

Leg. Finance - House & Senate Finance Comte Files (1973-74) 8879

SB/HB 6 cont., SB/HB 7 329

Sec. 42.06.245. **FEDERALLY REGULATED CARRIERS.** The requirements of this chapter pertaining to permits and certificates of public convenience and necessity do not apply to the construction of a pipeline facility exclusively subject to the jurisdiction of the Interstate Commerce Act or the Natural Gas Act or to the interstate portion of the business of a pipeline or pipeline carrier exclusively subject to the jurisdiction of the Interstate Commerce Act or the Natural Gas Act; however, the requirements of this chapter for permits and certificates of public convenience and necessity do apply to all the intrastate portion of the business of a pipeline or pipeline carrier subject to the Interstate Commerce Act and the Natural Gas Act whenever they engage in intrastate commerce; provided, however, nothing limits the powers of the commission set out in this chapter except to the extent they are preempted by the Interstate Commerce Act or the Natural Gas Act.

* Sec. 4. AS 42.06.280 is repealed and re-enacted to read:

Sec. 42.06.280. **INSURANCE AND SECURITY.** The commission may require any lessee to procure and furnish liability and property damage insurance from a company licensed to do business in the state or furnish other security or undertaking upon the terms and conditions the commissioner considers necessary if the commissioner finds that the net assets of the lessee are insufficient to protect the public from damage for which the lessee may be liable arising out of the construction or operation of the pipeline.

* Sec. 5. AS 42.06.430(6) is amended to read:

(6) For pipelines subject to the Interstate Commerce Act or the Natural Gas Act, the uniform system of accounts and manner of maintaining them and the property records kept and maintained shall, where considered practicable by the commission, be the same as required under regulations prescribed by the applicable federal agency. However, where federal law permits a pipeline carrier to consolidate its reporting for more than one pipeline in which it has an ownership interest, the commission shall require the reports to be made on an individual pipeline basis for any pipeline located wholly or in part in the state.

* Sec. 6. AS 42.06.430 is amended by adding a new paragraph to read:

(8) The commission may require such additional accounts and information as may be necessary.

* Sec. 7. AS 42.06.630(4) is amended to read:

(4) "gas" includes all natural gas and hydrocarbons produced at the wellhead and not defined as oil;

* Sec. 8. AS 42.06.630(8) is amended to read:

(8) "oil" includes crude oil, and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form, its products and liquid hydrocarbons, including the liquid hydrocarbons known as

distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas;

* Sec. 9. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.030 is amended to read as follows:

11 Sec. 42.06.030. COMPOSITION OF ALASKA PIPELINE COMMISSION. [(a)]
12 The Alaska Pipeline Commission consists of the Commissioner of Natural
13 Resources, the Commissioner of Commerce and a member who shall be
14 chairman [THREE MEMBERS], appointed by the governor and serving at his
15 pleasure and confirmed by a majority of the members of the legislature
16 in joint session.

17 [(b) THE GOVERNOR SHALL DESIGNATE ONE MEMBER OF THE COMMISSION AS
18 CHAIRMAN OF THE COMMISSION. THIS MEMBER SHALL SERVE AS CHAIRMAN FOR A
19 TERM OF TWO YEARS, AND MAY BE APPOINTED FOR SUCCESSIVE TERMS.]

20 * Sec. 2. AS 42.06.040 - 42.06.060 are repealed.

21 * Sec. 3. AS 42.06.090 is amended to read:

22 Sec. 42.06.090. COMPENSATION OF [MEMBERS OF] THE COMMISSION
23 CHAIRMAN. The chairman [MEMBERS] of the commission is [ARE] in the
24 exempt service described in AS 39.25 and receives [RECEIVE] an annual
25 salary equal to that of a superior court judge, to be paid in 12 equal
26 monthly installments.

27 * Sec. 4. AS 42.06.150 1, amended to read:

28 Sec. 42.06.150. POWERS AND DUTIES WITH RESPECT TO FEDERALLY
29 REGULATED CARRIERS. (a) Secs. 240 - 420 and secs. 140(3), 140(8),

1 and 140(9) of this chapter do not apply to a pipeline or pipeline
2 carrier subject to the jurisdiction of [SECTION 140 OF THIS CHAPTER
3 APPLIES TO OIL AND GAS PIPELINE CARRIERS REGULATED UNDER] the Interstate
4 Commerce Act [OF 1906], or the Natural Gas Act [OF 1938, ONLY TO THE
5 EXTENT NOT PRE-EMPTED UNDER THOSE FEDERAL ACTS]. To the extent that
6 the performance of any duties of the commission affect a pipeline or
7 pipeline carrier subject to the Interstate Commerce Act or the Natural
8 Gas Act the performance of the duties shall not be nor require action
9 inconsistent with applicable federal laws, regulations, rules, orders
10 or other requirements. Nothing in this section limits the authority
11 of the commission to prescribe, require, or enforce fair and reasonable
12 rates for the intrastate transportation of oil or gas under secs. 350 -
13 410 of this chapter.

14 (b) For purposes of this chapter the Trans-Alaska Pipeline and
15 any other crude oil pipeline in the state submitting to the jurisdiction
16 of the Interstate Commerce Commission and transporting crude oil within
17 the state for subsequent transportation outside the state are considered
18 to be subject to the jurisdiction of the Interstate Commerce Commission
19 under the Interstate Commerce Act unless and until a final determination
20 is made by the Interstate Commerce Commission that the pipeline is not
21 subject to the jurisdiction of the Interstate Commerce Commission.

22 * Sec. 5. AS 42.06.430(5) is amended to read:

23 (5) A [THE] pipeline carrier, other than a carrier subject
24 to the Interstate Commerce Act or the Natural Gas Act, shall keep
25 books, accounts, papers and records required by this chapter or by
26 regulations adopted by the commission under this chapter in an office
27 in this state and may not remove them from the state except upon written
28 authority by the commission.

29 * Sec. 6. AS 42.06.430(6) is amended to read:

1 (6) For pipelines subject to the Interstate Commerce Act
2 or the Natural Gas Act, the uniform system of accounts and manner of
3 maintaining them and the property records kept and maintained [UNDER
4 THIS SECTION] shall [, WHERE CONSIDERED PRACTICABLE BY THE COMMISSION,]
5 be the same as required under regulations prescribed by the applicable
6 federal agency. However, where federal law permits a pipeline carrier
7 to consolidate its reporting for more than one pipeline in which it has
8 an ownership interest, the commission shall require the reports to be
9 made on an individual pipeline basis for any pipeline located wholly or
10 in part in the state.

11 * Sec. 7. AS 42.06.430(7)(C) is amended to read:

12 (C) such additional [ACCOUNTS AND] information as may
13 be periodically required [UNDER (2) OF THIS SECTION].

14 * Sec. 8. AS 42.06.450 is amended by adding a new subsection to read:

15 (d) The provisions of (b) and (c) of this section do not apply
16 to a pipeline subject to the Interstate Commerce Act or the Natural
17 Gas Act. The investigatory authority granted to the commission in
18 (a) of this section does not authorize action inconsistent with the
19 provisions of the Interstate Commerce Act or the Natural Gas Act or
20 regulations, rules and orders issued under those federal acts.

21 * Sec. 9. AS 42.06.490(a) is amended to read:

22 (a) Any person (including a commissioner or employee of the
23 commission) may file a complaint with the commission under AS 44.62.360
24 alleging that a pipeline rate, price, service, practice or action, with
25 respect to which the commission has jurisdiction, [OF A PIPELINE
26 CARRIER] violates this chapter or regulations adopted under it, or that
27 a pipeline carrier has not complied with the certificate issued under
28 this chapter.

29 * Sec. 10. AS 42.06 is amended by adding a new section to read:

1 Sec. 42.06.495. COMPLAINTS BY COMMISSION AND OTHERS. The
2 commission, whenever it believes a substantial state interest is in-
3 volved or whenever it has reason to believe that an owner or operator
4 is not operating a pipeline in complete accord with its obligation as
5 a common carrier under this chapter or is refusing to accept, convey or
6 transport oil or natural gas tendered to it without unjust and
7 unreasonable discrimination, or is failing to meet its obligation,
8 under the Interstate Commerce Act, the Natural Gas Act or other
9 applicable state or federal regulatory act, may initiate, intervene
10 in or otherwise participate in appropriate proceedings, including but
11 not limited to proceedings before the Interstate Commerce Commission
12 and the Federal Power Commission to enforce the obligation.

13 * Sec. 11. AS 42.06.630(4) is amended to read:

14 (4) "gas" includes all natural gas and hydrocarbons
15 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
16 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
17 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND
18 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

19 * Sec. 12. AS 42.06.630(8) is amended to read:

20 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
21 hydrocarbons regardless of gravity which are produced at the wellhead
22 in liquid form, its products and liquid hydrocarbons, including the
23 liquid hydrocarbons known as distillate or condensate recovered or
24 extracted from gas, other than gas produced in association with oil
25 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
26 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN
27 REMOVED];

28 * Sec. 13. This Act takes effect on the day after its passage and
29 approval or on the day it becomes law without approval.

Original sponsor: Rules Committee by
request of the Governor

Offered: 10/30/73

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.140(3) is amended to read:

11 (3) may make, prescribe or require just, fair and reasonable
12 rates, classifications, regulations, practices, services and facilities
13 for pipeline carriers engaged solely in intrastate commerce; and may
14 make, prescribe or require just, fair and reasonable rates for intra-
15 state shipments by any other pipeline carriers;

16 * Sec. 2. AS 42.06.140(8) is amended to read:

17 (8) shall require permits for the construction, enlargement
18 in size or operating capacity, extension or [,] operation [OR ABANDON-
19 MENT] of any oil or gas intrastate pipeline facility, subject to
20 necessary and reasonable terms, conditions and limitations;

21 * Sec. 3. AS 42.06.140(9) is amended to read:

22 (9) may prescribe the system of accounts and regulate the
23 service of an oil or gas pipeline facility as may be required under
24 sec. 430 of this chapter.

25 * Sec. 4. AS 42.06.150 is amended to read:

26 Sec. 42.06.150. POWERS AND DUTIES WITH RESPECT TO FEDERALLY
27 REGULATED CARRIERS. (a) Sections 310 - 340 and 360 - 410 [SECTION
28 140] of this chapter apply [APPLIES] to oil and gas pipeline carriers
29 regulated under the Interstate Commerce Act [OF 1906], or the Natural

1 Gas Act [OF 1938], only to the extent not preempted under those federal
2 Acts.

3 (b) To the extent that the performance of any duties of the
4 commission affect a pipeline or pipeline carrier subject to the Inter-
5 state Commerce Act or the Natural Gas Act the performance of the
6 duties shall not be nor require action inconsistent with applicable
7 federal laws, regulations, rules, orders or other requirements.

8 (c) For purposes of this chapter the Trans-Alaska Pipeline and
9 any other oil pipeline in the state submitting to the jurisdiction
10 of the Interstate Commerce Commission and transporting oil within
11 the state for subsequent transportation outside the state are con-
12 sidered to be subject to the jurisdiction of the Interstate Commerce
13 Commission under the Interstate Commerce Act unless and until a final
14 determination is made by the Interstate Commerce Commission that the
15 pipeline is not subject to the jurisdiction of the Interstate Commerce
16 Commission.

17 * Sec. 5. AS 42.06 is amended by adding a new section to read:

18 Sec. 42.06.245. **FEDERALLY REGULATED CARRIERS.** The requirements
19 of this chapter pertaining to permits and certificates of public
20 convenience and necessity do not apply to pipelines or pipeline carriers
21 subject to the jurisdiction of the Interstate Commerce Act of 1906 or
22 the Natural Gas Act of 1938, and the grant of the right-of-way for
23 pipeline purposes over state land does not operate to impose state
24 regulation which has been preempted under the Interstate Commerce Act
25 of 1906 or the Natural Gas Act of 1938. When federal law has pre-
26 empted state regulation the commission shall accept the findings made
27 under the federal scheme of regulation. For the purpose of such
28 permits and certificates of public convenience and necessity, the
29 Trans-Alaska Pipeline and any other oil pipeline in the state

1 submitting to the jurisdiction of the Interstate Commerce Commission
2 and transporting oil within the state for subsequent transportation
3 outside the state are considered to be subject to the jurisdiction
4 of the Interstate Commerce Commission.

5 * Sec. 6. AS 42.06.430(5) is amended to read:

6 (5) A [THE] pipeline carrier, other than a carrier subject
7 to the Interstate Commerce Act or the Natural Gas Act, shall keep
8 books, accounts, papers and records required by this chapter or by
9 regulations adopted by the commission under this chapter in an office
10 in this state and may not remove them from the state except upon
11 written authority by the commission.

12 * Sec. 7. AS 42.06.430(6) is amended to read:

13 (6) For pipelines subject to the Interstate Commerce Act
14 or the Natural Gas Act, the uniform system of accounts and manner of
15 maintaining them and the property records kept and maintained [UNDER
16 THIS SECTION] shall [, WHERE CONSIDERED PRACTICABLE BY THE COMMISSION,]
17 be the same as required under regulations prescribed by the applicable
18 federal agency. However, where federal law permits a pipeline carrier
19 to consolidate its reporting for more than one pipeline in which it
20 has an ownership interest, the commission shall require the reports
21 to be made on an individual pipeline basis for any pipeline located
22 wholly or in part in the state.

