

ALASKA LEGISLATURE

2550

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

Voter Registration - continued

- ★ If an applicant has not been issued a driver's license number or social security number, the State must assign a number which will serve to identify the applicant for voter registration purposes.**
- ★ Alaska assigns unique voter ID numbers.**
- ★ An individual who initially registers to vote by mail must provide certain identification when registering or voting.**



By Mail Voter Registration Requirements

- ★ **Applies to persons who have not previously voted in a federal election.**
- ★ **An individual who initially registers to vote by mail is required to provide one of the following forms of ID:**
 - Copy of their current photo identification**
 - Copy of some other form of identification (i.e. utility bill, government check stub, etc.)**
- ★ **Does not apply if the registration application submitted by mail includes the voter's name, date of birth, driver's license number or last four digits of the SSN and they match an existing State identification record - PFD or DMV.**

Identification Requirements for By Mail Registrants

- ★ **If the applicant fails to provide the required ID and the applicant's driver's license or last 4 of SSN cannot be verified, the voter must provide the required ID when voting for the first time.**
- ★ **Applies to voters who vote by mail. Voters will be required to submit the required identification with their ballot if not previously provided.**



Modifications to Voter Registration Form

By January 1, 2004...

- ★ Add driver's license, last 4 SSN, and birthdate as mandatory information to application.**
- ★ Add questions requiring voters to verify that they are United States citizens and 18 years old.**
- ★ If an applicant fails to provide mandatory information the registration form will be denied and to the applicant will be given the opportunity to resubmit the application.**



Enforcement

- ★ **The Attorney General may bring civil action against any state or locality for injunctive relief to carry out the requirements of the bill.**



State-Based Administrative Complaint Process

- ★ Applies to states that receive any kind of funding under the Act.**
- ★ The procedures must be uniform and non-discriminatory.**
- ★ Complaints must be in writing, notarized and sworn to by the complainant.**
- ★ Complaints may be filed only for violations of the requirements in Title III of the act.**



Military and Overseas Voters

- ★ **Each state is responsible for designating a single officer responsible for providing information to these voters. In Alaska this is the Director's Office.**
- ★ **Ninety days after each general election the state must submit a report to the EAC on military and overseas voting participation.**
- ★ **A single absentee ballot application is valid for the next two federal general elections.**



Additional Funding for Grant Programs

The Act provides funding for the following grant programs:

- ★ Access Grants \$100 million to increase access to polling places.**
- ★ Research Grants \$20 million for the research and development to improve voting technology.**
- ★ Pilot Program Grants \$10 million to test new voting system and equipment.**
- ★ Protection and Advocacy Systems \$40 million.**



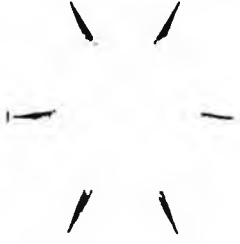
Miscellaneous Provisions

★ Help America Vote College Program

★ \$5 million to encourage college students to participate by volunteering as poll workers.

★ Help America Vote Foundation

★ \$5 million to encourage high school students to participate by volunteering as poll workers.



Now What....

**What Alaska Needs to Accomplish for
the Implementation of
HAVA**



Changes Needed in Alaska

- ★ Submit certification for Title 1 funds.**
- ★ Establish State Plan for Requirements Payment.**
- ★ DRE in each polling place.**
- ★ Voter education information for provisional voting, and other election information at polling places.**
- ★ Free access system for voters to obtain election information, provisional voting information.**



Changes Needed - continued

- ★ **Enhance statewide voter list to make interactive.**
- ★ **Coordinate statewide voter list with DMV and PFD.**
- ★ **Modify voter registration form and absentee ballot application. (AK driver's license, last 4 digits of SSN, and birthdate, as well as US citizenship and 18 years old questions.)**
- ★ **Establish system to track registration applications submitted by mail that do not contain ID.**
- ★ **Establish system for first time absentee voters who vote by mail and who initially registered by mail and did not submit ID.**



Even More Changes.....

- ★ Establish administrative complaint process for Title III violations.**
- ★ Establish system for military and overseas voters to apply for absentee ballot for two general elections with a single application.**
- ★ Improve election worker training methods.**
- ★ Determine polling place accessibility needs.**



Title 15 Changes

- ★ **Clarify what constitutes a vote.**
- ★ **Change “Questioned Voting” to “Provisional Voting”.**
- ★ **Add to Title 15 the voter information that is necessary at each polling place.**
- ★ **Include AK driver’s license, last 4 SSN and birthdate as mandatory information when registering.**
- ★ **Include types of ID outlined in HAVA as acceptable ID when voting and registering**

Title 15 Changes - continued

- ★ **Include reasons why an absentee or provisional ballot would not count and how voters can determine the reason the ballot was not counted.**
- ★ **Amend absentee by mail statute to allow single application for military and overseas voters for next two general elections.**
- ★ **Remove non-partisan and undeclared as party affiliation choices.**

All Title 15 changes MUST be precleared by US Dept. of Justice prior to implementation



Use of Federal Funding

- ★ Improving election administration for federal elections.**
- ★ Voter education.**
- ★ Training election officials and poll workers.**
- ★ Developing the State Plan.**
- ★ Improving election systems.**
- ★ Improving quantity of polling places and access for individuals with disabilities.**
- ★ Establishing toll free hot-line for voters to obtain information and report fraud.**



State Plan Committee's Role

- ★ Review and provide input on proposed Alaska State Plan to assist Alaska with the implementation of HAVA.**
- ★ Help gain support for passage of proposed legislation changes as early as possible.**
- ★ Help the Division of Elections inform Alaskans of the new requirements.**

HB

266

SFIN

FILE

MAY 15 2003

SENATE FINANCE
COMMITTEE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/9/03

FURTHER:

DATE TURNED
IN TO OFFICE: 15 May 2003

Finance Committee considered CS FOR HOUSE BILL NO. 266(FIN)

HB 266 ELECTIONS

"An Act relating to questioned ballots and questioned voters, voter registration, training of election officials, preparation of election materials, provision of election materials, forms, and supplies for polling places, voter identification, absentee voting, and counting ballots; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Elections	4/15/03	382.0		#3
Admin	4/11/03		✓	#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>Chris Taylor</i>	✓			
<i>Thomas (C) ...</i>	✓			
<i>Bill ...</i>	✓			
<i>Ben Stevens</i>	✓			
<i>Tom ...</i>	✓			
COCHAIR:				
COCHAIR: <i>...</i>	✓			

FISCAL NOTE

REPORTED OUT

MAY 15 2003

SENATE FINANCE
COMMITTEE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 266
 (H) Publish Date: 4/14/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An act relating to elections..... BRU Motor Vehicles
 Component Motor Vehicles
 Sponsor _____
 Requester _____ Component No. 2348

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact on DMV. DMV already produces a similar database copy of driver license information for the Permanent Fund Division each year. A second copy will be made at the same time for Division of Elections.

Prepared by: Charles R. Hosack Phone 269-5559
 Division: Motor Vehicles Date/Time 4/10/03
 Approved by: Mike Miller, Commissioner Date 4/11/2003
 Agency: Department of Administration

MAY 15 2003

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: HB 266
(S) Publish Date: 5/9/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Office of the Governor
Title "An act relating to elections, questioned ballots BRU Elections
and questioned voters, voter registration, training of election.." Component Elections
Sponsor Rules
Requester House State Affairs Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual	382.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	382.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	382.0					
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	382.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

THE FOLLOWING COSTS ARE INCLUDED IN THE GOVERNOR'S FY 2004 CAPITAL APPROPRIATION REQUEST OF 5000.0 IN FEDERAL RECEIPTS. These items are estimated expenditures that the Division will incur due to new federal election reform legislation (Help America Vote Act PL 107) as reflected by the statutory changes in the bill: Revising forms for provisional and absentee voting and new registration requirements (100.0); computer programming (80.0); estimated toll free access annual costs (2.0) and information access exchange with other state agencies(200.0).

Prepared by: Lauri Allred Phone 465-5347
Division: Division of Elections Date/Time 4/15/03 4:16 PM
Approved by: Laura A. Glaiser, Director/LJP Date 4/15/2003
Agency: Office of the Lt. Governor, Division of Elections

STATE OF ALASKA

OFFICE OF THE LT. GOVERNOR

FRANK H. MURKOWSKI, GOVERNOR

DIVISION OF ELECTIONS
P.O. BOX 110017
JUNEAU, ALASKA 99811-0017
PHONE: (907) 465-4611

CS HB 266 (FIN)

"An Act relating to questioned ballots and questioned voters, voter registration, training of election officials, preparation of election materials, provision of election materials, forms, and supplies for polling places, voter identification, absentee voting, and counting ballots; and providing for an effective date."

In October 2002, President Bush signed the "Help America Vote Act," (H.R. 3295) into law (P.L. 107-252). HAVA is the result of a bipartisan effort in Congress to make sweeping changes to federal election laws to improve the overall administration of elections, increase accessibility to those with disabilities, and also to prevent voter fraud.

Many changes required under HAVA do not require amending Alaska statute, but HB 266 includes those necessary to meet federal mandates. Changes recommended in the bill before you follow the intent of the federal law and do not place unnecessary burdens on the voter. It is imperative that these changes mandated by federal law are passed by the Legislature this year.

HB 266 also includes changes the Division recommends. The Division supports the language recommended in Senator Lincoln's SB 24, and it has been included in this bill with her permission. Other changes regarding returning identification/voter cards to other jurisdictions, reference to a "master list," and adding types of information that can be provided by the voter when registering in person are requested by the Division in this bill.

The House State Affairs Committee removed the language suggested by the Division changing the term "questioned ballots" to "provisional ballots." The federal law refers to "provisional voting," (which Alaskans refer to as "questioned voting") and the Division originally recommended changing the references in statute to conform to the federal language.

05/08/03
8:46 AM

The State Affairs Committee also restored references to the Division sending voters letters regarding the status of their absentee, questioned, or partially counted ballot in addition to the "free access system" required in HAVA.

The House Finance Committee substitute removes perhaps the most significant change NOT mandated by the federal act. In the first two versions of the bill the Division recommended replacing the terms "non partisan" and "undeclared" with the term "unaffiliated." As a result, there will be no changes to the current references to "non partisan" and "undeclared."

The Division of Elections asks for your support of House Bill 266.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

OFFICE OF THE LT. GOVERNOR

DIVISION OF ELECTIONS
P.O. BOX 110017
JUNEAU, ALASKA 99811-0017
PHONE: (907) 465-4611

DATE: May 8, 2003

TO: Senator Gary Wilken, Co-Chair
Senator Lyda Green, Co-Chair
Senate Finance Committee

FROM: Laura A. Glaiser, Director *Laura*
Division of Elections

SUBJECT: Scheduling CSHB 266(FIN)

I respectfully request that you schedule CS for House Bill 266 (FIN), "An Act relating to questioned ballots and questioned voters, voter registration, training of election officials, preparation of election materials, provision of election materials, forms, and supplies for polling places, voter identification, absentee voting, and counting ballots; and providing for an effective date" at your earliest convenience.

Statutory changes included in HB 266 are required to be adopted THIS YEAR to comply with the election reform law signed by President Bush in 2002 ("The Help America Vote Act" – HAVA).

I am attaching copies of the sponsor statement, sectional analysis, and back up material. Please let me know if you have any questions or I can provide any additional information.

Cc: Joe Balash, Senate President's Office

CSHB 266 (FIN)

“An Act relating to questioned ballots and questioned voters, voter registration, training of election officials, preparation of election materials, provision of election materials, forms, and supplies for polling places, voter identification, absentee voting, and counting ballots; and providing for an effective date.”

Section 1 – NEW subsection requiring the Director of Elections to enter into an agreement with DMV and PFD to allow the Division to match voter information for first-time registrants who are registering by mail, facsimile, or other electronic transmission.

Required by HAVA section 303(b)(3)(B)(ii).

Section 2 - Applicants for voter registration will be required to supply additional information –
An Alaska driver's license or Alaska I.D. card (if issued)
Last four digits of the applicant's social security number (if issued)
Date of birth

Required by HAVA section 303(b)(3)(B)(i) and (ii).

Section 3– Applicants who have been previously registered to vote in another jurisdiction would no longer be required to surrender to the registration official any voter registration or ID card or credentials from that previous jurisdiction. The Director would not be required to return that applicant's voter registration or ID card or credentials to that jurisdiction.

