

State of Alaska
FY2008 Governor's Operating Budget

Department of Revenue
Gas Authority Operations
RDU/Component Budget Summary

RDU/Component: Gas Authority Operations

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

To finance, design, construct, maintain and/or own all or part of a pipeline system to transport North Slope gas to market and maximize the benefits to Alaska and Alaskans.

Core Services

Produce key studies and plans to assure that alternative North Slope gas transportation systems are understood with specific emphasis on a gas trunk line to Cook Inlet and making gas available throughout Alaska.

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$335,200	Personnel:	
	Full time	3
	Part time	0
	Total	3

Key Component Challenges

The Alaska Natural Gas Development Authority (ANGDA) needs to combine the best of government and business to achieve the maximum benefit of North Slope gas for Alaska and Alaskans in the face of significant market and project uncertainties and with the availability of only minimal resources.

ANGDA has to maintain flexibility in all its work and plans because of:

- Evolving contractual relationship of State and producer sponsor group.
- Complexities and magnitude of firm financial commitments of Alaska utilities during an “open season”.
- Project timing delays and compression distinct from RCA approval timelines.
- Technological and logistical developments affecting North Slope energy delivery to rural Alaska.

Significant Changes in Results to be Delivered in FY2008

- Lead utility and RCA efforts to work through all decision steps on non-binding open season.
- Refine Cook Inlet natural gas spur line alignment and logistical impact on State highways. Further advance the permitting issues; technical and field studies; and facility designs for pipeline segments including Glennallen to Palmer; Delta Junction to Glennallen; and Fairbanks to Palmer; as well as potential terminal points at Yukon River, Tok, Glennallen, Point MacKenzie; Matanuska-Susitna Borough; and Valdez.
- Complete development of Business Plan that defines ANGDA’s future roles, business objectives, operations, and structure including partnership contracts and financing structure.
- Continue In-State Propane Distribution Planning with ANGDA leading the technical planning and public awareness of energy potentials for all Alaska. Collaborate with private industry (native and non-native) for spurring their involvement in entrepreneurial opportunities and ownership of facilities and businesses related therein. Develop demonstration project at Yukon River.

Major Component Accomplishments in 2006

Year 2006

1. The Alaska Natural Gas Development Authority (ANGDA) received its final approval and granting of conditional right-of-way (ROW) lease (Glennallen to Palmer) from the Alaska Department of Natural Resources (DNR) in July 2006. The purpose of the right-of-way is to connect the North Slope natural gas main pipeline to the natural gas distribution grid in South-central, Alaska. The following field studies and reports were completed related to said ROW application:

- Bored River Crossings
- Fault Zone Crossings
- Soils Studies
- Archaeological Studies
- Native Land Owner Right-of-Ways
- Field & Helicopter Reconnaissance of Pipeline Route
- Route Alignment
- Permitting Plan
- New Technologies (surveillance and monitoring of gas pipelines)

2. The DNR Commissioner released his analysis and findings regarding ANGDA's Glennallen- Palmer Conditional Right of Way Lease. DNR public hearings and ANGDA open houses were held in spring 2006.

3. ANGDA completed the following reports aiding in the further evaluation of transporting North Slope natural gas to market and South-central, Alaska:

- Permitting Comparison (Parks Hwy. and Glenn Hwy.)
- Commercial Evaluation: The Future of Nikiski (Kenai) Liquefied Natural Gas (LNG) Plant
- Feasibility Study & Cost Assessment (Delta Junction to Glennallen / Trans-Alaska Pipeline System – TAPS)
- Analysis & Study of Cook Inlet Energy Alternatives
- Spur Pipeline Terminus Conceptual Design

4. The following contractual work is underway as of October 2006:

- Spur Pipeline Field Studies
- Legal determination regarding Federal Loan Guarantees / In-State pipeline(s)
- Regulatory Assessment(s)
- ANGDA Enterprise Coordination & Business Plan Development
- Liquefied Petroleum Gas (LPG) and Natural Gas Liquids (NGL) planning and development

5. ANGDA participated in Borough and State hearings related to gas pipeline jurisdiction, laws, regulations, and contracts:

- State of Alaska Fiscal Contract & Department of Revenue Best Interest Findings related to Alaska Stranded Gas Fiscal Contract with ConocoPhillips, BP, ExxonMobil
- Alaska Oil & Gas Conservation Commission (AOGCC)
- Legislative Budget & Audit (L B & A)
- Matanuska-Susitna Borough (MSB Proposed Pipeline / Utility Right-of-Way Jurisdiction)
- Regulatory Commission of Alaska (RCA) (ANGDA Proposed Statute Changes / In-State Gas Use and Tariffs)

6. ANGDA participated in leadership roles at local, state, national and international oil & gas industry seminars, conferences, symposiums, and forums related to the development of Alaska natural gas, and its in-state and export potential(s).

7. ANGDA participated on the advisory panel of the U. S. Department of Energy's studies related to Alaska Natural Gas Needs Assessment and Analysis of Spur Line Alternatives.

Year 2005

- Published a report related to an All-Alaska LNG project that provides Alaska with the maximum benefits from a North Slope natural gas pipeline entitled "Transport of North Slope Natural Gas to Tidewater" (Leveraging Issues, Configuration Descriptions & Issues, New Project Concept)

- Procured a specialized contractor to determine the feasibility of the marine transport of propane to coastal communities of Alaska.
- Submitted a right-of-way application to the Department of Natural Resources for Glennallen to Palmer segment of proposed spur line.
- Conducted public outreach related to Glenallen to Palmer right-of-way application.
- Completed a summer 2005 work plan, wrote Requests for Proposals, and contacted potential contractors for field studies along proposed Glennallen to Palmer spur.
- Completed and published the following reports:
 - Vendor Cost Estimate for Propane Extraction Plan
 - Interim Cook Inlet Spur Line Report
 - 24" Spur Line from Glennallen to Palmer Conceptual Alignment & Budget Level Cost Estimate
 - Authority Spur Line Report on Utility Regulation
 - Financial Plan for the Cook Inlet Spur Line
 - Cook Inlet Natural Gas Spur Line Right-of-Way and Permitting Issues

Year 2004 (First Operational Year)

- Defined feasibility of all-Alaskan LNG project to bring North Slope gas to market.
- Determined feasibility of a gas spur line linking a larger "main" line to the Cook Inlet area.
- Published "Report to the People" with distribution throughout the State of Alaska.

Statutory and Regulatory Authority

AS 41.41 Alaska Natural Gas Development Authority

Contact Information

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**Gas Authority Operations
Component Financial Summary**

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	227.2	238.2	273.5
72000 Travel	14.0	10.0	10.0
73000 Services	801.0	821.4	47.7
74000 Commodities	11.6	4.0	4.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,053.8	1,073.6	335.2
Funding Sources:			
1004 General Fund Receipts	1,053.8	1,073.6	335.2
Funding Totals	1,053.8	1,073.6	335.2

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	1,073.6	0.0	0.0	1,073.6
Adjustments which will continue current level of service:				
-Reverse ADN 04-7-1005 Gas Line Development Carry-forward Sec 20(f) CH 3 FSSLA 2005 P107 L16 (SB46) Lapse date 06/30/2007	-774.0	0.0	0.0	-774.0
-FY 08 Health Insurance Increases for Exempt Employees	0.4	0.0	0.0	0.4
Proposed budget increases:				
-Retirement and Non-covered Employee Health Insurance Increases for Division of Personnel	0.3	0.0	0.0	0.3
-FY 08 Retirement Systems Rate Increases	34.9	0.0	0.0	34.9
FY2008 Governor	335.2	0.0	0.0	335.2

Gas Authority Operations Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>			
			Annual Salaries		167,141
Full-time	3	3	Premium Pay		0
Part-time	0	0	Annual Benefits		112,208
Nonpermanent	0	0	<i>Less 2.09% Vacancy Factor</i>		(5,849)
			Lump Sum Premium Pay		0
Totals	3	3	Total Personal Services		273,500

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Officer	1	0	0	0	1
Ceo AK Nat Gas Dev Auth	1	0	0	0	1
Project Coordinator	1	0	0	0	1
Totals	3	0	0	0	3