23 * Sec. 8. AS 42.06.430(7)(C) is amended to read:

24 (C) such additional accounts and information as may
25 be required under either (2) or (6) of this section.

26 * Sec. 9. AS 42.06.450(b) and (c) are amended to read:

27 (b) When unreasonable practices are found to exist, the commis-
28 sion may, after providing reasonable notice and opportunity for
29 hearing, take appropriate action to insure that neither the direct

1 nor the indirect costs of the practices are borne by the public;
2 however, no jurisdiction is conferred to the commission by this section
3 over those practices which are proscribed or regulated by the Inter-
4 state Commerce Act or Natural Gas Act or the regulations, rules and
5 orders issued under those federal Acts.

6 (c) In a rate proceeding involving intrastate rates the oil or
7 gas pipeline carrier has the burden of proving that any written or
8 unwritten contract or arrangement it may have with any of its affiliated
9 interests for the furnishing of any services or for the purchase, sale,
10 lease or exchange of any property is necessary and consistent with
11 the public interest and that the payment made for it, or consideration
12 given, is reasonably based, in part, upon the submission of satis-
13 factory proof as to the cost to the affiliated interest of furnishing
14 the service or property and, in part, upon the estimated cost the oil
15 or gas pipeline carrier would have incurred if it furnished the
16 service or property with its own personnel and capital.

17 * Sec. 10. AS 42.06.490(a) is amended to read:

18 (a) Any person (including a commissioner or employee of the
19 commission) may file a complaint with the commission under AS 44.62.360
20 alleging that a pipeline rate, price, service, practice or action, with
21 respect to which the commission has jurisdiction, [OF A PIPELINE
22 CARRIER] violates this chapter or regulations adopted under it, or that
23 a pipeline carrier has not complied with the certificate issued under
24 this chapter.

25 * Sec. 11. AS 42.06.630(4) is amended to read:

26 (4) "gas" includes all natural gas and hydrocarbons
27 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
28 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
29 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND

1 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

2 * Sec. 12. AS 42.06.630(8) is amended to read:

3 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
4 hydrocarbons regardless of gravity which are produced at the wellhead
5 in liquid form, its products and liquid hydrocarbons, including the
6 liquid hydrocarbons known as distillate or condensate recovered or
7 extracted from gas, other than gas produced in association with oil
8 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
9 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN

10 REMOVED];

11 * Sec. 13. This Act takes effect on the day after its passage and approval
12 or on the day it becomes law without approval.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Original sponsor: Rules Committee by
request of the Governor

Offered: 11/3/73

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.140(3) is amended to read:

11 (3) may make, prescribe or require just, fair and reasonable
12 rates, classifications, regulations, practices, services and facilities
13 for pipeline carriers engaged in intrastate commerce; and may make,
14 prescribe or require just, fair and reasonable rates for intrastate
15 shipments by any other pipeline carriers;

16 * Sec. 2. AS 42.06.140(8) is amended to read:

17 (8) shall require permits for the construction, enlargement
18 in size or operating capacity, extension or [,] operation [OR ABANDON-
19 MENT] of any oil or gas intrastate pipeline facility, subject to
20 necessary and reasonable terms, conditions and limitations;

21 * Sec. 3. AS 42.06.140(9) is amended to read:

22 (9) may prescribe the system of accounts and regulate the
23 service of an oil or gas pipeline facility as may be required under
24 sec. 430 of this chapter.

25 * Sec. 4. AS 42.06.150 is amended to read:

26 Sec. 42.06.150. POWERS AND DUTIES WITH RESPECT TO FEDERALLY
27 REGULATED CARRIERS. This [SECTION 140 OF THIS] chapter applies to oil
28 and gas pipeline carriers regulated under the Interstate Commerce Act
29 [OF 1906], or the Natural Gas Act [OF 1938], only to the extent not

1 preempted under those federal Acts.

2 * Sec. 5. AS 42.06 is amended by adding a new section to read:

3 Sec. 42.06.245. FEDERALLY REGULATED CARRIERS. The requirements
4 of this chapter pertaining to permits and certificates of public
5 convenience and necessity do not apply to pipelines or pipeline
6 carriers subject to the jurisdiction of the Interstate Commerce Act
7 or the Natural Gas Act to the extent that they are engaged only in
8 interstate commerce. The requirements of this chapter for permits and
9 certificates of public convenience and necessity do apply to all pipe-
10 lines or pipeline carriers subject to the Interstate Commerce Act and
11 the Natural Gas Act whenever they engage in intrastate commerce to the
12 extent the requirement for such permits and certificates is not pre-
13 empted under those federal Acts.

14 * Sec. 6. AS 42.06.430(5) is amended to read:

15 (5) A [THE] pipeline carrier, other than a carrier subject
16 to the Interstate Commerce Act or the Natural Gas Act, shall keep
17 books, accounts, papers and records required by this chapter or by
18 regulations adopted by the commission under this chapter in an office
19 in this state and may not remove them from the state except upon
20 written authority by the commission.

21 * Sec. 7. AS 42.06.430(6) is amended to read:

22 (6) For pipelines subject to the Interstate Commerce Act
23 or the Natural Gas Act, the uniform system of accounts and manner of
24 maintaining them and the property records kept and maintained [UNDER
25 THIS SECTION] shall [, WHERE CONSIDERED PRACTICABLE BY THE COMMISSION,]
26 be the same as required under regulations prescribed by the applicable
27 federal agency. However, where federal law permits a pipeline carrier
28 to consolidate its reporting for more than one pipeline in which it
29 has an ownership interest, the commission shall require the reports

1 to be made on an individual pipeline basis for any pipeline located
2 wholly or in part in the state.

3 * Sec. 8. AS 42.06.430(7)(C) is amended to read:

4 (C) such additional accounts and information as may
5 be required under either (2) or (6) of this section.

6 * Sec. 9. AS 42.06.450(b) and (c) are amended to read:

7 (b) When unreasonable practices are found to exist, the commis-
8 sion may, after providing reasonable notice and opportunity for
9 hearing, take appropriate action to insure that neither the direct nor
10 the indirect costs of the practices are borne by the public; however, no
11 jurisdiction is conferred to the commission by this section over those
12 practices which are proscribed or regulated by the Interstate Commerce
13 Act or Natural Gas Act or the regulations, rules and orders issued
14 under those federal Acts.

15 (c) In a rate proceeding involving intrastate rates the oil or
16 gas pipeline carrier has the burden of proving that any written or
17 unwritten contract or arrangement it may have with any of its affiliated
18 interests for the furnishing of any services or for the purchase, sale,
19 lease or exchange of any property is necessary and consistent with the
20 public interest and that the payment made for it, or consideration
21 given, is reasonably based, in part, upon the submission of satisfactory
22 proof as to the cost to the affiliated interest of furnishing the ser-
23 vice or property and, in part, upon the estimated cost the oil or gas
24 pipeline carrier would have incurred if it furnished the service or
25 property with its own personnel and capital.

26 * Sec. 10. AS 42.06.490(a) is amended to read:

27 (a) Any person (including a commissioner or employee of the
28 commission) may file a complaint with the commission under AS 44.62.360
29 alleging that a pipeline rate, price, service, practice or action, with

1 respect to which the commission has jurisdiction, [OF A PIPELINE CARRIER
2 violates this chapter or regulations adopted under it, or that a pipe-
3 line carrier has not complied with the certificate issued under this
4 chapter.

5 * Sec. 11. AS 42.06.630(4) is amended to read:

6 (4) "gas" includes all natural gas and hydrocarbons
7 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
8 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL OR
9 GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND INCLUDES
10 LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

11 * Sec. 12. AS 42.06.630(8) is amended to read:

12 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
13 hydrocarbons regardless of gravity which are produced at the wellhead
14 in liquid form, its products and liquid hydrocarbons, including the
15 liquid hydrocarbons known as distillate or condensate recovered or
16 extracted from gas, other than gas produced in association with oil
17 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
18 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN
19 REMOVED];

20 * Sec. 13. This Act takes effect on the day after its passage and approval
21 or on the day it becomes law without approval.
22
23
24
25
26
27
28
29

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.030 is amended to read as follows:

11 Sec. 42.06.030. COMPOSITION OF ALASKA PIPELINE COMMISSION. [(a)]
12 The Alaska Pipeline Commission consists of the Commissioner of Natural
13 Resources, the Commissioner of Commerce and a member who shall be
14 chairman [THREE MEMBERS], appointed by the governor and serving at his
15 pleasure and confirmed by a majority of the members of the legislature
16 in joint session.

17 [(b) THE GOVERNOR SHALL DESIGNATE ONE MEMBER OF THE COMMISSION AS
18 CHAIRMAN OF THE COMMISSION. THIS MEMBER SHALL SERVE AS CHAIRMAN FOR A
19 TERM OF TWO YEARS, AND MAY BE APPOINTED FOR SUCCESSIVE TERMS.]

20 * Sec. 2. AS 42.06.040 - 42.06.060 are repealed.

21 * Sec. 3. AS 42.06.090 is amended to read:

22 Sec. 42.06.090. COMPENSATION OF [MEMBERS OF] THE COMMISSION
23 CHAIRMAN. The chairman [MEMBERS] of the commission is [ARE] in the
24 exempt service described in A.S. 39.25 and receives [RECEIVE] an annual
25 salary equal to that of a superior court judge, to be paid in 12 equal
26 monthly installments.

27 * Sec. 4. AS 42.06.150 is amended to read:

28 Sec. 42.06.150. POWERS AND DUTIES WITH RESPECT TO FEDERALLY
29 REGULATED CARRIERS. (a) Secs. 240 - 420 and secs. 140(3), 140(8),

1 and 140(9) of this chapter do not apply to a pipeline or pipeline
2 carrier subject to the jurisdiction of [SECTION 140 OF THIS CHAPTER
3 APPLIES TO OIL AND GAS PIPELINE CARRIERS REGULATED UNDER] the Interstate
4 Commerce Act [OF 1906], or the Natural Gas Act [OF 1938, ONLY TO THE
5 EXTENT NOT PRE-EMPTED UNDER THOSE FEDERAL ACTS]. To the extent that
6 the performance of any duties of the commission affect a pipeline or
7 pipeline carrier subject to the Interstate Commerce Act or the Natural
8 Gas Act the performance of the duties shall not be nor require action
9 inconsistent with applicable federal laws, regulations, rules, orders
10 or other requirements. Nothing in this section limits the authority
11 of the commission to prescribe, require, or enforce fair and reasonable
12 rates for the intrastate transportation of oil or gas under secs. 350 -
13 410 of this chapter.

14 (b) For purposes of this chapter the Trans-Alaska Pipeline and
15 any other crude oil pipeline in the state submitting to the jurisdiction
16 of the Interstate Commerce Commission and transporting crude oil within
17 the state for subsequent transportation outside the state are considered
18 to be subject to the jurisdiction of the Interstate Commerce Commission
19 under the Interstate Commerce Act unless and until a final determination
20 is made by the Interstate Commerce Commission that the pipeline is not
21 subject to the jurisdiction of the Interstate Commerce Commission.

22 * Sec. 5. AS 42.06.430(5) is amended to read:

23 (5) A [THE] pipeline carrier, other than a carrier subject
24 to the Interstate Commerce Act or the Natural Gas Act, shall keep
25 books, accounts, papers and records required by this chapter or by
26 regulations adopted by the commission under this chapter in an office
27 in this state and may not remove them from the state except upon written
28 authority by the commission.

29 * Sec. 6. AS 42.06.430(6) is amended to read:

1 (6) For pipelines subject to the Interstate Commerce Act
2 or the Natural Gas Act, the uniform system of accounts and manner of
3 maintaining them and the property records kept and maintained [UNDER
4 THIS SECTION] shall [, WHERE CONSIDERED PRACTICABLE BY THE COMMISSION,]
5 be the same as required under regulations prescribed by the applicable
6 federal agency. However, where federal law permits a pipeline carrier
7 to consolidate its reporting for more than one pipeline in which it has
8 an ownership interest, the commission shall require the reports to be
9 made on an individual pipeline basis for any pipeline located wholly or
10 in part in the state.

11 * Sec. 7. AS 42.06.430(7)(C) is amended to read:

12 (C) such additional [ACCOUNTS AND] information as may
13 be periodically required [UNDER (2) OF THIS SECTION].

14 * Sec. 8. AS 42.06.450 is amended by adding a new subsection to read:

15 (d) The provisions of (b) and (c) of this section do not apply
16 to a pipeline subject to the Interstate Commerce Act or the Natural
17 Gas Act. The investigatory authority granted to the commission in
18 (a) of this section does not authorize action inconsistent with the
19 provisions of the Interstate Commerce Act or the Natural Gas Act or
20 regulations, rules and orders issued under those federal acts.

21 * Sec. 9. AS 42.06.490(a) is amended to read:

22 (a) Any person (including a commissioner or employee of the
23 commission) may file a complaint with the commission under AS 44.62.360
24 alleging that a pipeline rate, price, service, practice or action, with
25 respect to which the commission has jurisdiction, [OF A PIPELINE
26 CARRIER] violates this chapter or regulations adopted under it, or that
27 a pipeline carrier has not complied with the certificate issued under
28 this chapter.