The Director will, however, still be required to notify the chief elections officer in that jurisdiction that the applicant has registered to vote in Alaska and to cancel the applicant's voter registration in that jurisdiction

“Houskeeping” change – the Division has not been requiring the surrender of the voter registration or ID card or credentials, nor has the Director been returning them to the election official in the previous jurisdiction, as other jurisdictions do not require that function.

Section 4 – Adds a state ID card or a valid photo identification to the list of acceptable forms of identification that can be shown when applying for voter registration in person.

“Houskeeping” change – adds to the options of types of identification that are acceptable.

Section 5 – NEW subsections requiring the Director to verify information provided by an applicant requesting initial registration by mail, through agency records (DMV/PFD). If an applicant cannot provide an Alaska driver's license, state id or social security number, because the applicant has not been issued any of those numbers, they may instead submit a copy of a driver's license (other than Alaska's), state I.D. card, current and valid photo I.D., birth certificate, passport, or a hunting/fishing license.

All Alaskan registrants who submit a complete voter registration form are assigned a “unique identifying number” on their voter card. This language is added to emphasize intent of HAVA.

Required by HAVA sections 303(a)(5)(A)(i) and(ii), 303(a)(5)(b)(i), 303(b)(4)(A), 303(b)(4)(B).

Provided by the Division of Elections

05/09/03
9:42 AM

Section 6– In regards to the voter registration database (master register) the phrase “located in the office of the director and on the district register located in the office of the election supervisor” is removed. The Voter Registration Election Management database (VREMS) is the “master register” and is accessible by all regional supervisors and the Director’s office.

“Housekeeping” change.

Section 7 – Replaces the phrase “may not,” with “is not eligible to.” Removes language related to the master register and its location (same as above). Also makes a stylistic change with regard to when a voter is eligible to vote.

“Housekeeping” change.

Section 8 – Adds “absentee in person”. The information obtained on the envelope used for voting a questioned or absentee in person ballot will be the same as that required on a voter registration form. If the voter voting such a ballot completes the information, the director is required to place the voter’s name on the voter registration list.

Required by HAVA section 303 (b).

Section 9 – This language more accurately reflects Division practices. The Director is required to file a plan describing the training program provided to election officials every year by March 1st to the Lt. Governor. (replaces January to enable staff to determine more accurate costs related to training.) The word “annual” was removed because the training plans are based on the election cycle calendar.

“Housekeeping” change.

Section 10 - NEW subsection that requires the Director to provide materials, forms and supplies for each polling place to include-

- Hours the polling place will be open
- Instructions on how to cast a provisional ballot
- Instructions for first time voters who initially registered by mail
- General information on voting rights
- Prohibitions on acts of fraud/misrepresentations and how to report these violations

Required by HAVA section 302 (b)(2).

Section 11 - Requires that a voter who casts a questioned ballot be given information at the time they vote that the voter will be able to ascertain whether the ballot was counted, and if not, why not.

Required by HAVA section 302.

Section 12 – Adds types of identification required at the polls before voting to

- State ID card
- Current and valid photo ID
- An original or copy of a current utility bill, bank statement, paycheck, government check, or other government document bearing the name and current address of the voter

Required by HAVA sections 303(b)(1) and 303 (b)(2)(A)(i) and (ii).

Section 13- Identification requirements may not be waived for voters who are first-time voters who initially registered by mail, facsimile, or other electronic transmission and did not provide the identification required when registering by mail.

Required by HAVA sections 303(b)(1) and 303 (b)(2)(A)(i) and (ii).

Section 14- removes the phrase "hand count precincts" when explaining how the election board shall count ballots, thereby providing a uniform definition of what constitutes a vote.

Required by HAVA section 302(a)(6).

Section 15 – Requires first-time voters who initially registered by mail, facsimile, or other electronic transmission and who are voting absentee by mail, to provide a copy of:

- Driver's License or State ID card
- Current and valid photo ID
- Birth certificate, passport, or hunting or fishing license
- A current utility bill, bank statement, paycheck, government check, or other government document bearing the name and current address of the voter

Required by HAVA section 303 (b)(2)(A)(ii).

Section 16 – NEW subsection that allows for absentee ballot applications of absent uniformed services voters and absent overseas voters to be valid through the next two general elections.

Required by HAVA section 704.

Section 17 – Requires the Director to provide "special absentee ballots" to Alaskans living, working or traveling in a remote area of the State where distance, terrain, or other natural conditions deny the voter reasonable access to a polling place.

Duplicates the language offered in Senator Lincoln's SB 24 with permission of the Senator.

Section 18 – Specifies that the absentee ballot of a first-time voter who registered by mail, facsimile, or other electronic transmission will not be counted if the proper identification was not provided or if the voter was not personally known by the election officials, or if the identification can not be verified by state agency records.

Required by HAVA section 303(b)(2).

Section 19 – NEW subsection that requires the Director to provide a "free access system" so absentee voters can determine whether their ballot was counted, or if not, why not.

A "free access system" may be a toll free number or a website address, or both. The information must be available not less than 10 days after certification of the primary election and not less than 30 days after the certification of a general or a special election.

Required by HAVA section 302 (b)(2).

Section 20 – Specifies that the questioned ballot of a first-time voter who registered by mail, facsimile, or other electronic transmission will not be counted if the proper identification has not been provided or did not provide identification that could be verified by state agency records.

Required by HAVA sections 302 (a)(5)(A), 303 (b)(1), 303 (b)(2)(A)(i) and (ii) and 303 (b)(3)(B).

Section 21 – NEW subsection that requires the Director to provide a “free access system” so those who voted a questioned ballot can determine whether their ballot was counted, or if not, why not.

A “free access system” may be a toll free number or a website address, or both. The information must be available not less than 10 days after certification of the primary election and not less than 30 days after the certification of a general or a special election.

Required by HAVA section 302 (a)(5)(B).

Section 22 – NEW subsection that requires the Director to provide a “free access system” so those who voted a ballot that was partially counted can determine whether their ballot was partially counted, or if not counted, why not.

A “free access system” may be a toll free number or a website address, or both. The information must be available not less than 10 days after certification of the primary election and not less than 30 days after the certification of a general or a special election.

Required by HAVA section 302 (a)(5)(B).

Section 23 - “handcount precincts” was removed because there is a uniform definition of what constitutes a vote. (Section 14 of this bill)

Required by HAVA section 302(a)(6).

Section 24– Repeals the following section:

15.15.360 (c) stated that the votes described in that section are only those in handcount precincts, but in reality it is how ALL votes are treated.

Repealed because Section 14 provides for a UNIFORM definition of what constitutes a vote.

Section 25– Provides for an immediate effective date. The State must pass this legislation to comply with the federal act this year.

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 266
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

April 11, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to elections.

This bill would amend the state election code statutes as required to comply with a recently enacted federal law, the "Help America Vote Act of 2002" (HAVA), P.L. 107-252 (H.R. 3295). The HAVA was enacted to improve the states' administration of federal elections after problems with the administration of those elections by certain states was brought to light during the 2000 presidential election. Many of the reforms set out in the HAVA are intended to protect against election fraud and to ensure that the votes of all persons entitled to vote are counted.

All of the states are required to comply with the HAVA, including amending state laws to comply. To comply with the timelines in the HAVA, this bill must be passed by the legislature and enacted into law this year. Upon certification of compliance with the HAVA, each state is eligible to receive various payments from the federal government to use in implementing the requirements of the HAVA. Alaska is projected to receive payments of approximately \$5,000,000 per year for three years to implement the HAVA.

Alaska is fortunate because our modern state election code already includes many of the requirements of the HAVA, such as a statewide voter registration information database and provisional ("questioned") voting. However, the state election code does not contain a few of the measures required by the HAVA -- this bill would make the necessary amendments. A detailed description of those amendments follows.

The Honorable Pete Kott
April 11, 2003
Page 2

First, all sections in the election code that refer to "questioned ballots" would be amended to refer to "provisional ballots." The two terms are synonymous, but the change would conform to the HAVA's use of the term "provisional" ballots.

In sec. 2 of the bill, AS 15.07.055 would be amended to add a new subsection to require the director of elections to enter into an agreement with the Department of Administration, for motor vehicle information, and the Department of Revenue, for permanent fund dividend information, to match information with the division of elections (division) for first-time voter registrants who are registering by mail, facsimile, or other electronic transmission. This amendment is required by sec. 303(b)(3)(B)(ii) of the HAVA.

Sections 3 and 6 of the bill would amend AS 15.07.060 to require that applicants for voter registration supply certain additional information -- an Alaska driver's license or identification card number, or the last four digits of the applicant's social security number, if any of those numbers have been issued to the applicant. Under the bill, an applicant also would have to provide his or her date of birth. Persons who apply for registration for the first time by mail also would have to provide one of the identifying numbers, and date of birth, that can be verified through state agency records described in sec. 2 of the bill. If such an applicant has not been issued any of the identifying numbers, the applicant may alternatively submit a copy of a photo identification. For any applicant for voter registration who has not been issued any of the required identifying numbers, the division would issue to the applicant a unique identifying number. These amendments are required by secs. 303(a)(5)(A)(i) and (ii), 303(a)(5)(B)(i), 303(b)(4)(A), and 303(b)(4)(B) of the HAVA.

The changes made by sec. 7 of the bill relate to procedures for providing a voter registration card to a voter who registers by mail, facsimile, or other electronic transmission, and are to conform to the HAVA's identification requirements for such voters.

Section 9 of the bill would amend AS 15.07.070(h) to require voter registration proof of identification information on the voter's certificate for voting an absentee in-person ballot. This amendment is required by sec. 303(b) of the HAVA.

The Honorable Pete Kott
April 11, 2003
Page 3

Section 13 of the bill would amend AS 15.15.040 to require that certain information be available at polling places, such as how to cast a provisional ballot, instructions for first-time voters, prohibitions on fraud, and how to report violations. This amendment is required by sec. 302(b)(2) of the HAVA.

Section 14 of the bill would amend AS 15.15.198 to require that a voter who casts a provisional ballot receive information on whether the ballot was counted. This amendment is required by sec. 302 of the HAVA.

Section 16 of the bill would amend AS 15.15.225 to specify the forms of identification that a voter must exhibit at the polls before voting. These amendments are required by secs. 303(b)(1) and 303(b)(2)(A)(i) and (ii) of the HAVA.

Section 18 of the bill would amend AS 15.15.360(a) on the rules for counting ballots, to provide a uniform definition of what constitutes a vote as required by sec 302(a)(6) of the HAVA.

Section 21 of the bill would amend AS 15.20.081(f) to require that first-time voters who initially registered by mail, facsimile, or other electronic transmission and who are voting absentee by mail, must provide certain identifying information if they have not already provided identifying information specified by AS 15.07.060. Section 21 also would make it mandatory, rather than discretionary, that the director of elections, by regulation, require proof of identification for any voter who votes absentee by mail - - existing regulations already provide for that identification requirement. These amendments are required by sec. 303(b)(2)(A)(ii) of the HAVA.

Section 22 of the bill would amend AS 15.20.081 to add a new subsec. (i) to allow the absentee ballot applications of absent uniformed services voters and absent overseas voters to be valid through the next two federal elections. This amendment is required by sec. 704 of the HAVA.

Section 25 of the bill would amend AS 15.20.203(b) to specify that the absentee ballot of a first-time voter who registered by mail, facsimile, or other electronic transmission will not be counted if the proper identification has not been provided. This amendment is required by sec. 302(b)(2) of the HAVA.

The Honorable Pete Kott
April 11, 2003
Page 4

Section 26 of the bill would repeal and reenact AS 15.20.203(h) to provide for a free access system for absentee voters to use to determine whether their ballot was counted. An example of a free access system is a toll-free phone number for voters to call. The free access system would replace the current system of mailing individual notice to voters. This change is required by sec. 302(b)(2) of the HAVA.

Section 29 of the bill would amend AS 15.20.207(b) to specify that the provisional ballot of a first-time voter who registered by mail, facsimile, or other electronic transmission will not be counted if the proper identification has not been provided. This amendment is required by secs. 302(a)(5)(A), 303(b)(1), 303(b)(2)(A)(i) and (ii), and 303(b)(3)(B) of the HAVA.

Section 35 of the bill would repeal and reenact AS 15.20.207(h) to require a free access system, as described above, for voters to use to determine whether their provisional ballot was counted. This change is required by sec. 302(a)(5)(B) of the HAVA.

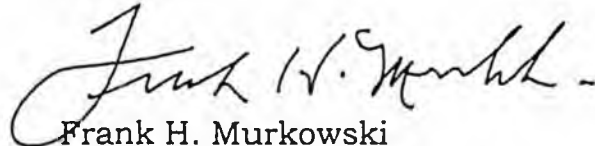
Section 41 of the bill would repeal statutes that are no longer necessary due to the changes described above.

