

State of Alaska FY2002 Governor's Operating Budget

Department of Natural Resources
Pipeline Coordinator
Component

Component: Pipeline Coordinator

Contact: William G. Britt, Jr., State Pipeline Coordinator

Tel: (907) 271-4304 **Fax:** (907) 272-0690 **E-mail:** bbritt@jpo.doi.gov

Component Mission

To encourage the development of petroleum pipelines on State land that make a significant contribution to the general welfare of the people of Alaska, and to encourage excellent operations of those pipelines.

Component Services Provided

State Pipeline Coordinator Office (SPCO) provides right-of-way leases for petroleum pipelines on State lands, administers the rights-of-way under our jurisdiction, oversees the operations of the pipelines on those rights-of-way, and informs stakeholders of the results of our adjudication, administration, and oversight activities.

Component Goals and Strategies

1. Process applications, and negotiate and deliver Right-of-Way Leasing Act leases, in a manner that serves the State's interests.
2. Administer leases under our jurisdiction, including oversight of the construction, operation, maintenance and termination of pipelines on the leases.
3. Coordinate our oversight of TAPS with the U.S. Bureau of Land Management, so that TAPS remains available to bring North Slope crude to market.
4. Keep the public informed of our activities.

Key Component Issues for FY2001 – 2002

The work of the SPCO is dynamic:

- Six right-of-way leases have been executed in the last two years, reducing the number of pending applications and increasing the number of pipeline operations that we oversee.
- Two pipelines are scheduled for construction during FY01. One is in litigation and the other may have funding problems. Either could be delayed. The construction of one or both of these pipelines may carry-over into FY02.
- The right-of-way leases for TAPS, for a large number of facilities ancillary to TAPS, and for five common carrier pipelines on the North Slope, expire in less than four years, and the renewal processes are beginning.
- There has been an increased interest in natural gas development recently, resulting in an increase in our "consultation" workload. Requests from the Governor's Office, the Commissioner's Office, other departments, legislators, project proponents, and the public have been addressed. We expect to receive one or more right-of-way lease applications before the end of FY2002.

Managing our workforce and organization to accommodate these and other changes is our largest issue, particularly given the multi-agency structure within which we work.

Major Component Accomplishments for FY2000

We completed the work necessary for issuance of the Northstar Oil and Gas Pipeline Right-of-Way Leases. We subsequently approved the Construction Plan, allowing construction of these pipelines to proceed. We provided continuous oversight of pipeline construction during the 1999-2000 construction season. We reviewed and approved BP's Surveillance and Monitoring Plan, allowing transportation of natural gas through the Northstar gas pipeline to begin in October 2000.

We approved the temporary transport of gas through the Alpine Utility Pipeline for the start-up of the field. This approval allowed the timely and efficient start-up of the field and a reduction in air emissions during start-up. We approved the Alpine Surveillance and Monitoring Program. Oil should begin flowing into the Alpine sales oil pipeline in the 4th quarter of 2000.

We completed the Milne Point Product Pipeline Right-of-Way Commissioner's Analysis and Proposed Decision and the draft Right-of-Way Lease in October 2000. The pipeline will carry natural gas liquids for enhanced oil recovery.

We approved transfers of ARCO interests in North Slope leases to Phillips. We approved the transfer of Mobile's interest in TAPS to Williams on July 7, 2000.

We completed assessments of compliance with the leases for the operational North Slope pipelines we oversee.

We successfully recruited the State Department of Public Safety, Division of Fire Prevention to participate in oversight of TAPS through the Joint Pipeline Office (JPO). DFP became the 12th agency member of the JPO.

A 1996 oil spill in a valve access manhole led to a Memorandum of Agreement between JPO and Alyeska to excavate and inspect all buried check valves, and to enclose them in vaults. Alyeska further agreed to conduct valve sealing performance tests for all valves. We have overseen the replacement of two valves and the repair of others. Valve testing was completed in 2000. A JPO-approved Valve Maintenance Program establishes criteria for future valve testing.

We issued a number of orders during FY2000 to bring Alyeska into Grant and Lease compliance and correct long-standing problems. The orders relate to control cables at the Operations Control Center, fish passage at Grey Stream, bridge replacement and right-of-way access, fire suppression at the Valdez Marine Terminal, slope stability at Squirrel Creek, work on the tanker vapor control system, closure of Audit Action Items, and development of a Cold Restart Procedure.

JPO completed a survey on the operation of the TAPS Employee Concerns Program, comparable to two previous efforts. The survey results were used to measure, compare, and report the status of TAPS employee satisfaction with the program.

BLM and DNR signed a Memorandum of Understanding describing responsibilities and procedures for renewal of Federal and State TAPS rights-of-way. We executed RSAs with the Departments of Commerce, Revenue, Public Safety, Labor, and the Regulatory Commission of Alaska for TAPS ROW renewal work, and have RSAs with the Departments of Fish and Game, Transportation and Public Facilities, and Environmental Conservation are pending. We anticipate receipt of a right-of-way renewal application in the first half of 2000.

During FY2000, we completed 35 Construction Authorizations, Land Use Permits, Off Right-of-Way Authorizations, Hand Clearing Authorizations, and Temporary Water Use Permits. We also completed two Notices to Proceed, two Right-of-Way Amendments, and 15 Material Sales Contracts.

Statutory and Regulatory Authority

AS 38.35 - Right-of-Way Leasing Act.

Key Performance Measures for FY2002

Measure: Encourage the development of a pipeline transportation system on state lands that serves the state's interests.

(Not yet addressed by Legislature.)