29 * Sec. 10. AS 42.06 is amended by adding a new section to read:

1 Sec. 42.06.495. COMPLAINTS BY COMMISSION AND OTHERS. The
2 commission, whenever it believes a substantial state interest is in-
3 volved or whenever it has reason to believe that an owner or operator
4 is not operating a pipeline in complete accord with its obligation as
5 a common carrier under this chapter or is refusing to accept, convey or
6 transport oil or natural gas tendered to it without unjust and
7 unreasonable discrimination, or is failing to meet its obligation,
8 under the Interstate Commerce Act, the Natural Gas Act or other
9 applicable state or federal regulatory act, may initiate, intervene
10 in or otherwise participate in appropriate proceedings, including but
11 not limited to proceedings before the Interstate Commerce Commission
12 and the Federal Power Commission to enforce the obligation.

13 * Sec. 11. AS 42.06.630(4) is amended to read:

14 (4) "gas" includes all natural gas and hydrocarbons
15 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
16 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
17 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND
18 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

19 * Sec. 12. AS 42.06.630(8) is amended to read:

20 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
21 hydrocarbons regardless of gravity which are produced at the wellhead
22 in liquid form, its products and liquid hydrocarbons, including the
23 liquid hydrocarbons known as distillate or condensate recovered or
24 extracted from gas, other than gas produced in association with oil
25 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
26 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN
27 REMOVED];

28 * Sec. 13. This Act takes effect on the day after its passage and
29 approval or on the day it becomes law without approval.

The Legislature of the State of Alaska
FISCAL NOTE
First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: SB-6, HB-6
 Title: Alaska Pipeline Commission Act
 Requested by: Legislative Finance Date: 10/11/73
 Return Date Requested: October 17, or as soon after that date as possible
 Agency: Department of Commerce & Program:
Department of Natural Resources

II. FISCAL DETAIL

Administration

Budget Request Unit(s) Affected: Natural Resources--and Support
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	6.5	37.1	38.9	40.1	42.9	45.1
200 TRAVEL		2.0	2.1	2.2	2.3	2.4
300 CONTRACTUAL						
400 COMMODITIES	0.3	0.3	0.3	0.4	0.4	0.4
500 EQUIPMENT	1.0	2.0	0.5	0.5	0.6	0.6
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	7.8	41.4	41.8	43.2	46.2	48.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	7.8	41.4	41.8	43.2	46.2	48.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 /	2 /	2 /	2 /	2 /	2 /
MAN MONTHS (P./T.)	8 /	24 /	24 /	24 /	24 /	24 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Department of Commerce will budget other Commission personnel. Additional demands of Alaska Pipeline Commission Act and SB-7, HB-7 Regulating Common Purchasers Act will exceed present capability of Commissioner's Office Technical support. Require person with oil and gas technical expertise plus broad knowledge of energy-related economics and additional secretarial assistance.

IV. ATTACHMENTS

V. DATE: Oct 24, 1973 PREPARED BY: William C. Jackson

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
FISCAL NOTE
First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: SB-6, HB-6
 Title: Alaska Pipeline Commission Act
 Requested by: Legislative Finance Date: 10/11/73
 Return Date Requested: October 17, or as soon after that date as possible
 Agency: Department of Commerce & Program:
Department of Natural Resources

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Natural Resources--and Support Administration

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	6.5	37.1	38.9	40.1	42.9	45.1
200 TRAVEL		2.0	2.1	2.2	2.3	2.4
300 CONTRACTUAL						
400 COMMODITIES	0.3	0.3	0.3	0.4	0.4	0.4
500 EQUIPMENT	1.0	2.0	0.5	0.5	0.6	0.6
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	7.8	41.4	41.8	43.2	46.2	48.5

B. FUNDING: (Thousands of dollars)

GENERAL FUND	7.8	41.4	41.8	43.2	46.2	48.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	1 /	2 /	2 /	2 /	2 /	2 /
MAN MONTHS (P./T.)	8 /	24 /	24 /	24 /	24 /	24 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Department of Commerce will budget other Commission personnel. Additional demands of Alaska Pipeline Commission Act and SB-7, HB-7 Regulating Common Purchasers Act will exceed present capability of Commissioner's Office Technical support. Require person with oil and gas technical expertise plus broad knowledge of energy-related economics and additional secretarial assistance.

IV. ATTACHMENTS

V. DATE: Oct 20 1973 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsor: Rules Committee by
request of the Governor

Offered: 10/31/73
Referred: Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.140(9) is amended to read:

11 (9) may prescribe the system of accounts as provided in
12 sec. 430 of this chapter and regulate the service of an oil and gas
13 pipeline facility.

14 * Sec. 2. AS 42.06.150 is amended to read:

15 Sec. 42.06.150. POWERS AND DUTIES WITH RESPECT TO FEDERALLY
16 REGULATED CARRIERS. Section 140(9), secs. 310 - 340 and 360 - 410
17 [SECTION 140] of this chapter apply [APPLIES] to acts of the commis-
18 sion or to oil and gas pipeline carriers regulated under the Interstate
19 Commerce Act [OF 1906], or the Natural Gas Act unless [OF 1938 ONLY
20 TO THE EXTENT NOT] preempted under these federal Acts.

21 * Sec. 3. AS 42.06.240(a) is amended to read:

22 (a) After January 1, 1974 [1973] no pipeline carrier, or person
23 which will be a pipeline carrier upon completion of any proposed
24 construction or extension, shall engage in the transportation of oil
25 or gas by pipeline subject to the jurisdiction of the commission, or
26 undertake the construction or extension of any pipeline facilities
27 for that purpose, or acquire or operate any pipeline facilities or
28 extensions, unless there is in force with respect to that pipeline
29 carrier a certificate of public convenience and necessity issued by

1 the commission authorizing those acts or operations. A certificate
2 shall describe the nature and extent of the authority granted in it,
3 including, as appropriate for the services involved, a description
4 of the authorized area and scope of operation of the oil or gas
5 pipeline facility.

6 * Sec. 4. AS 42.06.240(b) is amended to read:

7 (b) If any person or predecessor in interest was engaged in
8 transportation of oil or gas by pipeline subject to the jurisdiction
9 of the commission on or before January 1, 1974 [1973], over the route
10 or routes for which application is made, the commission shall issue
11 the certificate without requiring further proof or hearings that public
12 convenience and necessity will be served by the operation, and without
13 further proceedings, if application for the certificate is made to
14 the commission before January 1, 1974 [1973]; pending the determination
15 of the application, the continued operation of the pipeline or pipe-
16 lines is lawful.

17 * Sec. 5. AS 42.06.280 is repealed and re-enacted to read:

18 Sec. 42.06.280. INSURANCE AND SECURITY. The commission may
19 require any lessee to procure and furnish liability and property damage
20 insurance from a company licensed to do business in the state or
21 furnish other security or undertaking upon the terms and conditions
22 the commissioner considers necessary if the commissioner finds that
23 the net assets of the lessee are insufficient to protect the public
24 from damage for which the lessee may be liable arising out of the
25 construction or operation of the pipeline.

26 * Sec. 6. AS 42.05.430(6) is amended to read:

27 (6) For pipelines subject to the Interstate Commerce Act
28 or the Natural Gas Act, the uniform system of accounts and manner of
29 maintaining them and the property records kept and maintained [UNDER

1 THIS SECTION] shall, where considered practicable by the commission,
2 be the same as required under regulations prescribed by the applicable
3 federal agency. However, where federal law permits a pipeline carrier
4 to consolidate its reporting for more than one pipeline in which it
5 has an ownership interest, the commission shall require the reports
6 to be made on an individual pipeline basis for any pipeline located
7 wholly or in part in the state.

8 * Sec. 7. AS 42.06.430(7)(C) is amended to read:

9 (C) such additional accounts and information as may
10 be required under (2) and (6) of this section.

11 * Sec. 8. AS 42.06.450(c) is amended to read:

12 (c) In a rate proceeding involving intrastate rates, the oil
13 or gas pipeline carrier has the burden of proving that any written
14 or unwritten contract or arrangement it may have with any of its
15 affiliated interests for the furnishing of any services or for the
16 purchase, sale, lease or exchange of any property is necessary and
17 consistent with the public interest and that the payment made for it,
18 or consideration given, is reasonably based, in part, upon the
19 submission of satisfactory proof as to the cost to the affiliated
20 interest of furnishing the service or property and, in part, upon the
21 estimated cost the oil or gas pipeline carrier would have incurred
22 if it furnished the service or property with its own personnel and
23 capital.

24 * Sec. 9. AS 42.06.490(a) is amended to read:

25 (a) Any person (including a commissioner or employee of the
26 commission) may file a complaint with the commission under AS 44.62.360
27 alleging that a rate, price, service, practice or action of a pipeline
28 carrier violates this chapter or regulations adopted under it, or that
29 a pipeline carrier has not complied with the certificate issued under

1 this chapter; however, no jurisdiction is conferred to the commission
2 by this section over those practices which are proscribed or regulated
3 by the Interstate Commerce Act or Natural Gas Act or the regulations,
4 rules and orders issued under those federal Acts.

5 * Sec. 10. AS 42.06.630(4) is amended to read:

6 (4) "gas" includes all natural gas and hydrocarbons
7 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
8 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
9 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND
10 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

11 * Sec. 11. AS 42.06.630(8) is amended to read:

12 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
13 hydrocarbons regardless of gravity which are produced at the wellhead
14 in liquid form, its products and liquid hydrocarbons, including the
15 liquid hydrocarbons known as distillate or condensate recovered or
16 extracted from gas, other than gas produced in association with oil
17 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
18 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN
19 REMOVED];

20 * Sec. 12. This Act takes effect on the day after its passage and approval
21 or on the day it becomes law without approval.

Original sponsor: Rules Committee by
request of the Governor

Offered: 11-1-73
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.240(a) is amended to read:

11 (a) After January 1, 1974 [1973] no pipeline carrier, or person
12 which will be a pipeline carrier upon completion of any proposed
13 construction or extension, shall engage in the transportation of oil
14 or gas by pipeline subject to the jurisdiction of the commission, or
15 undertake the construction or extension of any pipeline facilities
16 for that purpose, or acquire or operate any pipeline facilities or
17 extension, unless there is in force with respect to that pipeline
18 carrier a certificate of public convenience and necessity issued by
19 the commission authorizing those acts or operations. A certificate
20 shall describe the nature and extent of the authority granted in it,
21 including, as appropriate for the services involved, a description
22 of the authorized area and scope of operation of the oil or gas
23 pipeline facility.

24 * Sec. 2. AS 42.06.240(b) is amended to read:

25 (b) If any person or predecessor in interest was engaged
26 in transportation of oil or gas by pipeline or construction of an oil
27 or gas pipeline [SUBJECT TO THE JURISDICTION OF THE COMMISSION] on or
28 before January 1, 1974 [1973, OVER THE ROUTE OR ROUTES FOR WHICH
29 APPLICATION IS MADE], the commission shall issue a [THE] certificate

1 of public convenience and necessity for that pipeline [WITHOUT REQUIRING
2 FURTHER PROOF THAT PUBLIC CONVENIENCE AND NECESSITY WILL BE SERVED
3 BY THE OPERATION, AND] without hearings or [FURTHER] proceedings. For
4 purposes of this section, "construction" includes application for a
5 federal right-of-way permit [, IF APPLICATION FOR THE CERTIFICATE IS
6 MADE TO THE COMMISSION BEFORE JANUARY 1, 1973; PENDING THE DETERMINA-
7 TION OF THE APPLICATION, THE CONTINUED OPERATION OF THE PIPELINE OR
8 PIPELINES IS LAWFUL].

9 * Sec. 3. AS 42.06 is amended by adding a new section to read:

10 Sec. 42.06.245. FEDERALLY REGULATED CARRIERS. The requirements
11 of this chapter pertaining to permits and certificates of public
12 convenience and necessity do not apply to the construction of a
13 pipeline facility subject to the jurisdiction of the Interstate
14 Commerce Act or the Natural Gas Act or to the interstate portion of
15 the business of a pipeline or pipeline carrier subject to the juris-
16 diction of the Interstate Commerce Act or the Natural Gas Act;
17 however, the requirements of this chapter for permits and certificates
18 of public convenience and necessity do apply to all the intrastate
19 portion of the business of a pipeline or pipeline carrier subject
20 to the Interstate Commerce Act and the Natural Gas Act whenever they
21 engage in intrastate commerce.

22 * Sec. 4. AS 42.06.280 is repealed and re-enacted to read:

23 Sec. 42.06.280. INSURANCE AND SECURITY. The commission may
24 require any lessee to procure and furnish liability and property damage
25 insurance from a company licensed to do business in the state or
26 furnish other security or undertaking upon the terms and conditions
27 the commissioner considers necessary if the commissioner finds that
28 the net assets of the lessee are insufficient to protect the public
29 from damage for which the lessee may be liable arising out of the

1 construction or operation of the pipeline.

2 * Sec. 5. AS 42.06.430(6) is amended to read:

3 (6) For pipelines subject to the Interstate Commerce Act
4 or the Natural Gas Act, the uniform system of accounts and manner of
5 maintaining them and the property records kept and maintained [UNDER
6 THIS SECTION] shall, where considered practicable by the commission,
7 be the same as required under regulations prescribed by the applicable
8 federal agency. However, where federal law permits a pipeline carrier
9 to consolidate its reporting for more than one pipeline in which it
10 has an ownership interest, the commission shall require the reports
11 to be made on an individual pipeline basis for any pipeline located
12 wholly or in part in the state.