Other changes proposed in the bill are not required by the HAVA. Section 4 of the bill would make "housekeeping" changes to AS 15.07.060(b) regarding voter registration or identification cards from another jurisdiction. Section 5 of the bill would amend AS 15.07.060(c) to allow for additional acceptable forms of identification for in-person voter registration. Section 8 of the bill would make "housekeeping" changes to AS 15.07.070(d). Section 12 of the bill would amend AS 15.10.107 to update the statute and reflect current division practices. Section 16 of the bill includes the repeal of language allowing additional forms of voter identification to be prescribed by regulation. Section 23 of the bill would amend AS 15.20.082(a), regarding special absentee ballots, to expand the group eligible to use these ballots to include persons in remote areas of Alaska; this change would duplicate the changes proposed by SB 24, introduced on January 23, 2003. Sections 25 and 29 of the bill would amend AS 15.20.203(b) and 15.20.207(b), respectively, to specify that absentee in-person ballots and provisional ballots will not be counted if the voter has not provided the proper identification and was not personally known by the election official. Sections 38 - 40 of the bill would amend statutes regarding the primary election by replacing the terms "nonpartisan" and "undeclared" with the term "unaffiliated" in identifying voters who are not affiliated with a political party, to streamline references to such voters.

The Honorable Pete Kott
April 11, 2003
Page 5

This bill must be enacted this year in order to comply with the timelines for various requirements set out in the HAVA. Therefore, I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

SENATE COMMITTEE REPORT

DATE: 5/2/03

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 5/9/03

State Affairs Committee considered CS FOR HOUSE BILL NO. 266(FIN)

HB 266 ELECTIONS

"An Act relating to questioned ballots and questioned voters, voter registration, training of election officials, preparation of election materials, provision of election materials, forms, and supplies for polling places, voter identification, absentee voting, and counting ballots; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Gov	4/15/03	✓		3

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOA	4/11/03		✓	2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
			✓	
	✓			
	✓			
			✓	
CHAIR:	✓			

SENATE FINANCE COMMITTEE

SIGN-IN

HB 266-ELECTIONS

NAME: Lara Glaiser Subject/Bill No: HB 266
 Co./Dept./Title: Director, Division of Elections Phone: 2694
 Address: P.O. Box 110017 - Juneau. Zip: 99811
 Do you wish to testify? Yes No Respond To Questions

NAME: Sarah Felix Subject/Bill No: HB 266
 Co./Dept./Title: Assistant Attorney General Phone: 465-3600
state of AK
 Address: P.O. Box 110300, Juneau AK Zip: 99811
 Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

HB 266-ELECTIONS

NAME: Sarah Felix Subject/Bill No: Elections HB 266
Co./Dept./Title: State Attorney General's Office Phone: 465-3600
Assistant Attorney General
Address: P.O. Box 110300, Juneau, AK Zip: 99811

Do you wish to testify? Yes No Respond To Questions

NAME: Laura Glaiser Subject/Bill No: HB 266
Co./Dept./Title: Director, Division of Elections Phone: 2644
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

HB

267

HFIN

FILE

LEGAL SERVICES

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

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

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

MEMORANDUM

May 6, 2003

SUBJECT: Sectional summary - HB 267

TO: Representative Vic Kohring
Attn: Ben Grenn

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. Findings, intent and purpose dealing with the power of the Alaska Railroad Corporation to provide financing for transportation for natural gas resources.

Sec. 2. Adds a power of the Alaska Railroad Corporation to provide financing for the acquisition, construction, improvement, maintenance, equipping, and operation of facilities for the transportation of natural gas without regard to whether the facilities are or will be owned by the corporation or located on land owned by the corporation.

Sec. 3. Requires the Alaska Railroad Corporation to enter into an agreement with certain terms to protect its bonds if the corporation issues bonds to provide financing for a facility to be owned in whole or part by an entity other than the corporation.

Sec. 4. States that bonds of the corporation issued to finance natural gas transportation facilities are issued by an instrumentality of the state for a public purpose.

Sec. 5. The legislature authorizes the corporation to issue bonds in an amount not to exceed \$17,000,000,000 to finance the construction of a natural gas pipeline and facilities for the transportation of natural gas recovered from the North Slope.

Sec. 6. Immediate effective date.

TBC:med
03-492.med

Harris

AMENDMENT 1

adopted 5/14 ✓

HB267

This amendment conforms the powers granted to the ARRC in Sec.2 of the bill with the specific provisions in the legislative authorization and approval section. It makes clear that this act is intended to facilitate a natural gas pipeline from the North Slope of Alaska.

Page 2 line 21 and 22 delete: [the transportation of natural gas resources within and outside the state]

Page 2 line 21 insert **....for a natural gas pipeline and related facilities for the transportation of natural gas recovered from the North slope of this state....**

Amended

23-LS0815VD

HOUSE BILL NO. 267

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES KOHRING, Crawford, Holm

Introduced: 4/15/03

Referred: House Special Committee on Oil and Gas, Resources, Finance

adopted *5/14*

A BILL

FOR AN ACT ENTITLED

1 "An Act ~~relating to the Alaska Railroad~~, authorizing the Alaska Railroad Corporation
2 to provide financing for the acquisition, construction, improvement, maintenance,
3 equipping, or operation of facilities for the transportation of natural gas resources
4 within and outside the state by others; authorizing the Alaska Railroad Corporation to
5 issue bonds to finance those facilities; and providing for an effective date."

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

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

9 FINDINGS, INTENT, AND PURPOSE. (a) The legislature finds that

10 (1) the Alaska Railroad Corporation is uniquely suited to serve essential
11 functions of the state by providing financing for a facility for the transportation of certain
12 natural gas resources located within the state;

13 (2) providing financing for that facility furthers the purposes of both the state

1 and the Alaska Railroad Corporation by assuring that the state's natural gas resources will be
 2 transported to their appropriate markets, thus creating revenue for the Alaska Railroad
 3 Corporation and for the state and providing employment opportunities for residents of the
 4 state;

5 (3) the facility also will enhance and improve the state's ability to develop and
 6 transport other natural resources of the state, including oil and gas resources located off the
 7 North Slope of this state; and

8 (4) these results are essential purposes of the state and the achievement of
 9 these purposes is critical to the health and welfare of the state.

10 (b) A purpose of this Act is to clarify the statutory functions and powers of the Alaska
 11 Railroad Corporation by expressly including the power to provide financing for transportation
 12 facilities as described in this Act.

13 (c) It is the intent of the legislature that

14 (1) this Act be construed broadly to permit the Alaska Railroad Corporation
 15 the greatest flexibility to accomplish the purpose described in (b) of this section within the
 16 limitations set out in this Act; and

17 (2) other provisions of AS 42.40 in existence before the enactment of this Act
 18 be similarly construed to complement the provisions of this Act.

19 * **Sec. 2.** AS 42.40.250 is amended by adding a new paragraph to read:

20 (31) provide financing for the acquisition, construction, improvement,
 21 maintenance, equipping, and operation of facilities for the transportation of natural gas
 22 resources within and outside the state without regard to whether the facilities are or
 23 will be owned in whole or in part by the corporation or located on land owned by the
 24 corporation.

25 * **Sec. 3.** AS 42.40.630 is amended by adding a new subsection to read:

26 (b) Before issuing bonds to provide the financing described in
 27 AS 42.40.250(31) for a facility to be owned in whole or in part by an entity other than
 28 the corporation, the corporation shall enter into a contract, lease, or other form of
 29 agreement that will, in the judgment of the corporation, provide sufficient
 30 consideration to

31 (1) pay the principal of and interest on the bonds as they become due;

1 (2) create and maintain the reserves for the bond payments that the
2 corporation considers necessary or desirable; and

3 (3) pay all costs necessary to service or additionally secure the bonds,
4 including trustee's fees and bond insurance premiums, unless these costs are to be paid
5 by a party other than the corporation.

6 * **Sec. 4.** AS 42.40 is amended by adding a new section to read:

7 **Sec. 42.40.695. Public purpose of bonds.** Bonds of the corporation issued to
8 finance facilities described in AS 42.40.250(31) are issued by a public corporation and
9 an instrumentality of the state for an essential public and governmental purpose.

10 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 **LEGISLATIVE AUTHORIZATION AND APPROVAL.** (a) Subject to the
13 requirements of AS 42.40.630(b), enacted by sec. 3 of this Act, the Alaska Railroad
14 Corporation is authorized to issue bonds under the power granted to it in AS 42.40 to finance
15 the construction of a natural gas pipeline and related facilities for the transportation of natural
16 gas recovered from the North Slope of this state. The maximum principal amount of bonds
17 that the Alaska Railroad Corporation may issue under this section is \$17,000,000,000. The
18 Alaska Railroad Corporation may issue the bonds in a single issuance or in several issuances,
19 without limitation as to number of issuances or timing, and as the Alaska Railroad
20 Corporation determines best furthers the purpose of financing the gas pipeline and related
21 facilities described in this section. The Alaska Railroad Corporation shall negotiate with the
22 producers of the gas or with one or more other entities as the Alaska Railroad Corporation
23 considers appropriate, and shall enter into agreements with those producers or one or more
24 other entities to provide revenue sufficient to accomplish the purposes described in
25 AS 42.40.630.

26 (b) This section constitutes the approval required by AS 42.40.285 for the issuance of
27 the bonds described in this section.

28 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 8, 2003

FURTHER REFERRALS:

Date of Committee Action: 5/14

The FINANCE Committee considered:

HB 267

HOUSE BILL NO. 267

AK RAILROAD BONDS FOR NAT.GAS TRANSPORT

"An Act relating to the Alaska Railroad; authorizing the Alaska Railroad Corporation to provide financing for the acquisition, construction, improvement, maintenance, equipping, or operation of facilities for the transportation of natural gas resources within and outside the state by others; authorizing the Alaska Railroad Corporation to issue bonds to finance those facilities; and providing for an effective date."

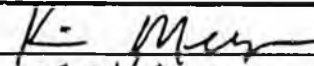
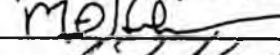
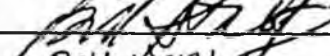
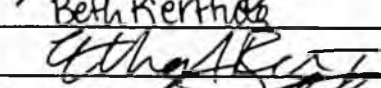


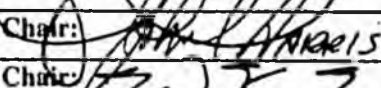
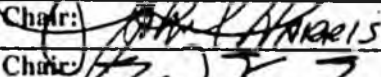
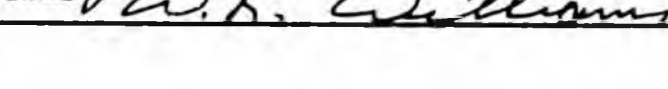
Recommends it be replaced with [] HCS or [] CS for HB 267 (FIN)
 For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ [] Same Title [] New Title

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

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

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero

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

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Meyer	✓			
	Harkin	✓			
	Scott	✓			
Beth Kierthol	Kierthol	✓			
	Bekomtz	✓			
	Chenault	✓			
	Whitaker	✓			
	Foster	X			
Chair: 	Narris	✓			
Chair: 	Williams	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 267
 (H) Publish Date: 4/25/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Ak Railroad Bonds For Nat.Gas Transport BRU _____
 Sponsor Representative Kohring Component Alaska Railroad Corporation
 Requester House Oil & Gas Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual			163,000.0			
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	163,000.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Bond Proceeds			163,000.0			
TOTAL	0.0	0.0	163,000.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Wendy Lindskoog, Director of External Affairs
 Division: Alaska Railroad Corporation
 Approved by: Edgar Blatchford, Commissioner
 Agency: Department of Community & Economic Development

Phone 265-2516
 Date/Time 4/23/03 2:51 PM
 Date 4/23/2003

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 267

ANALYSIS CONTINUATION

The bill authorizes the issuance of up to \$17 billion in revenue bonds by the Alaska Railroad Corporation (ARRC) to pay for 70% of the construction of a natural gas pipeline. Based upon current estimates, ARRC could issue \$14,265,000,000 in bonds as early as state Fiscal Year 2006. ARRC will act as a conduit for the issuance of these bonds to allow the debt to be issued as tax exempt. Through modeling, the tax exemption has been shown to reduce the cost of financing the project by over one billion dollars. The Bonds would be solely secured by revenues generated by the pipeline. The Alaska Railroad will bear no liability and have no responsibility for repayment of the bonds.

