Slope" means that part of the state that lies north of 68  
18 degrees North latitude and includes the Brooks Range foothills.



**AMENDMENT**

OFFERED IN THE HOUSE  
TO: HB 163

BY REPRESENTATIVE GUTTENBERG

- 1 Page 2, line 2:
- 2 Delete "the pipeline system project"
- 3 Insert "[THE] pipeline system **projects** [PROJECT]"
- 4
- 5 Page 2, line 11:
- 6 Delete "**markets**"
- 7 Insert "**a market**"
- 8
- 9 Page 2, line 12, following "**or**":
- 10 Insert "**to a market in the state and**"