13 * Sec. 6. AS 42.06.430 is amended by adding a new paragraph to read:

14 (8) The commission may require such additional accounts
15 and information as may be necessary.

16 * Sec. 7. AS 42.06.630(4) is amended to read:

17 (4) "gas" includes all natural gas and hydrocarbons
18 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
19 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
20 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND
21 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

22 * Sec. 8. AS 42.06.630(8) is amended to read:

23 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
24 hydrocarbons regardless of gravity which are produced at the wellhead
25 in liquid form, its products and liquid hydrocarbons, including the
26 liquid hydrocarbons known as distillate or condensate recovered or
27 extracted from gas, other than gas produced in association with oil
28 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
29 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN

1 REMOVED];

2 * Sec. 9. This Act takes effect on the day after its passage and approval
3 or on the day it becomes law without approval.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Original sponsor: Rules Committee by
request of the Governor

Offered: 11-1-73
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 6

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas pipelines and the
7 Alaska Pipeline Commission; and providing for an
8 effective date."

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

10 * Section 1. AS 42.06.240(a) is amended to read:

11 (a) After January 1, 1974 [1973] no pipeline carrier, or person
12 which will be a pipeline carrier upon completion of any proposed
13 construction or extension, shall engage in the transportation of oil
14 or gas by pipeline subject to the jurisdiction of the commission, or
15 undertake the construction or extension of any pipeline facilities
16 for that purpose, or acquire or operate any pipeline facilities or
17 extension, unless there is in force with respect to that pipeline
18 carrier a certificate of public convenience and necessity issued by
19 the commission authorizing those acts or operations. A certificate
20 shall describe the nature and extent of the authority granted in it,
21 including, as appropriate for the services involved, a description
22 of the authorized area and scope of operation of the oil or gas
23 pipeline facility.

24 * Sec. 2. AS 42.06.240(b) is amended to read:

25 (b) If any person or predecessor in interest was engaged
26 in transportation of oil or gas by pipeline or construction of an oil
27 or gas pipeline [SUBJECT TO THE JURISDICTION OF THE COMMISSION] on or
28 before January 1, 1974 [1973, OVER THE ROUTE OR ROUTES FOR WHICH
29 APPLICATION IS MADE], the commission shall issue a [THE] certificate

1 of public convenience and necessity for that pipeline [WITHOUT REQUIRING
2 FURTHER PROOF THAT PUBLIC CONVENIENCE AND NECESSITY WILL BE SERVED
3 BY THE OPERATION, AND] without hearings or [FURTHER] proceedings. For
4 purposes of this section, "construction" includes application for a
5 federal right-of-way permit [IF APPLICATION FOR THE CERTIFICATE IS
6 MADE TO THE COMMISSION BEFORE JANUARY 1, 1973; PENDING THE DETERMINA-
7 TION OF THE APPLICATION, THE CONTINUED OPERATION OF THE PIPELINE OR
8 PIPELINES IS LAWFUL].

9 * Sec. 3. AS 42.06 is amended by adding a new section to read:

10 Sec. 42.06.245. FEDERALLY REGULATED CARRIERS. The requirements
11 of this chapter pertaining to permits and certificates of public
12 convenience and necessity do not apply to the construction of a
13 pipeline facility exclusively subject to the jurisdiction of the
14 Interstate Commerce Act or the Natural Gas Act or to the interstate
15 portion of the business of a pipeline or pipeline carrier exclusively
16 subject to the jurisdiction of the Interstate Commerce Act or the
17 Natural Gas Act; however, the requirements of this chapter for permits
18 and certificates of public convenience and necessity do apply to all
19 the intrastate portion of the business of a pipeline or pipeline carrier
20 subject to the Interstate Commerce Act and the Natural Gas Act when-
21 ever they engage in intrastate commerce; provided, however, nothing
22 limits the powers of the commission set forth in this chapter except to
23 the extent they are preempted by the Interstate Commerce Act or the
24 Natural Gas Act.

25 * Sec. 4. AS 42.06.280 is repealed and re-enacted to read:

26 Sec. 42.06.280. INSURANCE AND SECURITY. The commission may
27 require any lessee to procure and furnish liability and property damage
28 insurance from a company licensed to do business in the state or
29 furnish other security or undertaking upon the terms and conditions

1 the commissioner considers necessary if the commissioner finds that
2 the net assets of the less'ee are insufficient to protect the public
3 from damage for which the lessee may be liable arising out of the
4 construction or operation of the pipeline.

5 * Sec. 5. AS 42.06.430(6) is amended to read:

6 (6) For pipelines subject to the Interstate Commerce Act
7 or the Natural Gas Act, the uniform system of accounts and manner of
8 maintaining them and the property records kept and maintained [UNDER
9 THIS SECTION] shall, where considered practicable by the commission,
10 be the same as required under regulations prescribed by the applicable
11 federal agency. However, where federal law permits a pipeline carrier
12 to consolidate its reporting for more than one pipeline in which it
13 has an ownership interest, the commission shall require the reports
14 to be made on an individual pipeline basis for any pipeline located
15 wholly or in part in the state.

16 * Sec. 6. AS 42.06.430 is amended by adding a new paragraph to read:

17 (8) The commission may require such additional accounts
18 and information as may be necessary.

19 * Sec. 7. AS 42.06.630(4) is amended to read:

20 (4) "gas" includes all natural gas and hydrocarbons
21 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
22 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
23 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND
24 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

25 * Sec. 8. AS 42.06.630(8) is amended to read:

26 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
27 hydrocarbons regardless of gravity which are produced at the wellhead
28 in liquid form, its products and liquid hydrocarbons, including the
29 liquid hydrocarbons known as distillate or condensate recovered or

1 extracted from gas, other than gas produced in association with oil
2 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
3 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN
4 REMOVED];

5 * Sec. 9. This Act takes effect on the day after its passage and approval
6 or on the day it becomes law without approval.
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Pursuant to the Uniform Rules of the Legislature I will be transmitting a bill that amends the Alaska Pipeline Commission Act of 1972 by foreclosing jurisdictional disputes with federal regulatory agencies. The commission's quasi-judicial role in the regulation of intrastate pipelines is not altered. As to pipelines in interstate commerce, the commission's watchdog role is strengthened while leaving uncontested the judicial roles in interstate pipeline regulation of the Interstate Commerce Commission and the Federal Power Commission. The state commission will oversee the economic decisions of pipelines in interstate commerce, but if disputes arise, it will take its views before the federal agency claiming jurisdiction.

The state's representations since 1970 for a vigorous approach toward regulation of oil pipelines, together with the magnitude of the trans-Alaska pipeline project, has turned a critical public attention toward the ICC's ability to do its job of pipeline regulation. Investigations of the Senate and House Interior Committees into the economics of pipeline operation have sensitized the commission to that aspect of its role. And probes into the anti-trust elements that may develop in pipeline operations have breathed new life into the commission's interest in that area. These are clear indications that the ICC may well already be re-examining its role. It has been primed to begin responding in a new way.

That new response will be brought about in part through the State of Alaska's ability through this commission and its staff to prepare vigorous and effective presentations before the ICC if such action becomes necessary.

Under this bill the Alaska Pipeline Commission would be made up of the Commissioners of Commerce and Natural Resources, plus a full-time, salaried chairman. This reduction in the number of full-time commissioners from the three called for in the 1972 act is desirable because the commission is no longer designed to sit as a quasi-judicial agency to resolve contested issues between industry and the public interest on interstate pipeline matters. Its role as to pipelines in interstate commerce will be

-2-

more like that of an enforcement agency than a court. Though it will continue its adjudicatory role of tariff setting and regulation of pipelines that are intrastate carriers, the number of such pipelines is likely to be very small.

As for pipelines in interstate commerce, the commission will have an opportunity for economic regulation at a non-judicial level before economic issues are brought before the ICC. This bill specifically provides that where federal law permits a pipeline carrier to consolidate its reporting for more than one pipeline in which it has an ownership interest, the commission shall re-require information to be reported on an individual pipeline basis for pipelines in Alaska. This facilitates the commission's analysis of the economics of a pipeline's operation and its evaluation of its rate structure to see that it is fair and reasonable.

The willingness and ability of a state to go before the ICC and advocate a position on behalf of its citizens in a pipeline matter is essentially unprecedented in the nation. Such capacity for representation will allow Alaska to influence pipeline regulatory policy before matters reach the ICC, and it will allow Alaska when necessary to press the ICC along its new course of more effective pipeline regulation.

IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

A BILL

For an Act entitled: "An Act relating to oil and gas pipelines and the Alaska Pipeline Commission; and providing for an effective date."

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

* Section 1. AS 42.06.030 is amended to read as follows:

Sec. 42.06.030. COMPOSITION OF ALASKA PIPELINE COMMISSION. [(a)]
The Alaska Pipeline Commission consists of the Commissioner of Natural Resources, the Commissioner of Commerce and a member who shall be chairman [THREE MEMBERS], appointed by the governor and serving at his pleasure and confirmed by a majority of the members of the legislature in joint session.

[(b) THE GOVERNOR SHALL DESIGNATE ONE MEMBER OF THE COMMISSION AS CHAIRMAN OF THE COMMISSION. THIS MEMBER SHALL SERVE AS CHAIRMAN FOR A TERM OF TWO YEARS, AND MAY BE APPOINTED FOR SUCCESSIVE TERMS.]

* Sec. 2. AS 42.06.040 - 42.06.060 are repealed.

* Sec. 3. AS 42.06.090 is amended to read:

Sec. 42.06.090. COMPENSATION OF [MEMBERS OF] THE COMMISSION CHAIRMAN. The chairman [MEMBERS] of the commission is [ARE] in the exempt service described in AS 39.25 and receives [RECEIVE] an annual salary equal to that of a superior court judge, to be paid in 12 equal monthly installments.

* Sec. 4. AS 42.06.150 is amended to read:

Sec. 42.06.150. POWERS AND DUTIES WITH RESPECT TO FEDERALLY REGULATED CARRIERS. (a) Secs. 240 - 242, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

and 140(9) of this chapter do not apply to a pipeline or pipeline carrier subject to the jurisdiction of [SECTION 140 OF THIS CHAPTER APPLIES TO OIL AND GAS PIPELINE CARRIERS REGULATED UNDER] the Interstate Commerce Act [OF 1906], or the Natural Gas Act [OF 1938, ONLY TO THE EXTENT NOT PRE-EMPTED UNDER THOSE FEDERAL ACTS]. To the extent that the performance of any duties of the commission affect a pipeline or pipeline carrier subject to the Interstate Commerce Act or the Natural Gas Act the performance of the duties shall not be nor require action inconsistent with applicable federal laws, regulations, rules, orders or other requirements.

(b) For purposes of this chapter the Trans-Alaska Pipeline and any other crude oil pipeline in the state submitting to the jurisdiction of the Interstate Commerce Commission and transporting crude oil within the state for subsequent transportation outside the state are considered to be subject to the jurisdiction of the Interstate Commerce Commission under the Interstate Commerce Act unless and until a final determination is made by the Interstate Commerce Commission that the pipeline is not subject to the jurisdiction of the Interstate Commerce Commission.

* Sec. 5. AS 42.06.430(5) is amended to read:

(5) A [THE] pipeline carrier, other than a carrier subject to the Interstate Commerce Act or the Natural Gas Act, shall keep books, accounts, papers and records required by this chapter or by regulations adopted by the commission under this chapter in an office in this state and may not remove them from the state except upon written authority by the commission.

* Sec. 6. AS 42.06.430(6) is amended to read:

(6) For pipelines subject to the Interstate Commerce Act or the Natural Gas Act, the uniform system of accounts and manner of maintaining them and the property records to be kept and maintained [UNDER THIS

SECTION] shall [, WHERE CONSIDERED PRACTICABLE BY THE COMMISSION,] be the same as required under regulations prescribed by the applicable federal agency. However, where federal law permits a pipeline carrier to consolidate its reporting for more than one pipeline in which it has an ownership interest, the commission shall require the reports to be made on an individual pipeline basis for any pipeline located wholly or in part in the state.

* Sec. 7. AS 42.06.430(7)(C) is amended to read:

(C) such additional [ACCOUNTS AND] information as may be periodically required [UNDER (2) OF THIS SECTION].

* Sec. 8. AS 42.06.450 is amended by adding a new subsection to read:

(d) The provisions of (b) and (c) of this section do not apply to a pipeline subject to the Interstate Commerce Act or the Natural Gas Act. The investigatory authority granted to the commission in (a) of this section does not authorize action inconsistent with the provisions of the Interstate Commerce Act or the Natural Gas Act or regulations, rules and orders issued under those federal acts.

* Sec. 9. AS 42.06.490(a) is amended to read:

(a) Any person (including a commissioner or employee of the commission) may file a complaint with the commission under AS 44.62.360 alleging that a pipeline rate, price, service, practice or action, with respect to which the commission has jurisdiction, [OF A PIPELINE CARRIER] violates this chapter or regulations adopted under it, or that a pipeline carrier has not complied with the certificate issued under this chapter.