The projected costs of issuing the bonds detailed here will be paid with bond proceeds at closing. Anticipated professional services include those related to financial advisors, attorney's fees (bond counsel, underwriter's counsel, tax counsel, negotiating with producers), rating agencies, underwriters, printing, travel, public notices, and the feasibility consultant. ARRC will front certain minor necessary reimbursable costs from corporation revenues.

For purposes of this fiscal note, it is assumed that bonds with a face value of \$14.265 billion will be issued in FY 2006. The bonds are expected to be issued with a 25 year term and for modeling purposes carry an interest rate of 6.5%. As the project will not generate revenue while under construction, the first two years of interest payments will be made with bond proceeds. Following construction, annual debt service will begin at approximately \$1.3 billion, growing to \$1.4 billion in year 6 and then gradually lowering to \$800 million in the final year. However, ultimately, issuance amounts, dates, term, interest rate, and other significant variables will be dependent upon the financing structure determined by market conditions at the time of sale of the bonds.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 267
 (H) Publish Date: 4/25/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Ak Railroad Bonds For Nat.Gas Transport BRU _____
 Component Alaska Railroad Corporation
 Sponsor Representative Kohring
 Requester House Oil & Gas Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual			163,000.0			
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	163,000.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Bond Proceeds			163,000.0			
TOTAL	0.0	0.0	163,000.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Please see analysis continuation.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone 265-2516
 Division Alaska Railroad Corporation Date/Time 4/23/03 2:51 PM
 Approved by: Edgar Blatchford, Commissioner Date 4/23/2003
 Agency Department of Community & Economic Development

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 267

ANALYSIS CONTINUATION

The bill authorizes the issuance of up to \$17 billion in revenue bonds by the Alaska Railroad Corporation (ARRC) to pay for 70% of the construction of a natural gas pipeline. Based upon current estimates, ARRC could issue \$14,265,000,000 in bonds as early as state Fiscal Year 2006. ARRC will act as a conduit for the issuance of these bonds to allow the debt to be issued as tax exempt. Through modeling, the tax exemption has been shown to reduce the cost of financing the project by over one billion dollars. The Bonds would be solely secured by revenues generated by the pipeline. The Alaska Railroad will bear no liability and have no responsibility for repayment of the bonds.

The projected costs of issuing the bonds detailed here will be paid with bond proceeds at closing. Anticipated professional services include those related to financial advisors, attorney's fees (bond counsel, underwriter's counsel, tax counsel, negotiating with producers), rating agencies, underwriters, printing, travel, public notices, and the feasibility consultant. ARRC will front certain minor necessary reimbursable costs from corporation revenues.

For purposes of this fiscal note, it is assumed that bonds with a face value of \$14.265 billion will be issued in FY 2006. The bonds are expected to be issued with a 25 year term and for modeling purposes carry an interest rate of 6.5%. As the project will not generate revenue while under construction, the first two years of interest payments will be made with bond proceeds. Following construction, annual debt service will begin at approximately \$1.3 billion, growing to \$1.4 billion in year 6 and then gradually lowering to \$800 million in the final year. However, ultimately, issuance amounts, dates, term, interest rate, and other significant variables will be dependent upon the financing structure determined by market conditions at the time of sale of the bonds.

ALASKA STATE LEGISLATURE

Interim:

600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax (907) 373-4729



Session:

State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2186
Fax (907) 465-3818

REPRESENTATIVE VIC KOHRING DISTRICT 14

SPONSOR STATEMENT

HB 267

RAILROAD BONDS FOR NATURAL GAS TRANSPORT

This legislation would be a significant step toward the construction of a natural gas pipeline to commercialize North Slope gas reserves.

HB 267 authorizes the Alaska Railroad Corporation to issue bonds for the pipeline project, leveraging the ability of the corporation to issue tax-exempt bonds for industrial development. This financing plan can push pipeline construction that much closer to reality, resulting in jobs for Alaskans and revenue to the state while delivering natural gas to a waiting public and market.

The Alaska Railroad's ability to issue tax-exempt bonds to finance industrial development was approved in 1983 by the U.S. Congress with the transfer of the Alaska Railroad from federal to state ownership. Congress reaffirmed Alaska Railroad's authority to issue tax-exempt bonds in the Tax Reform Act in 1986.

Estimates prepared by Goldman Sachs and the Department of Revenue suggest the financing plan presented in this bill will increase the economic viability of the natural gas line construction project by saving the facility owners more than \$1 billion over the life of the project.

The bill allows Alaska Railroad to provide financing for the acquisition, construction, improvement, maintenance, equipping and operation of facilities for the transportation of natural gas resources within and outside the state. It specifically authorizes Alaska Railroad to negotiate issue up to \$17 billion in bonds for construction of a natural gas pipeline.

While Alaska Railroad would issue the bonds, neither Alaska Railroad nor the State would own the gas line nor be liable for the debt. That responsibility would fall on the private companies that build, own, and operate the gas line. The bill requires that prior to issuing bonds, Alaska Railroad must determine that any contract or lease is sufficient to pay back the bonds as scheduled, maintain reserves for the payments, and pay all costs necessary to secure the bonds.

The railroad is a vital link in Alaska's economy. Many towns have sprouted up because of the role of Alaska Railroad, which supported construction of the Alaska Highway during World War II and the subsequent military buildup in our state. It also helped in building the Trans-Alaska Pipeline System; and along its more than 600 miles of track, it carries seven million tons of freight and a half-million passengers each year. Alaska Railroad also provides jobs for 700 Alaskans.

THE
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DOCUMENT(S)
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ORIGINAL
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2/8/2002 9:26



Alaska Gas Pipeline Financing Alternatives

Natural Gas Pipeline Policy Council



February 7, 2002

Table of Contents

TAB

Potential Alternative—Tax-Exempt Finance	1
Review of Alliance Pipeline Structure	2
Analysis of Tax-Exempt Financing Benefits	3
Key Assumptions and Background	4
■ Rates on Debt	
■ Credit	
■ Size	
■ Discount rates	

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2/6/2002, 9:26

Tab 1
Tax-Exempt Approach
to Alaska Gas Pipeline
Financing

Similar Alaska Development Projects Benefited From Tax-exempt Financing

- Valdez—Producers took advantage of tax exemption for "dock and wharf" related assets which support TAP oil exports. Bonds issued by City of Valdez. Proceeds loaned to producers.

- Fort Knox—AIDEA tax-exempt financed solid waste disposal facility at Fort Knox Gold Mine.

- Snettisham—Tax-exempt financing of Snettisham Dam by AIDEA, used by AEL&P.

Historical Tax-Exempt Precedent for TAPS

\$100,000 Exxon Valdez Terminal

OFFICIAL STATEMENT

\$250,000,000
City of Valdez, Alaska
5.50% Marine Terminal Revenue Bonds
(Exxon Pipeline Company Project)
Series A
Due May 1, 2007

The Bonds will not constitute general obligations of the City or a charge against the general credit or taxing power of the City or the State of Alaska. The Bonds are payable from and secured by the interest derived under a Sublease Agreement between the City and

EXXON PIPELINE COMPANY
Payment of the principal of, premium, if any, and interest on the Bonds is guaranteed by

EXXON CORPORATION

The Bonds are redeemable on or about 30 days' notice (a) on the direction of Exxon Pipeline Company, or a wholly or in part on any date, at 100% of the par value on and after May 1, 1993 and on September 1, 1993, 1994 and at decreasing prices thereafter; (b) payment of mandatory redemption as outlined on May 1, 1993 and each May 1 thereafter to and including May 1, 1998 at 100% of the principal amount; and (c) in the event of certain special circumstances, at a whole or any time, at 100% of the principal amount, all as more fully described herein, in each case together with interest bearing to the date fixed for redemption.

Interest on the Bonds will be payable on November 1, 1993 and thereafter semi-annually on May 1 and November 1 of each year. Principal and interest are payable to the appropriate office of The Bank of New York, the Trustee and Paying Agent, in New York, New York. The Bonds will be issued initially as coupon bonds, dated May 1, 1993, in the face amount of \$1,000 and may not represent the registered or unregistered bonds, or a subseries for fully registered bonds in the amount of \$1,000 or any multiple thereof.

Successful bidders have agreed to purchase the Bonds in a price of \$1,027.50. Before me is a site in "Description of the Bid Form" and "Annals of the Bid Case" books. Copies of such books in my regular books in the office on the first of each of the important committees of either law, or both in other bids. There is no reason hereout the City, Exxon Pipeline Company or Exxon Corporation and the such bidders as to the price at which any such bonds of Bonds may be made and accordingly prices to be paid by the public in these bids may vary because of market changes and change from time to time.

In the opinion of Messrs. Chapman and Cutler and Messrs. Wolford & Pitt, Bond Counsel, interest on the Bonds is exempt from Federal income taxation in the event, upon the conditions and subject to the restrictions stated in "Tax Exemption" herein.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Bond Counsel, the approval of certain other legal matters by Messrs. Bond Pitt & Wolford, which have been done up by Exxon Pipeline Company and Exxon Corporation as counsel for the Purchasers, and certain other conditions. It is expected that delivery of the Bonds will be made on or about May 12, 1993 at the office of Morgan Guaranty Trust Company of New York, 11 Broad Street, New York, N. Y., against payment therefor.

May 1, 1993

\$200,000 ARCO Valdez Terminal

NEW ISSUE

In the absence of local control based upon existing statutes, regulations, court decisions and rulings, including a ruling from the Internal Revenue Service dated January 19, 1977, interest on the Series 1977 Bonds described herein is exempt from all present Federal income taxes except under certain conditions as explained under the caption "Tax Exemption" herein. Further, in the absence of bond counsel, under existing statutes, such interest is also exempt from all present Alaska taxes except for inheritance and estate taxes and taxes on transfers by or in contemplation of death.

OFFICIAL STATEMENT

\$265,000,000
CITY OF VALDEZ, ALASKA
5.00% MARINE TERMINAL REVENUE BONDS
(ARCO Pipe Line Company Project)
Series 1977

Dated: February 1, 1977 *Price: 98.5%* *Dated: February 1, 1977*
(Plus accrued interest from February 1, 1977)

Payment, except in the stated payable from proceeds of the Series 1977 Bonds or from income from the temporary investment of such proceeds, solely from and secured solely by a pledge of substantial derived from the sublease of the Project by the City to

ARCO PIPE LINE COMPANY

The Series 1977 Bonds will not constitute general obligations of the City or a charge against the general credit or the taxing power of the City or the State of Alaska. The Trustee will require an unconditional guaranty of the payment of the principal of, premium, if any, and interest on the Series 1977 Bonds from

ATLANTIC RICHFIELD COMPANY

The Series 1977 Bonds will be issuable as coupon bonds in the denomination of \$5,000 each, registrable as to principal only, and as fully registered bonds without coupons in the denomination of \$5,000 and any integral multiples thereof. Coupon bonds and fully registered bonds will be interchangeable as explained under the caption "The Bonds" herein. Principal, premium, if any, and semi-annual interest (February 1 and August 1, commencing August 1, 1977) on the coupon bonds will be payable at the principal office of Eastern-First National Bank, 1000 Pennsylvania Avenue, N.W., Washington, D.C., or at the option of the holder at the principal office of the Manager, Guaranty Trust Company of New York, in New York, New York, as Paying Agent. Interest on fully registered bonds will be paid by check or draft mailed by the Trustee.

The Series 1977 Bonds will be subject to redemption prior to maturity as described herein.

The Series 1977 Bonds are offered, subject to prior sale, when, as and if issued by the City of Valdez, Alaska and accepted by the Underwriters named below, subject to the approval of legality by Messrs. Chapman and Cutler and Messrs. Wolford & Pitt, as bond counsel, and the approval of certain legal matters by Messrs. Kish Rock Cohen Campbell Garfinkle & Woodward, as counsel for the Underwriters, and in certain other conditions. It is expected that delivery of the Series 1977 Bonds will be made on or about February 19, 1977, in New York, New York, against payment therefor.

ELYTH EARTHMAN DILLON & CO.
 INCORPORATED
BACHE HALENY STUART INC.
MERRILL LYNCH, PIERCE, FENNER & SMITH
 INCORPORATED
DEAN WITTER & CO.
 INCORPORATED

Dated, February 6, 1977

Tax-exempt Financing for Alaska Gas Pipeline

- Alaska railroad statute permits tax-exempt bonds to be issued by the Railroad, and such bonds would not be “private activity bonds” requiring volume cap or being subject to AMT, despite the private use of the pipeline.

