

Gas Pipeline: Spur Line Segment

FY2009 Request: \$25,000,000

Reference No: 46875

AP/AL: Appropriation
Category: Development

Project Type: Planning

Location: Statewide
House District: Statewide (HD 1-40)

Contact: Jerry Burnett
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Estimated Project Dates: 07/01/2008 - 06/30/2013

Brief Summary and Statement of Need:

This project will cover work on right-of-way, preliminary engineering, permitting, planning, and design of a 370 mile spur line from Delta Junction to Beluga. This request will help fund the costs of outside experts and consultants.

Funding:	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>Total</u>
Gen Fund	\$25,000,000						\$25,000,000
Total:	\$25,000,000	\$0	\$0	\$0	\$0	\$0	\$25,000,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

\$4,000,000 sec. 10, ch. 29, SLA 2008

Project Description/Justification:

Alaska residents need new sources of low cost energy. The gas pipeline from the Alaska North Slope to Alberta presents an opportunity for that energy. The spur line could bring North Slope gas to many Alaska residents beyond those that live along the pipeline route.

This CIP request would provide expertise and advice to the Alaska Natural Gas Development Authority (ANGDA) regarding construction of a spur line from Delta Junction to Southcentral Alaska. More specifically:

- o Ensure that all right-of-way issues are adequately resolved and permissions in place as expeditiously as possible;
- o Review and advise on aspects of gasline project engineering and design to ensure feasibility and integrity of the take-off point design;
- o Develop contract and bonding documents for aggregation of utility gas needs;
- o Evaluate capacity requirements to support LNG;
- o Develop joint venture partnership documents, financing plan, request certificate of public convenience and necessity;

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- Provide consultation and assistance obtaining any state or federal permits associated with the spur line segment; and
- Purchase propane on North Slope for “pilot” project and tank rental.

Why this Project is Needed Now: The timing of an open season for a mainline project is short. The initial open season will occur in calendar year 2010. It is imperative that the spur line be positioned to offer transportation service at the same time the open season for the mainline is conducted. This work is expected to begin in FY09. The expenditure of funds is expected to continue through FY13.

Line Item Expenditures: Services \$25,000,000 for contracting out the right-of-way, engineering, financing, permitting, and design of a spur line.