* Sec. 10. AS 42.06 is amended by adding a new section to read:

Sec. 42.06.495. COMPLAINTS BY COMMISSION AND OTHERS. The commission, whenever it believes a substantial state interest is involved or whenever it has reason to believe that an owner or operator

1 is not operating a pipeline in complete accord with its obligation as
2 a common carrier under this chapter or is refusing to accept, convey or
3 transport oil or natural gas tendered to it without unjust and
4 unreasonable discrimination, or is failing to meet its obligation,
5 under the Interstate Commerce Act, the Natural Gas Act or other
6 applicable state or federal regulatory act, may initiate, intervene
7 in or otherwise participate in appropriate proceedings, including but
8 not limited to proceedings before the Interstate Commerce Commission
9 and the Federal Power Commission to enforce the obligation.

10 * Sec. 11. AS 42.06.630(4) is amended to read:

11 (4) "gas" includes all natural gas and hydrocarbons
12 produced at the wellhead and not defined as oil [MEANS NATURAL GAS,
13 INCLUDING BRADENHEAD GAS, CASINGHEAD GAS, GAS PRODUCED FROM AN OIL
14 OR GAS WELL, AND ANY MIXTURE OF NATURAL AND ARTIFICIAL GAS, AND
15 INCLUDES LIQUID PRODUCTS AND BY-PRODUCTS OF GAS];

16 * Sec. 13. AS 42.06.630(8) is amended to read:

17 (8) "oil" includes [MEANS] crude [PETROLEUM] oil, and other
18 hydrocarbons regardless of gravity which are produced at the wellhead
19 in liquid form, its products and liquid hydrocarbons, including the
20 liquid hydrocarbons known as distillate or condensate recovered or
21 extracted from gas, other than gas produced in association with oil
22 and commonly known as casinghead gas [IN ITS NATURAL STATE, AND CRUDE
23 PETROLEUM OIL FROM WHICH ONLY BASIC SEDIMENT AND WATER HAVE BEEN
24 REMOVED];

25 * Sec. 13. This Act takes effect on the day after its passage and
26 approval or on the day it becomes law without approval.

The Legislature of the State of Alaska
 FISCAL NOTE
 First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: 6
 Title: An Act relating to oil & gas pipelines and the Alaska Pipeline
 Requested by: Legislative Finance Date: 10/11/73 Commission
 Return Date Requested: 10/17/73
 Agency: Department of Commerce Program: Pipeline Commission

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 05-53-06

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	138.5	207.8	268.2	281.6	295.7	310.5
200 TRAVEL	8.0	9.5	10.0	10.5	11.0	11.6
300 CONTRACTUAL	228.2	236.2	90.5	95.0	99.8	104.8
400 COMMODITIES	2.5	3.0	3.2	3.4	3.6	3.8
500 EQUIPMENT	14.1	0	2.0	0	0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	391.3	456.5	373.9	390.5	410.1	431.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND	391.3	456.5	373.9	390.5	410.1	431.7
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	10/0	10/0	12/0	12/0	12/0	12/0
MA. MONTHS (P./T.)	120/0	120/0	144/0	144/0	144/0	144/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

1. Costs are based on 8 months of operation for FY 74.
2. Commission will be based in Anchorage

IV. ATTACHMENTS

Line item cost breakdown.

V. DATE: October 17, 1973 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First legislator Named)

ATTACHMENT 1

	<u>FY 74</u>	<u>FY 75</u>
<u>Personal Services</u>		
Chairman, Salary equal to Superior Court Judge	\$ 22,000	\$ 33,000
Director, Range 26	17,592	26,388
Petroleum Tariff Specialist, Range 23	14,632	21,948
Petroleum Rate Analyst, Range 22	13,592	20,388
Petroleum Auditor, Range 23	14,632	21,948
Petroleum Economist, Range 22	13,592	20,388
Documents Processing Clerk IV, Range 12	6,512	9,768
Clerk Typist III, Range 9	5,216	7,824
Secretary II, Range 11	6,048	9,072
Secretary I, Range 10	5,616	8,424
Benefits @ 1.6%	<u>19,109</u>	<u>28,664</u>
Total Personal Services	<u>138,541</u>	<u>207,812</u>
<u>Travel</u>		
Field Travel - Investigation of accounts and records of pipeline companies to assure compliance with regulations; hold hearings on requested certificates	6,000	7,500
Administrative Travel - Travel to Juneau to meet with Commissioners of Commerce and Natural Resources and Legislators	1,000	1,000
Out-of-State - To meet with other pipeline commissions to investigate and gain knowledge from their procedures	<u>1,000</u>	<u>1,000</u>
Total Travel	<u>8,000</u>	<u>9,500</u>
<u>Contractual Services</u>		
Office Space 1,300 s.f. @ 70¢ per s.f.	7,300	10,900
Communications, printing and advertising	6,700	7,000
Copier @ \$700 per mo. and MCST @ \$200 per mo.	7,200	10,800
Operation and maintenance of vehicle @ .17 per mile - 12,000 miles	2,000	2,500
Professional Fees and Services	200,000	200,000
Other Contractual Services	<u>5,000</u>	<u>5,000</u>
Total Contractual Services	<u>228,200</u>	<u>236,200</u>

Commodities

Office supplies and consumables	<u>2,500</u>	<u>3,000</u>
---------------------------------	--------------	--------------

Equipment

Automobile	3,200	-0-
Desks - 1 @ \$250, 9 @ \$200	2,000	-0-
Chairs - 1 @ \$90, 9 @ \$60	600	-0-
Typewriters - 4 @ \$500	2,000	-0-
Calculators - 2 @ \$500, 2 @ \$300	1,600	-0-
File cabinets - 4 @ \$150	600	-0-
Conference Table @ \$125 w/8 chairs @ \$50	500	-0-
Utility Tables - 3 @ \$100	300	-0-
Book Cases - 6 @ \$60	400	-0-
Side Chairs - 10 @ \$25	250	-0-
Dictation Equipment - 1 transcriber @ \$150		
3 dictation units @ \$500	1,950	-0-
Costumer - 3-6 coat @ \$50	150	-0-
Miscellaneous (file baskets, waste baskets, etc.) @ \$50 per employee	<u>500</u>	<u>-0-</u>
 Total Equipment	 <u>14,050</u>	 <u>-0-</u>
 Total	 <u>\$391,291</u>	 <u>\$456,512</u>

As set forth in the proposed legislation, the Alaska Pipeline Commission will act in a non-judicial capacity in enforcement and regulation of interstate pipelines and will continue its adjudicatory role of tariff setting and regulation of intrastate pipelines.

The ability to immediately establish a knowledgeable staff capable of handling the vast and complex situations anticipated is unlikely, and it is considered economically sound to resort to consultants in the initial organization of the Commission and the necessary preliminary audit of the pipeline companies. Sufficient time is not available to accurately determine the cost of these consultant services, however, it is felt \$200,000 will be adequate. These funds will be restricted to consultant costs only and approval of both the Commissioner of Commerce and the Commissioner of Natural Resources will be required before the Commission could enter into a contract.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99001

MEMORANDUM

TO: Chairmen and Members
Senate and House Finance

DATE: November 15, 1973

FROM: Kent Dawson
Fiscal Analyst
Legislative Finance

SUBJ: An Act Relating to Oil
and Gas Pipelines and the
Alaska Pipeline Commission;
and providing for an ef-
fective date, SB 6

The final Act as passed during the Special Session essentially "grandfathers" in the Trans-Alaska Pipeline while leaving the Alaska Pipeline Commission Act of 1972 primarily intact. The makeup of the Commission itself, contrary to the Special Session proposals of the Governor, remained as it was in 1972.

The principal differences brought about by the Special Session are as follows:

Insurance and Security

Under the 1972 law, the procurement of liability and property damage insurance was a prerequisite for the granting of a certificate of convenience and necessity by the Commission. AS 42.06.280 now states that the Commission may require such insurance or security if a member of the Commission finds the net assets of the lessee to be insufficient to protect the public from damage for which the lessee may be liable.

Non-consolidation of Reports

Approved was an amendment to AS 42.06.430(6) offered by the Governor which assured reporting to the Commission on an individual pipeline basis for any pipeline located wholly or in part in the state. A further change to this subsection proposed by the Governor which precluded the state from requiring a system of accounts different from that required by the federal agencies, was rejected by the Legislature.

Federally Regulated Carriers

A new section, AS 42.06.245, was added which seeks to acknowledge the limits placed on the powers of the Alaska Pipeline Commission to the extent to which those powers are preempted by the Interstate Commerce Act and the National Gas Act. The intent of the section appears to be the assurance that no gap of non-jurisdiction exists between a purely intra-state jurisdiction on the part of the state and the particular powers of interstate regulation given the Interstate Commerce Commission and the Federal Power Commission.

The powers and duties of the Commission as established in AS 42.06.140 were left unchanged. Significant among these powers is the power to "prescribe or require just, fair and reasonable rates, classifications, regulations, practices, services and facilities...." under subsection (3); the power to "initiate, intervene in, and appear personally or by counsel and offer evidence...." under subsection (7); and the duty to "require permits for construction enlargement in size or operating capacity, extension, operation or abandonment..." under subsection (8). Of course, these powers (as in the Alaska Pipeline Commission Act of 1972) apply to federally regulated carriers only to the extent not preempted under the federal acts.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

TO: Finance Committees
Alaska State Legislature

DATE: October 19, 1973

FROM: V. Kent Dawson
Fiscal Analyst
Legislative Finance

SUBJ: Comments on Fiscal Notes
for Senate Bill 6 and
House Bill 6

The fiscal note for SB 6 and HB 6, prepared by the Department of Commerce, calls for an appropriation in FY 74 adequate for immediate full staffing of the Alaska Pipeline Commission. For your consideration, an alternative approach to staffing the Commission at a considerable reduction in cost has been prepared and attached (Attachment A). This alternative, which calls for a \$76,000 FY 74 appropriation as opposed to the \$390,000 requested by the Department of Commerce, is based on the following assumptions:

- (a) that a six-month--as opposed to an eight-month--FY 74 appropriation should be adequate;
- (b) that during pipeline construction, the duties of the Commission are considerably diminished and that the Commission could therefore operate with a much reduced staff;
- (c) that at sometime prior to actual oil production (perhaps in the FY 77 budget) the Commission could "gear up" with the economist, auditor, and tariff analysis people as the rate control phase of their duties comes into play.
- (d) that by appropriating to the Department of Commerce an amount which will in most likelihood not be spent greatly increases the chances of the Department of Commerce moving funds into their various divisions to reinstate cuts in their FY 74 budget made by the Legislature. Such transfers of funds do not require the approval of the Budget and Audit Committee.

VKD/af
Attachment

AGO 788474

The Legislature of the State of Alaska
FISCAL NOTE
First Special Session - Eighth Legislature

I. REQUEST

Bill Identification: _____
 Title: An Act relating to oil & gas pipelines and the Alaska Pipeline
 Requested by: Legislative Finance Date: 10/11/73 Commission
 Return Date Requested: 10/17/73
 Agency: Department of Commerce Program: Pipeline Commission

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 05-53-06

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	138.5	207.8	268.2	281.6	295.7	310.5
200 TRAVEL	8.0	9.5	10.0	10.5	11.0	11.6
300 CONTRACTUAL	228.2	236.2	90.5	95.0	99.8	104.8
400 COMMODITIES	2.5	3.0	3.2	3.4	3.6	3.8
500 EQUIPMENT	14.1	0	2.0	0	0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS ETC.						
TOTAL	391.3	456.5	373.9	390.5	410.1	431.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND	391.3	456.5	373.9	390.5	410.1	431.7
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0

C. POSITIONS:

PERMANENT/TEMPORARY	10/0	10/0	12/0	12/0	12/0	12/0
MAN MONTHS (P./T.)	120/0	120/0	144/0	144/0	144/0	144/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

- Costs are based on 8 months of operation for FY 74.
- Commission will be based in Anchorage

IV. ATTACHMENTS

Line item cost breakdown.