“Obligations issued by such entity shall be deemed to be obligations of the State...[means tax-exempt]...but not obligations within the meaning of section 103(b)(2) [means not private activity bonds]”

- The actual ownership of the assets may still be in the hands of private parties allowing them to use depreciation benefits.
- The credit would be “ship-or-pay” contracts, not the Railroad’s or the State’s general credit or assets.

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Tab 2
Pipeline Precedent

Alliance Pipeline

CONFIDENTIAL



\$550,000,000

Alliance Pipeline L.P.

\$350,000,000 8.998% Senior Notes due 2019
\$200,000,000 7.877% Senior Notes due 2025

The 8.998% senior notes due 2019 (the "2019 Notes") and the 7.877% senior notes due 2025 (the "2025 Notes") (collectively, the "Notes") are being issued by Alliance Pipeline L.P. ("Alliance USA" or the "Issuer"), a Delaware limited liability partnership, which owns and operates the Alliance USA Pipeline, the U.S. portion of the Alliance Pipeline System (the "System"). The System is comprised of the Alliance USA Pipeline and the Alliance Canada Pipeline, which is the Canadian portion of the System. The System consists of an approximately 1,875-mile long oil, high pressure, natural gas pipeline system, a series of lateral pipelines located in Canada, and related infrastructure. The System transports natural gas from supply areas in the northern and eastern and northern plain states and Canadian portions of the western Canadian sedimentary basin ("WCSB") to delivery points near Chicago, Illinois, Texas and a pipeline (the "Shipco's") has a capacity of 1.5 billion cubic feet per day ("bcfd") of natural gas per day ("d") and includes an option to increase, with the part of the line that has a capacity of 1.55 bcfd but the "bcfd" of natural gas per day ("d") on the System. The System commenced commercial operations on December 1, 2000.

Alliance USA will pay interest on the Notes on June 30 and December 31 of each year beginning on June 30, 2001. The Notes will mature in semi-annual installments of principal due on the dates stated herein. The Notes will mature on December 31 of their year of maturity. The Notes are being issued under an indenture dated as of June 25, 1999, amended and supplemented on March 8, 2001 (the "Indenture") between Alliance USA and The State of New York (the "U.S. State Trustee"). The Initial Purchasers are and the Notes holder the United States is qualified institutional buyers ("Qualified Institutional Buyers") as defined in Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act").

The Notes will be issued by the Transportation Company and certain related entities of described herein, any of which may be changed under certain circumstances. The Notes will rank equally in right of payment with all other Senior Debt of Alliance USA and senior to any Junior Subordinated Debt of Alliance USA. The Notes will be subject to the covenants of Alliance USA and holders of all Notes will have no recourse against the Partners of Alliance USA (other than the USA Managing Partner), or the Sponsors, or against any of the officers, directors, employees, shareholders or all kinds of the USA Managing Partner or any of Alliance USA's Partners or Sponsors, or any liability of Alliance USA, in whole or in part, in certain circumstances as described herein. See "Description of the Notes and the Indenture - Optional Redemption" and " - Mandatory Redemption."

Except as otherwise provided, the Notes will be evidenced by one or more global notes ("Global Notes") in fully registered form without coupons, denominated in a denomination of, and registered in the name of, a member of The Depository Trust Company ("DTC"). Global Notes will be issued in the Global Notes will be issued in, and a holder thereof will be deemed to have acquired, received, and held by DTC and its direct and indirect participants. The Notes will be issued only in registered form in denominations of \$1,000 and integral multiples thereof. See "Description of the Notes and the Indenture."

The Notes will not be held on any national securities exchange.

The "Risk Factors" beginning on page 21 of this Offering Circular for a discussion of certain factors that should be considered by investors with respect to the Notes.

Offering Prices

Senior Notes due 2019: 100%

Senior Notes due 2025: 100%

The offering prices set forth above do not include any underwriting fee, if any, in connection with the Notes and interest on March 8, 2001, and shall be paid by the purchasers if the Notes are delivered after March 8, 2001.

The Notes have not been registered under the Securities Act and are being offered and sold in the United States only to Qualified Institutional Buyers in reliance on Rule 144A. Prospective purchasers of the Notes should read the offering circular and the Indenture carefully and should be advised that the offer of the Notes may be relying on the exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not redeemable except in accordance with the restrictions described under "Terms of Redemption."

The Initial Purchasers expect to deliver the Notes in book-entry form only through the facilities of DTC system payee in New York, New York on March 8, 2001.

Joint Lead Managers and Joint Lead Bookrunners

Goldman, Sachs & Co.

JPMorgan

ABN AMRO Incorporated

Banc of America Securities LLC

Scotia Capital (USA) Inc.

The Royal Bank of Scotland, Financial Markets

Offering Circular dated March 1, 2001.



CONFIDENTIAL



U.S. \$300,000,000

Alliance Pipeline L.P.

7.77% Senior Notes due 2015

The 7.77% senior notes due 2015 (the "Notes") are being issued by Alliance Pipeline L.P. ("Alliance USA" or the "Issuer"), a Delaware limited liability partnership, formed to develop, construct, finance, maintain, operate and manage the Alliance USA Pipeline, which is the U.S. portion of the Alliance Pipeline System. The Alliance Pipeline System will be comprised of the Alliance USA Pipeline and the Alliance Canada Pipeline, which is the Canadian portion of the Alliance Pipeline System. The Alliance Pipeline System will consist of an approximately 1,875-mile long oil, high pressure, natural gas pipeline system, a series of lateral pipelines located in Canada, and related infrastructure. The System has been designed to transport 1.25 bcfd of natural gas per day ("d") of natural gas per day ("d") on a firm transportation basis, from supply areas in the northern and eastern and northern plain states and Canadian portions of the western Canadian sedimentary basin ("WCSB") to delivery points near Chicago, Illinois, Texas, Canada, 37 shippers (the "Shippers") have entered into a firm transportation contract (the "Transportation Contract") for approximately 80% of the firm transportation capacity of the System. Preparatory construction work on the System began in February, 1999 and construction of the System commenced in May, 1999, with operations expected to commence on or about October 1, 2000.

The development of the Alliance Pipeline System is being sponsored by a group of Canadian and U.S. oil and natural gas pipeline and management companies (collectively, the "Sponsors"). The capital cost of the Alliance Pipeline System is currently estimated by Alliance USA to be approximately US\$2.84 billion (including an allowed return on equity during construction of US\$172.2 million). Alliance USA and the Alliance Pipeline Limited Partnership ("Alliance Canada"), an Alberta, Canada limited liability partnership ("LLP"), will each be capitalized with approximately 70% debt and 30% equity. Alliance has arranged a US\$1.8 billion credit facility (the "Credit Facility") and US\$100 million of equity commitments from the Sponsors (the "Aggregate Equity Commitments") in full of the currently estimated costs of the System, including a contingency for unexpected cost overruns. Over the course of construction, Alliance anticipates completing one of more note offerings in the United States and Canada (including the offering of the Notes and a concurrent offering of notes by Alliance Canada) to (i) raise some portion of the Credit Facility on terms and conditions consistent with the authorization of the System's regulatory rate base and (ii) fund capital costs of constructing the Alliance Pipeline System. See "Sources of Funds and Uses of Proceeds."

Alliance USA will pay interest on the Notes on June 30 and December 31 of each year. Interest payments will begin on December 31, 1999. The Notes are being issued under an indenture dated as of June 25, 1999 (the "Indenture") between Alliance USA and Bank of Montreal Trust Company (the "U.S. State Trustee"). The Initial Purchasers are offering the Notes in the United States to qualified institutional buyers ("Qualified Institutional Buyers") as defined in Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act"). The Notes will be subject to the covenants of Alliance USA, in whole or in part, in certain circumstances as described herein. See "Description of the Notes and the Indenture."

Payments of principal, premium, if any, and interest in respect of the Notes will be obligations of Alliance USA, holders of the Notes (the "Holders") will not have any recourse against the partners of Alliance USA (other than the managing general partner of Alliance USA), the Sponsors or their guarantors, or against any of the officers, directors, employees, shareholders or partners of the managing general partner of Alliance USA or any of Alliance USA's partners or its successors, or any liability of Alliance USA to perform or comply with its obligations under the Notes, except pursuant to the Aggregate Equity Commitments.

Except as otherwise provided, the Notes will be evidenced by one or more global notes ("Global Notes") in fully registered form without coupons, deposited with a custodian for, and registered in the name of, a member of The Depository Trust Company ("DTC"). Global Notes will be issued in the Global Notes will be issued in, and a holder thereof will be deemed to have acquired, received, and held by DTC and its direct and indirect participants. The Notes will be issued only in registered form in denominations of US\$1,000 and integral multiples thereof. See "Description of the Notes and the Indenture."

The "Risk Factors" beginning on page 21 of this Offering Circular for a discussion of certain factors that should be considered by investors with respect to the Notes.

Offering Prices: 100%

Interest on the Notes will accrue from the date of issuance.

The Notes have not been registered under the Securities Act and are being offered and sold in the United States only to Qualified Institutional Buyers in reliance on Rule 144A. Prospective purchasers of the Notes should read the offering circular and the Indenture carefully and should be advised that the offer of the Notes may be relying on the exemptions from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes are not redeemable except in accordance with the restrictions described under "Terms of Redemption."

Goldman, Sachs & Co., Scotia Capital Markets (USA) Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc. (1500 City Street, New York, New York) are acting as the "U.S. State Trustee" and will deliver the Notes in book-entry form only through the facilities of DTC system payee in New York, New York on June 25, 2000.

Goldman, Sachs & Co.

Scotia Capital Markets (USA) Inc.

Chase Securities Inc.

Newbitt Burns Securities Inc.

Offering Circular dated June 18, 1999.

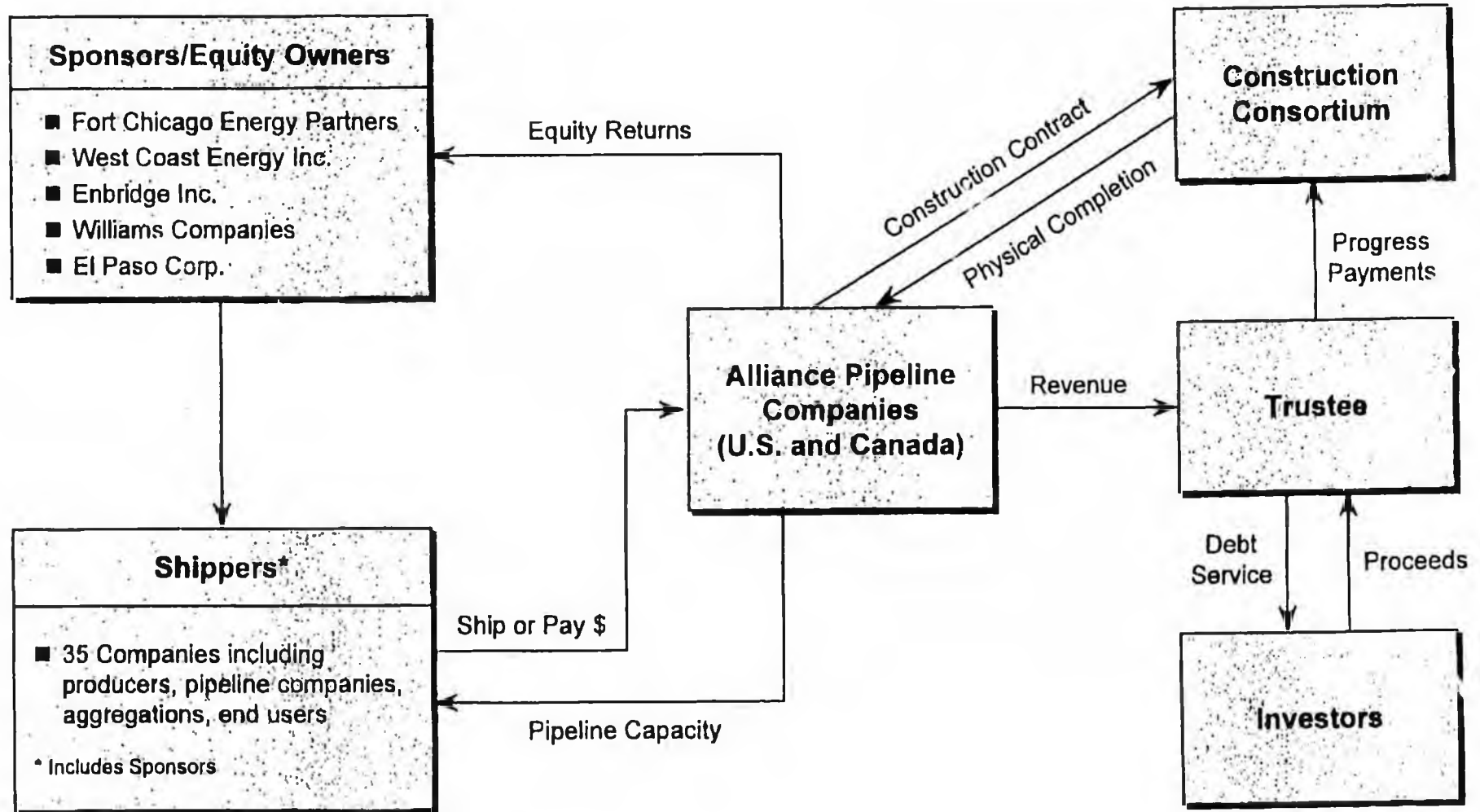
Ship-or-Pay contracts are the key credit item.