Benchmark:

- Miles of pipelines under our jurisdiction

- Miles of right-of-way under our jurisdiction

Background and Strategies:

- Responsive service to applicants
- Technical excellence in application review
- Lease quality

We have approved eight right-of-way leases in the last three years, doubling the miles of non-TAPS pipelines under our jurisdiction. Three of the eight were for crude oil sales pipelines, with a capacity to transport approximately 250,000 barrels of crude oil per day.

Measure: Encourage excellent pipeline operations on state lands.
(Not yet addressed by Legislature.)

Benchmark:

- Number of crude oil spills greater than 500 gallons in size from our pipelines
- National lost time accident rates related to operation of our pipelines

Background and Strategies:

- Lease quality
- Communications with pipeline operators
- Construction oversight
- Operations oversight

We have executed eight leases in the last three years. The new leases are a substantial improvement over previous leases, requiring that a quality assurance plan be completed before lease execution, that more engineering be completed in advance of construction, that a construction plan be approved, and that a surveillance and monitoring program be approved. We will be overseeing new or continuing construction of two pipeline systems this winter-- Nuiqsut and Northstar. We have completed 76 surveillances and assessments of TAPS operations and over 400 surveillances and assessments of North Slope pipeline operations thus far in 2000. We have developed a Comprehensive Monitoring Program (CMP) database for TAPS that is now operational.

Measure: Keep decision makers and the public informed about the pipeline transportation system on state lands.
(Not yet addressed by Legislature.)

Benchmark:

- Number of reports published by the Joint Pipeline Office
- Number of media interactions

Background and Strategies:

- Periodic detailed reporting to the public
- Proactive briefings for selected stakeholders

In addition to the surveillances and assessments mentioned above, we published 39 reports to stakeholders in 1999 and 50 reports to stakeholders so far in 2000. In total, there are over 300 JPO reports available to stakeholders on various aspects of TAPS and other pipeline operations. We also distribute a weekly report of JPO activities to a wide audience of public officials, media, and other interested parties.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Encourage the development of a pipeline transportation system on state lands			X		

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • Encourage excellent pipeline operations on state lands. • Keep decision makers and the public informed about the pipeline transportation system on state lands. 			X		
			X		

Pipeline Coordinator
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,309.9	1,508.0	1,738.3
72000 Travel	64.2	235.0	188.0
73000 Contractual	1,237.2	2,143.9	1,839.8
74000 Supplies	102.6	105.4	71.8
75000 Equipment	78.5	10.0	8.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,792.4	4,002.3	3,845.9
Funding Sources:			
1002 Federal Receipts	26.6	165.3	40.2
1005 General Fund/Program Receipts	421.9	426.1	434.7
1007 Inter-Agency Receipts	7.1	58.9	21.3
1053 Investment Loss Trust Fund	0.0	7.3	0.0
1108 Statutory Designated Program Receipts	2,336.8	3,344.7	3,349.7
Funding Totals	2,792.4	4,002.3	3,845.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Federal Receipts	51010	26.6	165.3	36.6	40.2	40.2
Interagency Receipts	51015	7.1	58.9	16.4	21.3	21.3
General Fund Program Receipts	51060	421.9	426.1	426.1	434.7	434.7
Statutory Designated Program Receipts	51063	2,336.8	3,344.7	3,266.3	3,349.7	3,407.8
Investment Loss Trust Fund	51393	0.0	7.3	7.3	0.0	0.0
Restricted Total		2,792.4	4,002.3	3,752.7	3,845.9	3,904.0
Total Estimated Revenues		2,792.4	4,002.3	3,752.7	3,845.9	3,904.0

Pipeline Coordinator**Proposed Changes in Levels of Service for FY2002**

We will move staff from lease application processing to renewal application processing, construction and operations oversight.

**Summary of Component Budget Changes
From FY2001 Authorized to FY2002 Governor**

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	433.4	165.3	3,403.6	4,002.3
Adjustments which will continue current level of service:				
-Year 2 Labor Costs - Net Change from FY2001	1.3	0.2	4.8	6.3
Proposed budget decreases:				
-Reduce Federal Receipt Authorization to Anticipated Spending Level	0.0	-125.3	0.0	-125.3
-Decrease Interagency Receipt Authorization to Anticipated Spending Level	0.0	0.0	-37.4	-37.4
FY2002 Governor	434.7	40.2	3,371.0	3,845.9

Pipeline Coordinator

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	22	23	Annual Salaries	1,356,662
Part-time	0	0	COLA	22,127
Nonpermanent	0	7	Premium Pay	0
			Annual Benefits	445,874
			<i>Less 4.73% Vacancy Factor</i>	(86,363)
			Lump Sum Premium Pay	0
Totals	22	30	Total Personal Services	1,738,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Manager II	1	0	0	0	1
Data Processing Mgr I	1	0	0	0	1
Dep St Pipeline Coord Engrng	1	0	0	0	1
Habitat Biologist IV	1	0	0	0	1
Information Officer III	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Natural Resource Mgr I	3	0	0	0	3
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off II	3	0	0	0	3
Pipe Line Coordinator	1	0	0	0	1
Planner II	1	0	0	0	1
Records Analyst I	1	0	0	0	1
Secretary	1	0	0	0	1
Student Intern I, Records	1	0	0	0	1
Student Intern I, ROW	1	0	0	0	1
Student Intern I, TAPS Renew	1	0	0	0	1
Student Intern II, DGC	1	0	0	0	1
Student Intern II, PA	1	0	0	0	1
Student Intern II, Tech Writer	1	0	0	0	1
Taps Renewal Coordinator	1	0	0	0	1
Tech Eng I / Architect I	1	0	0	0	1
Tech Eng II / Architect II	1	0	0	0	1
Totals	30	0	0	0	30