V. DATE: October 17, 1973

PREPARED BY: *James A. Wilson*

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ATTACHMENT 1

	<u>FY 74</u>	<u>FY 75</u>
<u>Personal Services</u>		
Chairman, Salary equal to Superior Court Judge	\$ 22,000	\$ 33,000
Director, Range 26	17,592	26,388
Petroleum Tariff Specialist, Range 23	14,632	21,948
Petroleum Rate Analyst, Range 22	13,592	20,388
Petroleum Auditor, Range 23	14,632	21,948
Petroleum Economist, Range 22	13,592	20,388
Documents Processing Clerk IV, Range 12	6,512	9,768
Clerk Typist III, Range 9	5,216	7,824
Secretary II, Range 11	6,048	9,072
Secretary I, Range 10	5,616	8,424
Benefits @ 16%	<u>19,109</u>	<u>28,664</u>
Total Personal Services	<u>138,541</u>	<u>207,812</u>
<u>Travel</u>		
Field Travel - Investigation of accounts and records of pipeline companies to assure compliance with regulations; hold hearings on requested certificates	6,000	7,500
Administrative Travel - Travel to Juneau to meet with Commissioners of Commerce and Natural Resources and Legislators	1,000	1,000
Out-of-State - To meet with other pipeline commissions to investigate and gain knowledge from their procedures	<u>1,000</u>	<u>1,000</u>
Total Travel	<u>8,000</u>	<u>9,500</u>
<u>Contractual Services</u>		
Office Space 1,300 s.f. @ 70¢ per s.f.	7,300	10,900
Communications, printing and advertising	6,700	7,000
Copier @ \$700 per mo. and MCST @ \$200 per mo.	7,200	10,800
Operation and maintenance of vehicle @ .17 per mile - 12,000 miles	2,000	2,500
Professional Fees and Services	200,000	200,000
Other Contractual Services	<u>5,000</u>	<u>5,000</u>
Total Contractual Services	<u>228,200</u>	<u>236,200</u>

Commodities

Office supplies and consumables

2,5003,000Equipment

Automobile

3,200

-0-

Desks - 1 @ \$250, 9 @ \$200

2,000

-0-

Chairs - 1 @ \$80, 9 @ \$60

600

-0-

Typewriters - 4 @ \$500

2,000

-0-

Calculators - 2 @ \$500, 2 @ \$300

1,600

-0-

File cabinets - 4 @ \$150

600

-0-

Conference Table @ \$125 w/8 chairs @ \$50

500

-0-

Utility Tables - 3 @ \$100

300

-0-

Book Cases - 6 @ \$60

400

-0-

Side Chairs - 10 @ \$25

250

-0-

Dictation Equipment - 1 transcriber @ \$450

3 dictation units @ \$500

1,950

-0-

Costumer - 3-6 coat @ \$50

150

-0-

Miscellaneous (file baskets, waste baskets,
etc.) @ \$50 per employee500-0-

Total Equipment

14,050-0-

Total

\$391,291\$456,512

As set forth in the proposed legislation, the Alaska Pipeline Commission will act in a non-judicial capacity in enforcement and regulation of interstate pipelines and will continue its adjudicatory role of tariff setting and regulation of intrastate pipelines.

The ability to immediately establish a knowledgeable staff capable of handling the vast and complex situations anticipated is unlikely, and it is considered economically sound to resort to consultants in the initial organization of the Commission and the necessary preliminary audit of the pipeline companies. Sufficient time is not available to accurately determine the cost of these consultant services, however, it is felt \$200,000 will be adequate. These funds will be restricted to consultant costs only and approval of both the Commissioner of Commerce and the Commissioner of Natural Resources will be required before the Commission could enter into a contract.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

TO: Finance Committees
Alaska State Legislature

DATE: October 19, 1973

FROM: V. Kent Dawson
Fiscal Analyst
Legislative Finance

SUBJ: Comments on Fiscal Notes
for Senate Bill 6 and
House Bill 6

The fiscal note for SB 6 and HB 6, prepared by the Department of Commerce, calls for an appropriation in FY 74 adequate for immediate full staffing of the Alaska Pipeline Commission. For your consideration, an alternative approach to staffing the Commission at a considerable reduction in cost has been prepared and attached (Attachment A). This alternative, which calls for a \$76,000 FY 74 appropriation as opposed to the \$390,000 requested by the Department of Commerce, is based on the following assumptions:

- (a) that a six-month--as opposed to an eight-month--FY 74 appropriation should be adequate;
- (b) that during pipeline construction, the duties of the Commission are considerably diminished and that the Commission could therefore operate with a much reduced staff;
- (c) that at sometime prior to actual oil production (perhaps in the FY 77 budget) the Commission could "gear up" with the economist, auditor, and tariff analysis people as the rate control phase of their duties comes into play.
- (d) that by appropriating to the Department of Commerce an amount which will in most likelihood not be spent greatly increases the chances of the Department of Commerce moving funds into their various divisions to reinstate cuts in their FY 74 budget made by the Legislature. Such transfers of funds do not require the approval of the Budget and Audit Committee.

VKD/af
Attachment

AGO 788479

AN ALTERNATIVE FOR THE ALASKA PIPELINE COMMISSION BUDGET

FY 74
Six Months' Operation

<u>LINE ITEMS</u>	<u>FY 74</u>
<u>--- Personal Services</u>	
Chairman (Salary equal to Superior Court Judge)	\$ 16,500
Document Processing Clerk IV (Range 12)	4,884
Secretary II (Range 11)	4,536
SUBTOTAL.....	\$ 25,920
Benefits @ 16%.....	4,147
TOTAL PERSONAL SERVICES.....	\$ 30,067
<u>--- Travel</u>	\$ 3,500
<u>--- Contractual Services</u>	
Office Space (500 sq. ft. @ 70¢ per sq. ft. per month)	\$ 2,100
Communications, Printing, and Advertising	4,000
Copier and MCST	5,400
Professional Fees and Services	20,000
Other Contractual Services	5,000
TOTAL CONTRACTUAL SERVICES.....	\$ 36,500
<u>--- Commodities</u>	\$ 1,200
<u>--- Equipment</u>	
Desks 1 @ \$250, 2 @ \$200	\$ 650
Chairs 1 @ \$80, 2 @ \$60	200
Typewriter 1 @ \$500	500
Calculators 1 @ \$500, 1 @ \$300	800
File Cabinets 2 @ \$150	300
Conference Table and 8 Chairs	500
Utility Tables	300
Book Cases 2 @ \$60	120
Side Chairs 10 @ \$25	250
Dictation Equipment: 1 Transcriber \$450, plus 1 Dictation Unit \$500	950
Coat Hanger 2 @ \$50	100
Miscellaneous @ \$50 per employee	150
TOTAL EQUIPMENT.....	\$ 4,820
TOTAL FY 74 BUDGET	\$ 76,087

The Legislature of the State of Alaska
 FISCAL NOTE
 First Special Session - Eighteenth Legislature

I. REQUEST

Bill Identification: _____
 Title: An Act relating to oil & gas pipelines and the Alaska Pipeline
 Requested by: Legislative Finance Date: 10/11/73 Commission
 Return Date Requested: 10/17/73
 Agency: Department of Commerce Program: Pipeline Commission

II. FISCAL DETAIL

Budget Request Unit(s) Affected: 05-53-

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES	138.5	207.8	2	281.6	295.7	310.5
200 TRAVEL	8.0	9.5	0	10.5	11.0	11.6
300 CONTRACTUAL	228.2	236.2	5	95.0	99.8	104.8
400 COMMODITIES	2.5	3.0	2	3.4	3.6	3.8
500 EQUIPMENT	14.1	0	0	0	0	1.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	391.3	456.5	9	390.5	410.1	431.7

B. FUNDING: (Thousands of dollars)

	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
GENERAL FUND	391.3	456.5	9	390.5	410.1	431.7
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0

C. POSITIONS:

	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
PERMANENT/TEMPORARY	10/0	10/0	0	12/0	12/0	12/0
MAN MONTHS (P./T.)	120/0	120/0	0	144/0	144/0	144/0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Assumptions:

1. Costs are based on 8 months of operation for FY 74.
2. Commission will be based in Anchorage

IV. ATTACHMENTS

Line item cost breakdown.

V. DATE: October 17, 1973 PREPARED BY: [Signature]

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Name)

ATTACHMENT 1

	<u>FY 74</u>	<u>FY 75</u>
<u>Personal Services</u>		
Chairman, Salary equal to Superior Court Judge	\$ 22,000	\$ 33,000
Director, Range 26	17,592	26,388
Petroleum Tariff Specialist, Range 23	14,632	21,948
Petroleum Rate Analyst, Range 22	13,592	20,388
Petroleum Auditor, Range 23	14,632	21,948
Petroleum Economist, Range 22	13,592	20,388
Documents Processing Clerk IV, Range 12	6,512	9,768
Clerk Typist III, Range 9	5,216	7,824
Secretary II, Range 11	6,048	9,072
Secretary I, Range 10	5,616	8,424
Benefits @ 16%	<u>19,109</u>	<u>28,664</u>
Total Personal Services	<u>138,541</u>	<u>207,812</u>
<u>Travel</u>		
Field Travel - Investigation of accounts and records of pipeline companies to assure compliance with regulations; hold hearings on requested certificates	6,000	7,500
Administrative Travel - Travel to Juneau to meet with Commissioners of Commerce and Natural Resources and Legislators	1,000	1,000
Out-of-State - To meet with other pipeline commissions to investigate and gain knowledge from their procedures	<u>1,000</u>	<u>1,000</u>
Total Travel	<u>8,000</u>	<u>9,500</u>
<u>Contractual Services</u>		
Office Space 1,300 s.f. @ 70¢ per s.f.	7,300	10,900
Communications, printing and advertising	6,700	7,000
Copier @ \$700 per mo. and MCST @ \$200 per mo.	7,200	10,800
Operation and maintenance of vehicle @ .17 per mile - 12,000 miles	2,000	2,500
Professional Fees and Services	200,000	200,000
Other Contractual Services	<u>5,000</u>	<u>5,000</u>
Total Contractual Services	<u>228,200</u>	<u>236,200</u>

Commodities

Office supplies and consumables	<u>2,500</u>	<u>3,000</u>
---------------------------------	--------------	--------------

Equipment

Automobile	3,200	-0-
Desks - 1 @ \$250, 9 @ \$200	2,000	-0-
Chairs - 1 @ \$80, 9 @ \$60	600	-0-
Typewriters - 4 @ \$500	2,000	-0-
Calculators - 2 @ \$500, 2 @ \$300	1,600	-0-
File cabinets - 4 @ \$150	600	-0-
Conference Table @ \$125 w/8 chairs @ \$50	500	-0-
Utility Tables - 3 @ \$100	300	-0-
Book Cases - 6 @ \$60	400	-0-
Side Chairs - 10 @ \$25	250	-0-
Dictation Equipment - 1 transcriber @ \$450		
3 dictation units @ \$500	1,950	-0-
Costumer - 3-6 coat @ \$50	150	-0-
Miscellaneous (file baskets, waste baskets, etc.) @ \$50 per employee	<u>500</u>	<u>-0-</u>
 Total Equipment	 <u>14,050</u>	 <u>-0-</u>
 Total	 <u>\$391,291</u>	 <u>\$456,512</u>

As set forth in the proposed legislation, the Alaska Pipeline Commission will act in a non-judicial capacity in enforcement and regulation of interstate pipelines and will continue its adjudicatory role of tariff setting and regulation of intrastate pipelines.

The ability to immediately establish a knowledgeable staff capable of handling the vast and complex situations anticipated is unlikely, and it is considered economically sound to resort to consultants in the initial organization of the Commission and the necessary preliminary audit of the pipeline companies. Sufficient time is not available to accurately determine the cost of these consultant services, however, it is felt \$200,000 will be adequate. These funds will be restricted to consultant costs only and approval of both the Commissioner of Commerce and the Commissioner of Natural Resources will be required before the Commission could enter into a contract.

M E M O R A N D U M

TO: Honorable Tom Fink
Speaker
House of Representatives

DATE: October 17, 1973

FROM: V. Kent Dawson *KD*
Fiscal Analyst
Legislative Finance

SUBJ: Governor's Proposed
Amendments - Pipeline
Legislation

The most significant change brought about by the Governor's proposed amendments to the Alaska Pipeline Commission Act would be the switch from State to Federal economic legislation of interstate pipelines. From nearly every quarter, testimony in the past has indicated a reluctance on the part of the Interstate Commerce Commission to regulate pipeline tariffs.

For example, in March of 1972 Mr. Peter Temple of Temple, Barker and Sloane, when testifying as an administration witness before the hearings on proposed pipeline legislation before the Alaska State Senate and House State Affairs Joint Committee stated, "...there's not been a single hearing with regard to pipeline rates before the ICC since 1940 and that was not an ICC hearing". He went on to say, "...if the ICC isn't exactly moribund in pipeline regulation it at least is inert".

The use of the wellhead value as a basis for royalty revenues indicates a considerable state interest in those matters which can affect it. Remembering the now familiar formula: refinery sales price less transportation costs = wellhead value, it is conceivable that if not adequately regulated the industry people in pursuit of their own interests could raise transportation costs (both pipeline and tanker) to the point where the wellhead value and correspondingly State royalties are unreasonably low.

Is the ICC Changing?

The Governor in his cover letter states that there are "clear indications that the ICC may well already be re-examining its role". The only immediately available indication of such a re-evaluation is the reported move in Congress to make additional appropriations to the ICC due to the impact of the Alaska Pipeline. Historically, the ICC has found it difficult to obtain funds from Congress for pipeline regulation. It is possible that the funding situation will now be changed somewhat.

Data Collection

Under the Governor's amendments reports would be made to the Pipeline Commission "on an individual pipeline basis for any pipeline located wholly or in part in the State". A point that could be of importance would be the method of reporting the marine (tanker) portion of the transportation costs. Will the tanker owners be allowed to consolidate Alaskan oil transportation costs with their tanker costs elsewhere when reporting? If so, the Pipeline Commission's job of determining the reasonableness of transportation costs could be greatly complicated.

In the proposed amendments to AS 42.06.430(6) on page three it appears that by removal of the wording "where considered practicable by the Commission" we may be locking ourselves into the federal system of accounting which might not in all instances be the system most suited to the State's interests.

What About Litigation as an Alternative?