Example from Alliance Pipeline:

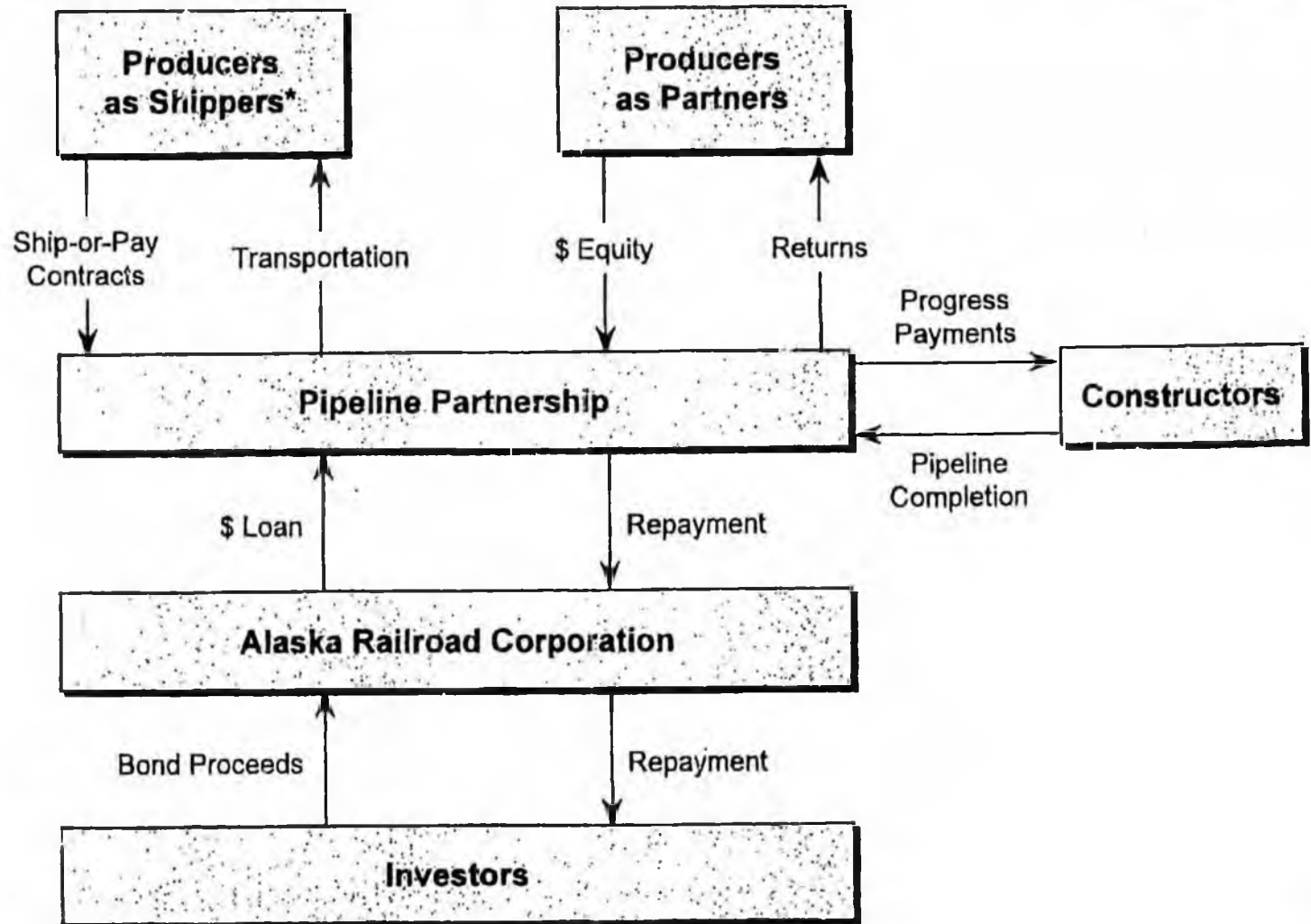
"All of the 1.325 b.c.f.d. of firm transportation capacity of the System has been contracted by the shippers. . ."

- Contracts require payment regardless of pipeline use
- 72.5% of shippers have investment grade rating
- 14.9% were not investment grade, but accepted by lenders
- 12.6% were required to post letters of credit
- Contracts were 15 years in length

Alliance Pipeline Structure



Schematic of Alaska Gas Pipeline Financing Arrangement



* Shippers would likely include users other than producers.

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Tab 3
Analysis of Tax-Exempt
Financing Benefits

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Present Value Analysis of Financing Alternatives—Taxable Debt

Taxable Analysis										
	Principal A	Interest B	CAPI Corp/uk C	CAPI Earnings D	Net Lease Payment E A+B-C-D	Depreciation F	Total Project Cost & Dep. Schedule (B+F) x Tax Rate	Loss Tax Shield G	Net After Tax Pmt H -E-G	PV of Net After Tax Pmts I
1/1/02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1/1/03	-	1,284,748,575	925,822,660	338,928,015	-	-	-	-	-	-
1/1/04	-	1,284,748,575	1,008,189,744	259,558,831	-	-	-	-	-	-
1/1/05	-	1,284,748,575	1,093,533,303	171,215,272	-	-	-	-	-	-
1/1/06	-	1,284,748,575	1,188,488,828	78,289,747	-	-	-	-	-	-
1/1/07	315,820,000	1,284,748,575	-	-	1,590,348,676	908,069,750	628,124,613	652,244,082	852,244,082	
1/1/08	620,495,000	1,237,820,675	-	-	1,858,416,675	1,888,042,625	1,285,744,984	572,870,881	628,930,059	
1/1/09	604,615,000	1,185,178,800	-	-	1,789,793,800	1,708,238,273	1,188,301,000	603,492,800	510,937,571	
1/1/10	593,025,000	1,133,788,525	-	-	1,726,811,525	1,538,413,415	1,095,801,976	631,209,550	491,719,214	
1/1/11	587,305,000	1,083,378,400	-	-	1,670,684,400	1,392,563,832	1,015,138,726	655,547,675	469,868,534	
1/1/12	579,630,000	1,033,458,475	-	-	1,613,080,476	1,244,716,309	934,051,881	679,036,814	447,850,108	
1/1/13	569,430,000	984,189,025	-	-	1,550,619,825	1,178,784,305	866,819,434	693,800,491	421,038,528	
1/1/14	554,935,000	933,493,375	-	-	1,508,128,375	1,178,784,305	866,033,849	702,084,528	392,040,206	
1/1/15	540,000,000	879,549,400	-	-	1,554,568,400	1,178,784,305	843,918,819	710,652,691	365,123,949	
1/1/16	525,000,000	822,172,700	-	-	1,538,882,700	1,178,784,305	820,392,372	719,470,328	340,129,083	
1/1/17	510,000,000	761,109,050	-	-	1,523,804,050	1,178,784,305	795,380,878	726,523,174	318,899,897	
1/1/18	495,000,000	696,336,575	-	-	1,508,588,575	1,178,784,305	769,789,561	737,787,014	295,300,031	
1/1/19	480,000,000	627,464,476	-	-	1,487,800,475	1,178,784,305	740,582,000	747,247,475	276,183,980	
1/1/20	465,000,000	554,335,150	-	-	1,467,425,150	1,178,784,305	710,578,977	768,848,173	258,488,008	
1/1/21	450,000,000	476,722,600	-	-	1,445,307,500	1,178,784,305	678,757,700	786,548,710	239,006,858	
1/1/22	435,000,000	394,392,775	-	-	1,423,017,775	1,178,784,305	640,351,820	830,686,955	238,311,228	
1/1/23	420,000,000	323,024,650	-	-	1,400,688,050	1,178,784,305	602,440,107	888,249,644	234,477,382	
1/1/24	405,000,000	263,723,125	-	-	1,378,318,125	1,178,784,305	564,311,841	884,311,844	214,782,533	
1/1/25	390,000,000	201,782,350	-	-	1,355,835,350	1,178,784,305	526,230,764	879,081,587	198,303,108	
1/1/26	375,000,000	137,181,500	-	-	1,333,353,500	1,178,784,305	488,244,415	872,287,083	179,378,983	
1/1/27	360,000,000	69,915,900	-	-	1,310,867,600	1,178,784,305	450,169,519	863,790,381	163,442,009	
	\$14,879,395,000	\$20,122,920,400	\$4,214,004,435	\$844,989,865	\$39,943,931,100	\$19,979,395,000	\$14,367,781,651	\$16,575,559,448	\$7,227,838,387	

Present Value Analysis of Financing Alternatives—Tax-Exempt Debt

Tax-Exempt—Private Ownership Analysis										
Principal	Interest	CAPI Corpus	CAPI Earnings	Net Lease Payment	Depreciation	Less Tax Shield	Increased After	Net After Tax Pmts	PV of Net After Tax	
A	B	C	D	E A+B-C-D	F Total Project Cost x Dep. Schedule	G (B+F) x Tax Rate	H	I E+H-G	J	
1/1/02	\$			\$			\$		\$	
1/1/03		\$ 919,353,825	723,373,761	195,980,044						
1/1/04		919,353,825	771,157,140	148,198,685						
1/1/05		919,353,825	822,086,889	97,256,936						
1/1/06		919,353,825	876,401,527	42,852,298						
1/1/07	371,320,000	919,353,825		1,280,873,825	962,195,250	771,435,121	33,000,000	552,238,704	552,238,704	
1/1/08	874,460,000	895,218,025		1,569,878,023	1,828,170,875	1,116,588,480	33,000,000	488,088,535	447,283,286	
1/1/09	650,850,000	851,378,125		1,502,228,126	1,645,353,878	1,023,660,121	33,000,000	511,568,004	433,110,905	
1/1/10	831,590,000	809,072,875		1,440,882,875	1,481,780,686	939,240,980	33,000,000	534,412,815	418,313,586	
1/1/11	818,200,000	768,018,525		1,386,219,525	1,341,300,179	884,821,078	33,000,000	654,396,447	397,386,854	
1/1/12	602,780,000	727,838,525		1,330,616,526	1,188,895,282	789,860,041	33,000,000	573,658,484	378,347,850	
1/1/13	611,826,000	688,856,825		1,300,480,825	1,135,390,395	747,858,050	33,000,000	685,821,875	365,389,446	
1/1/14	641,820,000	648,887,200		1,290,707,200	1,135,390,395	731,553,814	33,000,000	592,153,388	330,650,608	
1/1/15	673,125,000	607,188,900		1,280,283,900	1,135,390,395	714,440,311	33,000,000	698,844,589	307,678,473	
1/1/16	705,790,000	563,415,775		1,268,205,775	1,135,390,395	696,510,530	33,000,000	608,695,246	286,341,877	
1/1/17	739,855,000	517,539,425		1,257,394,425	1,135,390,395	677,701,228	33,000,000	612,883,198	266,515,079	
1/1/18	775,365,000	489,448,850		1,244,813,850	1,135,390,395	657,984,090	33,000,000	619,828,780	248,084,153	
1/1/19	812,370,000	419,050,125		1,231,420,125	1,135,390,395	637,320,613	33,000,000	627,088,612	230,946,281	
1/1/20	850,905,000	368,248,075		1,217,161,076	1,135,390,395	615,670,853	33,000,000	634,480,122	215,000,944	
1/1/21	891,020,000	310,937,250		1,201,857,250	1,135,390,395	592,984,334	33,000,000	641,982,816	200,161,321	
1/1/22	745,455,000	253,020,950		888,475,950	587,895,188	336,493,620	33,000,000	684,882,330	188,384,711	
1/1/23	589,385,000	204,588,376		793,951,376		83,872,214	33,000,000	743,078,101	108,155,751	
1/1/24	609,345,000	186,256,350		775,601,350		68,165,104	33,000,000	740,439,247	179,848,300	
1/1/25	629,405,000	126,848,925		758,053,925		61,928,059	33,000,000	737,127,988	184,742,077	
1/1/26	649,495,000	85,737,800		735,232,600		35,152,418	33,000,000	733,080,184	160,751,299	
1/1/27	669,545,000	43,520,425		713,065,425		17,843,374	33,000,000	728,222,851	137,781,136	
	\$14,143,905,000	\$14,119,384,250	\$3,193,029,338	\$484,385,964	\$24,585,883,950	\$19,243,905,000	\$12,171,212,420	\$683,000,000	\$13,107,671,531	\$8,094,100,702

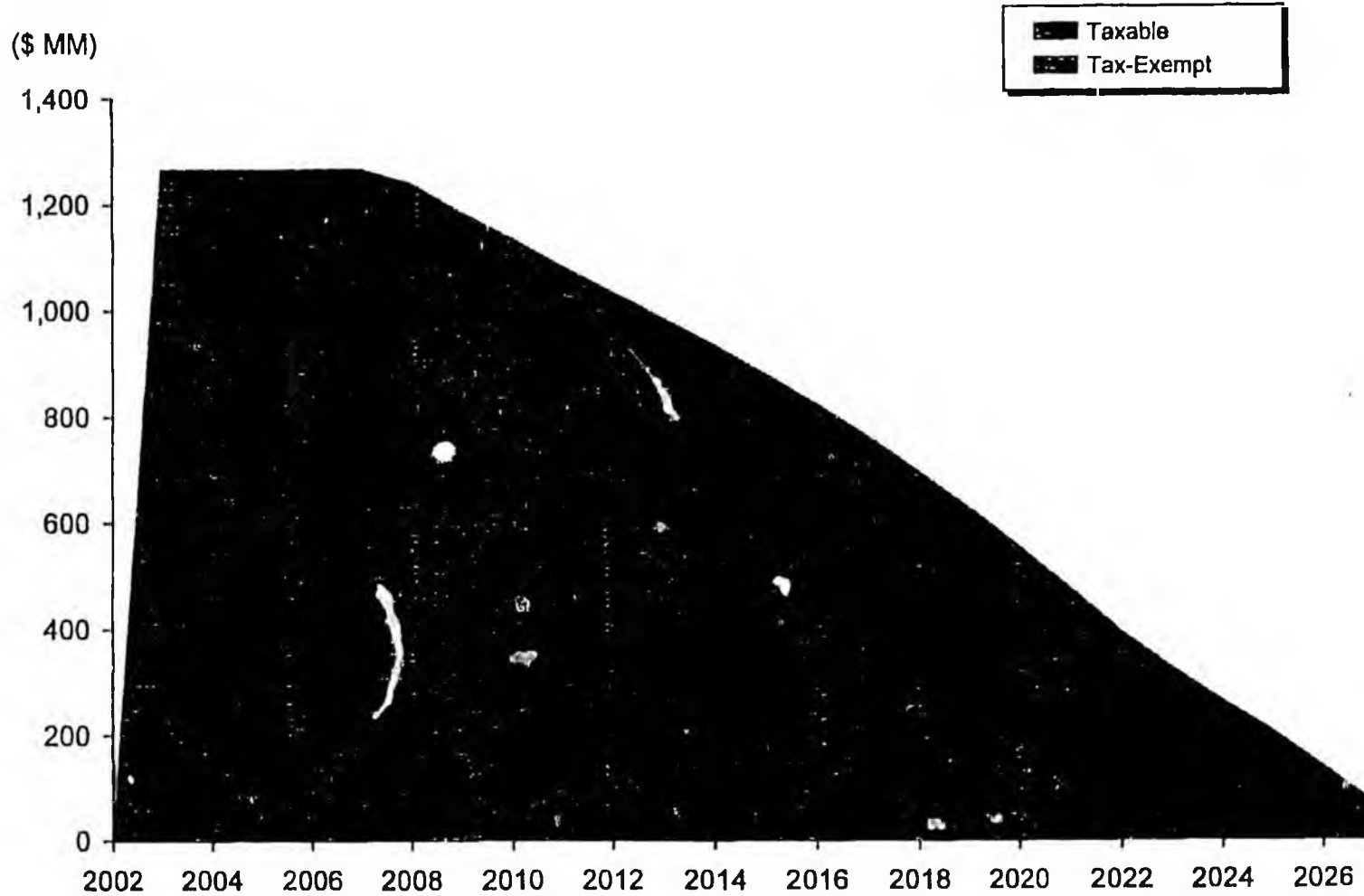
Present Value Analysis of Financing Alternatives Taxable vs. Tax-Exempt—Private Ownership

Assumptions		
	Taxable Scenario	Tax-Exempt—Private Ownership Scenario
Par Amount	\$14,879,395,000	\$14,143,905,000
Rate	8.500%	6.500%
Discount Rate	8.500%	8.500%

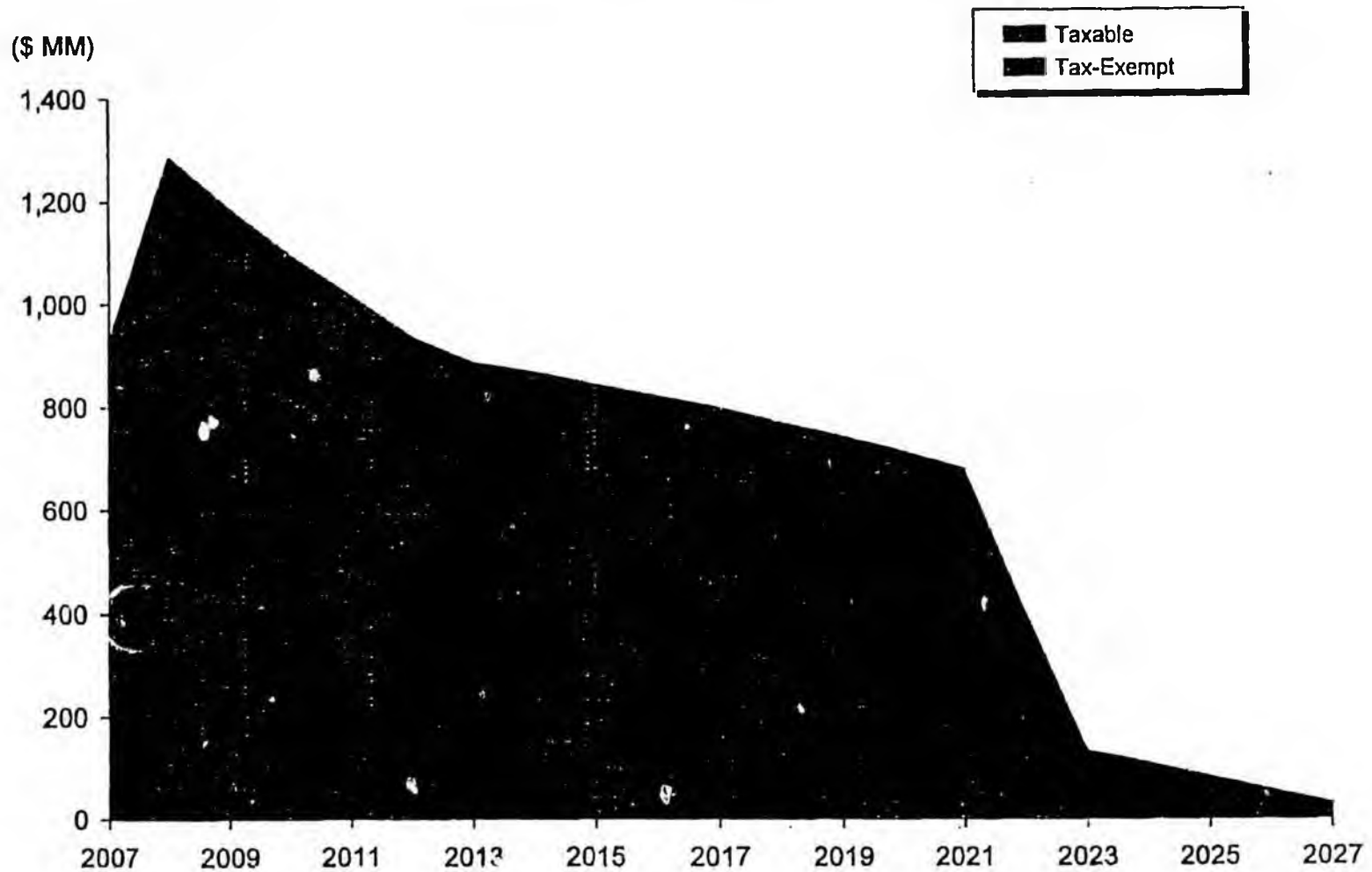
Analysis							
Taxable Scenario		Tax-Exempt Projected Ownership Scenario		Comparisons			
Net After Tax Payments	PV of Net After Tax Payments	Net After Tax Payments	PV of Net After Tax Payments	Difference in After Tax Payments	Difference in PV	Difference in After Tax Payments/mci	Cumulative Difference in PV
1/1/02							
1/1/03							
1/1/04							
1/1/05							
1/1/06							
1/1/07	852,244,062	662,244,062	562,236,704	552,236,704	100,005,358	0.07	100,005,357.60
1/1/08	572,670,861	526,930,059	466,088,535	447,263,268	88,682,348	0.08	179,672,129.76
1/1/09	603,482,800	510,937,571	511,668,004	433,110,995	91,924,798	0.08	257,498,794.92
1/1/10	631,208,550	491,719,214	534,412,915	418,313,568	86,798,634	0.07	332,804,442.59
1/1/11	655,547,876	469,889,534	564,398,447	387,388,854	101,149,229	0.07	405,407,123.46
1/1/12	679,038,814	447,850,108	573,856,484	378,347,850	105,380,329	0.07	474,909,381.87
1/1/13	693,800,491	421,038,628	535,821,875	355,389,446	108,178,618	0.07	540,559,463.55
1/1/14	702,094,620	392,040,266	592,153,386	330,860,808	109,941,140	0.08	601,848,140.14
1/1/15	710,652,581	385,123,949	698,644,589	307,670,473	111,807,992	0.08	659,393,615.72
1/1/16	719,470,326	340,129,063	605,096,245	268,341,977	113,775,083	0.08	713,180,701.43
1/1/17	728,523,174	316,899,897	612,893,199	268,515,079	115,829,978	0.08	768,565,519.20
1/1/18	737,787,014	295,300,031	619,829,760	246,084,153	117,987,255	0.08	810,751,397.46
1/1/19	747,247,475	275,193,980	627,099,512	230,948,261	120,147,983	0.08	856,029,118.32
1/1/20	756,846,173	256,468,098	634,480,122	215,000,944	122,388,051	0.08	896,494,271.06
1/1/21	766,649,710	239,008,958	641,982,916	200,181,321	124,686,794	0.09	935,339,806.46
1/1/22	830,885,956	238,311,228	694,982,330	189,384,711	165,883,825	0.09	974,268,421.81
1/1/23	888,249,544	234,477,382	743,079,161	186,155,751	145,170,382	0.10	1,012,588,052.82
1/1/24	884,311,844	214,792,533	740,438,247	179,849,300	143,875,397	0.10	1,047,534,288.11
1/1/25	879,061,587	198,483,108	737,127,886	184,742,077	141,933,721	0.10	1,078,255,317.27
1/1/26	872,297,085	179,378,993	733,080,184	150,751,299	139,216,901	0.10	1,107,864,011.79
1/1/27	863,780,381	163,442,809	728,222,051	137,791,136	135,568,330	0.09	1,133,535,865.08
Total	\$15,578,569,449	\$7,227,638,367	\$13,107,671,621	\$6,094,100,702	\$2,487,867,919		\$1,133,535,865

* Debt service is net of the construction and CAPI funds' interest earnings.