If it can be determined that leaving the Alaska Pipeline Commission on the books in its existing role as a regulator of interstate pipelines would not slow pipeline construction, it could become a feasible alternative to the Governor's approach. There are indications that the non-contiguity issue as regards federal pre-emption may be more significant than at first realized. Assuming no danger of construction slow-down, adequate time may conceivably exist for settlement of jurisdictional disputes between the State and the federal regulatory agencies. It is still possible that the State as an interstate pipeline regulator would survive litigation.

ATTACHMENT A

AN ALTERNATIVE FOR THE ALASKA PIPELINE COMMISSION BUDGET

FY 74
Six Months' Operation

<u>LINE ITEMS</u>	<u>FY 74</u>
--- <u>Personal Services</u>	
Chairman (Salary equal to Superior Court Judge)	\$ 16,500
Document Processing Clerk IV (Range 12)	4,884
Secretary II (Range 11)	4,536
	SUBTOTAL.....\$ 25,920
	Benefits @ 16%..... 4,147
	TOTAL PERSONAL SERVICES.....\$ 30,067
--- <u>Travel</u>	\$ 3,500
--- <u>Contractual Services</u>	
Office Space (500 sq. ft. @ 70¢ per sq. ft. per month)	\$ 2,100
Communications, Printing, and Advertising	4,000
Copier and MCST	5,400
Professional Fees and Services	20,000
Other Contractual Services	5,000
	TOTAL CONTRACTUAL SERVICES.....\$ 36,500
--- <u>Commodities</u>	\$ 1,200
--- <u>Equipment</u>	
Desks 1 @ \$250, 2 @ \$200	\$ 650
Chairs 1 @ \$80, 2 @ \$60	200
Typewriter 1 @ \$500	500
Calculators 1 @ \$500, 1 @ \$300	800
File Cabinets 2 @ \$150	300
Conference Table and 8 Chairs	500
Utility Tables	300
Book Cases 2 @ \$60	120
Side Chairs 10 @ \$25	250
Dictation Equipment: 1 Transcriber \$450, plus 1 Dictation Unit \$500	950
Coat Hanger 2 @ \$50	100
Miscellaneous @ \$50 per employee	150
	TOTAL EQUIPMENT.....\$ 4,820
	TOTAL FY 74 BUDGET\$ <u>76,087</u>



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James A. Smith
Signature of Camera Operator

4/26/89
Date

COMMITTEE REPORT

SENATE

Mr. President:

Date 10/30/72

The Committee on STRATOR has had TRIP

under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR CONF 7 AND THAT

CS FOR CONF 7 DO PASS

"and" recommends it BE REFERRED TO THE _____
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

COMMITTEE REPORT

10/25/73

SENATE

Mr. President:

Date 10/26/73

The Committee on FINANCE has had SB 7

(common subjects of title)
under consideration. A Majority of the members of the Committee

- () recommends it DO PASS
- () recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- () "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman



LAWS OF ALASKA

1973

Source

FSS-SCS CSHL 7

Chapter No.

7

AN ACT

Relating to common purchasers of oil; and providing for an effective date.

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

* Section 1. AS 31 is amended by adding a new chapter to read:

CHAPTER 15. COMMON PURCHASERS OF OIL.

Sec. 31.15.010. HEARING ON QUESTION OF DISCRIMINATION.

(a) Upon the complaint of a person having an interest in the production of oil from a field, the commission shall hold a hearing or hearings, or, at the commission's own discretion, the commission may hold a hearing or hearings to determine if there has been unjust and unreasonable discrimination in purchases of oil offered for purchase within the state,

(1) in favor of one or more owners of oil produced as against another owner in the same field; or

(2) in favor of one or more fields in reasonably close proximity to each other.

(b) In determining whether there has been unjust and unreasonable discrimination in favor of one or more owners of oil produced from a field, the commission shall consider the kind and quality of the oil, the sales prices of the oil, and other related matters.

(c) In determining whether there has been unjust and unreasonable discrimination in favor of one or more fields in reasonably close proximity to each other, the commission shall consider the kind and quality of the oil, the sales prices of the oil, the size and location of the fields,

Chapter 7

the maximum efficient rate of production from the pools, the cost and mode of transporting the oil from the fields, the term of the offerings, and other related matters.

Sec. 31.15.020. DETERMINATION OF COMMON PURCHASER.

(a) Where a purchaser is purchasing from a field and the commission finds that the purchaser has unjustly and unreasonably discriminated in purchases with regard to oil offered for sale in favor of one or more owners of oil produced in the field, he shall order the purchaser to be a common purchaser with respect to oil offered for sale from the field.

(b) Where a purchaser is purchasing from fields in reasonably close proximity to each other and the commission finds that the purchaser has unjustly and unreasonably discriminated in purchases with regard to oil offered for sale in favor of one or more of the fields, he shall order the purchaser to be a common purchaser with respect to oil offered for sale from each field involved.

(c) A purchaser cannot be ordered to be a common purchaser on the basis of purchases of oil taken in kind by the United States or the State of Alaska, or on the basis of the payment of royalties, overriding royalties, net profits, carried interests or similar interests, whether in kind or in value or on the basis of a producer taking its own production.

Sec. 31.15.030. RESPONSIBILITY OF COMMON PURCHASER.

(a) A common purchaser purchasing in this state shall purchase ratably without unjust and unreasonable discrimination in favor of any owner or producer over any other owner or producer offering to sell oil produced from a field where it is a common purchaser or from fields in reasonably close proximity to each other where it is a common purchaser.

(b) If a purchaser is a common purchaser in more than one field in reasonably close proximity to each other, the commission may order the purchaser to purchase ratably from the fields involved in proportions which will prevent unjust and unreasonable discrimination among the fields.

(c) The commission may make inquiry in each field concerning the connections of the various producers and when unjust and unreasonable discrimination is found to be practiced by any common purchaser as defined in this chapter the commission shall issue an order to the common purchaser to make reasonable extensions of their lines and reasonable connections as will prevent the discrimination.

Sec. 31.15.040. PENALTY. A person violating an order issued under this chapter shall be assessed by the commission a civil penalty of not less than \$1,000 nor more than \$10,000. Each day a violation continues constitutes a separate offense.

Sec. 31.15.050. DEFINITIONS. In this chapter

(1) "commission" means the Alaska Pipeline Commission;

Chapter 7

(2) "field" means a general area which is underlain or appears to be underlain by at least one pool, and includes the underground reservoir containing oil or gas; and the words "pool" and "field" mean the same thing when only one underground reservoir is involved, but "field" unlike "pool" may relate to two or more pools;

(3) "oil" includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas;

(4) "pool" means an underground reservoir containing oil; each zone of a general structure which is completely separated from any other zone in the structure is covered by the term "pool";

(5) "purchaser" means a person who purchases oil in the state.

* Sec. 2. AS 44.02.330(a) is amended by adding a new paragraph to read:

(37) Alaska Pipeline Commission as to functions relating to common purchasers under AS 31.15.

* Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99301

MEMORANDUM

TO: Chairmen and Members
Senate & House Finance Committees

DATE: November 15, 1972

FROM: V. Kent Dawson
Fiscal Analyst
Legislative Finance

SUBJ: An Act relating to
Common Purchasers
of oil - House Bill 7

The separation of the common purchaser provisions into a separate act came about as part of the Governor's requested revamping of the Right-of-Way Leasing Act of 1972. In that legislation of 1972, the common purchase provision had been one of the covenants to which the lessee was bound at the risk of making the lease null and void.

The final act passed by the Special Session differed from the Governor's bill as follows:

Wherever the word commissioner (Commissioner of Natural Resources) appeared in the Governor's bill, the word commission (Alaska Pipeline Commission) was substituted by the Legislature.

Whereas under the Governor's version upon complaint of discrimination by a person having an interest in the production of oil from a field, the commissioner may hold a hearing or hearings, the Legislature changed the wording to:..."the commission shall"....

The Legislature added a new subsection (c) to AS 31.35.030 which states that upon the Commission's finding of discrimination on the part of a purchase, the commission shall order that reasonable extensions of lines and reasonable connections be made so as to prevent the discrimination.

The penalty for violation was raised from the \$100 to \$1,000 per day proposed by the Governor to \$1,000 to \$10,000 per day.



LAWS OF ALASKA

1973

Source

FSS-SCS CSHB 7

Chapter No.

7

AN ACT

Relating to common purchasers of oil; and providing for an effective date.

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

* Section 1. AS 31 is amended by adding a new chapter to read:

CHAPTER 15. COMMON PURCHASERS OF OIL.

Sec. 31.15.010. HEARING ON QUESTION OF DISCRIMINATION.

(a) Upon the complaint of a person having an interest in the production of oil from a field, the commission shall hold a hearing or hearings, or, at the commission's own discretion, the commission may hold a hearing or hearings to determine if there has been unjust and unreasonable discrimination in purchases of oil offered for purchase within the state,

(1) in favor of one or more owners of oil produced as against another owner in the same field; or

(2) in favor of one or more fields in reasonably close proximity to each other.

(b) In determining whether there has been unjust and unreasonable discrimination in favor of one or more owners of oil produced from a field, the commission shall consider the kind and quality of the oil, the sales prices of the oil, and other related matters.

(c) In determining whether there has been unjust and unreasonable discrimination in favor of one or more fields in reasonably close proximity to each other, the commission shall consider the kind and quality of the oil, the sales prices of the oil, the size and location of the fields,

the maximum efficient rate of production from the pools, the cost and mode of transporting the oil from the fields, the term of the offerings, and other related matters.

Sec. 31.15.020. DETERMINATION OF COMMON PURCHASER.

(a) Where a purchaser is purchasing from a field and the commission finds that the purchaser has unjustly and unreasonably discriminated in purchases with regard to oil offered for sale in favor of one or more owners of oil produced in the field, he shall order the purchaser to be a common purchaser with respect to oil offered for sale from the field.

(b) Where a purchaser is purchasing from fields in reasonably close proximity to each other and the commission finds that the purchaser has unjustly and unreasonably discriminated in purchases with regard to oil offered for sale in favor of one or more of the fields, he shall order the purchaser to be a common purchaser with respect to oil offered for sale from each field involved.

(c) A purchaser cannot be ordered to be a common purchaser on the basis of purchases of oil taken in kind by the United States or the State of Alaska, or on the basis of the payment of royalties, overriding royalties, net profits, carried interests or similar interests, whether in kind or in value or on the basis of a producer taking its own production.

Sec. 31.15.030. RESPONSIBILITY OF COMMON PURCHASER.

(a) A common purchaser purchasing in this state shall purchase ratably without unjust and unreasonable discrimination in favor of any owner or producer over any other owner or producer offering to sell oil produced from a field where it is a common purchaser or from fields in reasonably close proximity to each other where it is a common purchaser.

(b) If a purchaser is a common purchaser in more than one field in reasonably close proximity to each other, the commission may order the purchaser to purchase ratably from the fields involved in proportions which will prevent unjust and unreasonable discrimination among the fields.

(c) The commission may make inquiry in each field concerning the connections of the various producers and when unjust and unreasonable discrimination is found to be practiced by any common purchaser as defined in this chapter the commission shall issue an order to the common purchaser to make reasonable extensions of their lines and reasonable connections as will prevent the discrimination.

Sec. 31.15.040. PENALTY. A person violating an order issued under this chapter shall be assessed by the commission a civil penalty of not less than \$1,000 nor more than \$10,000. Each day a violation continues constitutes a separate offense.

Sec. 31.15.050. DEFINITIONS. In this chapter

(1) "commission" means the Alaska Pipeline Commission;

(2) "field" means a general area which is underlain or appears to be underlain by at least one pool, and includes the underground reservoir containing oil or gas; and the words "pool" and "field" mean the same thing when only one underground reservoir is involved, but "field" unlike "pool" may relate to two or more pools;

(3) "oil" includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas;

(4) "pool" means an underground reservoir containing oil; each one of a general structure which is completely separated from any other zone in the structure is covered by the term "pool";

(5) "purchaser" means a person who purchases oil in the state.

* Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to read:

(37) Alaska Pipeline Commission as to functions relating to common purchasers under AS 31.15.

* Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.



Alaska State Legislature
Senate

JUNEAU, ALASKA

October 26, 1973

MEMO: Senate Finance Committee

ok JS

In Senator Poland's amendment, the committee agreed to change the word 'may' to 'shall' (page 1, line 14). Apparently, the intent of the committee was to be certain that hearings would be held if a complaint was filed; however, if only the one word was changed, it would not give the commission the power to initiate a hearing on its own discretion. Hence, in an effort to see that the commission be required to hold a hearing upon receipt of a complaint and that the commission is able to initiate a hearing, this new wording is proposed:

(a) Upon the complaint of a person having an interest in the production of oil from a field, the commission shall hold a hearing or hearings, or, at the commission's own discretion, the commission may hold a hearing or hearings, to determine if there has been unjust and unreasonable discrimination in purchases of oil offered for purchase within the state.

Introduced: 10/17/73
Referred: Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to common purchasers of oil;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 31 is amended by adding a new chapter to read:

10 CHAPTER 15. COMMON PURCHASERS OF OIL.

11 Sec. 31.15.010. HEARING ON QUESTION OF DISCRIMINATION. (a)

12 Upon the complaint of a person having an interest in the production
13 of oil from a field or at the commissioner's own discretion, the
14 commissioner may hold a hearing or hearings to determine if there has
15 been unjust and unreasonable discrimination in purchases of oil offered
16 for purchase, within the state,

17 (1) in favor of one or more owners of oil produced as
18 against another owner in the same field; or

19 (2) in favor of one or more fields in reasonably close
20 proximity to each other.