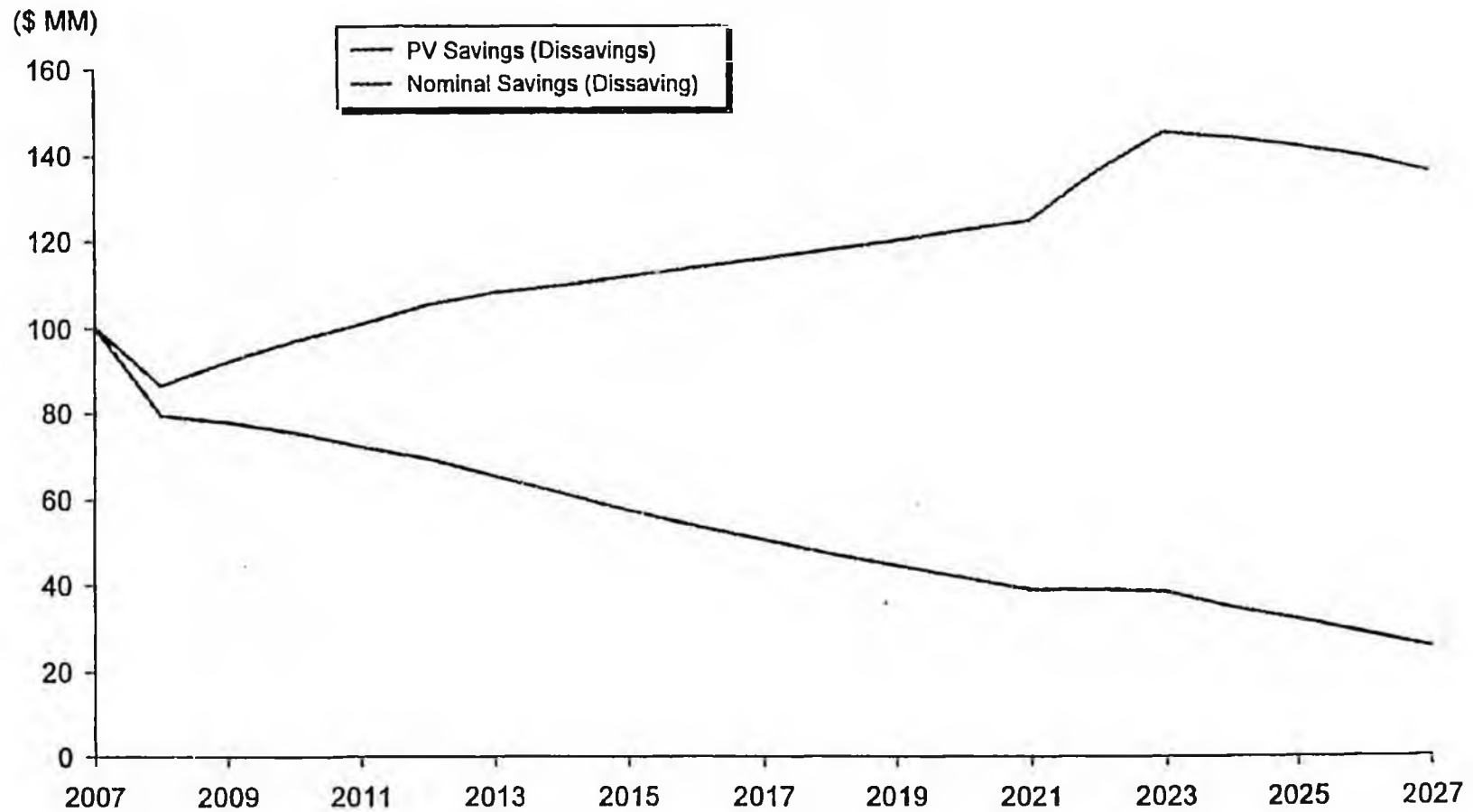
Taxable vs. Tax-Exempt—Private Ownership Gross Interest Cost



Taxable vs. Tax-Exempt—Private Ownership Tax Benefits to Producers or Pipeline Association with Lease Expense, Depreciation & Interest



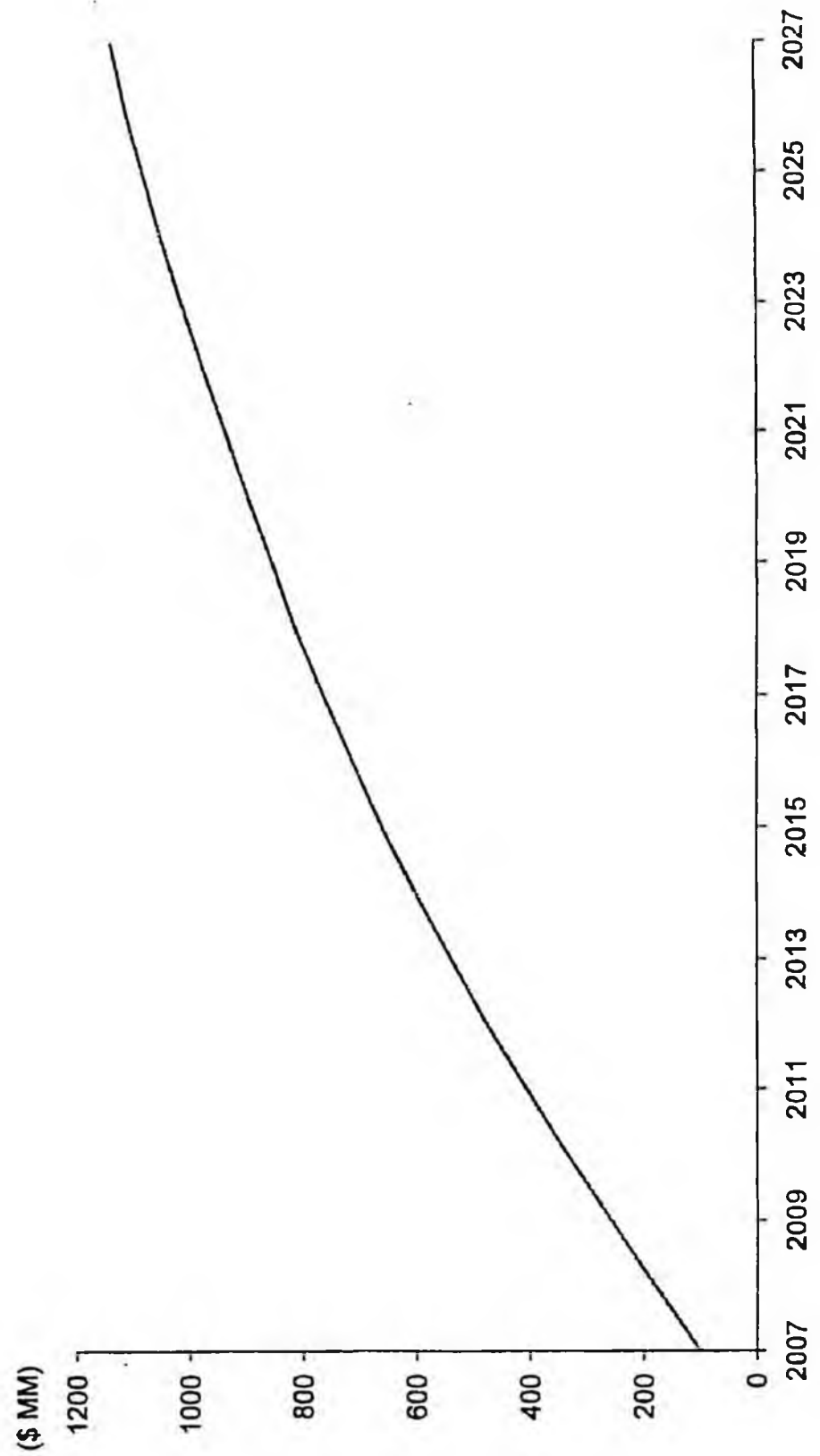
Taxable vs. Tax-Exempt Private Ownership Annual Present Value Savings From Using the Tax-Exempt Structure



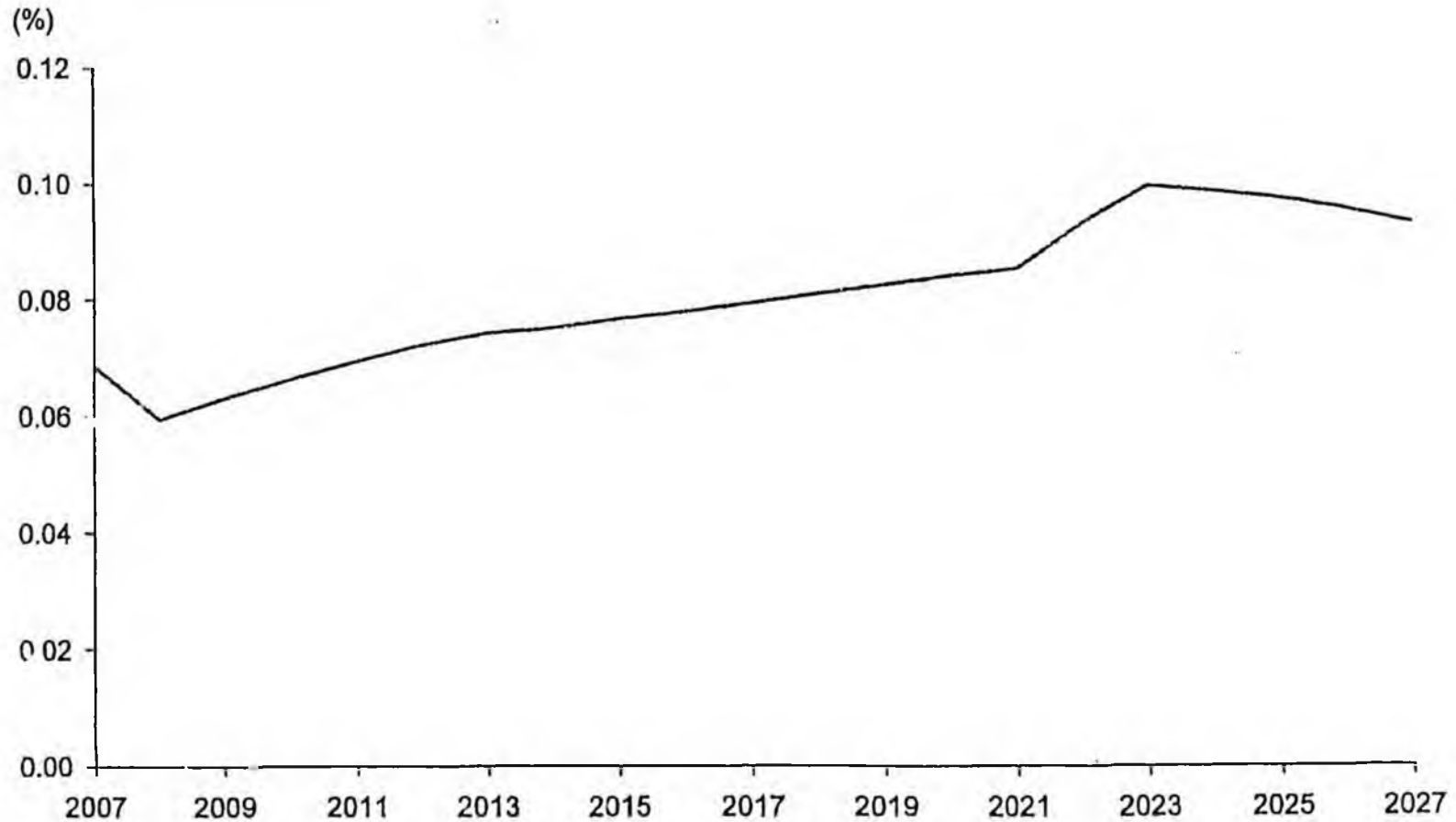
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Taxable vs. Tax-Exempt Private Ownership Cumulative Present Value Savings From Using the Tax-Exempt Structure



Taxable vs. Tax-Exempt—After-Tax Private Ownership Savings per MCF From Using the Tax-Exempt Structure



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Tab 4
Assumptions

Assumptions

Financing Assumptions

- Dated/Delivered: 1/1/02
- Principal/Interest: January/July
- 30% Equity Contribution
- 41% Corporate Federal/State Tax Rate
- Multi Tranche Financing Over Construction
- 4-Year Level Construction Draw Schedule

Project Assumptions

- Total Project Cost: \$17 billion
- 4-Year Construction Schedule
- 1.46 Billion TCF/Yr (4 BCF/Day) into pipeline
- 10% line loss

Key Assumptions

Assumption	Rationale
6.5% tax-exempt cost of debt	100 bps above typical insured municipal revenue bonds today (allowing for size premium)
8.5% taxable cost of debt	Alliance Pipeline yielding 7.9% <ul style="list-style-type: none"> Alaska Pipeline bigger (+) Alaska Pipeline strong credits (-)
8.5% after tax WACC (weighted average cost of capital) for producers	External data <ul style="list-style-type: none"> Ibbotson Assoc. Large Petroleum Median WACC 8.78% Goldman Sachs research average WACC of BP/Exxon Mobil/Phillips 8.20%
Tax rate of 41%	Combined State/Federal marginal rate
Size of \$16 billion debt	Larger than, but comparable to <ul style="list-style-type: none"> MTA re-cap \$14.5 billion* LIPA municipalization \$9 billion Cal Power Bonds \$12-\$13 billion*

* Pending