21 (b) In determining whether there has been unjust and un-
22 reasonable discrimination in favor of one or more owners of oil
23 produced from a field, the commissioner shall consider the kind and
24 quality of the oil, the sales prices of the oil, and other related
25 matters.

26 (c) In determining whether there has been unjust and un-
27 reasonable discrimination in favor of one or more fields in reasonably
28 close proximity to each other, the commissioner shall consider the kind
29 and quality of the oil, the sales prices of the oil, the size and

1 location of the fields, the maximum efficient rate of production from
2 the pools, the cost and mode of transporting the oil from the fields,
3 the term of the offerings, and other related matters.

4 Sec. 31.15.020. DETERMINATION OF COMMON PURCHASER. (a) Where a
5 purchaser is purchasing from a field and the commissioner finds that
6 the purchaser has unjustly and unreasonably discriminated in purchases
7 with regard to oil offered for sale in favor of one or more owners
8 of oil produced in the field, he shall order the purchaser to be
9 a common purchaser with respect to oil offered for sale from the
10 field.

11 (b) Where a purchaser is purchasing from fields in reasonably
12 close proximity to each other and the commissioner finds that the
13 purchaser has unjustly and unreasonably discriminated in purchases with
14 regard to oil offered for sale in favor of one or more of the fields,
15 he shall order the purchaser to be a common purchaser with respect to
16 oil offered for sale from each field involved.

17 (c) A purchaser cannot be ordered to be a common purchaser
18 on the basis of purchases of oil taken in kind by the United States
19 or the State of Alaska, or on the basis of the payment of royalties,
20 overriding royalties, net profits, carried interests or similar
21 interests, whether in kind or in value or on the basis of a producer
22 taking its own production.

23 Sec. 31.15.030. RESPONSIBILITY OF COMMON PURCHASER. (a) A
24 common purchaser purchasing in this state shall purchase ratably
25 without unjust and unreasonable discrimination in favor of any owner
26 or producer over any other owner or producer offering to sell oil
27 produced from a field where it is a common purchaser or from fields in
28 reasonably close proximity to each other where it is a common
29 purchaser.

1 (b) If a purchaser is a common purchaser in more than one field
2 in reasonably close proximity to each other, the commissioner may order
3 the purchaser to purchase ratably from the fields involved in propor-
4 tions which will prevent unjust and unreasonable discrimination among
5 the fields.

6 Sec. 31.15.040. PENALTY. A person violating an order issued
7 under this chapter shall be assessed by the commissioner a civil
8 penalty of not less than \$100 nor more than \$1,000. Each day a
9 violation continues constitutes a separate offense.

10 Sec. 31.15.050. DEFINITIONS. In this chapter

11 (1) "commissioner" means the commissioner of natural
12 resources;

13 (2) "field" means a general area which is underlain or
14 appears to be underlain by at least one pool, and includes the
15 underground reservoir containing oil or gas; and the words "pool"
16 and "field" mean the same thing when only one underground reservoir
17 is involved, but "field" unlike "pool" may relate to two or more
18 pools;

19 (3) "oil" includes crude petroleum oil and other hydro-
20 carbons regardless of gravity which are produced at the wellhead
21 in liquid form and the liquid hydrocarbons known as distillate or
22 condensate recovered or extracted from gas, other than gas produced
23 in association with oil and commonly known as casinghead gas;

24 (4) "pool" means an underground reservoir containing
25 oil; each zone of a general structure which is completely separated
26 from any other zone in the structure is covered by the term "pool";

27 (5) "purchaser" means a person who purchases oil in the
28 state.

29 * Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to

1 read:

2 (37) Department of Natural Resources, as to functions
3 relating to common purchasers under AS 31.15.

4 * Sec. 3. This Act takes effect on the day after its passage and
5 approval or on the day it becomes law without approval.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to common purchasers of oil;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 31 is amended by adding a new chapter to read:

10 CHAPTER 15. COMMON PURCHASERS OF OIL.

11 Sec. 31.15.010. HEARING ON QUESTION OF DISCRIMINATION. (a)

12 Upon the complaint of a person having an interest in the production
13 of oil from a field or at the commissioner's own discretion, the
14 commissioner may hold a hearing or hearings to determine if there has
15 been unjust and unreasonable discrimination in purchases of oil offered
16 for purchase, within the state,

17 (1) in favor of one or more owners of oil produced as
18 against another owner in the same field; or

19 (2) in favor of one or more fields in reasonably close
20 proximity to each other.

21 (b) In determining whether there has been unjust and un-
22 reasonable discrimination in favor of one or more owners of oil
23 produced from a field, the commissioner shall consider the kind and
24 quality of the oil, the sales prices of the oil, and other related
25 matters.

26 (c) In determining whether there has been unjust and un-
27 reasonable discrimination in favor of one or more fields in reasonably
28 close proximity to each other, the commissioner shall consider the kind
29 and quality of the oil, the sales prices of the oil, the size and

1 location of the fields, the maximum efficient rate of production from
2 the pools, the cost and mode of transporting the oil from the fields,
3 the term of the offerings, and other related matters.

4 Sec. 31.15.020. DETERMINATION OF COMMON PURCHASER. (a) Where a
5 purchaser is purchasing from a field and the commissioner finds that
6 the purchaser has unjustly and unreasonably discriminated in purchases
7 with regard to oil offered for sale in favor of one or more owners
8 of oil produced in the field, he shall order the purchaser to be
9 a common purchaser with respect to oil offered for sale from the
10 field.

11 (b) Where a purchaser is purchasing from fields in reasonably
12 close proximity to each other and the commissioner finds that the
13 purchaser has unjustly and unreasonably discriminated in purchases with
14 regard to oil offered for sale in favor of one or more of the fields,
15 he shall order the purchaser to be a common purchaser with respect to
16 oil offered for sale from each field involved.

17 (c) A purchaser cannot be ordered to be a common purchaser
18 on the basis of purchases of oil taken in kind by the United States
19 or the State of Alaska, or on the basis of the payment of royalties,
20 overriding royalties, net profits, carried interests or similar
21 interests, whether in kind or in value or on the basis of a producer
22 taking its own production.

23 Sec. 31.15.030. RESPONSIBILITY OF COMMON PURCHASER. (a) A
24 common purchaser purchasing in this state shall purchase ratably
25 without unjust and unreasonable discrimination in favor of any owner
26 or producer over any other owner or producer offering to sell oil
27 produced from a field where it is a common purchaser or from fields in
28 reasonably close proximity to each other where it is a common
29 purchaser.

1 (b) If a purchaser is a common purchaser in more than one field
2 in reasonably close proximity to each other, the commissioner may order
3 the purchaser to purchase ratably from the fields involved in propor-
4 tions which will prevent unjust and unreasonable discrimination among
5 the fields.

6 Sec. 31.15.040. PENALTY. A person violating an order issued
7 under this chapter shall be assessed by the commissioner a civil
8 penalty of not less than \$100 nor more than \$1,000. Each day a
9 violation continues constitutes a separate offense.

10 Sec. 31.15.050. DEFINITIONS. In this chapter

11 (1) "commissioner" means the commissioner of natural
12 resources;

13 (2) "field" means a general area which is underlain or
14 appears to be underlain by at least one pool, and includes the
15 underground reservoir containing oil or gas; and the words "pool"
16 and "field" mean the same thing when only one underground reservoir
17 is involved, but "field" unlike "pool" may relate to two or more
18 pools;

19 (3) "oil" includes crude petroleum oil and other hydro-
20 carbons regardless of gravity which are produced at the wellhead
21 in liquid form and the liquid hydrocarbons known as distillate or
22 condensate recovered or extracted from gas, other than gas produced
23 in association with oil and commonly known as casinghead gas:

24 (4) "pool" means an underground reservoir containing
25 oil; each zone of a general structure which is completely separated
26 from any other zone in the structure is covered by the term "pool";

27 (5) "purchaser" means a person who purchases oil in the
28 state.

29 * Sec. 2. AS 44.62.330(a) is amended by adding a new paragraph to

1 read:

2 (37) Department of Natural Resources, as to functions
3 relating to common purchasers under AS 31.15.

4 * Sec. 3. This Act takes effect on the day after its passage and
5 approval or on the day it becomes law without approval.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Original sponsor: Rules Committee
by request of the Governor

OFFERED: 10/25/73

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 OF THE HOUSE BILL NO. 7

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 EIGHTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act relating to certain purchasers of oil;
7 and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 31 is amended by adding a new chapter to read:

10 CHAPTER 15. CONTROL PURCHASERS OF OIL.

11 Sec. 31.15.010. PREVENTING OR REMEDYING DISCRIMINATION. (a)

12 Upon the complaint of a person having an interest in the production
13 of oil from a field or at the commissioner's own discretion, the
14 commissioner may hold a hearing or hearings to determine if there has
15 been unjust and unreasonable discrimination in purchases of oil offered
16 for purchase, within the state,

17 (1) in favor of one or more owners of oil produced as
18 against another owner of the same field; or

19 (2) in favor of one or more fields in reasonably close
20 proximity to each other.

21 (b) In determining whether there has been unjust and un-
22 reasonable discrimination in purchases of oil from owners of oil
23 produced from a field, the commissioner shall consider the kind and
24 quality of the oil, the size and location of the field, and other related
25 matters.

26 (c) In determining whether there has been unjust and un-
27 reasonable discrimination in favor of one or more fields in reasonably
28 close proximity to each other, the commissioner shall consider the kind
29 and quality of the oil, the size and location of the field, and other related

30

1 location of the fields, the maximum efficient rate of production from
2 the pools, the cost and mode of transporting the oil from the fields,
3 the term of the offerings, and other related matters.

4 Sec. 31.15.020. DETERMINATION OF COMMON PURCHASER. (a) Where a
5 purchaser is purchasing from a field and the commissioner finds that
6 the purchaser has unjustly and unreasonably discriminated in purchases
7 with regard to oil offered for sale in favor of one or more owners
8 of oil produced in the field, he shall order the purchaser to be
9 a common purchaser with respect to oil offered for sale from the
10 field.

11 (b) Where a purchaser is purchasing from fields in reasonably
12 close proximity to each other and the commissioner finds that the
13 purchaser has unjustly and unreasonably discriminated in purchases with
14 regard to oil offered for sale in favor of one or more of the fields,
15 he shall order the purchaser to be a common purchaser with respect to
16 oil offered for sale from each field involved.

17 (c) A purchaser cannot be ordered to be a common purchaser
18 on the basis of purchases of oil taken in kind by the United States
19 or the State of Alaska, or on the basis of the payment of royalties,
20 overriding royalties, net profits, carried interests or similar
21 interests, whether in kind or in value or on the basis of a producer
22 taking its own production.

23 Sec. 31.15.030. RESPONSIBILITY OF COMMON PURCHASER. (a) A
24 common purchaser purchasing in this state shall purchase ratably
25 without unjust and unreasonable discrimination in favor of any owner
26 or producer over any other owner or producer offering to sell oil
27 produced from a field where it is a common purchaser or from fields in
28 reasonably close proximity to each other where it is a common
29 purchaser.

1 (b) If a purchaser is a common purchaser in more than one field
2 in reasonably close proximity to each other, the commissioner may order
3 the purchaser to purchase ratably from the fields involved in propor-
4 tions which will prevent unjust and unreasonable discrimination among
5 the fields.

6 (c) The commissioner may make inquiry in each field concerning
7 the connections of the various producers and when unjust and unreason-
8 able discrimination is found to be practiced by any common purchaser as
9 defined in this chapter the commissioner shall issue an order to the
10 common purchaser to make reasonable extensions of their lines and
11 reasonable connections as will prevent the discrimination.

12 Sec. 31.15.040. PENALTY. A person violating an order issued
13 under this chapter shall be assessed by the commissioner a civil
14 penalty of not less than \$100 nor more than \$1,000. Each day a
15 violation continues constitutes a separate offense.

16 Sec. 31.15.050. DEFINITIONS. In this chapter

17 (1) "commissioner" means the commissioner of natural
18 resources;

19 (2) "field" means a general area which is underlain or
20 appears to be underlain by at least one pool, and includes the
21 underground reservoir containing oil or gas; and the words "pool"
22 and "field" mean the same thing when only one underground reservoir
23 is involved, but "field" unlike "pool" may relate to two or more
24 pools;

25 (3) "oil" includes crude petroleum oil and other hydro-
26 carbons regardless of gravity which are produced at the wellhead
27 in liquid form and the liquid hydrocarbons known as distillate or
28 condensate recovered or extracted from gas, other than gas produced
29 in association with oil and commonly known as casinghead gas;

1 (4) "pool" means an underground reservoir containing
2 oil; each zone of a general structure which is completely separated
3 from any other zone in the structure is covered by the term "pool";

4 (5) "purchaser" means a person who purchases oil in the
5 state.

6 * Sec. 2. AS 44.02.330(a) is amended by adding a new paragraph to
7 read:

8 (37) Department of Natural Resources, as to functions
9 relating to common purchasers under AS 31.15.

10 * Sec. 3. This Act takes effect on the day after its passage and
11 approval or on the day it becomes law without approval.
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29